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# **COSTS AND BENEFITS OF CROSS-COUNTRY LABOUR MIGRATION IN THE GMS:**

## **Cambodia Country Study**

**Working Paper Series No. 44**

**CHAN Sophal**

**December 2009**



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**Costs and Benefits of Cross-country Labour Migration in the GMS: Cambodia Country Study**

December 2009

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## ABBREVIATIONS AND ACRONYMS

3D	Dirty, Difficult and Dangerous (job characteristics)
Camb.	Cambodia
CARAM Cambodia	Coordinated Action Research on AIDS and Migration Cambodia
CDRI	Cambodia Development Research Institute
CI	Certificate of Identity
CLS	Cambodian Labour Supply
CPR	Common-pool Resource
DAN	Development Analysis Network
EU	European Union
FGD	Focus Group Discussion
GDP	Gross Domestic Product
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
Mig.	Households with migrants
MLVT	Ministry of Labour and Vocational Training
MOL	Ministry of Labour, Thailand
MOSALVY	Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation
MoU	Memorandum of Understanding
MTOSB	Manpower Training and Overseas Sending Board
NGOs	Non-governmental Organisations
No Mig.	Households without Migrants
NPIC	National Polytechnic Institute of Cambodia
TDRI	Thailand Development Research Institute
UNIFEM	United Nations Development Funds for Women
US	United States



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Cambodia is a relative latecomer to cross-country labour migration. Most emigrants travel by illegal or informal means, mostly to Thailand, while the legal option is relatively new, costly and inconvenient for most. Government agencies face an increasing challenge to manage labour emigration, which is expected to rise because of both internal and external factors. Since the creation of productive jobs does not keep pace with the annual addition of some 250,000 to the labour force, especially with the economic downturn in 2009, emigration pressure is likely to increase. Higher wages in Thailand, Malaysia, South Korea, Japan and Singapore are a pull factor. From 1998 to the end of 2008, about 25,000 workers were officially sent abroad, according to the Ministry of Labour and Vocational Training (MLVT). However, approximately 180,000 Cambodian workers are in Thailand, many of whom are undocumented (IOM 2006). Thus Cambodia's labour migration to Thailand deserves a closer look.

While it is generally preferable to create jobs and development within the country, sound management of labour emigration is advisable to reduce the risks and costs and maximise benefits for migrants. If well managed, labour migration provides considerable employment and income in the short and medium term and even in the long term for many countries in the region. Labour emigration can contribute to poverty alleviation. Remittances to Cambodia, which likely include non-migrant remittances, were estimated at USD200 million, or 3.23 percent of GDP, in 2005. In the same year, Thailand received remittances of USD1.2 billion and Vietnam USD4 billion, according to the World Bank (2007). The Philippines received USD13.5 billion and Bangladesh USD4.2 billion. A recent study by the International Fund for Agriculture Development (IFAD 2007) and the Inter-American Development Bank found that there are 150 million migrant workers who sent home USD300 billion in 2006, surpassing development aid and foreign direct investment.

Based on secondary data and reports and interviews with officials in both Cambodia and Thailand, the study provides a brief overview of trends and major issues of labour migration in Cambodia. However, as part of a regional study by the Development Analysis Network, the main focus is to assess the financial costs and benefits in the source households and communities. For this purpose, a survey of 526 households in six purposively selected communities, focus group discussions, key informant interviews and in-depth interviews of migrants temporarily visiting home were undertaken in September and October 2007. After Chapter 2 summarises the evolution of labour emigration in Cambodia, Chapter 3 presents the community case studies. Chapter 4 discusses major related issues and Chapter 5 concludes and provides policy recommendations.



### 2.1. Background

In the last two decades migration has changed from the forced movement of refugees or displaced people along the Cambodian-Thai border due to civil wars and political instability to voluntary migration in search of works. A wave of Cambodians migrating to work in Thailand has emerged in the last decade. There have been both push and pull factors: a shortage of jobs in Cambodia and higher wages in Thailand. There are basically two types of labour migrants: those who stay for months or years in Thailand and those who work in areas near the border, mostly in farming. The long-range migrants are engaged in construction, manufacturing, plantations, domestic help and fishing, mostly 3D (dirty, difficult and dangerous) jobs (IOM 2006). According to H.E. Seng Sakda's remarks at a workshop to discuss labour migration policy in Cambodia on 5 May 2009, despite the return of a million Thai migrants from abroad as a result of the global economic downturn, Thai employers cannot find enough workers for 3D jobs.

Receiving countries have a demand for low-skilled labour due to their economic expansion over the last decades and the diminishing attraction of such jobs for their relatively well-trained workforce. While the availability of jobs in receiving countries and the lack of jobs in sending countries also cause labour migration, the higher incomes attract workers from poorer countries. Unskilled poor labourers from the Greater Mekong Sub-region (GMS) come to Thailand, while semi-skilled workers from Thailand travel to richer east Asian nations (World Bank 2007). However, high growth is only one condition generating demand for foreign workers. More migrants are still found in countries with low growth rates. Wage differentials and high mobility from low-end to upper occupations have contributed to labour shortages and mismatches in labour markets. Labour market distortions and inefficiency have contributed to high demand for foreign workers.

Cambodia's labour emigration has increased particularly since the mid-1990s, which were marked by the full attainment of peace and successive droughts and floods as push factors (CDRI 2007b; Chan & So, 1999). The initial sending areas were in Banteay Meanchey and Battambang provinces. At present, migrant workers come not only from these areas, which formerly received Cambodian refugees returning from Thai border camps, but also come from many other provinces. Fewer migrants come from rural and remote areas, where communications and infrastructure are severely limited. Although Thailand continues to be the destination country of the largest number of migrants, other destinations include Malaysia, South Korea, Saudi Arabia, Taiwan, Singapore and Japan.

Table 2.1 suggests a clear relationship between national income and migration, but no relationship with size of population. The low-income countries are the sending countries, while high-income countries such as South Korea, Singapore and Japan receive unskilled or low-skilled workers as their labour force moves upward. The poor labour-sending countries, Laos, Cambodia and Nepal, also receive migrant workers from Vietnam, China and Thailand,

both legally and illegally. They normally out-compete the local workers and receive higher pay because of greater skills.

Thailand and Malaysia, higher middle-income countries, both send and receive migrant workers, while the Philippines, a lower middle-income country, is the largest sending country in Asia. Sending countries generally have higher population growth than receiving countries.

**Table 2.1: Population and GDP Data of Selected Countries, 2005**

	Position in labour migration	Population (million)	Population growth (%)	GDP per capita (USD, constant 2000)
Cambodia	Sending country	14.1	1.96	402
Laos	Sending country	5.9	2.26	396
Vietnam	Sending country	83.1	1.16	538
Philippines	Sending country	83.1	1.75	1,129
Thailand	Sending country to higher income countries; receiving from lower income countries	64.2	0.84	2,441
Malaysia	Sending country to higher income countries; receiving from lower income countries	25.3	1.80	4,437
Korea, Rep.	Receiving country	48.3	0.44	13,210
Singapore	Receiving country	4.3	2.39	25,845
Japan	Receiving country	127.8	0.01	39,075

Source: World Bank (2007)

Godfrey *et al.* (2001), Maltoni (2006) and CDRI (2007) elaborated push factors causing the increase of emigration. These include chronic poverty, landlessness, unemployment, lack of access to markets, attraction of materialism, debt and natural disasters. This movement is facilitated by factors including improved communications and infrastructure and increased demand for unskilled labour in Thailand and other Asian countries (Asian Migrant Centre 2002a).

Many countries have found environmental degradation contributing to an increasing number of internal and, later, external migrants. In Cambodia, where 70 percent of the land used to be under forests in the 1980s, the clearing of degraded forests has created more jobs in clearing land and farming, mitigating the pressure to migrate. However, once the forests are cleared and farms are developed, workers will have to look elsewhere for jobs.

In Thailand, the majority of migrant workers are from Myanmar, followed by Laos and Cambodia. The Thai Ministry of Labour in grants quotas to migrant workers from the three countries. However, not all can be translated into work permits. For instance, 227,275 places were granted to Cambodian workers, but only 110,042 were registered and provided a work permit as part of the regularisation programme initiated in 2004 (Table 2.2).

Frequent negotiations have been conducted among government, business and labour agencies in an effort to manage the flow of these workers rationally without unduly affecting the economy (Paitoonpong & Chalamwong 2007). In 2005, work permits as a share of the quota of workers was only 58 percent for Myanmar, 53 percent for Laos and 48 percent for

Cambodia (Table 2.2). This indicates that implementation of the work permits system was problematic and should be improved.

Table 2.2 also suggests that Cambodian migrant workers are quite dispersed in Thailand, although there is relative concentration in the eastern region, central region and Bangkok. The quota provided for the eastern region was much higher than the number of permits granted. This means the demand for Cambodian workers is high. During a field investigation in Thailand conducted by the author in collaboration with the Thailand Development Research Institute (TDRI), Cambodian workers expressed interest in obtaining work permits at the official cost. However, there were no registration services provided during the time they could make. The timing of the registration services was not frequent and the intention was not to encourage workers to enter Thailand illegally and then be granted a permit.

**Table 2.2: Distribution of Quotas and Work Permits in Thailand, 2005**

Region	Quota				Work Permit			
	Myanmar	Laos	Camb.	Total	Myanmar	Laos	Camb.	Total
Bangkok	166,138	63,365	33,037	262,540	105,771	40,177	17,709	163,657
Central	265,509	46,647	49,859	362,015	156,874	24,815	23,840	205,529
East	71,758	25,885	110,315	207,958	34,965	15,272	53,781	104,018
West	101,652	11,629	5,547	118,828	46,685	3850	2105	52,640
North	226,189	7532	1099	234,820	129,904	3110	944	133,958
North-east	6159	30,145	5440	41,744	2832	11,595	1464	15,891
South	249,248	13,456	21,978	284,682	155,423	6315	10,199	171,937
<b>Total</b>	<b>1,086,653</b>	<b>198,659</b>	<b>227,275</b>	<b>1,512,587</b>	<b>632,454</b>	<b>105,134</b>	<b>110,042</b>	<b>847,630</b>

*Data up to 31 May 2005.*

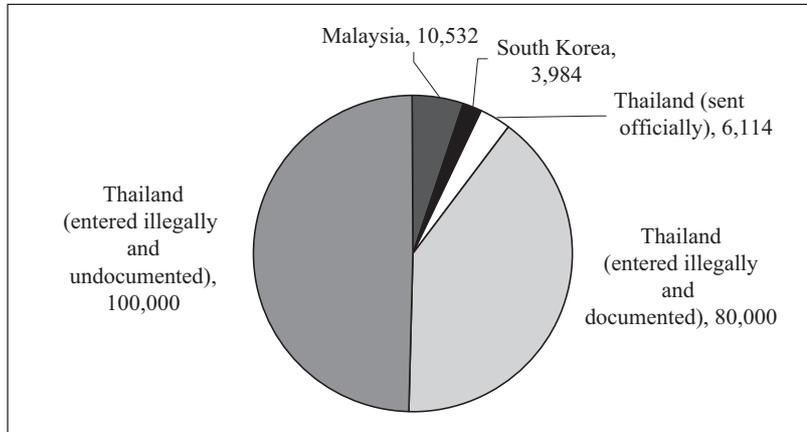
*Source: Thailand's Ministry of Labour, in Paitoonpong and Chalamwong 2007*

## 2.2. Official Migration and Remittances

Migrant workers from Cambodia are either legal or illegal. Table 2.3 provides the most recent statistics on workers sent officially to three countries since 1998. Between 1998 and the end of 2007, there were 20,630 official worker trips to Malaysia, South Korea and Thailand. The majority of workers sent to Malaysia were female, serving as domestic helpers or housemaids, while most of those to South Korea were male, working in factories. Although Thailand has received migrant workers from Cambodia since 1994, most are undocumented. Official sending started only in 2006 following a memorandum of understanding between Thailand and Cambodia signed in May 2003.

There are 6114 Cambodian workers currently in Thailand under the new legal arrangements. There are also about 100,000 who received work permits in 2004, 50,000 of whom received certificates of identity (CI). Thus the majority of Cambodian workers in Thailand were legal until recently, when their work permits and CI issued in 2004 expired. According to the Cambodian MLVT, only about 5000 CI were provided in 2007. Thus the majority of workers with old work permits and CI are currently in a questionable situation. The MLVT suggested that the Thai government deport them so that they could be sent back by legal means. However, this costs USD600 per worker, which is too expensive for many workers.

**Figure 2.1: Number Migrants to Malaysia, South Korea and Thailand by January 2008**



Sources: MLVT, UNIFEM (2006), IOM (2006)

**Table 2.3: Number of Cambodian Migrant Workers Sent Officially Since 1998**

Year	Malaysia			South Korea			Thailand			TOTAL		
	Total	M	F	Total	M	F	Total	M	F	Total	M	F
1998	120	0	120	..	..	..	..	..	..	120	0	120
1999	86	0	86	..	..	..	..	..	..	86	0	86
2000	502	307	195	..	..	..	..	..	..	502	307	195
2001	846	342	504	..	..	..	..	..	..	846	342	504
2002	1049	246	803	..	..	..	..	..	..	1049	246	803
2003	573	73	500	756	638	118	..	..	..	1329	711	618
2004	809	105	704	675	519	155	..	..	..	1483	624	859
2005	1776	467	1309	468	432	36	..	..	..	2244	899	1345
2006	1690	231	1459	1501	1341	160	445	219	226	3636	1791	1845
2007	3081	174	2907	584	499	85	5669	3913	1756	9334	4586	4748
<b>Total</b>	<b>10,532</b>	<b>1945</b>	<b>8587</b>	<b>3984</b>	<b>3429</b>	<b>554</b>	<b>6114</b>	<b>4132</b>	<b>1982</b>	<b>20,630</b>	<b>9506</b>	<b>11,123</b>

Source: MLVT

Elsewhere in the region, labour migration is significant, and workers' remittances and compensation are substantial. About 400,000 Vietnamese are working in 40 other countries and sending home about USD2 billion per year (Dang 2007). However, the World Bank (2007) reports much larger remittances, as can be seen in Table 2.4.

Thailand had 160,000 migrants working abroad and received remittances of USD1.6 billion per year before it dropped to USD1.2 billion in 2005. This figure is also reported in Paitoonpong and Chalamwong (2007). Labour migration is also a main source of income for the Philippines (about 7 percent of GDP) and Bangladesh (13.7 percent of GDP). Cambodia has also benefited by USD200 million per year from workers' remittances (World Bank 2007).

This is not to advocate that Cambodia specialise in or rely on sending workers abroad for long-term development. Rather, it suggests that well-managed employment abroad can mitigate pressure in the medium term while domestic employment creation does not keep pace with the rapid increase of the labour force, which is 250,000 per year, compared with the current 350,000 jobs in the whole garment industry, by far the leading industry in Cambodia. It is unlikely that this sector will be able to employ substantially more workers

given that it is already declining, facing both the global economic downturn and tough competition from China and other countries as the favourable market access provided by the US and EU expired in 2008.

**Table 2.4: Workers' Remittances**

Country	1996	1998	2000	2002	2003	2004	2005
	USD million						
Philippines	4875	5130	6212	9735	10,243	11,471	13,566
Bangladesh	1345	1606	1968	2858	3192	3584	4251
Vietnam	..	..	..	2714	2700	3200	4000
Thailand	1806	1424	1697	1380	1607	1622	1187
Cambodia	12	120	121	140	138	177	200
Laos	45	50	1	1	1	1	1
	As % of GDP						
Philippines	5.88	7.87	8.24	12.75	12.66	12.65	13.70
Bangladesh	3.31	3.64	4.18	6.02	6.16	6.32	7.08
Vietnam	..	..	..	7.74	6.81	7.08	7.63
Thailand	0.99	1.27	1.38	1.09	1.12	1.00	0.67
Cambodia	0.34	3.85	3.31	3.27	3.01	3.37	3.23
Laos	2.40	3.91	0.06	0.05	0.05	0.04	0.03

Source: World Bank 2007



### 3.1. Methodology

#### 3.1.1. Selection of Communities

A field trip from 11 to 13 August 2007 visited several communities in four provinces where substantial numbers of emigrants were reported: Battambang, Banteay Meanchey, Siem Reap and Kompong Thom. Fifteen villages were covered in this preliminary visit. Commune authorities, village chiefs and villagers were interviewed for basic information. Six sending communities were then selected for study. Relevant characteristics are presented in Table 3.1, and their locations are presented in Figure 3.1.

