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IOM International Organization for Migration  
OIM Organisation Internationale pour les Migrations  
OIM Organización Internacional para las Migraciones

## **SETTING THE STAGE FOR ENHANCED DEVELOPMENT IMPACTS OF REMITTANCES IN ANGOLA**

**A Study of Migrant Remittance Flows to Angola from Portugal and South  
Africa, and their Current Use and Impact on Receiving Households**

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## List of Acronyms

ADB	African Development Bank
BNA	Banco Nacional de Angola
CGAP	Consultative Group to Assist the Poor
COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development (United Kingdom)
DHA	Department of Home Affairs (South Africa)
DRC	Democratic Republic of Congo
DW	Development Workshop (NGO)
ECP	Estratégia de Combate à Pobreza (Angola)
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	gross domestic product
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
IDA	International Development Association
IDPs	Internally Displaced Persons
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INE	Instituto Nacional de Estatística (Angola)
INE	Instituto Nacional de Estatística (Portugal)
IOM	International Organization for Migration
IAECAE	Institute Providing Support to Angolan Communities Abroad (Angola)
IRSEM	Institute for the Social and Vocational Integration of Former Soldiers (Angola)
ISN	Interim Strategy Note
LMA	Lisbon Metropolitan Area
MAPESS	Ministry of Public Administration, Employment and Social Security (Angola)
MED	Ministry of Education (Angola)
MDG	Millennium Development Goals
MIDSA	Migration Dialogue for Southern Africa
MINARS	Ministry of Assistance and Social Reinsertion (Angola)
MINSÁ	Ministry of Health (Angola)
MIREX	Ministry of Foreign Affairs (Angola)
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
PALOP	Países Africanos de Língua Oficial Portuguesa
PDDR	Disarmament, Demobilization and Social Reintegration Programme
SADC	Southern African Development Community

SAMP	Southern African Migration Project
SEF	Serviço de Estrangeiros e Fronteiras (Portugal)
SEN	National Statistical System of Angola
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UPU	Universal Postal Union
USAID	United States Agency for International Development
VolRep	Voluntary Repatriation
WB	World Bank

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## I. INTRODUCTION

In 2005 there were some 191 million international migrants, of which 86 million labour migrants (OSCE, IOM, ILO 2006). Over the last five years, the number of international migrants increased by 9 per cent (DESA 2008) and it is expected to reach 214 million by 2010, despite the global economic downturn. More than 16 million Africans are migrants and 13 million Africans are internally displaced people. Moreover, one in four African countries are or were afflicted by armed conflict and many more suffer from a deteriorating environmental, climatic and natural resources base (INSTRAW-SAIIA 2007: 10). It is believed that 69 per cent of total migration flows from sub-Saharan Africa occur within the region (Ratha, and Shaw, 2007:7). Social, family, ethnic and religious networks, as well as cultural proximity, seasonal migration opportunities, and civil conflicts are the most common determinants of South-South migration. Almost 80 per cent of South-South migration takes place between countries with contiguous borders, mostly between countries where differences of income are relatively small (Ratha and Shaw, 2007).

Along with migration, the volume of migrant remittances to developing countries has been growing at a considerable pace. In some cases, remittances have become an important and stable source of external finance; they have allowed some countries to gain international credit worthiness or maintain macroeconomic stability (OSCE, IOM, ILO 2006). In this context, there is a renewed interest among academics, civil society actors, and the international community, among others, on the potential impacts that remittances could have on poverty alleviation and economic and social development. Most of the time, remittances constitute a supplementary source of income for recipients. Remittances are frequently utilized to afford basic needs and services such as food, healthcare and education, to pay off loans, improve housing conditions, and make productive investments. Such consumptive or productive investments usually stimulate local markets. Nevertheless, remittances' development impacts are highly contextualized and depend also upon the opportunities offered by specific political and legal frameworks. This is why it is fundamental to understand remittances' characteristics, their impacts on beneficiaries and the political and legislative frameworks in which such transfers occur, in order to create enabling environments for remittances and harness their potential developmental impacts.



With the purpose of better understanding the overall characteristics of remittance flows from the Angolan diaspora in Portugal and South Africa, and their use and impact in Angola, this study was commissioned by the International Organization for Migration (IOM) in collaboration with the Angolan Ministry of Foreign Affairs (MIREX) through the *Institute Providing Support to Angolan Communities Abroad* (IAECAE), and the NGO partner Development Workshop.

The study is aimed at understanding the characteristics of pecuniary remittances from Portugal and South Africa, including the frequency and longevity of such flows, the preferred transfer channels and legislative frameworks. The study also inquires into remittances utilization and impacts at the household level in Angola, in anticipation of future initiatives to enhance the potential development impacts of remittances in the country.

### **I.1 Definition of remittances**

For the purpose of the study, remittances are broadly defined as the monetary transfers made by migrants to their country of origin or the financial flows associated with migration<sup>1</sup>. Most of the time, these are personal cash transfers from a migrant to a relative in the country of origin, as well as funds donated, deposited or invested by migrants in the country of origin (OSCE, IOM, ILO 2006). However, to the eyes of many experts and institutions, financial transfers are but one form of remittances. Some scholars believe that the definition of remittances could be further broadened to include not only the transfer of funds and goods, but also the transfer of skills and technology, ideas and attitudes. Peggy Levitt, for instance, introduced the concept of “social remittances” in 2001, to refer to exchanges of ideas, behaviors and social capital flows between host and sending-country communities. This study, however, focuses only on cross border financial remittances from Portugal and South Africa to Angola, with modest reference to the transfer of in-kind goods and pecuniary remittances within Angola.

### **I.2 Purpose and specific objectives of the study**

The aim of this initiative was to collect, analyze and present information about migrant remittances from Portugal and South Africa to Angola, and their use by the beneficiaries in Angola. The analysis includes a study of the impacts of remittances on migrant-sending households, and documents some policies and practices affecting remittance flows between Portugal, South Africa and Angola. The specific objectives of the study include:

1. Assess the remittance behavior of Angolans in Portugal and South Africa and the characteristics of their flows;
2. Create a socio-economic profile of the Angolan diaspora in Portugal and South Africa and assess the degree and form of organization, leadership and trans-national engagement among this population;
3. Examine the use and impact of remittances from Portugal and South Africa on migrant sending households in Angola;
4. Describe and assess the legal and financial frameworks and mechanisms in place in Angola, Portugal and South Africa that enhance or inhibit remittance flows and investments;
5. Develop strategies to enhance the development impact of remittances in Angola.

The mandate of this study excludes any attempt to measure the size of remittance inflows to Angola.

### **I.3 Methodology**

The study was conducted through collaboration of three research teams based in Angola, Portugal and South Africa. Portugal (Lisbon Metropolitan Area, hereafter LMA) was chosen as an appropriate research field owing to the longstanding historical and cultural links between this country and Angola, which have contributed to the fact that Portugal hosts one of the biggest Angolan diaspora groups. South Africa, on the other hand, is the most developed country in the Southern African Development Community (SADC), which attracts a lot of Angolans as migrants.

The research was based on a combination of data collection methods including relevant literature review, a household survey conducted in Angola and individual interviews with Angolan migrants living in South Africa and Portugal. Data collection tools had already been tested by IOM in other settings (Serbia – Switzerland) and were adapted to the specific contexts of the countries of interest with the help of IOM Luanda and the NGO Development Workshop in Angola, and IOM missions in Lisbon and Pretoria. Several focus group discussions were also held in Angola, Portugal and South Africa to verify and complement the findings of individual interviews. Data was collected over a three-month period, from December 2008 to February 2009, in several migrant-sending areas of Angola (*Huambo*,

*Luanda, Luena and Menongue*), as well as in Lisbon Metropolitan Area in Portugal, and Cape Town in South Africa, both of which show a high concentration of Angolan immigrant communities.

In Angola, IOM worked in partnership with the NGO Development Workshop (DW) to conduct face-to-face interviews with the heads of 404 migrant-sending/remittance-receiving households with 501 migrant relatives living, some residing in Portugal or South Africa. Households were randomly selected and were included in the sample only if they had a migrant relative. Simultaneously, IOM Lisbon and IOM Pretoria organized 423 interviews with Angolan migrants (223 in Cape Town and 200 in LMA), using the same questionnaire. Interviewees were randomly selected in both countries, but only respondents who sent remittances in the 12 months preceding the interview were considered in the samples.

Moreover, focus groups discussions were used to generate additional data to complement the survey findings. Two focus groups discussions were held in South Africa, with a total of 22 migrants; one focus group discussion was held with 6 heads of migrant sending/remittance receiving households in Luanda, and a focus group was held in Portugal with 7 migrants living in LMA.

### **Data deficiencies**

Generally speaking, accurate statistics and reliable data on migration and remittances are difficult to obtain. Data deficiencies often result from a lack of official data and relevant empirical work (De Haas and Bakewell 2007), while what data there are incomplete and of poor quality. Concepts, definitions, sampling and classification systems used in national surveys are often inadequate and hardly ever allow cross-country comparison. In some cases, when migration data exists it is rarely disaggregated by age, gender or level of qualification. The absence of appropriate monitoring systems and the challenge of recording undocumented migration and remittance flows add to the problem of keeping reliable statistics. In addition, international migration flows are increasing, and it is becoming more and more difficult to measure these flows, particularly in the case of temporary and circular migration. All of the above difficulties, therefore, pose major challenges to using the available information for analysis, comparison and policy development<sup>2</sup>.

In Angola, in particular, after so many years of civil conflict, statistics, data collection, record keeping and monitoring systems were severely affected and left the country with a dearth of reliable social, economic and demographic indicators. The dearth of data (national or sectoral), limits our understanding of the overall migration patterns and remittance flows to the country. This study is a first step to understanding remittances overall characteristics in the specific bilateral corridors that involve Portugal and South Africa. The study intends to use the results of the survey to identify research gaps and give direction on the design of future interventions or projects that could harness remittances development impacts in the country.

Moreover, it is worth recognizing that the study findings may hold a certain degree of subjectivity, inherent to any survey. People may be reluctant to disclose information that they perceive as private or suspicious, for instance details about income, monetary transfers, or information related to their family, migratory status, political affiliations, etc. These feelings may result in a number of biases and omissions from respondents when addressing specific survey questions. DW reports: *“In our field encounters, we have a general feeling that people would not openly discuss money matters to strangers. It’s a sensitive subject to them. There are a lot of them who do not wish to answer the particular question about incomes.”* (DW, Migration and remittances in Angola2008, not published). Focus groups discussions in Portugal and South Africa revealed that participants were suspicious about the research and in some cases they decided beforehand to withhold information. Therefore, the findings must always be interpreted with caution.

Nevertheless, the survey and interview findings have allowed us to gain significant knowledge on the overall characteristics of migration dynamics between Angola and Portugal, and Angola and South Africa, as well as a better understanding of the migrants’ profile and the characteristics of financial remittance flows from the Angolan diaspora in the referred countries. All figures and tables presented in this report are the author’s own elaboration based on research findings, unless otherwise indicated.

#### **I.4 Structure of the document**

This document is divided into eight sections including the present introduction. Section 2 presents an overview of the economic and social context of Angola. The context of migration from Angola to Portugal and South Africa is described in section 3. Section 4 and 5 are aimed

at presenting two of the major determinants of remittance behavior, namely the socio-demographic characteristics and employment and income situation of Angolan senders living in Portugal and South Africa, and the characteristics of migrant sending/remittance recipient households in Angola. Section 6 complements the overall profile of Angolan migrants in Portugal and South Africa by analyzing the interviewees' degree of organization, transnational engagement and future projects. Section 7 presents the study findings concerning the overall characteristics of migrant remittances from Portugal and South Africa to Angola, including transfer channels, legislative frameworks, and remittances utilization and impacts in receiving households in Angola. Section 8 concludes with major recommendations to harness remittances' development impacts in Angola.

### **I.5 Summary of findings and recommendations**

Longstanding relationships established since the colonial period between Angola and Portugal, the evolution of intra-SADC migration dynamic, and the consequences of the armed conflict in Angola provide the context of Angolan migration flows to Portugal and South Africa. The most intensive period of emigration is reported during the 1990s. In Portugal, the main stated motivating factors behind emigration decisions comprise violence and war, economic hardship, studies, and the search for new opportunities. In South Africa, political reasons, violence and war, and the search for new opportunities were cited as the main factors motivating emigration. Cultural and linguistic proximity, and the existence of social networks in Portugal made this country a suitable destination for many Angolans, who were admitted in Portugal under tourist visas and now have become permanent and temporary residents, or citizens. Geographical proximity played a key role in the choice of South Africa as a country of destination, especially after the end of apartheid. Nearly all interviewees were admitted in South Africa as asylum seekers and have been granted refugee status. For the most part, migrants settled down in Portugal (89.1 per cent) or South Africa (91 per cent) after they arrived in the respective host country. The majority were still adolescents or young adults when they first arrived either in Portugal or in South Africa.

Migration flows in the corridors of interest are male dominated: 69.5 per cent in Portugal and 91 per cent of respondents in South Africa are male. The majority of migrants in Portugal claimed to come from middle class and lower middle class environments; while most migrants in South Africa claimed to come either from a poor socioeconomic environment or from a lower middle class environment. Currently, 76.5 per cent of migrants interviewed in

Portugal and 89.5 per cent of migrants in South Africa are employed or self employed. With low levels of qualification (68.8 per cent of respondents in Portugal, and 46.4 per cent in South Africa have only completed basic education), a large proportion of Angolans have taken up low paid jobs, at the bottom of the occupational hierarchies of the Portuguese and South African gendered labour markets. However, some have experienced deskilling.

Nearly all respondents have spent most of their adult lives in their current countries of residence, where the closest members of their families (namely spouse and children) reside. This has not prevented them to continue supporting their families of origin in Angola through remittances. In Angola, 67 per cent of surveyed households are headed by men, who are the main breadwinners (according to 71 per cent of respondents) and the main decision-makers concerning the utilization of household income (according to 58 per cent of respondents). The size of the households ranges from 6 to 8 members. The majority of respondents are the siblings of their migrant relatives. While 37 per cent of respondents have a relative living in Portugal, while only a few (6.4 per cent) reported relatives living in South Africa. Over 80 per cent of respondents completed or attended some level of basic education or some level of high school or technical education; 67 per cent of the heads of household are currently employed (mostly in Luanda). Overall, the surveyed households are not extremely poor or vulnerable, as revealed by their level of monthly income, their housing conditions and asset accumulation. However, remittances constitute an important source of supplementary income for a large share of households (in 38 per cent of the cases remittances constitute 21 to 80 per cent of the monthly household income); for 16 per cent of the households remittances constitute 100 per cent of monthly income.

As regards Angolan migrants' links to their country of birth, migrants in Portugal have seemingly more compelling economic obligations in Angola than migrants in South Africa, who gave much more importance to the social links they maintain with their relatives and friends in Angola. Many Angolans in Portugal and South Africa are willing to return to Angola and intend to invest in small businesses in a wide range of sectors in their country of birth. Some of these projects, however, are difficult to realize due to lack of capital, access to credit, and necessary skills, or due to the difficulties linked to the migratory status. Some migrants still see many hindrances to investment in Angola. Additionally, the majority of Angolan migrants in Portugal (80 per cent of interviewees) and South Africa (62.3 per cent of interviewees) do not belong to any kind of organization or group owing to their lack of

interest, lack of time, and information, distrust vis-à-vis official (government-led) initiatives, as well as fear, and reluctance to be involved in anything that seems political.

Nevertheless, remittances appear as the most tangible link that migrants keep with their families of origin at present. Nearly all migrants in Portugal and South Africa sent remittances during the 12 months preceding the interviews. Also, over 90 per cent of the total number of the surveyed households in Angola received remittances within the past 12 months. The longevity of remittances from Portugal and South Africa rarely exceeds a ten year time period; and a large proportion of transfers from Portugal (43 per cent) and South Africa (32 per cent) took place only once during the year. Overtime, many migrants have been compelled to send smaller amounts of money owing to changes in their personal income, employment, responsibilities and the rising living costs in their respective host countries. The main stated remittance recipients are migrants' closest relatives, namely the parents (especially the mother), siblings, children and spouses/ex-spouses, as well as other members of the family. Remittance beneficiaries are highly concentrated in Luanda. The total size of monetary remittances sent from Portugal during the 12 months prior to the interviews is twice as much as the total size of remittances sent from South Africa. 83 per cent of migrants in Portugal and 70 per cent of migrants in South Africa claimed to send also in-kind remittances. In addition, 15 per cent of the surveyed households in Angola reported to send on domestic remittances (originating in Luanda) to other provinces in the country.

Angolan migrants in Portugal and South Africa use essentially two types of transfer channels: recorded services (remittance and courier companies), and hand delivery. Reliability is the most important characteristic influencing migrants' choice of the transfer method. Recorded systems used by migrants in Portugal and South Africa charge, on average, about 10 per cent of the amount transferred, while handcarried remittances are usually cost-free. Although 58 per cent of respondents in Angola claimed they receive remittances through banks; it is unlikely that these remittances come from Portugal or South Africa as interviewees in both countries rarely use bank products to remit. In Angola, despite the significant growth and competition within the banking sector, in 2006 only 5.8 per cent of the population had a bank account (KPMG 2007: 5). While low levels of financial inclusion might not be problematic for cross-border remittance recipients based in Luanda, there is a need to expand domestic remittance services. Opportunities to expand remittance services through microfinance institutions are currently being explored. There is still room to foster

competition among service providers and expand access to recorded services through the harmonization of remittance related regulations, the creation of specific licenses for remittance service providers, separate from banks, and financial deepening.

As regards remittances utilization, according to 67 per cent of respondents, remittances are used to meet basic household necessities, buy consumables and pay for utilities; 14 per cent of the households use a portion of remittances for business purposes; and only 1 per cent of the respondents claim to invest part of the remittance funds in agricultural activities. Remittances have helped to improve food security for the majority of the households, and the educational opportunities of the members of some households (particularly males). In contrast, 46 per cent of the respondents claim that remittances are not normally available during medical emergencies. Only 17 per cent of respondents claimed to use remittances for house repairs, and 42 per cent of households that receive in-kind remittances re-sell some of these goods. The former indicates that remittances are an important source of supplementary income that contribute to the welfare of many households in Angola, even when their impacts are not currently reflected in macroeconomic or social indicators.

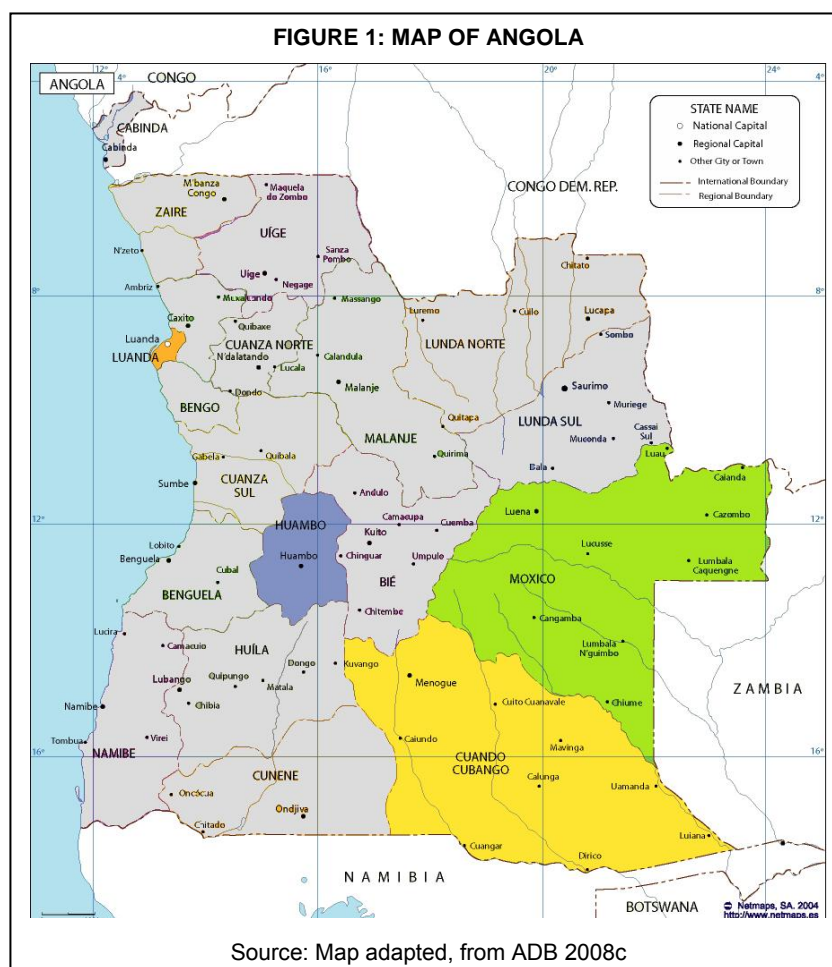
The study concludes with three major recommendations in order to establish links with Angolans living abroad, and enhance remittances' developmental impacts in Angola: a) get to know Angolans in the diaspora, build trust and establish contact through non-biased and non-political intermediaries, b) continue facilitating investment in Angola; and c) lower remittance costs and expand cross-border and domestic remittance services.



## II. ANGOLA: OVERVIEW OF ECONOMIC AND SOCIAL CONTEXT

### II.1 Background information

Angola is a natural resource rich country located in Southern Africa. Angola has a territory of 1,246,700 sq km, with a total of 5,198 km land boundaries<sup>3</sup>. Although sources are inconsistent<sup>4</sup>, Angola's population is currently estimated at 17 million (OECD/ADB 2008, ADB 2008b) and is mainly young: 46.4 per cent of the population is under 15 years old (IOM 2009, online). Also, about 46 per cent of the population is economically active (ADB 2005). Angola has experienced rapid urbanization; more than half the population is considered to live in an urban area (55.8 per cent in 2007, ADB 2008b), and it is highly concentrated in Luanda city and its periphery. The country consists of 18 administrative provinces<sup>5</sup>, including Luanda (Figure 1). The official language is Portuguese<sup>6</sup>, and the currency is the Kwanza (KZ) (Angola's select indicators are presented in Annex 1). In Angola, surveyed areas include Huambo, Luena, Luanda and Menongue, in the provinces of Huambo, Moxico, Luanda and Cuando Cubango.



Angola is a country with a colonial past. Independence from Portugal was declared in 1975, but was followed by a long period of civil war. The 2002 Luena Memorandum of Understanding has laid the foundations for new opportunities for growth, reconstruction, and development in Angola.

According to the Interim Strategy Note (ISN) prepared by the International Development Association (IDA) in 2007, the government of Angola has increasingly brought stability to all regions of the country. In addition, the country has started to move toward decentralization and democratic governance: voter registration was completed by September 2007 and legislative elections were held in September 2008. Moreover, the government of Angola committed itself to the *Estratégia de Combate à Pobreza (ECP)* or Strategy to Combat Poverty 2006-08. The strategy outlined ten priority areas: (a) social reintegration, (b) de-mining, (c) food security and rural development, (d) HIV/AIDS, (e) education, (f) health, (g) basic infrastructure, (h) employment and vocational training, (i) governance, and (j) macroeconomic management (IDA, ISN 2007; ADB 2008a). This agenda was complemented with the latest *Estratégia de Combate à Pobreza (ECP)* 2009-2013. The government of Angola, is currently working on six priorities outlined in the Five-Year Medium-Term Development Plan: (a) promote unity and national cohesion, consolidation of democracy and national institutions; (b) guarantee a sound and sustainable economic development, with macroeconomic stability, transformation and diversification of economic structures, (c) promote human development and social well being; (d) stimulate private sector development and support national entrepreneurship; (e) promote an equitable development of the national territory; (f) promote competitiveness for the insertion of the country into the international trade context (Ministério do Planeamento, Plano de Desenvolvimento de Médio Prazo 2009 – 2013; UNDP 2009, online). All these efforts will ensure the achievement of a longer term development plan (Angola 2025).

Strengthening governance is key to realizing other economic and social objectives (IDA ISN 2007; ADB 2005; UNDP 2007). In this line, the World Bank (WB) has supported the processes of strengthening public sector management and institutional capacity, rebuilding infrastructure and the improvement of service delivery for poverty reduction, and promoting the growth of non-mineral sectors. UNDP has supported decentralization and democratic governance, civic education, opportunities for participation of civil society organizations, human security (especially through landmine clearing), and environmental sustainability and

biodiversity. Other bilateral donors, such as Italy, Norway, Switzerland, Sweden and the United States also provide support to governance reform programmes. Other multilateral assistance provided by the WB, FAO and IFAD has focused on agricultural and rural development. Basic social service delivery is supported by multilateral (WB, EU) and some bilateral donors including France, Germany, Italy, the Netherlands, Portugal, Spain and the United States. Since 2004, China, Portugal, Brazil, and India have also supported rehabilitation of infrastructure mainly through granting oil-backed lines of credit (ADB 2005).

## **II.2 Economic context**

Angola is currently the seventh largest economy in Africa, with a GDP that reached almost US\$61 billion in 2007 (ADB 2008b). Angola's GDP has grown considerably in recent years owing to the increasing oil production and the rise in oil prices. Angola's economy has shown an average annual growth rate of 15 per cent since 2002, making it one of Africa's fastest growing economies (from 3.4 per cent in 2003, GDP growth rate reached 11.2 per cent in 2004 and 19.8 per cent in 2007, ADB 2008b; 2005). This means that there are significant financial resources available that could facilitate the country's reconstruction and development.

The economy is largely based in mineral resources. Angola became sub-Saharan Africa's largest oil producer in early 2008; it is now ahead of Nigeria as Africa's largest oil exporter. Oil production and its supporting activities contribute about 85 per cent of GDP (CIA 2009, online). These resources have enabled the country to finance the external debt, as well as to gain access to oil-backed credit lines<sup>7</sup>. Angola is also the fourth largest producer of diamonds in sub-Saharan Africa (IDA, ISN 2007). Diamond reserves are exploited by a majority of State-owned enterprises and a few international enterprises. ENDIAMA, a state-owned company, carries out diamond extraction activities, and its subsidiary, SODIAM, manages diamond exports. ENDIAMA estimates diamond production will reach 19m carats in 2009 (Misser, 2008: 70, online)<sup>8</sup>.

Angola is also rich in non mineral resources and has potential in the sectors of agriculture, forestry and fisheries. Although these sectors have contributed little to the national income in the past, recent postwar reconstruction, infrastructure investments and resettlement of displaced persons have led to high rates of growth in construction (37 per cent) and agriculture (27.4 per cent) (2007 figures, WB, Angola Country Brief, updated

September 2008, online). The manufacturing sector has also benefited from the ongoing rehabilitation of infrastructure. The need to further diversify the economy and invest more in sectors such as agriculture, manufacturing and services goes along with reducing Angola's dependence on imports and enhancing food security for the population<sup>9</sup>.

Agriculture is of crucial importance for the Angolan population, particularly for women: agriculture provides employment to about 4.8 million people, representing 89 per cent of all jobs (ADB 2008a); and women are believed to constitute 70 per cent of the active agricultural labour force (ADB 2005). It is estimated that traditional peasant farmers account for 80 per cent of the agricultural production, with 18 and 2 per cent respectively for medium-size and large-scale commercial farmers (ADB 2008c: 16). Recently, the agricultural sector growth has been stimulated, among others, by the global interest in biofuels<sup>10</sup>. Despite the fact that rehabilitation of infrastructure has allowed most displaced people to return home (IDA, ISN 2007: 4), poor infrastructure and remaining landmines continue to limit agricultural development throughout the country. Moreover, newly returned formerly displaced farmers appear to be particularly vulnerable populations. In addition, internal movements during the conflict, from rural to urban areas put pressure in urban infrastructure and labour markets, giving rise to urban poverty.

While oil revenues have increased national reserves and government's budget, the IDA raises the concern that "With its heavy reliance on oil, however, Angola remains vulnerable to reductions in oil prices." (IDA, ISN 2007: 3). Indeed, UNDP reports that economic perspectives are uncertain, "with the sharp drop of oil price to around US\$40-50 a barrel, and the non-oil sector growing at around 10%, GDP would be around 17% lower in 2009 compared to 2008. Within this framework total revenues could decline by as much as 50%" (UNDP Angola 2009 online). This is especially relevant in the context of the current economic crisis that affects major destinations for Angola's exports. Moreover, Angola is ranked 168 out of 181 economies in the 2009 *Doing Business* report, which assesses the overall ease of doing business, including quantitative indicators on business regulations and the protection of property rights (World Bank, IFC 2008). Domestic credit remains low (it represented only 5 per cent of GDP in 2005; ADB 2005) and although credit to the private sector grew by almost 102 per cent in 2006 and 70.6 per cent in 2007, it is believed that most of this growth represents credit to households, presumably for consumption (ADB/OECD 2008: 31). The government is currently working to improve Angola's investment climate,

through strengthening the country's economic policy, improving macroeconomic stability and fiscal management.

### **II.3 Social context**

As regards living standards, and despite Angola's high growth rates, the latest estimates on income poverty (2001) indicated that 68 per cent of the population was poor, of which 28 per cent extremely poor: "... Nearly one in four Angolans is extremely poor, surviving on less than US\$0.75 a day, and about 70 per cent of Angolans live on less than US\$2 a day [...] although gross national income per capita is US\$1,980 (2006), income is highly unequally distributed..." (IDA, ISN 2007: 7). Angola's Gini coefficient was estimated at 0.64 in 2005 (ADB/OECD 2008: 135). According to the ADB (2005; 2008c), poverty is mainly a rural phenomenon (incidence in rural areas is 94.3 per cent) but is also acute in urban areas (57 per cent). Poverty's highest incidence is observed in families composed of more than 7 people and women represent one of the most vulnerable sections of the population<sup>11</sup>. Therefore, equitable growth seems to be essential to poverty reduction and peacebuilding. The government of Angola is currently working to improve the country's social and human development indicators, especially toward the achievement of the Millennium Development Goals (MDGs).

As regards education indicators, such as primary education enrollment, gender ratio in basic education or adult literacy, some sources estimate primary school enrolment at 25 per cent of school age children (ADB 2008a); other sources estimate the net primary and secondary school enrolment rates at 56 per cent and 12.5 per cent, respectively (ADB/OECD 2008: 136). Yet another source estimates primary school net enrolment/attendance at 58 per cent and adult literacy rate at 67 per cent, between 2000 and 2007 (UNICEF Angola, 2009 online; see also ADB/OECD 2008: 136). In 2008, the Ministry of Education (MED) estimated the total number of students at 5 736 520; there were 167 989 teachers in 2007 (which means that there is one teacher for about 34 students), and the Ministry expected that 11.939 more teachers were going to be hired during 2008 (Ministério da Educação 2008: 6). However, disparities in the distribution of services are important. Primary education rates are believed to be higher in coastal provinces than in southern provinces, where school infrastructure was severely damaged during the conflict. However, Angola is considered among the countries most likely to meet MDG goals 2 (achieve universal primary education) and 3 (promote gender equality and empower women) by 2015 within sub-Saharan Africa<sup>12</sup>. At a secondary

education level, where students can choose the path to follow, technical education is often preferred over vocational training (which remains a secondary choice), as university education is highly valued (ADB/OECD 2008: 133).

