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Currency Conversions Used

All currencies listed as USD:

$1 = 455 Franc CFA (Senegal)

$1 = 62.5 Kenyan Shilling (Kenya)

$1 = 7.7 South African Rand (South Africa)

$1 = 1,163 Tanzanian Shilling (Tanzania)

$1 = 42 Mozambican Metical (Mozambique)
EXECUTIVE SUMMARY

Purpose of Study

This study on "Migration, Remittances and Investment in Sub-Saharan Africa" was commissioned by the Swedish International Development Cooperation Agency to investigate:

- Modalities of arranging and financing migration and the role of social networks;
- Migrant economic strategies and living conditions;
- Priorities in the use of remittances;
- Accumulation of funds for investment in housing and microenterprises; and
- Mechanisms to finance investment with a view to identify ways by which remittance-based investments in asset building, particularly housing, can be fostered.

The study relies on five interlinked field surveys to document migration from Sub-Saharan African countries to Europe, the Gulf region, and South Africa and to trace the impact of remittances on investment in housing and improvement of the living conditions of families with transnational migrant members. The bulk of the field work was undertaken in Senegal, Kenya and South Africa and was supplemented by site visits to Tanzania and Mozambique. Patterns of transcontinental migration were studied in selected communities of Kenya and Senegal while regional movements of migrants from Zimbabwe, Tanzania, Lesotho and Mozambique were examined in South Africa. Based on the results of the field research, the IIUD team has identified strategies and programs and developed recommendations to support remittance-based investments.

Key Findings

Sub-Saharan African nations have a growing supply of young workers that their economies cannot absorb but that is needed in an aging North and a booming Gulf region. Like other African nations, South Africa has high numbers of unemployed young workers, but its economic strength and political stability draw migrants from all over the region, much of which suffers from war, stagnation and poor short-term prospects. Its relative prosperity allows Zimbabweans, Congolese, Lesothans, Mozambicans, and others to feed and educate their families and to invest in assets that give them security and a better future. Although they generally have more local work options and greater mobility, the well-educated can also feel a lack of opportunity based on local circumstances, such as a surplus of teachers in Senegal and the political situation in the Democratic Republic of Congo (DRC).

Each migrant group interviewed in Senegal, Kenya and South Africa included both legal and illegal migrants. Legal migrants clearly have better access to jobs, housing and
social protection. They do not face the great risks associated with crossing the Limpopo River or parts of the Atlantic Ocean and have greater opportunities to return home regularly to see their families and manage investments. Governments have initiated a host of bilateral development and cooperation programs intended to lower illegal migration by supporting legal channels and by encouraging development. Without unprecedented global relaxation of migration laws or the rapid development of Sub-Saharan African nations, however, illegal African migration will likely continue to increase. These illegal migrants and their families are the most vulnerable and often suffer economic hardships and social exclusion.

In general African migrants from Kenya and Senegal wish to return home. In South Africa, however, the majority of migrants indicated a desire to remain in that country permanently, although returning home has gained in popularity since the 2008 social unrest and xenophobic violence. One Mozambican migrant indicated that he did not remit any money home nor did he wish to return since his family had been killed in the civil war. Thirty percent of Congolese migrants do not remit any money; they have no plans to return. Nevertheless, for most African migrants the priorities are to secure the consumption needs of their families and, when possible, to invest in housing and businesses. Migrants working in Europe have an easier time saving and investing than migrants in South Africa, who are poorer, earn less and remit a larger percentage of their income. Nevertheless, both intercontinental and regional migrants often do not return home. While they earn enough to live and to support their families, most of them believe that they would not be able to do so if they returned.

Some authors have critiqued consumption and other uses of remittances as unproductive and fostering remittance dependency. Although migration has some negative impacts, a more productive approach is to explore policies that can improve the development impact of remittances.1 Facilitating investment for international migrants and their families can help individual households and also be a powerful tool for development. Actions and policies can be initiated at many levels, from community to national, by many parties, from governments to banks, NGO’s, developers and migrant associations. They can help reduce transfer costs, improve access to transfer mechanisms, leverage the regularity of transfers, foster a supportive environment for business investments and encourage development projects by appropriate credit enhancements.

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1 (Carling, 2004) uses this logic to begin to formulate general recommendations for improving the use of international remittances.
Regardless of their legal status in the host country, Sub-Saharan African migrants and their families are extremely vulnerable. Massive displacements are unfortunately common. The IOM estimated in 2005 that more than a third of African nations are experiencing civil war or armed conflicts. Post-election violence in Kenya, continued civil strife in Zimbabwe and the Congo, and anti-immigrant violence in South Africa all serve as a reminder of the vulnerability of migrants and their families. Italy, a relatively stable source of remittances to Senegal, has recently seen anti-immigrant protests and violence, although not specifically directed at the Senegalese. The poorer the migrant and the migrant’s family, the less they are able to respond to adversity such as job loss or forced relocation.

**Recommendations**

The recommendations developed by the IIUD team include policy and programs that address key issues highlighted by the fieldwork with a specific focus on regional migrants in South Africa. These include:

- Improving transfer mechanisms, including the dissemination of mobile banking transfers;
- Improving access to savings-based credit, including for informal workers;
- Formulating more realistic land development and housing standards that can enhance affordability;
- Encouraging the establishment of formal migrant support groups and hometown associations;
- Encouraging collective investment in community improvements; and
- Providing opportunities and credit enhancements for legal and illegal migrants with NGOs operating in the Southern African region.

Working with experienced regional partners, the IIUD team has also identified potential program areas suitable for the initiation of pilot projects for Mozambican migrants in South Africa and remittance recipients in Mozambique. These proposals can leverage migrant remittances to improve housing and provide community infrastructure in neighborhoods in Mozambique.

TEBA bank, which offers financial services for mineworkers and operates in South Africa and Mozambique, proposes a housing loan program whereby depositors can access loans mortgages guaranteed by funds deposited into a savings account in their name at the National Bank of Mozambique. Donor support could be used to offer training in the management of credit through TEBA, technical assistance in housing construction through an experienced NGO, and assisted credit for the poorest households below a specified income level.

Opportunity International, a non-profit multinational leader in microfinance with the mission of serving the poor, provides a full range of financial services to the working
poor. In partnership with Habitat for Humanity or Kangela Trading, which sells building materials and has extensive experience in housing construction and post flood reconstruction, it could provide Mozambican families with integrated and affordable financing and construction services based on income from remittances.

Representatives from Opportunity International, Habitat for Humanity and Kangela Trading have expressed interest in working with the IIUD team to further develop asset-building programs based on remittances. Habitat for Humanity already has experience accepting remittances as an income source when providing mortgages. An action plan aimed at increasing access to financial services and affordable housing will open up opportunities for migrant households simultaneously to improve their living conditions and their socio-economic status.
PART I: COMPARATIVE ANALYSIS OF FIELD RESEARCH REPORTS

1.0 BACKGROUND

1.1 Worldwide Migration and Remittances

Recorded global flows of international migrant remittances more than doubled from 2000 to 2006 and are continuing despite the efforts of rich countries to curtail the flow of migrants. Developing countries received over $200 billion in remittances, the largest source of capital flows after foreign direct investment that has the added advantage of being more stable from year to year than either FDI or foreign aid and of channeling capital to poorer countries. Much of the rapid growth in recorded remittances is a result of a shift from informal to formal money transfer mechanisms, which are more easily recorded. Nevertheless a significant portion of remittances in Africa still goes through undocumented channels. Remittances are driving technological innovation in the least developed countries where far more individuals have access to cell phones than to banks. Private cell phone providers are developing Mobile Banking transfer mechanisms in Sub-Saharan African countries.

The majority of international remittances are spent on daily consumption, particularly food. Numerous surveys and studies indicate that an important portion of remittances goes into housing and land. One 1992 study in Bangladesh found that 19 percent of remittance spending went to housing and 15 percent into land (Cotula and Toulmin, 2004). Although this percentage is quite high, our fieldwork in Senegal, Kenya, South Africa, Tanzania and Mozambique confirmed that housing expenditures are an important use of remittances. Since migration is often a temporary strategy, remittances support the family in the short term, but savings and investment are needed to ensure the family’s well-being when the migrant returns. Over the long term, migrants often save and invest as much money as they remit. By focusing on the remittance, many household-based studies underestimate the proportion of income that a migrant invests in housing. Investing in housing is a top priority because housing is not only a shelter provider for the family, but also a potential source of income, a symbol of success, and a secure asset that can appreciate. In the ideal situation, a migrant’s income is sufficient to ensure the

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2 Some research suggests that remittances may also be counter cyclical (Ratha, 2003).
3 For a good overview of trends in mobile banking, see Porteous, 2006.
migrant’s subsistence, to provide for the family’s consumption at home, and to prepare for the future through savings and investment.

Given migrants’ propensity to invest in housing, migration has driven up the cost of land and shelter in many cities across the developing world. This erodes affordability for poorer households that have a harder time pooling enough money to send members abroad. The effects in less elastic housing markets are particularly harmful, as prices rise more quickly.

Nevertheless, remittances have the potential to improve access to housing, financial services, health and education for much of the developing world. Recorded remittance totals are the sum of millions of transfers between family members and friends, not a fund for development. The development community can take an active role in helping households to maximize the benefits of migration while minimizing the risks by improving access to financing to help households leverage remittances for personal and community benefit.

1.2 Sub-Saharan African Migration and Remittances

Only one-third of Sub-Saharan African countries report official figures on the flows of remittances. These recorded remittances have increased by over 55 percent since 2000, reaching $7 billion in 2006, but represent less than a fifth of remittances to the developing world. Only one Sub-Saharan African country, Nigeria, is on the list of the top 25 remittance receiving nations (Gupta, Pattillo and Wagh, 2007). Although total transfers are smaller, the impacts of remittances in other Sub-Saharan African countries are no less pronounced, given the pervasive poverty and high level of unemployment. This report’s three focus countries, Senegal, Kenya and South Africa, present a broad brush-stroke of the intersection of international migration, remittances and housing in Sub-Saharan Africa. Kenya and Senegal are respectively the 2nd and 3rd highest international remittance receivers in Sub-Saharan Africa. South Africa is the largest remittance sender.

Unlike Kenya, primarily a labor sending country and South Africa, primarily a labor receiving country, Senegal both sends and receives large quantities of migrants. In 1997, the International Organization for Migration (IOM) estimated that 410,000 Senegalese

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4 An International Monetary Fund report ranks Kenya as the second biggest remittance recipient in Sub-Saharan Africa (Gupta, Pattillo, & Wagh, 2007). The United Nations ranks it sixth (IFAD, 2007). The IMF report attributes this higher ranking to the growth of opportunities in Kenya that have attracted investments from the Diaspora.
were living outside the country. In 2002, the International Labour Organization (ILO) estimated the number at 650,000 and others have estimated more than 1,000,000.\(^5\) Although these figures rely on different methodologies, they confirm the increase in Senegalese international migration over the past 10 years. With an estimated population of 12.5 million, as many as 1 in 10 Senegalese may currently be living abroad. Previous studies have found that 6.5 percent of the total population of Dakar and 8.8 percent of the total population of Touba had lived outside of Senegal at some time between 1988 and 1997 (Ndione and Lalou, 2004). Given the large household sizes and extended families common in Senegal, it is difficult to meet a Senegalese who is not in close contact with a family member or friend living and working outside of the country.

International migration from Kenya has risen dramatically and by 2005 it was estimated that from 1.8 million to over 2 million Kenyans were abroad (Kags, 2005) (Kenya Club, 2005). A Draft ‘Sessional Paper on Mainstreaming the Kenyan Diaspora Community in the Development Agenda’ estimates the number of Kenya’s in the Diaspora at 2 million or approximately 1 in 20.\(^6\) The United States and the European Union have long been the most common destinations for Kenyan migrants. There are officially 79,111 Kenyans in the US, a dramatic increase from the 47,000 recorded in 2000 (US Census Bureau, 2000, 2006). The UK is home to more than 500,000 Kenyan migrants (Kenya Club, 2005). In the past decade, the United Arab Emirates have become an increasingly attractive destination, particularly for lower qualified migrant laborers.

In South Africa, migrant workers have long played a critical role in the economy, particularly in the mining and agricultural sectors. For decades, South Africa has drawn migrants from other Southern African countries and today post-apartheid South Africa has become a highly attractive destination for migrants from all over East, West and Central Africa. A restrictive immigration policy significantly limits the number of legal immigrants from other African countries, leaving the majority to enter illegally. Estimates of the number of illegal immigrants in the country range from 500,000 to up to four million (Crush, 2003). Recently, economic collapse and repression in Zimbabwe have fueled a surge in migration. Last May, xenophobic riots, generally concentrated in

\(^5\) A 2004 estimate by Dr. Serigne Mansour Tall put the number at about 1,000,000. He and others have also put the figure as high as 2 million(Tall, 2004; Cotula and Toulmin, 2004).

\(^6\) The concept Diaspora is used to refer to Persons of Kenyan Origin and Non Resident Kenyans. The latter is for Kenyan citizens holding a Kenyan passport and residing abroad for an indefinite period whether for employment, business, vocation, education or any other purpose (GOK 2008). The African Union defines the African Diaspora as "consisting of people of African origin living outside the continent irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent."
the townships around Johannesburg, have driven tens of thousands of migrants from their homes and killed dozens. This violence underscores the vulnerability of migrants and the need to create pragmatic legal channels for migration related to the county’s labor needs.

Migration is a part of everyday life in Senegal, Kenya and South Africa. The World Bank’s World Development Indicators show remittances to Senegal more than quadrupled to $633 million, 7 percent of GDP, in ten years from 1996 to 2006. Remittances represent one of the fastest growth areas of the Senegalese economy, a primary national source of foreign exchange, and in some areas as much as 80 or 90 percent of household income. Remittances represent one of the fastest growth areas of the Senegalese economy, a primary national source of foreign exchange, and in some areas as much as 80 or 90 percent of household income. In Kenya, remittances have overtaken tourism and horticulture as the largest source of foreign exchange (Makinda, 2007). Remittances almost doubled in two years from $620 million in 2004 to $1.128 billion, or 5.0 percent of GDP in 2006. This exceeds both development aid and foreign direct investment which in 2006 accounted for 4.1 percent and 0.2 percent of GDP respectively. In South Africa, the amount of remittances sent abroad increased from $540 million in 2002 to over $1 billion in 2006 (World Development Indicators, 2007). In 2006, Senegal received $52 of remittances per capita and Kenya received $31; South Africa sent $23 per capita.

Most international remittance senders now prefer to use banks or money transfer agencies such as Western Union or Money Gram for speed and safety. Nevertheless, many still choose to use informal channels or in-kind remittances, such as food, clothes, medicines, and goods for resale. Household remittance-recipient surveys and interviews with remittance sending migrants suggest that many households receive as much money through informal transfers, in-kind goods, and investments by migrants as they do formal remittance transfers.

Our household surveys indicated that remittances more than double average household incomes. For many remittance-receiving households, remittances are the primary source of income and represent the difference between subsistence living and the ability to send their children to school and the hospital. Furthermore, migrants often save significant portions of their income to invest in businesses and housing. Migration holds the promise of opportunities not available at home and, for many migrants, is the only route to economic betterment and the ability to provide for family.

7 These percentages are widely cited and can be found in Daum, 1994 in Fall, 2002 & Tall, 2000.
2.0 COMPARATIVE ANALYSIS

2.1 Description of Study

This report relies on fieldwork from three interlinked studies in Senegal, Kenya and South Africa, Tanzania and Mozambique. Senegal is an important regional migration destination and transit country. Research in Senegal focuses on international out-migration from the two largest urban agglomerations, Dakar and Touba where remittances channeled into real estate contribute to rapid urban expansion through an active housing and construction industry. Because the majority of migrants plan to return home at retirement age, many contribute collectively to neighborhood development projects, including mosques, hospitals, sanitation, and subsidized housing.

In Kenya, the study focuses primarily on the rising tide of migration to the United Arab Emirates, where temporary low-skilled contract work is available, rather than the more established routes to North America and the United Kingdom, which have predominantly attracted the country's elite. Kenya’s young, fast growing and under-employed population poses a serious challenge for its future development. Recent post-election violence has shown the extent to which many Kenyans’ sense of disenfranchisement has left the country vulnerable to civil strife and unrest. Despite the government’s promotion of sending surplus Kenyan labor abroad, without greater security of tenure and easier to access to land, remittances will have a smaller positive economic and social impact than elsewhere and may further inequality, particularly if poorer families have more difficulty sending members abroad for work.

South Africa, despite high domestic unemployment rates, is nevertheless a regional center attracting migrants from less prosperous neighbor countries. These migrants support their families at home, but may be less likely to return due to deteriorating situations in their home countries. In addition to working with migrants in South Africa, the IIUD team interviewed the families of 26 of them in Mozambique and in Tanzania. Many households are completely reliant on remittances from South Africa for survival. As mass anti-immigrant protests and violence have shown, however, this important source of income can be tenuous. Tens of thousands of migrants, particularly Mozambicans, have fled South Africa to escape persecution. For the hundreds of thousands, who remain, life has become more difficult and the ability to provide for their families at home less certain.

2.2 Routes and Destinations

Migration routes and destinations are determined by a household’s income, connections, and stability as well as location. Intercontinental migration, in particular, can be quite
costly and requires that a migrant save a substantial sum to pay for travel and a visa, even if temporary. This requires family support and a network to receive the migrant abroad. Crossing the border to a neighboring country requires far fewer resources. Wealthier households in Kenya and Senegal generally send migrants to Europe and North America rather than to neighboring countries. The employment and educational opportunities are greater. These migrants tend to travel legally and by air, although many overstay their visas and remain illegally (de Haas, 2008). Regional migrants to South Africa come from poorer households that are often unstable due to civil war, as in Mozambique and the Democratic Republic of the Congo (DRC), or poor economic conditions and government repression, as in Zimbabwe. They tend to travel by road whether legally or illegally. The majority of migrants interviewed entered South Africa illegally.

According to one report, there are almost equivalent numbers of Sub-Saharan African migrants in the developing world as in the developed world. Migrants in the developing world, however, account for between only 10 and 29 percent of total remittances by country. Eighty percent of them migrate to neighboring countries with similar income levels. Not only is it harder to earn money, but remittance transfer costs are higher (Ratha and Shaw, 2007). In many cases, an individual will migrate regionally in order to save enough money to migrate to Europe or North America.

Although wealthier households have greater migration options, poorer households can circumvent this generality through illicit and often dangerous migration routes. One such route that has received a great deal of press in the past couple of years is the migration by pirogue, small wooden fishing boats, from West Africa to the Canary Islands. A potential migrant can secure passage on a boat for under $1000 and does not need to acquire papers. The voyage, however, is perilous; thousands have died making the journey and many more have turned back due to weather or been repatriated upon arrival. As authorities have cracked down on some previously common routes, more risky routes have emerged.

Oil-exporting Middle Eastern countries, particularly in the Gulf region, with economies boosted by oil revenues but restrained by small populations have long attracted migrant
workers from North Africa, South Asia and, more recently, Sub-Saharan Africa. Despite active recruitment, many migrants, particularly the less skilled, enter on short term travel visas acquired on the black market. Given that the majority of households earned under $235 per month without remittances and that black market visas cost about $500 and flights to the UAE cost even more, the investment in sending a migrant abroad is quite significant.

Generally family members pool money to assist the migrant, although the trip is often entirely funded by a relative who is already abroad or the migrant if previously employed. While 18 percent of the migrants to South Africa funded their trip with savings from a previous job in their home countries or selling an asset, 80 percent indicated that they had received financial support from friends and family to travel to South Africa. Migrant miners from Mozambique often travel to South Africa with the assistance of labor recruitment companies.

Migration creates a self-reinforcing cycle of migration. Family members abroad fund relatives to join them and provide a reception network. A migrant working in Italy will generally have an easier time providing the necessary funds for a relative’s trip to Europe than one working in South Africa. Nevertheless our surveys in South Africa showed that many migrants received financial support for the trip abroad from other family members in South Africa and have since helped other relatives to join them. Studies conducted in Burkina Faso (Hampshire, 2002; Wouterse, 2006) and Morocco (De Haas, 2006) confirm the greater ability of migrants to Europe to accumulate wealth. From a policy perspective therefore, aid activities intended to support poorer, more vulnerable households should tend to target families with regional migrants.
Poverty, unemployment and traditional obligations forced Ricardo to move to South Africa in 1999. His brother assisted him financially. He has been working for the past eight years at the Impala Platinum Mine in Rustenburg as a mining team leader. He earns $649 per month of which he remits $260 for food, clothes and school fees. He also uses Kawena Distributors to send groceries to his family. Ricardo stays at the mine hostel to save money and puts aside $65 per month to build a house in Mozambique.

His wife, Albertina, lives with her mother-in-law in Mozambique. The family depends entirely on Ricardo’s remittances for survival. As the eldest son, Ricardo was obliged to support his family and is currently helping his younger brother to migrate to South Africa too. Their village has no water, sanitation or electricity and jobs are scarce.

2.3 Determinants of Migration

Individual or family decisions to migrate or send someone abroad are complex and multifaceted, but are related to push and pull factors. High unemployment and low wages are the primary push factors, while perception of working opportunities and higher wages are the primary pull factors. From a purely economic perspective, the cost of migration is a sound investment. To emphasize this point, one Tanzanian used a micro-credit loan to finance his trip to South Africa where he works as a street vendor. He earns about $389 per month and remits $130 to his mother and 8 dependents in Dar Es Salaam via MoneyGram.

In contrast, migration becomes a basic survival strategy, in situations of civil strife, as is the case of many migrants to South Africa from Zimbabwe and DRC, 78 percent of whom indicated that they had entered the country illegally. Yet most of these migrants also send money to support their families at home and remain in South Africa for

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8 The 25 migrants surveyed from Mozambique had all arrived in South Africa after the 1992 peace accord ending the civil war.
primarily economic reasons. Similarly in rural areas of Burkina Faso and Botswana, migration has been identified as a household survival strategy in rural areas. It diversifies income sources and lowers the risks of destitution caused by crop failure (Broekhuis, 2008 & Gwebu, 2008). Although migration is financially supported by friends and family members, most Sub-Saharan African migrants do not report having debts relating to their migration. Remittances are not generally viewed as a repayment of the support they received but as a social and moral obligation. Those who saved enough money to enable them to leave the country have the same obligations as those who did not. Shelipsy J. from Mozambique indicated that her life improved dramatically after financing her daughter’s trip to South Africa. The daughter, Laura, works in a hair salon and remits $65 per month. Shelipsy intends to send one of her sons to South Africa as well to ease the burden on Laura.