**Table 3.1: Characteristics of Villages Selected for Study**

Village	Total households	Estimated households with members migrating	Destination of migrants	Differentiating characteristics
<b>1. Srama Meas</b> , Prey Svay commune, Moung Russey district, Battambang	330	>30%	Malaysia	Muslim ethnic group
<b>2. Krasang</b> , Ta Meun commune, Thma Koul district, Battambang	250	>30%	Thailand	Included in Moving Out of Poverty Study
<b>3. Kork Thnong</b> , Ou Prasat commune, Mongkol Borei district, Banteay Meanchey	105	>70%	Thailand	Lao ethnic groups, doing well by migrating
<b>4. Rumduol</b> , Phnom Lieb commune, Preah Netr Preah district, Banteay Meanchey	280	>50%	Thailand	Quite poor despite labour migration
<b>5. Siem Peay</b> , Preah Damrei commune, Stoung district, Kompong Thom	185	>40%	Thailand	Quite far from Thailand and from national road
<b>6. Khnay</b> , Ta Kao commune, Kompong Leav district, Prey Veng	110	>50%	Thailand	Very far from Thailand, closer to Phnom Penh and Vietnam

Source: CDRI field trip 11–13 August 2007

Since Thailand is by far the predominant destination of Cambodian migrants, five villages were chosen that migrate to this destination. One village, Srama Meas, was selected because it has a large number of migrants to Malaysia.



### **3.1.2. Household survey**

In September and October 2007, the study surveyed 526 households in the six villages selected. The sample households were randomly selected to represent households with and without labour migrant members. The composition of the two groups in the sample is the same as in the population, so overall the total sample represents the total population. On the first day in each village, the survey team worked with village authorities from door to door, to produce two lists of households as specified. Thus, before the household survey was conducted, two lists of households for each village were produced. Around 50 percent of households with migrant workers and 30-50 percent of households without members migrating were randomly selected for interviews.

A team of four conducted the household surveys. Each enumerator interviewed six households per day. A total of four days completed the household survey in the village, around 100 households per village. In Kork Thnong and Khnay villages, where there were only some 100 households, a census was conducted.

The household survey primarily covered the following themes:

- household assets, income and expenditure;
- socio-economic characteristics of migrants;
- economic costs and benefits of migration;
- social impact of migration;
- remittances: scale, mechanism, impact.

Recall was the major way to get information for the previous five years. Households were asked to compare their situation at present, before and after their members started migrating.

### **3.1.3. Qualitative Approach**

#### ***Focus Group Discussions***

In each village, three focus group discussions (FGDs) were conducted with:

1. eight knowledgeable villagers and authorities to recall trends of the previous 10 years and to collect information related to the whole village;
2. eight participants from better off households having successful migrant workers;
3. eight participants from households that had migrant workers but remained poor.

Participants were randomly selected from representative households. Key informant interviews and FGDs took about two days after the household survey.

#### ***Key Informant Interviews***

In-depth interviews were conducted with key informants from the study villages and government officials, external development partners and NGO staff members. Community informants included:

- moneylenders and middlemen who transfer remittances;
- NGOs active on labour migration issues;
- commune councillors and district authorities.

### *In-depth Interviews with Migrants Visiting or Returning Home*

It was expected that some migrant workers would return home during Phchum Ben, an important Buddhist ceremony between 1 and 15 October 2007. Enumerators visited the villages and found around 20 migrants for interviews covering issues such as jobs and living conditions, work experience, income, choice of destination, risks, remittances and future plans.

## **3.2. Findings**

### **3.2.1. Prevalence of Cross-country Migration**

It is believed that the best way to present the findings is to summarise them in numbers and let the data speak. However, as many issues as possible are discussed in the text. Since each village was carefully and purposively selected, the survey was meant to suffice in representing the stories of interest for the whole village and sub-groups of the population. The sample size in each village was relatively large, varying from 33 to 84 percent (Table 3.2). Fifty-five percent of the surveyed households had members migrating in the previous five years. The village with the smallest incidence (29 percent) of migration is Srama Meas, a village chosen for its population migrating to Malaysia. It is a village of Chams or Muslims, whose characteristics go well with Malaysian Muslims (see Box 3.1).

At the other extreme, 83 percent of Siem Peay households had migrants. In each village, our survey captured between 39 and 67 households that had members migrating in the previous five years. This was roughly half of the population with this characteristic.

The survey found that male migrants accounted for 65 percent of the total of 538 migrants in the 310 households with migrant members. Most villages were similar in distribution of male and female migrants. The exception is Khnay, which had only nine females migrating. Most migrants from this village, located far from Thailand, worked in the fishing industry on the Thai coast. All workers on the fishing boats are males.

**Table 3.2: Number of Households in Study Villages and Sample**

Village	Number of households in village	Number of households in sample	Percentage of households in sample	Number of households with members migrating abroad in previous 5 years	Percentage of households with members migrating abroad in previous 5 years	Number of households with members migrating in sample
Srama Meas	263	88	33	75	29	48
Krasang	209	90	43	150	72	49
Kork Thnong	105	74	70	53	50	39
Rumduol	280	91	33	140	50	45
Siem Peay	162	91	56	135	83	67
Khnay	110	92	84	63	57	62
Total	1129	526	47	616	55	310

Source: CDRI survey in September and October 2007

### Box 3.1: A Migrant Worker to Malaysia

Mr You Rimas, 42, a Muslim living with his family of six in Srama Meas village, Prey Svay commune, Moung Russey district, Battambang province, has been to Malaysia to work. He decided to go to earn more money to support his family.

Rimas was introduced to a man said to be able to help him with the passport application. Once he obtained his passport, he flew to Malaysia with a few other Muslims who have relatives in Malaysia and stayed there on a one-month tourist visa. To get to Malaysia, Rimas spent around USD500 on passport and air ticket.

Rimas found a job that paid him USD150 per month. However, he had to live with fear of arrest because he did not have a work visa. He faced great difficulties in hiding from the police and looking for new jobs when the employment finished. Notwithstanding these difficulties, Rimas managed to stay and work for 13 months.

Rimas said that the wages for the same type of work in Cambodia would not have been too much lower than in Malaysia. What he gained that could not be provided in Cambodia was life experience and language skills. Rimas saved enough to buy more cows, believing that they will help his family have a better living. He showed no interest in going back to work in Malaysia because he wanted to stay with his family.

Rimas recommended that the government create more jobs so that the labourers do not leave the country, because the working conditions here are better than in foreign countries. However, the government should provide favourable conditions for those who want to work abroad, and they should be provided with any legal advice or support they might need during their stay in a foreign country.

*Source: CDRI interview, September 2007*

**Table 3.3: Migrants in Survey**

Village	Number of migrants in sample households			Percentage		
	Male	Female	Total	Male	Female	Total
Srama Meas	34	33	67	51%	49%	100%
Krasang	62	43	105	59%	41%	100%
Kork Thnong	33	38	71	46%	54%	100%
Rumduol	53	26	79	67%	33%	100%
Siem Peay	87	40	127	69%	31%	100%
Khney	80	9	89	90%	10%	100%
Total	349	189	538	65%	35%	100%

*Source: CDRI survey in September and October 2007*

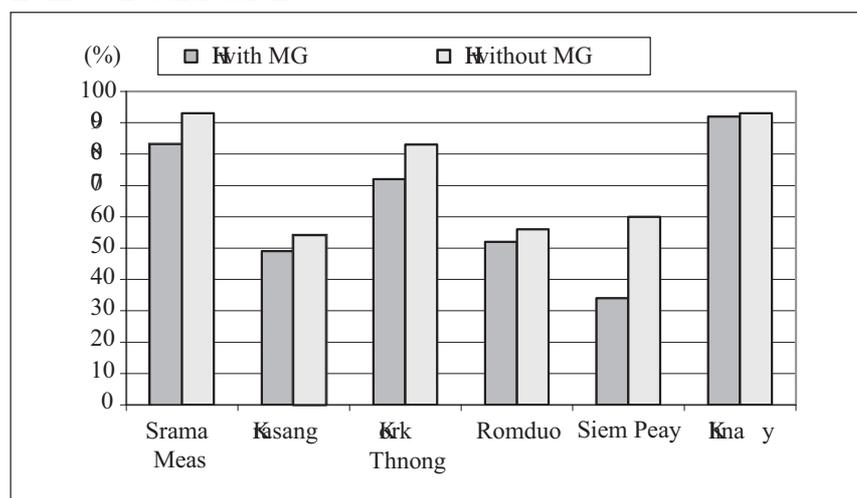
### 3.2.2. Factors Causing Migration

Our focus group discussions in all villages indicated the causes that push people to migrate or even risk their lives entering another country illegally. In general, respondents cited poverty and lack of income-generating activities at home, near their village or elsewhere in Cambodia as the main reason for working in Thailand. They even expressed a strong

preference to work in Cambodia, saying they would accept 20–30 percent lower wages if they could have work near home. However, Siem Peay village seemed to have a distinct reason. Many villagers lost a lot of money to a fraudulent savings scheme. Thailand was the last resort for them; their initial success led more to follow.

In general, households with migrants tend to cultivate less rice. In five of the six villages, the percentage of households without migrant members that cultivated sufficient rice for own consumption exceeds that of those with migrant members. The difference is most significant in Rumduol, which is one of the poorest of the study villages (Figure 3.2). Focus group discussions and semi-structured interviews with key informants generally suggest that rice productivity in the village is very poor (0.5 to 2 tons per ha) due to lack of irrigation and fertiliser and crucial dependence on the weather. There are no employment opportunities in many months of the year.

**Figure 3.2: Percentage of Households having Sufficient Rice from own Cultivation**



Source: CDRI survey in September and October 2007

**Table 3.4: Daily and Monthly Earnings in Most Recent Trip in Previous Five Years (USD)**

Destination	Type of work	N	Daily wage rate		Monthly earnings	
			Mean	Std. Deviation	Mean	Std. Deviation
Inside Thailand	Construction	115	<b>4.59</b>	1.12	<b>116</b>	38
	Agriculture	27	<b>3.88</b>	1.47	<b>101</b>	42
	Fishing	24	<b>3.80</b>	1.69	<b>114</b>	51
	Housework	22	<b>3.73</b>	1.51	<b>109</b>	44
	Factory	14	<b>4.25</b>	1.47	<b>120</b>	38
	Others	21	<b>4.90</b>	3.73	<b>131</b>	110
Along Thai border	Agriculture	183	<b>2.79</b>	0.83	<b>70</b>	43
	Fishing	8	<b>2.89</b>	0.67	<b>169</b>	89
Malaysia	Construction	15	<b>8.88</b>	2.28	<b>197</b>	75
	Agriculture	7	<b>6.22</b>	1.61	<b>121</b>	62
	Housework	6	<b>3.47</b>	1.55	<b>96</b>	59
	Factory	22	<b>5.79</b>	1.42	<b>135</b>	50
	Others	6	<b>6.38</b>	2.60	<b>137</b>	40

Source: CDRI survey in September and October 2007

There is also a pull factor. At the time of the study, the average wage for day labour was USD1.50–2.00, whereas comparable work in Thailand offered USD3–6 and Malaysia USD4–9 (Table 3.4). Work in Thailand near the border earns the least, less than USD3 per day, with the smallest variation (standard deviation less than USD1). A real case is provided in Box 3.2. Monthly earnings from agricultural work there are only USD70 on average, about the same as the wage of garment workers in Phnom Penh. However, the garment industry in Cambodia employs only 350,000, while 250,000 youths enter the labour force every year.

### **Box 3.2: A Young Female Migrant to Thailand**

Chantha, a 19-year-old from Rumduol village, Phnom Lieb commune, Preah Netr Preah district, Banteay Meanchey, grew up in a poor family of four. She was unemployed and decided to go to Thailand to seek work after hearing from other villagers that there were well-paid jobs available there. She contacted an organiser who had already taken a few villagers to Thailand via Boeng Trakuon border gate. To go to the intended workplace, Chonburi province, the organiser asked her for 250,000 riels (about USD60). Chantha's household could not save such a big sum and was forced to borrow from a moneylender. The 250,000 riels did not cover everything. Chantha needed to pay 30,000 riels more for transport from home to Boeng Trakuon, which took four hours. At Boeng Trakuon, the organiser called another organiser in Thailand to pick up Chantha and the others and take them to Chonburi.

Chantha earned 14,000 riels per day while daily consumption cost her only 2500 riels. She worked hard but was happy that her hard work paid off. She expected to save 172,500 riels per month. With that, she could pay off the debt and send some money to support her family. On the 15th day of work, her expectations came to a sudden end when she and other Cambodians were seized and jailed by the police. She could not even recover the cost of transportation and the fee paid to the organisers. She was kept in a crowded room and provided food like pig feed. The room was so packed with illegal migrant workers that it was impossible to move. On the third day of her imprisonment, the police extradited her and the others to Cambodia via Poipet.

Some people from Chantha's village were deceived by Thai farm owners who took advantage of the illegality of the workers by refusing to pay the wage and threatening to report to the police any workers who complained. Chantha said that if there were a regular job available in her community or nearby, even if it paid only 5000 riels per day, she would take that job because she could stay with her family free of fear and threats. Chantha wants to learn better rice farming techniques to help her household produce higher yields.

Although Chantha had such a bad experience, she believed that working in Thailand allows workers to earn more income, which can lift their families out of extreme poverty, and to learn new skills and get to know foreign places. However, these expectations are conditional on workers being fully protected by laws; otherwise illegal workers are exploited by foreign employers.

*Source: interview, September 2007*

### 3.2.3. Destinations of Migrants

Five of the six villages were selected to reflect groups that travel deep inside Thailand and those that go just inside the border doing mostly agricultural work. Three villages (Kork Thnong, Rumduol and Khnay) were selected for the former, Krasang and Siem Peay for the latter. Even in the villages where the majority of migrants work near the border, a significant number go deep inside Thailand.

Kork Thnong village in Banteay Meanchey has an interesting background. The majority of villagers are of Lao ethnicity, having come to the area in previous generations. They can speak Thai well, as most Lao do. With this advantage, they have longer experience working in Thailand in jobs including housework; this village has the most migrants working as housemaids. Since they speak fluent Thai, they are less vulnerable and are more successful. The village is probably the best off among the six studied.

**Table 3.5: Destinations of Migrants (most recent trip in previous five years)**

Village	Number				Percentage			
	Inside Thailand	Along Thai border	Malaysia	Total	Inside Thailand	Along Thai border	Malaysia	Total
Srama Meas	3	0	57	60	5	0	95	100
Krasang	24	75	3	102	24	74	3	100
Kork Thnong	66	1	0	67	99	1	0	100
Rumduol	71	2	0	73	97	3	0	100
Siem Peay	18	108	0	126	14	86	0	100
Khnay	81	4	0	85	95	5	0	100
Total	263	190	60	513	51	37	12	100

Source: CDRI survey in September and October 2007

### 3.2.4. Types of Work

The largest number of migrants do farm or construction work. Fishing is the third largest employment, and a significant number work in factories in Thailand. There is no significant gender difference in construction and agriculture, manufacturing and other jobs, but mostly men work in the fishing industry, and mostly women do housework (Table 3.6). According to the FGDs and key informant interviews, migrants' jobs include transplanting rice, sugar cane planting and harvesting, tree planting, restaurant services, rubber plantation work and raising pigs. It is acknowledged that most of the jobs are 3D.

The type of work varies between villages. Srama Meas residents generally work in construction (mostly men) and factories (mostly women) in Malaysia. The overwhelming majority from Krasang and Siem Peay find farm work in Thailand, mostly near the border. The majority from Khnay (mostly men) work in fishing, while most from Kork Thnong work in construction.

