Internal Remittances and Poverty: Further Evidence from Africa and Asia

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Abstract

Despite the fact that the number of internal migrants globally is at least 740 million, nearly four times the number of international migrants, there is hardly any discussion on internal remittances and their potential to reduce poverty. Families that 'send' internal migrants are, on average, poorer than those of international migrants, and the receipt of remittances, even if smaller in amount than international remittances, has the potential to improve standards of living and overall wellbeing with possible multiplier effects for origin areas. Building on earlier work on Ghana and India, this paper examines secondary data from household surveys for six countries in Africa and Asia (Nigeria, Rwanda, South Africa, Uganda, Bangladesh and Vietnam), to show the significance of internal remittances as well as the characteristics of receiving areas and households. The paper shows that internal migrants outnumber international migrants in most of the countries under study and that internal remittances flow to a larger number of receiving households, mainly in poor rural areas. An examination of the patterns of internal migration and the drivers for migration shows that most migrants originate from poorer regions and go to richer regions. Although it is not possible to establish causality or address endogeneity on the basis of these data and computations alone, the mapping and assessment of internal remittances provides a useful picture of the significance of these monetary flows in poor countries and challenges the notion that internal remittances need not be considered in development planning. While we do not claim to establish that these remittances are reducing poverty, they are received in significant magnitudes by poor households, and complementary evidence shows that migration is usually undertaken to improve living standards and overall wellbeing.

The paper opens with an overview of the state of knowledge on internal remittances and poverty, followed by a brief discussion of the context of the different countries under consideration. It then continues to provide an estimate of the total volume of internal remittances in contrast to the volume of international remittances. Where the necessary data are available, the paper also discusses where internal remittances originate from, where they flow to, the characteristics of the households that send them and receive them, and the uses to which they are put.

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Introduction

The latest figures on global remittances, transfers made by migrants to their countries of origin, show that flows were expected to total nearly $414 billion in 2013, up 6.3 per cent over 2012 (World Bank 2013). Research and policy debates on international remittances have grown, as governments attempt to harness these resources that exceed official development assistance in many countries. By contrast, discussion on internal remittances remains virtually non-existent, both due to the paucity of statistics and the difficulty of capturing flows through informal channels, but also because of the view among national accounts organisations that tracking internal remittances is not needed (Sander 2003). Although a few studies have shown that internal remittances flow to a larger number of poorer, often rural, households (Castaldo *et al.* 2012; Housen *et al.* 2013), with the potential to reduce poverty and build human capital (Adams 2007 on Ghana; Adams 2005 on Guatemala; Lokshin *et al.* 2010 on Nepal; Taylor *et al.* 2005 on Mexico), there continues to be a striking dearth of comparative research on the issue that would help to create a global picture. Unlike international remittances, there are no global estimates of the size of total internal remittances. There are not even country-level estimates on the volume of internal remittances that would allow a comparison with international remittances and their impacts on poverty and human development.

The present paper is based on the analysis of large household survey data from six countries across sub-Saharan Africa and Asia: Nigeria, Rwanda, South Africa, Uganda, Bangladesh and Vietnam. This complements earlier work done on this issue for Ghana and India (Castaldo *et al.* 2012). The reason for choosing these six countries for the analysis was confidence in the quality of the data, a high incidence of internal migration, driven generally by regional inequalities and high rural poverty. While the degree of human development differs between the individual countries under consideration, nearly all have highly unequal levels of development between regions and between the rich and poor, as can be seen in the inequality adjusted HDI. Therefore, the four countries with low levels of HDI show even lower levels when adjusted for inequality: Rwanda, ranked 167 with an HDI of 0.434, drops 5 ranks to an IHDI of 0.287; Nigeria, ranked 153 with an HDI of 0.471, drops 13 ranks to an IHDI of 0.276; Bangladesh, ranked 146 with an HDI of 0.515, drops 5 ranks to an IHDI of 0.374; and Uganda, ranked 161 with an HDI of 0.456, drops 3 ranks to an IHDI of 0.303. On the other hand, the two countries that are ranked as medium level human development have extremely high levels of inequality. South Africa, ranked 121 with an HDI of 0.629, does not seem to have an IHDI, but we know from complementary evidence that this would be extremely low given the continuing disparities between the affluence and human development indicators of whites and blacks. Vietnam is ranked 127 with an HDI of 0.617, but this drops by 14 ranks to an IHDI of 0.531, showing how unequal the country is.

Data sources

The remittance data used in the present analysis are mostly drawn from large, nationally representative sample surveys, which often provide more up-to-date and detailed information on migration and remittances than do censuses. The main advantage of household surveys over censuses is that they provide information on out-migrants, and it is therefore easier to analyse the impact of such migration and remittances on the household at origin, whereas censuses contain information on in-migrants. Censuses also generally do not collect information on remittances. Surveys cover a smaller number of households than does a census, but they tend to collect more detail on household assets and enterprise, employment, income and expenditure, which makes it easier to link migration with impacts on poverty and wellbeing. Where panel data are available, it is possible to examine the change in poverty and wellbeing over time and the contribution of migration to that process. Although it is difficult to interview migrants who are away, a few surveys do track migrants and interview them at their new location (e.g. the Kagera Health and Development Survey in Tanzania). Although relatively rare, it is possible to collect some information by proxy. In cases where migrants are home in between trips (seasonal, circular and other short term migration), it may be possible to speak to them directly about their migration experiences. The receipt of remittances can however be reported reasonably accurately by the origin household.[1] Household surveys collect migration and remittance information in different ways: either as a separate section (for example, the National Sample Survey in India and the Living Standards Surveys in Ghana, Nepal and Vietnam), or as part of another subject, such as health or education. While most surveys collect information about migration of all household members, some collect information of the household head only.

In the present paper, data on remittances from household surveys is complemented by migration data from secondary sources, including census and other household surveys where possible. This way a picture if provided of the geographical aspects of migration, as to regions that are predominantly out-migration areas and regions that are predominantly in-migration areas.