Surveyed migrants in South Africa remit or save an average 48 percent of income. Mozambican migrant miners, 60 percent of whose income goes directly into a savings account based on a bilateral agreement between Mozambique and South Africa, live in mine hostels and remit the vast majority of their earnings. Most migrants from Kenya remitted more than 50 percent of income while domestic workers remitted as much as 90 percent. Surveyed households in Senegal received a median $440 in remittances the month prior to our survey, more than doubling household income, while in Mozambique three out of ten surveyed households indicated no other income outside of remittances. Of Mozambican and Tanzanian families that did have local wage earners as well as migrant members, 67 percent reported that remittances received were higher than the income generated at home.

As migration from Sub-Saharan African countries continues to increase, a culture of migration has emerged. Some surveyed migrants in South Africa indicated it is a cultural responsibility for the first born male to go abroad to support the family. In Mozambique, it is a rite of passage for male members of households and a measure of manhood (Raimundo, 2008). Families in Mozambique indicated that the eldest son in particular was responsible to travel to South Africa to support the family. In Senegal, although initially viewed with suspicion and some contempt, migration has achieved a culturally positive status, popularized in song, film and television.
While migration provides families with needed income for consumption, health and education, it also provides opportunities for the migrant. In many host countries, migrants have greater opportunities for education, job training, and job experience than at home. They also have greater ability to save money to invest in housing or businesses. Without access to jobs or opportunities in their home country, many express a feeling of hopelessness and inability to get ahead in life.

Photos: Lazarus M., Field Workers in front of his Mother’s Home in Mozambique

Lazarus came to South Africa in 2005 to look for a better future and to support his family. He has been working since 2007 at WF Kroon Construction as a builder and earning $259 per month. Lazarus indicated that he sends about $39 per month home to his mother with money carriers, friends and family members.

His mother Amelia, however, informed the field workers that since her son Lazarus left in 2005 he has not once sent money or visited Mozambique. According to his mother, Lazarus does not have a work permit and sending money through carriers is not a safe practice. She refused to have her photograph taken. The field workers tried unsuccessfully to contact Lazarus in South Africa. Construction workers, however, informed them that Lazarus no longer worked for the company.

2.4 Migrant Profiles

Sub-Saharan African migrants come from a variety of backgrounds. They include wealthy and poor, well educated and unskilled. Traditionally African migration has been male dominated but according to the ILO, there has been a recent feminization of African migration and one half of migrants are now women (ILO, 2003). Families will tend to send their most capable workers abroad. In Dakar, for example, an international migrant
destination as well as origin, unemployment rates are lower among international African migrants than natives (Ndiaye, 2005). The same holds true in South Africa and contributes to xenophobic discrimination against migrants.

Eighty-eight percent of migrants from household surveys in Dakar are men with a median age of 35. Ninety-six percent of migrants are Muslim and more than half are from the Wolof ethnic group. Out of 158 migrants, whose jobs were identified, 43 percent work in services, 39 percent in industry, 13 percent in skilled services, 1 percent in agriculture, and 4 percent are students. Out of 173 migrants, 70 percent remitted a median $330 per month, while 27 percent remitted a median $258 every two to five months. Five migrants never remitted any funds and their families were highly critical of this fact.

In Kenya, the majority of surveyed migrants are young and unmarried. Very few of those interviewed are older than 35. Fifty-four percent had secondary education and 38 percent had primary schooling. Most migrants to the UAE were unemployed in Kenya and work in low-skilled jobs. Others work in technical fields like electrical and mechanical repairs and in professions such as nursing and the hotel industry. Migrants earn between $188 and $2,610 per month with the majority making less than $628. Most workers in Kenya earn less than $235 per month.

In South Africa, migrants are employed in both the formal and informal sectors. Contracted jobs in mining and agriculture that attracted labor from Botswana, Lesotho, Mozambique and Swaziland have declined over the past fifteen years as a result of restructuring in the sector. Nevertheless, many continue to work in these areas. There are also opportunities for low-paid employment in the construction industry and in the service sector. Others opt for employment in informal trade, selling wares along roadsides or in markets. Illegal migrants often work in the informal economy while they apply for asylum or work permits. It is estimated that 10 percent of workers in the informal economy are foreigners (Pederby, 1997). In Gauteng and the North West Province, most street vendors are migrants. More than 75 percent of surveyed workers earn between $260 and $650 per month. Among interviewed migrants, 93 percent are male, the average age is 32, and the average length of stay is 7 years.

In interviews in Dakar, households indicated that 69 percent of Senegalese migrants return at least once every three years, with 54 percent of them returning annually. Although only 14 percent of families do not expect family members abroad to return home, fully 69 percent are expected to return permanently after retirement. The other 17 percent plan to return earlier than retirement. Thus migrants generally stay abroad until retirement but maintain contact with family members through frequent visits.
In Kenya, although most migrants return at least every two years or whenever there are important family occasions, such as funerals or weddings, the majority of migrants stay abroad between two to ten years. The interviews reveal a mixed preference for living in the Gulf. Almost half the respondents plan to return to Kenya as soon as they have earned enough money, while the other half enjoys life in the Gulf region where they are able to earn better salaries, save money, and have new experiences. Nevertheless, all respondents expect to come back to Kenya eventually.

In contrast, fully 70 percent of migrants in South Africa hope to stay there permanently. Fifty-six percent of Mozambicans indicated the same. Of these, forty percent had married South Africans. Many, who would like to return home, do not see it as a viable economic option. In many cases, their incomes are too small to survive in South Africa, support their families, and save for investment or retirement. Without savings, they are unable to return home. However, many will strive to save enough money to bring members of their immediate families, such as wife and children to South Africa, at which point they will begin to remit smaller portions of their income to the family that remained at home. Others marry South Africans further establishing roots. Migrants from Zimbabwe and the DRC, who are not set on remaining permanently in South Africa, indicated a desire to return if the economic and political situation improves at home.

2.5 Remittance Spending

The majority of remittances received are spent on daily consumption, followed by education and health. As one Senegalese migrant put it, remittances allow his family to eat meat and have funds for emergencies. Specific, one-time remittances often go to relatives with immediate, pressing needs such as hospital or funeral expenses. These events, often referred to as emergencies or problems, can deplete migrant savings. In Dakar, 55 percent of remittances were spent on daily consumption in the month prior to the survey. Another 5 percent went to specific family members for unknown uses, most likely for consumption. Five percent went to education and 3 percent to health. Migrants also send regular money home for religious and social events. In Dakar, households received a median $220 for each of several religious festivals and ceremonies. In Tanzania and Mozambique, households spent the majority of remittances on food, clothes, household bills and school fees. In Kenya, most remittances go to immediate living expenses and school fees. Some migrants from Kenya and Senegal paid rent directly for family members instead of or in addition to sending money.

Migrants from all countries often send goods home, such as clothing, cell phones or medicine. These either support households’ consumption directly or can be resold.
When migrants return home for visits, they generally bring home clothing and electronic equipment for family members too. Senegalese migrants, in particular, send large shipments of goods specifically for resale. One Senegalese migrant in Italy ships about $10,000 of used car parts annually to his father in Dakar. One service, Kawena Distributors, allows Mozambican migrants to purchase food and household items in Mozambique from South Africa. Their family members pick up the goods from Kawena warehouses in Mozambique with a voucher or code that the migrants give to them by fax or phone. In Zimbabwe, migrants often cross into South Africa to receive remittances and make daily purchases, on account of the prevailing hyper inflation and empty stores in their home country. In South Africa, the direct shipment of food to neighboring countries is also common.

Throughout Africa, school fees, text books and uniforms are costly expenditures for many families. These expenditures are one of the primary uses of remittances. Some migrants from Kenya, Tanzania and Senegal indicated that their entire remittances go to paying the school fees of relatives. One migrant from a poor household in Dakar financed his younger brother’s schooling all the way up to a Master’s in Chemical Engineering. Thus migrants, who often forego education in order to work and support their families, improve employment opportunities for their siblings, children and other relatives, thereby increasing the families’ long-term income-earning opportunities. These payments come throughout the year, but are largest at the beginning of the school year, when supplies are needed and fees are due. Such decisions underscore the fact that migration is viewed as the cornerstone of a family strategy for economic betterment.

A significant portion of remittances also go into asset building, particularly in housing, land acquisition and business investments. In Dakar, 24 percent of remittances were spent on housing and land, while another 8 percent were spent on commercial investments and savings. In Mozambique, Antonio M. indicated that he spent 90 percent of his son’s $195 monthly remittances to service the debt on a piece of land he had bought. The son also sends food and clothing through Kawena Distributors. Another father in Mozambique indicates that he spends about 70 percent of his son Chizeste’s $130 monthly remittances on the piecemeal construction of a house for Chisteze and his wife. A survey conducted by the South African Migration Project found that 87 percent of Mozambican migrant respondents had saved enough money to buy a house while working in South Africa (Economist, 8/31/2000). The same study found that three-quarters of all households surveyed in Mozambique had a family member working in South Africa.
The impact of migration and remittances on housing markets in Sub-Saharan Africa is profound. From 2000 to 2005, fully thirty percent of housing loans made by the Senegalese Housing Bank (BHS) went to Senegalese living abroad (Wagbou, 2008). Given the expanding range of financial products available to migrants and their propensity to fund housing for family members, the impact of migration on the housing market is probably even larger. Many developments in Dakar cater specifically to migrants and put ads on internet sites and radio stations in Europe. In Kenya, a property developer recently stated in Business Daily Africa that 40 percent of new home sales go to members of the Kenyan diaspora (Bell and Makau, 2008). In South Africa, 42 percent of interviewed migrants were saving to build a home in their country of origin; 12 percent intended to start saving in the next six months; 14 percent were saving to build a home in South Africa and the remainder had either already built a home, were not earning enough money to save anything, or preferred to invest in businesses.

In addition to personal investments, migrants also make collective investments to improve neighborhoods and communities at home. In Senegal, Muslim brotherhoods of migrants in Italy financed the construction of the largest hospital in Touba, an urban area of approximately one million inhabitants. Other groups have invested in roads, social housing, health centers and schools. The World Bank reported that Malian migrant associations in France contributed to 60 percent of infrastructure projects in Mali (Africa Renewal, 2005). Although migrants remit for altruism, this constitutes a small proportion of total remittances.

Since most families surveyed in Mozambique or Tanzania lacked running water, paved roads or sanitation, collective investments in basic infrastructure may be a viable option in neighborhoods with high numbers of remittance receivers. Informal hometown associations are common in South Africa, but generally assist with integration and

The main roads outside of Dakar and around Rufisque are filling up with new housing developments and serviced land plots for sale. Their developers expect large portions of their business to come from returning migrants and advertise to them. These lots, 149 in 3 phases, were built on former agricultural lands owned by a Belgian entrepreneur.
employment and provide cultural and social services. Given the lower wages of workers in South Africa, collective investments will need to have strong individual benefits for participants and their families.

Touba Hospital was constructed by a collective of brotherhoods of migrant Senegalese living and working abroad. The hospital has twelve doctors, 200 beds, a staff of 300 and 3 ambulances. Only 80 of the staff members are paid by the state. The only Level 3 hospital outside of Dakar, it opened its doors in 2005. Already, the hospital is too small, given the rapid growth of Touba, fueled by migration and remittances.

2.6 Rule of Thirds

In an ideal situation, a migrant earns enough money to survive abroad, to send money home for basic necessities and schooling, and save enough money to make asset-building investments. Although, each individual situation is unique and there is no right formula, the concept of remitting one-third of income, living off of one-third, and saving or investing one-third is helpful for understanding the trade-offs that migrants make. If a migrant remits a high percentage of income or has high living expenses then it becomes very difficult to save money, forcing the migrant to remain abroad. It is important to note, however, that total income plays a large role. Migrants from Tanzania remit, on average, twice as much money as Mozambicans. Since the Tanzanians tend to have much higher incomes, however, they remit less than half as much the Mozambicans, as a percent of income. Thus they have a lot more money for living expenses, investment and
savings. Compared to Mozambicans, they invest over ten times more of their income into businesses, which range from small informal stalls to large tax-paying shops.

A common migrant strategy to remit and save as much as possible, is to lower living expenses as much as possible. One reason that Senegalese migrants choose to go to Italy is that housing regulations are loose. Migrants can live ten to an apartment, paying bills and eating collectively thereby saving more. One study found that Senegalese migrants in Italy generally saved between 25 and 50 percent of income (Riccio, 2004). In the United States, living costs are higher, making it more difficult both to save and to remit. Through a bilateral agreement between Mozambique and South Africa, Mozambican mineworkers have 30 to 40 percent of their net income automatically transferred to personal accounts at the Central Bank of Mozambique through TEBA Bank. In 2005, an estimated $86 million were transferred in this way according to TEBA. Most mineworkers live in company-provided hostels.

Another migrant strategy is to invest in ways that reduce the need to send remittances. As mentioned earlier, migrants fund both the migration and the education of relatives. While this is a social obligation, it also increases the families’ sources of income and can lower the need to remit. Many migrants also invest in businesses and housing for relatives, giving the household new sources of income. In Senegal, it is common to build a two-story home with retail on the ground floor, either for a family member or for rent. This can create a cycle whereby migrant investments decrease the need to remit and increase the ability to invest further. One Senegalese migrant in Italy financed two siblings’ migration to Spain and built a rental property that provides income to his family in Dakar. As a result, he now rarely remits money. One Tanzanian migrant, who owns a traditional herbalist store in South Africa, expanded his business into Tanzania and built a rental property behind it. He prefers to manage the property himself and remits money directly.
To the left are the in progress lower-end units of Mbao Ville Neuve, a 1,063 unit development with frontage on the main road between Dakar and Rufisque. Unit prices range from $60,000 to $170,000 and are marketed to Senegalese migrants. On the right private development is filling in and providing retail and the services for the new development. The 2-story white building on the far right is owned by a migrant working in Spain. The top floor is residential for his family members with an operating hardware store on the ground floor, despite the building’s unfinished nature. The migrant’s nephews are working on the building and construct whenever the uncle sends enough money to pay for new cements blocks or tiles.

Given the regularity of remittances and the potential for investments to increase migrants’ income earning potential, Sub-Saharan African remittances are severely under-leveraged. In the area of housing, if migrants could purchase a house with a remittance-financed mortgage rather than saving or constructing piecemeal over long periods of time, they could save the amount remitted home that previously covered rent and reduce the amount dedicated to savings. In Senegal, the National Housing Bank (BHS) has introduced home mortgages for migrant workers. They can apply for and service the loan from abroad. Although, currently this is only available to legal migrants working in the formal market, the BHS has developed a mortgage program for informal workers. In South Africa, TEBA established a banking arm in 2000 and “Create a Dream Home Loan” through which South African mineworkers can service loans using automatic deductions from salary payments. TEBA has applied to the South Africa Reserve Bank to expand the program into Mozambique, but have yet to receive a response.

Of the three general areas, in which migrants spend money, living expenses generally take precedence over remittances, which take precedence over savings and investment.
Generally, when a migrant first arrives abroad, there is a transition period where the migrant finds living arrangements, work, and a certain degree of stability before sending remittances. The migrant may incur debt from fellow migrants during this period, in which case, it takes even longer to begin remitting. Only once a migrant has become established and self-sufficient do remittances get sent home. Then after meeting personal and family needs, a migrant can begin saving and investing.

In South Africa, fully 80 percent of migrants indicated that they were unable to meet all the needs of their family at home. Although supporting the family’s basic needs takes precedence, most migrants begin to save or invest, as soon as possible. Many Congolese and Zimbabwean migrants indicated that they would begin saving once they got a better job or a work permit. When migrants do not earn enough money for savings and investment, they can become stuck in the host country, unable to leave without sacrificing their families’ living standards. Even if the situation is not permanent, many migrants who initially intended to stay abroad for several years wind up staying until retirement. The high percentage of migrants who plan to stay permanently in South Africa derives from multiple factors besides getting stuck, including poor conditions in the native country, cultural similarities with South Africans, ease of integration, and preference for the new lifestyle. Nevertheless, many migrants identified inability to save as a major factor in extending time spent abroad.

2.7 Migration Difficulties

In addition to getting in a situation where they are unable to save enough money to return home, migrants face numerous challenges and difficulties. Thus far, this study has primarily examined the benefits of migration. Yet high proportions of workers abroad and even the remittances themselves can have negative impacts on the home country. In order to initiate balanced development programs based on remittances, it is important also to examine the negative impacts of migration. In general these can be divided into three categories: those primarily impacting migrants, households in the home country or households in the host country. Migrants compete with locals, particularly lower-skilled ones, for jobs, housing, and services. This competition, as well as perceptions of migrant criminality and the media and government use of migrants as convenient scapegoats, spur much of the world’s anti-migrant sentiment.
Some of the harshest conditions that migrants face occur during the process of migration. Dangerous crossings, poor transport conditions, fraud, sexual exploitation, physical violence, and detention and imprisonment, can make illegal migration exceedingly perilous. Even legal asylum-seeking migrants often face such dangers. In our field work migration ranged from the extremely simple, with travel and documentation arranged by a host country government or agency, to the extremely difficult: two weeks at sea on a small fishing boat short on fresh water and food, followed by one month detention in the Canary Islands and ultimately repatriation to Senegal. Crossing the Limpopo River from Zimbabwe to South Africa or the Atlantic Ocean from Senegal to the Canary Islands are extremely hazardous. Several interviewed migrants and households had lost friends and family during these crossings. All migrants, who had made or attempted the trip from West Africa to the Canary Islands, indicated that some fellow passengers had not survived the ordeal; driven mad by dehydration, sun and sea-sickness, many jump to their deaths rather than continue the journey. Some boats capsize losing all passengers. In addition to physical harm, there is the potential loss of substantial savings. In Kenya, households indicated that phony recruitment agencies sometimes defraud potential migrants of substantial sums of money with the promise of job placement in another country. Other Africans spend significant savings on papers, transport and bribes only to get repatriated.

Once a migrant has arrived in the host country, difficulties continue. Beyond the unpleasantness of culture shock and distance from friends and family, migrants often live in poor conditions in order to save money. Some struggle to get job while others take jobs below their qualification. Congolese migrants in South Africa, were employed far below their skill levels. Fifty percent had professional qualifications at home and, if employed in the formal sector, could earn five to ten times what they earn as informal
security guards at shopping centers. In Italy, many Senegalese migrants have expressed similar frustration at underemployment or wages not corresponding with skills and responsibilities (Riccio, 2004). Those who have trouble finding a first job often incur substantial debts from fellow migrants or hometown associations, which inhibit their ability to save. Illegal migrants are particularly vulnerable, as they are often exploited at low wages for dangerous jobs with no job security and may have to pay bribes to unscrupulous officials and police. Legal migrants are also affected. In the United Arab Emirates, government has responded to migrant worker protests demanding greater rights and higher wages with mass arrests and deportations.

Xenophobic violence, discrimination and mass deportation have been a reality for many regional African migrants. In 1983, the Nigerian government expelled 2 million, of whom 0.9 to 1.2 million were Ghanaian. In 1989, Mauritania repatriated 70,000 Senegalese and Senegal repatriated 170,000 Mauritanians. Discrimination against migrants played a large part in fueling the Ivory Coast’s recent civil war. The war also forced many to leave. Migrants in South Africa have long experienced discrimination and deportation. A 2000 Economist article estimated that 100,000 illegal migrants were deported to Mozambique every year (Economist, 8/31/2000). In May, 2008 xenophobic violence and riots erupted in South Africa, primarily in the townships around Johannesburg. Rioters targeted Zimbabweans, Congolese, Nigerians, and Mozambicans working in the informal sector for the most part. The violence has led to the return of some 40,000 to Mozambique and the mass transfer of laborers to Zambia and Botswana. In all of these examples, migrants fled or were kicked out with just the clothes on their back, losing years of hard work and assets they had built up. On a positive note, the South African government decided in July to desist from repatriating Zimbabweans due to the deteriorating situation in Zimbabwe.

In Europe, anti-immigrant sentiments have spread quickly with the slowing global economy. In Italy, anti-immigrant rhetoric played a large role in the current government’s election victory. Although most of the worst xenophobic policy has been directed at the Roma, the situation is set to deteriorate for Africans as well. In addition to violence or threat of expulsion, everyday bribes paid to officials, harassment and racism make life difficult for many African migrants throughout the world.

Migration also creates difficulties in labor sending countries. One common complaint has been that migration creates a ‘brain drain’ that impedes development. High demand for health workers in industrialized countries contributes to a shortage of qualified doctors and nurses in the developing world. This loss, however, is offset by the gains from the large numbers of unemployed workers who find work abroad. Beyond the
importance that migration plays in development, it also helps to mitigate the potential social unrest that is common where there are large numbers of unemployed young men. Furthermore, many workers, skilled and unskilled alike, develop new capacities while abroad and bring these qualifications back home when they return. In Senegal, a newfound political awareness has been identified as an important result of the return of large numbers of Senegalese over the last two decades.

Given the male-dominated patterns of migration in many African countries, the incidence of single female parent households has increased alarmingly with migration (IOM, 2003). This was identified as a serious issue in interviews with Senegalese households. One young woman in Pikine, whose husband works in Italy, said that her children fled the father crying when he came to visit. Another spouse confessed that she was worried that her husband had taken another wife in the United States. Migration has also been identified as a factor in the increase in the prevalence of HIV/AIDS in migrant sending and receiving countries, including South Africa (IOM, 2005).

Migration attracts workers from other productive or potentially productive sectors and creates stagnation or decline in local sectors, as the economy becomes increasingly dependent on remittances. Furthermore, remittances can exacerbate income inequality and, in some situations, may even cause long-term economic harm. Both situations arise in more supply inelastic markets, where greater demand for housing increases costs but does less to increase supply. In Ghana, migration has been identified as a major contributor to spiraling land costs (Saunders, Ahiadeke and Anarfi, 2004). One paper identifies the unresponsive housing supply in Accra as a major contributor to the city’s expensive, low quality housing stock (Buckley and Mathema, 2007). Kenya, Senegal, Mozambique and Tanzania have all experienced sharp increases in housing prices as a result of the amount of remittances invested in housing.
3.0 RECOMMENDATIONS

The recommendations presented in this section outline policies that would improve conditions for migrants and their families in Sub-Saharan Africa with a specific focus on regional migrants in South Africa and propose pilot projects working with Mozambican migrants, remittance recipients and experienced regional partners in Mozambique. The focus on Mozambique and South Africa derives from the poverty of households in Mozambique, the working relationship between the two governments, the interest of existing entities to participate in a remittance-based housing program. The recent violence targeting Mozambican migrants in South Africa has underscored the importance of acting on these issues.