**Table 3.6: Types of Work in Most Recent Trip, by Gender**

Village		Construction	Agriculture	Fishing	Housework	Factory	Others	Total
Srama Meas	Male	16	4	0	1	6	5	32
	Female	1	5	0	2	19	1	28
	Both	17	9	0	3	25	6	60
Krasang	Male	4	51	0	2	2	3	62
	Female	0	34	0	4	0	2	40
	Both	4	85	0	6	2	5	102
Kork Thnong	Male	24	1	0	1	1	3	30
	Female	21	1	0	11	1	3	37
	Both	45	2	0	12	2	6	67
Rumduol	Male	26	11	0	0	6	7	50
	Female	10	3	0	5	2	3	23
	Both	36	14	0	5	8	10	73
Siem Peay	Male	11	71	4	0	0	0	86
	Female	1	37	2	0	0	0	40
	Both	12	108	6	0	0	0	126
Khney	Male	18	0	58	0	0	0	76
	Female	1	0	3	2	2	1	9
	Both	19	0	61	2	2	1	85
All villages	Male	99	138	62	4	15	18	336
	Female	34	80	5	24	24	10	177
	Both	133	218	67	28	39	28	513

Source: CDRI survey in September and October 2007

### Box 3.3: A Mature Male Migrant to Thailand

Chem Chan, 41, married with four children, lives in Krasang and is a seasonal migrant worker in Thailand. For the last five years he has spent at least four months a year there. He chose to work in Thailand because his household possesses no agricultural land and there were no well-paid jobs available in his village.

Chan travelled with 15 other villagers to the border pass point and paid 70,000 riels for an initial seven-day pass. The pass has to be renewed weekly by paying 2000 riels. The payment posed no financial constraint, but Chan had to travel to the border to renew the pass, which cost him 7000 riels one way and a whole day of work lost.

Chan made 10,000 riels a day and spent an average 2500 riels for food. He saved approximately 150,000 riels per month. He never sent money home during his stay, but brought all the savings home when he returned. With these savings, Chan could give some money to his children, run a small grocery store, buy fishing gear and repay debt. These are now the sources of income that sustain his household. Chan plans to rent more rice land so that his household will be free from food shortages. Working far from home caused emotional strains. He had to leave his wife alone to take care of the children. Visiting his family cost a lot of money that he did not want to waste, so he restrained his desire to visit his family unless it was necessary.

Chan said that he would not go to work in Thailand if there were regular jobs paying around 8000 riels per day. The jobs available at present pay around 5000 riels per day, which is way too low to maintain a decent living. Chan suggested that the government should consider lowering the cost of the initial border pass from 70,000 to 30,000 riels.

Source: interview, September 2007

### 3.2.5. Costs and Methods to Reach Destinations

Depending on the destination and distance from their homes, the cost for migrants to reach their destinations (illegally) varies from as little as USD4 (to just the other side of the border in Thailand) to USD1370 (to Malaysia). However, even the journey to Malaysia can cost only USD38 for those who know how to make the trip by land through Thailand. The most common cost for a migrant to get to Bangkok or elsewhere deep inside Thailand is USD70–100. This is the fee for organisers to smuggle migrants from Cambodia to the workplace in Thailand. This fee includes transportation, but migrants need to have significant amounts of pocket money as well. It was reported by a key informant in Thailand that organisers in Thailand (who are Thai) receive extra compensation from the employer for delivering migrant workers, which can be as much as 2500 baht or about USD70. This is like trafficking. The whole trip is underground. Migrants working in Thailand and having a break at home told the study team that they were guided across the border at night. They then had to walk through remote fields for several hours before being put into a waiting pick-up truck. They were laid in the truck like logs and covered by plastic for the journey of several hours to the work site. The common points for crossing into Thailand are Malai and Boeng Trakuon. Those travelling to Malaysia through agencies in Phnom Penh go by land via Thailand, which takes two nights and three days, according to FGD participants and individual migrants.

**Table 3.7: Cost of Reaching Destinations**

Village	Destination	Number	Mean (USD)	Std. Deviation	Minimum	Maximum
Srama Meas	Inside Thailand	2	<b>94</b>	44	63	125
	Malaysia	55	<b>429</b>	275	38	1,370
Krasang	Inside Thailand	21	<b>71</b>	43	3	177
	Malaysia	3	<b>649</b>	54	618	711
	Along Thai border	78	<b>14</b>	11	3	75
Kork Thnong	Inside Thailand	66	<b>52</b>	28	5	88
	Along Thai border	1	<b>4</b>	-	4	4
Rumduol	Inside Thailand	70	<b>87</b>	39	6	238
	Along Thai border	3	<b>52</b>	47	5	100
Siem Peay	Inside Thailand	18	<b>69</b>	26	10	113
	Along Thai border	108	<b>9</b>	8	4	63
Khnay	Inside Thailand	81	<b>102</b>	40	18	236
	Along Thai border	4	<b>28</b>	6	25	38

Source: CDRI survey in September and October 2007

Since migrants are generally not from better off households, they are unlikely to have money at hand to pay for trips to Thailand, especially deeper into Thailand. They tend to take loans, most of which have interest rates of 4–5 percent per month, according to the FGDs. The survey found that overall about half took loans, only 8 percent could use their own savings, and 42 percent used household savings (Table 3.8). Participants in an FGD in

Rumduol believed that all migrants had to borrow to pay to get to Thailand. However, our household survey there found that 74 percent took loans, while 23 percent used household savings. One participant in the FGD that consisted only of returned migrant workers in Rumduol reported taking two loans to pay for her two trips in the past four months. She failed in both trips, being arrested while working at a construction site in Bangkok and sent home. She had a debt of about 6000 baht (USD170) that she could not repay yet. She later chose to work as a housemaid in Banteay Meanchey town.

The cost to reach a work site in Thailand by formal means through a recruitment agency is about USD700. Moreover, migrants have to wait several months. This is quite prohibitive for many who cannot afford to pay even USD70–100 without taking out a loan. That is why recruitment agencies and employers in Thailand find ways of advancing the payment of USD600 (some agencies require migrants to come up with USD100 for passport and health examination). Most of the money comes from the employer in Thailand. However, some workers do not repay the cost over one year as agreed in their contract. After working for a couple of months, they leave to join the massive number of underground or unregistered migrant workers.

**Table 3.8: How Migrants Obtained Money to Pay Fee (%)**

Village	Own saving	Household saving	Loan	Others	Total
Srama Meas	17	9	64	10	100
Krasang	3	59	38	0	100
Kork Thnong	6	33	61	0	100
Rumduol	0	23	74	3	100
Siem Peay	3	50	47	0	100
Khney	20	55	25	0	100
All villages	8	42	49	2	100

Source: CDRI survey in September and October 2007

**Box 3.4: A Seasonal Migrant to Thai Border**

Ratha, 25, and his wife and one child live in Siem Peay. In the previous five years he and his wife spent at least four months a year working in Thailand near the border, leaving their child behind in his parents' care. They went to work in Rayong province to earn the money to pay a debt and expected to save money to build their own home.

Ratha and his wife travelled to Boeng Trakuon border point and waited for five days before entering Thailand guided by a Thai organiser. The total cost of the guide is THB2500 per person. The first THB500 was pre-paid before boarding the pick-up truck that transported them to the farm, with the balance of THB2000 to be deducted from their monthly salary over four months. Ratha worked illegally in Thailand. He could have asked for a six-month work permit, but he could not pay THB3800 for the permit. Renewing the permit costs THB3200.

Ratha managed to save an average 250,000 riels for every month he worked in Thailand. He has also learned some Thai, and handicraft skills like producing furniture and souvenirs, and agricultural techniques such as cucumber cultivation and pest management.

Ratha would have no wish to work illegally in Thailand provided regular jobs were available in the village or nearby, even if they paid only 8000 riels per day, but the irregularly available jobs pay only 5000 riels. He said that he will save money to buy a water pump to grow cucumbers, since he has learned the techniques in Thailand. He urged the Cambodian government to negotiate with the Thai government to allow Cambodians to work in Thailand on a lower cost permit. He believed that if the work permit cost only 150,000 riels and the renewal 100,000 riels, people would be willing to work legally so that they were protected and free from exploitation.

*Source: interview, September 2007*

### 3.2.6. Remittances

Remittances are one of the most important variables of the study. They are basically what motivates migrants. It is quite difficult to estimate the exact amount migrants send home. First, people may not reveal the true amount because they tend to hide their income. Second, they may forget, especially if the last remittance was months or years ago. Third, remittance over what time frame—some migrants keep going back to work near the border, while some returned home only after a year and did not migrate again in the previous two years. Fourth, some might return soon with their savings, but respondents at home did not know for sure. We tried to address these challenges by interviewing respondents in the households to get the best estimate possible for the previous five years, for the previous one year and for the most recent trip.

The survey found that 100 percent of migrants who work on farms just over the border make remittances. They go to work for a few weeks to a few months and then come home with their savings. Their earnings are not as significant as those of people working deep inside Thailand or in Malaysia, most of whom have to find a broker to send money home. For those working in areas near the border, it is a case of “low risk, low return”.

However, not everyone working deep inside Thailand sent money home. Overall, only 73 percent of these migrant had sent remittances in the past year. The highest proportion (91 percent) of migrants sending remittances are in housework. The smallest proportion are in agricultural work far from the border; 11 of 27 migrants doing this work were reported as sending no money home. This could be due to the fact that they will bring their savings when they return. The case is similar to that of migrants to Malaysia; 20 percent of the workers in Malaysia (50 percent in housework) had not yet sent money home.

Of course, the amount of remittance varies depending on the work migrants do and for how long. Migrants from Krasang and Siem Peay, who did not work long in areas not far from the border, sent home or came back with USD30–84 for the last trip, which lasted between a few weeks and a few months. Migrants who went deep inside Thailand and stayed longer for each trip remitted USD150–180 for the last trip. Note that the remittance is not the total earning of migrants but the net saving after their living expenses.

**Table 3.9: Migrants Sending Money Home in Past Year**

Destination	Types of work	Number			Percentage		
		Yes	No	Total	Yes	No	Total
Thailand, well inside	Construction	79	36	115	69	31	100
	Agriculture	16	11	27	59	41	100
	Fishing	48	11	59	81	19	100
	Housework	20	2	22	91	9	100
	Factory	10	4	14	71	29	100
	Others	16	5	21	76	24	100
	Subtotal	189	69	258	73	27	100
Thailand near border*	Agriculture	184	0	184	100	0	100
	Fishing	8	0	8	100	0	100
	Subtotal	192	0	192	100	0	100
Malaysia	Construction	14	2	16	88	13	100
	Agriculture	5	2	7	71	29	100
	Housework	3	3	6	50	50	100
	Factory	20	5	25	80	20	100
	Others	6	0	6	100	0	100
	Subtotal	48	12	60	80	20	100
<b>TOTAL</b>		429	81	510	84	16	100

\* Migrants are short term and bring money home by themselves.

Source: CDRI survey in September and October 2007

The remittance over the past year exceeds that for the last trip, but not by a great amount. This reflects that people do not make many trips in a year because most are at home during rice cultivation. In the previous five years, as far as the interviewees could recall, remittances varied between USD600 and USD2100, the largest going to Kork Thnong, where ethnic Lao reside. It is interesting that migrants in Malaysia do not yield remittances superior to those working in Thailand, although wages in Malaysia are generally higher than in Thailand (Table 3.10).

The survey found that most of remittances is spent at home, leaving a very small proportion as savings. There is no significant difference in the proportion saved, except for migrants in Khnay, who appeared to earn and save more than migrants from the other villages. This reflects a higher return from the risky fishing industry.

**Table 3.10: Remittances to Households with Migrants to Thailand (USD)**

Village name	Last trip			Previous year			Previous five years		
	Remittance	Remittance spent	Savings after expenditure	Remittance	Remittance spent	Savings after expenditure	Remittance	Remittance spent	Savings after expenditure
Srama Meas	182	155	13	138	119	21	766	730	21
Krasang	84	75	10	111	96	9	1043	923	63
Kork Thnong	152	138	13	300	277	24	2105	2048	23
Rumduol	149	134	4	226	207	19	605	555	45
Siem Peay	29	27	2	46	43	3	856	840	15
Khnay	168	121	40	270	225	43	979	914	55
<b>Total</b>	122	14	103	173	20	153	1018	37	963

Source: CDRI survey in September and October 2007

Table 3.11 indicates the significance of remittances. Migrants from Siem Peay sent the least amount, reflecting their inferior income from farm work just over the border. By contrast, the most recent trip, which could last more than a year, resulted in more than USD3000 from migrants from Srama Meas and Kork Thnong. Table 3.12 presents the remittances by migrants from each village within one year and five years. Except for Siem Peay, the level of remittances does not vary remarkably.

**Table 3.11: Remittances Each Time and in Last Trip (USD)**

Village	Each time				Most recent trip			
	N	Mean	Std. Deviation	Maximum	N	Mean	Std. Deviation	Maximum
Srama Meas	50	<b>114</b>	163	750	50	<b>440</b>	546	3125
Krasang	25	<b>145</b>	174	875	25	<b>233</b>	248	900
Kork Thnong	53	<b>101</b>	95	500	53	<b>412</b>	626	3250
Rumduol	46	<b>95</b>	71	409	46	<b>207</b>	172	818
Siem Peay	38	<b>52</b>	57	250	38	<b>70</b>	86	300
Khnay	69	<b>118</b>	108	750	68	<b>319</b>	327	1500

Source: CDRI survey in September and October 2007

**Table 3.12: Remittances in Previous Year and Previous Five Years (USD)**

Village	Past year				Past 5 years			
	N	Mean	Std. Deviation	Maximum	N	Mean	Std. Deviation	Maximum
Srama Meas	30	<b>192</b>	209	750	52	<b>616</b>	948	6000
Krasang	24	<b>208</b>	198	900	27	<b>480</b>	876	4500
Kork Thnong	43	<b>267</b>	197	750	59	<b>899</b>	795	3525
Rumduol	42	<b>201</b>	160	818	50	<b>384</b>	455	2500
Siem Peay	41	<b>74</b>	88	300	50	<b>128</b>	174	938
Khnay	54	<b>292</b>	274	1100	78	<b>650</b>	688	3713
All villages	234	<b>211</b>	211	1100	316	<b>552</b>	733	6000

Source: CDRI survey in September and October 2007

Table 3.13 indicates that farm work and fishing near the border yield the least remittances, while housework seems to generate a lot. Being a housemaid generally does not require spending on accommodation and food. In the previous year, they remitted USD334 on average, and in five years USD1460. This is mostly the case of Kork Thnong's ethnic Lao migrants, who speak Thai very well.

Variations in remittances are notable in many occupations (indicated by the large standard deviations). While the average remittance from migrants in construction is USD218 a year, at least one migrant reportedly sent home USD1100. In the previous five years, at least one migrant remitted USD4500 from being a housemaid in Thailand.

**Table 3.13: Remittances by Work Types and Places (USD)**

	Past year				Past 5 years			
	N	Mean	Std. Deviation	Maximum	N	Mean	Std. Deviation	Maximum
Inside Thailand								
Construction	70	<b>265</b>	218	1100	87	<b>619</b>	595	2500
Agriculture	12	<b>156</b>	164	600	19	<b>201</b>	203	900
Fishing	32	<b>183</b>	157	750	55	<b>539</b>	660	3713
Housework	19	<b>334</b>	268	900	21	<b>1460</b>	1196	4500
Factory	10	<b>322</b>	209	750	10	<b>650</b>	571	1713
Others	16	<b>275</b>	277	1100	18	<b>505</b>	587	2500
Along Thai border								
Agriculture	43	<b>61</b>	65	270	51	<b>143</b>	207	900
Fishing	1	<b>250</b>	-	250	4	<b>231</b>	107	375
Malaysia								
Construction	5	<b>302</b>	298	625	15	<b>731</b>	839	3125
Agriculture	4	<b>384</b>	308	750	5	<b>768</b>	703	1500
Housework	3	<b>65</b>	91	171	3	<b>151</b>	165	342
Factory	13	<b>138</b>	103	300	20	<b>708</b>	1287	6000
Others	4	<b>176</b>	229	515	6	<b>386</b>	191	700

Source: CDRI survey in September and October 2007

In the previous year and five years, migrant women generated more remittances than men from working deep inside Thailand (Table 3.14). The opposite is true for migrants working just across the border. Male migrant workers there sent more money home. This is because farm work there is physically demanding and wages are generally based on output per day. For work in Malaysia, there is little difference in remittances in the previous year. The larger remittances of men in the previous five years are the result of their longer time in Malaysia.