Remittance data for Nigeria and Uganda are drawn from The World Bank Migration and Remittances Surveys, which used a standardised methodology in six African countries during 2009 and 2010. The surveys define a migrant as a person who used to live in the household in which the interview was conducted but left before the interview to live abroad, or in another village or urban area within the country, for at least six months (Plaza *et al.* 2011). Remittances (both international and internal) are defined as person-to-person transfers of resources (both money and in-kind) sent by migrant workers and others. The survey in Nigeria covered a total of 13,414 households, from which roughly 3,000 migrant households were selected. Households with internal migrants accounted for 57 per cent of these. Of all households with migrants, 48.11 per cent stated that they had received remittances during the migrant's last migration episode. In Uganda 2000 households were selected through a two stage stratified sampling process. In the first stage, 200 enumeration areas (EAs) were identified from the 2002 Census and sample proportions were determined according to the 2006 Uganda Household Survey. Ten households were selected from each of the 200 EAs, to include four households with an international migrant, three households with one or more internal migrants, and three households with no migrants. In this case sample weights are calculated by multiplying the sampling fractions for the first and second stages.

[1] Remittances may be captured separately or included in transfers received by the households; and in some cases remittance receipts include transfers from non-household members.

In the case of South Africa, the analysis is based on the second wave of the National Income Dynamic Survey (NIDS), conducted in 2010-11, which includes more comprehensive questions on migration and remittances compared to other nationally representative household surveys in South Africa. The aim of the survey is to collect data on: (1) income and expenditure; (2) household composition and migration dynamics; (3) social dynamics like employment, education and health; and (4) access to social services and benefits. Sampling has been done in a two-stage cluster exercise wherein 400 primary sampling units (PSUs) were identified from 53 district councils across South Africa. Within each PSU, 24 dwellings (which may contain more than one household each) were sampled. However, the sample is not representative of the population at provincial level. While information was gathered for all members of the household, only resident members were interviewed. For the purpose of the survey, a distinction was made between household membership and household residency: members of the household are defined as individuals spending at least fifteen days a year at the dwelling, while residents are those who sleep at least four nights per week under the roof. Only residents qualified for the questionnaire. Individuals regarded as 'out-of-scope' at the time of the interview represent an exception to this criterion. These were people living in prisons, hospitals or other institutions where interviews were not being carried out. In this case, a proxy questionnaire was answered by an adult member of the household on behalf of the non-resident. The first wave (conducted in 2008) covered 28,247 individuals. The second wave (conducted in 2010-11) covered 22,050, of whom 21,955 were part of the sample for this research.

Data for Bangladesh were drawn from the Household Income and Expenditure Survey (HIES) 2010, which is a collaborative effort of the Bangladesh Bureau of Statistics (BBS) and the World Bank. The survey provides data on poverty, income inequality, consumption patterns and living standards. The 2010 round surveyed 12,240 households, 7,840 rural and 4,400 urban, and includes a special module on migration and remittances.

Table 1: Data sources and their characteristics

Survey Name And Location	Sample Size	Period Of Data Collection	Definition Of Migrant And Remittances
NIDS II, South Africa	21955	2010/11	NIDS captures not just remittance flows sent from an absent member of the household, but also contributions received from non-member people.
Africa Migration Survey, Nigeria	13414; 3000 migrant and remaining non-migrant HH. HH were classified as non-migrant, internal or international but data indicate that a quarter of the HH had both internal and international migrants.	2009/10	A migrant is a person who used to live in a household in the country in which the interview was conducted, but left before the interview to live abroad, or in another village or urban area within the country, for at least six months. Remittances (both international and internal) are defined as person- to-person transfers of resources (both money and in-kind) sent by migrant workers and others.
Rwanda Third national household living conditions survey	14308	2010/11	The surveys captures remittances from former household members and others, whether these are sent from within or outside the country.

Africa Migration survey, Uganda	2000 HH; two stage stratified sampling 200 enumeration areas with purposive sampling for international, internal and non-migrant HH.	2009/10	A migrant is a person who used to live in a household in the country in which the interview was conducted, but left before the interview to live abroad, or in another village or urban area within the country, for at least six months. Remittances (both international and internal) are defined as person-to-person transfers of resources (both money and in-kind) sent by migrant workers and others.
Vietnam Household Living Standards Survey	9189 in the income and expenditure component of the survey. Urban and rural wards across 8 regions.	2006	Established by the World Bank in 1980 to explore ways of improving the type and quality of household data collected by government statistical offices in developing countries. Objectives were to develop new methods for monitoring progress in raising levels of living. Surveys have been conducted in more than two dozen countries.
Bangladesh Household Income and Expenditure Survey	12240; 7,840 rural and 4,400 urban HH.	2010/11	The 2010 round of the HIES introduced a new module on domestic and international migration which also contains data on remittances. The survey collects information on migrants who have left their original place of residence to move to another location within the country or abroad.

Data for Vietnam were taken from the 2006 Household Living Standards Survey. This nationally representative survey covers a total of 45,945 households, out of which we focus on the 9,189 households in the income and expenditure survey subcomponent. Interviews were conducted in urban and rural communes/wards across the eight regions of the country, and data were collected in two rounds. The World Bank and UNDP provided support in designing the questionnaire, sampling and analysis.

Data for Rwanda were obtained from the 3rd Integrated Households Living Condition Survey (EICV3), conducted in 2010-11, which aims to generate data for analysing poverty and living conditions in the country. It surveyed 14,308 households across the entire country, generating results that are representative both nationally and at the level of the 30 districts.

Many of these surveys have been analysed by others to probe migration and remittance patterns and propensities as well as impacts on enterprise, among other things. Phuong and Magnani (undated), for example, analyse the 2006 Living Standards survey data for Vietnam and document the positive and significant role of domestic remittances on the propensity to start up a new business. Posel (2010) examines the first round of NIDS to show that there was under-reporting of both migration and remittances when compared to other household surveys in South Africa. Based on the same dataset, Posel and Marx (2013) examine the differences in the views of source families and of the migrants themselves with regard to the intention to return and found that half the migrants in the sample intended to return, suggesting a continuation of circular migration. Raihan (2010) used the 2005 round of the HIES in Bangladesh to study the impact of the economic crisis on international remittances, warning against the negative impacts on the national economy and on poorer families dependent on remittances.