With reference to the labour force, and due to the civil war, the percentage of unskilled labor in the total labour force ranges from 68 per cent for those aged between 25 and 29, to 74 per cent among those between 20 and 24 years old, to as high as 94 per cent for the 15-19 age group. Women are clearly disadvantaged: 88 per cent of women are totally unskilled (ADB/OECD 2008: 133). Labour demand in sectors other than the oil industry was severely affected by the conflict. The public sector remains the largest source of jobs; instead the oil sector, which is capital intensive, has few possibilities for job creation. It is believed that extensive unemployment and underemployment affect a large share of the population, and that more people are incorporated in informal activities than enjoy stable and safe labour conditions. The unemployment rate in 2006 was estimated at 25.2 per cent (ADB/OECD 2008: 135). However, urban unemployment rate was estimated on average at 46 to 48 per cent in Luanda in 2001; 85 per cent of female heads of household, and 75 per cent of male heads of household were self-employed or worked in the informal private sector; and about 42 per cent of children from poor families were active in the labour market (ADB 2005). UNICEF estimates that nearly a third of children from ages 5 to 14 are working and child trafficking is an emerging problem (UNICEF Angola 2009, online). The government has implemented the *First Job* law in order to support technical and vocational training and employment, which are now monitored by an observatory aimed at collecting, processing and disseminating data on employment. In addition, the government launched an internship programme for students of technical secondary schools, a programme aimed at fostering the creation of micro and small enterprises, and a programme to develop self-employment that targets mainly former combatants (ADB/OECD 2008: 134).

As regards health services, according to the ADB, medical coverage in rural areas remains limited (30 per cent in 2005), as well as in eastern provinces (where distance to the nearest hospitals are sometimes reported to be more than 100 kilometers; IDA, ISN 2007:8). Ammassari (2005: 30) further found that 80 to 85 per cent of the 1600 doctors registered in the Angolan *Ordem dos Medicos* practice in Luanda. Indeed, according to the ECP, there are about 45,500 health workers in Angola, of which 25,000 are administrative and support staff

and only 1,000 are doctors. Moreover, 70 per cent of the doctors are working in the Province of Luanda.

In addition, health indicators remain low. Life expectancy at birth is estimated at 43 years (ADB 2008b). Under five child mortality is high (231/1000 births, ADB 2008b), as well as malnutrition (40 per cent, and 45 per cent of the rural population; ADB 2008c), and maternal mortality (1700 deaths per 100 000 live births; ADB/OECD 2008: 136). HIV/AIDS prevalence rate is estimated at 2.5 per cent (UNDP 2007) but malaria remains the first cause of morbidity, with 40 per cent of cases of death among children under five years old. Tuberculosis prevalence rate is estimated at 577 per 100,000 and about 4 million people are exposed to the bacteria (ADB 2005). Access to safe water and sanitation is still limited. Between 2004 and 2006 the percentage of the population with access to safe water was estimated at 53 per cent, whereas the percentage of the population with access to sanitation was only 31 per cent, (ADB 2008b). Nevertheless, within sub-Saharan Africa, Angola is considered among the countries in which MDG goals 4 (reduce child mortality), 5 (improve maternal health), 6 (combat HIV/AIDS, malaria and other diseases), and 7 (environmental sustainability) are possible to achieve.

Finally, despite the considerable expansion of mobile phone technology and Internet worldwide, access to communication and information technology in Angola remains low: according to the ADB (2008b) in 2006 there were 5.9 telephone subscribers per 1000 inhabitants, and only 5.7 Internet users per 1000 inhabitants. However, there are about five million cell phone subscribers, shared by the two cell phone operators, Unitel and Movitel (Misser 2008, online).

## **II.4 Current priorities**

### **Governance**

Presidential elections are planned for September 2009 and they will mark further political development. Decentralization, democratic governance and civic education processes are taking place. Public administration management, planning, civil service and the judicial system are being strengthened. Through 84 different programmes, 1716 civil servants have been trained (ADB/OECD 2008: 134). In addition, the government has opened up new opportunities for participation of private and civil society actors<sup>13</sup>. The government has also recognized the need to improve the National Statistical System of Angola (SEN), and

strengthen the *Instituto Nacional de Estatística* (INE) or Statistical National Institute to enable appropriate data collection, as well as effective monitoring systems on social and economic indicators and demographic trends, including gender disaggregated data.

### **Reconstruction**

Ensuring personal security to the civil population is one of the most important priorities. In 2007 a total of 83,557 anti-personnel landmines in stocks were identified throughout the country, of which 81,045 mines were successfully destroyed (UNDP 2007: 31). In addition, the same year 89 communities hosting 209,625 inhabitants were declared as “mine free” (UNDP 2007: 32). These actions have increased the opportunities for agricultural land use, population settlement, and expansion of education and health care services in such regions. In addition, in 2007, 112 primary schools, 7 secondary schools, 4 hospitals and 32 health centers were built (ADB/OECD 2008: 136). The Ministry of Education reports that thanks to important efforts to reconstruct educational infrastructure, the number of classrooms (for basic education levels) increased from 19 012 in 2002 to 50 516 in 2008 (Ministério da Educação 2008: 14). The government has also increased social expenditures and is working for the rehabilitation of roads, bridges, housing, water supply and electricity. Since 2006, the government allocated over USD 33 million of its Public Investment Programme to the rehabilitation of roads. Since 2007, banking syndicates have also invested USD 400 million in infrastructure (IFC and The Economist 2007: 2). In Luanda, China is financing the Luanda Bay project to enlarge the main costal road; in 2007, 1200 km of roads and 94 bridges were rehabilitated and the rehabilitation of further 1500 km of roads was planned for 2008, with the financial support of China, Portugal and Brazil. The railway from Luanda to Malange, and the railway from Namibe to Menongue are also being rehabilitated (ADB/OECD 2008: 132), and the construction of a new international airport in Luanda is ongoing.

### **Reintegration**

Between 2005 and 2008, the government’s Disarmament, Demobilization and Social Reintegration Programme (PDDR) had helped to demobilize and reintegrate a large number of war veterans. Reintegration was promoted through the rehabilitation of basic services and the creation of income-generating activities in collaboration with NGOs and trade associations<sup>14</sup>. Furthermore, with the support of donors and international organizations, many Angolan citizens have returned to their country after the end of the conflict. Together with many partners, IOM has assisted the reintegration of returnees, IDPs and ex-combatants, and



receiving communities, as well as the implementation of multi-sectoral reintegration projects to war affected communities. In collaboration with the Ministry of Assistance and Social Reinsertion (MINARS), the United Nations High Commissioner for Refugees (UNHCR)<sup>15</sup>, with the support of many donors<sup>16</sup>, IOM as operational partner assisted the repatriation and voluntary return of more than 100 000 refugees between 2003 and 2007<sup>17</sup>. Assistance included also HIV/AIDS sensitization and awareness for the beneficiaries of different return and reintegration programmes. Additionally, through a community revitalization programme launched in 2003, IOM has supported thousands of vulnerable returnees, IDPs and ex-combatants to reintegrate into society, and is involved in several reconstruction initiatives<sup>18</sup>.

### **Business climate**

The government has taken steps towards improving the investment climate, the ease of starting up a business, and financial services, including microfinance. Initiatives such as the establishment of the National Private Investment Agency (ANIP), the Angola Enterprise Programme (AEP), the *Guiche Unico* (one-stop-shop for business registration), the National Workshop on Microfinance, or the First National Workshop on Private Sector are intended to promote investment and improve the business climate in the country. According to UNDP, the AEP has already enabled about 8570 entrepreneurs to gain greater access to business and financial services to start, operate and expand their businesses. However AEP's outreach is limited as activities are concentrated in the capital city (UNDP 2007: 36).

What is more, there is evidence of an increasing interest in attracting national and foreign investment beyond the oil sector. In this context, the *Basic Private Investment Law* (Law No. 11/03) is aimed at reducing barriers to private investment and providing protection and guarantees. The Law facilitates private investment by residents and non-residents, individual or corporate entities with adequate technical and financial capacity, and guarantees equitable treatment, as long as the investment project is compatible with the pursuit of the country's economic development and the well-being of the Angolan population (this is further discussed in section VII.6).

### **Food security and rural development**

The agriculture and forestry sector is the second source of growth of the Angolan economy. However, this sector faces a number of challenges to fully develop its potential<sup>19</sup>. The government is currently implementing a strategy to foster agricultural development, ensure

food security, revitalize rural areas, rehabilitate infrastructure to increase production output and regenerate trade, ensure personal security, and alleviate migration pressure in urban centers. The agricultural sector has been restructured with the purpose of transforming subsistence farming into a commercially viable industry as it was formerly. As displaced persons have returned to their farms, subsistence farming is also being revitalized. In December 2006 Angola established the Angolan Development Bank (*Banco de Desenvolvimento de Angola, BDA*), which administers a *Development Fund* through which 5 per cent of annual oil revenues and 2 per cent of diamond revenues are channeled to develop other sectors (IFC and The Economist 2008). By the end of 2007, the Fund had already approved a number of projects to the value of USD 307 million, of which 55 per cent of funds are allocated to the industrial sector, 32 per cent to agriculture and 13 per cent to wholesale and retail trade (ADB/OECD 2008: 131). The government will also invest USD 150 million in five new irrigation perimeters, and a number of other programmes are being carried out in collaboration with USAID, Chevron Texaco and the African Development Bank (IFC and The Economist 2008: 5). Moreover, an agreement was signed in late 2007 between Angola and the International Fund for Agricultural Development to provide a credit line of USD 45 million to 200 000 farmers to strengthen agricultural production and investment (ADB/OECD 2008: 125).

Additionally, in 2007, the government launched the *Programme of Restructuring the Logistics and Distribution of Essential Products to the Population* (PRESILD), which consists of the construction of 10 000 retail sales outlets, 163 municipal markets, 31 “Nosso Super” supermarkets and 8 distribution centers. This initiative is aimed at reducing food prices and enlarging the market of locally produced goods, simultaneously supporting job creation. However, the costs of transport to remote rural areas have to be further assessed, in order to fully harness the programme’s positive impacts (ADB/OECD 2008: 126).

### **Migration and remittances**

In a context where poverty reduction, reconstruction, reintegration, the rehabilitation of agriculture, and sustainable development are being urgently addressed, it is not surprising that migration policies have not yet been fully mainstreamed within the national development agenda, other than those related to the reintegration of vulnerable mobile populations including IDPs, refugees and asylum seekers, and those aimed at reviving rural areas and reducing urban migration. Nevertheless, the government of Angola has recently recognized

the importance of economic growth as a potential pull factor for international migrants within and outside the SADC region, as well as the need to manage mixed migration flows to and from Angola. In this line, a new immigration law has been passed recently by Parliament<sup>20</sup> that regulates the legal situation of foreigners in Angola (entry, departure, stay and residence). Seemingly, professional labour migration and investment in different sectors are privileged, but no reference is made to remittance outflows or the repatriation of workers' earnings. The government has also recently recognized the important role that professionals and qualified Angolans could play in national development (Ammassari 2005: 41-42).

In collaboration with the Ministry of Interior, IOM is supporting capacity building in migration management activities in the country. IOM and IAECAE have commissioned the present study in order to better understand the context of migration and the characteristics of remittance inflows to Angola. This is a first step to assess the possibilities of mainstreaming migration and remittances in future development initiatives. This study focuses on financial remittances as well as on their use and impacts in Angola, the degree of organization of Angolan migrants in Portugal and South Africa and the opportunities to involve them in development cooperation in Angola.

In order for any expectations to be sufficiently objective, it is important to bear in mind, first, that there is no consensus on a single definition of the term *development*. Second, it is widely assumed that migration and remittances have positive impacts on receiving families and local economies through spillover effects, as well as through the engagement of migrants in the development of their countries of origin. However, these impacts are limited in scale. Although in some cases migrants' contributions have proven to make a difference in local contexts, it is also true that general living standards cannot be improved in the absence of political stability, good macroeconomic management, and a strong commitment to pro-poor and sustainable human and social development and equitable growth. Therefore, it would be misleading to assume that the link between migration and development is "automatic" or "natural". As De Haas (2006: ii) argues that "Expectations must be set more realistically so as to avoid disappointment and the subsequent abandonment of the migration and development agenda." Thus it is necessary to first build solid grounds for the development of policies aimed at linking migration and development. This depends upon counting with a ***sound and reliable knowledge base*** and appropriate ***data collection and monitoring methods***, in order to assess the size, level of skill, expectations, interests, and degree of organization of the

populations living abroad, which are factors that may facilitate or hinder their individual or collective motivation to become development agents.

Remittances are currently one of the most tangible links that migrants living in Portugal and South Africa keep with their relatives in Angola. Besides the influence that political and legislative frameworks could have on remittances' development impacts, remittances are private monies, and many of the determinants of their use are directly related to the characteristics, needs and interests of the senders and recipients. In the following sections we first describe the context of migration from Angola to Portugal and South Africa, and analyze the socio-demographic characteristics of the senders in Portugal and South Africa, and remittance beneficiaries in Angola. Then the major characteristics of remittance flows from Portugal and South Africa to Angola are described, including the preferred transfer channels, legislative framework and remittances utilization and impacts in receiving households. The report concludes with some recommendations to create enabling environments for remittances and enhance their development impacts in Angola.

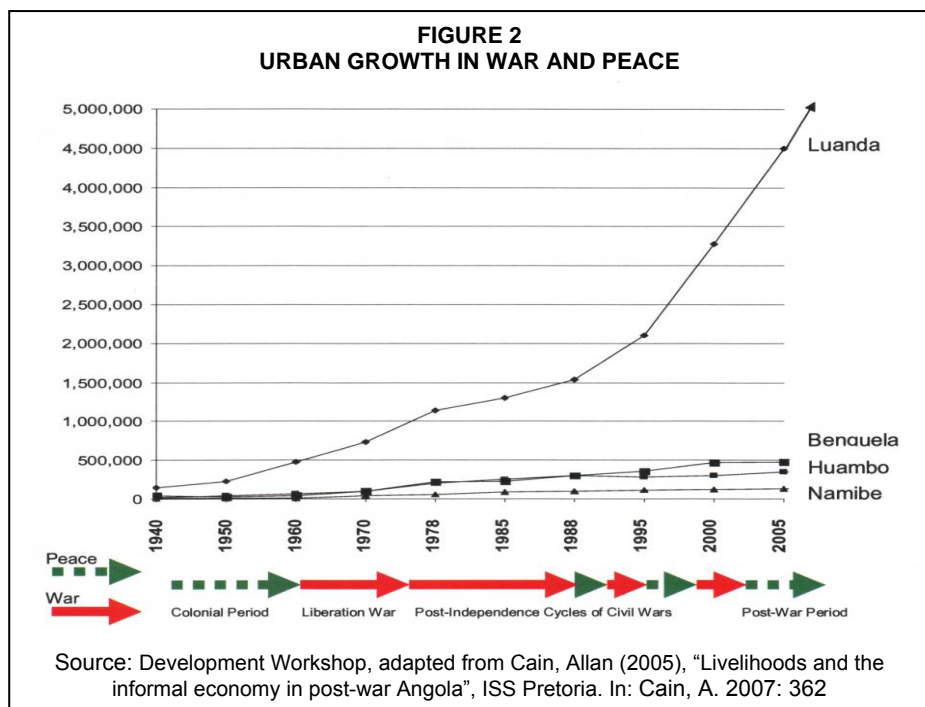
### III. ANGOLA: MIGRATION CONTEXT

As an introduction to this section, it is worth recognizing that the dearth of data and data deficiencies are major limitations to our understanding of overall migration characteristics within and outside Angola, and continue to hinder the formulation of adequate migration and development policies. As suggested by Ammassari (2005), the development of an integrated migration data management system for Angola would be of value. Taking into consideration these difficulties, this section provides a brief description of the emigration dynamics and migration patterns followed by Angolan migrants currently living in Portugal and South Africa.

#### III.1 Context of Migration

In the recent past, and especially during the conflict, Angolan migration dynamics were characterized by internal rural-urban migration (people sought to move to the cities to escape war), displacement of persons, cross-border refugee outflows, economic skilled and lower skilled migration (domestic, intra and extra regional). Today, in a context of peace and fast economic growth, Angola's migration dynamics are characterized by mixed flows including labour migrants, asylum seekers, irregular migrants and trafficked persons to Angola.

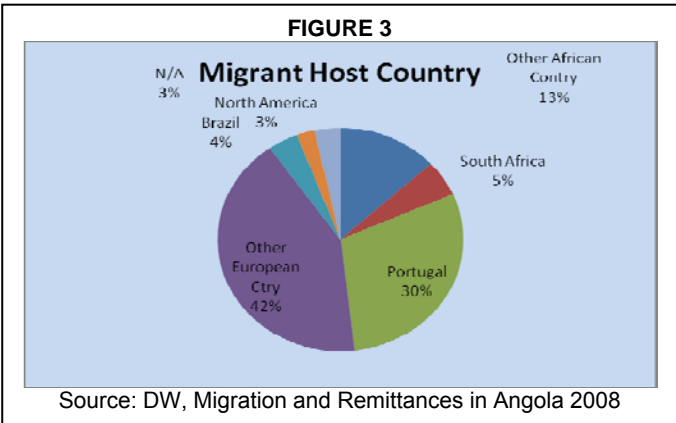
As regards internal migration, the conflict had a significant impact on urbanization – now people move to the cities looking for opportunities to have a better life. Coastal cities, and particularly Luanda, were seen as relative safe havens from



instability and economic insecurity. This trend continued after end of the conflict, as the dividend of peace was faster visible than shown in Figure 2.

Displacement of persons in Angola has been considered by some scholars a recurrent phenomenon, since the beginning of the independence struggle in 1961 until 2002, when the war ended. The number of IDPs in Africa is estimated at 13 million, over half of the global number of IDPs (Black, et al. 2006: 5; see also UN-INSTRAW and SAIIA 2007). At the time when conflict was ongoing, Angolan IDPs were estimated at 3.8 million (ADB/OECD 2008: 133). Since the end of the war, internal migration patterns have become more complex. In Luanda, populations are also on the move, but this phenomenon rarely concerns entire family groups. Families appear reluctant to give up their stake in the urban informal market economy and the educational system<sup>21</sup>. According to a recent study by Development Workshop, farming activities are also developing in peri-urban Luanda, particularly in Cacucaco, and new economic relationships are emerging as rural producers, through the extended family, are now linking with the urban informal markets (DW 2005: 110).

Concerning outmigration, Ammassari (2005: 32) reports that between 1995 and 2000 annual net cross-border migration in Angola was estimated at -17 000 or -1.4 per 1000 inhabitants. The net migration rate is 1.34 migrants/1,000 population (CIA World Factbook online, 2009 est., last updated 22/05/2009). The stock of emigrants in Angola is estimated at 522,964, and the major destination countries include Portugal, Zambia, Namibia, Congo, Germany, France, the United Kingdom (UK), Brazil, Spain and the United States (USA) (WB, Migration and Development Factbook 2008, Angola, online). Canada and Belgium are also important destination countries (Focus group discussion, Luanda, 3 March 2009). The household survey further confirmed the presence of Angolan migrants in some of the referred destination countries. The majority of the respondents' migrant relatives (72 per cent) live in various European countries, including Portugal, which hosts 30 per cent of the subject migrants. However, only 6 per cent of the respondents' relatives are reported to live in South Africa (Figure 3).



For some scholars, Angola was one of the main “refugee-producing countries” in Africa, together with Burundi, Eritrea, Liberia, Sierra Leone, Somalia and Sudan (Black, et al. 2006: 5), but statistics about refugees, and asylum seekers<sup>22</sup> are imperfect and generally difficult to obtain<sup>23</sup>.

According to the latest projections of the United Nations Department of Economic and Social Affairs (UN-DESA 2008), refugees constitute an important share of the total international migrant stock worldwide; they are expected to reach 16.3 million by 2010, 4 per cent higher than in 2000, when this figure was 15.6 million. Africa is the second largest region hosting refugees, after Asia. It is estimated that it will host 2.6 million refugees by 2010. Overall, there has been a decline in the proportion of refugees among the global migrant population, from 12 per cent in 1990, to 9 per cent in 2000, and it is expected to reach 8 per cent in 2010 (UN-DESA 2008). In 2005, there were about 10.5 million refugees in developing regions. Refugees constituted almost 18 per cent of all international migrants in Africa (UN-DESA 2009). Refugees originating from Angola, as at January 2009, were estimated to number 171,393; Angolan asylum seekers were estimated at 741, and returned refugees<sup>24</sup> were estimated at 13,052 (UNCHR Angola, 2009, online)<sup>25</sup>. During the conflict, most Angolan refugees were hosted by Botswana, DRC, the Republic of the Congo, Namibia Zambia and other countries (IOM Angola, online). UNHCR organized repatriation of Angolan refugees ended in March 2007 and will restart in July 2009. The total number of returns from 2002 to 2007 is 420,900. According to UNHCR, some 190,000 Angolan refugees remain in the DRC, the Republic of the Congo, Zambia and other countries (UNHCR, Global report 2007: 277). Today Angola, as one of the fastest growing economies in Africa, attracts also growing numbers of migrants and asylum-seekers from 22 different countries. As at January 2009, Angola was host to 12,710 refugees (of which 11,400 from DRC) and 3,185 asylum seekers, “the majority of whom are Congolese who fled the conflict in Katanga province in the 1970s”, and were granted *prima facie* status. Most of them are living in eight of the eighteen Angolan provinces and have stayed in the country for almost thirty years (UNHCR Angola, 2009, online).

As regards Angolan asylum seekers and refugee flows outside the African continent, and despite data deficiencies, some sources estimated mean annual flows between 1995 and 2000 from Angola to Europe at 2 056, and from Angola to the United States at 82, making up a total of 2 138 (Black et al. 2006: 137). Recent statistics concerning the presence of Angolan

legal residents, refugees and asylum seekers outside the African continent indicate that Angolan legal residents in the Netherlands outnumber those living in Portugal, Belgium, Italy, Switzerland, the United Kingdom (UK) and the United States, where the number of Angolan legal residents is nevertheless important. The number of Angolan asylum seekers is seemingly greater in the UK than in any other European country and Switzerland appears to host the largest number of Angolan refugees among the countries considered in the table below:

COUNTRY	LEGAL RESIDENTS	ASYLUM SEEKERS	REFUGEES	TOTAL	SOURCE / YEAR
Austria	183	20	9	212	National Statistics Office (Statistik Austria), January 2008
Belgium	3216	50	132	3398	Belgium Government. January 2008. Evolution on asylum seekers since 2002
Denmark	53	3		56	Statistics Denmark. July 2008
Finland	319	60		379	Finnish Immigration Services. December 2007. Data about minors
Germany				7362	German Federal Statistical Office, 2007. Specifies about male-female, age, length of stay...
Greece	3			3	Ministry of Interior and UNHCR 2007-2008
Italy	1631			1631	ISTAT. December 2007. Live mostly in Northern Italy
Latvia	1	1		2	IOM Latvia
Lithuania		3		3	Ministry of Interior, 2008. Statistics on African residents not disaggregated by country.
Malta	4			4	Ministry for Justice and Home Affairs. November 2008.
Netherlands	116819	55		116874	IOM, October 2008.
Norway	313	21		334	Statistics Norway. December 2008.
Portugal	32728			32728	Immigration and Borders Service (SEF), 2007.
Sweden	661	19		680	Sweden Migration Board. Statistics Sweden. November 2008.
Switzerland	2439	130	1820	4389	IOM, November 2008.
UK	4000	6979		10979	Uncertain figures. 2006. Home Office.
USA	1137	289	129	1555	IOM 2009

Source: IOM Luanda, own elaboration, March 2009.

The conflict certainly had a profound impact on all aspects of economic and social life in Angola, including the disruption of economic activities, leading to a lack of labour opportunities, as well as a general decline in living standards, and reduced prospects for long-term investment. Although the conflict could be considered a major causal factor, migration is a complex phenomenon and is not determined by one single reason, but migration depends also on a combination of enabling factors, that is, on the resources and opportunities migrants can draw upon to accomplish the migration project.

In Portugal, the difficulties posed by violence and war seemed to have played a key role as a motive for migration. Migrants claimed violence and war (36 per cent of the cases), followed by economic hardship (29.5 per cent), studies (27.5 per cent) and the search for new



opportunities (25 per cent) as the main motivating factors behind their decision to migrate (Table 2). Likewise, among Angolan migrants living in South Africa political reasons were cited in 46.6 per cent of the cases; followed by violence and war (26.5 per cent), the search for new opportunities (17.9 per cent); and the possibility to study abroad (9 per cent) as the main factors motivating emigration. Economic hardship, joining a relative (each representing 5.4 per cent of the cases), marriage (0.9 per cent of the cases), and other reasons (1.8 per cent of the cases) were less significant grounds for emigration (Table 3).

**TABLE 2  
PORTUGAL  
Emigration Reasons \* Year**

		Economic	Political	Violence War	New Opportu- -nities	Join Relative	Get Married	Study	Other
<b>1971-1980</b>	F	3	3	4	1	3	1	0	0
<b>1981-1990</b>	F	18	11	20	10	10	0	8	0
<b>1991-2000</b>	F	27	16	41	35	13	1	40	9
<b>2001-2010</b>	F	11	1	7	4	8	1	7	2
<b>Entire Data Set</b>	F Total	59	31	72	50	34	3	55	11
	% of total	29.5	15.5	36.0	25.0	17.0	1.5	27.5	5.5

N = 200; F = Frequency ; % of total = Per cent total cases

**TABLE 3  
SOUTH AFRICA  
Emigration Reasons \* Year**

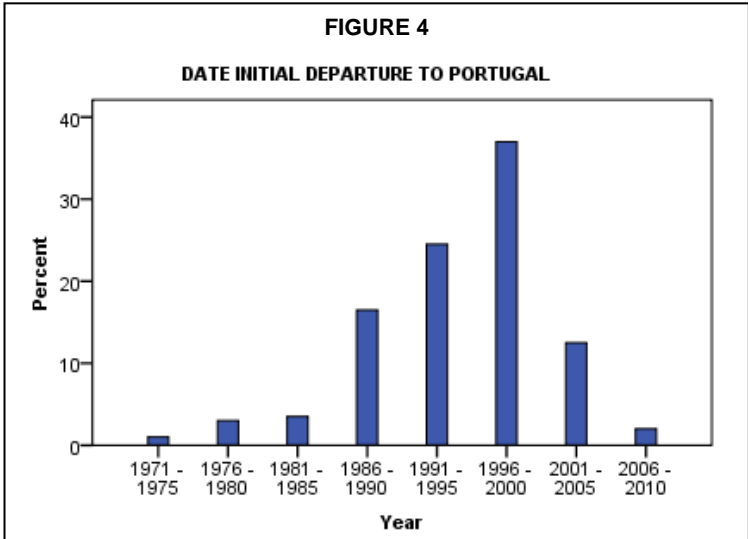
		Economic	Political	Violence War	New Opportu- -nities	Join Relative	Get Married	Study	Other
<b>1990-1994</b>	F	1	21	10	3	0	0	0	0
<b>1995-1999</b>	F	9	75	40	27	10	1	7	1
<b>2000-2004</b>	F	0	5	7	7	0	1	7	0
<b>2005-2009</b>	F	2	3	2	3	2	0	6	0
<b>Entire Data Set</b>	F Total	12	104	59	40	12	2	20	1
	% of total	5.4	46.6	26.5	17.9	5.4	0.9	9.0	0.4

N = 223; F = Frequency; % of total = Per cent total cases

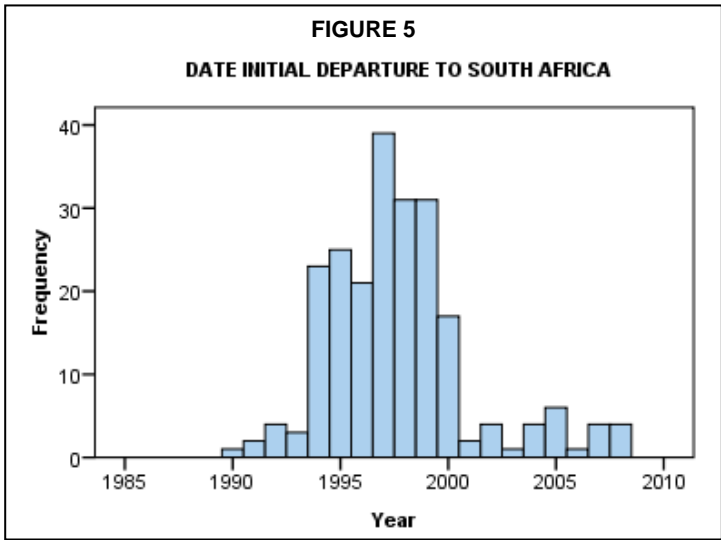
The complexity of the context of migration is also reflected in the responses of both migrants living in Portugal and in South Africa, who frequently associated more than two reasons to emigrate. For instance, political reasons, violence, war and economic hardship, as well as the search for new opportunities were often associated. There were other kinds of associations: studies and the search for new opportunities, join a relative and get married etc.

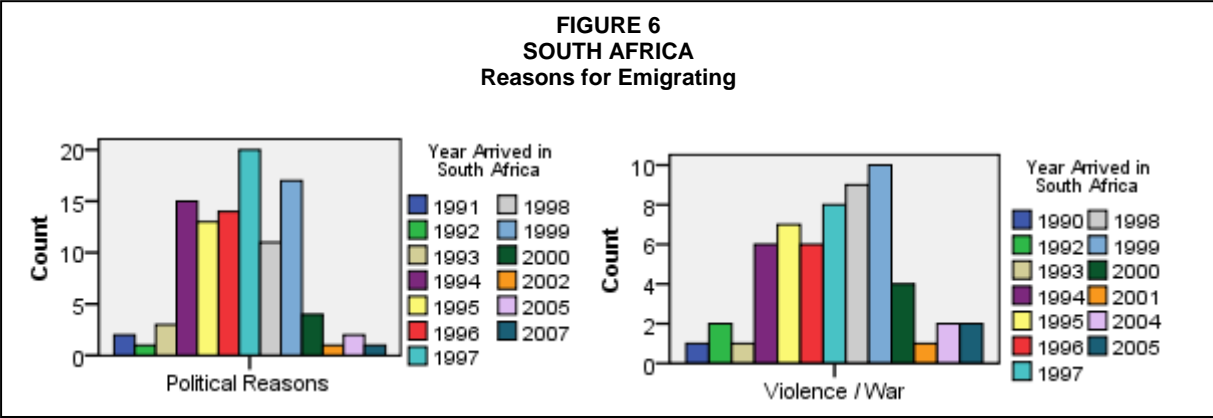
The most intensive period of emigration is reported during the 1990s, when the majority of migrants arrived in Portugal for the first time (61.2 per cent); 7.5 per cent arrived in that country during the 1970s and the first half of the 1980s; 16.4 per cent arrived in Portugal during the second half of the 1980s, and 14.4 per cent arrived in Portugal during the current

decade (Figure 4). This is further supported by the findings of the household survey conducted in Angola, as most respondents recall that their relatives left the country between 1986 and 2000 (which represents around 78 per cent out of 501 migrants). Surprisingly, however, the search for better opportunities was the most important driving force for emigration, while escaping the domestic conflict appeared to be a secondary reason.