**Table 3.14: Remittances by Workplaces and Gender (USD)**

	Past year				Past 5 years			
	N	Mean	Std. Deviation	Maximum	N	Mean	Std. Deviation	Maximum
Inside Thailand								
Male	109	<b>241</b>	210	1100	145	<b>560</b>	614	3713
Female	50	<b>279</b>	239	1100	65	<b>806</b>	917	4500
Along Thai border								
Male	35	<b>79</b>	103	500	44	<b>171</b>	238	900
Female	11	<b>62</b>	59	150	13	<b>120</b>	125	438
Malaysia								
Male	12	<b>201</b>	245	625	26	<b>777</b>	1262	6000
Female	17	<b>196</b>	190	750	23	<b>501</b>	436	1500

Source: CDRI survey in September and October 2007

### 3.2.7. How Migrants Send Remittances Home

Very few reported using banks to remit income, reflecting the low rate of bank usage in Cambodia as a whole. The method depends on where they work. Of those working deep inside Thailand, 85 percent sent money home through middlemen who operate via telephone. As a fee, they pay 4-5 percent. Only 14 percent of the migrants working just over the

border use this method; 84 percent send money home with other migrant workers they trust. Of migrants working in Malaysia, 75 percent sent remittances with middlemen who travel directly between Malaysia and Cambodia. Most of the rest (23 percent) relied on other migrants.

**Table 3.15: Channels for Sending Remittances**

Location	Middleman using telephone	Middleman travelling directly	Other migrant	Bank	Others	Total
	Number of migrants					
Inside Thailand	154	7	6	13	1	181
Along Thai border	6	0	37	1	0	44
Malaysia	0	33	10	0	1	44
	Percentage of migrants					
Inside Thailand	85	4	3	7	1	100
Along Thai border	14	0	84	2	0	100
Malaysia	0	75	23	0	2	100

Source: CDRI survey in September and October 2007

### **Box 3.5: People Running Remittance Transfers in Local Communities**

#### **Case 1: Using Telephone in Preah Netr Preah District, Banteay Meanchey**

Since he knew many people migrating to Thailand and sending remittances to Kralanh district in Siem Reap province, he started transferring money via telephone in 2005 with the help of two people in Thailand, who are in charge of collecting and transferring money. He first ran his business with a capital of 50,000 baht (the business is operated in Thai currency). He usually handles transactions of 12,000 to 50,000 baht per month; however, this amount increases to 300,000 baht during the few days leading to Phchum Ben. The average remittance per worker is 2000–5000 baht per month. His brokers in Thailand charge 1 percent from the workers, and he takes an extra 3 percent for the service in Cambodia.

The brokers in Thailand transfer money to his bank account; three hours after that, he contacts the bank in Serei Saophoan, Banteay Meanchey, to check his account. After receiving the money in his account, he gives the money to the family of the workers. He has to pay the bank a fee of 30 baht for transferring 10,000. Workers are not responsible for this payment.

#### **Case 2: By Telephone in Stoung District, Kompong Thom**

He started his business a year ago to replace his brother who had a traffic accident and lost both his feet. He refuses to reveal his starting capital. He charges 4 percent for money transfers from other provinces in Cambodia. From Thailand, migrant workers, mostly in or near Bangkok, send home 1500–2000 baht a time: those who have worked for a year or more send 10,000 baht at a time. He has only five to 10 customers per month. Thus he handles 20,000 to 30,000 baht per month and around 50,000 baht during Phchum Ben.

He does not have a bank account for his business but just receives orders from his brother in Poipet. When migrants have transferred money to his brother's account, his brother calls him to transfer or give the money to the family. He does not know how much his brother charges for his service, but he charges 1.5 percent. Every 10 days, he goes to Poipet to receive from his brother the amount he has paid out.

### **Case 3: By Telephone in Preah Netr Preah District, Banteay Meanchey**

He started the business in 2007, after he stopped working in a fishing lot and found that many people in Rumduol village had difficulty in transferring money from Thailand. The capital for starting the business was 100,000 baht. He charges 2.5 percent, and the broker in Svay Sisophon takes 0.5 percent for the service. In addition, a broker in Thailand charges 50 baht from the workers each time they send remittances. He has to pay 50,000 riels a month to the post office and 2000 baht for the Thai telephone service, which can increase to 3000 baht during Khmer New Year, Phchum Ben and other major ceremonies.

In this village, there is only one shop running this business. He ordinarily transfers 20,000-30,000 baht per month, but during national ceremonies this can rise to 200,000 baht. He can also give money to people in advance in case of emergency and then contacts their relatives in Thailand to get his money back. Each worker can send from 300 to 1000 baht. His capital of 100,000 baht is not enough because sometimes the workers together transfer up to 200,000 baht per month. As a result, he needs to borrow from a friend and pay interest of 3–4 percent per month. He has not had any problems because the broker is in the same village as him. In Phnom Lieb commune, there are seven agents providing this service. He can make a profit of 1500 baht per month.

*Source: interviews, September 2009*

### **3.2.8. Use of Remittances**

There is debate about whether remittances contribute to the development of communities or make them dependent. There is an argument that relatives of migrants spend remittances on consumption, not on things that would develop the household capability and community. We therefore sought to learn how people use remittances. We divided expenditures into two types: unproductive consumption and investment for making further income. As illustrated in Table 3.16, households receiving remittances spent 81 percent on consumption and 19 percent on productive expenditure over the previous year. The ratio was 77:23 percent over five years. In the first category, food and general consumption is the largest single item, followed by debt repayment and medical treatment. Durable assets and housing are also major items. Unfortunately, only 4 percent of remittances reported spent in the previous year were on education and training.

A significant part of remittances in the previous year was used to buy fertiliser, land for production and agricultural machinery. Spending on these items was reported to have yielded profits as summarised in Table 3.17. It is evident that remittances earned by migrants are not used only for non-productive purposes but also for investment that yields high returns. In some of the studied villages, FGDs report many new houses built by remittances. Young migrants tend to use remittances for buying mobile phones and motorbikes. It is hoped that when necessities are met, more remittances will be spent on productive purposes.

**Table 3.16: Use of Remittances Reported by Households (%)**

	Past year	Past 5 years
Consumption expenditure	<b>81 percent</b>	<b>77 percent</b>
General consumption (mostly food)	23 percent	20 percent
Debt repayment	14 percent	12 percent
Medical treatment	12 percent	8 percent
Purchase of non-productive assets (idle land, TV)	7 percent	5 percent
Education and training	4 percent	2 percent
House improvement	3 percent	3 percent
House maintenance or repairs	3 percent	3 percent
House building	4 percent	15 percent
Durable household items	8 percent	7 percent
Loan to others without interest	4 percent	2 percent
Productive expenditure	<b>19 percent</b>	<b>23 percent</b>
Fertiliser for farming	7 percent	3 percent
Land for production	3 percent	5 percent
Machinery for agriculture	2 percent	4 percent
Vehicles for business	0 percent	2 percent
Investment in new business	1 percent	1 percent
Expansion of existing business	1 percent	0 percent
Loan to others at interest	0 percent	1 percent
Others	5 percent	6 percent
<b>TOTAL</b>	<b>100 percent</b>	<b>100 percent</b>

Source: CDRI survey in September and October 2007

**Table 3.17: Percentage Returns from Productive Assets Bought with Remittances**

Asset	Past year	Past 5 years
Vehicle for business	-	8
Land for production	34	18
Fertiliser for farming	34	62
New business	0	21
Expansion of existing business	66	133
Loan at interest	71	38
Others	23	28
Total	27	26

Source: CDRI survey in September and October 2007

### 3.2.9. Wealth of Households with and without Migrants

There is a question whether households with migrant workers are better or worse off than households without migrant workers. There are hypotheses that households increase their income due to migration of members, and that migrant households were poor to start with and this is the reason they sent members abroad. Table 3.18 presents household income by source in detail, to allow comparison. Kork Thnong is the richest of the six villages, with an average household income around USD3000 per year, while in Rumduol, the poorest village, a household earns USD1000-1500.

Households without migrant workers tend to make more from agriculture and other sources, which results in a larger total income. This is especially true in the villages where landlessness is high (Krasang, Kork Thnong and Siem Peay). In Krasang nearly 50 percent

of the households do not own agricultural land and rely heavily on migrating to Thailand. However, there is an exception for Khnay: its households with migrant workers earn more total income than those without. This village is far from Thailand, and it costs around USD100 to reach the workplace on Thailand's coast. Poor households generally cannot afford this cost.

**Table 3.18: Annual Household Income (USD)**

Village	Srama Meas		Krasang		Kork Thnong		Rumduol		Siem Peay		Khnay	
	Mig.	No Mig.	Mig.	No Mig.	Mig.	No Mig.	Mig.	No Mig.	Mig.	No Mig.	Mig.	No Mig.
Crop sale	382	355	196	428	433	599	59	153	55	47	1062	586
Pig sale	-	-	4	5	57	159	97	83	13	31	48	24
Cattle sale	79	127	17	8	16	-	43	14	8	6	142	35
Poultry sale	7	7	3	1	1	15	15	10	7	8	3	5
Agricultural sale	468	489	220	442	508	774	214	260	82	92	1255	649
In Thailand distant	-	-	137	-	445	-	245	-	36	-	307	-
In Thailand nearby	0	-	346	-	22	-	3	-	222	-	-	-
In Cambodia near border	-	-	6	20	-	-	-	7	1	-	-	-
In Malaysia	123	-	3	-	-	-	-	-	-	-	-	-
Other areas in Cambodia	26	3	6	66	87	236	16	79	35	206	119	136
From relatives overseas	13	14	-	224	24	102	2	5	4	54	5	80
Total remittances	163	16	497	309	579	337	266	92	299	260	430	216
Fishing	8	25	95	85	0	2	37	20	7	9	-	2
Foraging	-	0	2	-	-	8	-	2	3	-	-	-
Other CPR	0	10	-	9	-	-	2	12	1	-	-	-
Total CPR Income	8	35	96	94	0	10	40	34	11	9	-	2
Small trade/business	67	55	84	382	109	380	50	270	94	310	91	56
Rental and interest	13	5	-	20	22	16	45	1	5	8	9	5
Others	79	65	85	70	18	198	119	102	17	176	64	121
Total Other Income	893	812	1117	1790	1386	2313	941	1132	630	1356	1977	1235
TOTAL INCOME	1533	1353	1930	2635	2474	3433	1460	1518	1022	1717	3663	2101

Source: CDRI survey in September and October 2007

It is important to compare household expenditure in addition to income. Tables 3.19 and 3.20 show the differences in expenditure by households with and without migrant workers. Consistent with the patterns of income, households without migrants in Krasang, Kork Thnong, Rumduol and Siem Peay spent more than households with migrants. There is not much difference in expenditure on clothing and house repairs. Variations in expenditure on weddings and ceremonies are large between villages and between households with or without migrants. It is interesting to note that the Cham village does not spend as much on this category, reflecting different traditions.

**Table 3.19: Household Expenditure in Past Year on Non-Food Items (USD)**

Village	Household category	Clothing	Medical treatment	Weddings & ceremonies	House repairs and items	Other non-food	Total
Srama Meas	Migrant	58	90	45	73	43	366
	No Migrant	45	93	33	64	25	316
Krasang	Migrant	66	121	123	15	26	357
	No Migrant	54	78	159	218	34	754
Kork Thnong	Migrant	63	137	171	104	49	607
	No Migrant	65	137	346	60	86	728
Rumduol	Migrant	56	127	105	96	27	504
	No Migrant	44	196	105	92	43	565
Siem Peay	Migrant	42	76	76	80	33	382
	No Migrant	38	126	176	50	71	486
Khnay	Migrant	54	126	98	134	98	608
	No Migrant	47	82	92	133	89	545

Migrant = Cross-country migrant in previous five years.

Source: CDRI survey in September and October 2007

**Table 3.20: Average Monthly Household Expenditure on Non-Food Items (USD)**

Village	Household category	Soap and personal effects	Education	Food outside home	Utilities	Total
Srama Meas	Migrant	2	6	3	1	12
	No Migrant	2	4	3	3	11
Krasang	Migrant	3	4	8	2	17
	No Migrant	2	6	5	3	16
Kork Thnong	Migrant	5	7	5	4	21
	No Migrant	7	8	8	6	29
Rumduol	Migrant	2	6	2	2	12
	No Migrant	2	4	3	3	13
Siem Peay	Migrant	2	2	1	2	6
	No Migrant	2	5	3	4	14
Khnay	Migrant	2	4	2	1	10
	No Migrant	2	4	2	1	9

*Migrant = Cross-country migrant in past five years.*

*Source: CDRI survey of 526 households in six villages in September and October 2007*

Expenditures on food by households with and without migrants are not considerably different. On average each household consumed about USD12 of food, or less than USD2 per day. However, the cost of food consumption does not reflect the economic status of the villages because the prices of food varied from one village to another. It does indicate the difference between households with and without migrants, which is one of our main interests. Based on these tables (Table 3.19, 3.20, and 3.21), it can be concluded that households with and without migrants are not significantly different in food consumption, which is the core element of welfare.

**Table 3.21: Household Consumption of Food in Past Week (USD)**

Village	Household category	Rice	Meat	Fish	Eggs	Vegetable	Other food	Total
Srama Meas	Migrant	7.08	1.88	3.17	0.41	1.14	0.34	14.03
	No Migrant	5.07	1.10	2.98	0.89	1.70	0.35	12.10
Krasang	Migrant	5.29	1.87	4.08	0.29	0.88	0.86	13.28
	No Migrant	4.16	2.45	3.17	0.26	1.01	1.29	12.34
Kork Thnong	Migrant	3.64	3.17	3.20	0.19	1.31	1.17	12.68
	No Migrant	3.57	3.38	3.24	0.18	1.33	1.82	13.53
Rumduol	Migrant	5.61	2.28	2.67	0.12	1.18	0.80	12.66
	No Migrant	5.02	2.57	2.31	0.16	1.15	0.51	11.72
Siem Peay	Migrant	4.00	0.77	3.21	0.07	0.93	0.49	9.46
	No Migrant	3.50	1.70	3.01	0.26	0.95	0.81	10.22
Khnay	Migrant	3.50	1.17	2.73	0.12	0.98	0.78	9.29
	No Migrant	3.41	1.17	2.53	0.19	0.86	0.59	8.75

*Migrant = Cross-country migrant in previous five years.*

*Source: CDRI survey in September and October 2007*

### 3.2.10. Comparing Households with and without Migrants between 2002 and 2007

The study attempts to assess the impact of labour migration on household well-being. The perfect way would be to know what would have happened if the households had not migrated, but this is impossible. What can be inferred is that, as some people have migrated,

there has been less competition for day labour in the community. This could raise the wages of those who do not migrate. A popular question that the study seeks to answer is: Which have done better over time, the households with migrant workers or the households without migrant workers?

Since the study looks back over five years, the survey asked respondents to recall a number of key indicators of their households five years earlier and compare them to the present. We were aware of the memory lapse problem, so we asked only about major assets, which villagers tend to remember well.

At the aggregate level, the change in houses in the six villages has been the same for both types of household. The percentage of houses roofed with tiles, the best type of house in most Cambodian villages, stayed the same between 2002 and 2007 for both migrant households (33 percent) and non-migrant households (27 percent). Significant improvement for both groups was from thatched houses to wooden houses roofed with tin, the average type in the villages; this type increased by 50 percent in the five-year period (Table 3.22).

However, between villages, the change varies. The best type of house for the two groups almost doubled in Srama Meas, where a large number of residents work in Malaysia and spend less on weddings, ceremonies and drinking. In 2002, 51 percent of the houses were thatched, but in 2007 this worst type of house declined to 16 percent. The other five villages, which had a lot more houses with tile roofs in 2002, did not increase them in 2007, but the main change is from thatched to tin-roofed houses.