Migration and Poverty Patterns

Where available, reports based on recent census data were used to gain an understanding of the migration patterns in the six countries. Population censuses usually contain questions on lifetime migration, defined as people currently living in a location that is different from their place of birth. However, as noted previously, censuses provide data on in-migration by identifying the number and characteristics of people who were born elsewhere and moved to the enumeration area within the previous ten years. Where census data are not available, other reliable secondary sources were utilised. Secondary data from various household surveys were also used to obtain spatially disaggregated data on poverty, to determine how the population below the official poverty line of the country is distributed.

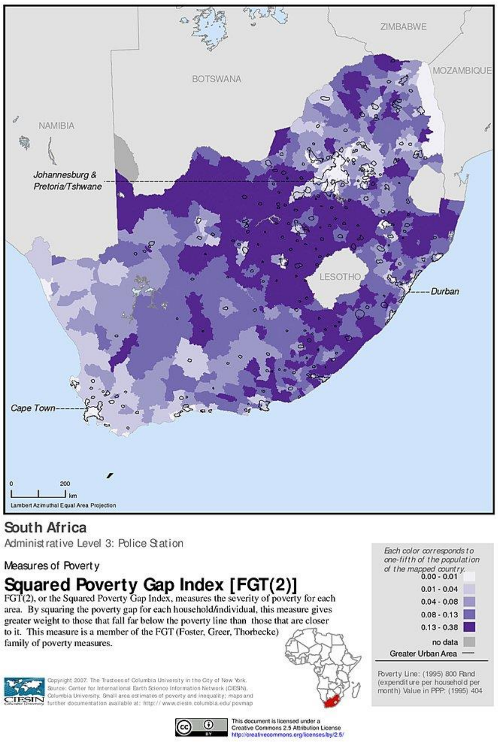
South Africa

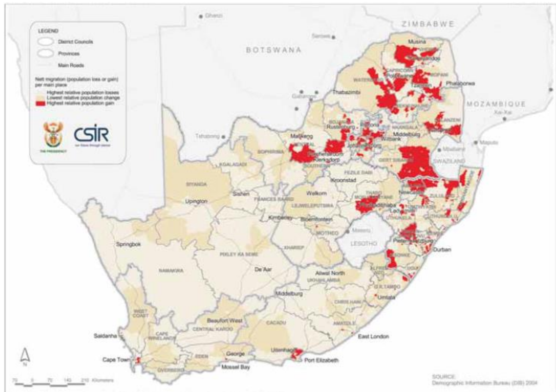
The 2006 National Spatial Development Perspective produced by the government of South Africa (GOSA 2006) indicates that out-migration occurs mainly from the central parts of the country and the erstwhile Bantustans, which are characterised by high rates of poverty, high population densities and limited economic activity. Migrant receiving areas are mainly the cities of Gauteng and the coastal cities, but also secondary cities such as Pietermaritzburg, Nelspruit and Bloemfontein, as well as regional centres such as Rustenburg, Middelburg and Mthata. Rural poverty in South Africa remains high at around 77 per cent (Leibbrandt *et al.* 2010), which reflects deep-rooted economic inequalities. The provinces of the Eastern Cape, Limpopo and KwaZulu Natal are among the poorest according to the 2008 NIDS data (Biyase 2012), with poverty rates higher than 60 per cent. There are strong racial patterns to poverty, which is unsurprising given the history of apartheid which resulted in land ownership and capital being concentrated in the hands of the whites. While 56 per cent of the total African population is poor, only 1 per cent of the white population is poor, with other racial groups falling somewhere in between (Biyase 2012).

Comparisons of migration and poverty maps for the country show that poorer areas (shown in darker colours in the left hand map) are on average more likely to be out-migration areas (lighter colours in the right hand map), whilst destination areas are in and around the richer regions. However, as poorer migrants are not able to settle easily in the heart of the wealthy areas they tend to live in peripheral areas and informal settlements, a pattern which is confirmed by microstudies.

While there has been plenty of research on migration and remittances in South Africa (Cross 2003; Carter and May 1999; Posel 2001; Posel 2010; Posel and Casale 2006), few studies have looked at the geographical link with poverty.