In the case of South Africa, 80.7 per cent of Angolan interviewees arrived in that country during the 1990s (none of the respondents arrived before 1990)<sup>26</sup>. Only a small share of this sample arrived in South Africa during the current decade (Figure 5). For migrants in South Africa, political reasons, violence and war seemed to have been important determinants for emigration during the second half of the 1990s (Figure 6); the end of apartheid may also have influenced the choice of this specific destination.





Thus far, the study reveals some similarities regarding the reasons for emigration between Angolan migrants living in Portugal and those in South Africa. The next section describes the specificities of the historical contexts and the characteristics of migration flows from Angola to each of the referred countries.

**III.2 Migration from Angola to Portugal**

Portugal, long a country of emigrants, became in the 1970s a country of destination. The fall of the dictatorship and the independence of its former African colonies, as well as a higher demand for labour in the 1980s and 1990s have been some of the reasons attributed to the increase in immigration.

Longstanding relationships established since the colonial period between Portugal and Portuguese-speaking former colonies (i.e. Brazil, Angola, Cape Verde, Mozambique, Guinea-Bissau, São Tomé and Príncipe, East Timor) have always played an important role in Portugal's migration history. These relations are reflected by the immigration flows to and from Portugal. Cultural links and the establishment of migrant networks have traditionally stimulated these communities to migrate to Portugal; although recently, Portugal has also received important immigration flows from eastern European countries (mainly Ukraine and Romania).

In 2005, Portugal's international migrant stock was estimated at 763 700, constituting 7.3 per cent of the total population. In 2007, 31 per cent of the foreign population in Portugal (out of a total of 435,736 legal residents) was reported to be formed by citizens from former

Portuguese colonies (SEF, 2007)<sup>27</sup>. Citizens from Brazil (66,354) and Cape Verde (63,925) comprised by far the largest groups, followed by Ukrainian and Angolan citizens (Table 4).

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Angola</b>	17 721	20 416	22 751	24 782	25 616	26 517	27 533	33 353	32 728
<b>Cape Verde</b>	43 951	47 093	49 845	52 223	53 434	54 788	55 608	65 515	63 925
<b>Guinea Bissau</b>	14 217	15 941	17 791	19 227	20 041	20 511	20 935	23 816	23 733
<b>Mozambique</b>	4 502	4 619	4 725	4 864	4 916	4 953	5 029	5 875	5 681
<b>São Tomé e Príncipe</b>	4 809	5 437	6 304	6 968	7 279	7 828	8 198	10 838	10 627
<b>Brazil</b>	20 851	22 202	23 422	24 762	26 508	28 730	31 500	68 013	66 354
<b>Ukraine</b>	123	163	203	299	525	1 551	2 120	41 530	39 480
<b>Romania</b>	224	369	508	615	764	1 219	1 564	11 431	19 155
<b>Russia</b>	448	519	596	699	858	1 155	1 342	5 334	5 114

Source: Immigration and Borders Service SEF 2007, IOM Lisbon, own elaboration

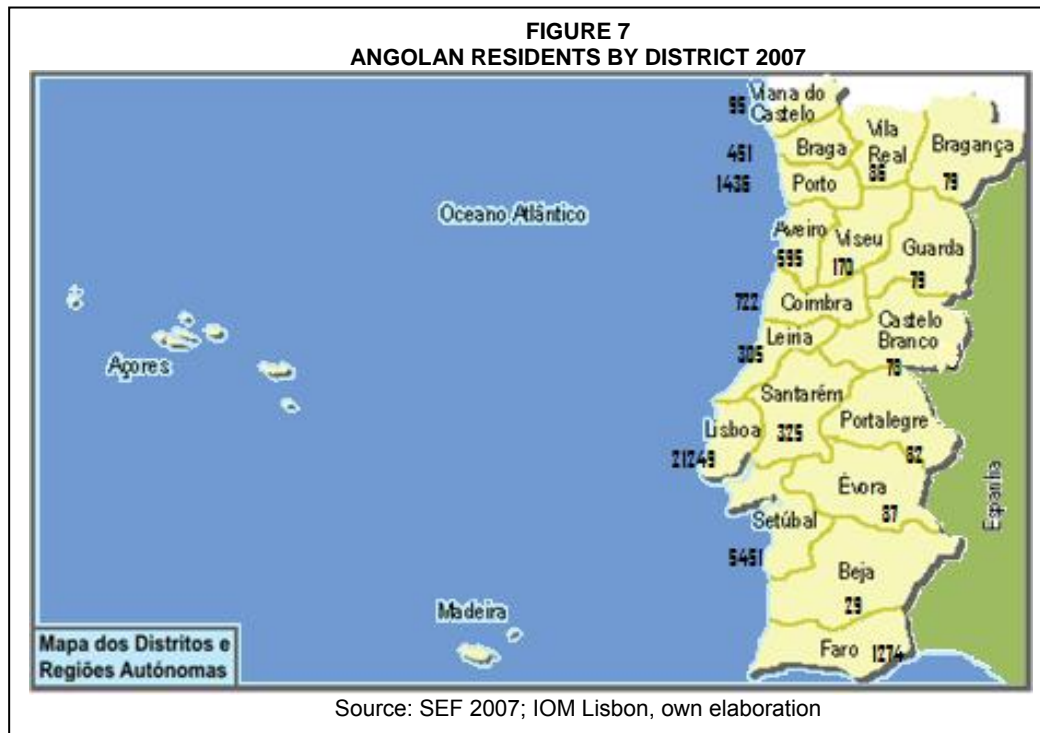
The Immigration and Borders Service (SEF) estimated the number of Angolan legal residents at 32 728 in 2007, 33 353 in 2006, 27 533 in 2005 and 26 517 in 2004. However, data is not disaggregated into categories such as asylum seekers or recognized refugees<sup>28</sup>. During the period between 1999 and 2007, the Angolan diaspora in Portugal has almost doubled its size, and it now constitutes the fourth most represented community in Portugal (8 per cent of the total foreign population).

Moreover, although there are more men than women among Portuguese Speaking African Countries' (hereafter PALOP) communities residing in Portugal, this trend has been shifting: at a national level, SEF (2007) reports that female migrants account for nearly 45 out of every 100 migrants living in Portugal, and among PALOP communities, women make up 43 per cent of the total migrants. The share of female migrants among Angolan residents in Portugal has also been rising steadily, from 41 per cent in 1999 to nearly 46 per cent in 2007 (Table 5).

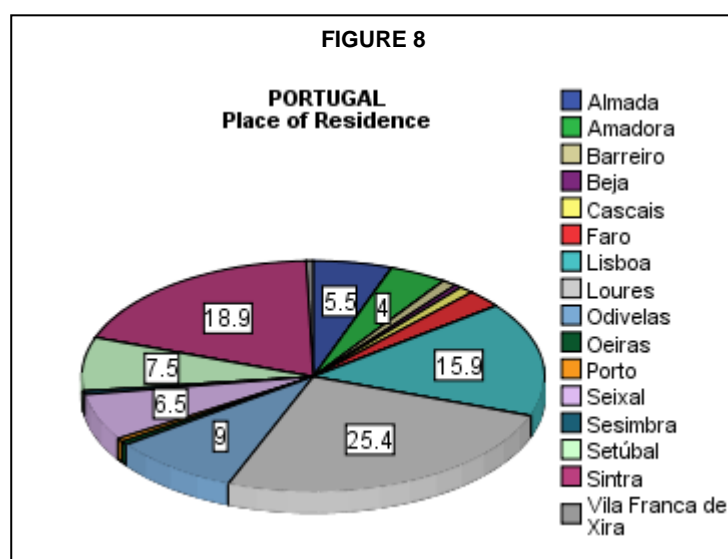
<b>YEAR</b>	<b>Male</b>	<b>%</b>	<b>Female</b>	<b>%</b>
<b>2007</b>	17 610	54	15 118	46
<b>2006</b>	17 878	54	15 497	46
<b>2005</b>	14 865	54	12 668	46
<b>2004</b>	14 496	55	12 021	45
<b>2003</b>	14 133	55	11 483	45
<b>2002</b>	13 756	56	11 026	44
<b>2001</b>	12 882	57	9 869	43
<b>2000</b>	11 841	58	8 575	42
<b>1999</b>	10 529	59	7 192	41

Source: Immigration and Borders Service SEF 2007, IOM Lisbon's elaboration

Concerning the territorial distribution, traditionally, immigrant communities settled around the Lisbon Metropolitan Area (LMA)<sup>29</sup> and Algarve. The districts of Lisbon and Setubal (65 and 17 per cent, respectively) host 82 per cent of the Angolan community (SEF 2007, Figure 7).

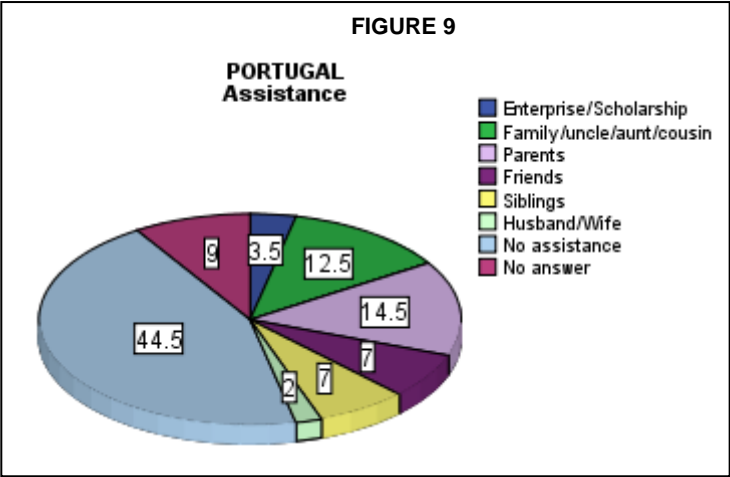


Some groups, including Angolan, Cape Verdean, São Tomé, or Mozambican citizens, show a high geographical concentration; others, such as Ukrainian and Brazilian nationals, are more dispersed within the national territory. It could be argued, that the trend to reside within LMA reflects the polarization and absorption of employment in this area, as well as an important presence of Angolan social networks in the capital and its surroundings. The geographical distribution of Angolan interviewees in Portugal is shown in Figure 8.

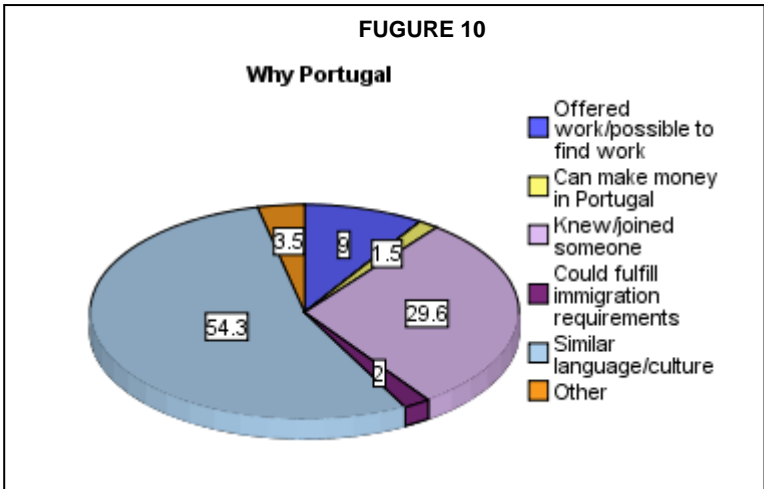


As demonstrated by the responses of migrants interviewed in both Portugal and South Africa, migration often results from a mix of needs, hopes, decisions, and obviously, the real capabilities and resources that migrants have to accomplish the migration project.

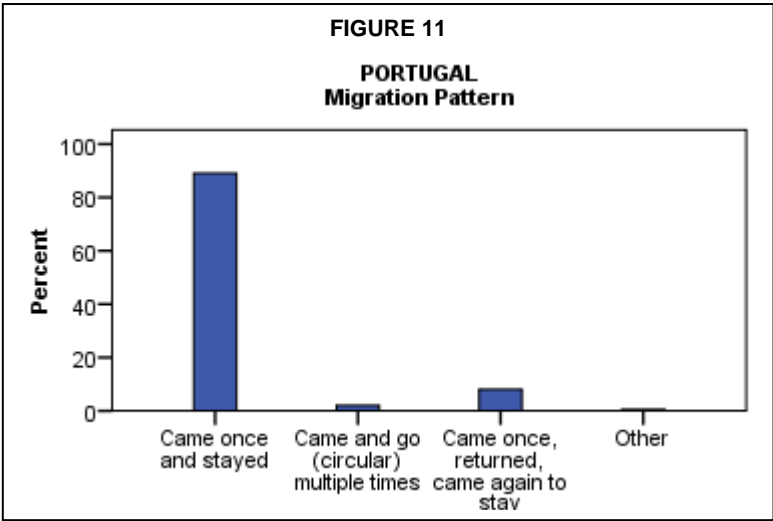
Family support and the existence of social networks in the country of destination can play an important role in facilitating migration. About 55.5 per cent of the migrants interviewed in Portugal received some kind of assistance from the members of their family (parents, siblings, spouse, uncle, aunt or cousins; Figure 9). Many interviewees, who left Angola during the 1990s, were in fact adolescents or young adults when they first arrived in Portugal.



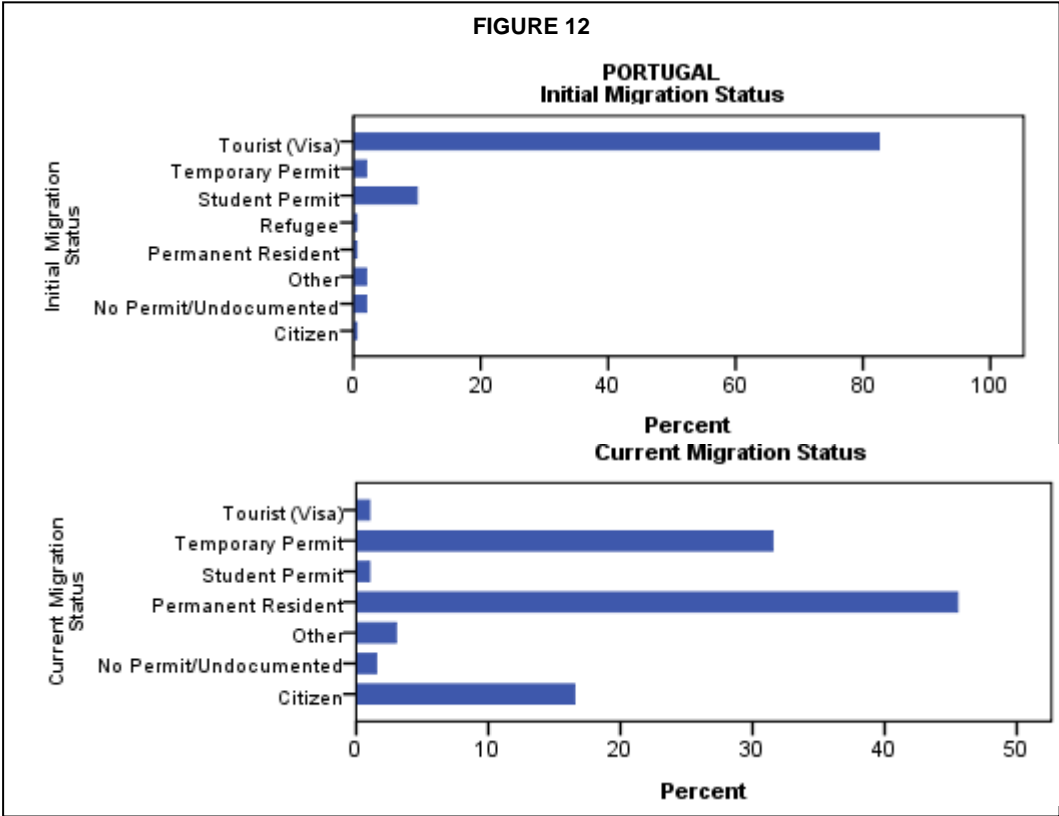
Besides the existence of social networks, cultural proximity (54 per cent) was a very strong motivation for choosing Portugal as a destination, followed by the existence of labour opportunities (Figure 10). This is further confirmed by the findings of the household survey carried out in Angola, which revealed that 50 per cent of their relatives who migrated to Portugal chose that country owing to the linguistic proximity and the presence of friends and relatives in Lisbon.



For the most part (89.1 per cent), migrants settled down in Portugal after they arrived in the country; very few (only 8 per cent) followed some kind of circular migration pattern but finally settled in Portugal (Figure 11).



Nearly all migrants (82.5 per cent) had a tourist visa when they first arrived in Portugal<sup>30</sup>. Today, 45.5 per cent of the sample have become permanent residents, 31.5 per cent have obtained a temporary permit, and 16.5 per cent have become Portuguese citizens (Figure 12)<sup>31</sup>.



The former indicates that many of the respondents in Portugal enjoy a stable migratory situation and thus are in a good position to search for decent employment and may have access to social benefits and diverse financial services. Therefore, migrants in Portugal are seemingly in a good position also to save and remit.

### **III.3 Migration from Angola to South Africa**

Migration in the Southern African region is not a recent phenomenon; it dates back to pre-settler and pre-colonial times. Migration in SADC<sup>32</sup> is linked to social, economic, and political factors. *Intra-regional* migration is the most important characteristic of migration dynamics in this geographical area, dating back to the mid-nineteenth century. During the colonial period, contractual labour in the agricultural and mining sectors, as well as domestic services demand framed intra-regional migration flows. Later on, the end of apartheid in South Africa, and its integration with the SADC region further influenced both legal and undocumented cross-border migration (Black et al 2006: 80). Independence movements in the region, led to the movement of white settlers out of Zambia, Zimbabwe, Angola and Mozambique. The spread of the HIV and AIDS epidemic<sup>33</sup>, civil conflicts (the Mozambican and Angolan civil wars), and reintegration of displaced persons have recently modified migration patterns in the region (Crush, Peberdy and Williams, 2006). UN-INSTRAW and SAIIA (2007: 10), following Robert Cohen, further describe six global trends in international migration patterns relevant to post-apartheid Southern Africa: (a) refugee migration<sup>34</sup>, (b) migration for shopping, (c) undocumented workers, (d) skilled transients, (e) unskilled contract workers, and (f) independent female migrants, although they argue that the category of “independent female migration” could be problematic and a-historical, owing to the fact that it ignores the long history of independent migration of women in the region. Other authors suggest that today, migration patterns in this area are characterized by growth in the volume and complexity of cross-border movements (i.e. circular migration, movement for trade and business); the restructuration of traditional contract labour systems; the expansion of undocumented migration and skilled migration; resettlement of refugees and displaced persons; growing informal cross-border trade; rapid urbanization and the restructuration of rural-urban linkages (Crush, Peberdy and Williams 2006: 8).

Historically, South Africa has attracted foreign labour from the SADC region, first under contractual labour systems, and since independence, owing to its steady economic growth, driven by strong domestic demand and foreign direct investment. Paradoxically,



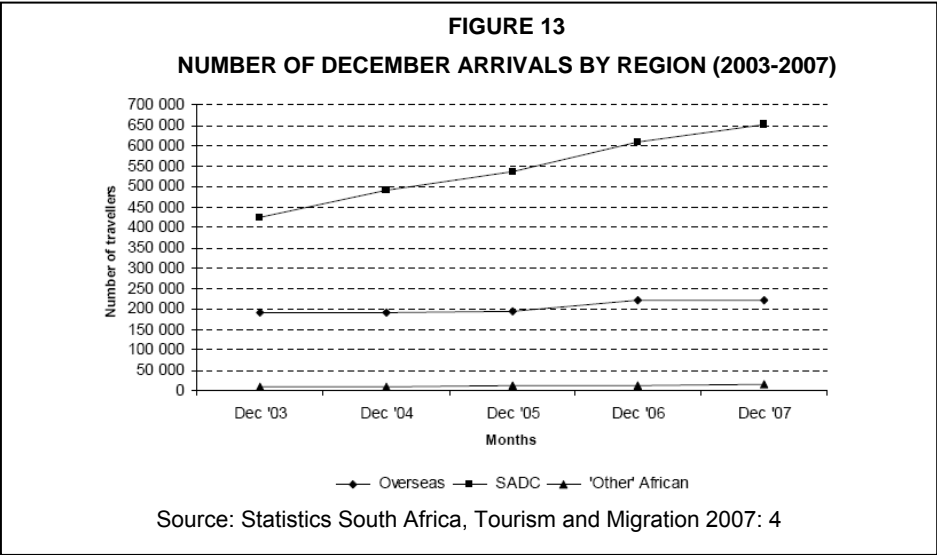
South Africa continues to face high unemployment rates (21.9 per cent, 4<sup>th</sup> quarter 2008) poverty, high prevalence of HIV/AIDS (11 per cent in adult population), and relatively low life expectancy at birth (estimated for both sexes at 52.2 years; 50.3 years for males and 53.9 years for females) (Statistics South Africa, 2008b). Nevertheless, South Africa is considered among the countries very likely to meet the MDGs relating to poverty and hunger, education, gender equality, environmental sustainability and the global partnership for development, within sub-Saharan Africa.

Today, South Africa is both one of the most important countries of immigration within Africa and one of the most important countries of emigration together with Cape Verde, Eritrea, Ethiopia, Gambia, Ghana, Liberia, Mali, Senegal, Sierra Leone, Somalia and Zimbabwe (Black, et al. 2006:2). Skilled emigration is also a feature of South Africa's migration dynamics<sup>35</sup>.

Furthermore, in the case of SADC countries, increasing migration flows within the region, both legal and undocumented, are a matter of concern. This is reflected in the restrictive approach to migration and tight immigration policies. Seemingly, Botswana, Namibia, South Africa (in SADC) and Angola<sup>36</sup>, are among the countries that have reservations in relation to the free movement of persons, proposed either in the Draft Protocol on the Facilitation of Movement of Persons, of the SADC<sup>37</sup> (that concerns all the referred countries), or in the Common Market for Eastern and Southern Africa (COMESA) Protocol on the Free Movement of Persons, Labour and Services, Right of Establishment and Right of Residence<sup>38</sup> (that concerns Angola). In 2000, the Migration Dialogue for Southern Africa (MIDSA) was launched, with the support of the IOM and the Southern African Migration Project (SAMP), in order to build trust among partners and improve institutional capacity in migration management in SADC, mainly through non-binding processes.

Poverty, unemployment, skilled emigration, xenophobia<sup>39</sup>, and restrictive migration policies have not affected the attractiveness of South Africa as a key destination for many migrants within the SADC. In 2007, for instance, 97.9 per cent of all arrivals to South Africa originated in SADC countries (Statistics South Africa 2008: 2). Arrivals from SADC countries have been increasing since 2004 (Figure 13); the eight leading source countries from SADC are Lesotho, Swaziland, Zimbabwe, Botswana, Mozambique, Namibia, Zambia and Malawi. Stated reasons for entry in South Africa tend to be very diverse; nevertheless,

some scholars argue that primary stated reasons are often tourism, trade or business, and not work (Black et al 2006: 86). In 2007, an overwhelming majority (95 per cent) of foreign arrivals was admitted into South Africa on visitors' temporary residence permit (this group comprises mainly same-day travelers and tourists). The same year, those admitted for business (1.7 per cent), work (1 per cent) and study (0.7 per cent) were the minority (Statistics South Africa 2008a: 3).



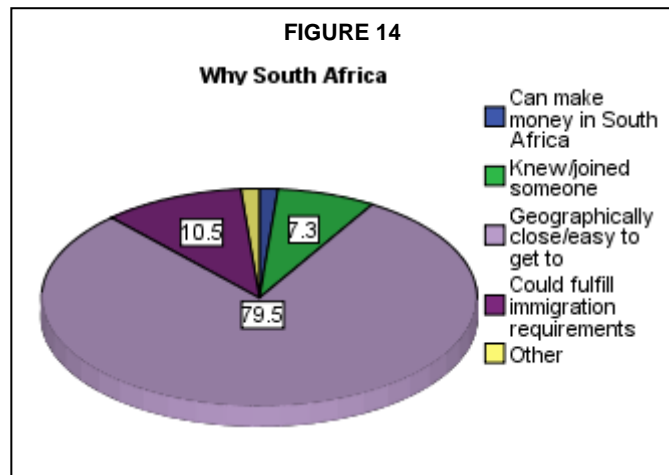
According to the last population census undertaken in 2001, Angolan residents represented only 1.9 per cent of foreign citizens from SADC countries residing in South Africa, and only 0.01 per cent of South Africa's population (Table 6).

**TABLE 6**  
**SOUTH AFRICA: COUNTRY OF CITIZENSHIP FOR MIGRANTS 2001**

Citizenship (14 first nationalities)			Citizenship (SADC countries except South Africa)		
	N	%		N	%
South Africa	17037670	99.56	Mozambique	43750	58.6
Mozambique	43750	0.26	Lesotho	10144	13.6
United Kingdom	11158	0.07	Zimbabwe	8114	10.9
Lesotho	10144	0.06	Swaziland	3964	5.3
Zimbabwe	8114	0.05	Malawi	2993	4.0
Swaziland	3964	0.02	Angola	1437	1.9
Malawi	2993	0.02	Namibia	1353	1.8
Germany	1638	0.01	Zambia	1322	1.8
Congo Brazzaville	1482	0.01	Botswana	702	0.9
Angola	1437	0.01	D.R.C. (Congo Kinshasa)	594	0.8
India	1412	0.01	Mauritius	177	0.2
Namibia	1353	0.01	Tanzania	160	0.2
Zambia	1322	0.01	Seychelles	0	0
United States	994	0.01	All SADC countries	74711	100
All nationalities	17142837	100			

Source: Statistics South Africa, Census 2001

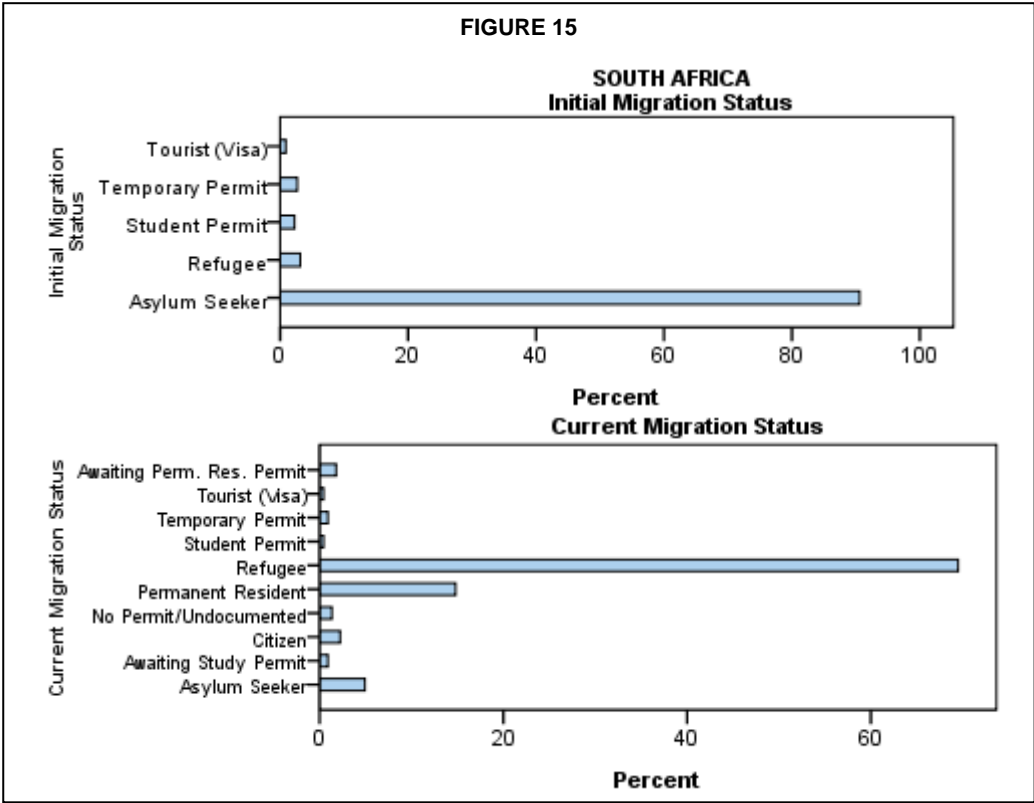
The study further confirms the importance of intraregional migration flows within the SADC. Geographical proximity was indeed a major determinant for choosing South Africa as a destination among respondents in South Africa (representing almost 80 per cent of the cases; figure 14). The possibilities of being able to fulfill immigration requirements and join a relative (spouse, brother, cousin) also influenced the choice of that country. Unlike migrants in Portugal, the existence of labour opportunities was not among the reasons influencing the choice of the destination country for interviewees in South Africa.



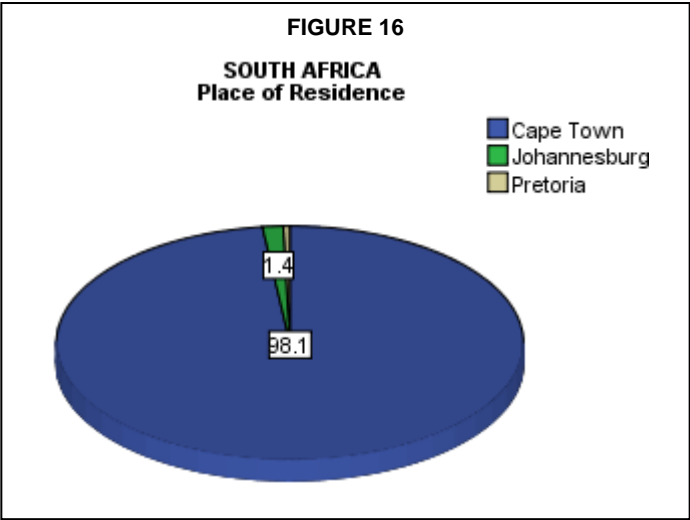
It is worth mentioning also that South Africa was a major host of forced migration flows during the 1990s, despite the fact that the country did not recognise refugees until 1993<sup>40</sup>, by the end of apartheid. The 1998 South African Refugees Act<sup>41</sup>, which became effective in 2000, is consistent with the principle of non-refoulement. The act allows recognized refugees to remain in the country and entitles refugees to apply for permanent residence after five years of continuous residence from the date on which asylum was granted. Some scholars argue that between 1994 and 2001, 64 000 applications were made for refugee status in South Africa; primarily from nationals from DRC (7,700), Angola (6,900), Somalia (5,900), Nigeria (5,300), Senegal (4,500), Ethiopia (3,200), Burundi (2,000), and some Asian countries, including India (6,400), Pakistan (5,300) and Bangladesh (1,300). Somali applicants had a 90 per cent rate of acceptance, Angolans 65 per cent, DRC 64 per cent, and Burundi 46 per cent; other applicants were less successful, presumably on the grounds of their nationality (Black et al. 2006: 88). Furthermore, in early 2003, South Africa received 14 000 new arrivals, bringing the total number of persons to 90 000, comprising 24 000 recognized refugees and 66 000 asylum-seekers (South Africa Info 2004, online). The United Nations Population Division estimates the number of refugees in South Africa at 28 300 (UN-DESA 2009). The latest report of the South African Department of Home Affairs (DHA) estimates the number of asylum seekers at 58 584 in 2007 – 2008, out of which 9 727 applications were accepted (Republic of South Africa, DHA Annual Report 2007 – 2008, online). However, these

figures are not disaggregated by nationality, making it difficult to appraise the true size of the Angolan refugee community in that country.