In Kork Thnong, households without migrant workers did not own any thatched houses in 2002, but 19 percent of the households with migrants did. In 2007, all of these households owned better houses. A similar change is observed in Siem Peay. In 2002, all households without migrants had houses better than thatched, but 21 percent of households with migrant workers did own this type; in 2007, only 14 percent of them had thatched houses. However, households without migrants having tile roofs dropped from 59 percent to 43 percent.

**Table 3.22: Types of House in 2002 and 2007**

Village	Household category	Thatched house		Wooden house roofed with tin sheets		Wooden house roofed with tiles		Others	
		2002	2007	2002	2007	2002	2007	2002	2007
Srama Meas	Migrant	52	15	29	52	17	29	2	4
	No Migrant	50	18	35	56	15	26	-	-
Krasang	Migrant	34	10	66	90			-	-
	No Migrant	37	10	61	85			3	5
Kork Thnong	Migrant	19	-	67	86	11	11	3	3
	No Migrant	-	-	57	59	37	34	7	6
Rumduol	Migrant	49	18	39	70	10	9	2	2
	No Migrant	54	28	46	72			-	-
Siem Peay	Migrant	21	14	18	28	59	56	2	2
	No Migrant	-	4	41	52	59	43	-	-
Khney	Migrant	4	2	10	16	82	76	4	5
	No Migrant	4		7	11	85	89	4	-
All villages	Migrant	29	10	36	54	33	33	2	3
	No Migrant	28	12	43	60	27	27	2	2

Source: CDRI survey in September and October 2007

Table 3.23 provides the value of houses. Overall, there was a handsome increase in the value of houses owned by both groups. The increase is larger for households with migrant workers in Srama Meas, Krasang, Kork Thnong and Siem Peay, while the opposite is true for Rumduol and Khnay. In general the value of the houses owned by households with migrants is higher than of those owned by households without migrants. Therefore, in terms of housing, it is fair to say that households with migrant workers tend to do better. This reflects the importance Cambodians give to housing. The first thing they spend substantial savings on is housing, according to many respondents in FGDs.

**Table 3.23: House Values in 2002 and 2007 (USD)**

Village	Household category	House value 2002		House value 2007		Change	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	%
Srama Meas	Migrant	498	697	1249	1626	751	151
	No Migrant	418	434	793	621	375	90
Krasang	Migrant	298	410	1398	3457	1100	370
	No Migrant	389	604	1139	1670	751	193
Kork Thnong	Migrant	1565	1785	2709	2542	1144	73
	No Migrant	3020	3279	3434	2414	414	14
Rumduol	Migrant	809	1225	1347	1473	539	67
	No Migrant	695	871	1271	1437	576	83
Siem Peay	Migrant	672	565	1290	1014	618	92
	No Migrant	591	374	914	738	322	54
Khnay	Migrant	1469	967	1936	1104	467	32
	No Migrant	1216	554	1822	943	607	50

Source: CDRI survey in September and October 2007

However, households without migrants owned and increased more non-financial assets other than land. This reflects the necessity for them to have other means to make a living. It should be noted that it is rather counter-intuitive that households with migrant workers own more livestock than those without (Table 3.24). Some spend their remittances on raising livestock, which is a popular way to make savings productive and a strategy to build household assets.

**Table 3.24: Household Asset Values in 2002 and 2007**

Village	Household category	Assets excluding savings, land and house				Livestock			
		2002	2007	Change	%	2002	2007	Change	%
Srama Meas	Migrant	95	259	164	172	724	992	268	37
	No Migrant	90	293	203	226	758	1111	352	46
Krasang	Migrant	129	250	121	94	135	106	(29)	-21
	No Migrant	246	952	706	287	115	96	(19)	-17
Kork Thnong	Migrant	318	971	653	205	76	114	39	52
	No Migrant	880	3186	2306	262	139	274	135	97
Rumduol	Migrant	283	541	258	91	434	508	74	17
	No Migrant	291	602	312	107	335	454	119	35
Siem Peay	Migrant	98	304	206	209	208	224	16	8
	No Migrant	111	426	314	283	136	206	71	52
Khnay	Migrant	538	1,165	627	117	604	546	(59)	-10
	No Migrant	259	550	291	113	631	482	(150)	-24

Source: CDRI survey in September and October 2007

### 3.2.11. Individual Financial Costs and Benefits of Migrants to Thailand

Table 3.25 compares the individual financial costs and benefits of irregular and legal migrants to Thailand. For those using irregular channels, this can be done daily, monthly and yearly. For the legal, there is more predictability so the cost and benefit estimation can be made also for two and four years. Workers are sent under the MoU for two years and permitted to renew for another two. The total net earnings of irregular migrants are only USD300 per year, while those of legal migrants are USD1190. This is because total earnings from working outside the MoU are just USD1000 on average, compared with USD2530 for the legal migrant. It is clear that migrating legally is far better in terms of financial earnings and safety.

**Table 3.25: Individual Financial Costs and Benefits for Migrants to Thailand (USD)**

	Irregular			Legal				
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	2 years	4 years
Total Benefits	5	100	1000	10	230	2530	5060	10,120
Direct (income)	5	100	1000	6	150	1650	3300	6,600
Overtime				4	80	880	1760	3,520
Total Costs	2	70	700	4	120	1340	2680	4,660
Fixed	0	10	100	1	30	350	700	700
Variable	2	60	600	3	90	990	1980	3,960
Net Earnings	3	30	300	6	110	1190	2380	5,460

Source: CDRI survey in September and October 2007

### 3.2.12. Other Benefits and Costs

According to FGDs with the migrant households, benefits besides money include knowledge of the Thai language, know-how to drive trucks and tractors, apprenticeship skills, construction skills and skill in various factory jobs.

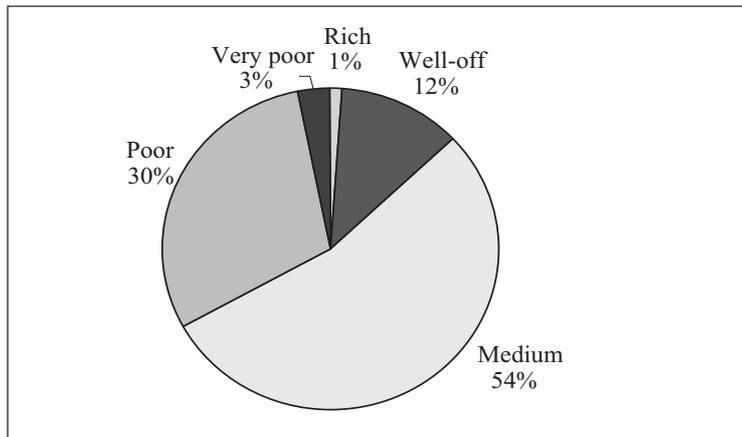
However, they complained about difficulties such as lack of labour to help with household chores, look after the elderly and small children, raise animals, collect water and firewood and farm. There are also concerns at home about the safety and well-being of family members working abroad. They worry about their food, dangers at work, harassment, drinking too much, conflicts, drug usage and the safety of small children who accompany them.

Participants in the study appealed to the government to make it cheaper for them to migrate legally, not more than USD100 per person for one year. They also pointed out the time taken to get a passport and work permit is too long.

### 3.2.13. Self-perception of Households with Migrants

Households having migrant workers were asked to classify their present socio-economic status compared to the rest of the village. More than half believed that they had a medium status, 30 percent perceived themselves as poor and 3 percent as very poor (Figure 3.3). Twelve percent reported they were well off, and 1 percent claimed they were rich. This indicates that not only the poor send household members to work abroad.

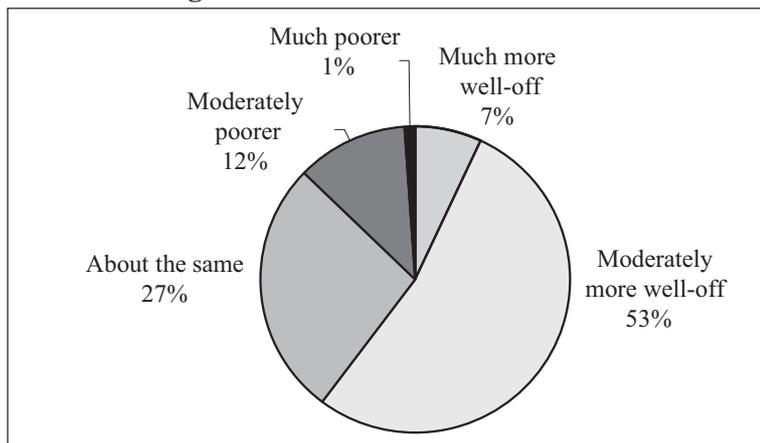
**Figure 3.3: Self-perception of Households with Migrants**



Source: CDRI survey in September and October 2007

Migrant households were also asked to compare their socio-economic status in 2007 with 2002. The response was quite positive. More than half (60 percent) reported they were now better off than before; 53 percent became moderately better off and 7 percent much better off. Only 13 percent said they became poorer, while 27 percent believed they remained the same (Figure 3.4). Although this is about perceptions and the reasons for being better off could include others beside remittances, it broadly suggests that migration has done more good than bad for the households. A strict impact analysis would require a counter-factual analysis, which is not feasible. Therefore, it cannot be claimed in a strict sense that there is a net positive impact.

**Figure 3.4: Self-perceptions of Status of Households with Migrants between 2007 and 2002**



Source: CDRI survey in September and October 2007

Those households that reported being off in 2007 than 2002 were asked to give two reasons for the improvement, in order of importance. The most significant reasons are: more job opportunities across the border, increase in the number of household members able to help generate income and higher yield of agricultural production (Table 3.26). The fact that households now had more members at an age to earn income reflects the pyramid shape of the country’s population: those born during the baby boom in the 1980s could now help to make income for the family or at least for themselves. The addition of

income-earning household members contributed to both migration and agricultural or other economic activities.

**Table 3.26: Reasons Households Perceive for being Better Off than in the Past**

	1st reason	2nd reason
More job opportunities across the border	39	23
Increase in number of members able to help generate income	31	38
Higher yield of agricultural production	21	23
Own more agricultural land	3	7
More job opportunity at the border	3	1
Others	3	7
Total	100	100

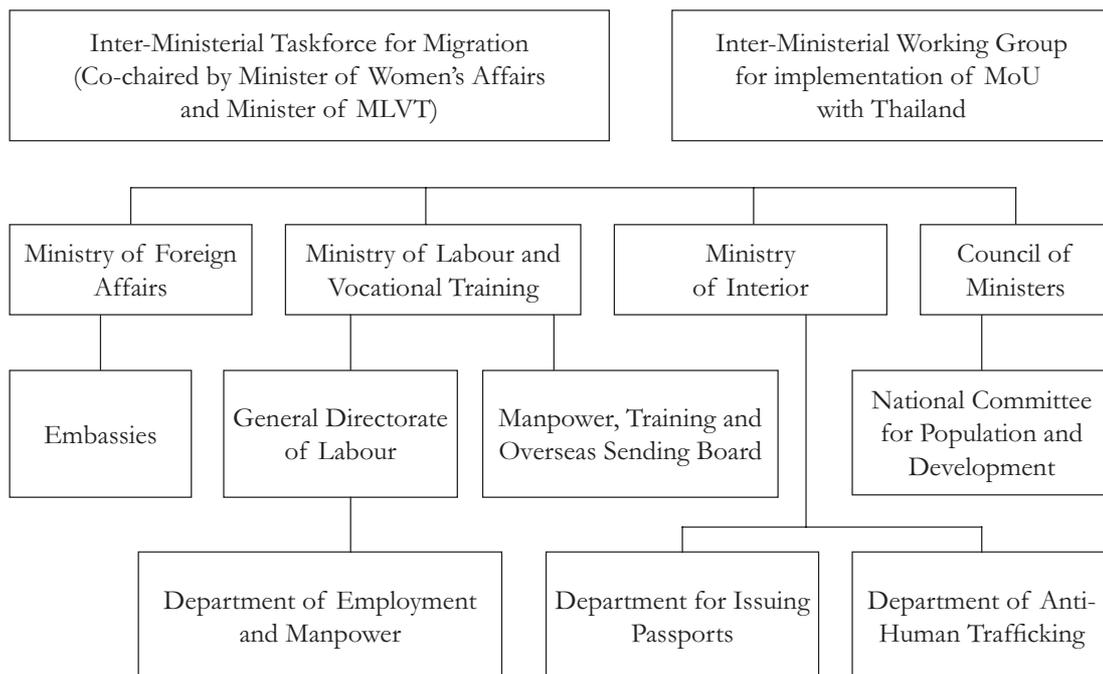
*Source: CDRI survey in September and October 2007*

It is also encouraging that households cite higher agricultural yield as a major reason for improved economic well-being. The investments in irrigation, seed improvements and extension by government, development partners, NGOs and households themselves have borne fruit. Participants in the FGDs reported better rice seed and rainfall as major factors in the past few years.



It is important to understand how international labour migration is managed institutionally in Cambodia. Four senior bodies are engaged in the administration of international migration of Cambodian workers: the Ministry of Labour and Vocational Training, Ministry of the Interior, Ministry of Foreign Affairs and International Cooperation and the Council of Ministers (Figure 4.1). There are also two inter-ministerial institutions comprising members from these four institutions. The purpose of the Inter-Ministerial Working Group for Implementation of the MoU with Thailand is indicated by its name, while the Inter-Ministerial Taskforce for Migration mainly discusses migration issues and provides recommendations to the government.

**Figure 4.1: Institutions Involved in International Labour Migration**



*Source: Author's summary based on various documents and interviews*

#### 4.1. Assessment of MoU between Cambodia and Thailand

There are different types of foreign workers in Thailand: life-long permit, temporary permit, investment promotion permit, Section 12 permit, non-registered illegal and registered illegal (Paitoonpong & Chalamwong 2007). In the past decade, illegal immigrant workers from neighbouring countries have increased because is a very large unfilled demand for low-skilled workers. The influx of illegal workers has resulted in both economic gains and social problems. The Thai government therefore signed MoUs with Laos, Myanmar and Cambodia in 2002 and 2003 to develop measures for better

management of immigrants. In particular, the MoU between Thailand and Cambodia spells out both how to regularise existing undocumented workers and how to send new ones legally (see Annex C).

As part of implementing the MoU, the Cambodian government on 10 January 2005 set up an inter-ministerial committee to identify Cambodian nationals working in Thailand. This stemmed from the reasonable argument that the Burmese, Lao and Cambodians look alike and thus there is a need to verify the number of Cambodian workers. The committee is composed of members from the MLVT, Ministry of the Interior, Council of Ministers and Ministry of Foreign Affairs. Chaired by the director general of the MLVT, the committee travelled to Thailand to provide a certificate of identity to Cambodians who had been working in Thailand. The committee worked alongside the Thai inter-ministerial taskforce (comprising staff from Thai Ministry of Labour, Ministry of the Interior and Ministry of Health) from place to place. The Cambodian committee interviewed workers and issued a CI for a price of 1500 baht, whereas the Thai committee provided a work permit and charged about 4000 baht, which includes the cost of a health check for inclusion in the health insurance scheme. Thus the total cost of a CI and work permit, valid for only two years, was about 5500 baht.

According to a number of workers interviewed in Cambodia and in Thailand, the total fee paid was 6000–8000 baht.<sup>1</sup> This included travel and other costs. Often employers advanced payment to the workers and deducted repayment from their wages over a period of six months or so. It is likely they charged interest on the money they advanced. The total fee was quite high compared to migrant workers' savings of about 1500 baht per month. This discouraged many workers from obtaining the documents, and they remained undocumented. About 110,000 Cambodian workers in Thailand were reported to have undergone health examinations in 2004 in order to obtain permits. However, only some 70,000 workers were registered and provided with a work permit in 2004.

Most workers interviewed reported that, to their knowledge, fewer than 30 percent of the Cambodian workers on the same site (30–50 Cambodians on each site) had obtained a work permit and CI. This is consistent with the report from the MLVT that only about 50,000 workers came forward and were issued a CI in 2005, out of the estimated 180,000. However, only about 6000 did so in 2007, which led the Thai government (in the annual meeting in November 2007) to extend the period of registration into 2008. The Cambodians speculated that employers in Thailand did not take their workers to register, with or without purpose.