Figure 1: Map of poverty (left) and migration patterns (right) in South Africa





Source: NSDP 2006

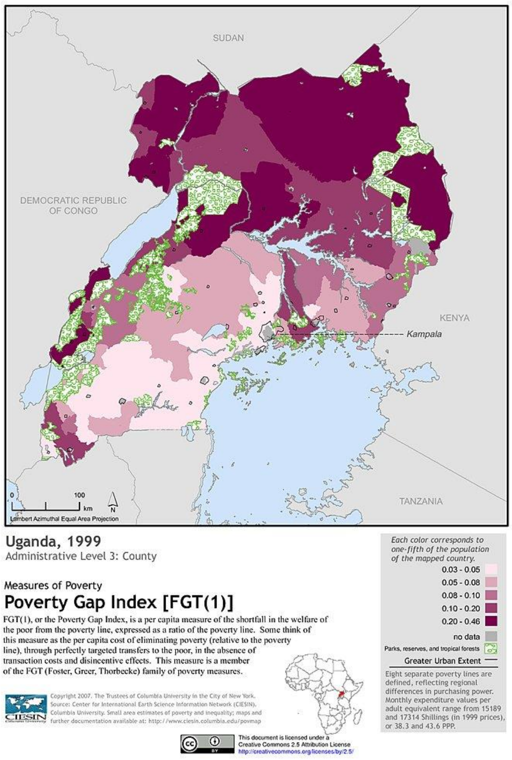
Uganda

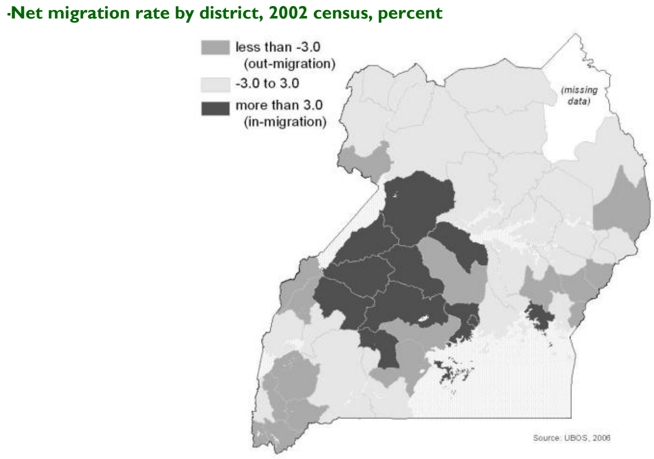
Migration in Uganda after the political crises of the 1970s was characterised by an increase in return from major towns to rural areas (Potts 1997), but by the turn of the century out-migration rates from rural areas had increased once more. According to the 2002 census, more than 5 per cent of the total population (24.2 million at the time) were migrants. While 19 districts experienced a net gain in population in the previous decade, the remaining 36 districts experienced a loss (Mukwaya *et al*. 2011; Uganda Bureau of Statistics 2006). South-western and South-eastern parts of the country, as well as some parts of central Uganda, with high rural population densities have been major out-migration areas. The main migrant receiving area is the Kalangala district (made up of islands in Lake Victoria), followed by Kampala and the peri-urban Wakiso district. These movements mainly take place because of economic opportunities in the urban areas. There is also significant in-migration into the less densely populated rural districts of the Western and Central regions where people move to take advantage of the greater availability of land.

The latest poverty map for Uganda (2005) shows marked clustering of poor sub-counties across the northern part of the country, where in some areas the proportion of the local population living below the official poverty line can be as high as 60 per cent. Poverty rates in the eastern part of the country are lower, but still high at 30-40%. Relatively, Western and Central Uganda are the wealthiest areas, especially around Kampala. The reasons for these spatial patterns are complex and include rainfall and soil quality, access to land, market access and governance.

Comparisons of migration and poverty maps show that poorer areas correspond broadly to those with the highest out-migration and wealthier areas in the centre and west of the country with in-migration.

Figure 2: Map of poverty (left) migration patterns (right) in Uganda



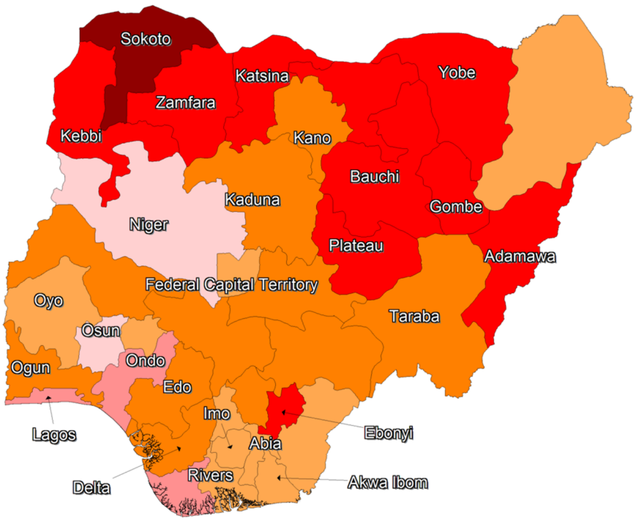


Source: UBOS, 2006

Nigeria

Situated in West Africa, and with a population of over 160 million people, Nigeria is divided into 36 states and the Federal Capital Territory (FCT), Abuja. The 36 states and the FCT of Nigeria are distributed across six geopolitical zones, namely; North Central, North East, North West, South East, South Central, and South South. Given that nearly all the censuses conducted in Nigeria since the 1960s have been widely regarded as unreliable and problematic (Potts 2012), we rely here on the 2010 Internal Migration Survey conducted by the National Population Commission, a statutory body mandated to collect and analyse statistics for planning. The survey sampled households from enumeration areas chosen from earlier censuses covering all 36 states. A total of 11,100 migrants and 11,100 non-migrants were surveyed in urban and rural areas (Oyeniyi 2013). A migrant is defined as one who has been away from their usual place of residence for at least six months. The data show that internal migration involves both educated and uneducated Nigerians and that movements are both inter- and intra-state. South-western parts of the country, including Lagos (with an estimated population of 18 million) and Ibadan, attract migrants from the rest of the country. This region is the hub of economic activities with two major ports, industries and educational institutions, as well as commercial plantations, all of which provide jobs for migrants (Migration Information Source Nigeria country profile 2010). Poverty levels are comparatively higher in northern regions of the country, which are thought to be the primary source areas for migration. Indeed, the country Strategy Paper of the African Development Bank states that on average roughly 63 per cent of the population live on less than a dollar a day. There are wide regional disparities in income and social outcomes in Nigeria, with the north registering the highest levels of poverty and social deprivation. The poorest region is the northwest, with a poverty rate of 86 per cent, followed by the northeast with a poverty rate of 78 per cent. Families in the northwest and the northeast are four times more likely to have no education than those in the south (AfDB 2013).

Figure 3: Poverty rates by states in Nigeria



Source: Map constructed with data from The Nigeria Poverty Profile 2010 Report

Figure 3 shows the rates of poverty for each individual state in Nigeria, with darker colours indicating higher levels of poverty. The poverty figure of each state is calculated as the proportion of people living below $1 per day, based on an adjusted PPP in that state. Data used to construct this map on poverty rates was obtained from The Nigeria Poverty Profile 2010 Report outline.[2] The dataset constructed by the World Bank on migration and remittances in Nigeria does not provide information on the states and regions internal migrants migrated to, despite the survey asking interviewers to specify the exact location of migrants. Consequently, it proved unfeasible to construct a map on the rates of migration by states or on a regional level, with the only information on internal migration patterns being distinguished by whether or not the migrant moved to an urban or rural area within Nigeria. What the data do show is that the search for work was the main reason for internal migration, followed by family reunification and education. According to the World Bank data, rural to urban migration is the most predominant type of migration, making up 83 per cent of the migration patterns.