The findings of this study are consistent with the above context as regards the changes of migratory status of Angolan migrants. For the most part, interviewees entered South Africa, during the 1990s, as asylum seekers (90.6 per cent of the sample). Today, the majority has been granted refugee status (69.5 per cent); some have become permanent residents (15 per cent); a few are asylum seekers (5 per cent) and the rest hold another kind of migratory status (temporary permit, citizen, student, undocumented, and tourist visa; figure 15). Indeed, at the time when interviewees arrived in South Africa, it may have been “easier” for Angolans to apply for a refugee permit than for any other kind of permit. However, Angolan recognized refugees in South Africa seem to be in a vulnerable situation that influences their employment opportunities, income level and access to financial services, and thus their capacity to remit. Recently, most Angolan migrants have been admitted into South Africa as visitors on temporary permits. In 2007 the number of SADC travelers that arrived in South Africa was estimated at 650 714 of which 2,608 Angolan nationals. The majority of Angolan citizens (2355) were admitted as visitors on holiday; 124 were registered as students, 69 were admitted for work purposes and 46 for business (Statistics South Africa 2008a: 16).

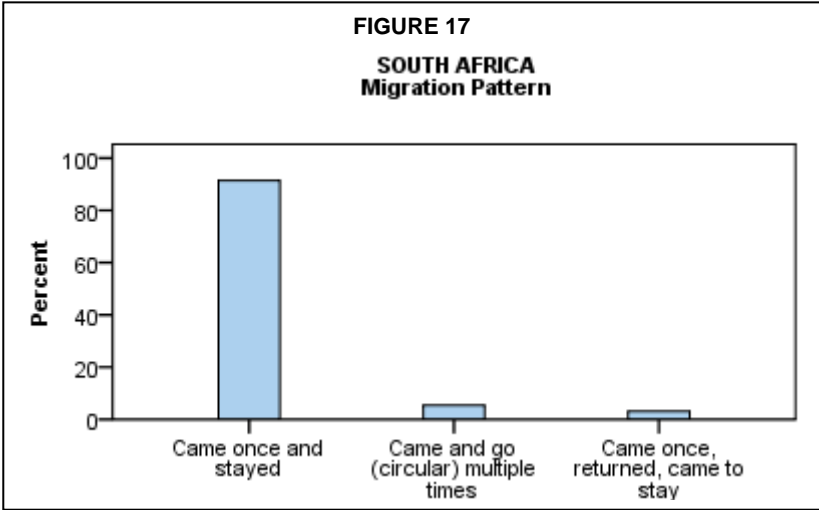


With regard to geographical distribution in South Africa, as the surveyed area was only Cape Town, nearly all Angolan interviewees reside in Cape Town, Western Cape, with the exception of four cases in which migrants reside in Johannesburg and Pretoria, in the province of Gauteng (Figure 16). It is worth mentioning that unlike other African countries, South Africa does not have refugee camps. Asylum seekers and refugees tend to settle in urban areas. Furthermore, assistance to refugees in South Africa is not institutionalized (South Africa Info 2004, online); asylum seekers needing official support must turn to local authorities.



Therefore, we could expect Angolans to have sought to settle where they were likely to find support from already established social networks, or they may simply have responded to labour demand in specific regions and labour sectors. Indeed, most migrants who participated in focus group discussions claimed they did not know anyone in South Africa before arriving in that country, but found other Angolans after their arrival relatively easily.

As in the case of migrants in Portugal, most respondents settled down in South Africa since they first arrived in the country (91 per cent). Very few followed a circular migration pattern (5.4 per cent), and even less migrants went once to South Africa, returned to Angola, and finally settled down in South Africa (3.1 per cent), as shown below.



Finally, undocumented migration exists both in Portugal and South Africa; however, only respondents in South Africa provided more detailed information on this topic. The vast majority of migrants interviewed in South Africa did not receive any kind of assistance (80.7 per cent). However, some of the small share of respondents who did receive assistance to migrate (19.3 per cent), claimed they had been helped by truck drivers, mostly from Namibia, to enter South Africa. In other cases migration was facilitated by cross border agents, and in the smallest number of cases migrants received support from official institutions.

Irregular, undocumented or unauthorized flows<sup>42</sup> are one form of migration that frequently draws much official attention from receiving countries, on the basis of security and economic concerns. These flows are difficult to monitor and record; therefore, official sources tend either to under or overestimate them, which results in data deficiencies. The South African Home Affairs Department Annual Report 2007-2008 observes an increase of 18 per cent in deportation volumes during the past five years. Likewise, the report observes that projections for deportees for 2008 have increased from 312 000 to 370 000. However, it is extremely difficult to know whether these figures include Angolan citizens as data are not disaggregated by nationality; there are indications that the number of deportations to Zimbabwe is important. From the perspective of migrant sending countries, irregular migration flows are also a matter of concern as undocumented migrants are often more vulnerable to risks such as inadequate labour conditions, low wages, denial of social benefits or access to basic services, exclusion, deportation, and abuse. This suggests that irregular migrants in South Africa are not in a good position to remit as they may lack access to stable and safe employment, social protection, and even to recorded remittance services. Further bilateral cooperation is thus essential enforcing migrants' rights and ensure their protection, regardless of their migratory status.

### **III.4 Main findings**

As a conclusion to this section, we observe that the conflict in Angola had a major impact on emigration decisions of the many people who left the country **during the 1990s**. But the conflict must not be seen as the single determinant for emigration; instead, the consequences of a combination of violence, instability, limited labour and education opportunities, and the decline of living standards may have influenced, all together, the emigration decisions. Many migrants who could accomplish the migration project were helped by their relatives (in the case of Portugal), as a significant share of migrants was still young when they left Angola<sup>43</sup>.

In other cases, migrants may have settled in locations where they were likely to find established social networks of co-nationals (in South Africa).

This study is aimed at better understanding the characteristics of remittances and the opportunities to enhance their development impacts in Angola; therefore, it is worth mentioning here two features of the migration histories and patterns that may influence the remittance behavior:

- *Migration patterns:* Most Angolan migrants settled in the destination country since their first arrival. Very few have returned to Angola or have been to other countries before settling in either Portugal or South Africa. Some authors believe that the length of stay abroad influences migrants' motivations to remit, especially if their family is able to join them, as they may slowly lose financial or moral obligations in the country of birth and become more and more integrated into the host society. Others suggest that migrants never really lose their ties to the country of birth and may eventually return and even send remittances with the purpose of settling back in the country of origin. This raises the need to consider development initiatives that take into account opportunities for collaboration with Angolans abroad without imposing return as a condition, as such terms might make collaboration unattractive.
- *Migratory status:* Most migrants were admitted in Portugal under tourist visas, and eventually became permanent residents or gained access to temporary residence permits. In the case of South Africa, most Angolans were admitted as asylum seekers and have now become recognized refugees. It is likely that migrants in Portugal who enjoy a more stable migratory status have better labor opportunities and higher income levels than migrants in South Africa, which suggests the former are in a better position to save and remit.

With the purpose of better understanding the determinants of migrants' remittance behavior, the next section further describes the major socio-demographic characteristics of migrants interviewed in Portugal and South Africa.

#### IV. ANGOLAN SENDERS IN PORTUGAL AND SOUTH AFRICA: SOCIO-DEMOGRAPHIC CHARACTERISTICS

As an introductory remark to this section, it is worth recognizing that remittances constitute sources of private capital, and therefore, the *main stakeholders regarding remittances utilization are senders and recipients*. Indeed, many of the overall characteristics of remittances are determined by their private nature, the specific characteristics of senders and recipients, and the type of relationships between them (economic obligations, kinship and affective ties), as well as the links that migrants keep with their communities or countries of origin. It would be misleading, in fact, to presume that all migrants remit or that migrants remit for the same purposes.

In this section we focus on characteristics of the senders and the factors that influence the senders' capacity to save and remit. Gender is here taken as a cross-cutting factor and will be mainstreamed in the analyses presented throughout this section when possible. The specific motivations to remit, which are also major determinants of remittances, are outside of the scope of this study. This is why it is recommended to carry out more qualitative research in order to gather significant empirical evidence on those aspects of the remittance behavior.

##### IV.1 Socioeconomic background

Among the frequently analyzed socio-demographic characteristics of migrants, one controversial topic is to what extent migration cuts across *class* and social status boundaries. For some scholars, migration often represents a livelihood and income diversification strategy for the poor. Others believe, instead, that migration is also characteristic of the better off, and especially of many African elites (Black, et al. 2006: 2). The findings of the study show that migration cuts across different socioeconomic and demographic groups, gender roles and levels of qualification.

All migrants interviewed in Portugal and South Africa were born in Angola; the majority are male (69.5 per cent in Portugal; 91 per cent of respondents in South Africa). Likewise, the household survey findings in Angola report that out of the 501 migrant relatives of the heads of household interviewed, 67 per cent are male migrants. Indeed, migration flows in these corridors continue to be *male dominated*, despite the fact that the proportion of women and girls among international migrants is nearly 50 per cent (UN-DESA 2009). Anecdotal evidence suggests that male migrants are dominant due to the apparent



uncertainties of life in the chosen host country. Male relatives are often first “sent” abroad to seek better opportunities, and once the relative manages to stabilize his condition other members of the family may join him. The majority of focus groups participants in Portugal, who were male, stated they emigrated to escape war (forged or not to do military service) (Focus group discussion, Lisbon, 7 March 2009). Yet, it is difficult to know to what extent the *gender dimension* affects the remittance behavior of interviewees. In Portugal, the sample considered only migrants (male and female) who had sent remittances within the 12 months preceding the interviews. In contrast, in South Africa, a small share of migrants interviewed (13 per cent, or 29 out of 223 people) did not send remittances within the twelve months before the interview took place; most of them are men (76 per cent), but as women are underrepresented in both samples, we cannot establish a clear link between gender and remittance behavior.

Male migrants interviewed in Portugal are seemingly more likely to emigrate owing to the consequences of violence and war, economic hardship, to study abroad and search for new opportunities, while the primary reasons for emigration among women are to join a relative, search for new opportunities and study (Table 7).

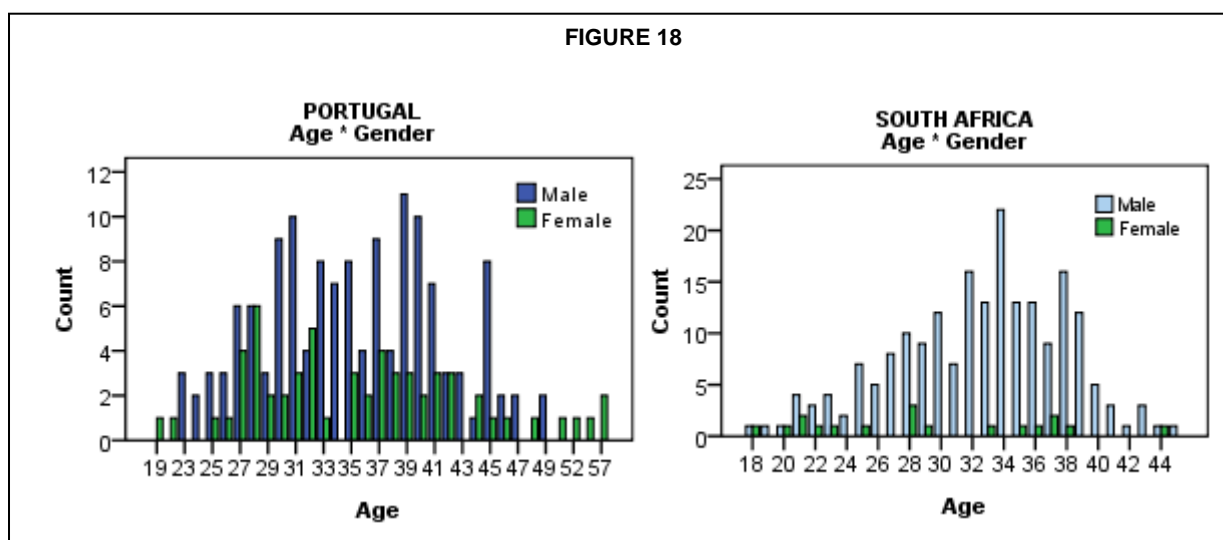
<b>Reason</b>	<b>Male (count)</b>	<b>Female (count)</b>	<b>Total</b>
Economic hardship / need work / need to earn money	52	7	59
Political reasons	29	2	31
Escape violence / war	63	9	72
Search for new opportunities	31	19	50
Join a relative	14	20	34
Get married	1	2	3
Study	36	19	55
Other	7	4	11

In the same way, among men interviewed in South Africa, political reasons, violence and war, the search for new opportunities, and study abroad were important causes for emigration. The reasons for emigration among women are comparable to those referred to by men, although women seemingly had fewer opportunities or incentives to study abroad (Table 8).

<b>Reason</b>	<b>Male (count)</b>	<b>Female (count)</b>	<b>Total</b>
Economic hardship / need work / need to earn money	12	0	12
Political reasons	100	4	104

Escape violence / war	54	5	59
Search for new opportunities	38	2	40
Join a relative	8	4	12
Get married	1	1	2
Study	19	1	20
Other	0	1	1

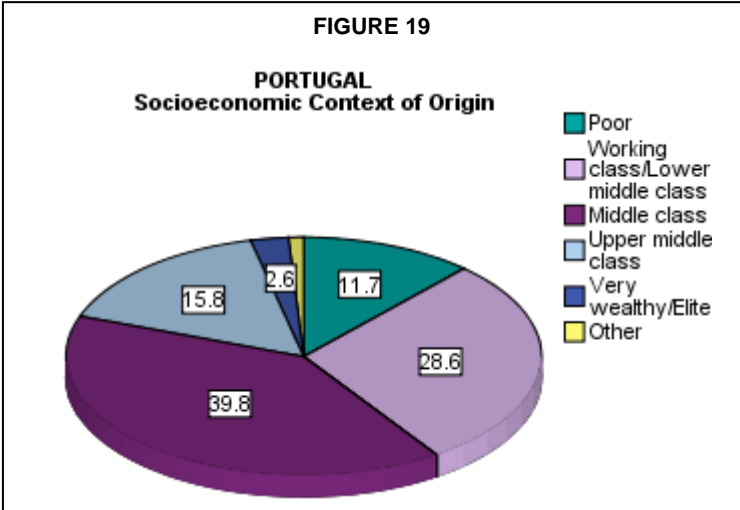
Most migrants in Portugal and South Africa are adults in their early or mid-thirties. The mean age of the interviewees in Portugal is 35 years for both male and female migrants (born between 1951 and 1989), and the average age of interviewees in South Africa 32 years (born between 1956 the oldest and 1990 the youngest). Women in South Africa are slightly younger than men (average age of women is 27.5 years old; and men are 32.3 years old in average) (Figure 18). The majority of these migrants were still adolescents or young adults when they first arrived either in Portugal or in South Africa.



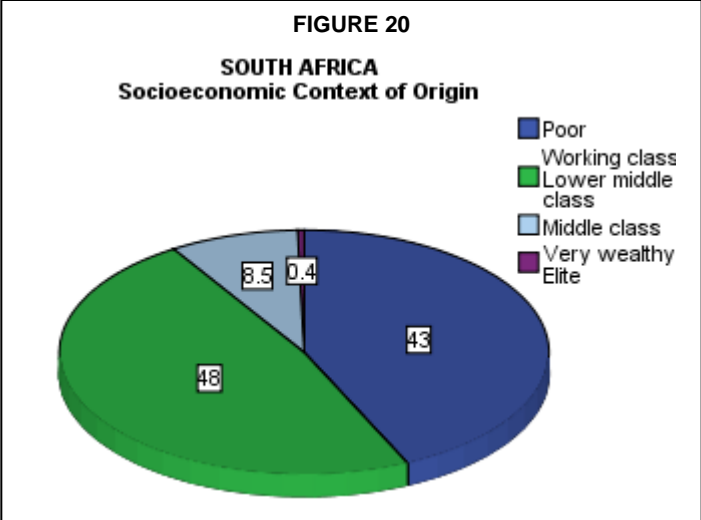
Concerning the relationship between class structures and migration, some scholars believe that long distance emigration is characteristic of the better off and skilled migrants, owing to the fact that they can better afford the costs of migration. The findings of this study can only partially confirm these observations: the *socioeconomic background* of people interviewed in Portugal is quite diverse compared to migrants in South Africa. Furthermore, the level of qualification of people traveling long distances, in this case, to Portugal, is not necessarily superior compared to those who remained within the SADC region.

In Portugal, the majority of respondents come from Luanda city (73.6 per cent) and according to their own perception they come from an urban context. A small share of

migrants comes from a suburban area (15.5 per cent) and the smallest number comes from a town or village (3 per cent). A large share of migrants claimed to come from middle class (almost 40 per cent) and lower middle class environments (28.6 per cent); and only a small proportion claimed to come from a poor socioeconomic environment (11.7 per cent). A significant share of migrants claimed to come from upper middle class and wealthy environments (about 18 per cent of the sample) (see Figure 19).



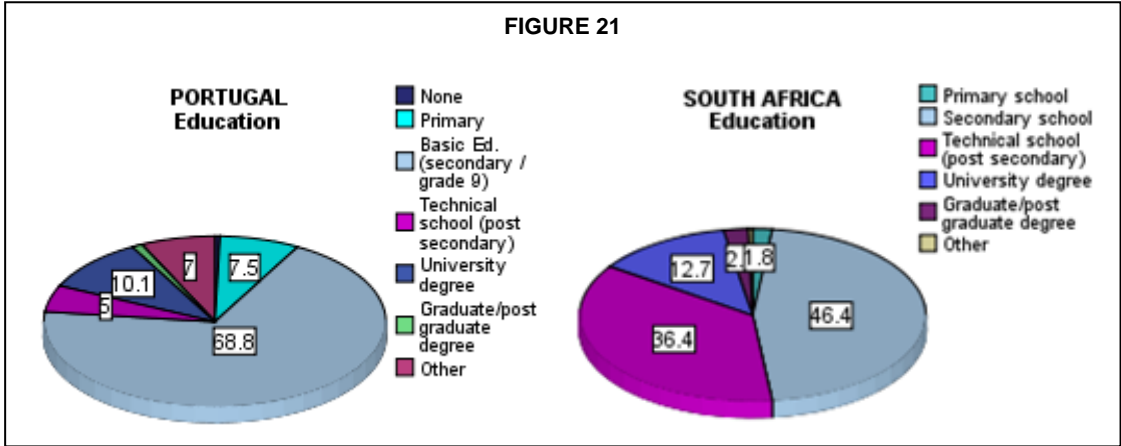
However, migrants interviewed in South Africa claim to come from different places in Luanda province (in total 80.7 per cent): 41.7 per cent, 39.5 per cent, 13.9 per cent and 3.6 per cent come respectively from an urban context, a suburban area, a rural or agricultural area, and a town or village. The socioeconomic background of migrants in South Africa seems to be more homogeneous: 43 per cent migrants claim to come from a poor socioeconomic context; 48 per cent claim to come from a lower middle class environment; and only 8.9 of the sample claim to come from middle class and wealthy environments (Figure 20).



**IV.2 Education**

The level of migrants’ *qualifications* usually affects their incorporation in any given labour market, and consequently it could also influence migrants’ earnings or level of income and their remitting capacities. Skilled migration has been extensively studied in SADC countries, but there is also an increasing interest in the so called *deskilling* phenomenon, as it is widely recognized that many skilled migrants cannot always make use of their qualifications in destination societies.

While some Angolans living abroad are well qualified, migrants interviewed in Portugal and South Africa have low levels of qualification. In Portugal, most male and female migrants, completed only basic education (grade 9; 68.8 per cent); others completed only primary education or have other type of education (7.5 per cent and 7 per cent, respectively), and very few attended a technical school after secondary school (5 per cent) (Figure 21).



There are no significant differences between the education level of male and female migrants, except for the proportion of migrants who attended a technical school after secondary school, which is greater among men; and the proportion of those migrants with a graduate degree, which is slightly higher among women (Table 9).

**TABLE 9**  
**PORTUGAL: Education \* Gender**

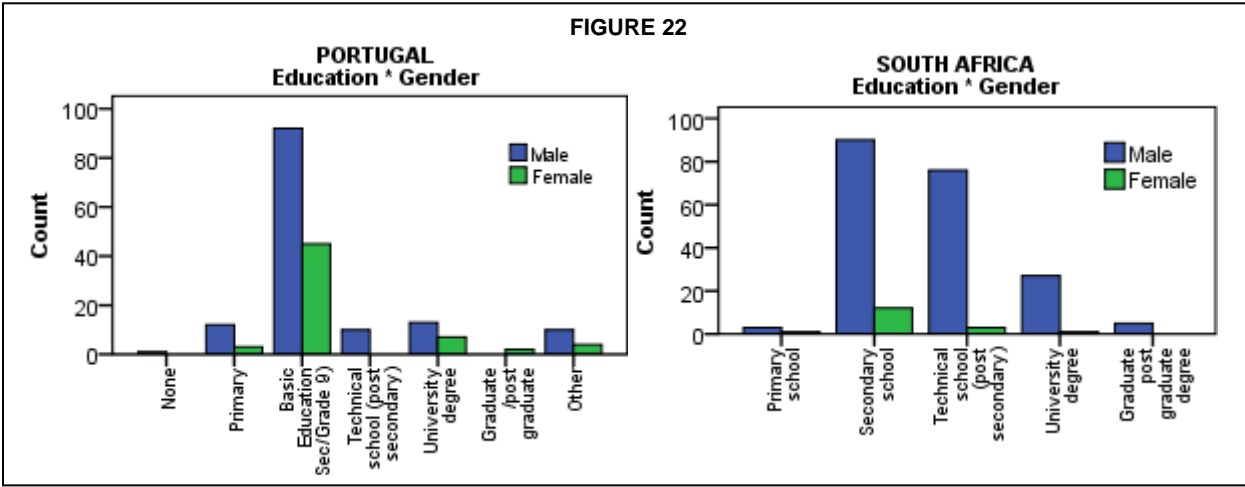
Education	Male	Female	Total
None	1	0	1
Primary	12	3	15
Basic education (grade 9 or secondary school)	92	45	137
Technical school	10	0	10
University degree	13	7	20
Graduate degree	0	2	2
Other	10	4	14
Missing	1	0	1
<b>Total</b>	<b>139</b>	<b>61</b>	<b>200</b>

Likewise, a large proportion of migrants interviewed in South Africa completed secondary school (46.4 per cent). Men seem to be more privileged, as they outnumber women who attended a technical school after secondary. The proportion of migrants with a university degree or other type of graduate education is greater among male migrants (Table 10).

**TABLE 10**  
**SOUTH AFRICA: Education \* Gender**

Education	Male	Female	Total
None	0	0	0
Primary	3	1	4
Basic education (grade 9 or secondary school)	90	12	102
Technical school	76	3	80
University degree	27	1	28
Graduate degree	5	0	5
Other	1	0	1
Not available	1	2	3
<b>Total</b>	<b>203</b>	<b>19</b>	<b>223</b>

In both cases, the share of male and female migrants who have a university degree or other type of higher education degree is relatively small (10 per cent in Portugal and 12.7 per cent in South Africa; figure 22).



**IV.3 Employment and income**

With a low level of qualification, Angolan migrants tend to take up low skilled jobs, frequently as employees<sup>44</sup>.

In Portugal, nearly half of the people interviewed were employed by the time they left Angola (49.5 per cent); the majority (80 per cent) was self employed and the rest were employees (18 per cent), in diverse occupations (Annex 2). Nearly all migrants (94.5 per cent) claimed they did not have paid employment in other countries before reaching Portugal;

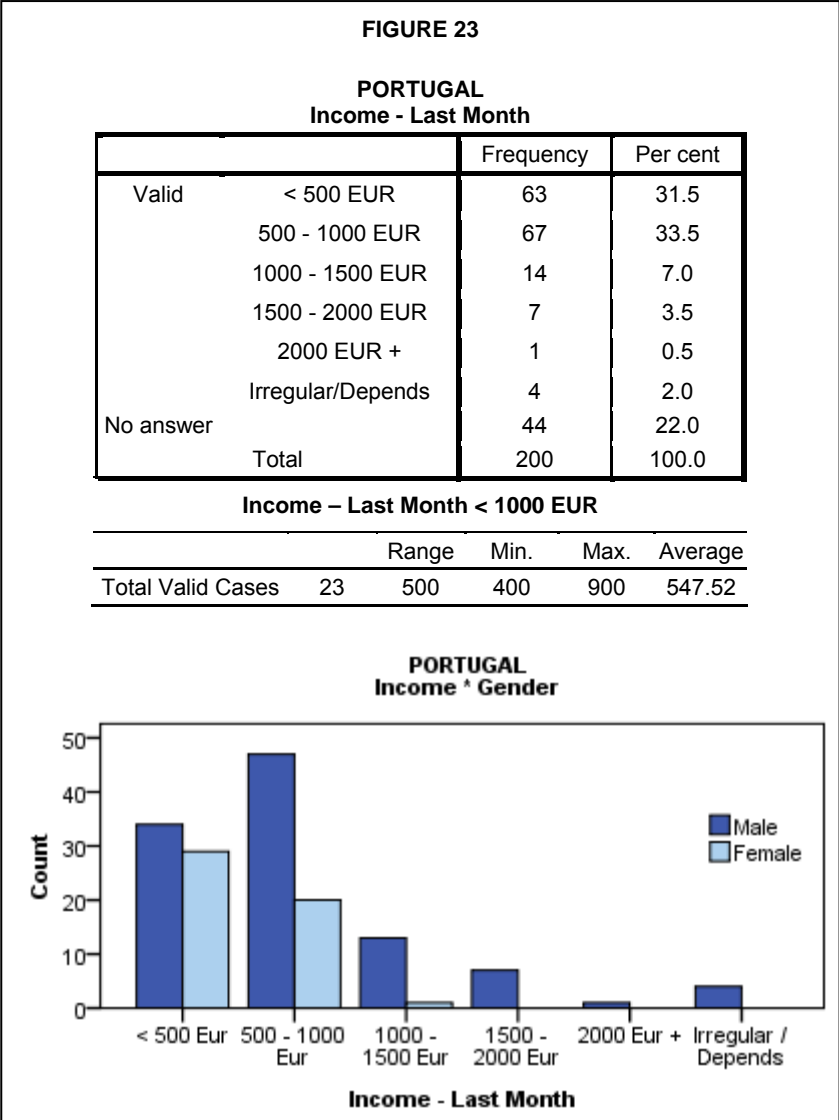
which is consistent with the migration pattern followed. Focus group discussions revealed that some migrants were still studying when they left Angola. However, today some have abandoned their studies because they needed to work (Focus group discussion, Lisbon, 7 March 2009). In contrast, a large share of migrants interviewed in South Africa (70 per cent of the sample) did not have a job before leaving Angola; some were still studying at that time (Focus group discussions, Cape Town, 3-6 February 2009). The rest had a job requiring different levels of skill (Annex 2), mainly as employees. Very few people had paid employment in other countries before arriving in South Africa (usually for less than one year). Again, this situation coincides with migration patterns followed by Angolan migrants, who for the most part settled down in South Africa since they first arrived in that country. Those who had paid employment in other countries indicated they had been in Namibia (4 cases); DRC (one case) and Mozambique (one case).

Currently, the majority of migrants (both male and female) interviewed in Portugal are employed or self employed (76.5 per cent), mainly in low skilled jobs in the service sector. The insertion of migrants in the Portuguese labour market is clearly influenced by gender. Women are likely to be employed in call centers, as clerks, confectioners, cooks, secretaries, domestic workers, hairdressers, and so on. Men tend to be employed in the construction sector (nearly a fifth of all migrants work in the civil construction sector), they also work as bricklayers, carpenters, drivers, electricians, technicians, watchmen, etc. (Annex 3). In addition, 9.5 per cent of the interviewees are students; a little over a quarter of them have a part time job, the rest are unemployed. At the time of the interview, a significant share of the sample (17.5 per cent) was unemployed.

Similarly, nearly all migrants interviewed in South Africa (89.5 per cent) are currently employed or self employed in low skilled gendered occupations: female migrants are employed mainly in the catering sector, as hairdressers, domestic workers, etc. Men are employed mainly in the construction sector (almost a quarter of the total sample), commerce, catering, bakery and security services (Annex 3). About 3 per cent are students; half of them have a part time job. Currently, 7.7 per cent of the sample in South Africa is unemployed. In addition, a considerable number of male migrants with a university degree have experienced deskilling<sup>45</sup>.

Moreover, in both Portugal and South Africa, the largest share of unemployed migrants falls within those who completed only basic education, who represent the majority. In Portugal, the proportion of unemployment, and the proportion of self employment are both slightly higher among male migrants. In contrast, in South Africa unemployment is higher among female migrants.

Along with access to safe and stable forms of employment, migrants' *income* is a crucial factor influencing their ability to remit. Migrants in Portugal seem to be experiencing a difficult economic situation<sup>46</sup>. About 65 per cent of the people interviewed affirmed they had earned less than 1000 Euros (or USD 1290) the month before the interview took place<sup>47</sup>; but only in 23 cases (out of 130 people who earned less than 1000 EUR) income was specified: migrants earned just a little over the minimum salary in

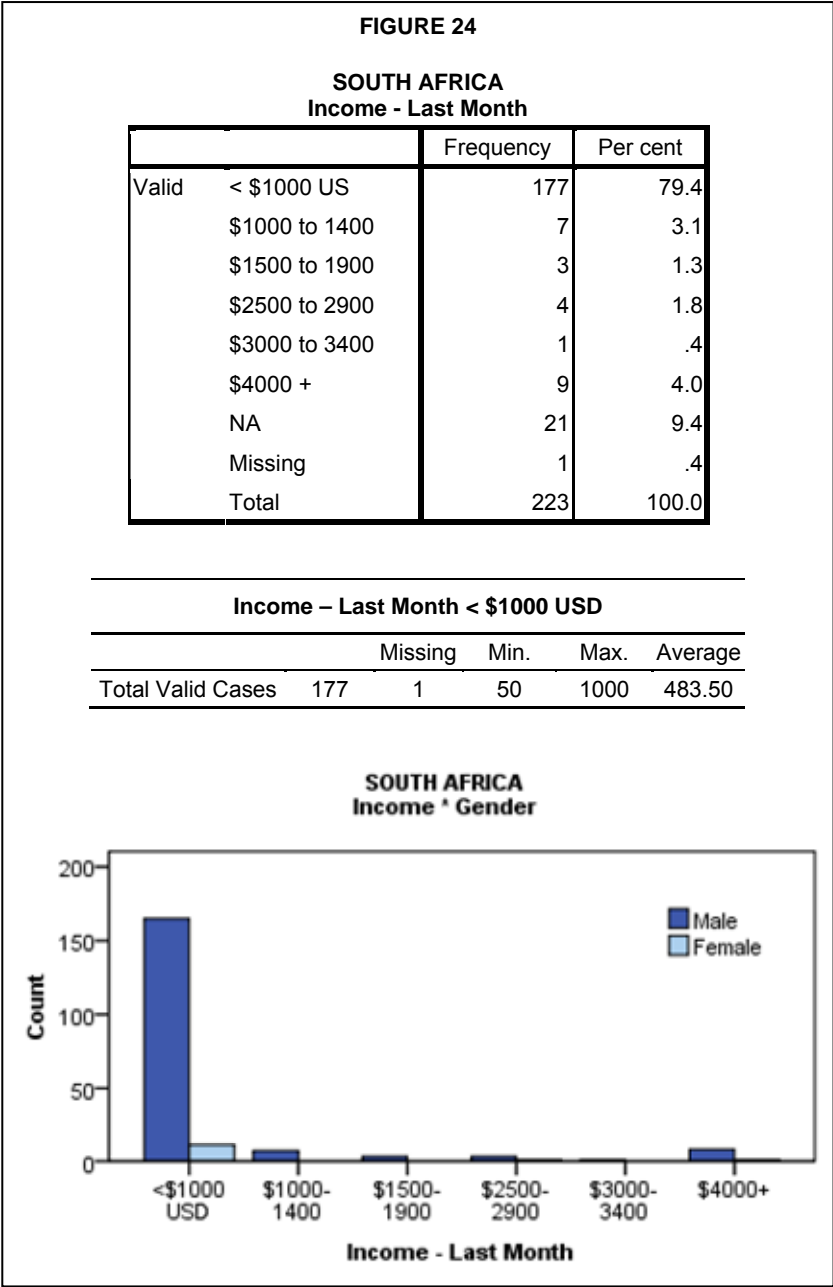


Portugal (450 EUR in 2009, or USD 580.5); in average 547.52 EUR (or USD 706.3). However, 20 per cent of the interviewees in Portugal were reluctant to disclose this kind of information. Women are seemingly more disadvantaged in this regard than men (Figure 23).