In order for Cambodian workers to register with the inter-ministerial committee working in Thailand, information has to be provided to them. Information dissemination in Thai and through public means may not be effective because Cambodian workers may not be able to access or understand it. The Thai Ministry of Labour reportedly requested employers to notify the workers to go and register. This was perhaps the only way to reach Cambodian workers. However, it relied heavily on Thai employers' cooperation. The Cambodian committee took the view that some employers did not inform or take workers to register. Generally speaking, there have to be incentives for employers to cooperate or

1 Fieldwork was conducted by CDRI as part of another research project on the economic costs and benefits of migration.

penalties if they refuse. There is a claim that some employers prefer undocumented workers because there are benefits for them of mistreating such workers if they want to.<sup>2</sup>

The work permit was supposed to be provided to those who had worked in Thailand before 2004 or prior to the regularisation. During a field investigation in Thailand, conducted by the author in collaboration with the Thailand Development Research Institute (TDRI) in November 2007, Cambodian workers expressed interest in obtaining work permits at the required cost. However, there were no services provided for fear of encouraging new workers to enter Thailand illegally and undermining the legal channel of recruitment agencies in Cambodia. As long as migrants can enter Thailand and receive official recognition later, they tend to choose this way because it costs only USD100 and takes only a few days. Clearly, former channels need to be shut if the legal means are to be effective. At the same time, the legal channel needs to be less expensive and faster.

As part of agreements between the two governments, a system of two-year border passes has been piloted. Holders of the pass have to return to the border to get another stamp every week and pay 20 baht a time. This would cost 1040 baht per year. But the costs of travelling and time lost are higher. A border pass can be obtained at the Poipet checkpoint and is provided only to residents of certain districts on the border. It is mainly for who farm near the border.

#### **4.2. Recruitment Agencies**

The MoU stipulates how to send workers legally to Thailand. In practice, the process is summarised in Figure 4.2. There are many critical problems; chief among them is recruitment.

Recruitment agencies place job advertisements on the radio and in local newspapers to generate interest and applications from potential workers. When workers apply to work abroad, they have to submit supporting documents, mainly identity card or family book. Not all the applicants have all the necessary documents, which contributes to some delay. There are also brokers in the provinces who recruit workers, and the recruitment companies pay them up to USD40 per applicant. This is practised widely and raises the cost of sending workers abroad. In some cases local teachers or commune councillors fill out the application forms for candidates and are given a fee of USD5–20 for each applicant by the provincial broker (interview with three brokers in Prey Veng province, in September 2007).

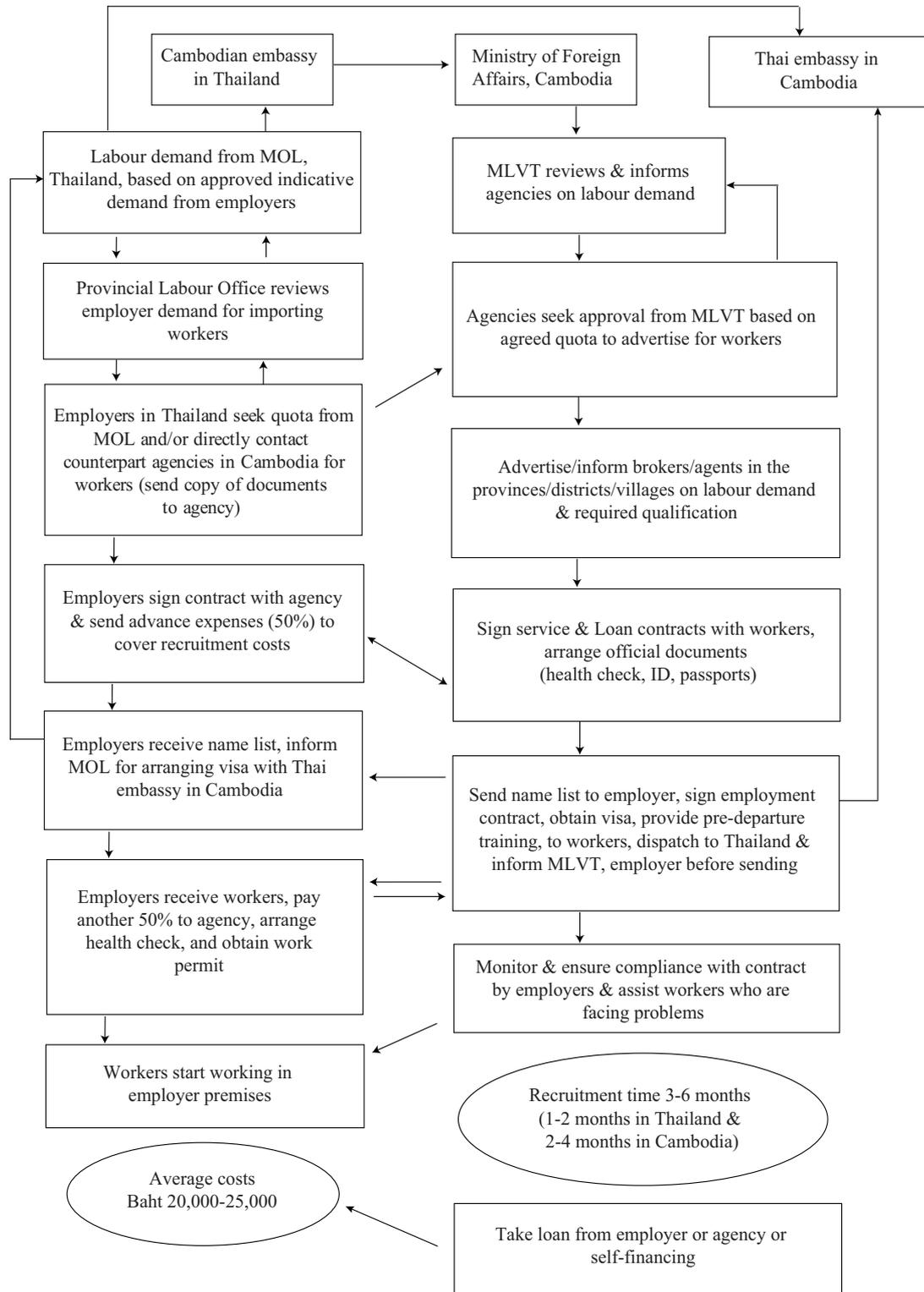
Applicants are then required to have a medical examination at a public hospital in Phnom Penh. Applicants are responsible for the costs of the examination, about USD10. It is widely believed that the examination is just a formality. The next step is to obtain approval from the Department of Employment and Manpower of the MLVT, which also costs money. With approved list of workers, the minister of labour sends a letter to the minister of the interior requesting issuance of passports for the workers at a reduced cost, which was officially USD20 until March 2007 and USD40 since then (but normally USD15 is added as an informal fee). It may take up to three weeks for the Department of Statistics and Passports to approve issuance of passports at the reduced cost. To have

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2 The other issue was that work permit and CI applications were not open all the time. They were issued at specific times of the year and even every two years. For those who entered Thailand after 2004 and wanted to have a CI and work permit, it was not possible, technically speaking.

passports issued at this cost takes two to three months. In reality, the process is generally bypassed, and recruitment agencies go for one-week issuance, which costs about USD150.

**Figure 4.2: Recruitment Flow Chart**



Source: Author's summary based on various documents and interviews

Workers are transported by bus to the workplace in Thailand through the border checkpoint at Poipet. The brokers in Thailand send their agents to pick up workers by bus. It costs only about \$10 on average to transport workers from Poipet to the workplace. Most workers receive little briefing about the areas and work conditions. Recruitment agencies argue that some workers do not pay enough attention to the information given during the briefing or training. It could be too demanding to host thousands of workers for pre-departure training.

Consideration should be given to a “one stop service” to handle the process. This could be set up in areas such as Banteay Meanchey and Battambang, where many workers migrate from. The recruitment agencies, MLVT, passport office and Thai embassy representatives should be present to accept applications and provide results to workers. This would save time and travel costs to Phnom Penh. The whole process should not take more than two months. This may require serious discussion between the Thai Ministry of Labour and MLVT.

#### **4.3. Cost of Sending Migrant Workers**

The cost of sending migrant workers to South Korea decreased from as high as USD3000 per worker when private companies were doing the processing to USD892 when the government’s Manpower Training and Overseas Sending Board (MTOSB) was in charge, from January 2007 onwards. This is a massive benefit that accrues directly to workers. The main differences lie in the “dispatch fee and expenditure” charged by a private company (Table 4.1). MTOSB did not charge these or the education/orientation fee and government tax. MTOSB has sent about 800 workers since it assumed the task. This is a concrete example proving that cost reduction is quite feasible.

The cost of sending migrant workers to Thailand is USD700, including USD100 paid by the worker and USD600 (20,000 baht) paid by the recruitment agency or employer, which will deduct 2000 baht a month from workers for 10 months. This is very high compared to the salary earned by workers, which is only about 6000 baht on average. Workers have to undertake lots of overtime work in order to generate significant savings.

**Table 4.1: Costs of Sending Workers to South Korea (USD)**

#	Description	By MTOSB	By Private (CLS)	Payment to
Total		USD892	USD2955	
1	Korean language proficiency test	30	-	HRD-Korea (1 month before KLT-Test date)
2	First medical check-up	42	180	Dept. of Occupational Safety and Health (1 week after KLT test result)
3	Second medical check-up	25		Dept. of Occupational Safety and Health (1 week before departure)
4	Passport	50	200	Dept. of Statistics and Passports (after test announcement)
5	Visa	50	50	Korean embassy (after receiving “Certificate of Confirmation for Visa Issuance”)
6	Pre-departure training at NPIC	120	-	NPIC (after signing labour contract)
7	Letter of inquiry	35	40	Ministry of Justice (after signing labour contract)
8	Airfare	420	460	Travel agent (5 days before departure)
9	Airport tax	18	18	Airport Authority (on departure date)
10	Cambodian style uniform & name tag kit	20	-	Private company (5 days before departure)
11	Accompany and guiding	27	-	MTOSB (5 days before departure)
12	Application	5	-	MTOSB (5 days before departure)
	Education & orientation fee (1)	-	180	Company (CLS)
	Government tax	-	150	Partially to the Directorate General of Labour
	Accidental insurance	-	30	Korean insurance company
	Dispatch fee	-	575	Company (CLS)
	Dispatch expenditure	-	1072	Company (CLS)
13	Others (2)	50	-	Various parties

(1) The education was conducted at a school run by the company.

(2) This can be expenditure for telephone, transportation and accommodation during the training.

Source: Ministry of Labour and Vocational Training

Because the illegal choice is difficult for both Cambodian and Thai authorities to control, mainly due to the long border between the countries, it is important that the legal route become affordable and convenient. It is proposed that the cost of USD700 be lowered to USD300 and the process be hastened by both governments. Of the USD700, USD480 is spent in Cambodia. Two major costs, namely passport and “other expenses”, should be reduced from USD150 to USD50 and USD220 to USD40, respectively (Table 4.2). This would reduce the costs in Cambodia from USD480 to USD200. The income of recruitment agencies of USD70 would be retained. The grey area is other expenses, which are unknown. The amount of USD220 is the result of subtracting the known expenses from USD700. It includes fees to brokers at various levels. Also, part of it could go to the recruitment agencies and part to other government agencies. It is understandable that it is not realistic to eliminate this cost, but it should be reduced to USD40 in total to cut down the cost of the legal route and convince many workers to embark on it.

**Table 4.2: Breakdown of Cost of Sending Workers to Thailand (USD)**

Item	Current Cost	Proposed cost	Comments
Expenditure going to Cambodia	480	200	
Passport	150	50	Details provided below
Medical check-up	10	10	
Exit fee	5	5	
Training	15	15	
Travel	10	10	
Recruitment agency	70	70	
Other expenses	220	40	Unknown details
Expenditure going to Thailand	220	100	
Work permit	106	30	To be proposed to Thai government
Application form	3	3	
Medical check-up	18	18	
Visa	59	15	Already committed by Thai government
Travel to site	20	20	
Other expenses	14	14	
TOTAL	700	300	

*Source: Interviews with recruitment agencies and workers in 2007 and author's suggestions for proposed cost*

The Thai government should reduce the work permit fee from USD106 to USD30 (1000 baht) and the visa fee from USD59 to USD15 (500 baht) so that the total costs on the Thai side will decrease from USD220 to USD100. According to the Thai Ministry of Labour, the visa fee was to be reduced to 500 baht (meeting with officers at the Ministry of Labour, 15 November 2007), but this had not yet happened at the time of writing. Thus, the major further contribution that could be provided by the Thai government is to reduce the fee for the work permit. When many more workers choose the legal route, the government will gain more fees from work permits in addition to greater benefits on many other fronts. The other costs can remain the same because they are not significant.

#### **4.4. Passports**

In Cambodia, passports for civil servants are issued by the Ministry of Foreign Affairs, while passports for others are issued by the Ministry of the Interior. The Bureau of Passports under the Department of Statistics and Passports processes ordinary passports. The bureau has only one office with about 75 staff in the whole country to process applications. The director general of the National Police signs the passports to validate them. The passport is a critical bottleneck when the price is too high and the time for processing too long.

The official fee of ordinary passports is now USD120, since USD20 was added from 5 March 2007 for the microchip to make “e-passports”. An informal fee of about USD19 is added, making the total USD139. This fee is for passports issued within two months. It

used to be one month but became two to three months when the microchip was added. If citizens need a passport sooner, they can get it in one week but have to pay USD224. This means issuance in one week is possible. People in Srama Meas who generally migrate to Malaysia legally reported in September 2007 that they had to pay USD120–150 to obtain a passport within one and a half months. In late 2008, the prime minister ordered the Ministry of the Interior to make passports free or at the lowest cost possible for migrant workers. However, different cost components still make a passport cost around \$45 for migrants who are patient enough to go through the formal process. If migrants or recruitment agencies need passports quickly, the cost is very high.

By comparison, in Vietnam, the passport fee is only USD12 (200,000 dong), and it is issued in five working days. In Thailand, it is USD30 (1000 baht) and issued in three to five working days. In Laos, the passport fee is about USD35. Moreover, these countries have many offices to process applications, including in the provinces. Cambodia's one small office in Phnom Penh is clearly a constraint on quick processing. It is not clear whether it is intentionally kept at two months so that people who need passports sooner will have to pay up to USD224. It is unclear where the USD80 extra fee goes.

Most workers cannot wait around for five to six months for employment abroad. Hence they are forced to buy their passports within one week. They have to pay USD150–200 themselves directly or pay back from their salary later. Either way, they bear a huge cost.

The small Bureau of Passports is the size of a house and is always overcrowded, sometimes receiving up to 500 applicants a day (personal communication from officials, November 2007). At the National Workshop on Foreign Employment Administration in Cambodia, 26–27 July 2007, the representative of the Ministry of the Interior responded to an appeal for faster processing by citing the lack of human resources and facilities. Regarding the price of passports, the representative said that the Ministry of Economy and Finance set the price.

#### **4.5. How to Issue Passports Faster**

Given the high cost of passports, there should be no lack of facilities or equipment to process them. Revenue from passports is more than adequate to purchase the equipment needed and to hire adequate staff. The most effective way would be for the government to specify the number of working days for issuing passports. If five working days is not feasible, 10 days would be reasonable. The total fee should be USD50 for migrant workers and other citizens (USD40 official fee and USD10 unofficial fee, assuming that it is impractical to eliminate unofficial fees).

In 2007, about 80,000 passports were issued. This brought gross revenue of USD13 million at the different prices charged. Net revenue after deducting the cost of passport and staff costs for the state should have been USD8.6million. There are approximately 75 officials in the office. Supposing the average salary is USD100 per month, the total cost of staff for one year is USD90,000. Total printing costs and microchips should be about USD2 million (at USD25 each). Thus, there is no excuse that the government has no money to add staff. If the number of staff were tripled, and salary tripled to USD300 per month, the total staff expenditure would be only USD810,000.