Rwanda

In terms of migration, Rwanda is an atypical case, as the 1994 genocide wiped out a large proportion of an entire generation of adults and changed the demographic composition of the country. The third census of 2002 recorded significant return migration in the wake of the crisis (NISR 2012). With 370 person/km2 (IFAD), Rwanda has the highest population density, and it appears that migration rates are now comparable to those of neighbouring countries (Nkamleu and Fox 2006). Preliminary results of the 2012 census indicate an increase in migration to the Eastern Province from other provinces, due to uneven economic

[2] http://reliefweb.int/sites/reliefweb.int/files/resources/b410c26c2921c18a6839baebc9b1428fa98fa36a.pdf

development (NISR 2012b). Results from the third round of the Rwanda Living Conditions survey show that internal migrants account for 17 per cent of the population aged 15 and over, whereas international migrants only make up 1 per cent of the population. Family and employment are the most frequently stated reasons for internal migration and – since the previous round of the survey – the flow of migrants towards the capital city of Kigali has increased from 19 to 27 per cent (NISR 2012a).

Interesting results have also been generated by Blumenstock's (2012) analysis of mobile phone usage. Mobile phone records suggest that temporary and circular migration movements are high in Rwanda, but primarily among those who are better educated and relatively wealthy. Rural poverty rates are amongst the worst in Africa, and it is not clear to what extent migration or remittances are helping rural families survive or improve their standard of living.

Bangladesh

Comparisons between the 1991 and 2001 census data show a marked increase in the concentration of populations in urban areas. The direction of migration is mainly from west to east and also to the major urban agglomerations (Marshall and Rahman 2012). Out-migration occurs from poor and densely populated areas that are vulnerable to a range of environmental shocks and stresses, such as the coastal zone, which is vulnerable to cyclones and sea-level rise; the northeast, which is prone to flooding and inaccessibility; and the *monga* affected districts in the northwest, which are affected by seasonal drought for three to four months each year. Seasonal and circular migration from both *monga* (drought) and *hoar* (flood-prone) areas are evident and long established (Marshall and Rahman 2012). Data from the 2010 Household Income and Expenditure Survey shows that 12.3 per cent of the households reported migration, of which 4 per cent had at least one internal migrant and 8.6 per cent had at least one international migrant (BBS 2010). Rural households had more migrants (both internal and international) than urban households. It is very possible that these figures underestimate seasonal migration in Bangladesh, as other reports indicate a high prevalence of such movements, both from the northern regions of the country and from the Chars (Lahiri-Dutt and Samanta 2004).

Figure 4: Map of poverty (left) and districts (right) in Bangladesh

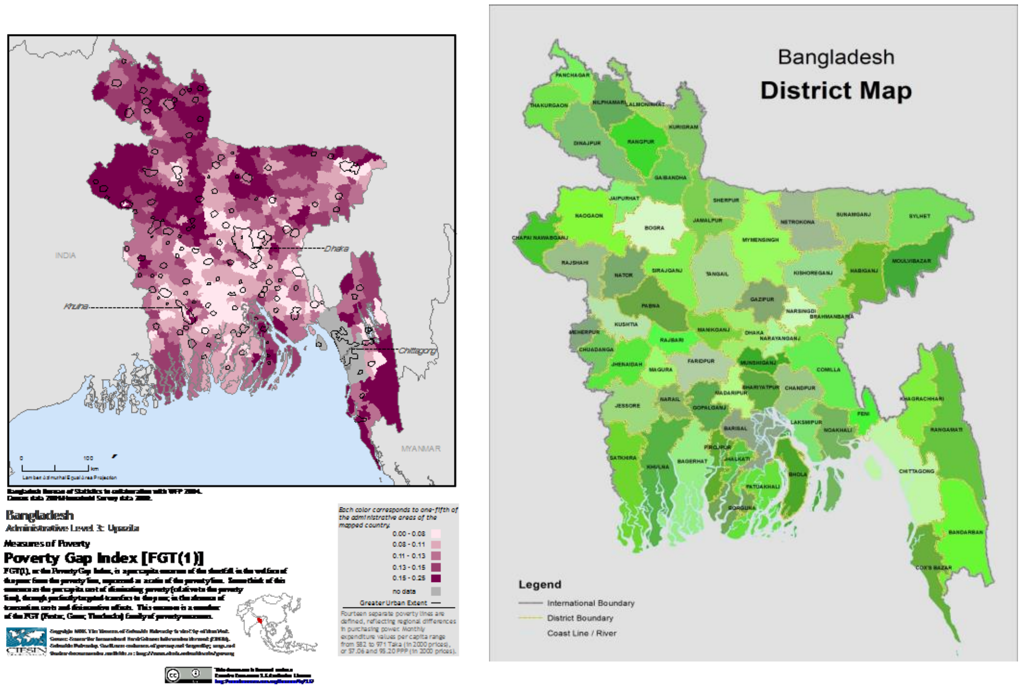
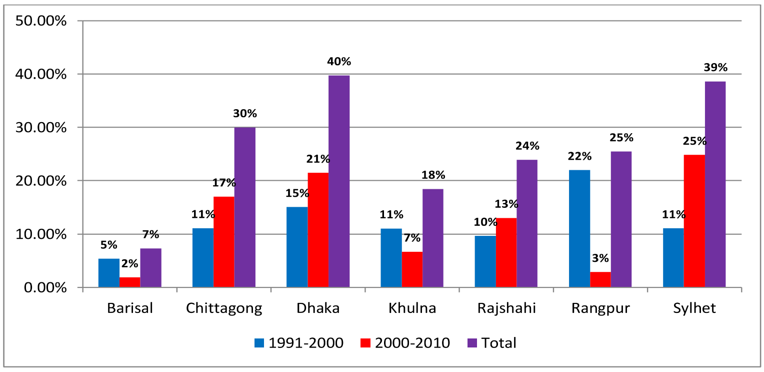


Figure 5 shows that, between the two censuses, Dhaka, Chittagong, Rajshahi and Sylhet have registered marked increases in their respective populations, whereas Barisal and Khulna in the south and Rangpur in the north have lost people. The overall national population change for the full period was roughly 29 per cent.