In South Africa, almost 80 per cent of the sample earned less than USD 1000 the month prior to the interview. Among those who made less than USD 1000, income ranges from USD 50 to USD 1000. The mean income earned by migrants the month prior to the interview was

USD 769.54, but the average income of those who earned less than USD 1000 was USD 483.50 (Figure 24). Again, as many women are currently unemployed, their level of income appears to be lower than that of men, especially among those who earned more than USD 1000 (Figure 24).

It is worth mentioning that the classification of occupations of the South African Labour Department is quite detailed. In some cases, a specific minimum wage rate applies to each sector, position in the occupational hierarchy, and province in the country. As the survey did not inquire into working hours, it is difficult to assess whether workers in each specific sector are earning more or less than the established minimum wage for each specific sector and area within South Africa<sup>48</sup>. However, there are indications that some interviewees in



South Africa are facing a difficult economic situation, arguably linked to their migratory status. During focus group discussions many participants expressed their interest in returning to Angola someday, as they found their situation as refugees in South Africa very difficult. Moreover, not all migrants are able to remit on a regular basis, but whenever they are to do so, they usually send money every few months (this is further discussed in the section on

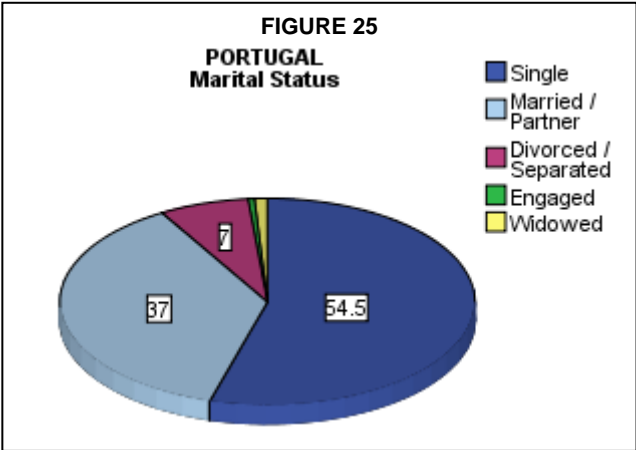


remittances). The latter depends both on their personal income, but also the rising living costs in South Africa and the weakening South African Rand (Focus group discussions, Cape Town, 3-6 February 2009).

**IV.4 Family situation and economic dependants**

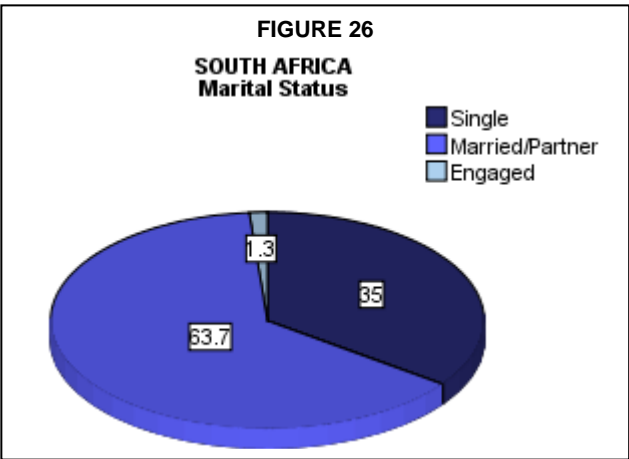
*Marital status and the number of dependants* are also important determinants of senders’ remittance behavior because they have a direct impact on migrants’ needs. Almost 55 per cent of interviewees in Portugal are single, who together with those divorced or widowed, make up 62.5 per cent of the sample.

In total, 74 people (37 per cent) are married (Figure 25), of which 80 per cent have an Angolan partner (59 out of 74 people), and the rest have partners born in other countries including Portugal, Cape Verde, Guinea, Brazil, and Congo. The majority of migrants’ spouses reside in Portugal (85 per cent of those married). In total, 68



per cent (137 people) have between one and six children under 18 (years old), regardless of their marital status. Most children reside also in Portugal, although a few live in Angola (about 18 per cent); only in three cases were children reported to reside in other countries (Cuba, Spain and the United States). Besides children, some migrants have other economic dependants, including their parents (especially the mother residing in Angola), siblings, nephews and spouse (both in Angola and Portugal), presumably, they are the main remittance recipients.

Also, the majority of respondents in South Africa are married (63.7 per cent; figure 26), mostly to South African nationals (68.3 per cent of those married). Some are married to Angolan nationals (about 25 per cent of those married), and very few migrants have spouses from other countries (DRC, Zambia and Zimbabwe). Nearly all



spouses or partners live in South Africa (135 out of 142). Moreover, 162 out of 223 migrants interviewed (72.6 per cent of the sample) have between one and five children (in average 1.81 children per migrant) between 1 month, and 17 years old. Nearly all children (94.4 per cent) reside in South Africa, and migrants consider children their main economic dependants. A small number of migrants considered also their parents, spouse and siblings as economic dependants.

#### **IV.5 Main findings**

So far, this section has presented the main socio-demographic characteristics of Angolan migrants interviewed in Portugal and South Africa. Migrants are mainly young adults in their mid-thirties, who come from diverse socioeconomic environments. Most of them come from poor, lower working class and middle class social backgrounds. In both cases, *men* outnumber women. The following socio-demographic characteristics might influence the remittance behavior:

- *Education:* Most migrants have only completed basic education, although it seems that men had further education opportunities as a large share of them attended also a technical school after finishing their secondary education. The low level of formal instruction may compel many migrants to take up jobs with few opportunities for further training, skills or career development.
- *Employment situation:* With low levels of qualification, the majority has incorporated in low paid, and low skilled occupations, somehow respecting the established gendered division of labour in the respective destination labour markets. Insecure, unstable and low paid forms of employment may hinder migrants' capacity to remit. Also, it is worth mentioning that some qualified migrants have experienced deskilling, but more empirical evidence is needed to understand this particular situation. Seemingly, men and women are likely to be employees instead of being self employed, and the number of people heading a small business in the destination country is quite low (only two cases).
- *Income:* Although the scope of this study is limited in this regard, the low earnings of migrants in both Portugal and South Africa are a striking reality. Many migrants are experiencing a difficult economic situation. This is linked to their personal income, but in some cases this is also related to their migratory status, and to the rising living costs in the respective host societies. This may severely hinder their remittance

behavior, as well as their willingness to take risks to establish small businesses or invest in the home or host country.

- *Family situation and economic dependants:* Nearly all migrants were still adolescents or young adults when they left Angola. Most of them are likely to be the sons, daughters, or siblings of the heads of migrant sending households in Angola. Although they might keep affective and economic links to the relatives they left behind, it is also true that *they have spent most of their adult lives in the destination countries*, where their main economic dependants (spouses and children) reside. Most of them have between one and five children; this situation, along with the low level of income, might hinder migrants' capacity to save and remit regularly. However, remittances are an indicator that the majority still feel that they have economic obligations in their country of birth.

In order to confront the findings of the interviews held with migrants in Portugal and South Africa, and to better understand migrants' remittance behavior, the characteristics of migrant sending/remittance receiving households in Angola are described in the following section.

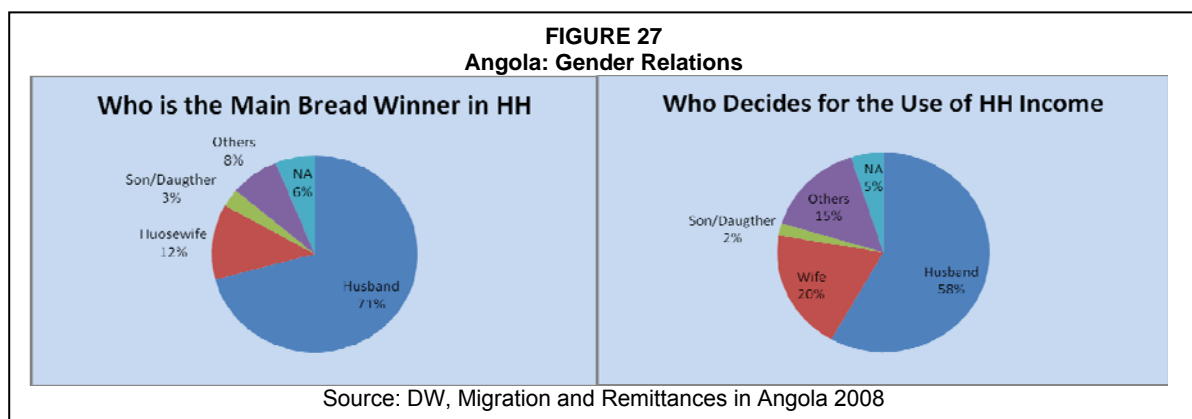
## V. CHARACTERISTICS OF ANGOLAN MIGRANT-SENDING/REMITTANCE RECEIVING HOUSEHOLDS

In earlier sections is argued that remittances are determined not only by the characteristics, needs and responsibilities of the senders, but also by the characteristics and needs of recipients. This section presents the findings of the household survey conducted in Huambo, Luanda, Luena, and Menongue, as per data analysis prepared by the NGO partner Development Workshop.

### V.1 Socio-demographic characteristics

The survey conducted with 404 heads of remittance recipient households in Angola, shows that these households are mainly headed by men (67 per cent of the sample). About 30 per cent of respondents in Angola are in their thirties, 21 per cent in their forties, 19 per cent in their fifties, 9 per cent in their sixties, and only 2.5 percent in their seventies; 17.5 per cent are young adults born in the 1980s. The mean age of respondents in Angola is 39 years old (the youngest is 17 years old, while the oldest is 78 years old). While a large share of respondents (37 per cent) has a relative living in Portugal, only 6.4 per cent have a relative living in South Africa, which indicates that only a small share of respondents may receive remittances from this source country.

As regards gender and family power relations, men continue to be the main “breadwinners” (71 per cent of the cases; figure 27) and the main decision-makers concerning the utilization of household income (58 per cent of respondents indicated it is the husband who decided for income utilization). However, an overwhelming majority of respondents (84 per cent) claimed women (wives) must be consulted at all times as regards remittances utilization.



## V.2 Education and employment

Like their relatives abroad, the majority of the heads of household interviewed in Angola have low levels of education: about 13 per cent attended some level or completed only primary education (*ensino primario, 1a – 6a classe*), 30 per cent attended some level or completed secondary education (*ensino medio, 7a – 9a classe*), 29 per cent attended some level or completed high school (*ensino secundário, 10a – 12a classe*), 12 per cent attended university or have a university degree, 9 per cent attended a technical school, and only 1 per cent have a graduate (*Master's, PhD*) diploma.

Most heads of household are currently employed (67 per cent) and nearly all employed respondents live in Luanda (85 per cent), arguably because of the increasing and wider employment opportunities available in the capital city. The distribution of employed respondents in the labour market is as follows: 38 per cent are low skilled and skilled workers, 22 per cent are office employees, 18 per cent are teachers, 9 per cent are engaged in small livelihoods/business, 8 per cent are in the military and 6 per cent are professionals<sup>49</sup>.

## V.3 Income

Overall, these households are seemingly not extremely poor or vulnerable, as revealed by their housing conditions. The majority of the houses are made of concrete or bricks (89 per cent), have cement floors (69 per cent), adequate sanitation facilities (70 per cent have a tank flush toilet system) and use liquified petroleum gas (LPG) to cook (90 per cent).

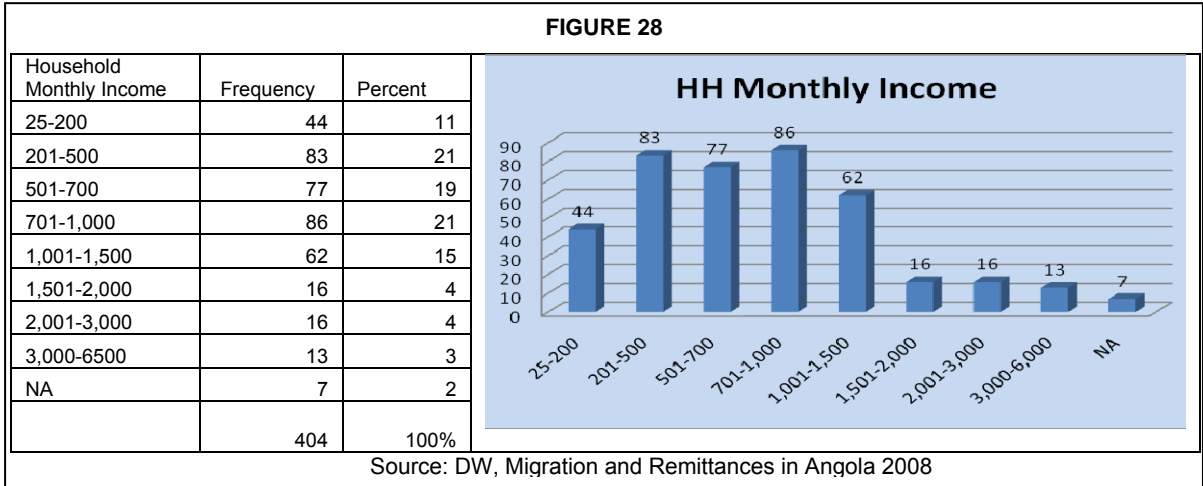
Type of House Materials	Frequency	Per cent	Floor Type	Per cent
Bricks	72	18%	18	2%
Blocks/Cement	286	71%	277	69%
Adobe	27	7%	14	3%
Wood	4	1%	17	4%
Straw	0	0%	0	0%
Other	2	0%	36	9%
NA	13	3%	13	3%
Total	404	100%	404	100%

Source: DW, Migration and Remittances in Angola 2008

Moreover, 80 percent of the respondents claimed to own their houses and 35 per cent owns a portion of land. The survey also showed that 36 per cent of the respondents own a car and the majority (65 per cent) claims to have savings. The focus group discussion revealed

that sometimes part of the funds received in remittances are saved in case further remittances are “delayed” or not sent by their relatives (Focus group discussion, Luanda, 3 March 2009). Almost all households are equipped with a television, radio and electric fan, and 92 per cent owns a telephone.

The households’ monthly income (including remittances) ranges between USD 25 and USD 6500. Most households live on a monthly income of less than USD 1000<sup>50</sup>: in 40 per cent of the cases the monthly income ranges between USD 500 and USD 1000; in 21 per cent of these cases it ranges between USD 200 and USD 500, and in 11 per cent of the cases between USD 25 and USD 200<sup>51</sup>. A third of surveyed households enjoy a higher income: in 15 per cent of the cases the monthly income ranges between USD 1000 and USD 1500, and in 13 per cent of the cases it ranges between USD 1500 and USD 6500 (Figure 28).



Undeniably, remittances constitute a source of supplementary income for many households. According to DW, in 12 per cent of the cases remittances constitute 51 to 80 per cent of the monthly household income; in 26 per cent of the cases, remittances constitute 21 to 50 per cent of the monthly household income, in 18 per cent of the cases remittances constitute between 11 and 20 per

**TABLE 12**  
**Share of Remittances in Household Income (%)**

Percentage of Remittance to Household Income	Frequency	Percentage
<b>1-10%</b>	103	25%
<b>11-20%</b>	74	18%
<b>21-30%</b>	48	12%
<b>31-40%</b>	30	7%
<b>41-50%</b>	27	7%
<b>51-60%</b>	20	5%
<b>61-70%</b>	19	5%
<b>71-80%</b>	8	2%
<b>81-90%</b>	2	0%
<b>91-99%</b>	2	0%
<b>100%</b>	66	16%
<b>NA</b>	5	1%
	<b>404</b>	<b>100%</b>

Source: DW, Migration and Remittances in Angola 2008

cent of the household income, and in 25 per cent of the cases they make up between 1 and 10 per cent of the households' monthly income. Nonetheless, for a significant share of households (16 per cent or 66 of respondents), remittances are the primary and only source of monthly income (Table 12).

#### **V.4 Relationship to migrant relatives**

Household size ranges from 6 to 8 members, which reflects the national average of around 8 members per household. Overall, it seems that most respondents (41 per cent) are the brothers and sisters of their relatives abroad. In the case of respondents with a relative living in Portugal, 34 per cent of respondents are the migrants' siblings, 22 per cent their children, 15 per cent are the aunt or uncle, 11 per cent the parents and the rest have a different relationship to the migrant relative (cousin, spouse or other). In the case of respondents with relatives living in South Africa, in 42 per cent of the cases the respondent is a sibling of the migrant relative, 15 per cent of respondents are the parents of the migrant, 12 per cent are their children and 32 per cent have other type of relationship to the migrant relatives (they are the spouses, aunt or uncle, cousins or other).

#### **V.5 Main findings**

The household survey confirmed that for the most part, respondents recall their relatives left during the period of the civil conflict. The majority of their relatives are currently living in various European countries; Portugal hosts around a third of them, while only a few migrated to South Africa. The survey further confirmed that for the migrant relatives, linguistic proximity was a key determinant for choosing Portugal as a destination, while in the case of South Africa it was geographical proximity. The following socio-demographic characteristics of respondents may influence the senders' remittance behavior as well as the utilization of remittances at the household level by beneficiaries:

- *Gender*: Most households are headed by men, who are the main breadwinners, and who decide upon the allocation of household income (including remittances). The mean age of heads of household is 39 years.
- *Education and employment*: About two thirds of the heads of household completed or attended some level of secondary or technical education. Nearly all respondents have taken up skilled jobs in Luanda.

- Most heads of household also recognized that their *relatives living abroad* are employed in low skilled occupations and, according to field researchers, this is the reason why about 50 per cent of respondents chose not to indicate the kind of job their relatives have in their respective host countries.
- *Income and asset accumulation*: Monthly income, housing conditions and asset accumulation indicate that the households surveyed are not poor or extremely poor. 80 per cent of respondents own their houses and the majority own also a vehicle and have savings. The majority of respondents (86 per cent) receive remittances, and the average amount received monthly ranges from USD 100 to USD 400. Remittances constitute a supplementary source of income for most households, but not all of them are highly dependent on these resources; except for 16 per cent of the households, for whom remittances constitute the only source of monthly income. The former suggests that most migrant relatives may not have a compelling responsibility to send remittances in order for their families to survive.
- *Relationship to migrant relatives*: Household composition ranges from 6 to 8 members, which is consistent with the national average. Most migrant relatives are the brothers and sisters (to a lesser extent) of the heads of household in Angola. Although most migrant relatives seem to be integrated in their host country, and may not have an obligation to remit regularly, the respondents revealed that their migrant relatives provide a valuable support to their families of origin, especially in emergency situations.

In order to complete the profile of migrants interviewed in Portugal and South Africa, the next section further discusses the links that they keep with their country of birth, as well as their degree of organization in the respective host countries.



## VI. ANGOLANS IN PORTUGAL AND SOUTH AFRICA: ORGANIZATION AND TRANSNATIONAL ENGAGEMENT<sup>52</sup>

In addition to individual transfers, there is evidence that in some cases migrants and their families have made collective contributions to local development initiatives, and engage in philanthropic activities, mainly through *migrant associations* in origin and destination countries. In this context, there has been an increasing interest in understanding the nature and scope of such contributions, and on building synergies and partnerships for development with migrants. In Angola in particular, the role of migration as an opportunity for development has been only recently recognized. In order to better understand the possibilities of involving Angolans abroad in development cooperation initiatives, this section presents the survey's main findings concerning the expectations and future plans of Angolan migrants in Portugal and South Africa, as well as the links and attitudes of Angolan migrants towards their country of birth, and their degree of organization in the respective host countries.

### VI.1 Links to Angola and expectations about the future

Concerning the links to Angola; in Portugal some respondents have seemingly more compelling economic obligations in Angola than interviewees in South Africa. Many own land or a house in Angola, have a bank account, own a small business, have home loans and loan money to family and friends. Nevertheless, the majority consider they do not have any financial obligations or links to Angola other than remittances (Table 13). Migrants in South Africa, in contrast, gave much more importance to the social links they maintain with their relatives and friends, although some of them have also important economic obligations as they own land, a house or a small business in Angola (Table 14).

Type of link	Frequency	Per cent
Own land /house in Angola	39	19.5
Have a bank account in Angola	19	9.5
Have a home loan (land, house, construction) in Angola	6	3.0
Own a small business in Angola	15	7.5
Have a small business loan in Angola	0	0.0
Have a student loan in Angola	0	0.0
Have a health / life insurance policy in Angola	0	0.0
Loan money to family / friends in Angola	4	2.0
Other	8	4.0
No financial obligations / links	130	65.0
Entire data set N =200		

<b>Type of link</b>	<b>Frequency</b>	<b>Per cent</b>
Own land /house in Angola	34	15.2
Have a bank account in Angola	5	2.2
Have a home loan (land, house, construction) in Angola	0	0.0
Own a small business in Angola	5	2.2
Have a small business loan in Angola	0	0.0
Have a student loan in Angola	0	0.0
Have a health / life insurance policy in Angola	1	0.4
Loan money to family / friends in Angola	3	1.3
Other (Family / Family & Friends)	127	57.0
Have no financial obligations / links other than remittances in Angola	2	0.9
Entire data set N= 223		

Furthermore, migrants in Portugal appear to have a wide range of expectations concerning investment, especially in property (acquiring land), housing, or small businesses in Angola. They also expressed interest in building up savings in a bank, expanding agricultural production, investing in higher education, etc. (Table 15). Many migrants have investment ideas in a wide range of sectors, from agricultural production to catering and real estate<sup>53</sup>; however, some of these projects or expectations may be difficult to realize because of lack of capital, access to credit or lack of skills.

Buy Land	99	49.5
Build / buy / improve house / apartment	118	59.0
Buy / grow / start / invest in a business	86	43.0
Build up savings in a bank	55	27.5
Pay for higher education / job training	20	10.0
Pay off a business / home loan	1	.5
Buy animals / livestock	3	1.5
Expand agricultural production	9	4.5
Other	6	3.0
None	27	13.5
Entire data set N = 200		

Migrants who have no investment plans usually explained they are now fully integrated in their host country; the cores of their lives are in Portugal, they do not intend to return to Angola, or lack the necessary capital to invest. Some still see Angola as an unsafe place; a few are uncertain about their future, others would like to go to another place or no longer have a feeling of belonging to their country of birth.

In South Africa, a large number of migrants are willing to invest in land, housing, small businesses, higher education and agriculture (Table 16). Migrants in South Africa also expressed their interest in investing in a wide range of sectors<sup>54</sup>. However, we have fewer details concerning the reasons why migrants have no investment interests or plans; in two cases the stated reason were difficulties related to investment procedures, and in one case the lack of interest in investing in Angola, as the migrant's family and life are in South Africa. Focus group discussions revealed that migrants still see many hindrances to investment in Angola.

Buy Land	109	48.9
Build / buy / improve house / apartment	75	33.6
Buy / grow / start / invest in a business	80	35.9
Build up savings in a bank	6	2.7
Pay for higher education / job training	83	37.2
Pay off a business / home loan	0	0.0
Buy animals / livestock	7	3.1
Expand agricultural production	25	11.2
Other	1	0.4
None	15	6.7
Entire data set N = 223		

The former, somehow challenges the views of some scholars, who argue that home countries tend to be viewed as preferable with respect to personal family and safety, educational opportunities, access to land, etc.

## **VI.2 Organization and transnational engagement**

Concerning the degree of organization of Angolan migrants, the majority, 80 per cent of the sample in Portugal and 62.3 per cent of migrants in South Africa, do not belong to any kind of organization or group; the reasons are quite diverse. In Portugal migrants claimed major reasons are lack of interest, opportunity, time, information and distrust<sup>55</sup>, or they simply do not see any advantage in becoming member of an association. Likewise, Angolan migrants in South Africa claimed lack of time, interest, and information as the main reasons why they have not become members of any organization. In addition, a significant share of respondents in South Africa stated that political reasons, fear and distrust prevent them to engage in any organization or group<sup>56</sup>.

Community organizations or groups in which a small share of Angolan migrants participates are for the most part based in LMA in Portugal, and in Cape Town in South Africa. These groups organize mainly social, cultural, leisure and religious activities, especially in South Africa. Migrant organisations in Portugal vary in scope, organisation and size, and it seems that they tend to focus on the lives, rights and integration of Angolans in Portugal (Annex 4). Only a small number of these organizations in Portugal has ever made a collective contribution to the country of origin of migrants (namely donations of food, educational material, clothes and other goods), although none of the respondents specified whether they contributed individually or not. In South Africa, apparently, none of the organizations has ever made a collective contribution to the migrants' country of birth.

With reference to return, almost 70 per cent of migrants in Portugal and nearly half of migrants in South Africa plan to eventually return to Angola. A further 10 per cent of respondents in Portugal plan to stay in this country, 12.6 per cent wish to live in both Portugal and Angola, dividing their time between the two countries; 8.6 per cent are undecided, and 1.5 per cent plans to go somewhere else. In South Africa, 28.6 per cent of respondents plans to live in both places (Angola and South Africa), 11.4 per cent plans to go somewhere else, 8.6 are undecided, and only 3.3 per cent plans to stay in South Africa. The former suggests that, besides the significant expectations of return, many migrants wish to participate simultaneously in both their respective host countries and Angola, showing the *transnational* dimensions of Angolan migration.

So far, it seems that not all migrants are currently committed to a broader contribution to the development of Angola, beyond sending remittances. However, many have *investment projects and a wish to return*, or to be part simultaneously of their current host country and their country of birth. These projects, if adequately supported with financial resources and training could be an opportunity for governments, donors and migrants to generate positive development impacts, especially in the migrant sending country. Nevertheless, the legitimization of development cooperation initiatives and trust building among Angolans abroad and between Angolans and their country of birth seem to be a pre-condition.

### **VI.3 Main findings**

This study is a first step to assess the significance and nature of financial remittances that migrants in Portugal and South Africa make to their relatives in Angola, as well as the

possibilities of enhancing the engagement of migrants in the reconstruction and development of the country. As demonstrated by the survey findings, Angolan migrants' commitment to collective development cooperation is currently weak, either because migrants feel fully integrated in their respective host countries, or owing to disinclination towards engaging in collective initiatives with their co-nationals other than leisure, cultural or religious activities. Indeed, many migrants have doubts about the stability of their country of birth and are especially reluctant to participate in anything that seems political.

The scope and orientation of policies that intend to mainstream migration into the national development agenda depend upon the definition of development and the goals they wish to embrace. Similarly, the strategies designed to attract foreign resident populations (in the case of receiving countries) to join forces as “partners for development”, depend upon the particular economic, affective, social, political and cultural relations that migrants might keep with their country of birth or home country, as well as their standard of living, needs and responsibilities in the host country.

One of the most challenging tasks for international, governmental, and non-governmental development actors willing to encourage migrants' engagement in the development of sending countries is to get to *know* these actors<sup>57</sup>, legitimize their efforts and build trust among individual migrants and migrant associations. Secondly, their contributions will only be effective if the appropriate *institutional frameworks, socio-economic settings* and *political environments* are in place. Issues of *perceptions*<sup>58</sup>, *images, and social identification* are also fundamental. Moreover, the sense of ownership of the relevant development contributions of migrants is key to their success (Ionescu-IOM 2006: 7). This is what De Haas (2006: ii) proposes when arguing that “established development actors should recognize the added value of diaspora organizations and show a serious and long-term commitment through giving them a real say in policy formulation and access to substantial funding.”

According to Ammassari (2005: 41 -42), the Government of Angola has formally acknowledged the role that the Angolan diaspora can play in national development. A Meeting of Angolan Cadres in the Diaspora (*Encontro de Quadros Angolanos da Diáspora*) was held in Luanda from 6-10 November 2004, which brought together 253 highly qualified Angolans residing in 25 foreign countries, and 263 national experts and policy makers.

Recommendations from this meeting included the enforcement of the rights of Angolan diaspora members, the promotion of return and reintegration of Angolan professionals, the creation of employment and income-generating and local investment opportunities. However, respondents in South Africa and Portugal, who do not correspond to the qualified target groups of return initiatives, may not benefit from such opportunities.

Return support needs to be further extended to *unskilled and low skilled migrants*. Indeed, a recurrent concern among migrants interviewed in Portugal and South Africa was the availability of support (economic and legal, as well as for investment and labour opportunities) for return, as many of them are experiencing economic, integration and labor insertion difficulties, in both Portugal and South Africa<sup>59</sup>.

Ammassari (2005: 32) found that MIREX acknowledged the existence of 68 diaspora associations in more than eighteen countries, including Portugal and South Africa. These organizations could be *mediators* in the process of contacting Angolan lower skilled migrants and inquiring into their needs, motivations and interests to jointly create opportunities for return and investment in Angola. The former needs a careful assessment of the objectives, resources and affiliations of each organization, as not all organizations might be suitable to promote links with Angolans abroad (see Ammassari 2005: 48). Likewise, consulates and embassies could be partners in outreach campaigns, although we must bear in mind that irregular and unskilled and lower skilled migrants, in general, are rarely aware of the opportunities and services that such entities can offer.

Perhaps bias-free *media campaigns*, *migrant resource centers*<sup>60</sup> and *free hotlines* are better instruments to establish contact with migrants. These activities and entities could help expanding dissemination of information and provide Angolans abroad with counselling, legal advice, information about labour opportunities in the host country as well as in the country of origin, investment opportunities in Angola, training and skills development possibilities. Interviewees in South Africa and Portugal seemed to be much more involved in leisure, cultural and religious, less intimidating organizations than diplomatic or political activities. This suggests that they are more likely to approach less formal or “intimidating” entities and intermediaries providing for resources.