Suppose this new policy will have 200,000 people applying for passports because of the cheaper cost. This would bring a net revenue for the state of USD3 million and under the table money of USD2 million. The state, employing 225 officers at USD300 each to process passports, would pay USD810,000 for salary at six offices throughout the country. While state revenue would decline by USD5.6 million, which would go to passport holders, 100,000 migrant workers (out of 180,000) in Thailand alone would become legal and make a net gain of USD50 million per year or USD200 million in four years (the maximum number of employment years permitted). A legal migrant earns USD45 more per month than an illegal migrant. There would be also much greater benefits in legal, security and social aspects. It is definitely a pro-poor policy to consider.

If approximately 200,000 workers were given a passport, the one small office in Phnom Penh would not be able to meet the demand. The Ministry of the Interior would need to open more than one office in Phnom Penh. More importantly, it should open offices in provinces where there are large numbers of workers seeking work abroad. These offices not only meet the need for passports but would also cut travel for provincial people. The director general of the National Police in Phnom Penh can sign passports electronically, but provincial offices could process applications and deliver passports and be responsible if something is done wrongly.

#### **4.6. Recruitment**

Due to the lack of advertising, networks and wide public awareness, not many people approach recruitment agencies or their brokers. This necessitates recruitment agencies going for quantity rather than quality. Screening of applicants is apparently not very strict or serious, causing the problem of workers running away from the workplace in Thailand. A considerable proportion of migrant workers returned home or joined the irregular workers in Thailand when they found the work too hard or did not want to repay the costs. While there are no statistics on runaways, one source in Thailand reported that one Cambodian agency had 40 percent of the workers it sent to several employers in Thailand run away. This poses a big risk for recruitment agencies because they are responsible for the bulk of the costs, mostly advanced by Thai employers, and rely on monthly repayment for up to 10 months.

#### **4.7. Visa Applications**

When a passport is issued, the recruiter needs to obtain an employment commitment or a letter from employers in the receiving country. This is done through the Ministry of Labour there. Then, application is made to the embassy in Phnom Penh for a work visa. Agencies in Cambodia complained that it took one month to get a visa from the Thai embassy. The embassy accepts visa applications only two days a week. The cost is 2000 baht, which is quite large for poor workers and contributes significantly to the total cost of USD700. According to the Thai Ministry of Labour, this was to be reduced to 500 baht as part of an effort to reduce the cost of sending labour legally (meeting with Thai Ministry of Labour, 15 November 2007). We therefore ask the Thai government to reduce the visa fee and shorten the time for issuing visas.

#### 4.8. Lack of Standardised Contract

A big issue cited by many interviewees is the lack of a standard contract with employers in receiving countries for workers to study before they depart. Despite many years of sending workers to Malaysia, this still has not been created. The idea is to improve the predictability of work and aid the understanding of workers, many of whom may not have adequate literacy. UNIFEM is reportedly willing to help produce a standardised contract (meeting with H.E. Seng Sakda and officials, 16 August 2007).

There should be three contracts signed by the worker: a service contract between the migrant and the agency, a loan contract and the employment contract with the employer in the receiving countries. There is no standard practice among various agencies, and the Cambodian government has not issued any guidelines on contracts. However, as in Box 6 below, Sub-decree 57 has provisions on the employment contract too.

However, the employment contract cannot be established unilaterally. The contract may be issued, signed and enforced in the country of origin, but not be enforceable in the receiving country. Hence this issue needs to be discussed in bilateral or multilateral meetings. A contract is necessary that is enforceable domestically and internationally. There are a number of cases where the contract has been replaced by the receiving country.

Sub-decree 57 spells out the requirements for an employment contract and what it should look like (Box 6; Annex B). Quite a number of details are proposed. However, this sub-decree is binding only in Cambodia. Implementation has not been possible due to a lack of detailed information provided by the receiving countries or employers.

##### **Box 4.1: Excerpt from Sub-decree 57**

**Article 8-** The contract shall state that the receiving party pay for services and the preparation of relevant documents for the providing party

**Article 9-** The employment contract shall state clearly:

- The name and address of each party;
- The date of the beginning and the termination of the contract;
- The place of work and job specification;
- The skills of workers;
- The salary and allowances;
- The part of salary and other allowances that shall be sent to the workers' family;
- Hours of work and days off and annual leave;
- Accommodation, meals, clothing and medical care;
- Social security contributions for each worker;
- Delivery and receiving of workers going and returning;
- Payment for transportation of workers going and returning;
- Conditions under which workers shall be sent back to their country before the termination of the employment contract.

#### **4.9. Lack of Standardised Pre-departure Training**

It is important to prepare workers to avoid cultural shocks and to be familiar with the rules in the receiving countries. Currently a few NGOs, especially CARAM, provide specific training on health, HIV/AIDS and human rights to workers preparing to work abroad. Recruitment agencies also provide pre-departure training, which may vary depending on destination. However, there is a call for a standard package of training materials.

An International Labour Organisation project based in Phnom Penh provides training assistance, but it had a hard time finding a suitable consultant with the experience to develop the package and deliver the training (personal communication from Mr. Klang Rim, project officer, ILO, 26 July 2007). Therefore, there is still no systematic pre-departure training, which should be mandatory. It should also be a means to regulate migration. The MLVT should issue a policy requiring pre-departure training.

Another issue cited by many interviewees is that some workers do not pay attention to the training or briefing. They seem to assume that the work will be all right. They could be poorly educated or careless. Recruitment agencies should be more selective and pay better attention to the briefing or training. Sending ill-performing workers may not only result in losses for the sending companies but may also negatively affect the reputation of Cambodian workers.

#### **4.10. Lack of Resources to Manage Migration and Supervise Recruitment Agencies**

The MLVT, represented by the director general, deputy director general and director of the Employment and Manpower Department, recognised a lack of human resources and institutional capacity to manage labour migration. This includes the capacity to raise awareness among potential workers in the provinces and supervision and inspection of recruitment agencies. The problem of runaways is partly due to careless recruitment of workers or lack of briefings for workers. Some Cambodian workers interviewed in Samutsarkorn in Thailand reported that they had been misinformed about their salary—they were told that they would earn 10,000–12,000 baht per month, while they actually earned only 5500 baht. One worker gave up a decent job in a spa in Siem Reap because she expected that salary, which could be earned only by doing a lot overtime work.

The departments of Labour and Vocational Training in provinces and municipalities are not very active because of a lack of human and financial resources. Some do not have a staff structure yet because the MLVT is a new ministry. The scope for formalising labour migrants is so large that the MLVT will need provincial departments to play a crucial role in raising awareness, disseminating information on policies and regulations and processing applications of recruitment agencies to be located in the provinces. There is no provincial committee to deal with labour migration. The whole business is still centralised.

#### **4.11. Desertion: Implication for Advance Payment by Recruiters**

The requirement for recruitment agencies or employers to bear the cost of sending workers is problematic. The agencies stand to lose if workers desert their work. Desertion, especially in Thailand, is quite high, according to recruitment agencies. This is understandable because only 6115 workers have been sent legally, while 180,000 entered and worked illegally; it is likely that some legal workers are tempted to run from debt and join the irregular workers. This problem is not unique, however. Dang (2007) reports that the ratio of desertion of Vietnamese workers in Japan is 27-30 percent, South Korea 20-25 percent and Taiwan 9-12 percent.

Employers in Thailand advance the costs (20,000 baht), some in full at once, some in two instalments. They then deduct 2000 baht from the salary of workers for 10 months. To ensure that workers stay and the money is repaid, some recruitment agencies send a staff member to stay with the workers, help them and hold their passports. Withholding the passport is not very effective, since it is not difficult to cross the border. Recruitment agencies are required by the employers in Thailand to find runaway workers and replace the missing ones at no charge. The consequence is that recruitment agencies keep their fees high.

Another problem is that some workers find the work too hard and want to return home. It could be that they were not briefed adequately or accurately, or that the job turned out to be different from the promise. The agencies are partly to blame for runaways because they fail to recruit properly, as most professional human resources companies do. They are not selective enough. Their aim is largely to earn the recruitment fee quickly. If workers are not screened well and are paid for by companies as in the current arrangement, they are likely to run away or face other problems. This will create a bad image for Cambodian workers and therefore reduce the demand for them.

It is not easy for recruitment agencies to solve the problem of desertions. In some cases, they request the Thai embassy to block the worker from receiving a visa again. Unlike in South Korea or Malaysia, where most migrant workers are legal and cannot easily return home without a passport, the case of Thailand is special. Due to the location and loose border control, it is conducive to workers' running away. Tens of thousands of Cambodians can cross the border day in day out without passports.

A solution to the runaway problem would be to have the workers bear fewer costs of obtaining formal employment in Thailand. It is understandable that most workers find it hard to repay USD600 in 10 months in addition to the USD100 paid early on. Lowering the cost to USD300, as discussed above, would help greatly. If the fee can be borne by workers, it will fix the problem of runaways and relieve recruitment agencies of a financial burden.

#### **4.12. Alternatives to Advance Payment by Recruitment Companies**

If the governments of Cambodia and Thailand want labour migrants to go through recruitment agencies, the number of agencies should be much larger. If most workers return home after two or four years as stated in the MoU, there would be a need to provide the estimated 180,000 workers in Thailand irregularly. However, it is assumed that there is no perfect system to prevent people from illegally crossing borders in search of employment. If the system can encourage 50 percent of workers to go through formal channels, we may say that it is a huge success. Eventually, all migrant workers

hopefully would be re-sent legally to Thailand. Currently, there is a labour demand of 20,000–30,000 a year additional to the estimated 180,000 workers. A lot more efforts are needed to meet this demand.

The problem of workers running away can be dealt with by finding a way for serious workers to obtain a special loan, either with or without interest. It can be through banks, micro-finance institutions, NGO credit programmes, community saving schemes or relatives. Competent workers seeking larger benefits from working abroad would have to have cash or get a loan to pay the recruitment agency. Such a loan should be endorsed by the local authority or an official who knows the applicant well.

In this arrangement, recruitment agencies should be monitored closely by competent staff of the MLVT to avoid misuse of money paid by workers, although payments could be made when employment is secure and workers are ready to make the trip. This scenario tends to be biased against poor and vulnerable workers who do not have cash or cannot obtain a loan. Generally, only serious competent workers are able to become migrants.

This could be a good method because Cambodian migrants in this category tend to do well abroad and be competitive. It is good enough if the poor and vulnerable workers can find jobs within the country. They may not be competitive abroad. This is also good from foreign employers' point of view. They would find Cambodian workers of this kind generally good and would likely demand more of them relative to workers from other countries.

#### **4.13. Work Conditions and Welfare in Receiving Countries**

While working in Thailand, migrants are required to contribute to health insurance. This is a benefit for the workers since the premium is only 30 baht (USD0.90), which is not much compared to their income (most jobs in Thailand pay 185 baht per day). Social welfare costs 15 percent of base salary, 5 percent of which is paid by the employing company, 5 percent by the Thai government and 5 percent by the worker. This is considered a good deal for registered workers. However, migrant workers are under remarkable stress during the first three months, when they have to pay for all of these but do not yet earn much from overtime work. A lot of desertion from the workplace happens during this time.

In case of dispute, the immediate person to help workers is the company staffer who is positioned to ensure workers follow the contract and repay the costs advanced by the company. There has been a proposal to the government to create a position of labour attaché at Cambodian embassies in countries where Cambodian migrant workers are significant. This is likely to happen. However, it remains to be seen whether one person can deal with the many issues that can arise from tens of thousands of workers.

To date, no other measures have been introduced to protect migrant workers such as workplace inspection, crisis management or evacuation or settlement of disputes. Little is done to audit or control migrants' working conditions. There is no government funding for trips abroad. Currently, the recruitment companies pay for government officials to go every two years. The MLVT has no official reports on the conditions of migrant workers .



Our community studies strongly indicate that economic benefits from labour migration outweigh costs. The majority of migrants manage to earn money and send remittances home, although quite a few failed and are in serious debt as a consequence. This is essentially because they chose to go illegally into Thailand. Although it is not possible to evaluate the impact of migration in a strict manner, households with migrant workers are at least not worse off than those without migrants. There are overwhelming obstacles to Cambodian workers choosing the legal way to work in Thailand. The key is to reduce the cost of legal migration. This should be lowered by the Cambodian and Thai governments from the current USD700 to USD300.

Labour migration should be better managed because it provides employment opportunities while there are unlikely to be enough jobs in Cambodia in the short and medium terms. In Cambodia, the cost for migrants to enter Thailand legally should be minimised. For this, institutional arrangements should be improved. The MLVT should have a department directly responsible for labour migration and more staff competent in dealing with migration issues. Migration policy and migration law should be considered. Passport fees should be lowered. There should be more offices issuing passports in both Phnom Penh and provinces such as Battambang, Siem Reap and Prey Veng.

There should be more companies and more recruitment offices in the provinces where there are large numbers of workers migrating to Thailand. Sub-decree 57 should be revised to accommodate new developments. The required deposit, currently USD100,000, for setting up a recruitment agency, should be reduced in order to increase the number of services. There should be a more careful selection of workers by recruitment agencies to avoid runaways. This can perhaps be done through NGOs. Recruitment companies should be allowed to charge workers the fees to work in Thailand to avoid the problem of running away.

Thailand stands to benefit from migrant workers and should therefore help to formalise the workers there. Processing costs (for work permits and visas) should be lowered. The option of employing migrant workers illegally should be closed. There should be incentives to employ legal workers or disincentives to employ illegal workers. There should be a way to legalise those already working in Thailand without requiring them to acquire passports and visas in Phnom Penh. All costs associated with legalising migrant workers should be minimised.

Consideration should be given to a “one-stop service” to handle the process. This can be set up in areas from where many workers migrate to Thailand. The recruitment agencies, MLVT, passport office and Thai embassy representatives should be present at the one-stop service to accept applications and provide results to workers. This will save time and transportation costs to Phnom Penh. The whole process should not take more than two months. This may require serious discussion between the Thai Ministry of Labour and MLVT.



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## ANNEXES

### Annex A

**Table A1: Most Common Destinations of migration in Previous Five Years**

Village		Number				Percentage			
		Inside Thailand	Along Thai border	Malaysia	Total	Inside Thailand	Along Thai border	Malaysia	Total
Srama Meas	Male	1	0	31	32	3	0	97	100
	Female	2	0	26	28	7	0	93	100
	Both	3	0	57	60	5	0	95	100
Krasang	Male	18	44	0	62	29	71	0	100
	Female	6	31	3	40	15	78	8	100
	Both	24	75	3	102	24	74	3	100
Kork Thnong	Male	30	0	0	0	100	0	0	100
	Female	36	1	0	37	97	3	0	100
	Both	66	1	0	37	178	3	0	100
Rumduol	Male	48	2	0	50	96	4	0	100
	Female	23	0	0	0	100	0	0	100
	Both	71	2	0	50	142	4	0	100
Siem Peay	Male	15	71	0	86	17	83	0	100
	Female	3	37	0	40	8	93	0	100
	Both	18	108	0	126	14	86	0	100
Khnay	Male	73	3	0	76	96	4	0	100
	Female	8	1	0	9	89	11	0	100
	Both	81	4	0	85	95	5	0	100
All villages	Male	185	120	31	306	60	39	10	100
	Female	78	70	29	154	51	45	19	100
	Both	263	190	60	460	57	41	13	100

**Table A2: Destinations in Most Recent Trip**

Village		Number				Percentage			
		Inside Thailand	Along Thai border	Malaysia	Total	Inside Thailand	Along Thai border	Malaysia	Total
Srama Meas	Male	1	0	31	32	3	0	97	100
	Female	2	0	26	28	7	0	93	100
	Both	3	0	57	60	5	0	95	100
Krasang	Male	16	46	0	62	26	74	0	100
	Female	5	32	3	40	13	80	8	100
	Both	21	78	3	102	21	76	3	100
Kork Thnong	Male	30	0	0	0	100	0	0	100
	Female	36	1	0	37	97	3	0	100
	Both	66	1	0	37	178	3	0	100
Rumduol	Male	47	3	0	50	94	6	0	100
	Female	23	0	0	0	100	0	0	100
	Both	70	3	0	50	140	6	0	100
Siem Peay	Male	15	71	0	86	17	83	0	100
	Female	3	37	0	40	8	93	0	100
	Both	18	108	0	126	14	86	0	100
Khnay	Male	73	3	0	76	96	4	0	100
	Female	8	1	0	9	89	11	0	100
	Both	81	4	0	85	95	5	0	100
All villages	Male	182	123	31	306	59	40	10	100
	Female	77	71	29	154	50	46	19	100
	Both	259	194	60	460	56	42	13	100

## Annex B

### **Sub-decree 57 on the Sending of Khmer Workers to Work Abroad**

#### **The Royal Government**

- Having due regard for the constitution of the Kingdom of Cambodia;
- Having due regard for the Labour Law promulgated by Decree No 99 DC dated 13 October 1992;
- Having due regard for the Law on Organising and Functioning of the Council of Ministers promulgated by the Royal Decree dated 20 July 1994;
- Having due regard for the Royal Decree of H.M. Norodom Sihanouk Varman, the King of the Kingdom of Cambodia, dated 1 November 1993, on the nomination of the Royal Government of Cambodia;
- Having due regard for the Royal Decree of H.M. Norodom Sihanouk Varman, the King of the Kingdom of Cambodia, dated 24 September 1994, on the modification of the composition of the Royal Government of Cambodia;
- In accordance with the proposal of the secretary of state for Social Affairs Labour and Veterans Affairs;

#### **DECIDED**

**Article 1-** In order to access a higher standard of living, upgrade vocational skills and generate national revenue, the Royal Government allows the sending of Khmer workers to work abroad while the domestic labour market is unable to absorb totally the unemployed and underemployed persons.