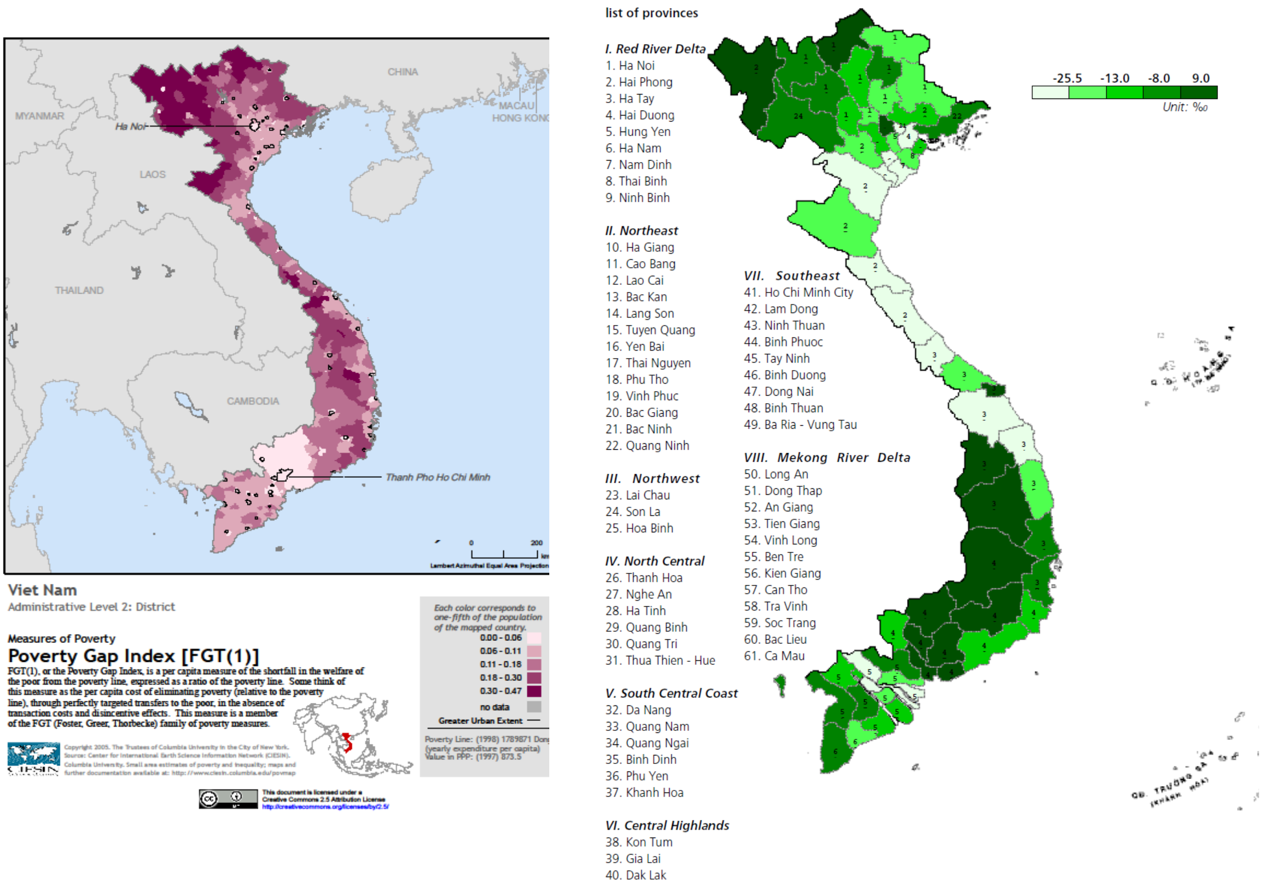
Figure 5: Percentage change in population for divisions in Bangladesh



Vietnam

Vietnam has a history of state-controlled population redistribution, which resulted in population losses from the densely populated regions of the Red River Delta, Mekong Delta and Hanoi, in the 1970s and 1980s, to sparsely populated areas (De Koninck 1996; Evans 1992; Guest 1998; Jones 1982). People were encouraged to move to new economic zones in the Central Highland provinces, the Northern Uplands, and the Mekong River Delta. Restrictions on mobility were finally relaxed when the country reformed markets, but the pattern of migration from poor and densely populated areas to richer areas continued, driven by regional inequalities (GSO 2001; Hardy 2003; Winkels 2005; Zhang *et al.* 2001). A large proportion of rural-urban migrants are unemployed or underemployed rural farmers with poor living standards (Douglass *et al.* 2002; Loi 2005). There are currently three dominant streams of migration in Vietnam: (1) migration from the Mekong River Delta, the Central and Northern Uplands, as well as the Red River Delta to the industrial zones in the Southeast; (2) migration from the Northern Uplands to the Red River Delta; and (3) migration from the Central Coast, the Northern Uplands (ethnic minorities), and the Red River Delta to the Central Highlands for farming in commercial agriculture. According to the 2010 Households Living Standards Survey, there were more than two million rural-urban migrants in Vietnam in 2009 (GSO 2011). Major destinations are large cities such as Ho Chi Minh City, Hanoi, Hai Phong, Da Nang, Quang Ninh, Binh Duong, and Dong Nai (Brennan *et al.* 2012).

Figure 6: Poverty and migration patterns in Vietnam



Source: NASA Socioeconomic Data and Applications Center (SEDAC) and Anh (2003)

Remittance Patterns, Amounts and Characteristics of Receiving Households

What follows is an analysis of remittance-receiving patterns in the different countries, which is based on the household survey sources discussed above and seeks to compare internal and international migration. However, as the available information differs from case to case, depending on the information collected in each individual country, an exact comparison is not possible. Still, there are some common issues that can be analysed for all, or almost all, countries, which reflect the specific interests of this paper: whether more people receive internal or international remittances; the extent to which poorer households receive these types of remittances; and the amounts received. Thus, the following tables illustrate: (1) the proportions of the population receiving internal or international remittances; (2) the distribution of this by quintile; and (3) the average or total amounts received in each case. Additional specific information for some of the countries is presented at the end of this section.

Receipts of internal and international remittances

The percentage of households in each country receiving internal and international remittances is summarised in Table 2, in all cases relating to remittances sent by migrants linked to the household, except for the case of Vietnam where the question relates to 'remittances and gifts', making it difficult to separate remittances from other transfers. In all cases internal remittances outnumber international remittances, substantially so in the cases of Rwanda, South Africa, Uganda and Vietnam. Even in the case of Bangladesh, with its long tradition of external migration, the proportion of households receiving internal remittances is higher.