As regards the collective engagement of Angolans in development cooperation, more needs to be done to expand reach out to migrants and create such opportunities for collaboration. Currently, it is unknown what kinds of *resources and skills* could be transferred from Angolans to help in the reconstruction and development of their country, without necessarily making permanent return a pre-condition. The Ministry of Public Administration, Employment and Social Security (MAPESS) has established as a priority to value the Angolan workforce, and to reduce rates of unemployment. In this line, MAPESS will create Employment Observatories to monitor and collect data on employment and develop strategies to respond to identified needs. These observatories could also contribute to track skills abroad and match them with labour opportunities in Angola, without creating competition between Angolans already in the country and those abroad.

Worldwide experiences on migrants’ collective engagement in the development of migrant sending countries, and relevant policies, could be of some value here to assess the feasibility of adapting lessons learned to the particular Angolan context. Overall, recent studies show that the below recommendations are important conditions for the formulation of successful policies aimed at involving migrants and migrant organizations in their development initiatives (see particularly De Haas 2006; and Ionescu-IOM 2006) A first set of recommendations based on prior studies on how to involve migrants in development cooperation is outlined below:

<b>TEXTBOX 1: ENGAGING MIGRANTS IN DEVELOPMENT COOPERATION</b>	
<b>Recommendation 1: Definition of purposes, concepts, objectives and target groups</b>	<ul style="list-style-type: none"> <li>Clearly define the target group, the scope and goals of the initiative;</li> </ul>
<b>Recommendation 2: Create a solid knowledge base</b>	<ul style="list-style-type: none"> <li>Develop appropriate data collection methods to generate knowledge about the target group; the feasibility and possible impacts of the intervention (both positive and negative);               <ul style="list-style-type: none"> <li>Strengthen the national institute of statistics and design appropriate surveys and methodology to inquire into the specific causes, effects and processes of migration</li> <li>Conduct more qualitative and contextualized research to inquire into migrants motivations, interests and projects</li> </ul> </li> <li>Assess the real and potential impact of migrant organizations on development, taking into account gender dimensions (i.e. through trade, investments, business exchanges, social networks, advocacy, human capital transfers, and other economic, social, cultural, political, tangible or intangible contributions);</li> </ul>
<b>Recommendation 3: Policy development and institutional capacity</b>	<ul style="list-style-type: none"> <li>Create appropriate legislative and institutional frameworks for the facilitation and management of labour migration<sup>61</sup>;</li> <li>Establish clear goals, benchmarks and indicators</li> <li>Design appropriate evaluation systems and methods</li> </ul>

<p><b>Recommendation 4: Building trust</b></p>	<ul style="list-style-type: none"> <li>• Establish contact with migrants <ul style="list-style-type: none"> <li>- Through friendly instruments including media campaigns, free hotlines, and migrant resource centers</li> <li>- Assess the feasibility of using technologies (i.e. internet) to promote links between Angolans abroad and their county of birth, especially among unskilled and lower skilled migrants</li> </ul> </li> <li>• <i>Transnationalism</i> is an opportunity of contemporary migration dynamics; many migrants are likely to simultaneously participate in more than one single economic and social context without necessarily considering permanent return;</li> <li>• Support locally initiated (“bottom-up”) initiatives, build synergies and respect cultural and local knowledge, interests and sensitivities;</li> <li>• Identify potential differentials and disagreement concerning interests, motivations and development conceptions between migrant organizations and donors, governmental, and non-governmental organizations; and engage in processes of dialogue to resolve differences;</li> <li>• Support capacity building of diaspora organization and promote ownership of initiatives;</li> <li>• Build on migrants’ organizations’ unique features and strengths; <ul style="list-style-type: none"> <li>- Assess the feasibility of involving Angolan leisure, cultural and religious organizations as development partners</li> </ul> </li> </ul>
<p><b>Recommendation 5: Create enabling environment for remittances</b></p>	<p>SEE SECTION ON REMITTANCES</p>
<p><b>Recommendation 6: Assessment of capacities and skills abroad and improving strategic resource allocation</b></p>	<ul style="list-style-type: none"> <li>• Assess the availability of skills and resources among Angolans abroad and better allocate resources according to the labour market needs. <ul style="list-style-type: none"> <li>- Temporary or virtual recruitment and training schemes could be useful to satisfy the demand of human resources (both high and low skilled) in specific sectors, without creating competition between Angolans already in the country and those abroad.</li> <li>- Resource centers could offer training and skills updating programmes</li> <li>- Strengthen coordination between different ministries (MAPESS, MED, MINARS, MINSA, and MIREX), donors, and NGOs and civil organizations; as well as consistency of the activities of the entities concerned with migration and development in the country.</li> </ul> </li> </ul>

There are many opportunities to further involve Angolans abroad in development cooperation. Skills transfer, job-matching schemes, the dissemination of information, finding more avenues for legal migration, are but a few examples of such initiatives<sup>62</sup>. Thus far, remittances have proven to be the most tangible link that exists currently between Angolans living in Portugal and South Africa and their relatives in Angola. This is why the creation of enabling environments for remittances in these corridors could be of value to harness remittances’ economic and social development impacts in Angola in the short term. This depends on better understanding the characteristics of remittances, which is the focus of the next section.



## VII. REMITTANCE FLOWS FROM PORTUGAL AND SOUTH AFRICA TO ANGOLA

### VII.1 Introduction

In contemporary migration literature, remittances are frequently considered as one of the most tangible and direct links between migration and development. The growth in the volume of officially recorded international remittances to developing countries has renewed the interest of many scholars, international organizations, governments, donors, and non-governmental entities on the impacts that these private financial transfers could have on the economic and social development of receiving households, communities and nations. However, remittances' impacts on economic and social development remain a highly controversial matter.

At a macroeconomic level, some scholars consider remittances are important, stable and counter cyclical sources of foreign exchange, although recently, the global economic crisis has influenced such positive views.<sup>63</sup> In other cases, especially in low income countries, remittances risk destabilizing the exchange rate regimes and stimulate the creation of parallel currency markets (Chimhowu, et al; in Maimbo and Ratha, 2005: 99). At the microeconomic level, it is widely acknowledged today that remittances are private monies that go directly to households and constitute a supplementary source of income for them. Many recipients can afford their basic needs, including food, education, health, housing, clothes, etc., thanks to remittances. Nevertheless, some scholars consider that lush consumption, the demand for foreign goods, dependency, price inflation (i.e. real estate assets, building materials), further emigration and deprivation of labour force and skills, distortions in agricultural production and land use, as well as rising inequalities could also be realities associated with remittances.

Likewise, the link between migration and development is extremely complex. Approaches to migration and development are enormously varied and controversial, and have been influenced by diverse and contradictory theoretical approaches (i.e. modernization, new economics of migration, dependency, world systems, transnationalism, etc.). For instance, neo-classical economic approaches consider migration as beneficial for development, as it is seen as a livelihood strategy that can help reduce the risks and imperfections of labor, credit and insurance markets in sending countries. Structuralist and Marxist approaches in contrast, consider migration the result of global uneven development that deprives local communities of necessary resources, skills and labour force causing further inequalities. Other theories consider that migration is a self sustainable process that becomes institutionalized in time,

where policies have little effect. Migration has been also studied within the context of globalization and many of these approaches recognize that globalization has both positive and negative effects and that its benefits are not evenly distributed among all peoples. Exclusion and inclusion, wealth and poverty, are all realities of the same phenomenon. This is why it is important to bear in mind that migration impacts are contextualized, and second, that donors, governments, the civil society, remittance service providers and migrants *can* collaborate to fully harness migration positive impacts and alleviate its negative consequences. Sorensen (2007: 4) argues that “The actual link between migration and development remains an empirical question to be studied in concrete situations.” As both positive and negative impacts of the migration and remittances phenomena are highly contextualized, the question is actually, *under what conditions and in which kind of political and legislative environments are remittances most likely to have positive impacts on economic, social and human development?*

In order to answer that question, the first step is to understand the *overall characteristics of remittances*, including the size, nature, transfer channels, and their utilization and impacts on recipients. The first of these tasks is a very challenging one, especially in Angola, where data collection and monitoring methods and systems need to be improved in order to gather reliable data on remittances, as well as more empirical evidence on their impacts. Academic institutions and experts are valuable partners in this regard.

Secondly, it is fundamental to understand the main characteristics of *remittance transfer methods*, and *service providers*<sup>64</sup>. The costs and characteristics of their services (i.e. speed, physical and cultural proximity, etc.) are major determinants in the choice that migrants make to transfer their money through recorded or unrecorded channels. Service providers are key partners also in keeping records and updating data. A crucial factor affecting remittance costs is the degree of diversification or availability of service providers, as it affects competition among them. The greater the number of service providers in a given market, the greater the competition among them, and the lower the costs of the services. Furthermore, the circulation of money through recorded channels may have some positive impacts in local economies, as remittances become part of the national financial system and they can be incorporated in economic indicators. For remittance services providers, the advantages of lowering costs are manifold. They could benefit from expanding services through economies of scale, or through satisfying potential demand in underserved remittance

markets, or by targeting underserved (poor) clients (see Isern, and Deshpande, 2005). A recurrent concern among financial and non bank institutions, as regards the expansion of their services (financial infrastructure) to poor or remote areas, is the cost this implies to service providers. Another concern is the low level of financial inclusion among remittance recipients. Collaboration between commercial banks and smaller financial or non-bank service providers could become a good opportunity to reach out to underserved clients. Technology and innovation (i.e. mobile units) could improve cost-effectiveness of the services. Financial inclusion and financial literacy could offer more possibilities to poor and underserved clients to save, invest or protect themselves from risks, benefiting the corresponding markets, which is particularly important given the global economic downturn. Therefore, the opportunities to involve service providers as partners in development cooperation should not be neglected.

Thirdly, remittance main stakeholders (senders and recipients) as well as service providers participate in larger local and national contexts framed by political, legislative, economic, social, and cultural factors. Understanding these factors is crucial to promote enabling *political, institutional and legislative frameworks* for remittances, in order to harness their potential developmental impacts at the household, local and national levels. Laws that enable or hinder competition among service providers (i.e. financial regulations, registration and licensing regulations, reporting and anti-money laundering regulations) are likely to have an impact on transfer costs and have a chance to influence the choice of transfer channels among senders. Likewise, in the former sections it was argued that integration, living standards and socio-demographic characteristics may affect the remittance behavior of senders. Bilateral and regional processes of dialogue could play an important role in the harmonization of remittance related regulations, facilitating integration of senders in their host countries, finding more avenues for legal migration, ensuring protection of migrants' rights, supporting migrants' transnational engagement and philanthropic activities, helping migrants make informed decisions concerning transfer channels, and granting them access to efficient and affordable remittance services.

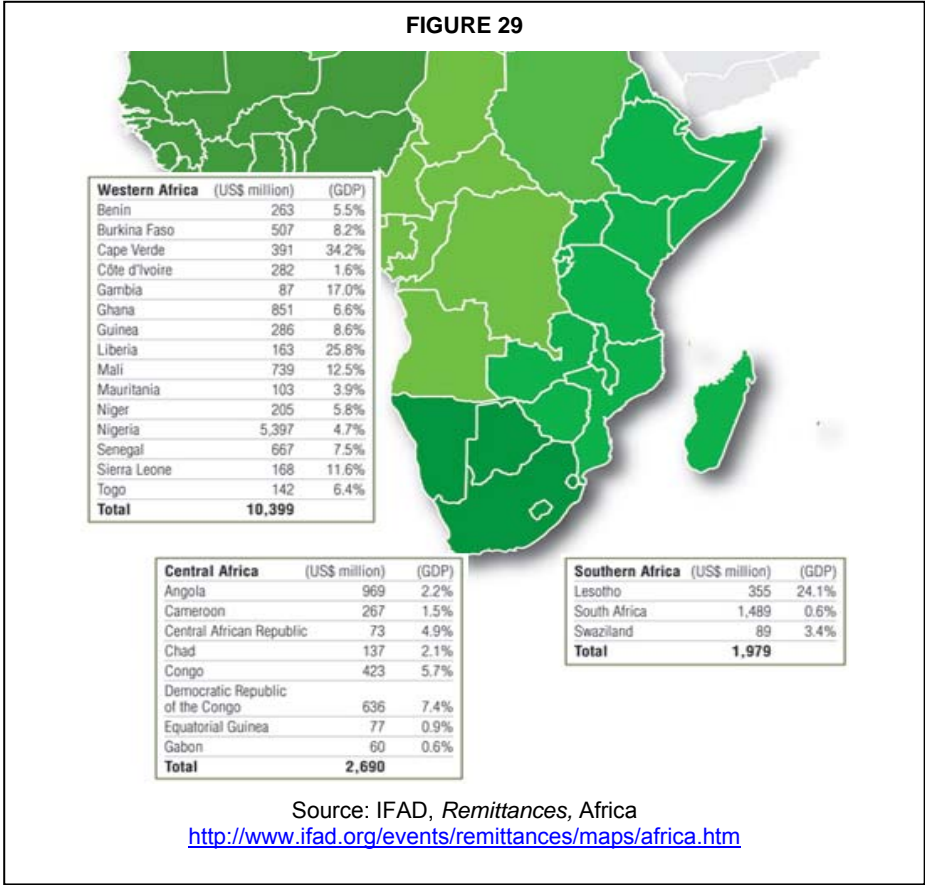
Finally, this study revealed that remittances constitute an important source of supplementary income for many Angolan households (section V); for some households, remittances are the solely source of income. Therefore, even if remittance inflows to Angola are currently not reflected in macroeconomic or social indicators remittances go directly to

households and have the potential to increase their welfare. The present section describes the overall characteristics of remittance flows from Portugal and South Africa to Angola, including transfer methods and their determinants, as well as the legislative frameworks in which such transfers occur.

**VII.2 Officially recorded remittance flows**

Remittance flows to developing countries reached USD 305 billion in 2008. A decline of 5 to 8 per cent is expected during 2009, although this decline is believed to be small compared to

the projected fall in private capital flows or official aid to developing countries. South – south remittances from Russia, South Africa, Malaysia and India are believed to be especially vulnerable to the economic crisis. However, new migration flows are expected to keep migrant stock stable



and remittances resilient (WB, Migration and Development Brief 9, 2009). In Africa, some sources estimate officially recorded remittance flows at nearly USD 40 billion, of which only USD 2690 million are remittance flows to Central Africa, and USD 1979 million are remittance flows to Southern Africa (IFAD 2007). Remittance flows to Central and Southern Africa appear to be relatively small compared to those received by other regions, especially Northern Africa (USD 17 614 million) and Western Africa (USD 10 399 million) (IFAD 2007). Official figures, however, tend to underestimate the real volume of remittances, which would be much larger if those flows circulating through unrecorded channels were considered. Indeed, nearly two thirds of sub-Saharan African countries do not report, monitor,

or keep records on remittances (Black, et al. 2006:14). Sometimes, even when remittances circulate through recorded channels, the mechanisms for measuring these flows are not adequate and remittances may be underreported. SADC countries, in particular, do not record remittances as a separate line item in the balance of payments estimates (Genesis, 2006:2). Therefore, most figures about remittance inflows are actually approximations calculated using statistical methods, based on official databases.

In 2007, IFAD estimated remittances to Angola at USD 969 million, which represented 2 per cent of the country's GDP (Figure 29). If we are to believe this figure, Angola appears to be the top remittance recipient in Central Africa, followed by DRC (USD 636 million), Congo (USD 423 million) Cameroon (USD 267 million), Chad (USD 137 million), Equatorial Guinea (USD 77 million) the Central African Republic (USD 73 million) and Gabon (USD 60 million). However, currently, there is no reliable estimation of the size of remittance flows in Angola<sup>65</sup>, neither on international nor on domestic remittances. In the absence of such information, it is quite difficult to draw any conclusion regarding the trends and impacts of remittances on key indicators, such as economic growth, poverty, or income inequality.

Most importantly, the dearth of data hinders the development of coherent and effective policy to enhance the potential positive impacts that remittances could have on economic and social development. This is why it is crucial to estimate the true size of remittance inflows to Angola, as well as to understand the characteristics of these flows and the major determinants of the choice of any particular transfer methods, including the cost of these services.

This study focuses only on international financial remittances in the bilateral corridors of Portugal and South Africa, but more research could be helpful to assess the true size of international and domestic, financial and in-kind remittances. In this line, the first recommendation refers to *building a solid knowledge base on the universe of remitters and service providers, strengthen data collection and data collection methodologies, and establish communication with remittance service providers* (see also Orozco 2005). We propose the establishment of a **Working Group on Remittances** in Angola, that brings together concerned institutions in the country (donors, government agencies, academic institutions, migrant associations, service providers) and in major remittance source countries (consulates, embassies, concerned ministries and service providers). Some tasks that could be undertaken by such a group are outlined in the textbox below:

#### **TEXTBOX 2: WORKING GROUP ON REMITTANCES**

- Adopt an operational definition of remittances, the definition should be comprehensive enough to serve for cross country comparison
- Determine appropriate methodologies, theoretical frameworks and classification systems to assess the size of remittances and their overall characteristics
- Establish an Observatory between the most important bilateral remittance corridors to monitor and report international (and where possible domestic) remittances as a separate line item in the balance of payments

The following section describes the overall characteristics of monetary remittances (with a modest reference to in kind and domestic transfers) sent by migrants living in Portugal and South Africa to their relatives in Angola, including the preferred transfer channels, their strengths and weaknesses, and remittances legal framework in this context. Remittances' impacts on recipient households in Angola are also assessed.

### **VII.3 Characteristics of remittance flows from Portugal and South Africa to Angola: size, frequency, purpose and longevity**

As mentioned in earlier sections of this document, migrants interviewed in Portugal and South Africa left Angola when they were still adolescents or young adults in their 20s. They are likely to be the sons/daughters or siblings of the heads of migrant sending households in Angola. This is confirmed by the fact that in most cases the main remittance recipients are the parents, with the mother having a predominant role both as a focus of concern and as a recipient. The former reveals the strong links that migrants keep with this family figure.

Seemingly, unemployment and income level of migrants affect their capacity to remit, especially in South Africa, where the proportion of those unemployed among the people who do not remit is noteworthy. In addition, in a considerable number of cases, senders remit only once a year or in an irregular basis; although on average, each migrant makes about five or six transfers during the year. The main stated purpose for remitting is to assist relatives to afford their basic needs.

In Portugal, only those migrants who sent remittances to Angola within the 12 months before the interview took place were considered in the sample (200 cases). In the case of South Africa, the majority of migrants (194 out of 223 cases, or 87 per cent) sent remittances within the 12 months before the interview<sup>66</sup>.

In most cases, migrants' closest relatives are the major remittance recipients, namely the *parents* (especially the mother), followed by the siblings, children and spouses/ex-spouses, as well as other members of the family (cousins, aunt, uncle). Exceptionally, recipients are also friends (including boyfriend and girlfriend). All remittance recipients appear to be highly concentrated in *Luanda*. In very few cases, migrants in Portugal reported recipients who live in other provinces, including Benguela, Cabinda, Kwanza Sul, and Uige, among others.

In Portugal, 284 transfers were reported in the 12 months preceding the interviews. Regarding the *frequency*, 43 per cent of these transfers took place only once in the past 12 months; almost 20 per cent of the transfers were monthly, and another 20 per cent were irregular<sup>67</sup>. About 12 per cent of the transfers took place twice during the year, and only 6 per cent of the transfers were made every two months. The lowest number of transfers per year per migrant is one, and the highest number of transfers is 24. On average, interviewees in Portugal made about six transfers during the year.

In South Africa, only in 220 cases out of 329 transfers reported the *frequency* of transfers was specified. According to the information provided by the interviewees, 32 per cent of the transfers took place only once during the year, 24 per cent of the transfers were twice-yearly; 22 per cent of the transfers were irregular (either every two months, four, five or six times during the year); 16.5 per cent of the transfers took place three times during the year, and only 4.5 of the transfers were monthly. The lowest number of transfers a migrant made in one year is one, and the highest number of transfers is 36. In average, a migrant makes about five transfers a year.

When considering all amounts sent during the past twelve months, in Portugal, the lowest amount remitted by migrant per year was 100 EUR (USD 129)<sup>68</sup>, and the highest amount was 30 000 EUR (USD 38,700); the mean amount remitted by migrant per year is 1380.19 EUR (USD 1,780.44). The size of each single transfer ranges from 25 (USD 32.25) to 2 500 EUR (USD 3,225); the average size of each transfer is 252 EUR (USD 325.08) and the average amount transferred per migrant per month is USD 111.60 (Table17).

**TABLE 17  
PORTUGAL  
Remittances Average**

	Total amount of money sent in the past 12 months	Total number of transfers in the past 12 months	Average size of each individual transfer	Average number of individual transfers per month	Average amount transferred in total each month
Mean	1380.19	5.92	251.48	.4905	111.60
Lowest	100	1	25	.08	8
Highest	30000	24	2500	2.00	2500

In the case of South Africa<sup>69</sup>, the size of each individual transfer ranges from USD 30, to USD 1000, while the average size of each individual transfer is USD 209.32. When considering all transfers made during the year, the lowest amount transferred was USD 30, and the highest amount reached USD 3600; the mean amount transferred per migrant during the year was USD 817. The average amount transferred in total by migrant per month was USD 66.05 (Table 18).

**TABLE 18  
SOUTH AFRICA  
Remittances**

	Total amount of money sent in the past 12 months	Total number of transfers in the past 12 months	Average size of each individual transfer	Average number of individual transfers per month	Average amount transferred in total each month
Mean	816.91	4.71	209.32	.389	66.05
Lowest	30	1	30	.1	3
Highest	3600	36	1000	3.0	300

There is a significant difference in the total size of remittances sent from Portugal and those from South Africa. The sum of all transfers reported by respondents in Portugal reaches 276 038 EUR (USD 376,089.02), while those reported in South Africa reach USD 158,480. These figures must be interpreted with caution as migrants might not keep an accurate record of all transfers.

Also, 86 per cent of the households surveyed in Angola claimed to receive remittances from their relatives living abroad. In total, 760 transfers were reported; the lowest amount received was USD 10, and the highest amount USD 13,334; each household received approximately USD 523 during the year (Table 19).

**TABLE 19  
Angola: Remittances Received in the Past 12 Months**

Entire data set	Range	Minimum	Maximum	Mean
757	13324.00	10.00	13334.00	522.7001



On average, 51 per cent of the households received between USD 100 and USD 600 in remittances every month (Table 20).

<b>Remittances Received in the Past 12 Months</b>	<b>Frequency</b>	<b>Percent</b>	<b>Average Monthly Remittances</b>	<b>Frequency</b>	<b>Percent</b>
<b>100-500</b>	63	16%	<b>0</b>	0	0%
<b>501-1,000</b>	102	25%	<b>1-100</b>	173	43%
<b>1,001-2,000</b>	67	17%	<b>101-200</b>	80	20%
<b>2,001-3,000</b>	49	12%	<b>201-300</b>	54	13%
<b>3,001-4,000</b>	43	11%	<b>301-400</b>	42	10%
<b>4,001-5,000</b>	28	7%	<b>401-600</b>	31	8%
<b>5,001-7,000</b>	23	6%	<b>601-800</b>	6	1%
<b>7,001-12,000</b>	17	4%	<b>801-1000</b>	6	1%
<b>12,001-15,000</b>	4	1%	<b>1001-1500</b>	6	1%
<b>15,001-25,000</b>	5	1%	<b>1501-2000</b>	3	1%
<b>25,001-40,000</b>	1	0%	<b>2001-3500</b>	2	0%
<b>NA</b>	2	0%	<b>NA</b>	0	0%
	404	100%		404	100%

Source: DW, Migration and Remittances in Angola 2008.

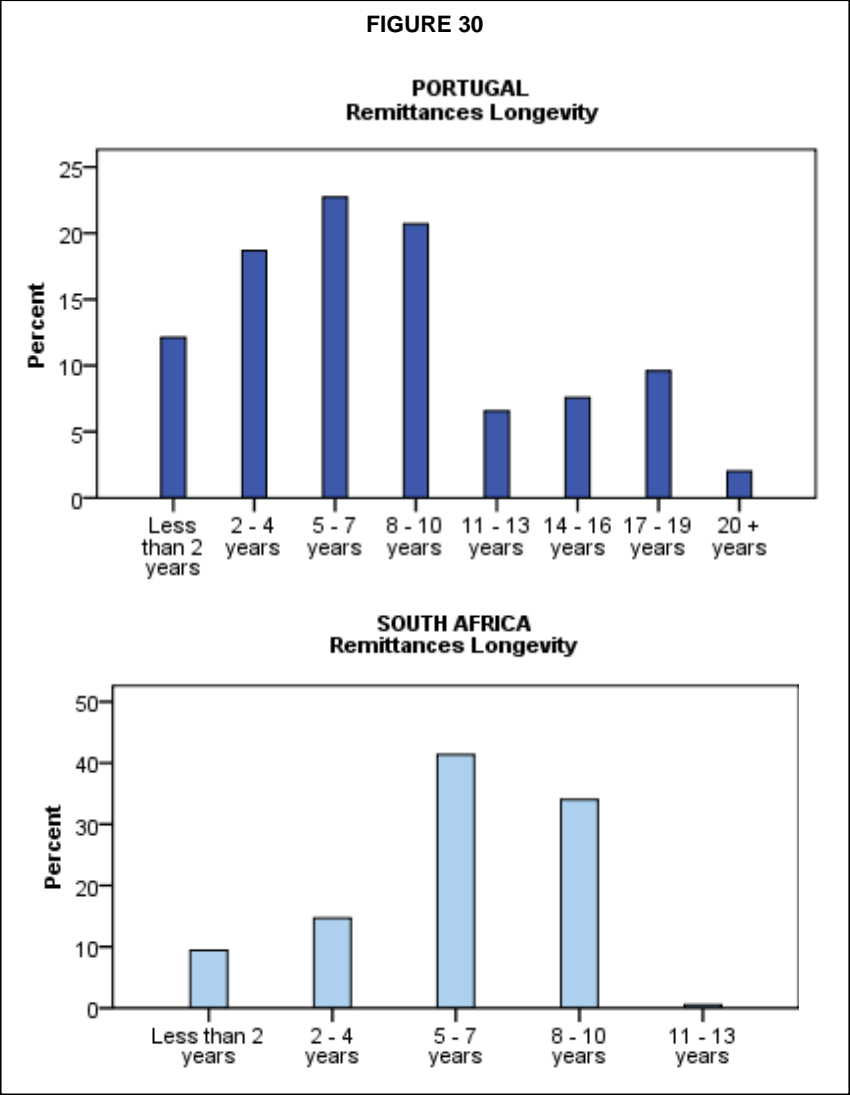
As regards the frequency of remittances, out of 760 reported transfers, 479 (63 per cent) took place only once in the 12 months preceding the interview; 16 per cent of the transfers were monthly, 5 per cent of the transfers took place twice in the year, 4 per cent of the transfers took place every six months, 3.4 per cent of the transfers took place every three months, 1.3 per cent every four months, and the rest were irregular.

Overall, remittances *longevity* is relatively short. In Angola, 26 per cent of the households have been receiving remittances for the past seven years; 29 per cent of the households for the past four years; and 21 per cent for only two years, respectively. A small share of households (13 per cent) has received remittances for 10 years, and only 10 per cent of the households have received remittances for more 13 years or more.

Respondents in Portugal appear to have sent remittances for longer than those in South Africa (Figure 30); arguably because migration to Portugal started 20 years earlier than that to South Africa. The interviews showed that a large share of migrants in Portugal and in South Africa has been sending money for a period of five to seven years (22.5 per cent of cases in Portugal and 41.4 per cent of the cases in South Africa). In some cases, this period extends to ten years (making up a cumulative 43 per cent and 75.4 per cent of the total cases in Portugal

and South Africa respectively), but the longevity of remittances rarely exceeds this time period. According to 15 per cent of respondents in South Africa, they have been sending remittances for a period of two to four years, and 9.4 per cent of interviewees claimed to have sent remittances only during the past two years. A relatively important share of transfers from Portugal are also very recent, 18.5 per cent of migrants have been sending money for a period of two to four years, and in 12 per cent of the cases they have been sending money only during the past two years.

Additionally, 125 out of 200 interviewees in Portugal (62.5 per cent) and 166 out of 194 migrants in South Africa (85.5 per cent) claimed that there have been changes in the frequency and quantity of remittances sent to Angola in the past 10 years. Most of the time, migrants have been constrained to send less money (according to 44.5 of respondents in Portugal and 69.2 per cent of interviewees in South Africa). The major

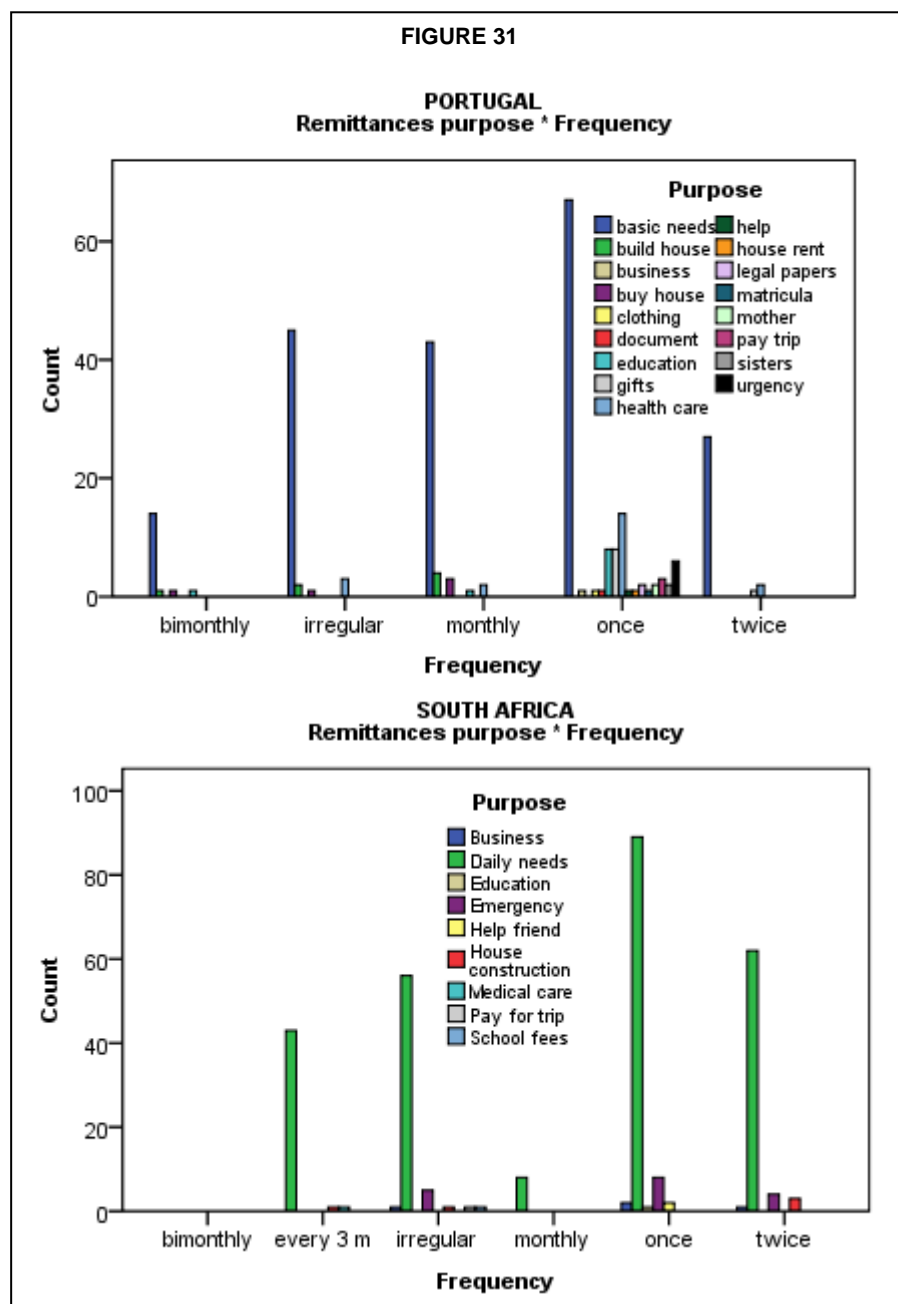


changes are usually linked to the migrant’s situation in the respective host country, especially changes in the employment or income situation (50.5 per cent in Portugal, and 57.3 per cent of the cases in South Africa); changes in the needs and responsibilities of the sender (12 per cent in Portugal and 22.6 per cent in South Africa); exchange rate changes (14 per cent in South Africa), or changes in the needs of the recipients (5.5 per cent in Portugal)<sup>70</sup>. However, there are also a few cases (16 per cent in Portugal and 18.6 per cent in South Africa), in which migrants have been able to send more money for the same reasons.