**Article 2-** The sending of Khmer workers to work abroad and the management these workers is under the competence of the Ministry of Social Affairs, Labour and Veterans Affairs.

The Ministry of Social Affairs, Labour and Veterans Affairs can permit through the ministerial order (*prakas*), any company to take Khmer workers for work abroad.

If necessary, the Ministry of Social Affairs, Labour and Veterans Affairs shall issue furthermore the rule implementing in questions.

The Ministry of Social Affairs, Labour and Veterans Affairs shall cooperate with the Ministry of the Interior in complying with formalities such as issuing passports for the workers, and with the Ministry of Foreign Affairs and International Cooperation in monitoring them.

**Article 3-** Khmer workers of both sexes and at least 18 years of age, who have submitted their application forms for the job to the Ministry of Social Affairs, Labour and Veterans Affairs, are considered to be candidates for selecting and sending to work abroad.

**Article 4-** The Ministry of Social Affairs, Labour and Veterans Affairs is hereafter called the party providing workers (providing party). The company making the proposal for recruiting workers is hereafter called party receiving workers (receiving party).

**Article 5-** All proposals of the receiving party shall be clearly mention the main criteria, such as:

- The date of the beginning and termination of the job;
- The job specifications;
- The place where the job is performed;
- The number of the workers and the skills required;
- The salary and other benefits including accommodation, meals, clothing, medical care and other needs of daily living;
- The transportation of workers going and returning.

After receiving the proposal, the providing party shall reply to the receiving party within 45 days stating whether the workers can be totally or partly provided or cannot be provided, or whether there is need for further discussion.

The receiving party shall reply to the providing party within 30 days stating whether all or a proportion of the workers are needed. If the deadline of 30 days is exceeded and there is no further discussion, the providing party considers that the receiving party is no longer interested in those workers.

**Article 6-** The sending of the workers abroad can be carried out only if there is permission from the providing party and an employment contract between the workers and receiving party.

**Article 7-** Within 7 days after receiving official permission, the receiving party shall deposit the guaranty money amounting to USD100,000 in the account of the providing party. If the money has not been deposited, the permission shall be null and void.

The providing party can use the deposit to pay workers instead of the receiving party in the event that the latter does not comply with conditions stated in the employment contract.

During the implementation of the employment contract, if the deposit is partly withdrawn to pay workers, the receiving party shall reimburse the full amount. The receiving party can take the deposit back when the employment contract is completed.

The deposit in pursuant to this article can be reduced for the employer who personally needs a small number of workers to work in his/her own workshop or cottage industry.

However, the employer shall discuss with the Ministry of Social Affairs, Labour and Veterans Affairs to make an individual contract with those workers.

**Article 8-** The contract shall state that the receiving party pay for services and the preparation of relevant documents for the providing party.

**Article 9-** The employment contract shall state clearly:

- The name and address of each party;
- The date of the beginning and termination of the contract;
- The place of work and job specification;
- The skills of workers;
- The salary and allowances;
- The part of salary and other allowances that shall be sent to the workers' family;
- Hours of work and days off and annual leave;
- Accommodation, meals, clothing and medical care;
- Social security contributions for each worker;
- Delivery and receiving of workers going and returning;
- Payment for transportation of workers going and returning;
- Conditions under which workers shall be sent back to their country before the termination of the employment contract.

**Article 10-** All workers shall have the right of annual leave paid by the receiving party. The amount of leave shall be calculated on the basis of at least one and a half working days for one consecutive work month.

**Article 11-** The employment contract shall be written in two languages (in Khmer and in French/English) and both of the texts are equally authoritative. The duration of the employment contract shall not exceed two years.

Upon the termination of the employment contract, both parties can negotiate the renewal of the contract or make a new contract.

The renewed or new employment contract shall be re-stamped by the Ministry of Social Affairs, Labour and Veterans Affairs.

**Article 12-** The providing party is a labour scout who recruits workers in pursuit of the number and skills stated in the employment contract.

The employment contract which is signed by workers and the receiving party shall be approved by the authorised labour inspector.

**Article 13-** Upon making the employment contract, each worker shall provide:

- A curriculum vitae with photograph (4x6 cm) ..... 2 sheets
- A justice clearance ..... 2 copies
- A health certificate issued by the Department of Occupational Health ..... 2 copies
- A copy of certificate or other qualification, if any ..... 2 copies
- A copy of worker's passport ..... 2 copies
- A job application card ..... 1 copies

**Article 14-** Before the departure for abroad, the providing party and receiving party are responsible for preparing and conducting a training course on the working system, life style, customs, traditions and common laws of the receiving country.

**Article 15-** The salary of each worker shall be taxed in accordance with the existing law of the Kingdom of Cambodia.

**Article 16-** The receiving party shall be responsible for all expenses of the officials of the providing party accompanying workers to the receiving country and monitoring the work place and the lodgings of workers as stated in the employment contract.

The providing party shall send its officials to pursue the implementation of the employment contract when it is deemed necessary.

**Article 17-** If a labour dispute occurs, the receiving party will negotiate and settle it immediately with the workers based on the employment contract. In the event that it cannot be settled, urgent information shall be provided to the Royal Embassy or diplomatic mission of the Kingdom of Cambodia to participate in the dispute resolution.

**Article 18-** The receiving party shall notify the sending party within 45 days before the date of the repatriation of the workers.

The receiving and the providing parties shall agree with each other on the date and the agenda of the repatriation of the workers.

**Article 19-** In the event that a worker is missing during the implementation of the employment contract, the receiving party shall urgently inform the Royal Embassy or diplomatic mission of the Kingdom of Cambodia and the Ministry of Social Affairs, Labour and Veterans Affairs of the Kingdom of Cambodia.

**Article 20-** Any person who sends Khmer workers abroad in violation of the provision of this Sub-Decree shall be punished in accordance with the existing law.

**Article 21-** Provisions which are contrary to this Sub-Decree shall be null and void.

**Article 22-** The Co-Minister in charge of the Cabinet of Ministers, the Co-Minister of the Interior, the Minister of Foreign Affairs and International Cooperation, the Minister of Economy and Finance, the Secretary of State for Social Affairs, Labour and Veterans Affairs shall carry out this Sub-Decree from the date of the signing.

Phnom Penh, 20 July 1995

First Prime Minister

Second Prime Minister

Signed and Sealed

Norodom Ranarith

Hun Sen

Cc

- The Cabinet of the King
- The Secretariat General of The National Assembly;
- The Cabinet of the First Prime Minister
- The Cabinet of the Second Prime Minister
- As in Article 22 for implementation
- File, Chronicle

Annex C

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE GOVERNEMENT OF THE KINGDOM OF THAILAND  
AND  
THE GOVERNMENT OF THE KINGDOM OF CAMBODIA  
ON  
COOPERATION IN THE EMPLOYMENT OF WORKERS**

-----

The Government of the Kingdom of Cambodia and the Government of the Kingdom of Thailand, hereinafter referred to as “the Parties”

**RECOGNIZING** the principles enshrined in “The Bangkok Declaration on Irregular Migration of 1999”;

**BEING CONCERNED** about the negative social and economic impacts caused by illegal employment;

**DESIROUS** of enhancing mutually beneficial cooperation between the two countries;

**HAVE AGREED AS FOLLOWS:**

**OBJECTIVE AND SCOPE**

**ARTICLE 1**

The Parties shall apply all necessary measures to ensure the following:

1. Proper procedures for employment of workers;
2. Effective repatriation of workers, who have completed terms and conditions of employment or are deported by relevant authorities of the other Party, before completion of terms and conditions of employment to their permanent addresses;
3. Due protection of workers to ensure that there is no loss of the rights and protection of workers and that they receive the rights they are entitled to;
4. Prevention of, and effective action against, illegal border crossings, trafficking of illegal workers and illegal employment of workers.

This memorandum of understanding is not applicable to other exiting processes of employment that are already in compliance with the laws of the Parties.

**AUTHORISED AGENCIES**

**ARTICLE II**

For the purpose of this Memorandum of Understanding, the Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation of the Kingdom of Cambodia and the Ministry of Labour of the Kingdom of Thailand shall be the authorized agencies for the government of the Kingdom of Cambodia and for the Government of the Kingdom of Thailand respectively.

### **ARTICLE III**

The Parties, represented by the authorized agencies, shall hold regular consultations, at senior official and/or ministerial levels, at least once a year on an alternate basis, on matters related to the implementation of this Memorandum of Understanding.

The authorized agencies of both Parties shall work together for the establishment of procedures to integrate illegal workers, who are in the country of the other Party prior to the entry into force of this Memorandum of Understanding, into the scope of this Memorandum of Understanding.

### **AUTHORITY AND PROCEDURE**

#### **ARTICLE IV**

The Parties shall take all necessary measures to ensure proper procedures for employment of workers.

Employment of workers requires prior permission of the authorized agencies in the respective countries. Permission may be granted upon completion of procedures required by laws and regulations in the respective countries.

The authorized agencies may revoke or nullify their own permission at any time in accordance with the relevant laws and regulations.

The revocation or nullification shall not affect any deed already completed prior to the revocation or nullification.

#### **ARTICLE V**

The authorized agencies may through a job offer inform their counterparts of job opportunities, number, period, qualifications required, conditions of employment, and remuneration offered by employers.

#### **ARTICLE VI**

The authorized agencies shall provide their counterparts with lists of selected applicants for the jobs with information on their ages, permanent addresses, reference persons, education, experiences and other information deemed necessary for consideration by prospective employers.

#### **ARTICLE VII**

The authorized agencies shall coordinate with the immigration and other authorities concerned to ensure that applicants, who have been selected by employers and duly permitted in accordance with Article IV, have fulfilled, inter alia, the following requirements:

1. Visas or other forms of entry permission;
2. Work permits;
3. Health insurances or health services;
4. Contribution into saving fund as may be required by the authorized agencies of the respective Parties;
5. Taxes or others as required by the Parties;
6. Employment contracts of employers and workers.

Contract of terms and conditions of employment shall be signed between the Employer and Worker and a copy of each contract submitted to the authorized agencies.

## **ARTICLE VIII**

The authorized agencies shall be responsible for the administration of the list of workers permitted to work under this Memorandum of Understanding. They shall keep, for the purpose of reference and review, the lists of workers who report themselves or have their document certified to the effect that they have returned to their permanent address after the end of the employment terms and conditions, or at four years from the date of report or certification.

## **RETURN AND REPATRIATION**

### **ARTICLE IX**

Unless stated otherwise, the terms and conditions of employment of workers shall not exceed two years. If necessary, it may be extended for another term of two years. In any case, the terms and conditions of employment shall not exceed four years. Afterwards, it shall be deemed the termination of employment.

A three-year break is required for a worker who has already completed the terms and conditions of employment to re-apply for employment.

### **ARTICLE X**

The Parties shall extend their fullest cooperation to ensure the return of bona fide workers, who have completed their employment terms and conditions, to their permanent addresses.

### **ARTICLE XI**

The authorized agencies of the employing country shall set up and administer a saving fund. Workers are required to make monthly contribution to the fund in the amount equivalent to 15 percent of their monthly salary.

### **ARTICLE XII**

Workers who have completed their terms and condition of employment and returned to their permanent addresses shall be entitled to full refund of their accumulated contribution to the saving fund and the interest by submitting the application to the authorized agencies three months prior to their scheduled date of departure after completion of employment. The disbursement shall be made to workers within 45 days after the completion of employment.

In the case of workers prior to completion of employment have to return to their permanent addresses, the refund of their accumulated contribution and the interest shall also be made within 45 days after termination of employment.

### **ARTICLE XIII**

Temporary return to country of origin by workers whose terms and conditions of employment are still valid and in compliance with the authorized agencies' regulations shall not cause termination of the employment permission as stated in Article IV.

### **ARTICLE XIV**

Procedures and documents required in the application for refund as stated in Article XII shall be set forth by the authorized agencies.

#### **ARTICLE XV**

The right to refund of their contribution to the saving Fund is revoked for workers who do not return their permanent addresses upon the completion of their employment terms and conditions.

#### **ARTICLE XVI**

The authorized agencies of the employing country may draw from the savings fund to cover the administrative expenses incurred by the bank and the deportation of workers to their country of origin.

#### **PROTECTION**

#### **ARTICLE XVII**

The Parties in the employing country shall ensure that the workers enjoy protection in accordance with the provisions of the domestic laws in their respective country.

#### **ARTICLE XVIII**

Workers of both Parties are entitled to wage and other Benefits due for local workers based on the principle of non-discrimination and equality of sex, race and religion.

#### **ARTICLE XIX**

Any dispute between workers and employers relating to employment shall be settled by the authorized agencies according to the laws and regulations in the employing country.

#### **MEASURES AGAINST ILLEGAL EMPLOYMENT**

#### **ARTICLE XX**

The Parties shall take all necessary measures, in their respective territory, to prevent and suppress illegal border crossings, trafficking of illegal workers and illegal employment of workers.

#### **ARTICLE XXI**

The Parties shall exchange information on matters relating to human trafficking, illegal immigration, trafficking of illegal workers and illegal employment.

#### **AMENDMENTS**

#### **ARTICLE XXII**

Any amendment to this Memorandum of Understanding may be made as agreed upon by the Parties through diplomatic channels.

#### **SETTLEMENT OF DISPUTES**

#### **ARTICLE XXIII**

Any difference or dispute arising out of this Memorandum of Understanding shall be settled amicably through consultation between the Parties.

#### **ENFORCEMENT AND TERMINATION**

#### **ARTICLE XXIV**

This Memorandum of Understanding shall enter into force after the date of signature and may be terminated by either Party in written notice. Termination shall take effect 90 (ninety) days following the date of notification. In case of termination of this Memorandum

of Understanding by either Party, for the benefit of the workers, the Parties shall hold consultation on how to deal with employment contracts that are valid.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Government, have signed this Memorandum of Understanding.

DONE at Ubon Ratchatani on the Thirty First Day in the Month of May of Two Thousand and Three of the Christian Era in English language, in two original copies all of which are equally authentic.

For the Royal Government of  
the Kingdom of Cambodia

For the Royal Government of  
the Kingdom of Thailand

**ITH SAMHENG**

**SUWAT LIPTAPANLOP**

Minister of Social Affairs,  
Labour, Vocational Training  
and Youth Rehabilitation

Minister of Labour



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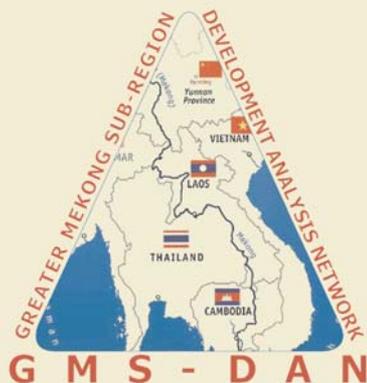
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