Receipts of international remittances are highest in Nigeria and Bangladesh, but relatively low elsewhere, whilst in all cases significant numbers of households receive internal remittances. Reported receipts of remittances, both internal and international, are lowest in South Africa. High proportions of households in Rwanda, Uganda and Nigeria receive internal remittances. Also in Vietnam, where the figure is substantially higher due to the inclusion of gifts, internal receipts substantially outnumber receipts from abroad. Of course, the main indication of all of this is that levels of internal migration are substantially higher than those of international migration; and even if internal migrants are sometimes less likely to remit than international migrants, their sheer number means that many more households receive internal remittances than international ones.

Table 2: Percentage of the population receiving internal and international remittances by country

	Internal Remittances	**International Remittances**
Country		
Bangladesh	13.2	9.0
Nigeria	36.1	19.2
Rwanda	21.7	4.6
South Africa	6.8	0.1
Uganda	26.0	5.3
Vietnam	88.5	6.9

Sources: authors' computations from surveys listed above. Vietnam figures include gifts, not just migration related remittances.

It is also important to consider which types of households, relative to their position in the income distribution, receive internal and international remittances. Table 3, currently excluding Bangladesh for which these figures are not yet available, illustrates the proportions of households receiving internal and international remittances, disaggregated by per capita household consumption quintile. What is immediately clear from this table is that households in higher consumption quintiles are much more likely to receive international remittances than those in lower consumption quintiles. In Rwanda and Uganda households in the fifth consumption quintile are much more likely to receive remittances than those in lower consumption quintile, and in Nigeria the same point applies to the top two quintiles. In some cases the remittances may have helped finance this higher consumption level, but this is not the general pattern, because the average amount of international remittances received is very low compared to the average household consumption level. In South Africa the only households to receive international remittances are in the fourth quintile, while in Vietnam receipts are also highest in the fourth quintile.

Table 3: Percentage of the population receiving internal and international remittances by quintile and country

	Country					
per capita consumption quintile	Bangladesh	Nigeria	Rwanda	South Africa	Uganda	Vietnam
1		**45.0** 12.5	**18.4** 4.0	**7.4** 0.0	**22.6** 3.5	**79.8** 20.2
2		**40.7** 13.9	**22.5** 3.2	**9.7** 0.0	**26.7** 3.4	**70.0** 30.0
3		**35.9** 15.5	**23.6** 3.6	**8.9** 0.0	**32.2** 4.9	**73.3** 26.7
4		**29.6** 28.7	**24.2** 3.9	**5.8** 0.3	**25.8** 4.3	**47.5** 52.5
5		**30.1** 24.7	**19.6** 7.2	**2.4** 0.0	**21.0** 12.8	**80.9** 19.1

Sources: authors' computations from surveys listed above. Vietnam figures include gifts, not just migration related remittances.

Internal remittances are much more uniformly received across the quintiles, and in some cases, like Nigeria and South Africa, disproportionately received by lower quintiles. Even if internal remittances have helped finance household consumption, they remain among the lower groups. In all five cases, in the first three quintiles the proportion of households receiving internal remittances is substantially greater than the proportion receiving international remittances. Even if the average amounts received from international remittances are greater, it is quite clear from these figures that internal remittances will contribute to increasing the consumption levels of many more poorer households than will international remittances. Again, the average amounts received are often quite low relative to consumption levels, but internal remittances may still help to take some households out of poverty.

Table 4 compares receipts from internal and international remittances for the six countries. These are reported as estimated national totals in four cases, and as sample weighted averages in the other two cases. In all cases, then, the ratio of international to internal receipts can be computed. In four cases the sum total of international receipts exceeds internal receipts. This, in conjunction with the previous results on proportions receiving remittances, shows that the average value of international remittances substantially exceeds that of internal remittances, unsurprising given both the greater average wealth of international migrants and the greater costs in sending international payments. In Rwanda and South Africa, total internal receipts exceed international receipts, substantially so in the latter case. In the case of South Africa it seems that relatively few international transfers are received, but of course many more are likely to be made out of South Africa to neighbouring countries. If a poor household happens to receive a larger international remittance, this will clearly have a substantial poverty reduction impact; but the above results show that the poor are much less likely to receive such remittances. Moreover, further analysis in some countries shows that the larger values of household remittances are much more likely to be received by households in higher quintile groups.

Table 4: Aggregate amounts of internal and international remittances weighted over sample

	Internal Remittances	**International Remittances**
Country		
Bangladesh	3145.77 (average per household, total not available)	14300.3 (average per HH total not available)
Nigeria	₦40.7 billion	₦96.4 billion
Rwanda	10.9 billion RwF	6.4 billion RwF

South Africa	82066m Rand	60m Rand
Uganda	510 Billion	733 Billion
Vietnam	7942.5307 (average per household, total not available)	16341.496 (average per household, total not available)

Sources: authors' computations from surveys listed above. Vietnam figures include gifts, not just migration related remittances.

We turn now to some other aspects of remittances for which information was only available for one specific country. Table 5 illustrates the average size of receipts from internal and international remittances compared to household consumption. What this table shows is the negligible magnitude of receipts from international remittances in the first four quintiles; only in the top quintile are receipts from remittances more significant. By contrast, in all quintiles receipts of internal remittances are between 3 and 5 per cent of household consumption, increasing slightly with the quintile. Receipts of both types of remittances are therefore greater in higher quintile groups, but the difference is much more striking in relation to international receipts.

Table 5: Remittance receipts as a proportion of household consumption in Rwanda

As % Of Consumption		
	International	**Domestic**
1	0.1%	3.4%
2	0.1%	3.3%
3	0.2%	4.1%
4	0.4%	4.3%
5	2.4%	4.2%

Source: Third Integrated Households Living Condition Survey, 2010-11

In the case of South Africa, more households send than receive international remittances, but also here the numbers sending international remittances are less than 5 per cent of those sending internal remittances. Nearly a third of internal remittances in South Africa are sent in kind rather than in cash. In Nigeria, households receive remittances in both cash and kind, but internal remittance were more likely to be cash, with 67 per cent of households receiving cash and the remaining ones receiving both cash and kind.