3.1 Policies and Programs

Policies that ease labor flows, facilitate money transfers and expand access to financial services will have positive impacts for all migrants, regardless of their legal status, by allowing them to work more securely, send income through safer routes at lower fees, and leverage remittances for investment. For legal migrants the system already works fairly well. They can secure work permits, transfer at reasonable rates through banks, and access savings accounts and mortgages. However, there is a need to provide formal financial services to informal workers and others who do not have access to banking services. In South Africa, for example, over the last decade, the government has limited the number of migrants entering legally on temporary work permits (Crush, 2003). Illegal migrants, of whom there are an estimated 500,000 to 4,000,000, cannot legally rent housing, purchase property or open a bank account. As a result, they swell the population of the informal townships, undermining the government’s goal of eradicating informal settlements by 2014 and the country’s ability to meet its targets for achieving the Millennium Development Goals.

3.1.1 Improving Transfer Mechanisms

Even though the role of informal transfer channels has diminished in recent years, it is still a mode of choice for workers illegally in the country, in spite of its relatively high cost and the risks involved. Government regulations have prevented the introduction of emerging transfer mechanisms proposed by international operators. Foremost among these is M-PESA, a mobile-phone based money transfer system developed by Vodafone and currently in operation in Kenya, Afghanistan, India and Tanzania. Vodafone is the leading cell-phone provider throughout much of Africa. Although, no international services are currently available, the company is working with Citibank on a product to allow
transfers from the UK to Kenya. M-PESA costs half as much as other money transfer operators and, in Kenya, the service transfers $1.5 million per day. Vodafone is working to expand the service to South Africa but has encountered banking regulation difficulties based on a government fear of money laundering.

Yet, the service’s potential benefits in Africa are immense. Even among poorer households access to cell phones is widespread while access to banks is limited. The poorest family interviewed for this study lived in a shack with no running water, electricity or sanitation. They were undernourished and living hand-to-mouth. Yet, they had a cell phone and a solar charger to power it. Vodafone estimates that 1.6 million Tanzanians have bank accounts, compared to 7.5 million with access to cell phones.

Given the potential benefits for African families, the development community should encourage the adoption of new regulations that allow for mobile banking and phone-to-phone money transfers between and within countries, with a cap on transfer amounts to take into account money laundering concerns.

3.1.2 Improving Access to Savings-Based Credit

Constructing a home or starting a business with a reasonable interest rate loan is far less expensive than the piecemeal financing and construction that poorer households currently practice. Migrants recognize the high costs of piecemeal auto-construction but engage in it because of a lack of alternatives. Financial services also provide families with needed insurance and allow them to spread consumption over multiple years. Savings-based credit programs in the home country could be extended to loans for housing construction and for small and medium businesses even when income comes from informal employment. This could have a profound and positive impact on family income throughout Sub-Saharan Africa, where an estimated 68 percent of employment is informal (ILO, 2007). A BHS home loan program in Senegal allows informal workers to take out home loans, but requires them to keep two months mortgage payment in a BHS savings account at all times. This type of program could be expanded to allow migrants directly to take out loans in their home country.

While the rapid spread of micro-lending has provided much needed capital for migrants and their families in Africa, the loans are for small amounts, short-term and carry higher interest rates. Improving access to remittance-based home and business loans would provide new and useful options for households. The
applicability of the BHS model to other countries where the legal and institutional contexts are favorable should be assessed with a view to implementation.

The contractual terms of foreign mineworkers in South Africa, including their living in company hostels, have encouraged them to save. The Mozambican government has instituted a law that mandates that 30 or 40 percent (60 percent of 6 months of a 12 month contract or of 12 months of an 18 month contract) of the wages earned by Mozambican mine workers in South Africa be directly deposited by the mining company in an account at the National Bank. The funds cannot be withdrawn by the mine workers until the contract expires.

In spite of their low wages and the hazards of their profession, they are able to transfer money and goods through TEBA Bank and Kawena Distributors. In addition, a special arrangement for Mozambicans gives them access to personal loans corresponding to their employment contract (usually 18 months) and guaranteed by their deferred salary.

Given the positive record of this program, extending it to other nationals employed on legal work contracts will improve migrant savings and investment.

3.1.3 Formulating More Realistic Housing Development Standards
Regulatory constraints have limited housing production and increased the cost of real estate without generating a proportionate increase in incomes. Ensuring a responsive housing supply should be an important policy objective of high remittance receiving countries. In particular, countries should reexamine their development regulations in order to:

- Avoid onerous minimum lot size restrictions. While these may lead to less crowded housing, they also fuel expansion of the urbanized area and foster wasteful patterns of development, which increase housing costs, and make it more difficult for local governments to provide infrastructure resulting in large unserviced settlements.
- Improve property records in expanding urbanizing areas and upgraded informal settlements. GIS technologies are making this process easier and more cost-effective.
- Improve infrastructure, public transportation and road networks to increase access to desired areas of urban expansion where land is less expensive and many poorer households reside.
3.2 Working with NGOs to Support Migrants and Remittance Recipients

Programs designed to leverage migrant remittances for development must recognize that remittances are individual transfers between family members and that, in general, households are the best determiners of their own needs and priorities. They should aim to increase migrant options by providing new services and facilitating the use of existing ones. It is therefore important that they be developed through agencies and associations that have experience with migrants and have developed trust and working partnerships over time.

NGO driven programs can be directed at improving the stability of migrants abroad, easing the transfer of remittances, supporting families at home, or helping with savings and investment. Since existing systems already work well for wealthier migrants, who have access to insurance, mortgages and inexpensive transfers, it is important to direct these programs toward poorer families for whom access to formal services can greatly improve living conditions and the possibilities for savings and investment.

3.2.1 Creating formal support groups

While current formal and informal networks help the newly arrived migrant to find housing and employment and provide assistance in the event of illness, sudden unemployment or death, there is a need for a parallel system of support for their families back home. Providing disability and life insurance policies to a migrant can protect his or her family from the risks of a death or illness that would eliminate the household’s primary source of income. In addition to emotional trauma, a death can create great financial burdens associated with repatriating the family member’s body and paying for funeral services.

*Given their reliance on remittances, labor sending countries should encourage and facilitate the formation of formal associations to provide assistance and mutual aid for migrants and their families. With support from NGOs and donor assistance, these associations could be strengthened and able to offer disability and life insurance.*

3.2.2 Encouraging Investment in Community Improvements

Migrant associations in West Africa and Latin America have worked together to finance investments in schools, hospitals and infrastructure in their hometowns, in some cases, as in Mexico and Senegal, with the support of local or national governments. These hometown associations finance community-driven developments that provide benefits the whole community. These investments can
improve living conditions, which in many cases, particularly in Mozambique, are extremely poor.

Hometown associations already exist and provide support for migrants working in South Africa from the same village or region but do not seem to finance projects in their hometown. As seen by the large projects financed by associations of Senegalese migrants, such as the Touba hospital, collective migrant investments can have a large impact on the development of communities at home. In Mozambique, where the majority of surveyed households lacked piped water and electricity, extending municipal services would significantly improve quality of life. In order to encourage these types of investments however, it is necessary to engage the interest of service providers, migrants and the community associations that will manage funds and oversee projects. Unfortunately, with few exceptions, local authorities in migrant sending Southern African countries lack the financial resources to leverage investments by hometown associations. It is doubtful that they can even provide them with technical support. It is therefore recommended that migrant investments in local infrastructure be matched by national government and/or donor agencies. A one to one ratio should be sufficient to encourage migrant participation.

Providing financial services through banks and micro-lenders, backed by the financial support of national governments and international donors, can leverage migrants’ remittances and create opportunities for investment in collective infrastructure in the migrants’ home community, as well as housing and businesses.

3.3 Proposed Pilot Projects

Migrants and their families in Tanzania and Mozambique have expressed interest in participating in any programs that would facilitate their ability to make investments in housing or businesses. The IIUD team has identified two institutional partners with an interest in improving access to housing for Mozambican migrants and their families.

Unlike their South African counterparts, Mozambicans do not have access to the TEBA Bank’s “Create a Dream Home Loan” program. The Bank has applied to the South African Reserve Bank for permission to start such a housing loan program in Mozambique. Approval of the application will allow Mozambican migrant workers to leverage their savings and improve their families’ housing. Other banking groups operating in Sub-Saharan Africa, Absa/Barclays Bank and Standard Bank for example, can be encouraged to participate in similar programs.
TEBA proposes a housing loan program whereby depositors could access loans for asset building, primarily housing construction guaranteed by their wage deposits held at an account in their name at the National Bank of Mozambique. TEBA would manage the program for an appropriate management fee and be allowed to preempt funds from the account to cover defaults.

A number of Mozambican migrant mine workers, who have already acquired land, purchase building materials through Kawena Distributors and are building their houses over time. Rob Webster, Group Managing Director of **Kawena Distributors**, believes that, in light of the rapid inflation of construction costs, the bulk purchase of materials coupled with technical assistance to individuals would be a financially sustainable alternative to subsidizing the cost of building materials. Government approval is needed to enable Kawena to launch this program. Kawena Distributors is well known in Mozambique where Mr. Webster is well respected. **Kangela Trading**, a subsidiary of Kawena Distributors, has gained considerable experience in housing construction and rehabilitation after the 2000 floods in Mozambique and continues to be called upon to rehabilitate homes damaged by the flooding that occurs almost each year during the rainy season.

**Donor funding could be used to offer training in the management of credit through TEBA or a micro finance institution, technical assistance in housing construction through an experienced NGO or Kangela Trading, and assisted credit for the poorest households below a specified income level.**

**Opportunity International** is a non-profit multinational leader in microfinance with the mission of serving the poor. Its banks provide a full range of financial services to the working poor, including group loans to collectives of entrepreneurs. In Africa, it has operations in Ghana, Kenya, Malawi, Mozambique, Rwanda, South Africa, Tanzania, Uganda, Zambia and Zimbabwe. Ben Botha, former CEO of Opportunity International in Mozambique and now in Accra, is of the opinion that credit enhanced housing product with support from donor countries, administrated by an approved Micro Finance institution like Opportunity International, could be of benefit to the migrant workers and their families, particularly those without access to banking services, many of whom work in the informal sector. He expressed an interest in developing proposals with IIUD. Mr. Botha has now moved to direct the Accra operations of Opportunity International. His successor, Ms. Trudi Schwartz, has indicated a
desire to continue developing a program along the lines proposed by Mr. Botha. At present, existing microfinance services cater more to individuals seeking small business loans rather than housing loans. Opportunity International has worked with Habitat for Humanity, Mozambique in the past and is interested in getting them involved. Habitat already accepts proof of remittances as an income source for home mortgages and Country Director Mark Estes has expressed interest in working with IIUD to develop a program in collaboration with Opportunity International.

Similar opportunities exist with institutions working in Tanzania. Given Sida’s interest in potential activities on the ground, the IIUD team and its South African affiliates propose to determine the category of project that best fits Sida’s strategy for development assistance in Mozambique or Tanzania and to work with the interested NGOs to identify target groups and develop the programs and projects that best support asset building.
PART II: FIELD RESEARCH REPORTS

1.0 SENEGAL

Senegal with a population of just over 13 million has a GDP of approximately $600 billion in 2000 US$. The economy has been growing over the last 10 years recent years at an average of over 4 percent. Population growth, however, has also been strong at around 2.5 percent resulting in a decrease in per capita GDP in 2006, which was around $1,540 in purchasing power parity. Despite recent growth, the unemployment rate is nearly 50 percent. Approximately 20 percent of the total population lives in the greater Dakar area, also known as Cap-Vert. The city has been growing at over two percent annually since 1950 and currently houses twice as many people as it did in 1990.

1.1 Description of Research Approach

1) Literature review and data analysis

An intensive literature review and an analysis of existing documentation have been conducted. These works are incorporated into the study throughout the body of text to support the findings of fieldwork, provide counterpoints, and examine more thoroughly the patterns of Senegalese migration and remittances.

2) Visit to New York's Little Senegal

The IIUD team member Erick Guerra conducted informal interviews with remittance-sending migrants in New York to understand differences with the Senegalese migrant community in Italy, where team member Ian Chodikoff has previously conducted interviews. Establishing contacts in a close-by Senegalese community facilitated surveys of Senegalese businesses, religious and non-religious migrant associations. Visits to the headquarters of the Association of Senegalese Migrants and of the main religious center, Dahira, for Senegalese Mourides in New York paved the way for interviews with religious and community leaders.

3) Visits to Senegal in September, 2007

The IIUD team members, Erick Guerra and Ian Chodikoff, traveled throughout Dakar and Touba and conducted interviews with remittance receivers, former migrants, potential migrants and individuals who had attempted clandestine migration. They also
conducted structured interviews with government and religious officials and private sector operators, including:

- Dakar's planning director and several municipal planners.
- The Senegalese Housing Bank's (BHS) Client and Network Director.
- The Financial Officer of a Slum Upgrading program, Fondation Droit à la Ville.
- The International Development Research Centre's (IDRC) Information Manager.
- The President of the Mouride Religious Affairs Commission.
- The Head of Human Resources of the Touba Hospital, which was financed by religious associations of international Senegalese migrants.
- The owners, developers or marketing agents of 4 BHS-financed housing developments in greater Dakar, catering to or financed by returning migrants.

The team conducted site visits of these housing developments, the Touba Hospital, and several remittance-financed mosques. They also collected useful urban planning, population statistics and migration documents from various agencies and photo-documented the spatial impacts of migration and remittances.

The IIUD team met with Professor Ababacar Dieng of the University of Dakar. His prior work on Senegalese remittances, personal interest in the subject, and access to graduate students made him an ideal partner to the IIUD staff. The team reviewed the household survey with Professor Dieng, selected 3 graduate students, and trained them to conduct interviews.

3) Household Interviews

After initial training and test runs, the students conducted 100 surveys of remittance-receiving households in 3 neighborhoods in greater Dakar, namely, Parcelles Assainies, Pikine, and Rufisque. These neighborhoods fall within Dakar's first and second urban rings. Due to the sensitive nature of the subject matter, the students were encouraged to conduct interviews with households from their own neighborhoods. In cases where they operated outside of their neighborhoods, they contacted friends to put them in touch with households that were willing to be interviewed. At IIUD's request, another 32 interviews were conducted, to ensure sufficient data about household spending and remittances.

Many households were reticent to provide financial information. As a result, the variables covered in the survey are based on different numbers of responses. With an
average of 1.79 migrants per household interviewed, questions referring to migrants often contain more data points than the total number of households (132).

1.2 Characteristics of Migrants

Senegalese migrants come from all backgrounds and all areas. This study draws from primary research in Dakar and Touba, the two fastest growing regions in Senegal. Household interviews were conducted in Dakar, not only because it is the economic, political and social capital, but also because it is the most diverse region, attracting migrants from all regions of Senegal and other West African countries. In addition to Senegalese Peuhl, Wolof, Sérère and Soninké households, some Mauritanian, Malian and Guinean households were interviewed. Respondents ranged from 60 year-old men with no education to recent Master’s graduates, and Koranic school teachers.

Eighty-eight percent of the 220 migrants in our household surveys are male. Ages range from 18 to 69, with an average age of 37 and a median age of 35. Ninety-six percent of migrants are Muslim, with the remainder being Christian. None of the Christian migrants are from the dominant Wolof ethnic group, which accounts for 49

ethnic group, which accounts for 49
percent of households or 59 percent, if Lebou are included. Of the Muslim migrants, 49 percent are Tidjane while 46 percent are Mouride. Forty-three percent of Tidjanes belong to a Dahira, compared to 73 percent of Mourides. A Dahira is a religious association within the Muslim brotherhoods and is a symbol of religious devotion. Only 4 Muslims out of 212 were part of a minority brotherhood or no brotherhood at all.

A 2006 study by the Mouvement Citoyen with the Dutch Embassy in Senegal identified sectors of the population most likely to migrate by pirogue. The study interviewed 200 candidates from four fishing towns. Candidates were 96 percent male, 75 percent under 30, 67 percent unmarried, and 83 percent jobless with no source of income. Unemployed young men make up a disproportionately large portion of Senegalese migrants.

Although standard variables used in cross-tabulation provide valuable insight into the characteristics of migrants, there is often more variation within groups than between them. The following three examples show some of the range and diversity of Senegalese migrants even within a specific subgroup. All three are young Mouride men in their 20s.

Amdallah is a devout Mouride and a member of the Sérigne Saliou Dahira. He is Wolof, unmarried, in his late 20s and has been working in Italy for 5 years. As a child, he attended a Franco-Arabic school outside of Dakar. He and 75 other Talibés (students/followers) lived with their Marabout (religious leader). During the day, young Talibés wander the city with empty aluminum tomato cans begging for money. This money is given to the Marabout, who feeds, houses, and clothes the Talibés while teaching them the Koran and the French language. At the age of 13, Amdallah could successfully write and recite the Koran in Arabic. He graduated and moved on to hawking wares in the Sandaga market in Dakar. At first, he would bring customers to the shops of older Talibé who would pay him a small commission and feed him at lunch time. This allowed him to save up money to purchase his own wares to sell. After 10 years working at the market, he had managed to save over $5,000. With this sum and a $2,000 loan from his Marabout, Amdallah was able to pay for a visa, secured with the help of a friendly Mouride official, and for the flight to Italy.

Upon arrival in Italy, Amdallah found work selling sunglasses on the streets of Rome. His fellow Mourides received him, gave him his first goods to sell on credit, and housed him until he was earning enough to pay for his portion of a flat shared by 7 or 8 of his compatriots. He has been in Italy for the last 5 years and returns annually to attend Touba Maghal, a religious festival in the holy Mouride City of Touba celebrating the founder of Mouridism Cheikh Amadou Bamba's return from exile.

Amdallah compares his existence in Italy to Amadhou Bamba's own exile. Bamba was twice exiled from Senegal by the French colonial authorities and suffered many hardships, including, according to adherents, trials of death through which he survived miraculously. Amdallah works during the day and spends his evenings reading the Koran and the works of his Marabout. He prays 5 times a day, attends Mosque regularly and is
actively involved in his Dahira in Rome. His income goes to his frugal living expenses, remittances to his family by Western Union, and savings.

*Abdou*, a young man in his 20s from Pikine, works at a cell phone boutique in Harlem. He entered the US legally with a student visa to attend a university in Virginia. School, however, proved too pricey and he moved to New York where he works and has overstayed his visa. His parents work for the government in Senegal and saved up to send him abroad for school. They supported his decision to leave the university, but his mother wants him to attend community college and get his degree while working.

On the wall of the store hangs a portrait of Amadhou Bamba. Abdou’s parents are devout Mourides but he says that he and the younger generation are not as interested in religion. He speaks English fluently and effortlessly, despite having only taken high school English before leaving Senegal. Abdou misses home a lot, but cannot return freely, on account of his visa status. He sends money home irregularly for special events such as birthdays and the start of the school year, when the family pays for new books, uniforms and stationary for children in school. He usually sends money by bank transfer because the $10 flat fee is cheaper than Western Union or Money Gram. As in many Senegalese businesses in Harlem, there is a money transfer kiosk in the cell phone boutique. Abdou plans to invest money into housing in the US rather than in Senegal. He thinks it’s a good investment and that if he could sell a house for $500,000 that would be enough to start a good business in Senegal. He’d like to go back to live in Senegal but has no concrete plans or timeline to do so. He has a difficult time saving money and says that he has acquired western spending habits.

*Ndiour*, a native of Rufisque, is 27 years old and works selling designer knock-off clothes in Barcelona. Two years ago he paid a smuggler approximately $800 to take him to Spain in a pirogue with 50 or 60 other passengers. As a fisherman, Ndiour was comfortable at sea and was charged with calming nervous passengers on the 8 day journey from Dakar to the Canary Islands.

Every month, Ndiour sends his mother $150 by Western Union which is used for household expenses and to support his wife and children. He also sends money for religious festivals and for the beginning of the school year. He would like to return to Senegal to be with his family as soon as he can. First, he is determined to save up enough money to buy his own pirogue, a motor and fishing nets. This, he feels, will ensure his gainful employment and the wellbeing of his family.

**Feminization of International Migration**

Sub-Saharan African migrants, and particularly Senegalese migrants, are primarily male. Despite some statements to the contrary, Senegalese migration remains male-dominated. Even in Dakar, where one would expect higher rates of female migration, only 12 percent of the surveyed migrants were women, mostly living abroad with husbands rather than working independently. Dieng's 2004 survey recorded a higher rate of female migration 30 percent of 263 Senegalese migrants from the Dakar region (Dieng, 2004). Of the 25
female migrants in our survey, only 6 were abroad without a male member of the same family.  

Established Senegalese communities such as those in France, Italy and the US, may start to draw larger numbers of female migrants. In New York's little Senegal, the permanent Senegalese presence is well-established and female migrants are quite visible. Many of the Senegalese shops that line 116th street are female owned and operated. According to Fall, there has been a steady increase in Senegalese giving birth in the US, a phenomenon designed to accord the benefit of dual citizenship (Fall, 2002).

Senegalese Shops in New York

Clearly, there is a need for further study of Senegalese female migration. From our surveys, 22 percent of household workers are female as compared to 12 percent of migrants. As Senegal continues to develop, both of these figures are likely to grow and female migration may present special challenges and opportunities. The IIUD team interviewed a Mouride religious leader who praised female migrants, saying that they traveled around the world to conduct business and to negotiate the best prices for their businesses. Although, Senegalese men appear committed to improving their family's living conditions, many studies have found that women are more likely to spend income to support the entire family and children in particular. The 1999 UN World Survey found that women are more likely to remit greater portions of their income than men (IOM, 2005).