The majority of migrants interviews in Portugal and South Africa claimed the *purpose* for remitting is to help recipients afford their *basic or daily needs* (Annex 5): 69 per cent of transfers from Portugal are meant to help recipients afford their basic needs; in South Africa the share of this kind of transfers is 78 per cent. This is consistent with the household survey findings, discussed in section VII.7. In addition, a relatively important share of transfers from Portugal are meant to help recipients afford health care (most of the times for the parents, especially the mother,

and siblings in the least cases) and education (either for the children or siblings). In contrast, the proportion of transfers meant for health and education from South Africa is less significant. Remittances are also sent with the purpose of building or buying a house, and in this case it is usually the siblings who receive the money in Angola (especially in the case of migrants living in Portugal). In extraordinary cases, migrants send remittances to assist

their relatives and friends to satisfy other types of needs including emergency, investing in a business, travel, or afford legal documents.

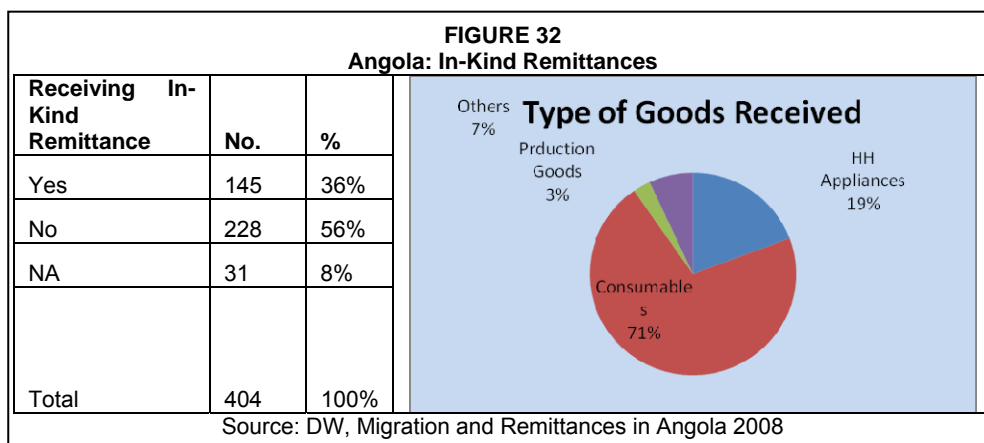


Thus far, the study shows that Angolan migrants living in Portugal and South Africa maintain economic obligations in Angola and keep a strong relationship with their families of origin. The main purpose of remittances is to assist their relatives to afford their basic needs. Overall, migrants in Portugal remitted a significantly larger sum than migrants in South Africa. The size of the amounts sent and their frequency appear to be closely related to the migrant's situation in the host country, especially the employment situation and personal income; changes in these situations have constrained many migrants to remit less and to fewer people.

Further research is necessary to assess whether and to what extent the irregularity of remittances affects the beneficiaries. Not all migrants remit very frequently, regardless of the purpose (Figure 31 above). As shown in section V, remittances constitute an important source of supplementary income for many households, but most Angolan recipients are not fully or highly reliant on these financial sources; otherwise, the irregularity of these transfers would create uncertainty, or hinder recipients' planning and budgeting if based on such expected financial flows. The irregularity of remittances could be partly explained by the integration of migrants in their respective host countries, and by the fact that most of their family responsibilities (and economic dependants) are concentrated in their respective host countries. The transfer method could also affect the frequency of remittances, for instance, in the case of handcarried remittances directly brought by migrants when they visit their family in Angola.

#### **VII.4 In-kind and domestic remittances**

In addition to monetary transfers, migrants usually send *in kind remittances* to their relatives in Angola: 166 interviewees out of 200 (83.0 per cent) in Portugal, and 156 out of 223 (70 per cent) respondents in South Africa send in kind remittances. However, the value of such transfers is even harder to estimate than that of pecuniary remittances. Most of the time, in kind remittances comprise consumption goods (160 cases in Portugal and 105 cases in South Africa, respectively), or household equipment (24 cases in Portugal and 16 cases in South Africa). In very few cases, migrants send production goods (8 cases in Portugal and 3 cases in South Africa). This is further confirmed by the findings of the household survey conducted in Angola, where 36 per cent of respondents claimed to receive in-kind remittances (Figure 32) including consumer goods (71 per cent) and household appliances (19 per cent), and very rarely production goods (3 per cent).



Interestingly, 15 per cent of the respondents in Angola reported that they also send money to relatives living in other provinces countrywide<sup>71</sup>, including the capital city. However, it is difficult to know whether and what share of international remittances received by surveyed households become part of domestic remittances. Unfortunately, no information is available about the purpose of domestic remittances or transfer methods.

We observe, however, that domestic remittances usually originate in Luanda. The average amount of each single transfer to the provinces ranges from USD 100 to USD 800; 28 per cent of these transfers occur once a year, 32 per cent on a monthly basis and 5 per cent on a weekly basis; in 35 per cent of the cases the frequency of remittances is variable.

### VII.5 Transfer methods

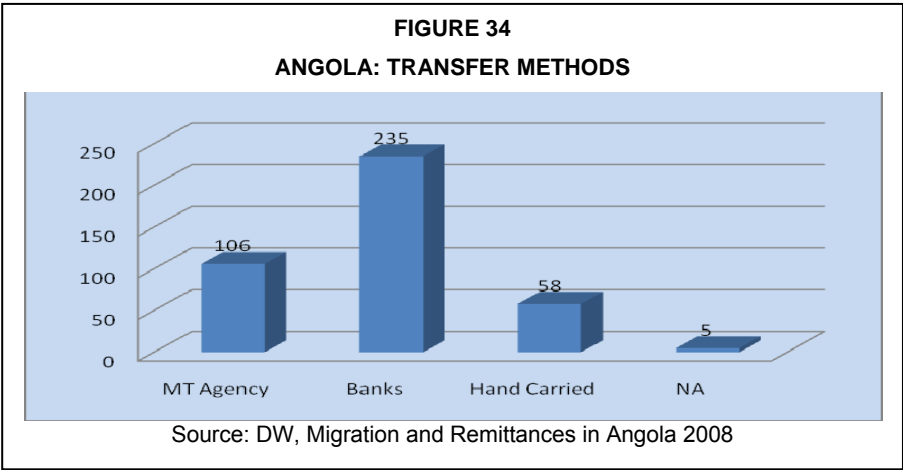
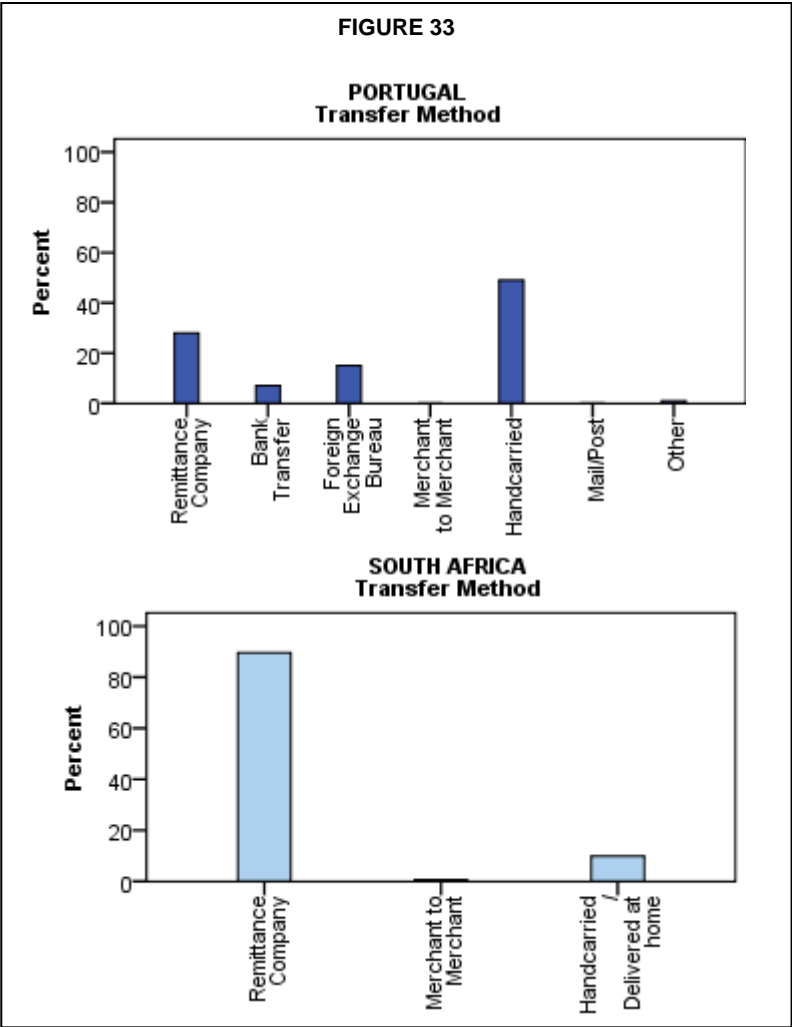
The characteristics and costs of transfer methods are major determinants of the choice of any particular remittance service. Transfer methods can be broadly classified into those officially recognized and regulated by the competent authorities, or “recorded” remittance systems; and those outside of the records of the authorities, or “unrecorded” remittance systems<sup>72</sup>. Unrecorded systems should not be automatically coupled with illegality, or disorganization (see Buencamino and Gorbunov 2002). The degree of formalization of a service depends upon many factors and circumstances that may overlap or change overtime, thus formality is not static (for an extensive discussion on this subject see Pieke, et al. 2005).

Most Angolan migrants in Portugal and South Africa use essentially two types of transfer channels: remittance and courier companies, and unrecorded methods, especially hand delivery (Figure 33).

In Portugal, half of the respondents use recorded remittance systems including remittance companies, hereafter MTOs, (28 per cent), in particular Western Union, foreign exchange bureaus (15 per cent) and banks (7 per cent); the rest uses hand delivery methods<sup>73</sup>. Instead, in South Africa the proportion of users of recorded services, particularly money transfer companies is significantly higher than in Portugal: 89 per cent of the respondents claimed to use remittance companies, while remittances are handcarried in only 9.8 per cent of the cases (despite geographical proximity)<sup>74</sup>.

There is a mismatch, however, in the results of the interviews held with migrants in Portugal and South Africa and the results of the household survey carried out

in Angola, where the majority of respondents (58 per cent) claim to receive remittances through banks, owing to the reliability offered by this service (Figure34).



Although 80 per cent of respondents in Angola are banked, there are indications that remittances channeled through banks may come from other countries than Portugal and South Africa. In 2003, Genesis Analytics compared the characteristics of cross border remittance service providers in South Africa, namely informal services, post offices, banks and money transfer agents. The study showed that bank products are significantly more expensive than any other service (Genesis Analytics 2003). Therefore, low income migrants, or migrants who send small amounts (as is the case of the majority of migrants interviewed in Portugal and South Africa) are not expected to be among banks' primary customers. In addition, it is believed that in the SADC more than half of cross-border remittances travel through unrecorded channels (Genesis 2006: 5). In addition, although 90 per cent of respondents in Portugal and 83 percent of respondents in South Africa are banked, they hardly ever use bank products to remit (Table 21).

BANK ACCOUNT IN PORTUGAL		Frequency	Per cent	BANK ACCOUNT IN SOUTH AFRICA		Frequency	Per cent
Send Remittances		12	6.0	Send Remittances		0	0.0
Manage Cash Flow		97	48.5	Manage Cash Flow		143	64.1
Take / Pay Loans		111	55.5	Take / Pay Loans		0	0.0
Save		102	51.0	Save		165	74.0
Other		1	.5	Other		0	0
TOTAL CASES		200	100.0	TOTAL CASES		223	100.0

Other intermediaries through which respondents in Angola receive remittances include remittance companies, travel agencies, merchants, and relatives, friends or known persons who bring remittances in person. In very few cases, respondents claimed to use a combination of methods (bank transfers and hand delivery; bank transfers and postal services).

The next section sheds further light into the determinants of the choice of remittance transfer methods, and assesses some of the strengths and weaknesses of remittance services currently used by senders interviewed in Portugal and South Africa.

### Transfer Method Determinants

Remittance service providers, both recorded and unrecorded, usually target specific markets and clients in order to operate profitably. Overall it seems that there are a number of characteristics that make remittance services more or less attractive for different client groups. For low income senders, and arguably for any sender, the choice of a transfer method is frequently influenced by the *cost* and the *speed* of the service, the *degree of information* that

the senders have about available services, the *accessibility* (cultural, technological and physical) and the *reliability* of the service.

As many migrants seem to make low earnings and send small amounts per month (a migrant transfers in average 111.60 EUR (USD 144) per month in Portugal, and USD 66.05 in South Africa) we expect them turn to economic and efficient transfer methods available in the market. Nevertheless, the table below shows that reliability is the most important characteristic influencing migrants’ choice of any transfer method followed the cost and the speed of the service (Table 22).

<b>PORTUGAL</b>			<b>SOUTH AFRICA</b>		
<b>Determinant</b>	<b>Frequency</b>	<b>Per cent</b>	<b>Determinant</b>	<b>Frequency</b>	<b>Per cent</b>
Low Cost	86	43.0	Low Cost	106	47.5
Reliable	96	48.0	Reliable	115	51.6
Convenient Location	11	5.5	Convenient Location	39	17.5
Fast	74	37.0	Fast	87	39.0
Only Choice	6	3.0	Only Choice	56	25.1
House Deliver	3	1.5	House Deliver	14	6.3
Total cases	200	100.0	Total cases	223	100

**Strengths and weaknesses of recorded remittance systems: money transfer and courier companies, banks, foreign exchange bureaus**

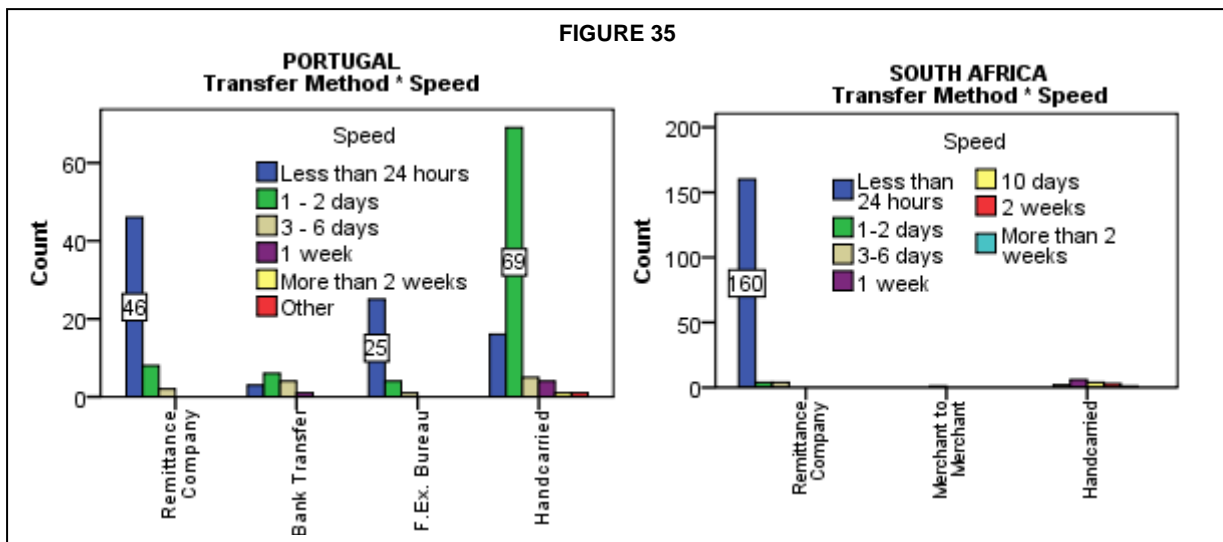
Recorded services currently used by migrants in Portugal and South Africa include money transfer companies (MTOs), courier companies, banks and foreign exchange bureaus.

MTOs and courier services are preferred owing to the speed and the reliability of the service, which constitute the major strengths of such service providers. In Portugal, the most popular remittance company is Western Union. MTOs, and especially Western Union, have a large distribution infrastructure in sending and receiving locations and their brand is now familiar to almost anyone. This is also a major advantage as visibility is directly linked with migrants’ degree of information on available services. In addition, most MTOs offer instant transfers and do not require their clients to prove identity, residence or other documents. In this sense, their services are highly accessible. Likewise, Grace World Service, Full Service Company and DHL in South Africa enjoy a high level of trust among the senders, and seem to attract clients also because of the low cost and speed of the service (Annex 6). Grace World and Full Service are small companies owned by Congolese nationals, with presence in Africa. Although these companies deal with courier services (similar to DHL), they also offer cash delivery services. Both companies are not well-established in South Africa or Angola (Grace

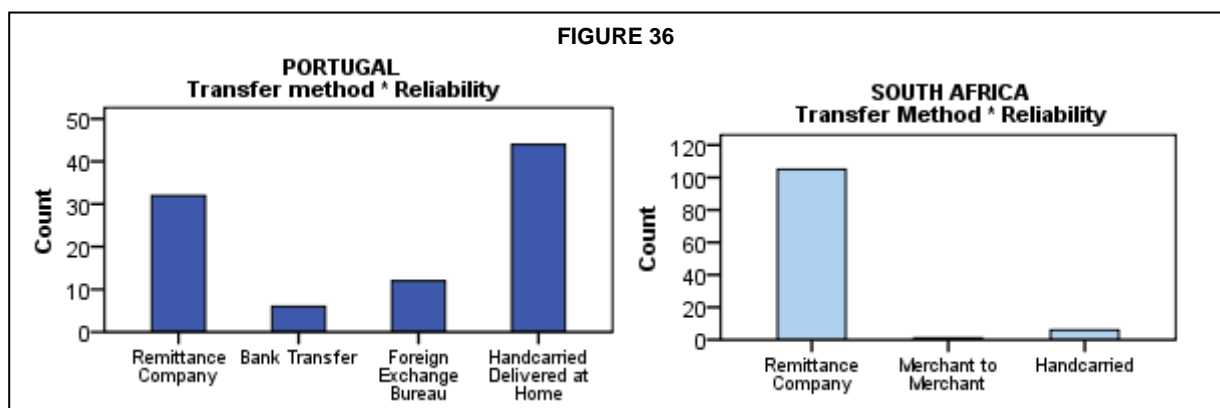


World has 2 branches in Luanda, and Full service 1). Moreover, migrants use DHL to send goods/items to their relatives in Angola.

Remittance companies in both countries remain highly competitive as regards speed; although handcarried remittances from Portugal are quite fast<sup>75</sup>, despite the distance factor (Figure 35).



In addition, most migrants in Portugal consider that remittance companies are more reliable than foreign exchange bureaus and banks. However, all of these methods are perceived as less reliable than handcarried remittances. In South Africa, in contrast, remittance companies are considered as the most reliable method (Figure 36).



One of the most important disadvantages of recorded remittance systems in general is their **cost**. On average, migrants in Portugal and South Africa who use recorded remittance

services pay a fee corresponding to about 10 per cent of the amount sent, which is high, especially when this applies to small amounts.

**Banks and foreign exchange bureaus** are other types of recorded services currently used by migrants in Portugal. Apparently, the most important reason why migrants use bank products is their reliability. In the case of foreign exchange bureaus, it is mainly the speed and reliability that make these services attractive. However, in the case of South Africa, bank products are not popular. There are indications that the most important weakness of bank products is their cost. Genesis Analytics found that cross border remittance services offered by banks in South Africa are the most expensive, arguably because SWIFT fee and commissions charged on each transaction, even when funds are transferred to subsidiaries of the same bank in other countries (Genesis Analytics 2003). The authors further argue that South African banks have largely neglected the development of intra-Africa remittance products due to their lack of adequate branch networks and distribution infrastructure in many SADC countries. Many of the current non-South African networks of South African banks have been acquired through the purchase of existing banks with different systems, which make inter-account transfers more difficult to achieve (Genesis Analytics 2003: 42). Other authors argue that banks do not consider remittance services as a core product because small remittances are not as profitable as larger loans or investments (Ratha and Riedberg 2005), and thus banks are often discouraged to extend their services to poor clients. In addition, banks can only serve the banked population, who have some degree of financial literacy and are usually concentrated in urban areas.

Another disadvantage of bank products is related to speed: those respondents who receive remittances through banks in Angola indicated that transfers take from two or three days to more than a week to be completed, from the time remittances are sent in the source country. Remittance companies, apparently, are not particularly fast either, as most respondents who receive remittances through MTOs claimed to receive their money in the same time period as those who use banks.

### **Strengths and weaknesses of unrecorded methods: Handcarried remittances**

The most important advantages of unrecorded methods, and particularly of handcarried remittances are that they are usually cost-free, and the fact that they are trust-based. Freund and Spatafora argue that unrecorded channels are significantly cheaper than official channels.

The former charge between 2 and 5 per cent of the amount transferred, while the latter can charge up to 20 per cent (Freund and Spatafora 2005: 9; see also Pieke, et al. 2005). Other advantages attributed to unrecorded systems relate to the fact that they operate outside of foreign exchange, licensing and reporting regulations, which improves the speed and convenience of the service offered. Furthermore, unrecorded systems are usually highly accessible (geographically and culturally) to many clients and they usually offer anonymity to senders and providers. Unlike their recorded counterparts, unrecorded remittance systems hardly ever require any identification documents and do not rely on complex infrastructure or systems to effect payments. This makes them fairly accessible for people who cannot provide proof of identity/residence/work/earnings, or who are not familiar with financial products or transfer technologies.

The main weaknesses of unrecorded remittance services relates to the arbitrary imposition of fees by service providers, few guarantees for senders in case their transfers are lost, and exposure of intermediaries to risks including theft and violence. In the case of handcarried remittances, however, it would be misleading to assume that they are completely cost-free if the purpose of travel is only to remit<sup>76</sup>. Handcarried remittances are also subjected to the cost of exchanging the money into local currency (Pieke et al. 2005: 20). Handcarried remittances present another limitation, as certain categories of migrants are less likely to return visit their relatives and deliver money in person, especially refugees and irregular migrants; some senders have to trust unknown persons to deliver remittances to their relatives in Angola. Moreover, unlike funds transferred through recorded channels, those that circulate through unrecorded channels are difficult to track and do not contribute to the macroeconomic benefits (such as those relating to the balance of payments) of recorded remittances. However, Pieke, et al. (2005) argue that efforts towards improving recorded services and lowering remittance costs should not curtail their informal counterparts, as this would cause considerable hardship to migrants and their dependants, unless and until poor and underserved populations have access to equally efficient, affordable and accessible transfer methods (see also Pérouse de Montclos 2005).

### **Opportunities**

So far, the study showed that remittance senders who use recorded remittance systems pay high fees and have few options available to remit; the remittance market in the corridors of interest seems to be dominated by remittance companies, small courier companies and

unrecorded intermediaries. Therefore, many actors would directly benefit from an improved remittance market. First, remittance senders and recipients would be positively affected as their transfers would be less costly. Also, remittances circulating through recorded channels would contribute to macroeconomic benefits. Remittance service providers could also benefit from a more enabling environment for remittances if they expanded their services to underserved areas and populations; they could operate profitably through economies of scale benefiting from the collection of low transaction fees. There are two major areas in which collaboration between authorities and remittance service providers could be of value to improve remittance services:

- *Lowering Costs*

Ratha and Riedberg argue that remittance costs respond to the pricing to remittance consumers, and the true costs to service providers. Consumer pricing is directly affected by: a) the number of competitors in the market; b) the cost to service providers<sup>77</sup>, and c) consumer preferences, usually influenced by consumers' degree of information on services available (Ratha and Riedberg 2005:15). The following textbox contains some recommendations on lowering remittance costs:

**TEXTBOX 3: LOWERING REMITTANCE COSTS**

- **Improve competition among service providers by:**
  - Using marketing strategies to improve senders' and recipients' degree of information on available services.
  - Remittance companies are usually present in locations that offer migrants a wide range of services including phone and internet services, travel etc. This helps reducing staff and location costs to service providers.
- **Promote innovation and the use of technologies and improve payment systems** to be able to reduce remittance costs and provide more efficient services. Some examples include:
  - Credit and money transfers through *mobile remittance products (via mobile phones)* are possible in some countries thanks to partnerships established between banks and cell phone companies,
  - *Pre-paid remittance cards* that can be bought in shops or online and allow recipients in some countries to withdraw money from Automated Teller Machines (ATM) without the need to be banked,
  - *Online retailers, health and education vouchers transferred online or via sms*, are also an efficient remittance methods and usually target the recipients' concrete needs,
  - Giving access to *Automated Clearing Houses (ACH)* to remittance service providers, besides banks, constitutes another option to reduce remittance costs as ACHs would substitute manually operated payments, improving their efficiency, and reducing staff costs (Ratha and Riedberg, 2005: 25).
  - The *Universal Postal Union (UPU)* is also expanding its *International Financial System (IFS)*. The IFS is a software application that facilitates electronic money transfers between public postal operators, and between postal operators and commercial banks (domestic or international). About 30 postal systems, out of which 14 are in African countries, have joined the IFS.
  - *UMVA* is a transaction system for micro-payments on the internet that helps reducing transaction costs. UMVA is also launching a transaction system especially developed for small banks and cooperatives to offer electronic banking products.

- *Expanding services to underserved populations*

As mentioned earlier, MTOs have usually a large branch network in sending and delivery points. However, other remittance service providers, such as banks, tend to be concentrated in urban areas and so they leave poor and rural populations underserved (a poor financial infrastructure may exclude potential clients from using formal services). Furthermore, some entities require senders to provide full identification details or documents that many low income migrants, and especially irregular migrants, are not likely to possess. It is believed that the more migrants have access to recorded services and the more they are informed about the range of services available, the more they are likely to stimulate competition and influence prices. In this line, recommendations to expand remittance services to underserved populations are outlined in the textbox below:

**TEXTBOX 4: EXPANDING REMITTANCE SERVICES**

- **Improve financial infrastructure and financial literacy, especially in underserved areas:**
  - Partnerships with financial and not financial institutions such as credit unions, microfinance institutions, NGO, postal and courier services, which have better outreach to underserved populations (especially the poor), could help expanding services. Moreover, such institutions are usually culturally close to their clients and are therefore in a better position to improve financial literacy among them.
- **Help remittance senders and recipients make informed decisions through the dissemination of information:** There are a number of initiatives led by development cooperation agencies , private actors and national entities to improve migrants' awareness on remittance services and costs, visit:
  - France, Envoid'argent <http://www.envoidargent.fr/>
  - UK, DFID Send Money Home <http://www.sendmoneyhome.org>
  - Germany, GTZ GeldtransFAIR <http://www.geldtransfair.de/>
  - Mexico, Remesamex <http://portalif.condusef.gob.mx:8000/Remesamex/home.jsp>
  - MoneyMOve <http://www.moneymove.org/English/httpdocs/index.cfm>
  - Global-money-transfer [www.global-money-transfer.com](http://www.global-money-transfer.com)
  - Australia, Send Money Pacific [www.sendmoneypacific.org](http://www.sendmoneypacific.org)
  - Philippines, Bangko Sentral ng Pilipinas [http://www.bsp.gov.ph/about/advocacies\\_ofw.asp](http://www.bsp.gov.ph/about/advocacies_ofw.asp)
  - World Bank, Remittance Prices Worldwide <http://remittanceprices.worldbank.org/>

As the opportunities to reduce remittance costs and expand remittance services depend partly upon the characteristics of legislative frameworks that regulate them, the next section analyzes remittance related regulations in the countries of interest.

## VII.6 Remittances' regulatory framework

Most of the times, formal cross border remittance service providers must comply with a set of financial, reporting and anti money-laundering regulations in order to be able to operate in a given country. As mentioned earlier, these regulations may influence the consumer pricing of the services, as they may directly affect the costs to providers. In this section we analyze remittance related regulations in the corridors of interest, namely the development of the financial sector and financial inclusion in Angola, the remittance receiving country, as well as remittance related regulations in Portugal and South Africa, the remittance source countries.

### Angola

In Angola, the establishment, activities and supervision of all banking and non-banking financial institutions are regulated by the *Lei das Instituições Financeiras* (Law No. 13/05, 30 September 2005)<sup>78</sup>. According to the Law, only banks and authorized non-banking financial institutions (foreign exchange bureaus, foreign exchange broker companies, and in some cases hotels, travel agents, tour operators and duty free shops) can undertake foreign exchange transactions (regulated, in turn, by Law No. 5/97, 27 June 1997<sup>79</sup>; Instrutivo No. 04/2009, 20 April 2009)<sup>80</sup>. The National Bank of Angola (*Banco Nacional de Angola*, BNA) is the main authorizing entity of banking and non-banking operators in the country and it is responsible for their overall supervision. It is also the main foreign exchange authority.

The Angolan banking sector is growing at a significant rate. In 2006 the number of branch offices of public and private increased by 20 percent and 55 per cent, respectively (ADB/OECD 2008:131). The number of licensed banks rose from 16 in 2007 to 21 in 2008. Currently, there are 19 authorized foreign exchange bureaus. Other banking services are being expanded, such as the Visa credit card system, which became fully operational in 2007. The number of ATMs in the country also rose from 143 in 2005 to 287 in 2006 (KPMG 2007: 20). Nonetheless, financial technologies and geographical distribution of branches throughout the country need to be strengthened.