For Uganda, Table 6 shows that the bulk of remittances from both urban and rural migrants flow to rural households.

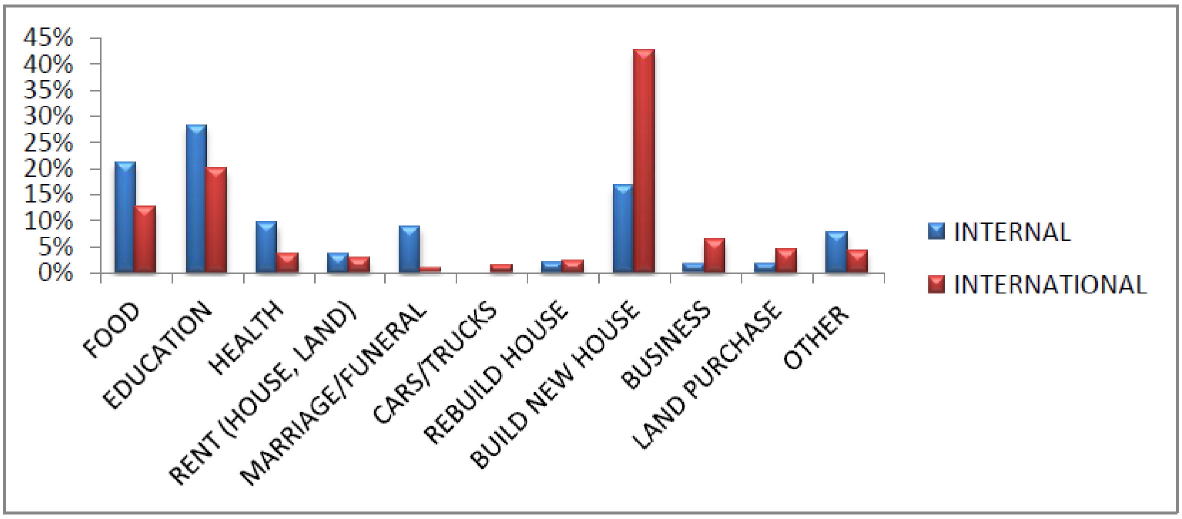
Table 6: Origin and destination of internal remittances in Uganda

	From Urban Uganda	**From Rural Uganda**
To Urban Households	37.39	42.22
To Rural Households	62.61	57.78

Source: Authors' computations

Finally, Figure 7 illustrates the uses made of internal and international remittances in Uganda. While both internal and international remittances are used for improved consumption, education and housing, the relative importance of these varies. The most important use of international remittances was housing, followed by education, food, enterprise, land and vehicles. In the case of internal remittances, education of other household members appeared to be the most important, followed by food, housing, health and social expenditure, demonstrating clearly the impacts on human development and potential to improve living standards and reduce poverty in the longer term.

Figure 7: Uses of internal and international remittances in Uganda



In Nigeria most of the remittances sent to households by internal migrants are not sent for a specific purpose or to fund a particular activity. The data reveal that approximately 67 per cent of households with internal migrants receive remittances for no specific purpose. In terms of how remittances sent by migrants are utilised by households, it should be noted that there was a limited number of observations that disclosed this information, relative to the total number of households surveyed. Nonetheless, analysis of the data reveals that the majority of remittances received by households with internal and international migrants are spent on food. The analysis also shows that households with internal migrants spend more of their remittances on food than international migrant households (in absolute terms). The results also show that international migrant households allocate 34 per cent of the remittances they receive towards paying rent.

Conclusions

All six country cases considered here show large levels of internal migration, as well as significant levels of international migration. Both domestic and international migrants frequently send remittances back to their households of origin, and this paper has focused on describing patterns of remittance receipts. Patterns do differ from case to case, but some results are fairly common. First, international migrants, who have moved further away, are generally more likely to send remittances than domestic migrants, and the average size of the transfer tends to be much larger. But in all cases there are many more domestic migrants than international migrants, which cause the sum total of domestic transfers to exceed that of international transfers, sometimes by a significant margin.

Domestic remittances are more likely to be received by poorer households, while international remittances tend to be received by richer households. If a poor household *does* receive an international remittance, this can have a substantial poverty reduction impact for that household, but few poor households benefit from such remittances. Hence, the bulk of the poverty reduction impact of remittances in all the countries discussed here comes from domestic transfers. This is clearly one positive poverty reduction impact of migration. The results presented here confirm many patterns revealed in our earlier analysis of Ghana and India (Castaldo *et al.* 2012).

We hope that the results presented in this paper feed into policy discussion and interventions on internal migration and poverty reduction in Sub-Saharan Africa and Asia, where governments continue to be negatively disposed towards internal migration and remain unaware of its development potential. Rather than recognising that poorer migrants are sending remittances and helping them and their families to safely receive them and productively use them, the emphasis appears to be on preventing or reversing migration. Complementary policies to support migrants' own efforts to improve the lives of their families through remittances are needed.

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About the Migrating out of Poverty Research Programme Consortium

Migrating out of Poverty is a research programme consortium (RPC) funded by the UK's Department for International Development (DFID). It focuses on the relationship between migration and poverty – especially migration within countries and regions - and is located in five regions across Asia and Africa. The main goal of ***Migrating out of Poverty*** is to provide robust evidence on the drivers and impacts of migration in order to contribute to improving policies affecting the lives and well-being of impoverished migrants, their communities and countries, through a programme of innovative research, capacity building and policy engagement. The RPC will also conduct analysis in order to understand the migration policy process in developing regions and will supplement the world renowned migration databases at the University of Sussex with data on internal migration.

The ***Migrating out of Poverty*** consortium is coordinated by the University of Sussex, and led by CEO Professor L. Alan Winters with Dr Priya Deshingkar as the Research Director. Core partners are: the Refugee and Migratory Movements Research Unit (RMMRU) in Bangladesh; the Centre for Migration Studies (CMS) at the University of Ghana; the Asia Research Institute (ARI) at the National University of Singapore; the African Centre for Migration & Society (ACMS) at the University of the Witwatersrand in South Africa; and the African Migration and Development Policy Centre (AMADPOC) in Kenya.

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