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10 One study on Senegalese remittances and housing states that female migration is on the increase but that it is primarily the result of joining husbands working abroad (Cotula and Toulmin, 2004). Tall states that the feminization of migrants is a recent phenomenon, and that Italy and the US in particular are draws for autonomous female migration but does not quantify this shift (Tall, 2000). Mboup makes a similar claim in 2000 and predicts a trend toward permanent Senegalese family settlement in Italy, something that Riccio specifically contests in a 2004 paper where he notes that 94 percent of recorded Senegalese in Italy are male and that Senegalese have a high propensity to return home (Riccio, 2004). Nevertheless, in another paper with Grillo, Riccio mentions the increase in female migrants to Italy and puts the percentage of female Senegalese migrants in Italy at 10 percent (Grillo and Riccio, 2003).
1.3 Determinants of Migration

Senegalese migration has multiple determinants: the collapse of the fishing and agricultural industries, family responsibility, growing migrant networks, demographics and even the emergence of a culture of migration that is popularized in music, film and television. Some academic literature on Senegalese migration primarily refers to the collapse of the agricultural industry and the 1994 devaluation of the Franc CFA as the root causes of migration. Although, exogenous factors exist, particularly in the Casamance region where a low-level civil war has been on-going since 1990, the primary determinants are economic. A Senegalese who works in the informal sector in Italy can earn in a month what he might earn in a year at home. As one 28-year-old recent college graduate living in Dakar puts it, “My older brother quit school after Junior High to go work in Italy. I should have quit school earlier. He makes more than a Senegalese Minister’s salary in a month.” The younger brother now manages his brother’s commercial investments in Dakar and the $440 he sends back monthly. However, most Senegalese migrants return to Senegal frequently and the vast majority plan to return to Senegal permanently upon retirement or before.

Culture of Migration

The perception of migration changes as successful migrants return home with savings to invest. Whereas it used to carry negative associations of poverty and weak morals, migrants have become celebrated folk heroes (Riccio, 2001). They endure hardships abroad, living in cramped group quarters, working long hours and saving up to half of their wages to provide for their families and invest in their future and the future of Senegal. These hardships even take on religious undertones for some devout migrants. When a migrant supports his family and returns with a car and house after a few years away, his neighbors and siblings who stayed behind see migration as a route to success.

Demographics, Job Availability and Wages

Demographics also play an important role. Birth rates have stagnated or decreased in the nations that host Senegalese migrants and increases in longevity further the need for

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11 Ndione and Lalou, 2005; Jettinger, 2005; and Tall, 2004 are but a few examples.
young workers. Furthermore, there is a shortage of low-skilled and service workers that Senegal and other Southern nations can supply. Within this framework, there is both a push and pull dynamic fueled by need and aspirations. Any drop in available jobs or salary in Senegal relative to migrant destination countries will fuel more migration. This phenomenon has been partially responsible for the shift away from migration to other African nations, many of which have stagnated or declined economically. With growth rates in Senegal declining from 5 to 3 percent from 2005 to 2006, a 2007 Gallup poll found that 29 percent of people (from a thousand person sample of adults) in April, 2007 had a job, down from 35 percent in May, 2006.\(^\text{12}\) Optimism for greater economic prosperity in the next five years dropped from 72 percent in 2006 to 49 percent in 2007. Coupled with a high proportion (42 percent) of the population under 15 (5.25 million), this implies that Senegalese migration, barring any major changes, will continue to increase rapidly over the next 5 to 10 years. The Gallup poll found that 12 percent of Senegalese thought that considerable risk to their lives was worth employment in Spain or elsewhere in Europe.

The 1994 devaluation, the collapse in peanut prices and other factors have, of course, fueled unemployment and the rift in what an average Senegalese can earn abroad– in purchasing power parity a dollar earned in Europe or the US is worth $3.30 in Senegal. Historically, early Senegalese migration to France was encouraged by drought in the Senegal River valley. Later, promise of available jobs at higher salaries prompted thousands of educated, out-of-work Senegalese to seek jobs as teachers in Gabon and the Ivory Coast. The Mouride brotherhood’s over-representation in international migration is a result not only of its organization and control of the informal economy, but also of the decline of its traditional rural economic base, the ground nut industry. By 2005, 57 percent of jobs were in the agriculture sector, which represented but 18.3 percent of GDP. Senegal has an extensive oversupply of underpaid, low-skilled workers. Declining fish stocks, coupled with knowledge of the sea have encouraged many Lébou fishermen to migrate to Spain by pirogue and also to develop this smuggling route for other migrants (Mouvement Citoyen, 2006).

The recent surge in commodity prices and the rich natural resources of many African countries may lead to an increase in cross-border migration in the near future. It may help some Senegalese to find gainful employment in Senegal and deter some migration. These factors will likely impact patterns of regional migration, but will not stem the tide of migratory flows to Europe and North America.

\(^\text{12}\) Results from the Gallup Poll are published in a Gallup article available on the web (Lyons, 2007).
1.4 Strategies and Modes of Migration

Senegal is a migrant sending country, destination country and transit country. Dakar both receives and sends large numbers of international migrants. It is not uncommon for individuals to move from rural to urban areas or to migrate to neighboring countries in order to earn enough money to fund intercontinental migration, such as a 40 year-old Sérère carpenter in France, who worked for several years in the Ivory Coast before saving enough to travel to Europe from where he remits $330 monthly to his family.\(^{13}\) Another worked in Gabon for 3 years, before moving to Italy where he works as an entrepreneur. In addition to international out-migration, Senegal has also experienced and continues to experience rapid rural to urban migration, particularly to the Dakar region, where rural migrants account for 32.5 percent of the population (ANSD, 2002).

Over the past 20 years, shifts have occurred in the international migration patterns of Senegalese. More migrants are heading to Europe and North America relative to other African destinations, although several sources contradict this assertion. Within European nations, shifts have also occurred. Italy has become the top migrant destination and Spain is rapidly attracting greater numbers of Senegalese. Transportation routes have also evolved over time, with clandestine pirogue migration to the Canary Islands coming to the forefront of international media attention in recent years.

In 2002, the ILO estimated that over two-thirds of Senegalese migrants were living in Sub-Saharan Africa; the vast majority in the Ivory Coast, Gabon and Mali. Although Senegalese migrants have long migrated within the region and beyond, the first major extra-continental out-migration occurred during World War I, when conscripted Senegalese riflemen fought for France. Migration to France continued throughout and after independence, particularly for the Soninké and Sérère people from the Senegal River Valley area, which suffered from drought and systematic poverty. In Moudéry, a primarily Soninké town in the Senegal River Valley, three-quarters of the population have dual Senegalese and French nationality.\(^{14}\) At present, the Wolof are the dominant migrant ethnicity and the majority of migrants now come from the more populous western regions. Migration of members of the Mouride brotherhood, the second largest Sengalese brotherhood after the Tidjane, has been well-documented and studied.\(^{15}\)

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\(^{13}\) Conversion Used: US$1 = 455 Franc CFA

\(^{14}\) See (Timera, 1996), (Gueye, 2002) and (Cotula and Toulmin, 2004)

\(^{15}\) Senegal, over 90 percent Muslim, has 4 principle Sufi Muslim brotherhoods, the Mouride, the Tidjane, the Layene and the Xaadir. Muslims can belong to one of these brotherhoods but not belong to a specific Dahira, a religious association that practices the teachings of a specific family of religious leaders called Marabouts.
Over time, preferred destinations for Senegalese migrants have changed as have the primary migrant sending regions. In 1989, approximately 70,000 Senegalese were repatriated from Mauritania. In 1997, the IOM estimated that 60 percent of Senegalese migrants resided in the Ivory Coast (150,000), France (60,000) and Gabon (33,725). None of these countries, however, remain the primary destination for current migrants on account of civil war, crack downs on migration and economic stagnation. By 2005, recorded remittances from France had dropped 40 percent from a 1992 high of just over $8 billion. Given that greater percentages of remittance flows are officially recorded in 2005 than 1993, the decline is even starker. Nevertheless, significant numbers migrants remain in these countries and remit money. With a population of fewer than 1.5 million, Gabon continues to have the highest concentration of Senegalese migrants of any country.

![Remittance Outflows in US$ Million](image)

(World Bank, World Development Indicators, 2006)

Italy emerged in the 1990s as a major destination for Senegalese and estimates by community and religious leaders have put the number of Senegalese migrants at around 150,000, more than twice the official estimate (Tall, 2004). In any case, Italy may have become the country with the largest Senegalese migrant population, surpassing the war-torn Ivory Coast. Of the 219 migrants reported in our household surveys in greater Dakar, 39 percent were living and working in Italy. Other common host countries were France (22 percent), Spain (16 percent) and the US (12 percent). Only 5 percent were living and working in other African Countries, with

<table>
<thead>
<tr>
<th>Migrant Host Country</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>86</td>
<td>39.4%</td>
</tr>
<tr>
<td>France</td>
<td>47</td>
<td>21.6%</td>
</tr>
<tr>
<td>Spain</td>
<td>36</td>
<td>16.5%</td>
</tr>
<tr>
<td>USA</td>
<td>26</td>
<td>11.9%</td>
</tr>
<tr>
<td>Gabon</td>
<td>7</td>
<td>3.2%</td>
</tr>
<tr>
<td>Portugal</td>
<td>5</td>
<td>2.3%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>3</td>
<td>1.4%</td>
</tr>
<tr>
<td>Germany</td>
<td>3</td>
<td>1.4%</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>218</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

16 This and other references to World Bank recorded remittances are taken from the World Development Indicators and World Bank, DataGEP, 2006
Gabon the most common African host country (3.2 percent). One additional migrant is a traveling Marabout, who splits his time between Senegal, Italy, France and Spain.

However, the percent of migrants living in other African nations in our survey sample is artificially low. For one thing, Dakar is the capital city with good transportation links to the rest of the world. Border regions in Senegal are bound to have far higher numbers of cross-border migrants to neighboring countries. Finally, our sample may be biased since the graduate students from the University of Dakar tended to select households based on their personal contacts, the household's willingness to participate, and their personal knowledge that the household was receiving remittances.

A World Bank working paper postulates that much migration literature understates the importance of South-South migration (Ratha and Shaw, 2007). According to their statistics, the number one host country for Senegalese migrants is the Gambia (123,433), followed by France (70,783), Italy (70,783) and Mauritania (42,866). While it is certain that many Senegalese migrants live in border countries such as Gambia and Mauritania, their dataset highlights the importance of remittances from the North where the average migrant remittance to Senegal is $1,859 compared to $468 from Southern countries. Although our research in Dakar and Touba, emphasizes migration to Europe and the US, the importance of cross-border regional migration should not be understated. Regional migrants may remit less money, but they also come from poorer areas, cannot afford to migrate to the North, and do much to alleviate poverty.

In interviews conducted by the IIUD team, the most attractive current destinations are Italy, the US, Spain and Portugal. These are the countries where it is easiest for Senegalese migrants to find work as laborers or in the informal economy. One young man we interviewed stated that jobs were easier to find in the Southern European Union countries because the EU was helping these countries to catch up economically. In contrast with France, remittance transfers from Spain and Italy increased by factors of 11.6 and 2.3 respectively from 1992 to 2005. A 32 year-old Wolof man from Pikine told us an illustrative story about his younger brother. The brother was given free passage to France as part of a bilateral cooperation program. Upon arrival, he moved to Italy where he now works in construction and sends his mother approximately $150 every month. She uses the money to purchase food for the family and for daily expenses.

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Researchers found that 9 in 10 immigrants from the Senegal Valley left for another African country and that 7 in 10 migrants that invested in housing in Dakar worked in other African countries. (CONDAMINES, 1993 & Tall, 2000 in Fall, 2002)
Telecommunications and the proliferation of money transfer companies have also facilitated the increase in migration to Europe and North America. This is a continuation of a region-wide phenomenon, in which net migration from Sub-Saharan Africa to developed countries increased from 1990 to 2000. Of 119 surveys, 112 indicated regular contact with family members abroad by telephone, SMS text, or email. Seven did not respond.

In addition to destinations, migration routes and transportation modes evolve and change over time, particularly for extra-legal migratory flows. The majority of migrants in our survey, traveled abroad by plane (89 percent) compared to pirogue (7 percent). The remainder traveled by boat, train or automobile. The costs of travel range from $200 for the migrant who benefited from a Franco-Senegalese cooperation program to nearly $10,000 for an illegal Mouride migrant working in the informal commercial sector in Italy. The median cost of travel was $1,868, the average was $3,205. Thirty-seven percent of migrants spent under $1,100 to migrate, 16 percent spent between $1,100 and $2,200, 21 percent spent between $2,200 and $4,400, and 26 percent spent more than $4,400. Differences in cost reflect not only the legal status of the migrant, but also the transportation mode, the respondent's interpretation of “total travel costs,” and the uncertainty of some household members about the total cost of migration.

**Clandestine Migration**

Although a rough measure, a noticeable break occurs below and above 1,000,000 Franc CFA ($2,200). Assuming that anyone who spent more than this amount traveled abroad extra-legally, at least 46 percent of the migrants made the initial trip abroad illegally whether through bribery or false papers. One migrant in our survey, paid a friend's group of musicians approximately $7,700 to take him with them to a concert in France, where he remains and works today. He later financed his younger brother's pirogue migration to Spain. The median cost of traveling by pirogue was $880, a figure supported by the 2006 Mouvement Citoyen report.

Crackdowns on illegal migration by road to the Spanish enclaves of Ceuta and Melilla in Morocco have led to an increase in trips to the Canary Islands by boat or pirogue. After crackdowns off the coast of Mauritania, more pirogues now leave from Senegal and the Gambia. The IOM estimated that 27,000 Africans arrived by boat or pirogue to the

---

18 See van Moppes, 2006 for a description of this shift in African migration patterns.
19 13 surveys were dropped from use in analyzing household behavior because they were insufficiently complete.
Canary Islands in 2006. As many as 6,000 may have died en route from heat, dehydration or drowning.

We interviewed several Senegalese who had attempted to make the trip to the Canaries. One described a 10 day voyage in which 12 of 60 passengers died before reaching the Islands. He was repatriated after 40 days in detention. Another, forced to turn back and land in Morocco due to fog and rough seas, saw an overturned pirogue floating in the waters. Both lost the thousand dollars of savings they paid to the smugglers who transported them. Both also had decided to make the trip after receiving phone calls from friends who had successfully made the journey and were working in Spain. During one household survey of remittance receivers in Pikine, a mother wept throughout the interview. Her 35 year old son works in Portugal and remits approximately $400 per month. He also sent a substantial sum to pay for his younger brother to take a pirogue to Spain and then come to join him. He died at sea.

Despite the risks, proclamations by religious leaders that those who die at sea would be considered to have committed suicide, and campaigns against pirogue migration by mothers who have lost their children, dangerous routes do not appear to deter migrants. On January 31st, 2007, the US Coast Guard picked up 14 Senegalese men, aged 23 to 43, who had spent over a month and a half at sea on a 40’ by 50’ yacht. They were attempting to travel to New York in search of work (USCBP, 2007).

1.5 Migration Process

*Family Responsibility and Networks*

Migration is not just an individual worker strategy but a family one. Although individuals save money to finance the trip abroad and sometimes hide their intentions to migrate until they have already left, the benefits of migrating do not accrue to them individually. Sander and Barro note that the primary motivation for migration is to satisfy the consumption and investment of the family (Sander and Barro, 2003). Remittances in our study supported a median household of 10 individuals and doubled the median income from $396 to $802. Families see the potential for success and will encourage members, particularly young men, to make the trip abroad in order to ensure the family's welfare. They also support the decision financially.

In some cases, groups of individuals pool savings and have a lottery to see whose son will be sent abroad. In this form of tontine system, the pooled money goes into a “business investment”, in this case the son who will work abroad and send back money.
As was noted in many household surveys, a family member who is already working abroad often sends for and finances the migration of a sibling or other relative.

Once abroad, it is culturally unacceptable for migrants to neglect their families at home in Senegal. One migrant interviewed stated that he could not imagine any Senegalese in New York sending less than $100 per month back home, something that he managed even as a graduate student at Colombia University. In interviews with the few households that did not receive remittances from working migrants (out-of-work or recently arrived migrants and students are excused from the obligation), this was quite clear. Family members responded to each question with disdainful reproach for the migrant's lack of consideration. Several got angry. A 2004 study conducted by Dieng in Dakar, Pikine, Rufisque and Guédiawaye for NEPAD found that, of the families interviewed, all had relatives abroad and 94 percent received remittances from abroad.

Religious and Social Networks

Senegalese migrants also call friends in Senegal to tell them whether there are jobs available at their current location and to suggest that they consider migrating, as was the case with the individuals who took pirogues to the Canaries. A Senegalese who arrives in Italy, the US, or Spain with no money in his pocket will be housed, fed and supported by the Senegalese community. They will help him find a job and he will repay them when he can. This support can be informal or given by a Senegalese community or religious association. The Mourides, in particular, have a highly-developed network for receiving migrants through established Dahiras. As a result, Mourides make up a higher percentage of Senegalese living abroad than at home.

Payment is often an essential lubricant for the support of both social and religious networks in migrating. An official may help a relative to secure papers, but this will generally come at a financial price. A Marabout may help sponsor a Talibe's migration, but the Talibe is expected to repay this debt. Outside of close family members, the networks that facilitate travelling abroad have a price tag. Once abroad, however,
migrants engage in mutually beneficial collective solidarity. They share housing and food to save money. If one falls ill, the others support him. If one dies, a collection is made to send the body home. They also develop formal migrant associations that assist Senegalese abroad. These networks make the work experience abroad safer and more lucrative.

1.6 Length of Stay in Host Countries

Even though Senegalese migration tends to be a non-permanent economic strategy, it is not as temporary a strategy as some have claimed it to be. Most migrants plan to return permanently to Senegal, but they also plan to work abroad until retirement. Surveys indicate that although 69 percent return to Senegal at least every 3 years, only 17 percent plan to return home permanently before retirement. According to family members, only 14 percent do not plan to return. Annual visits for religious festivals are quite common and the Mouride transnational migration between Senegal and Italy has been particularly well-documented. Thirty-seven percent of migrants return annually. A religious official in Touba complained that regular visits home are problematic because they prevent the migrant from permanently returning to Senegal sooner and because airline companies, rather than Senegalese households and businesses, capture much of the expenditure. Our findings do not suggest that Mourides are more likely to return more frequently than other religious groups.

1.7 Access to Income Earning Opportunities

Although much of Senegalese migration is fueled by low-paying agriculture jobs, migration from Dakar appears more related to the availability of higher paying lower-skilled industrial jobs in the host country. In our Dakar household surveys, only 5 of 205 workers were employed in agriculture. In addition to workers in Dakar, households listed employment for 158 migrants. These jobs range from specific, such as “informal street vendor”, to more generic, such as “worker.” Jobs were reclassified into five groups: industry, services, skilled, agriculture and student. The industry sector includes building services such as carpenters and plumbers, as well as factory workers and day laborers. The services group includes hairdressers, commercial workers, security guards and businessmen, an ambiguous designation that refers mostly to informal import/export or small traders. The skilled group includes religious leaders, technicians, teachers and even
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a soccer player. Agriculture includes fishing, animal husbandry and gardening. The students contribute to household income through part time work or scholarships.

Forty-three percent of migrant workers and 44 percent of in-country household wage-earners are classified in services. The majority of this employment is in informal and formal commerce. Differences in employment for migrants and household members occur in the propensity for more migrants to work in industry, 39 percent compared to 22 percent, and fewer working in skilled jobs, 13 percent compared to 28 percent.

Surveyed household workers have a median monthly salary of $220 and an average of $348. The highest monthly salary, a $2,240 pension, goes to a retired French officer whose son is currently in the army in France. The median salaries are less than a quarter of equivalent employment abroad, even though more of the jobs are higher skilled. Furthermore, the 205 listed household jobs come from a household pool of 106 households which have approximately 785 household members over 15. This implies that only 26 percent of adults are gainfully employed. This is supported by CIA World FactBook employment figures for all of Senegal, which is reported to have nearly 50 percent unemployment.

### Employment by Type

<table>
<thead>
<tr>
<th>Household Members</th>
<th>Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>91</td>
</tr>
<tr>
<td>Industry</td>
<td>46</td>
</tr>
<tr>
<td>Skilled</td>
<td>58</td>
</tr>
<tr>
<td>Agriculture</td>
<td>5</td>
</tr>
<tr>
<td>Student</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>205</td>
</tr>
</tbody>
</table>

1.8 Remittances to Family Members

Most migrants have two primary financial strategies while abroad: to support their family’s consumption in Senegal through money transfers and to save for investment and retirement. In Senegal, remittances go through formal channels such as Western Union, Money Gram, post office transfers and bank transfers and informal channels such as a friend or relative and any number of informal commercial systems, often established

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20 The number of employees could be understated because households do not list all workers or overstated because the figure does not include households with no workers

21 The objectives of those inclined to remain in host country differ from those planning to return. The majority continues to support their families but does not plan large investments in Senegal unless intended to help the family to become financially self-sufficient. They may also be more motivated to bring family members, particularly wives or children to live with them abroad.

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Cambridge, MA
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by Senegalese merchants. Informal channels are well-documented but the total amount of money sent through them is difficult to quantify.\textsuperscript{22} In addition to sending cash, migrants also send goods for resale by large container shipment. Interviews with shippers at the port of Dakar suggest that these personal containers represent a very small fraction of shipments, but they are an important source of household income nonetheless.

A 2004 study by Dieng showed that of 168 respondents, 23 percent used informal mechanisms as the primary means of money transfer. Of these, 60 percent used a close relative to transfer money; 26 percent, a friend; and 12 percent, someone unrelated (Dieng, 2004). The majority of respondents used Western Union (52 percent), followed by the Post Office (13 percent), Moneygram (7 percent) and bank transfers (5 percent) for formal transfers. Our field study found that 91 percent of transfers went through formal channels, generally Western Union. Of 182 migrants sending money to interviewed households, only 5 sent all money by informal means and only 26 sent by both formal and informal means. Informal transfers were generally sent with returning migrants or transnational import/export businessmen.

The 1990 Senegalese banking law does not allow sums over $500 to be sent by Western Union, higher amounts are sent via bank transfer or informal channels. Given the risks

\textsuperscript{22} In a 2000 study of several Senegalese run transfer systems at 1225 Broadway in New York City, Babou estimated that New York City alone remitted more than $20 million annually to Senegal (Babou, 2000 in Fall, 2002). Jettinger’s 2005 literature review and Sander and Barro's 2003 paper give good overviews of some of the informal channels in operation.
associated with informal transfers, however, these channels will continue to decline in importance.

In the surveyed households, 70 percent of migrants send median monthly remittances of $330, 27 percent send irregular remittances with a median amount of $258, and 3 percent send no remittances at all. Although irregular remittances are smaller, they also have a greater range since they capture migrants who send small transfers for holidays or special needs and also migrants who send large transfers to invest in housing, businesses and land. Households also receive a median $220 transfer for religious holidays, baptisms and in times of need.

<table>
<thead>
<tr>
<th>Remittances Sending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>Monthly Remittances</td>
</tr>
<tr>
<td>Irregular (2-5 months)</td>
</tr>
<tr>
<td>Never</td>
</tr>
</tbody>
</table>

1.9 Household Spending Patterns

The average household surveyed has 1.79 migrants in the family and received a median transfer of $440 the month prior to the survey. These transfers support large families with a median household size of 10. In addition to remittances received, households were asked to quantify their spending patterns. Eighty households provided sufficient information on monthly expenditures.

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Average</th>
<th>Median</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Consumption</td>
<td>$26,052</td>
<td>55.34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>$11,396</td>
<td>24.21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment &amp; Saving</td>
<td>$3,637</td>
<td>7.73%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health/Education</td>
<td>$3,542</td>
<td>7.52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$2,451</td>
<td>5.21%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This breakdown, however, only paints part of the picture. The following chart shows how data were recategorized and gives more detailed information about expenditures. Not surprisingly, spending on housing is less frequent but involves larger amounts of money.
Household Expenditure

<table>
<thead>
<tr>
<th>Consumption</th>
<th>Daily Exp.</th>
<th>Bills</th>
<th>Korite</th>
<th>Domestic Help</th>
<th>Problem</th>
<th>Pocket Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (1)</td>
<td>$16,833</td>
<td>$6,142</td>
<td>$2,068</td>
<td>$407</td>
<td>$336</td>
<td>$264</td>
</tr>
<tr>
<td>Percent Total (2)</td>
<td>35.76%</td>
<td>13.05%</td>
<td>4.39%</td>
<td>0.86%</td>
<td>0.72%</td>
<td>0.56%</td>
</tr>
<tr>
<td>Max (3)</td>
<td>$769</td>
<td>$521</td>
<td>$330</td>
<td>$66</td>
<td>$110</td>
<td>$110</td>
</tr>
<tr>
<td>Count (4)</td>
<td>72</td>
<td>50</td>
<td>11</td>
<td>8</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Percent Count (5)</td>
<td>90.00%</td>
<td>62.50%</td>
<td>13.75%</td>
<td>10.00%</td>
<td>5.00%</td>
<td>3.75%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing</th>
<th>Lot</th>
<th>House Const.</th>
<th>House Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$5,582</td>
<td>$2,527</td>
<td>$3,286</td>
</tr>
<tr>
<td>Percent Total</td>
<td>11.86%</td>
<td>5.37%</td>
<td>6.98%</td>
</tr>
<tr>
<td>Max</td>
<td>$5,495</td>
<td>$2,198</td>
<td>$989</td>
</tr>
<tr>
<td>Count</td>
<td>2</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Percent Count</td>
<td>2.50%</td>
<td>2.50%</td>
<td>15.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment and Savings</th>
<th>Savings</th>
<th>Commercial Investment</th>
<th>Tontine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$2,099</td>
<td>$1,407</td>
<td>$132</td>
</tr>
<tr>
<td>Percent Total</td>
<td>4.48%</td>
<td>2.99%</td>
<td>0.28%</td>
</tr>
<tr>
<td>Max</td>
<td>$330</td>
<td>$440</td>
<td>$110</td>
</tr>
<tr>
<td>Count</td>
<td>17</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Percent Count</td>
<td>21.25%</td>
<td>8.75%</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Health/Education</th>
<th>Health</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,340</td>
<td>$2,202</td>
</tr>
<tr>
<td>Percent Total</td>
<td>2.85%</td>
<td>4.68%</td>
</tr>
<tr>
<td>Max</td>
<td>$165</td>
<td>$494</td>
</tr>
<tr>
<td>Count</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>Percent Count</td>
<td>27.50%</td>
<td>25.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>Family Member</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,319</td>
<td>$1,132</td>
</tr>
<tr>
<td>Percent Total</td>
<td>2.80%</td>
<td>2.40%</td>
</tr>
<tr>
<td>Max</td>
<td>$769</td>
<td>$769</td>
</tr>
<tr>
<td>Count</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Percent Count</td>
<td>5.00%</td>
<td>11.25%</td>
</tr>
</tbody>
</table>

Notes:
(1) refers to the total amount expended on that area by all 80 households
(2) refers to the percentage of total money spent by all 80 households on this category
(3) refers to the highest expenditure on this category by any one household
(4) refers to the number of households that spent some money on this category
(5) refers to the percent of the 80 households that spent some money on the category

In 57 percent of households, spending was determined by male members of household as opposed to 43 percent by females. Fifty-three interviews, where more complete household income data were reported, provided enough data to compare household income with and without remittances. Remittances doubled median household income from $396 to $802 per month and represented an average 55 percent of income. Some households were entirely reliant on remittances for income, while several had received no money that month. The relative importance of remittances as a percent of household income has a fairly steady range: 20 percent or less of total income for 13 percent of households, 20 to 40 percent of income for 15 percent of households, 40 to 60 percent for 26 percent households, 60 to 80 percent for 25 percent of households, and 80 percent or more for 21 percent of households. A 2001 Eurostat study found that, in villages, international remittances account for 20 to 70 percent of migrants' families' budgets (Eurostat, 2001 in Cotula and Toulmin, 2004). Unsurprisingly, the 6 households that rely entirely on remittances spent the vast majority on daily consumption. Nevertheless, one of these households did invest an important sum in the acquisition of a lot.

**Everyday Consumption**

Our survey indicates that remittances account for more than 50 percent of household income and are primarily spent on daily needs. If we include health, education and transfers to other family members, the percent spent on consumption increases from 55
percent to 66 percent. These findings concur with research on world remittances in general and on Senegalese remittances specifically.23

In a country, where 54 percent of the population lives below the poverty line, the emphasis on household consumption spending is not surprising. One young man, interviewed last fall, said that remittances, more than anything, allowed his family to eat meat more regularly and to have access to emergency funds if someone falls ill. In cases where the family makes enough money in Dakar, remittances are often passed on to less wealthy relatives living outside of Dakar. In one household, a 27-year-old Wolof woman and her 2 children do not receive money directly at all. Rather, her husband in Italy transfers $175 per month to his brother, a shop-owner, who gives the migrant's wife store credit.

**Health and Education**

Migrants also in help family members migrate for employment and help them attend school or both. We interviewed one 25 year-old Peul who was leaving in two days to go to University in France. The trip was entirely financed by his older brother, an illegal immigrant in Spain, who was to send him a monthly allowance for the first year of school. One young man from Pikine had his Master’s in Chemical Engineering financed by his older brothers in the US and Italy; his household could not have afforded the expense without them. In total, 20 out of 80 households spent $2,202 on education in the month prior to our surveys. This figure would be expected to rise at the beginning of the school year when migrants send money to pay for tuition, books, uniforms and stationary.

Another important use of remittances is for health care. Households spent 3 percent of remittance income on health. The impact of migration on household's health care, however, is greater than this figure suggests. For families on tight budgets, health emergencies can be disastrous. Migrants provide a stable and important social security net. When a child falls ill, a relative in Europe is only a phone call away and can transfer money for medicine or hospitalization. Some migrants even send medicine directly. Two of the surveyed households had diabetic members who received money for medical care and also medication regularly from migrant sons in France and Portugal.

**Religious Festivals**

One hundred and nineteen households received a median $220 for religious festivals and ceremonies several times throughout the year. Muslims receive money for Korité,

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23 Dieng's 2004 study in greater Dakar found that food was the most common expenditure for remittance money (Dieng, 2004).
Maghal, Tabaski, Ramadan, baptisms and deaths; Christians for Christmas, Easter, baptisms and deaths. The amount received ranged up to $1,500. Ten percent received no money for any festivals. Thirty-two of the household surveys were conducted just before Korité, the celebration at the end of the month of Ramadan. Most of the money spent for Korité went to new clothing and food.

Some have labeled these kinds expenditures as “unproductive”. This, however, is a limited view of productivity. Festivals promote social, family, and religious cohesion, an important part of minimizing the dislocation of having one or more family members living and working abroad. Even within a limited interpretation of productivity, elaborate expenditures are not unproductive. In a research note in *MigrantRemittances*, Valentina Mazzucato debunks the myth that Ghanaian remittances are wasted on funerals. Her research shows that the Ghanaian remittances that go to funerals support a variety of sectors in the local and national economy (Mazzucato, 2007).

1.10 Savings and Long-Term Investment Strategies

Most Senegalese abroad not only remit money but save money for investment and retirement. Out of the 87 remittance-receiving households who responded to these questions, 88 percent expect their migrant members to return with significant savings, while 4 percent are unsure, and 1 percent expect nothing. Of the 18 that quantified expectations, the median expected savings upon return was $55,000 with a high of over $1.7 million for a particularly successful Mouride business man who made his fortune in France and Gabon. Of the three households that did not expect any savings, two did not believe that the migrants would return. These median amounts correspond with other sources and with surveys conducted of Senegalese migrants in Italy by Ian Chodikoff in 2004, where migrants expected to save $30,000 to $50,000 before returning to Senegal.24

*Housing Investment / Access to Property*

More than any other investment, the acquisition or construction of a house is the top priority for the vast majority of Senegalese migrants. In Chodikoff’s 2004 investigation, the 18 surveyed Senegalese migrants in Italy had all invested money in housing in Senegal. Housing is considered a low risk investment and it also fulfills a dual role of providing for the family's needs and also the migrant's desire to save for retirement and investment.

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24 Findings by Tall and Riccio confirm that the majority of Senegalese migrants in Italy save one-quarter to one-half of their income, or roughly 250 to 500 Euros per month (Tall, 2004) (Riccio, 2004).
In our survey, housing accounted for 24 percent of remittance expenditures and came second to daily consumption. Of the 80 households, two invested $5,582 in lot acquisition, 2 invested $2,527 in construction, and 12 invested $3,286 in home improvements. Furthermore, 50 households spent a total of over $6,000 on bills, such as water and electricity, which improve living conditions. In Dieng's 2004 study in Dakar, 31 out of 172 respondent households had already used remittance money to construct a new home. Housing investment spending is less regular than household consumption spending. A migrant will often save until there is enough money to purchase a specific amount of cement blocks, sand and cement. The purchased materials are stored in a secure place until enough is saved to purchase other building materials and hire labor. Consequently, it often takes migrants many years to finish constructing a home.

The chart below examines the housing markets of the three selected study sites. Parcelles Assainies falls into the Department of Dakar; Pikine, the Department of Pikine and Guediawaye; and Rufisque, the Department of Rufisque. Costs were adjusted to 2007 using the US Bureau of Labor Statistics Consumer Price Index calculator. No housing inflation adjusters were included.

### HOUSING COSTS, 2001

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average Land Price per m²</th>
<th>Average Construction Cost</th>
<th>Average House Cost 2007 Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Dakar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plateau</td>
<td>$61 - $123</td>
<td>$8,229</td>
<td>$19,767</td>
</tr>
<tr>
<td>Medina</td>
<td>$11 - $22</td>
<td>$12,936</td>
<td>$14,997</td>
</tr>
<tr>
<td>Grand Dakar</td>
<td>$6.2 - $7.7</td>
<td>$16,235</td>
<td>$17,101</td>
</tr>
<tr>
<td>Department of Pikine and Guediawaye</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patte d'Oie Sector</td>
<td>$4.0 - $4.4</td>
<td>$12,081</td>
<td>$12,603</td>
</tr>
<tr>
<td>Surrounding Villages</td>
<td>$3.3 - $4.0</td>
<td>$8,275</td>
<td>$8,728</td>
</tr>
<tr>
<td>Dagoune - Pikine- Guediawaye</td>
<td>$4.0 - $6.2</td>
<td>$8,251</td>
<td>$8,882</td>
</tr>
<tr>
<td>Informal Pikine - Guediawaye</td>
<td>$3.1 - $3.3</td>
<td>$6,154</td>
<td>$6,552</td>
</tr>
<tr>
<td>Department of Rufisque</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rufisque - Bargny</td>
<td>$2.2 - $7.9</td>
<td>$15,199</td>
<td>$15,831</td>
</tr>
<tr>
<td>Rural Housing land</td>
<td>$0.88</td>
<td>$3,173</td>
<td>$3,283</td>
</tr>
<tr>
<td>Agriculture Land</td>
<td>$0.44</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$1 = 455 FCFA  
Assumed Average Lot Size: 125 square meters

Source: Ministry of Urbanism, 2025 plan, based on a 2001 household survey

Making a rough assumption that households can purchase a home with a 12 percent annual interest rate and that housing is affordable if it costs less than 30 percent of monthly income, we can calculate the affordability of greater Dakar's housing stock for migrant families with and without remittances. With remittances the median household can afford an average house in any area of greater Dakar. Without remittances, the median household can only afford housing in rural areas, in informal settlements, or in Pikine, the densest and highest-crime area of greater Dakar.
The increase in housing prices in recent years may have changed these figures. Looking at 75 new construction developments listed for sale on a posting board at the Senegalese National Housing Bank (BHS) in September 2007, the median home price was $70,198, the median minimum equity requirement was $14,040, and the median monthly mortgage payment for the maximum 20-year loans was $559. Without remittances, 5.7 percent of households can afford the average monthly payment compared to 15.1 percent with remittances. Nevertheless, more affordable options are available.

Although a host of financial instruments are available to legal migrants abroad, the illegal migrants have to continue to rely on a combination of savings and piecemeal house

Cité El-Hadji Doudou Basse is 1000-plus unit gated development, under construction 5km north of Rufisque, several hours from downtown Dakar during rush hour. Like much of the expansion of urban Dakar, it is built off a highway on former farmland. House prices range up to more than $200,000, although the majority of units are far more modest. A starter home costs $26,000 dollars, requires an $8,791 down-payment and a minimum monthly mortgage payment of $169. Assuming an ability to access 20-year mortgages, 36 percent of surveyed households could afford this home without remittances and 81 percent with remittances.

Like most property developers in greater Dakar, Makha Basse advertises his gated community within Senegal and also to the Senegalese migrant community in Europe and the US. To facilitate the process for migrants a lease can be arranged and financed from abroad and all necessary documents are available for download from the website. The development has two slogans: “To invest in a home is to prepare for one's retirement” and “To invest in a home is to prepare for one's return home.” Migrants often purchase housing directly for themselves and family members, either through amassed savings or recently developed financial instruments that cater to workers abroad.
construction. Nonetheless, there is an emerging trend toward using formal financial services. At present the National Housing Bank offers a specific loan type for informal workers within Senegal. Borrowers are required to open an account with the bank and keep two months mortgage payment deposited at all times. This allows the bank to protect itself against default but also to access and serve a previously unserved but significant market. By choice or necessity, many households continue to purchase lots and develop housing incrementally over time, but the potential for new financial instruments to improve housing affordability and quality is significant. Both the government and private developers recognize the importance of migrants on the housing market and are moving to offer specific financial packages to attract their investments.

Over 50 percent of surveyed households did not respond to questions about the services they used to facilitate their access to housing. As a result, it is not possible to determine the exact proportion using financial services to access housing, although, based on responses, it is at least 33 percent. Of the 46 percent who responded, 91 percent used a bank, 5 percent used no services, and 5 percent received personal help; one man from his father and another, a Marabout, from his Talibés. The two commonly cited financial institutions were BHS and SGBS (Société Générale de Banques au Sénégal). These banks offer a host of housing, commercial, savings and insurance products specifically for migrants. From 200 to 2005, fully 30 percent of BHS loans went directly Senegalese migrants (Wagbou, 2008). Three households used PAMECAS, a micro-lender.

Household Savings and Investment

Remittances also improve access to business opportunities, often in real estate. Twenty-four percent of household remittances from the previous month were spent on house improvements, lot acquisition and housing construction. Eight percent was spent on savings and investment. These numbers, however, do not reflect the ingenuity of migrants in finding ways to generate additional income from remittance based purchases and investments. Migrants purchase buildings, rent stores and ship salable goods to family members. One household indicated that the migrant no longer sent money at all, but that the household lived entirely off the rent from several properties. Another migrant financed a cyber cafe in Pikine, where his sister earns $110 per month. Another ships approximately $4,500 of used car parts from Italy to his 65 year-old father.
2 to 3 times per years in addition to the $550 he sends monthly through Western Union. Other listed investments included a hardware store, a tailor shop, several boutiques, a mechanic shop, a restaurant and palm oil fabrication.

Dieng's 2004 study found that 91 out of 172 households interviewed had invested remittances in the past: 34 percent in a home, 23 percent in buildings to rent, 50 percent in commercial enterprises, and 14 percent in industrial enterprises. Enterprises ranged from an informal Bissap juice stand to commercial real estate. In Chodikoff's 2004 surveys of Senegalese migrants in Italy, 16 of the 18 migrants interviewed had made significant business investments in taxis, pirogues, real estate and a variety of commercial activities. The two who had not invested were saving money for future investments.

Although recipient households in our survey receive a median $440 in remittances per month, migrants often save or invest as much per month as they manage to remit. Thus migrants do not just double median household income but may go as far as to triple it.

**Collective Investments**

Community and religious associations of Senegalese migrants provide a variety of services to support migration and to support migrants abroad. Many of them also collect money from their members to invest collectively in development projects throughout Senegal. A group of migrant Dahiras financed the only top-rated level 3 hospital in Senegal outside of Dakar. The hospital opened in Touba in 2005 and serves an urban agglomeration of over 1 million people. The Association of the Senegalese in America supports migrants in the US and also invests in public housing developments in Senegal. According to their website, they are currently involved in two projects in the third ring of greater Dakar.

In 2002, Dieng looked at the role of Malien and Senegalese migrant associations in France. He divides the groups into two types, host country groups that support migrants socially and financially and development associations that invest in their home villages. He looked at 33 development projects that were 27.5 percent health centers, 18 percent schools, 18 percent wells and 9 percent electrification projects. Looking more closely at two hometown associations from Ndouloumadj and Thilogne in the Senegal River Valley, Dieng found that collectively, they invested 150,000 Euros in 22 development projects between 1972 and 1994 (Dieng, 2002). According to a 2000 study in France of migrant associations from Senegal, the Maghreb and South East Asia, the most common collective investments are in health, followed by basic education, and water infrastructure. These associations, however, often invest in various projects, depending on the priority of their hometown or region (Daum, 2000). In order to estimate the
impacts of the investments of migrant associations, a more systematic inquiry is necessary.

Touba: Talibé workers standing in front of a mosque financed by international migrants

1.11 Summary of Key Issues

Senegal is one of the few African countries that has taken an active role in promoting migration, protecting migrants, and encouraging migrant investments (Wagbou, 2008). Senegal has had a central government office for migration since 1993 and recently created a Ministry for the Diaspora. A member of the Economic Community of West African States (ECOWAS), Senegal allows the free movement of goods and people from its neighboring countries. It has also signed bilateral agreements with France, Spain and Italy regarding migration flows. One migrant in the survey travelled to Spain on a bilateral cooperation work visa; another, to France. Cooperation programs provide jobs for Senegalese workers and support development projects in Senegal. In exchange, the Senegalese government takes a more active role in preventing and discouraging clandestine migration.

In other ways, Senegal provides a good model for other migrant sending countries. The strong organization of migrants’ abroad and their networks facilitate social protection of members and collective investments in infrastructure and development projects in Senegal. Perhaps most importantly, they help each other to reduce living expenses
abroad allowing them to remit and save more, thereby increasing the effectiveness of migration as a strategy for increasing household income. Many Senegalese have also developed import/export businesses based on experiences gained working abroad. These contribute to the national economy and provide more goods, often at better prices, to people living in Senegal.

At the local level, the government, private developers and banks are collaborating to provide new housing options for migrants and their families. In addition to private developers, the two government housing agencies, SICAP (Société Immobilière du Cap-Vert) and SNHLM (Société Nationale des Habitations à Loyer Modéré) provide housing for many returning migrants and their families. Banks have started to offer mortgage services to informal workers and to migrants.

While migration encourages investment, it has also helped to fuel the rapid expansion of cities like Dakar, which has become extremely congested and polluted, particularly along the main road out of the city where most people live. Migrant investments have also caused land prices to double in 3 years in some neighborhoods, effectively putting it out of the reach of households without migrant workers (Tall, 2004).

Migration also has adverse impacts created by the absence of family members and the dangers of clandestine travel. For most households, however, as in much of Sub-Saharan Africa, the benefits continue to outweigh the disadvantages. Government policy, individual action and donor funding should aim to support the benefits and mitigate the negative side effects.
2.0 KENYA

Prior to the 2007 post-election violence, Kenya’s economy had grown at over 5 percent for the previous three years, while its population of 36.5 million grew at about 2.6 percent. Although it is too soon to estimate the economic impacts of the violence, the economy appears to be back on track again. Its 2006 GDP per capita in purchasing power parity was just over $1,400, a little below Senegal’s. Approximately half of the country lives below the poverty line and the unemployment rate is around 40 percent.

2.1 Description of Research Approach

In addition to primary sources, this case study draws on academic literature, newspaper articles, and web resources to support its findings. Official data available on remittances were obtained from the Kenya Central Bank and the Ministry of Foreign Affairs. At the time of conducting this pilot study the Kenyan Government was working on a Draft Sessional Paper titled, Mainstreaming the Kenyan Diaspora Community in the Development Agenda which was used in assessing the policy context of Kenyan migration.

Remittance Channel Interviews and Surveys

Based on an in-depth literature review and informal discussions with migrants, a list of formal and informal remittance channels was compiled. Visits to money transfer businesses were made to collect detailed information on the logistics of remitting and receiving money. The Nairobi City Center is home to a large number of formal remitting and receiving outlets, including Western Union and Money Gram and newer options such as MoneyXpress and Dubai Bank. The city center also has an extensive network for digital remitting and receiving via Safaricom’s wireless retail outlets.

Interviews of Remittance Receivers and Senders

The research plan for investigating migration, remittances and housing in Kenya was defined and developed in August and September of 2007. Frequent media attention and discussions with migrants suggest that the Gulf Region was an emerging key destination for Kenyan migrants and the initial fieldwork aimed to assess the extent to which Kenyans were actually migrating to and sending remittances from the Gulf countries. Informal discussions were held with Kenyans from a range of classes and professions about their relationship to and opinions of the Gulf region, and how these had changed over time. These informal interviews indicated that Dubai has become a major
destination for professional, skilled and unskilled migrants. Several Dubai migrant networks were also identified.

The information gathered from initial field research was used to finalize the survey instrument used in conducting interviews. At the outset, a detailed questionnaire was developed covering a range of topics on the remittance process, spending and investment patterns, and socio-economic profile and history of migrants and their families. Due to the sensitive nature of topics addressed, interviews were conducted in a conversational style. The detailed questionnaire was adjusted to allow for a less-structured interview. Most respondents expressed fear that the information would be given to the government and might result in their income being taxed. Their wariness is likely to influence their response to the question of income. Some have opted not to give any financial information.

Professor Winnie Mitullah, who directed the research team, selected two native Kenyan interviewers with extensive survey experience to conduct the interviews. Unfortunately, during the initial planning and data gathering stage of the study, post election violence erupted throughout Kenya, creating great difficulties in collecting information and interviewing households. One interviewer was hospitalized in an attack in Mombasa. Field work slowed substantially and the number of interviews had to be curtailed. Nevertheless, a total of 25 remittance senders and 38 remittance receivers were interviewed.

A referral approach was used to identify respondents who have worked in the Gulf region and households receiving remittances from the Gulf. Interviews include migrants on leave or waiting for renewal or other opportunities. In addition, online migrant forums were used to identify Kenyans living abroad in the Gulf region and to arrange phone interviews. Most migrant respondents live in Dubai, but also in Saudi Arabia and Oman. In isolated cases, the next of kin to those who live and work in the Gulf responded to questions intended for the migrants.

2.2 Characteristics of Migrants

The Kenya draft policy on the Kenyan Diaspora identifies three distinct waves in the migration of Kenyans abroad. First, in the period preceding Kenya’s independence in 1963, a small number of Kenyans were able to travel abroad in search of better education and training opportunities. They were the pioneers and many of them also participated in the struggle for independence. Non-citizen Europeans and Asian residents also left the country. The second wave occurred after independence when young Kenyans went abroad for further education in order to come back to work in the government. The third
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wave, which began two decades ago, is comprised primarily of Kenyans who migrated to seek better economic opportunities in the face of falling living standards. According to Ghai, (2004), it was not until this third labor migrant wave in the 1980s and 1990s that large numbers of Kenyans began leaving in search of better economic opportunities outside the country.

The majority of surveyed migrants are young and unmarried. Very few of those interviewed are older than 35. Some are either married or divorced. In our sample 54 percent had secondary education, followed by primary (38 percent) and a few (8.3 percent) having some training. The majority of migrants were jobless before leaving Kenya, followed by those engaged in informal economic activities. Others held semi-skilled employment as drivers, electricians, secretaries, mechanics, teachers and nurses.

Kenyans migrate to the United Kingdom, the United States of America, Canada and various European countries. The US accounts for 51 percent of recorded remittances and Europe, for 36 percent. During the technology boom at the end of the 1990s, Kenyan immigrants were particularly attracted to technology-oriented careers in the United States. Most of them are skilled workers: medical doctors, researchers, teachers, engineers, nurses, accountants, managers and business owners. Many went abroad as students but opted not to return home after completing their studies (Ghai, 2004). Kenya now ranks third in Africa and seventh in the world in terms of the number of professionals who have moved abroad (Ozden & Schiff, 2006). The World Bank in 2007 released a paper estimating that nearly 40 percent of Kenyan migrants are skilled workers and as many as 40,000 of them hold doctoral degrees (Docquier, Lohest, & Marfouk, 2007; Kathuri, 2006).

According to the Global Commission on International Migration, Kenyans also migrate within Africa, and have recently begun to migrate to the Middle East (Campbell, 2005). Many live in neighboring countries like Uganda and Tanzania, which together have 145,000 Kenyan migrants. Others live southern African countries such as Botswana, South Africa, Namibia and Lesotho, and in Middle Eastern countries such as the United Arab Emirates, Qatar, and Saudi Arabia. Skilled and semi-skilled Kenyans have begun to take up permanent jobs in the UAE. Kazi International, a UAE recruiting company in Kenya, puts the total at just 6,000. Most of these migrants are employed as semi-skilled laborers in the construction, airline and hospitality industries, as well as banking, security, research, and manufacturing (Ghai, 2004). The economic boom in Dubai and the rest of the United Arab Emirates has increased the demand for migrant construction
workers who earn roughly $150 a month.\textsuperscript{25} Kenya’s engineers, architects, masons and carpenters also find work opportunities in this sector (Ssejjoba, Kakande, & Okuraja, 2006).

\section*{2.3 Determinants of Migration}

Kenyans migrate for a variety of reasons, including social responsibilities, academic opportunities, and chances for gainful employment. Until the 1980s, Kenyan migration was largely an upper class phenomenon; migrants would go abroad for education and more gainful employment. Even today, Kenya has a highly educated Diaspora. In the face of economic stagnation and shortage of jobs at home, migration has become more common across all socio-economic groups. In general, people migrate in search of better opportunities to support their families and to invest in the future. A significant percentage of survey respondents noted that they migrated because they had little hope of a better future in Kenya. In recent years, many Kenyans have gone out jobs in the booming economies of the United Arab Emirates, where a wide range of skill sets and labor qualifications are needed.

The new flow to the Gulf is fueled in part by Kenya’s growing trade relationship with the region. According to H.E. Chirau Ali Mwakwere, former Ambassador of Kenya to the UAE, “Kenya has indeed become an increasingly important trading partner for the United Arab Emirates. In addition to being the major supplier of oil to Kenya, the UAE has emerged as a favored shopping destination to which Kenyans travel regularly” (\textit{Focus on Kenya}, 2007). The European Union Trade Commission ranks the UAE as the second largest source of imports to Kenya and the 13\textsuperscript{th} largest export destination for Kenya. Last year, bi-lateral trade was approximately $1.16 billion (EU trade statistics, 2006).

The Kenyan Government encourages this migration. A current government initiative of the Kenyan Youth Ministry has a mission to encourage and facilitate the migration of semi-skilled and unemployed, skilled workers to countries experiencing labor shortages through accredited employment agencies. The Ministry estimates that thousands of young people that the Kenyan economy cannot absorb will find employment elsewhere (mostly in the UAE) through this initiative. According to the Ministry, Kenya’s earnings from remittances could increase exponentially from $1.3 billion to $9 billion by 2010.

\textsuperscript{25} One USD = 63.7 Kenyan shillings.
Demographics, Job Availability and Wages

Over the last several decades Kenya has experienced economic downturns and recessions. Since the 1990s, when per capita income growth was negative and income distribution became less equitable, millions of Kenyans have suffered a decline in living standards (Ghai, 2004). Over dependence on a few highly vulnerable agricultural products, declining prices for its exports, prolonged drought, and high levels of inefficiency and corruption have contributed to overall depressed economic performance and to the widening income disparity between rich and poor. The number of people living below the poverty level has increased from 48.4 percent of the population in 1990 to 55.4 percent of the population in 2001 (LOC, 2007). With unemployment near 40 percent and only 23 percent of secondary-school-age children enrolled in school, there is a large population of unemployed or under-employed youth in the country.

The gap in wages and living standards between Kenya and more developed countries has further accelerated emigration (Ghai, 2004). Political repression, the spread of corruption and increase in personal insecurity, and recent post election violence may trigger a new surge in migration.

Brain Drain

Even those with advanced education and technical skills have found it difficult to find adequate employment opportunities (Ghai, 2004). Indeed, the Head of Labor Export, Mr. Patrick Kasyule said the national economy can only provide new jobs for about 27,000 middle level and university graduates annually. However, 500,000 youths enter the job market each year (Mbogo & Gachenge, 2006). Kenya already produces more qualified and educated workers than its economy can absorb. A recent survey of 1,300 Kenyan migrants, conducted by the Kenyan Diaspora Investment Forum, found that 60 percent of respondents had left Kenya for career and professional reasons (KDIF, 2006).

2.4 Strategies and Modes of Migration

Migrant Workers to the Gulf Region

The recent immigration to the Middle East and the Gulf region can be attributed to the impressive economic performance of these countries. The need for construction labor, service workers, and professionals has led to comparatively easy migration controls and active recruitment of migrant workers. Increased wealth and cheaper imported labor have also increased demand for domestic help.
Kenyans working in the Gulf have used two primary methods to find employment: friends and relatives, or social networks and agents. Many migrants have two-year contracts that were arranged prior to departure by agents or friends and relatives. These services are informal, and there have been reports of the state intervening when individuals have lost huge sums of money trying to pay agents to facilitate job placement in the Gulf. In some cases the contracting firms pay the cost of moving, while in others the migrants pay directly or through agents.

Field survey interviews indicate that a conducive foreign policy and easy access were key considerations in choosing to migrate to the UAE. Some migrants also had travel and visas arranged by a foreign company and others researched their destination on the internet. Many of those interviewed had not considered destinations outside of the Middle East and the Gulf region. A few others had considered moving to the USA and Europe. Only 20 percent of interviewed migrants indicated that they would choose a different destination after having lived in the Gulf.

2.5 Migration Process

Social and Religious Networks in Migration

Extensive expatriate networks and the promise of help to settle have been important factors in maintaining the flow of migrants abroad. Networks of Kenyans abroad receive and assist fellow countrymen when they arrive. Our discussions revealed that it was very rare to find a migrant arriving abroad without any contact person in the country. These contacts are largely kept and broadened as one settles abroad. In addition to friends, relatives and co-nationals, many Kenyans have begun to rely on agents to find work, particularly in the Gulf region, which actively seeks out migrants. Our field surveys found that 20 percent of migrants had used an agent. The agent business, however, remains unregulated and many hopeful migrants have lost large sums of money to unscrupulous agents.

Interviews conducted with migrants revealed that four had used religious networks to migrate. Religious organizations from the Middle East and the Gulf Region have direct links with coastal communities in Kenya and have been supporting community development efforts and building religious and community institutions.
2.6  **Length of Stay in Host Country**

*Migrant Economic Strategies*

The interviews conducted reveal a mixed response on preference for living in the Gulf. Nearly half the respondents plan to return to Kenya as soon as they have earned enough money to accomplish their goals, while the other half enjoys life in the Gulf region where they are able to earn better salaries, save money, and have new experiences. Nevertheless, all migrant respondents hope to get back to Kenya eventually. The majority intend to start a business in Kenya. Others hope to invest in housing and to find employment based on new skills and experience acquired in the Gulf.

No matter how long they intend to remain abroad, migrants remain tied to their extended families and kin groups. Nearly all remittances are directed to family members and close relatives. Communication between migrants and relatives is generally efficient, with the majority communicating at least twice a month, while a few others communicate weekly and in an isolated case once a year. Phone communication, including text messages, is the most common way to maintain contact. A few migrants also use e-mail, generally if they have access to e-mail in their places of work. Those interviewed indicated that they had no problem communicating with their relatives back home and in touch whenever there were issues requiring their attention, including emergencies such as illness and death. Easy communication also allows migrants to be involved in investments at home while still abroad and to maintain close personal contact with family and friends. This communication lessens the social dislocation for migrants and eases the migrants’ reintegration into life in Kenya.

Most migrants return at least after every two years and whenever there are important family occasions, such as funerals or weddings. Most interviewees had not been abroad before migrating, although many of them had friends, relatives and siblings living abroad. The majority of migrants had initially intended to stay for two years, although the years of stay ranged from two to ten years. When migrants return, they are accommodated by family and kinsmen and reintegrated into social networks. They continue to support their families with accumulated savings or returns from investments.

2.7  **Conditions in the Host Countries**

While the Government has played an active role in encouraging legal migration to the Gulf Region in cooperation with the host governments, there is a parallel flow of illegal migration whose size is difficult to assess. In the UAE resident visas of up to three years are only given to skilled workers who are sponsored by local companies. The other way to enter the country is on a three-month visitor’s visa that is normally granted to Africans
through a selective system. However, recent reports indicate that there is now a large black market for visitor’s visas in Dubai. On the black market, a visitor’s visas can cost up to $500 for men and $700 for women while the official cost is $45.

While so-called “guest workers” with a legal work permit are primarily professionals or skilled workers, unskilled laborers often enter on tourist visa purchased on the black market (Ssejjoba, Kakande, & Okuraja, 2006). Most Kenyans in the UAE work illegally in such low-skilled employment as domestic work, security guards, swimming pool attendants, sales and marketing, and drivers. A few others work in technical fields like electrical and mechanical repairs and in professions such as nursing and the hotel industry.

Most Kenyans working in the Gulf are engaged in low skilled position such as domestic workers, waiters, swimming lifeguards, and salespersons. The majority has completed some or all of their secondary education. The income they earn in the gulf, although modest (ranging from $300 to $700 per month) is far above what they would earn in Kenya for equivalent employment. Furthermore, Kenyan secondary school graduates have difficulty finding jobs at home and many are unemployed.

The migrants make between $188 and $2,610 with the majority making below $628. Most workers in Kenya earn below $235 and can hardly sustain their households. While many migrants indicated that they had only one source of income, a few of them indicated that they had other sources of income, which included over-time and secondary part time jobs. Kenyan migrants have greater opportunities to supplement income through hard work than they have in Kenya, where unemployment is high.

Respondents have indicated that other available jobs include: driving services, security services, airport services, airline cabin crew, and sales and marketing including working in supermarkets. There is no distinctive difference between the jobs they hold as expatriate workers and the ones they held in Kenya. The primary difference is in the significantly higher wages offered abroad as compared to Kenya.

2.9 Remittances

Kenyans, like most Africans, have compelling social obligations to extended family. There is a strong ethic of sharing such that those who conspicuously accumulate wealth or status without sharing are considered as anti-social. From a young age children learn of the obligation to support relatives as well as members of their ethnic group, clan or village (Feierman, 1998). A primary motivation for migration is to earn enough income
to support the immediate and extended family. Families often pool money to fund the migration of a family member who will then be expected to send regular remittances. 63 percent of surveyed migrants had their trip abroad paid for by family members, including family already working abroad, who in addition to supplying funds, help with visas, receive new migrants, and find them jobs. Seven percent of migrants relied on support from friends. The cycle is self-reinforcing as the new migrant will in turn provide support to other relatives and friends. Often a migrant abroad will invite a family member to attend a function such as a wedding or graduation on a short-term visa. Many remain in the host country after the visa expires.

Most interviewed migrants send over 50 percent of their earnings back to Kenya. Respondents send money to their parents, siblings, and, in a few cases, spouses. Domestic workers, who are housed by their employers, remit almost 90 percent of their income. Many are single mothers who have left their children with relatives in Kenya. In these cases, households find supporting the migrant’s children to be a burden and expect timely remittances to support them. In-depth discussion with two domestic workers whose contracts had expired revealed that they had difficulty remitting money on time because they have to rely on their employers for transport to money transfer relay points such as banks or Western Union. Interviews with households receiving transfers from domestic workers confirm that transfers are irregular and often late, in the case of emergencies or school fees.

Transfer amounts ranged from $80 to $940 and were sent monthly, irregularly or annually. Since all households surveyed but five had monthly incomes below $235, remittances have a large impact on household income, particularly for poorer households. As a substitute for regular remittances, some migrants pay rent for the housing of parents and siblings. In addition, they send money whenever there is an important occasion, including funerals, medical emergencies, the start of the school year, and weddings. These transfers are much lower than transfers sent from skilled workers, living in the West. According to a recent survey conducted by the Kenya Club, the typical remittance averages around $300 and rarely exceeds $5,000 (Kenya Club, 2005).

Remittances to Kenya go through both formal and informal channels. Our interviews indicated that migrants mostly use Western Union and Money Gram, while a few others send money through banks, such as Dubai Bank, agents, and individuals, such as merchants or Emirates Airline employees who move between the Gulf and Kenya. In the case of informal transfers, households exchange currency at informal locations or Forex Bureaus. A host of other channels, both informal and formal, help migrants to transfer remittances.
Formal Remittance Transfers

Global volumes of remittances have attracted Money Transfer Operators (MTOs), banks and telecommunications companies that are offering new services and products that lower transfer costs and provide faster service. Security, speed and newly reduced transfer costs have led to a shift away from informal transfer channels and toward more formal ones. Larger sums of money, usually intended for business or charitable purposes rather than consumption, are almost always transferred through formal channels, especially banks.

A recent survey of Kenyans in the UK revealed a bank transaction to be the preferred method for sending money home but went to show that a lack of access to banks made exchange bureaus like Western Union and Money Gram the most commonly used channels (Kenya Club, 2005). Such establishments transfer money immediately but can charge up to 20 percent in fees. A survey of UK MTOs showed that money transfers were highest along the UK-Africa routes. A £100 transfer to Kenya costs between 6 and 12 percent while a £500 transfer costs between 4 and 7.2 percent (DFID, 2006).

Western Union has been especially effective among worldwide money transfer agents at establishing a strong presence in Africa. It has also recently established a partnership with a continental African bank and, in response to pressure and increasing competition, has reduced its fees by significantly (Copeland-Carson, 2007).

Most central banks, like those in Kenya, are more inclined to permit banks rather than foreign exchange bureaus, to operate as MTOs (Saunders & Maimbo, 2003). Among those doing a large volume of business between Kenya the UK and Middle East are Dubai Bank and Barclay’s. Remittance fees and procedures can vary greatly by bank. The Kenya Club’s banking survey showed that some banks charge 5 to 10 times as much as cheaper ones for the same services and often impose monthly service charges. Compared to MTOs however, banks charge a lower, or sometimes fixed, fee. Limited bank branches and long transfer times are the major obstacles to using banks for regular remittances.

IRnet Coop Kenya, a joint undertaking of World Council, its affiliated credit unions and Vigo, provides a banking alternative. The program provides consumers with access to Vigo money transfer transactions sent from the United States to participating credit unions throughout Kenya. At present they have a network of about 200 credit unions that offer low-cost services in 40 countries in Asia, Africa, Europe, and Latin America (Samuels, 2003). The service does not require that the recipient family have an account with the credit unions.
PostaPay, a Kenyan-owned money transfer organization, is designed to compete with the foreign-owned companies such as Western Union. In addition to providing money transfer services, PostaPay tries to tap into Kenyan patriotism by highlighting its role as the only major Kenyan-owned money transfer company. PostaPay launched its operations in the United States in March 2007 and embarked on a tour of ten U.S. cities with significant Kenyan populations. Though the PostaPay option is priced competitively it is perceived as less fast and secure than other operators (Copeland-Carson, 2007).

**Informal Remittance Transfers**

According to an Africa Recruit Study (2006) sponsored by the IDB, remittances are most commonly used for:

1. Ad hoc contributions to meet specific needs back home
2. Small regular amounts sent particularly during festivals
3. Family subsistence
4. Building and infrastructure business projects
5. Building a house for the family
6. Establishing small to medium business enterprises

The largest proportion of remittances is used for immediate family subsistence, with a smaller portion used for investment in human capital such as education and health and finally, real estate (KDIF, 2006; Gupta, Pattillo, & Wagh, 2007). Decisions regarding the expenditure of remittances are largely made by recipients; although in most cases remitters have general ideas on the nature of the expenditures and the amount of remittances needed. Interviews in Mombasa included a number of migrants working in the Gulf as domestic workers. Most of them did not move with their children to the Gulf. These migrants remit to the parents and relatives taking care of their children.

In the case of emergencies or special needs, remittance receivers will call the migrant, who then sends money to address a specific problem. In general, the money arrives within one to four days, although some domestic workers have problems sending money quickly. Investment decisions, on the other hand, are generally made by or in coordination with the migrant. Households manage these business enterprises, supervise investments and housing construction. Many migrants save sums of money abroad, rather than remitting it. This money generally goes into housing or business investments upon the migrant’s return. Migrants have noted that recurring emergencies often deplete their savings, forcing them to continue working abroad in order to save enough for investment.
Informal remittances to Sub-Saharan Africa have been estimated to equal from 45 to 65 percent of formal flows (Freund & Spatafora, 2005). The illegal status of many Kenyans abroad and the high fees charged by formal transfer companies can deter poorer migrants who can only remit money in small amounts (Gupta, Pattillo, & Wagh, 2007). Furthermore, even when a migrant has resources to use a formal money-transfer operator, the remittance recipient may not, hence necessitating informal channels.

Informal channels offer anonymity, minimal paperwork, and speed. Despite efficiency and cost effectiveness, however, they can prove to be risky. Informal systems tend to operate by word of mouth and consist of complex sequences of transactions between individual companies or traders, some of which involve bank transactions or use of formal remittances companies. The most common informal channels are (Frank, Pieke, Van Hear, & Lindley 2005):

1. Hand delivery/courier service;
2. Money transfer as part of other businesses;
3. Money transfer enterprises (hawalas);

Among the more popular informal options in Kenya are transportation companies and hawalas. Remittances via transportation companies rely on drivers along particular routes to dispense money to recipients at pre-arranged stops. The Akamba public road services are widely known to be one such business in Kenya though they officially state that they do not offer money transfer services (Mugambi, 2006).

Hawalas rely on a word of mouth trust of kiosk operators who transfer money by placing a phone call to a member of the network in the receiving country. The hawala network in Nairobi is centered in the Somali neighborhood of East Leigh. The scale of this informal banking system is significant, with some companies handling up to $140 million in annual transfers (Campbell, 2005).

Though the service fees charged by hawalas and transportation companies are much lower, most of the literature suggests these options are perceived as very insecure and not preferred, even by those that use them (Mugambi, 2006; Freund & Spatafora, 2005). However, other studies assert that these networks are very secure and pass on a guarantee to the remitter much like the formal companies (Campbell, 2005).

Emerging Modes

New technologies are helping to lower remittance costs and create new models for investment from abroad. The companies behind these innovations are racing to be the
first to launch operations because the perceived payoff is so large. The UN conservatively estimates the global money transfer market to be worth $270 billion annually (Retail Banker International, 2007). The biggest threats to MTOs and Banks are cell phone and internet based transfer systems.

FinMark Trust estimates that 17 percent of Kenyans and Botswanans who do not have a bank account own cell phones (African Banks, 2007). Providers like Safaricom, owned by Vodafone have already successfully launched an in-country money transfer system called M-PESA where money is sent via text message and claimed at a nearby Safaricom dealer. M-PESA charges roughly half the amount of the traditional formal channels like Western Union.

M-PESA is currently one of the favorite remittance channels in Kenya, especially in rural areas where basic infrastructure to support banking services is rare. A typical transaction through the service starts with a Safaricom subscriber registering with an M-PESA agent. Their phones are then activated to reflect that they are M-PESA subscribers, which allows them to deposit in money at any M-PESA outlet, including a mobile outlet as pictured above. When they transfer money, the recipient receives a message in their phone advising them to collect the amount in any dealer shop. Subscribers sending money to unregistered people are given a secret PIN number that they communicate to the intended recipient. Ten months after the launch of this service, M-PESA had attracted 1.6 million subscribers and is used to transfer about $1.5 million per day. Currently the service is only available to those remitting money within Kenya. A Kenya-UK program in partnership with Citibank is currently in development but running into regulatory hurdles in the UK. M-PESA also operates in Tanzania, India and Afghanistan.

Increasingly there are also options to remit online. One Kenyan example is Send4Me, which enables money transfers to and from Kenya, the United Kingdom, and the United State (Send4Me, 2007). Ikobo, another online remittance option, charges an $11 fee on a
$200 transfer. It is also possible to make transfers of any size for as little as $5 per transfer if you enroll in their frequent user plans (Ikobo, 2007).

Other innovative remittance options include Mama Mike’s, a Kenyan-owned internet business that sells vouchers to migrants abroad, which are redeemable by Kenyans at home. This system allows the remitter to have more control in how the receiver uses the money. Vouchers are available for everything from groceries at the large chains in Kenya to school uniforms and electronics. Customers can purchase electronic vouchers that can be redeemed at a network of over 20 retail establishments in Kenya, including grocers, general merchandise, furniture stores, and pharmacies. Customers can also send flowers for special occasions and be part of a plan that regularly sends monthly vouchers to assist family members (Mama Mikes, 2007). Another novel start up in Kenya and Uganda now offers medical vouchers for services back home (Stoll, 2006).

Kenyan banks, such as the Commercial Bank of Africa, SACCOS, Equity Bank and the National Industrial Credit Bank are exploring innovative structures that allow Kenyans to send money home using the internet and provide mortgage financing (Kenya Club, 2006; Equity Bank, 2007). The post office is also joining the race and provides international transfers via the internet using a credit card. The growing use of the Internet and innovative electronic transfer mechanisms such as electronic vouchers, and transfer credit cards, are an effective way to extend financial services to those without a bank account.

### 2.10 Savings and Long-Term Investment Strategies

Although our survey shows that most migrants are initially on two-year contracts, the majority of them plan to renew their contracts, to get visas, and to continue working abroad. Almost all households indicated that they will return with savings. A total of fifteen migrant respondents indicated that the money would be invested in housing, land and shares. Discussions with a few migrants indicated that it takes time to save adequate resources to buy property. If migrants are unable to save enough for a house, they invest in small-scale enterprise.

The chief executive of the Nairobi Stock Exchange, Chris Mwebesa, estimates that as much as US$ one billion is remitted annually to Kenya for investment in stocks and real estate (Irungu, 2006). According to a real estate developer interviewed by the Daily Business Nation, 40 percent of new houses in Kenya are purchased by Kenyans living abroad (Bell and Makau, 2008). In addition to monetary considerations, Kenyan tradition requires a person to have a home as a symbolic presence in the village. This has led to the construction of many nice homes in rural areas. These homes often sit vacant for most of the year because the family lives in Nairobi or a regional capital. From a financial
perspective this is not the most effective use of remittance income. If these homes were built in towns or cities, the owners could earn income on their investment through rent and also benefit from increases in property value. Most respondents, therefore, preferred to invest in urban areas.

Some migrants have noted that it is difficult to manage housing investment while abroad. Migrants have been cheated by friends or relatives and on return they do not find the investment worth the resources pumped into it. Nevertheless, few migrants opt to use professional investment managers, although the practice is becoming more prevalent among professionals abroad.

Many remittance receivers are engaged in small scale-enterprises (SMEs) and decide on what portion of the remittances goes to business. In some cases a lump-sum amount is remitted to receivers either to start business or to boost an enterprise. Studies have shown that households that receive international remittances have a higher possibility of investing in businesses than those without a family member abroad (Rapoport and Docquier, 2005).

### 2.11 Summary of Key Findings

Kenyan and those with links to Kenyans living abroad have become a resource for national development. Remittances from the Gulf play a major role in sustaining households and fueling the economy in Kenya. Kenya, however, lacks a comprehensive policy framework to encourage and maximize the investments of Kenyans in the Diaspora (Ghai, 2004; de Haas, 2007, GOK, 2008). To address this issue, the Kenyan Government is currently preparing a “Sessional Paper on Mainstreaming the Kenyan Diaspora Community in the Development Agenda”. The draft policy paper proposes to establish an External Remittances and Foreign Employment Committee to coordinate all Diaspora issues and makes recommendations to improve conditions for Kenyan migration and migrant investments.

Kenya’s current constitution does not allow for dual citizenship. Many migrants have gotten around this rule by using previously issued national identity cards for business transactions while in Kenya. Nevertheless, the current regulations discourage investment by Kenyan migrants who have attained citizenship in another country. The policy recommendations also suggest that the government provide greater protection and consular services for illegal Kenyan immigrants abroad and encourage the regularization of Kenyan migrants through bilateral agreements. The freer flow of Kenyan migrants to and from Kenya will encourage both migration and remittances.
The paper also recommends that the government promote investments from the Kenyan Diaspora through tax incentives, special investment vehicles, information and investment opportunity sessions, and the creation a special counter at the Central Bank of Kenya to enable them remit and invest in the country. Furthermore, it promotes bilateral agreements to facilitate the transfer of social security savings from host countries to Kenya. Kenyan migrants pay into social security funds but often have trouble accessing savings when they return home. Much of this savings could be used for investment in Kenya.

Although many Kenyan migrants invest heavily in Kenya, the country lacks systematized housing programs to target the Diaspora. Specific financing packages tailored to migrants’ needs would help to encourage housing and business investments. It would also allow migrants to spread housing payments over time rather than having to save up a large sum. Savings over the long term can be particularly difficult given migrants’ responsibility to their extended family and the difficulty involved in refusing requests for money from friends, family, and kin.

Broadly, the literature suggests that lowering transfer costs and providing increased access to appropriate transfer channels would increase remittance flows. Lowering barriers to entry by getting more families to access the banking system would greatly improve flows and benefit poorer families. New programs such as M-PESA are both lowering costs and improving accessibility to banking services. This progress should be encouraged. More financial services such as remittance-based mortgage financing could also encourage investments in housing. Other options include:

*Formation of Exploratory Committees*

In 2006 Kenya’s Ministry of Planning and National Development launched the Kenya Diaspora Remittances Facilitation Committee. The committee has representation from eleven key institutions and is charged with developing frameworks for facilitating the transfer of funds from the Diaspora to Kenya. Of priority to the committee is to study remittance transfer costs and tariffs in order to propose less expensive channels and implement them throughout the Diaspora. The establishment of this group and others like it goes a long way to increasing the impact of remittances on a national scale. Additional committees that include remitters, recipients, expatriates, and academics could provide useful perspectives from which policy and programs to make remitting more effective can be formed.
Developing Hometown Networks

Over the last decade, the Minnesota’s professional Kenyan community has created a number of nonprofit institutions to address social issues in their home country. For example, Minnesota Kenyans were instrumental in creating the national Kenyan Development Network. There are a handful of groups in the US and Europe working in this capacity. However, it seems these groups have yet to form in the Middle East. Policies that offer incentives to such groups could channel more remittances towards development and ultimately generate a significant flow of capital to invest in social and economic development in the hometowns and villages.

Creating Niche Innovations

Banks abroad can attract migrant remitters by offering them more than just an opportunity to send cash. Bundling financial services like savings products, loans, mortgage financing, with online banking will generate more customers for the institutions, diversify the way remittances are spent, and activate more complex investment channels. The development of more formal remitting options like PostaPay promotes competition and reduces transaction costs, which in turn increases remittance flows. Finally, the formal sector can look to the informal sector for innovative ideas in remittance products and try to incorporate them into their offerings. Options like door-to-door delivery of money such as that in Egypt and the Philippines (Buencamino & Gorbunov, 2002; Azzam, 2002) would help formal channels better compete with informal operators, provide greater security for the involved parties, and increase remittances overall.

Raising Awareness

Though there are now technically dozens of options for remitting money, many senders and receivers are unaware of most of these services. Many banks, post offices, and other providers fail to market their services or to pursue targeted markets by advertising in different languages or recruiting multilingual staff. In contrast, larger MTOs and their agents often advertise heavily on television, in print, and on radio, in several different languages. A public awareness campaign could counter this by informing migrant communities of services through newsletters, radio and print and internet advertisements, and distributing information at events and consulates in sending countries. Creating a simple instrument could go a long way to improve understand of remitting options for migrants and allow them to more effectively channel their money.
3.0 SOUTH AFRICA

3.1 Description of Research Approach

IIUD selected J. Watermeyer Consultant, a group with whom we have worked on several projects over the past ten years, to lead the team in South Africa and to conduct the field interviews. Richard Kruger, a highly qualified and experienced program manager, led the study team. Three interviewers were selected to survey identified migrants. A total of 81 interviews were conducted in South Africa, with a further 26 follow-up interviews. Migrants in both the formal and informal sector were interviewed. Their status varies between permanent resident in South Africa, contract worker with temporary work permits, asylum seekers and illegal migrants. Thirty have work permits and permanent jobs and 51 are active in the informal sector.

The fieldwork covered three Provinces:
- Gauteng Province (mainly Pretoria region)
- Mpumalanga Province (in the Witbank, Middleburg areas)
- North West Province (in the Rustenburg area)

In the Pretoria area, 44 interviews were conducted with migrants in the CBD and in Mamelodi Township. In Mpumalanga Province, 35 interviews were conducted with migrants from Mozambique, Zimbabwe, Swaziland and Lesotho. They worked mainly in the mining, farming, construction and security sectors.

Initially the team had trouble to get any responses from migrants, as they feared that the field workers were from the SA Police Services or Immigration Officers from the Department of Home Affairs. A letter of confidentiality received from the IIUD assisted the field workers to have more open discussions with the migrants.

The more in-depth follow-up field interviews were conducted in South Africa in January and February, 2008. These interviews targeted Mozambican and Tanzanian migrants who were willing to provide contact information for family members in their home countries. The IIUD team traveled to Mozambique and Tanzania in March and April, 2008 and interviewed 10 Mozambican and 16 Tanzanian families that received remittances from migrants interviewed in South Africa, as well as financial institutions and suppliers of services that assist migrants.
The finalization of the report posed a challenge as the recent spate of xenophobic attacks of migrants made it extremely difficult to have follow-up interviews after interviewing families in Tanzania and Mozambique. Some of the migrants no longer wished to participate and a number of migrants fled. It is estimated that approximately 40,000 Mozambicans went back to Mozambique as a result of the xenophobic attacks. As of July, 2008, there are still thousands of migrants in refugee camps all over South Africa.

### 3.2. Characteristics of Migrants

The average age of the migrants interviewed was 32; the youngest was 17 and had come to South Africa from Zimbabwe in 2007. The oldest, also from Zimbabwe, was 71 and worked in construction in Midrand as a concrete mixer; he had migrated in 1987. Generally, the length of stay of migrants from Mozambique was the longest (26 years), followed by Lesotho (14.4 years); in contradistinction, the average migrants from Zimbabwe and Tanzania had been in the country for five years or less.

Although the majority of workers interviewed (65 percent) were employed in informal occupations, there are significant differences by country of origin. The workers in the formal sector are mainly from the Democratic Republic of Congo (DRC) and Lesotho. Ninety-six percent of Mozambiquans work in informal activities, followed by Zimbabweans (72 percent) and Tanzanians (67 percent). Legal migrants from Mozambique primarily work in the mines whereas those from the DRC work as security guards. Informal migrants from Zimbabwe and Mozambique have small businesses such as cellular phone booths, and shebeens/beer gardens. They also work in informal construction. The Tanzanians tend to have businesses whether informal or formal.

Most of the respondents from Mozambique, Lesotho, Swaziland and Tanzania indicated they entered South Africa legally using their passports. Many, however, have overstayed their legal stays or work without permits. Some Tanzanians took a train to Zambia and then crossed the border into South Africa illegally.

About 78 percent of the migrants interviewed from Zimbabwe and DRC came illegally to South Africa. Some were smuggled into South Africa hidden under goods in transport trucks. Sometimes they had to lie in the truck for 4 days, before reaching their destination. The Zimbabwean migrants interviewed indicated that they crossed the border illegally at the Limpopo Province border. Some stated that family members or friends had drowned while they were trying to cross the river or been killed by lions. Those who made it are mostly working illegally without work permits or identity documents.
3.3 Determinants of Migration

The determinants of sub-Saharan migration to South Africa vary somewhat by country of origin but all migrants are attracted by the possibility of higher paying wages and the investment opportunities of South Africa. Tradition too encourages migration to South Africa. In Mozambique and Tanzania, the eldest son is expected to migrate to support the family home and pave the way for other family members to follow. Exogenous factors in the war-torn DRC and economically ravaged Zimbabwe play a larger role in encouraging migration than in other countries investigated. In all instances, migrants stated that the primary objective of migration was to improve their own living conditions and that of their families. Saving money, investing in land or buying a house are secondary objectives to ensuring the well-being of their family.

Respondents from Zimbabwe indicated that the current economic and political climate experienced in Zimbabwe left them no other option but to migrate to South Africa, either as refugees and asylum seekers or to support their families. About 50 percent of them indicated that they crossed the border illegally in search of a better life. Migrants from the DRC indicated that civil war and political destabilization forced them to flee their country. Sixty-five percent of them indicated that they came to South Africa illegally as asylum and job seekers.

Migrants from Lesotho and Mozambique, on the other hand, were mainly recruited to come and work in the mines by labor recruiting agencies. About 10 percent of the respondents from Lesotho indicated that they were educated in South Africa, and gained employment after completing their studies. Some Mozambicans migrated to start their own informal small businesses, mainly beauty salons and tuck shops, because of the favorable economic climate in South Africa. These illegal migrants were the primary targets of the recent xenophobic attacks. Many South Africans living in informal settlements accuse these migrants of taking their jobs, partaking in criminal activities and competing with South Africans for Government-subsidized housing through bribery.

The majority of the respondents from Tanzania came to South Africa to start their own businesses. They indicated that the strength of the South African economy attracted them and that there are few job opportunities in Tanzania. The migrants from Swaziland also came to South Africa because of the favorable business conditions. Both groups, along with Lesothans, are well integrated into South African society and tend to have higher incomes than other migrants.
Strategies and Modes of Migration

Migrants financed their trips mainly through saving and borrowing. Some of them sold assets, including cattle and real estate to raise money to come to South Africa. Mozambicans indicated that they used public transport such as buses and taxis that operate between Mozambique and South Africa to come and look for work. Some indicated that their families took care of their traveling expenses. One migrant from Tanzania financed his trip abroad with a micro loan.

As in other parts of Africa, a common household strategy is to send the eldest son to South Africa illegally. Once there, he will apply for asylum and a temporary work permit. If the application does not succeed, he will go live in an informal settlement and work as an informal street vendor. Migrants living in these informal areas often marry South Africans and thereby obtain temporary residence and, after five years, permanent residence. Migrants granted asylum immediately obtain an identity document and temporary residence and can work in the formal sector.

Photos: Mr. M. and Daughter in South Africa, His Mother and Sister in Tanzania

Mr. Mikidadi H M., a Tanzanian, borrowed money from a micro lending institution to cover his traveling costs to South Africa in 2004. As the first-born son, he was obliged to go to South Africa to support his family in Tanzania. A self-employed street vendor, he earns about US$389 per month. He sends US$130 per month to his family via Money Gram. He intends to start saving money in the near future to buy arable land and become a farmer in Tanzania. Mr. M. does not have a house in Tanzania or in South Africa because his income is insufficient. He rents an apartment in Sunnyside.

His mother, Mrs. O., indicated that her two sons Mikidadi and Fatari both work in South Africa and have been supporting her and the family for ten years. She is a pensioner and lives with her daughter. She uses her sons’ remittances to buy medication and groceries, and to pay electricity, water bills and school fees for the children. Mrs. O.’s dream is to see her two sons build their own houses in Tanzania; she has already secured land for them.
Once they become more stable and secure in South Africa, they assist their family members and friends to join them. About half of the Tanzanian migrants interviewed have family members in South Africa and almost 40 percent of them indicated that they were in the process of arranging a sibling’s migration to South Africa.

3.5 The Migration Process

Migrants working in the mining sector indicated that recruitment agencies (Mafisa, TEBA and Weneala) operating in Lesotho, Mozambique and South Africa, arranged all the logistics for them, including visa applications, work permits, employment, transportation costs and accommodation in South Africa. These agencies have been in operation for the past 20 years and are well connected at the Department of Home Affairs and the mines. The mineworkers union also has strong political clout and ensures protection and security for migrant, as well as local, mineworkers.

Some respondents from Mozambique, Lesotho and Swaziland indicated that traveling to South Africa with a valid passport is convenient enough. They inform the border patrol officials that they are coming to South Africa to visit their families, although they plan to seek work and remain in South Africa. Other respondents from Zimbabwe and Tanzania are qualified graduates working in the formal industry.

Illegal migrants also use a formal, structured process once arriving in South Africa. In most cases, they apply for work permits or asylum in South Africa, when they are already working, whether in the formal or informal sectors. Many indicated a fear of the South African Police and the Immigration Officers.

The Role of Religious and Social Networks

Respondents from Zimbabwe indicated that there are currently two groups operating in Zimbabwe and South Africa that have assisted them with migration:

- The Zion Apostle Church; and
- The Tsikamatenda Group

The Zion Apostle Church raises money and financially supports Zimbabweans migrating to South Africa with travel and lodging assistance. They have a branch in Johannesburg and their congregation is well organized. The Tsikamatenda Group helps Zimbabweans to secure work permits and to apply for passports and sometimes asylum. The respondents indicated that the group has a network of NGO’s and contractors in South Africa that help with job placement. Respondents from DRC and Tanzania indicated that there is a youth fellowship group operating in Pretoria West in South Africa that helps
both countries' citizens with employment, visas and work permits. This group has partnered with civil society organizations in South Africa to set up cultural orientation programs for migrants. There are two organizations that primarily assist migrant Mozambican mineworkers. *Amemos* is a formal organization that functions almost like a trade union and represents legally employed mineworkers across South Africa. Membership is US$3.25 per month, and the group, in addition to looking after the work interests of its members, assists with customs when members take goods to Mozambique or bring them to South Africa. They also offer funeral insurance plans to members. The other organization, Ocmas, assists illegal migrants.

About 80 percent of the migrants interviewed indicated that their families and friends assisted them financially to travel to South Africa. As indicated before, some even sold their homes and cattle to raise funds for transport and bribes. A few respondents borrowed money. They start paying the money back as soon as they find employment. Some indicated that the money that they send home is partly to repay the money back and as a token of appreciation, although the social obligations are present whether family helped finance migration or not. About 18 percent of the respondents were employed in their country of origin, and saved their money for transport and accommodation before they came to South Africa to look for work.

Once migrants are settled, they often assist other family members to come and work in South Africa. In this way they also ‘pay’ back their debt. Many migrant businesses such as beauty salons, pubs and import/export companies only employ people from the same country of origin or religious group.

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26 All conversions use 1 USD = 7.7 Rand
3.6 Length of Stay

About 70 percent of the migrants indicated that they want to stay permanently in South Africa, because it is a stable, growing country with relaxed migration and asylum laws. Some of the migrants from the DRC and Zimbabwe (20 percent of all migrants interviewed) indicated that they want to return home once the situations in their countries have stabilized. 30 percent of the migrants interviewed were unclear about their anticipated length of stay, as it will be determined by conditions in their home country.

Many, however, are afraid that once they return to their country of origin they might not find employment. Social unrest has created few job opportunities and the only way to sustain their families was to migrate to South Africa and seek employment. Giving up that employment to return home will not be an easy decision. The length of stay of migrants in South Africa is determined by the improvement in their financial position and the living conditions of their families.

Approximately 56 percent of the Mozambican migrants indicated that they want to stay permanently in South Africa, because for them it is stable and growing with employment opportunities. Forty percent of these migrants, who wish to stay, are married to South Africans. All the Mozambican mine workers interviewed indicated that they will go back to Mozambique when they retire. The current length of stay for migrants ranged from one to twenty-one years. Most of the Mozambicans originally indicated that they have no choice but to stay for as long as possible in South Africa. This sentiment, however, has changed dramatically as a result of May’s xenophobic attacks.

The Tanzanians interviewed by the field workers have lived in South Africa for between two and fifteen years. Only one Tanzanian migrant has houses in both South Africa and Tanzania. He has business interests in both countries and indicated he wants to stay permanently in South Africa. He commutes regularly between the two countries to oversee his business interests. He also continues to financially support his family in Tanzania.
Other Tanzanian migrants indicated that they want to return to Tanzania as soon as their financial position has improved to the extent that they can afford a home and have sufficient capital to start their own businesses in Tanzania. These findings differ from the interim report’s findings. Although Tanzanians were less affected by the xenophobic attacks, they indicated that there are certain ‘no go’ areas in the townships around Johannesburg and Pretoria, especially Alexandra, Tembisa and Mamelodi townships that have adverse impacts on their businesses. One migrant indicated that he plans to return to Tanzania as quickly as possible because of the attacks.

3.7 Conditions in Host Country

South Africa has not signed the *International Convention on the Protection of the Rights of Migrant Workers*. Neither expatriate workers nor members of their families have legal protection against wage exploitation.27

Most of the migrants live in the former black townships. Prices for houses range from US$37,000 to US$78,000. Lot prices vary, but start from US$12,000 to US$17,000. As a result, most rent an informal shack for between US$US$19 and US$33 with electricity and water. Migrants who fled the xenophobic riots generally sold their shacks with everything in it to other migrants for about US$260. Migrants staying in the CBD rent apartments for US$260 to US$390 per month with water and electricity. Most migrant mineworkers stay in company hostels to save money.

3.8 Occupations and Income

Out of the 81 migrants interviewed, 28 work in the formal sector and 53 in the informal sector. The 35 percent employed in the formal sector work in imports and exports, mining, education, NGO’s and hospitality. The mining and the construction industry are the major sources of formal employment for migrants. The 65 percent informal workers are employed in a variety of occupations: salon owners, construction workers, farm workers and shop owners, among other occupations. The average monthly income is USUS$ 835 but there are significant variations by country of origin that reflect both their occupation and length of stay. The average monthly income of DRC migrants is USUS$ 1,475 while Zimbabweans only earn USUS$ 458 on average. Self-employed respondents earn between US$260 and US$1,300 per month.

Mr. E. is a migrant from the DRC and is a qualified technician but works as a car guard at shopping centers to earn a living.

About 50 percent of the respondents from the DRC are qualified professionals. If they were employed in the formal sector in South Africa, they would earn more than US$3,245 per month, but instead they work as security guards and car guards at major shopping centers. They depend on tips from car owners and a small salary from the center management.

The migrants from Zimbabwe and Mozambique are amongst the lowest income earners. They mainly work in construction and agriculture. Building contractors, especially those working on the South Africa Government’s housing program, often pay migrants below standard wages. Some earn less than US$65 per week, making it difficult for them to survive in South Africa, let alone send money home.

The 26 Mozambican and Tanzanian migrants given follow-up interviews have the following employment profiles:

- Six Mozambicans are formally employed in the mining industry and earn between US$235 and US$650 per month;
- One is a hairdresser in the informal sector and earns US$225 per month;
- One is an informal taxi driver and earns US$455 per month;
- One in the informal construction industry and earns US$235 per month;
- One is formally employed at a Mozambican-owned and operated grocer and earns US$390 per month.
- Six Tanzanians work as informal traders selling leather goods and clothing and earn between US$390 and US$3,900 per month;
- Three work in the informal moving industry and earn between US$529 and US$1,300 per month;
- One is in the informal catering industry and earns US$325 per month;
- Two are informal hairdressers and earn between US$650 and US$1,300 per month;
- One designs African jewelry and earns approximately US$455 per month;
- Two are traditional herbalists earning between US$2,600 and US$6,500 per month;
One business man earns US$3,250 per month, supplying fertilizers, selling cosmetics, and importing and exporting various commodity goods.

**Participation in the Formal and Informal Economy of South Africa**

It is estimated that 16 percent of the economically active population in South Africa is employed in the informal sector, of which 10 percent are made up of migrant workers (Pederby, 1997). Most of the street vendors and beauty salon owners around Gauteng and the North West Province are migrants. They gave the following reasons for working the informal sector:

- Survival and income generating opportunities
- Lack of skills to get employment in the formal sector
- It is better to be self employed than to be exploited by a South African
- Want to pursue their artistic skills
- They are refugees with no identity documents or permits and cannot get employment in the formal sector

Migrants contribute in many ways to the local economy in the South African provinces where they settle. Approximately 52 percent of a migrants’ income goes toward living expenses such as rent, food and electricity in South Africa. Many migrants also employ South African local labor in their salons and trade and export businesses. A study conducted by the South African Migrant Project estimated that about half of the employees hired migrants with small businesses are South African (The Economist, 08/31/2000).

A number of products sold by migrants in the informal street markets are imported, like carved woodwork, raw stones, doilies and baskets. They pay custom duties when they bring these products through the border posts. Formal employees pay taxes and make contributions towards retirement funds. Consequently, the majority of the money earned in South Africa is continuously recycled back into the South African economy. Research done by the
FinMark Trust indicates that approximately $886 million are remitted by migrants in South Africa annually. Coupled with the percent of income that migrants send home, one can estimate that migrants directly generate close to $1.86 billion per year in South Africa. Unfortunately it is difficult to obtain accurate, official statistics.

**Micro Enterprise Investment**

Approximately 21 of the 81 migrants (26 percent) interviewed were self-employed. Some of the 81 respondents indicated that they want to save more money in the near future to expand their micro businesses or to start their own small businesses. One respondent indicated that hardships have taught him not to rely on the state or private sector for employment. People must take it upon themselves to become their own bosses. Some respondents will start saving once they get a sustainable source of income. Their current earnings do not allow them to start a new business initiative.

*Photos: Tina’s Hair Salon, Christine and Laura at Work, Laura’s Family in Mozambique*

Christine M., originally from Mozambique, started Tina’s hairdressing/beauty salon in one of the busiest streets in Mamelodi Township in order to survive in South Africa. She also employs her sister Sheila and Laura, both Mozambican. They operate 7 days a week.

Ms. Laura M. told the field workers that she came to South Africa in 2006 to try to improve the living conditions of her family in Mozambique. Her mother paid all her traveling expenses. She has been working for two years at her cousin’s salon. Christine did not wish to give information regarding her family in Mozambique. Ms. M. earns US$324 per month, of which she remits US$65 through friends and relatives who are traveling to Mozambique. The money is used to buy food, pay school fees and provide for other living expenses. She hopes to start saving to one day start her own business in Mozambique.

Her mother, Shelipsy J., owns a one bedroom house without water, sanitation or electricity that she shares with five other family members. She said that life has improved drastically in their house since Laura went to South Africa and started sending money. She plans to send Laura’s younger brother to South Africa to help Laura support the family. Laura comes home twice a year, over Easter and Christmas and then she brings clothes for the whole family. According to Mrs. J., Laura’s dream is to buy a piece of land but her current income is insufficient.
Informal construction workers indicated that it was very difficult for them to start investing in new micro enterprises because 52 percent of their salaries goes to food, rent and remittances to their families. Micro enterprises however are an ideal opportunity for them to improve their living conditions and are part of their long-term strategies to improve their living conditions.

The Mozambican migrants interviewed for the survey are more involved in the formal sector. These legal migrants are in high demand as they are regarded as very hard working. The Mozambican mine workers interviewed do not intend to start their own businesses. They prefer to work in the mines until retirement to support their families in Mozambique. The Tanzanian migrants are more business orientated. They intend to establish and grow their businesses before moving on to acquire land or to build a house, which is more of a long-term goal. They are all more affluent compared to the Mozambicans who are more geared towards survival.

3.9 Remittances to Family Members

Migrants indicated that remittances are transferred both formally and informally. Formal remittances are sent through banks, the Post Office and money transfer companies, such as Rennies Travel/Thomas Cook (Money Gram) and International Exchange Bureau. Informal channels include family members, friends and money carriers. Migrants also sometimes make use of cross-border taxi drivers and truck drivers. The current rate to send money through these informal channels is 10 percent of the remittance. The transport services and taxi drivers are mostly used by Mozambicans, Zimbabweans and Lesothans. The system is generally well organized, effective and inexpensive.
Senders do not have to provide identification, but the recipient must provide some form of identification to the drivers. Migrants informed us that they build relations with the person transferring their money to ensure that the remittances reach their families. They know which drivers and transport carriers they can trust.

Standard Bank in partnership with Rennies Travel/Thomas Cook makes it possible for migrants to send money via Money Gram to their families in Mozambique, Zimbabwe, DRC and Tanzania. Recipients must provide the Money Gram agents with the reference number, which was given to the migrant at the time of the transaction. Some form of identification is normally required to get the money. The cost of sending money via Money Gram depends on the exchange rate of the US Dollar on the specific date.

Migrants from Lesotho and Swaziland make use of the South African Postal Services to send money. An electronic money order from the Post Office cost US$5.03 plus 3 percent of the value of the money order and includes a private message of 12 words.

Other services are less expensive:

- For a local money order US$3.52 plus 3 percent of the value of the money is charged
- Pin money order is US$2.23 plus 3 percent of the value of the money order
- Mzanzi money order is US$2.73 plus 1.5 percent of the value of the money order.

Photos: Postbank Visa Card, Mr. M. and a Field Researcher

Mr. Hamedi M. came to South Africa during 1997 to start his own traditional herbalist business. He has a similar practice in Tanzania. He earns approximately US$6,485 per month in South Africa and remits US$1,297 per month to his family in Tanzania. He is married to a South African and has permanent residence status in South Africa. To transfer money to Tanzania he uses a bank account at Postbank. He has given one ATM card to his family in Tanzania which they can use to withdraw money from any ATM that accepts VISA.
The maximum amount per money order is US$260. No limit is imposed on the number of money orders sent. Mzanzi money order has a limit of US$649 and a monthly limit of US$3,247. Goods and other parcels sent via Cargo or DHL require that families pay duties in their country to collect the parcels in addition to transport fees.

Vodacom introduced M-PESA in Tanzania in April, 2008. This service allows Tanzanians to transfer money and access basic banking services using a mobile phone within Tanzania. International transfers are not yet possible using M-PESA, but a pilot project to allow transfers from the UK to Kenya is currently under way. Allowing the service to operate between South Africa, Mozambique and Tanzania would create new opportunities for migrant workers.

Respondents from Zimbabwe tend to buy food and clothing in South Africa, which they send with taxi drivers or transport companies to their families in Zimbabwe. Zimbabwe is currently experiencing food shortages at most supermarkets. With food both rare and dear, Zimbabweans cross the border to buy food in the nearest South African towns, such as Musina. A few Zimbabweans, who work together, indicated that they take turns transporting money to their families in person.

In the North West Province, Kawena Distributor, a company with offices in the CBD of Rustenburg and in the hostel of Impala Platinum Mines, provide goods transfer services for people from Mozambique. Mozambicans can order items from a list of groceries, household appliances and furniture to be delivered to their families in Mozambique. All transactions are done in South African Rand. Customers can go to Kawena Distributors in South, place an order and send their family the original order form. The family can then use the form to collect the items from Kawena Distributors warehouse in Mozambique. Alternatively, Kawena Distributors can arrange for the order form to be
faxed from their offices to the warehouse at a cost. In this case, the family member will only have to quote the order number to get the goods at the warehouse.

Kawena Distributors operates 27 branches and agencies throughout South Africa. A sales team of more than 100 representatives and agents provides services at the mines. The goods are delivered to a network of 15 warehouses throughout the Maputo, Gaza and Inhambane Provinces in Mozambique. There is also a large trans-shipment warehouse of 60 000m$^2$ in Machava with a private rail siding and overhead gantries.

*Traditional Obligations towards Extended Families and Kin Groups.*

As previously noted, migration can be a social responsibility. Often the first born male in the family is expected to migrate to South Africa. The family raises the initial transport and accommodation costs for migration. They are then traditionally obliged to look after family members in the home country and to sponsor other family members who wish to come to work in South Africa. All households interviewed in Tanzania indicated that the migrants working in South Africa had funded or would fund migration for a younger sibling.

Kinship and national identity can also help secure employment in South Africa. Farmers in Mpumalanga Province mainly employ people from Zimbabwe and Mozambique. Originally from Zimbabwe, one farm owner in the Leeupoort area only employs Zimbabweans. Usually migrant men from the same village or country come together in South Africa. They maintain formal links with their village or country of origin. These groups are usually social, political, or religious. They meet regularly to ensure that members of the group send regular remittances to their families, and to help unemployed members find work. These groups are important agents for development.
Eighty percent of employees at Fresh Ways, a Mozambican-owned fruit and vegetable store in East Pretoria, are Mozambican. Mr. Romanos M. has been a general worker there since 2004 and earns US$389 per month. His uncle recruited him to come to work in South Africa and financed the migration process. Romanos and his wife and children, who recently came to join him from Mozambique, rent a shack in Mamelodi East for US$32 per month. He remits US$65 per month to his brother in Mozambique via taxi drivers. He bought some land in Mozambique and a portion of his remittance goes towards servicing debt on the land. The rest pays for groceries and educational expenses for his family.

His brother, Mr. Joachim M., works in the informal economy selling cooked food and earns about US$38 per month. The money that they receive from Romanos helps Joachim and his four dependents but is insufficient. They live in extremely deprived conditions.

**Family Demands and Household Decision Making**

Eighty percent of interviewed migrants indicated that they unable to meet all of the needs of their families at home. Remittances cover most basic food and education expenses but not transport costs or investment. One Mozambican respondent indicated that it is the cultural duty of the oldest son to make sure that the younger ones at home are educated. Remittances are often sent for a particular need. The amount and use of remittances are negotiated with the family. Migrants are optimistic that the money they send will be spent well, but they do not have control over the use of the money or goods sent home. In most instances, they compromise their own living standards in South Africa to care for their families in their country of origin. Some respondents indicated that different rules of inheritance may influence remittance spending decisions.

3.10 **Savings and Long-Term Investment Strategies**

Remittances are used primarily for food and clothes. Only 2 percent indicated that their remittances are used to pay for debt. As stated earlier, some respondents invest in their family members' education and health needs. In addition to sending remittances for...
families at home, many migrants are in the process of saving to invest in housing. From the 81 migrants that were interviewed the following breakdown can be made based on investment on housing:

- 41.9 percent have started saving to build houses in their country of origin
- 13.5 percent are saving to build a house in South Africa. (These are migrants with permanent residence).
- 12.3 percent will start saving in the next six months
- 32 percent are not saving at all

Most of the migrants who are saving have jobs in the formal economy. Those saving to construct in their home countries feel that after working in South Africa they must be able to have a house of their own when they return. Nearly 80 percent of Mozambican migrants already owned a piece of land and 50 percent were saving for land or housing construction. Others had already constructed a home. Forty-four percent of Tanzanian migrants owned a piece of land, but only two out of sixteen were saving for housing.

Most of the migrants, who are not saving, work in the informal economy. They offer the following reasons for their inability to save:

- Salary insufficient to cover living expenses, family remittances, and savings.
- Ineligible to use banks without South African Identity document.
- Previously joined a savings scheme (“stokvels”) only to find their money disappear.

Migrants place a high priority on obtaining housing. Approximately 80 percent of respondents indicated that housing serves as a shelter and an investment and also provides status for their families. Others mentioned that a house is a fixed asset that appreciates in value over time and can be transferred to family members or sold at a later stage for a profit. Unlike Mozambican migrants, Tanzanian migrants tended to be more concerned with business than housing investment. Nevertheless, all, including those who preferred to remain in South Africa, indicated a strong desire to build a house in Tanzania. All migrants indicated that they first purchased land and then will build the house themselves on the land. Without financial services, it is the only option for constructing an affordable home.

**Land and Housing**

The respondents wishing to stay in South Africa and acquire better housing stated that it is currently very difficult to apply for a loan. Some of the challenges they are facing are:

1. Migrants must stay at least five years in South Africa and obtain permanent resident status before they can apply for a loan.
2. Migrants must be in possession of a green, bar coded South African identity document to open a bank account or buy property and, as a result, most of the informal workers do not have bank accounts and cannot buy property or apply for a loan.

3. There are no public or private housing programs targeting migrants in South Africa.

4. Farmers have stopped providing houses for migrant farm workers on their farms because of numerous legal impediments.

There are currently no measures in place in South Africa to assist migrants without permanent residence to obtain a loan to purchase land or even purchase land outright. There is no indication that government is going to consider this in the near future.

Most of the informal farm, construction and security workers indicated that a house is very important to them, but at this stage they are not in a position to buy houses in South Africa due to legal constraints. The majorities of illegal immigrants live in shacks and pay monthly rent to a landlord. Some respondents indicated that they already have houses in their country of origin.

Only migrants that have a South African identity documents and permanent resident status can participate in the government housing programs. Given that illegal migrants cannot rent or own property legally, the millennium development goal of eradicating South Africa’s informal settlements by 2014 appears untenable.

The situation in the labor exporting countries varies considerably. In Mozambique, the legal system recognizes and protects property rights for buildings and movable property. Private ownership of land, however, does not exist. Instead, the government grants land-use concessions for periods of up to 50 years with options to renew and at times has granted overlapping land concessions.
Essentially land-use concessions serve as proxies for land title but cannot be used as collateral for loans. Mozambican banks use cars and buildings rather than land as collateral. Land surveys are being carried out throughout the country to enable individuals formally to register their land concessions. This process is moving slowly and will not provide any real legal protection to investors for some time to come. Land prices for a leasehold on government land range from between US$ 400 and US$ 800 for a small parcel.28 No one was prepared to give the interviewers a cost estimate to build a three-room house as prices have escalated alarmingly over the last three months.

In Tanzania, all land belongs to the government and there is no freehold system. Tenure rights are in the form of a leasehold or other occupancy right. The primary legislation governing landownership is the Land Act, No. 4 of 1999 and the Village Act, No. 5 of 1999. Under the Land Act, there are several categories of land but the most relevant is general land. In urban areas, there are both surveyed and unsurveyed land plots. The prices of surveyed land vary between US$ 17,200 and US$ 51,600. The price for an unsurveyed plot is approximately US$ 8,600.29 The majority of the families visited in Tanzania lived in houses on unsurveyed land.

At the moment, opportunities for migrants to obtain access to property or improved housing conditions in South Africa are limited. Mozambican mineworkers, however, are required to defer wages through a bilateral agreement between the governments of South Africa and Mozambique.

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28 1 US$ = 42 MZM
29 1 US$ = 1,163 TZS
These mineworkers defer 60 percent of net earnings to the central bank of Mozambique for 6 months of their 12 month contract, or 12 of their 18 month contract. They cannot access their deferred wages until the end of their contracts. Contracts range from 12 months to 18 months and must be renewed frequently. An estimated US$86 million were collected from Mineworkers in 2005. If the miners work for a number of years, the deferment can be substantial.

TEBA Savings Fund acquired a banking license in 2000, which allowed it to operate as a micro-finance bank. TEBA Bank was established as a development institution to provide affordable and quality financial services to mine workers, their families and communities. TEBA Bank has developed a product called Create a Dream Home Loan. The loan is fully secured by the customers’ provident or pension fund. The maximum loan size is US$45,000 and the maximum term is 10 years. The product is available in any area in South Africa where a TEBA Bank branch is in close proximity, but only to South Africans and permanent residents. Mozambican mineworkers only qualify for ordinary loans with a repayment period equivalent to their contract.

TEBA Bank recently made a submission to the South African Reserve Bank (Exchange Control Regulation Section) requesting a license for their housing scheme to accommodate the foreigners. They have many Mozambican customers. TEBA Bank has a number of branches in Mozambique and allowing Mozambicans to participate in the program would assist mineworkers to invest in land and housing.

*Investments in Micro Enterprises and Housing*

The decision to invest in micro-enterprises or housing depends largely and the migrant and migrant’s family’s financial situation. The majority of the migrants interviewed indicated that the first priority is to support family with remittances. It does not matter if they own a house, as long as they have food, clothes and the children can go to school. For them investment in housing is a long term goal.

Migrants with businesses all indicated a desire to save to expand their businesses. Fifty percent of Tanzanian migrants were saving to either expand their existing businesses or to start a new business. However, only 1 out of the 10 Mozambicans interviewed is saving money to start his own business. Since few have access to financial institutions to obtain loans or bonds, migrants must save money if they want to invest in a micro enterprise or a house.
3.11. Summary of Key Issues

Migrants attracted to South Africa by the promise of higher wages face many difficulties. Those illegally in the country are often exploited and mistreated. Last fall, in the townships around Pretoria, Zimbabwean migrants were attacked and their shacks burnt down by xenophobic local residents who accused the Zimbabweans of working for much lower wages than South Africa citizens and of committing the majority of housebreakings and robberies. These anti-immigrant sentiments are common and in part the result of the significant income and educational disparities in the country. The scale of last May’s xenophobic violence, however, was unprecedented and forced tens of thousands of migrants to flee. Many were killed in gruesome mob attacks.

Yet, South Africa continues to be a major magnet for its neighbors as its economy is five and quarter times larger than the combined economies of the DRC, Lesotho, Mozambique, Tanzania, and Zimbabwe while its population of 47 million is only 35 percent of the combined population of the other countries. Event though the economies of its neighbors have all experienced economic growth over the past five years, with the exception of Zimbabwe which has been in rapid economic decline, South Africa is clearly the region’s leader. Even when accounting for purchasing power parity (PPP), South Africa’s economy vastly outperforms the other countries at $8,807 in 2006 compared to $272 for the DRC, $1,395 for Lesotho, $716 for Mozambique, and $964 for Tanzania. PPP calculations are not available for Zimbabwe, but its per capita GDP is below Lesotho’s but above Tanzania’s. In absolute terms, South Africa’s per capita GDP is between 6.7 and 39 times larger than each of the other countries’.

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<tr>
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<tbody>
<tr>
<td>Congo (DRC)</td>
<td>60,643,890</td>
<td>$91</td>
<td>$272</td>
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<tr>
<td>Lesotho</td>
<td>1,994,888</td>
<td>$528</td>
<td>$1,395</td>
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<tr>
<td>Mozambique</td>
<td>20,971,449</td>
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<tr>
<td>South Africa</td>
<td>47,391,025</td>
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<td>$8,807</td>
</tr>
<tr>
<td>Tanzania</td>
<td>39,458,709</td>
<td>$335</td>
<td>$964</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>13,228,191</td>
<td>$428</td>
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Source: World Bank World Development Indicators, 2006

It is therefore not surprising that it continues to be a favored labor destination and that remittances continue contribute significantly to the welfare of many households in Lesotho, DRC, Tanzania, Zimbabwe and Mozambique. They primarily improve standards of living, shelter, and access to health care and education. However, to realize
the full potential of remittances, there is a need to formalize the flow of remittances and create an environment for sustainable investment.

With the exception of Mozambican mine workers whose formal legal status has allowed them to participate in a compulsory savings scheme as well as a quasi-union, Amemos, which provides assistance in case of an emergency, the lack of formal mechanisms to encourage savings for investment back home has proved to be an impediment to the ability of South Africa’s labor exporting neighbors to take full advantage of remittances as part of their own economic development strategy. Given the competition that exists in urban areas between low-income South Africans and expatriate workers, particularly in the informal economy, the creation of institutionalized channels to encourage migrants to save and invest back home should be undertaken by their home countries. While the current hyperinflation and political uncertainty in Zimbabwe present major obstacles, Lesotho, Mozambique, Tanzania and DRC would benefit from the transfer of sophisticated financing mechanisms like those used in Senegal to encourage savings and domestic investments by migrant workers.
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