The banking sector is also undergoing significant transformations. As of January 2008 a new regulation, based on the adoption of Basel II regulations entered into force. Stricter accounting and prudential rules will entail a tightening of credit before banks adapt to the new environment by increasing capitalization (ADB/OECD 2008: 131). Some authors believe that such a competitive context, along with new supervision and regulations of the sector, will

encourage service providers to differentiate amongst themselves by launching new financial products and services, by improving technologies, investing more in human resource training, and diversifying into new business areas (KPMG 2007). This opens great opportunities for introducing innovative remittance services and improving existing ones.

Despite the significant growth and competition within the sector, in 2006 only 5.8 per cent of the population (or about one million clients) had a bank account (KPMG 2007: 5), which is low compared to other sub-Saharan Africa middle income countries where the share of population with access to banking services is 25 per cent (ADB/OECD 2008). Moreover, the commercial banking sector is dominated by five banks (*Banco de Poupança e Crédito*, BPC, *Banco do Fomento de Angola*, BFA, *Banco Africano de Investimentos*, BAI, *Banco Internacional de Crédito*, BIC, and *Banco Espírito Santo de Angola*, BESA), managing over 85 per cent of the sector's total deposits (KPMG 2007: 12). As mentioned earlier, banks have often neglected the development of remittance products because such products may not be as profitable as their core activities. Banks often have little penetration in low income areas,. Although this may not be problematic for many households receiving cross-border remittances in Luanda, there are indications of a potential demand for low cost remittance services in provinces that benefit from domestic remittances originating in the capital city. Moreover, most migrants interviewed in Portugal and South Africa claimed to come from lower middle class, working class and poor socio-economic environments. This implies that their relatives in Angola may have limited access to financial services. Some authors observe that the inefficiency of financial systems and a low level of financial inclusion among the population could encourage the use of informal remittance intermediaries (Buencamino and Gorbunov 2002).

In order to improve financial inclusion, in 2005, BNA created a division specialized in micro-finance in anticipation of an appropriate legal framework (ADB 2005; see also ADB 2008c: 14-15). Currently, BNA, the United States Agency for International Development (USAID) and the WB-IFC, are expanding micro-credit financing to small and medium enterprises through banking institutions such as *Novo Banco* (absorbed by BAI in October 2007). *Novo Banco*'s capital base is estimated at US\$4 million and has disbursed more than 1,000 loans with a value of USD 6 million to Luanda's small entrepreneurs (WB Angola Country Brief, September 2008, online). *Novo Banco*, also offers free of charge deposit facilities with no minimum deposit requirement and foreign exchange and checking facilities

(The Economist 2004: 26-27). Other institutions that offer micro-finance products include *Banco Sol*, BPC, and *Banco Keve*.

As regards the linkage between microfinance and remittances, we cite here two examples. *Banco Sol* has about seven years of experience in the microfinance domain and a considerable international presence. Although its main products had been concerned with micro credit in the past, it will soon implement a new money transfer service in partnership with MoneyGram (interview with Banco Sol representative, 26/2/2009). Some NGOs are also participating in financial deepening and exploring the provision of remittance services. KixiCrédito, a microfinance programme under the NGO Development Workshop, became an independent non-bank financial institution in December 2006. It formerly targeted urban vendors and employed a group lending methodology, with compulsory savings as collateral, but has recently introduced individual lending as well as housing loans. In 2008 KixiCrédito had about 11,000 active borrowers in two focal areas (Luanda and Huambo). Recently it expanded in the Provinces of Benguela, Bie, Cabinda and Zaire. KixiCrédito has also been contacted by Monex for a possible partnership in providing remittance services. Other large remittance companies (i.e. Western Union) are not yet so present, and only two banks (BCA & Millennium) are holding this service. This leaves open enormous opportunities for smaller service providers willing to fill such gaps.

The household survey showed that the remittance market in Angola is currently dominated by two types of recorded service providers: banks and remittance companies, but services are costly and sometimes even slow. Partnerships between commercial banks, remittance companies and smaller financial institutions, such as credit unions and microfinance intermediaries, and even with non-bank institutions (courier companies, postal services, migrant associations, NGOs) with better outreach to poor people, could be further explored as an option to expand financial services, including affordable remittance products in Angola<sup>81</sup>. The development of new remittance related products, partnerships and business areas will depend upon the formulation of appropriate laws and laws and regulations for the new activities, products and services. The ongoing review of the Law on Financial institutions could enhance the opportunities to further diversify and expand the remittance market. In general, policies that improve that reduce exchange rate volatility and improve financial inclusion in the remittance receiving country, and competition among service providers, have



good possibilities to influence and increase the supply of affordable and efficient remittance services.

Along with financial deepening and financial inclusion, monetary policy exerts an influence on the remittance environment. Strict currency controls, overvalued official exchange rates, high tariffs and taxes, as well as political instability in receiving countries are believed to contribute to the rise of black markets for foreign exchange and the use of unrecorded transfer channels (Buencamino and Gorbunov 2002: 5). In Angola, oil revenues, external financing, and rising deposits in the national currency (Kwanza, KZ) have allowed the maintenance of the monetary and exchange rate stabilization policy, and the consequent rise in value of the national currency in relation to the U.S. dollar since 2006. The currency is expected to remain stable at around Kz75: US\$1 in 2008-2009 (The Economist 2008, see also ADB/OECD 2008: 128). However, at the macroeconomic level, some authors argue that while the strength of the Kwanza has allowed a decrease in the cost of imports, with a significant impact on consumer prices, this could be potentially damaging to the non-oil sectors of the economy, such as agriculture and industry, by limiting its export capacity (KPMG 2007: 8). Additionally, although inflation rates have been stabilized at 12 per cent in the past two years (ADB/OECD 2008:128), inflation continues to affect the most vulnerable populations as it touches even food articles. The government expects to further reduce inflation to 10 per cent.

Finally, as mentioned in earlier sections of the document, many Angolan migrants are willing to invest in small businesses in Angola. The *Basic Private Investment Law* (Law 11/03)<sup>82</sup> opens opportunities for individual and corporate private investment. This could benefit not only remittance service providers, but also members of the diaspora willing to set up a business in Angola. However; productive investment opportunities are unlikely to be further expanded to lower skilled and poor Angolans living abroad, unless they receive further support to obtain credit and adequate training to set up viable businesses. Access to credit is still low throughout Angolan society, but it seems to affect particularly women, because they often do not have the collateral that lenders require (ADB 2008c: 14-15). Therefore, the adoption of a gender approach in all microfinance initiatives would also be of value.

## Portugal

In Portugal the execution of financial transfers to the exterior is currently regulated by the General Framework for Credit Institutions and Financial Societies<sup>83</sup>, which outlines the principles for the establishment of credit and financial societies and regulates their activities. According to these Law, the institutions authorized to carry out foreign exchange transactions comprise banks and foreign exchange bureaus (identified as financial societies). A working paper prepared by IOM Lisbon also notes that Dec.Law 53/2001, of 15 February 2001 allows foreign exchange institutions to transfer and receive funds from abroad, provided that they have the capital stock and infrastructure required to undertake such activity. Through Announcement 3/2001, of 7 March 2001, the minimum capital required to undertake remittance transfers was fixed at 500 000 EUR; if the activity involves third parties, the agencies willing to operate in this market must have an insurance with the minimum value of 250 000 EUR. A maximum amount of 12 500 EUR can be transferred at once or in several transactions by one single person, but if the amount exceeds that limit the sender is required to identify the origin and destiny of the funds in written, in order to justify the operation, as well as to identify the beneficiary(ies) (Law No. 11/2004, March 27 2004).

There are currently several service providers in the Portuguese remittance market (banks, MTOs, postal services and unrecorded intermediaries) using a narrow range of transfer methods and technologies (Table 23).

Institutions	Transfer execution				Documental identification of the client		Exchange rate	
	Counter	ATM	Telephone	Internet	Always	Depends on the amount	Indicative	Fixed
Western Union/Millennium BCP	√	x	√1	√1	√	x	√	x
CTT	√	x	x	x	√	x	√	x
Western Union/Cotacâmbios	√	x	x	x	√	x	x	√
Western Union/Unicambio	√	x	x	x	√	x	√	x
WU/Caixa de Crédito Agrícola	√	x	x	√2	√	x	√	x
Money Gram/Montepio Geral	√	x	x	x	√	√	√	x
Money Gram/Novacâmbios	√	x	x	x	x	√3	√	x

1 – for clients of the bank; 2- in the case of a company client; 3- below 850 Euros is not required the identification of the sender;  
Source: IOM Lisbon, own elaboration

However, only two companies seem to be the major players: *Western Union* and to a lower extent *MoneyGram*. *Western Union* has been present in Portugal since the 1990s and already has a large network of more than 1400 agencies in the country. This company has also established agreements with postal offices (CTT), banks including *Millennium BCP*; *Caixa Geral de Depósitos*; *Caixa Central de Crédito Agrícola Mútuo* (C.R.L), and foreign exchange bureaus (*Cota Câmbios*). In the case of *MoneyGram*, the company has a network of more than 337 agencies in Portugal, and it has a special agreement with *Montepio* bank and the foreign exchange bureau *Novacâmbios*. IOM Lisbon further found that *MoneyGram* seems to charge slightly higher fees than those applied by *Western Union* (Table 24). *MoneyGram/Novacâmbios* fees are often smaller, but the exchange rate EUR-USD applied by *Western Union/Millennium BCP* is lower than that of *Novacâmbios*. IOM Lisbon found that prices applicable for money transfers from Portugal to Angola on March 8, 2009 were the following:

**TABLE 24**  
**REMITTANCES TRANSFER COSTS: MONEY GRAM AND WESTERN UNION (8 MARCH 2009)**

Remittances from Portugal to Angola										
Amount	Fees (€)		Fees (% of the amount)		Final amount (€)		Exchange rate €/€		Final amount (\$)	
	Money Gram / Nova Câmbios	Western Union/ Millennium BCP	Money Gram/ Nova Câmbios	Western Union/ Millennium BCP	Money Gram / Nova Câmbios	Western Union/ Millennium BCP	Money Gram/ Nova Câmbio	Western Union/ Millennium BCP	Money Gram/ Nova Câmbio	Western Union/ Millennium BCP
100	12	16,5	12%	17%	88	84	1,2	1,26	106	105
200	15	22,5	8%	11%	185	178	1,2	1,26	222	224
300	17	26,5	6%	9%	283	274	1,2	1,26	340	345
400	22	31,5	6%	8%	378	369	1,2	1,26	454	464
500	30	35,5	6%	7%	470	465	1,2	1,26	564	585
600	30	35,5	5%	6%	570	565	1,2	1,26	684	711
1000	43	59,5	4%	6%	957	941	1,2	1,26	1148	1185
1500	66	69,5	4%	5%	1434	1431	1,2	1,26	1721	1802
2000	71	89,5	4%	4%	1929	1911	1,2	1,26	2315	2407
2500	84	110	3%	4%	2416	2390	1,2	1,26	2899	3011

Source: IOM Lisbon, own elaboration

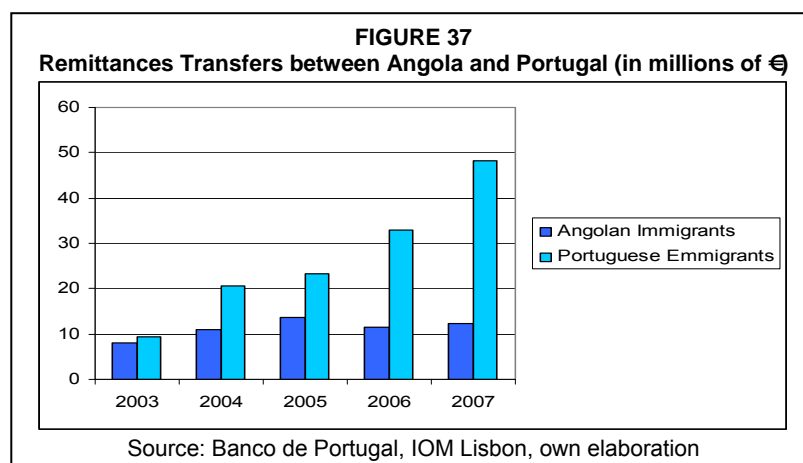
The interviews conducted with migrants in Portugal revealed that MTOs are generally considered as highly reliable and fast, and that migrants who send money through MTOs mostly prefer *Western Union*. We further observe that MTOs often do not require migrants to provide identification details, thus these services are quite accessible, even for migrants whose situation is irregular. Nonetheless, it appears that fees are particularly high for small amounts, regardless of the service provider, and that consumer prices vary according to the

region where the agencies are located in Portugal. According to IOM Lisbon, the least expensive remittance service available in Portugal is the Post (a fee of 6,55 EUR applies to a transfer of 100 EUR; and a fee of 7,95 EUR applies to amounts from 101 to 500 EUR, which is the limit per transaction, per person. However, postal services are not as fast as MTOs and they do not count with a wide distribution network in receiving countries, especially in Angola. This means that there is still room for other players to enter the market, willing to offer more efficient and affordable services.

One initiative to improve the degree of information among senders about service providers in Portugal, and ultimately improve competition and lower transfer costs, is the website *Euromed4All*<sup>84</sup>, launched by the Border and Alien Service in 2008. The website provides useful information about remittance services (namely through banks), particularly in Algeria, France, Italy, Libya, Malta, Morocco, Portugal, Spain and Tunisia. However, as this is a Mediterranean initiative, the website does not include any countries of sub-Saharan Africa.

Furthermore, while Portugal is here considered a remittance source country, it remains also an important remittance receiving country. Indeed, the largest Portuguese banks began developing special departments to monitor and develop remittance business in the early 1980s, and established remittance offices in foreign countries with large concentration of Portuguese immigrants. According to Buencamino and Gorbunov (2002: 10), *“The offices were equipped with proprietary transfer systems with daily file transfers to Portugal. The service was offered for free. To complement these structures, agreements were made with local travel agents to facilitate and expedite the transfers. As a result, by the late 1990s, deposits from emigrants represented about 20 per cent of total deposits in the Portuguese banking system.”* Thus, while services that facilitate remittance inflows were developed very early, the outflow remittance market is still narrow and little diversified.

When remittance inflows and outflows between Portugal and Angola are compared, the gap between the money that comes from Angola to Portugal and the money that goes in the inverse way is more evident: Portuguese people in Angola send much more than Angolans in Portugal to their country of origin (Figure 37)<sup>85</sup>.



As shown in the table below (Table 25), apparently money transfer services are predominantly inward, but remittance outflows from Portugal are not negligible and it would be of value to further improve services and competition in both markets.

**TABLE 25**  
**REMITTANCES TRANSFERS TO AND FROM PORTUGAL (IN MILLIONS OF €)**

	Angola		Cape Verde		Guiné Bissau		Brazil	
	Immigrants	Emigrants	Immigrants	Emigrants	Immigrants	Emigrants	Immigrants	Emigrants
2003	8	9,4	1,7	10,3	6,2	0,1	168,984	NA
2004	11,1	20,6	3	12,7	5,7	0	216,468	NA
2005	13,7	23,4	2	17,3	2,6	0	269,632	NA
2006	11,5	32,9	2,9	20	4,6	0	NA	NA
2007	12,3	48,1	2,6	22,3	6,1	0,6	NA	NA

Source: Banco de Portugal, IOM Lisbon own elaboration

## South Africa

South Africa's regulatory framework for remittances has often been studied as part of extensive research on remittances in the SADC region (see for example Genesis 2003; 2005; 2006) This section is based on a working paper prepared by IOM Pretoria. The remittance regulatory framework in South Africa comprises Exchange Control, Immigration, and Anti-Money Laundering regulations.

Exchange Control regulations are unique to South Africa, and while they do not prohibit remittances, they present some challenges to senders and service providers. First, exchange controls distinguish between two types of remittance senders: residents, and non-residents and temporary residents. Only permanent and temporary residents in South Africa who have a work permit and can provide proof of lawful earnings are allowed to remit funds from South Africa (most of the times these are skilled workers). Non-residents (including undocumented

migrants) are not legally allowed to earn money, and thus not allowed to remit. Temporary residents need a work permit to access the financial system. However, in reality, even for migrants with the right documentation, access to financial services remains difficult; this is particularly true for refugees and asylum seekers. Although Refugee IDs are being more widely accepted these days, not all banks allow refugees to open a bank account<sup>86</sup>.

Exchange Control regulations also limit the export of Rands and place costly requirements on remittance service providers to obtain authorized licenses from the South African Reserve Bank. Secondly, dealers are required to report all transactions on the Cross Border Foreign Exchange Transaction Reporting System. Installing the reporting system is not only costly, but the data which needs to be reported per transaction is extensive (residence permit number, address, phone no. proof of identity, utility bill to prove the residential address, as well as the purpose of the transfer, description of source of funds/income such as pay slips), and the task is time consuming. In addition, all documentation has to be executed in person at the branch, and not through internet banking systems (for a more detailed discussion on the South African remittance related legislation see Genesis 2003; 2005; 2006). In this way, exchange control regulations substantially increase the costs to service providers and ultimately to remittance senders (especially for small transfers)<sup>87</sup>, and discourage healthy competition among service providers. Four major banks<sup>88</sup> control currently about 90 per cent of the market. Recently, other institutions have been authorized to operate in the country: MoneyGram (since 2005) and Western Union (since 2008). The study further revealed that among Angolan migrants in South Africa two small companies (Grace and Full Service) are very popular. Full Service branch in Cape Town has closed down but it is difficult to assess whether the reason behind this is anyhow linked to the costs and requirements imposed by Exchange Control regulations.

Overall, net transaction cost of formal transfers reflected in total cross border fees are significantly more expensive than those charged by unrecorded intermediaries and/or Post Offices, which are not subject to Exchange Control. However, the Post Office's upper transaction amount is limited to 2,000 Rand per person, per month for legal migrants. Postal offices also require identification of clients to prevent people from surpassing this limit.

Furthermore, while the South African Immigration Act privileges skilled immigration, and it is highly restrictive as regards other kinds of migration, such as undocumented and low

skilled migration, as is the case of some Angolan migrants interviewed in South Africa. The Immigration Act also interacts with other regulatory frameworks including the Financial Intelligence Centre Act (FICA), enacted in 2002. The act requires authorized financial institutions to establish and verify the identity of any client before engaging in any transaction. This provision, along with the Exchange Control requirements of residence status or a work permit to remit, as well as proof of income, are extremely difficult to comply with for undocumented migrants, and/or migrants who work in the informal economy. Therefore, these migrants are likely to be excluded from access to recorded remittance systems. Genesis (2006: 11-12) reports that: *“To address the access to finance impact of FICA, FICA Exemption 17 was introduced. [...] The exemption dispenses with the requirement to obtain and verify the residential address of clients, but maintains the requirement to present a South African identity document.”* This measure still poses difficulties for undocumented migrants in using recorded transfer channels.

While many Southern African Governments, including South Africa and regional/continental bodies such as the SADC and the African Union recognize the potential developmental impacts of remittance flows and diaspora mobilization, informed policy and decision making related to these issues is hampered by lack of information and a poor competitive environment for service providers to offer efficient, reliable and affordable remittance products for all senders.

### **Anti-money laundering regulations**

Since the early 1990s, when anti-money laundering initiatives became popular, and especially after September 11, 2001, remittances have come under greater scrutiny, because of the concern that they could be potentially used to finance criminal or terrorist activities, particularly if they circulate through unrecorded channels. Many remittance source countries, including Portugal and South Africa, are member of the Financial Action Task Force (FATF), which has developed major recommendations to hamper money laundering and financing terrorism. Some of these regulations (i.e. special recommendation VI on alternative remittance of the Financial Action Task Force<sup>89</sup>) could hinder competition among different service providers, because “they effectively either exclude smaller national and ethnic niche money transfer operators from the legal money transfer market, or else drive them into illegality and beyond oversight.” (Pieke et al 2005: 35). As mentioned in the above section,

some migrants can perceive a number of requirements as intimidating or impossible to comply with if they cannot prove their identity, residence, lawful earnings and so on.

While security and transparency concerns are perfectly valid, it is also important to ensure a healthy competitive environment for service providers, as well as to guarantee access to formal services to all types of clients, regardless of their socio-economic background or migratory status. As regards remittance source countries, we concur with Pieke, et al.: “...*regulating money transfer from their shores adopt a light-touch approach, also in their dealings with developing countries, particularly by taking care not to exclude small businesses that often operate in an ethnic or national niche, that are often the main if not sole remittance operators available to specific migrant groups.*” (2005: 36). Pérouse de Montclos (2005: 3) further observes that the fact of being undocumented (or as he puts it, “illegal”), is different from criminality, illegitimacy or unreliability. This is a very important distinction that remittance related regulations should consider.

Thus far, the remittance environment in the corridors of interest shows there is still room to further diversify the market and expand cheaper and more efficient services for the benefit of remittance senders and recipients, but also for smaller service providers with better reach out to ethnic markets and underserved populations. A recurrent recommendation in remittance literature is to foster healthy competition among service providers. Ratha and Riedberg suggest the first major step towards facilitating international remittances to developing countries is to recognize remittance services as a “self-standing industry separate from banking services” (2005:1), which would contribute to the simplification and harmonization of remittance regulations<sup>90</sup>. Creating more appropriate and specific licenses for remittance service providers other than banks could enable competition, and creating official alternative identification requirements for senders (i.e. the *Matrícula Consular*)<sup>91</sup> could help expanding access to recorded systems.

## **VII.7 Remittances utilization and impact on receiving households in Angola**

This section presents the findings of the household survey conducted in Angola regarding remittances utilization and impacts, according to data analysis carried out by NGO partner Development Workshop. As discussed in the introduction to the remittance section, the impact of remittances on economic and social development remains a controversial topic. The concept of development, as embraced in the MDGs, has been now widely accepted in the



international community. As the concept of development is enlarged, it becomes increasingly difficult to distinguish between remittances “productive” and “consumptive” investments, or remittances’ developmental and non-developmental impacts, especially if one considers that the main categories of remittance expenditure usually contribute to reduce hunger and improve education and health. Moreover, even when remittances are invested in “productive activities”, such as small businesses, this does not necessarily mean that remittances will contribute to generate profit, or create employment. This is particularly true for badly run businesses, or those operating in the informal economy or where the labour force is constituted of unpaid family members. Indeed, such kind of businesses may also have negative impacts on power relations, especially on women as they could create a double workload from business and housework. Catherine Cross (2003: 16) further argues that remittances utilization and contributions to what is normally considered as productive investments, depends upon the degree to which receiving households can manage their revenues. In her own words:

“Well-organized households are able to accumulate wealth and resources, by investing remittances in family housing, children’s education or business activities. These investments can be considered ‘productive’, as they help to improve the household’s future economic position, and render the family more secure. Weaker households, on the other hand, struggle to save, and are continually cut back by unexpected events, which burn up any resources that they have put aside for the future. For such households, productive investments of remittances may not be an option”

Although the household survey is not comprehensive enough to further discuss these issues, it does provide some insight into remittances utilization and their micro-level or household impacts. Many scholars argue that remittances utilization may be determined by the needs of the members of the receiving household, but also by gender roles and power relations within the households. To better understand resource allocation in the surveyed households, we inquired into household decision-making processes as regards remittances utilization. The survey revealed that it is often the head of the household who decides how to use or spend remittances (according to 80 per cent of respondents). It is worth recalling here the fact that the majority of these households are headed by men, who are also the main breadwinners. In 12 per cent of the cases the decision is made by both the migrant relative and the head of the receiving household, and only 5 per cent of the respondents affirmed it is the migrant relative (or remittance sender) who decides how the money will be used. This is

consistent with the findings of the interviews in Portugal and South Africa, where an overwhelming majority of respondents (81.5 per cent, and 88.4 per cent, respectively) claimed that it is the person who receives remittances who decides on their use. In addition, the majority of respondents in Portugal (78.5 per cent) claimed they know how the money sent is used. In contrast, in South Africa only 13.5 percent of migrants know how remittances are used. The household survey further revealed that remittances help households to meet their basic necessities, buy consumables and pay for utilities (according to 67 per cent of respondents). 14 per cent of the households also use a portion of remittances for business purposes; and only 1 per cent of the respondents claim that they use part of the remittance funds for agricultural activities.

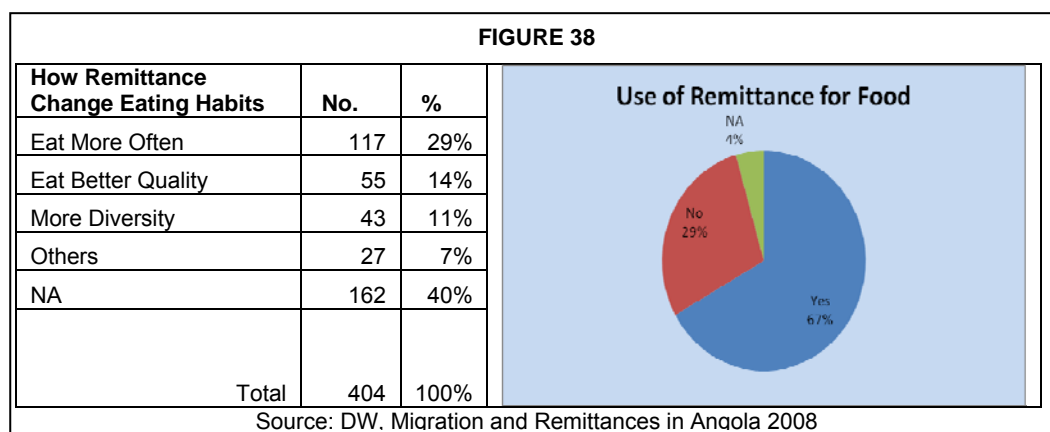
**TABLE 26**  
**ANGOLA**  
**Remittances Utilization**

Remittance Use	No.	%
Basic Household Necessities	346	37%
Household Utilities	197	21%
Other Consumables	86	9%
Gas/Transportation	65	7%
Business	134	14%
Agriculture/Farming	12	1%
Others	97	10%
Total of responses	937	100%

Source: DW, Migration and Remittances in Angola 2008

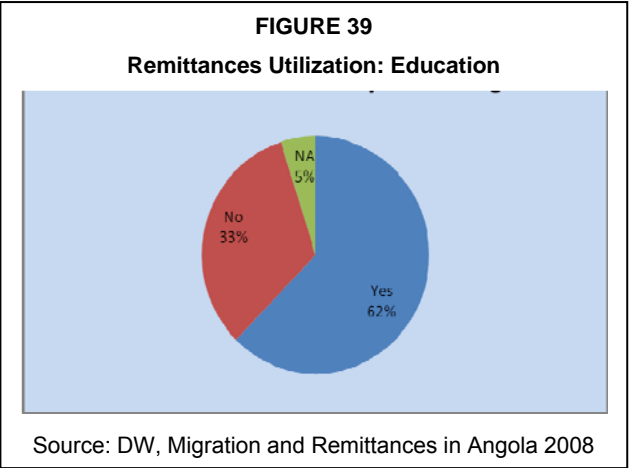
## Food

Food constitutes a major basic need met through remittances in receiving households: 67 per cent of the households use the remittances for the purchase of food. Interestingly, despite the fact that the majority of surveyed households receive remittances from migrant relatives, 14 per cent of the respondents claim they still cannot afford to buy some food items that they need. However, remittances have helped to improve the eating habits of the majority of the household respondents: 29 per cent of the heads of household affirm their families can afford to eat more often; 14 per cent of the households have better quality food and 11 per cent of the heads of household reported that their food is more varied (Figure 38).



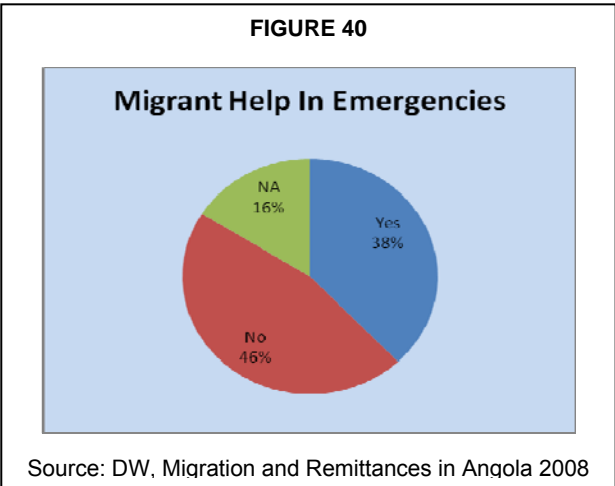
**Education and health care**

The survey also revealed that remittances help households afford education: 62 per cent of respondents claimed to use migrant remittances to afford school expenses of members of the family who are in school age (Figure 39). Remittances’ contributions to education are especially important in a country where only 27 per cent of students



entering grade one complete grade four (ADB 2008a); and where girls are particularly disadvantaged: girls represent 29.6 per cent of school drop outs due to early pregnancy and their involvement in house work. Indeed, the household survey revealed that educational needs of a total of 252 people are being met through remittances: 55 per cent are the sons and daughters of the head of the household (of which only 15 girls); 19 per cent are the brothers and sisters of the head of the household and 26 per cent are other relatives or members of the household. Better education opportunities for children are likely to have positive impacts on the availability of qualified human resources in the long run. Moreover these children are likely to have better work opportunities than their relatives abroad, and the heads of household, who have low levels of qualification.

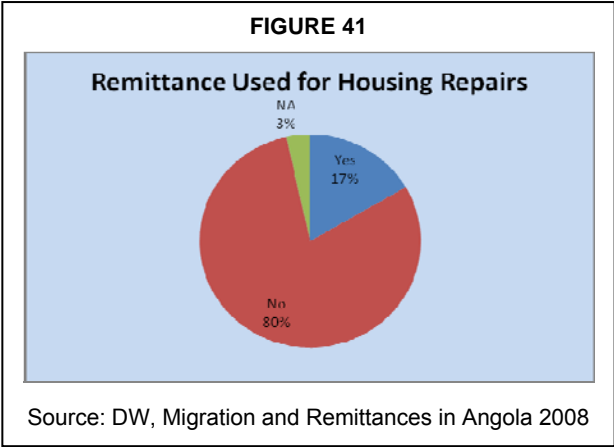
In contrast, 46 per cent of the respondents claim that remittances are not normally available during medical emergencies (Figure 40); however, 38 per cent claims that the migrant relative would send remittances in these cases. Most heads of household admitted that in such situations, and while waiting for remittances to come in, the respondent would normally use the family income coming from salaries, or would make use of his or her social resources and ask for a contribution among



family members of their clan. A couple of respondents also mentioned they would borrow money to pay the medical bills. Although not mentioned by respondents, remittances may contribute to repay such loans.

**Housing**

Apart from basic needs, remittances are often used in other contexts to improve housing conditions. In Angola most respondents have concrete houses with concrete floors, with adequate sanitation facilities and equipped with basic appliances (i.e. electric fan, TV, radio). Not surprisingly, only 17 per cent of respondents claimed to use remittances



for house repairs (Figure 41). In addition, while 80 per cent of respondents own their house, only 4 per cent of claim that a portion of remittances received were used in whole or in part for the acquisition of their house. However, 23 per cent of respondents claimed that remittances have been used partly or in full for the acquisition of a piece of land.

**Resale**

Finally, the survey revealed that a large share of households that receive in-kind remittances (42 per cent) also re-sell some of these goods and convert into cash.

**VII.8 Main findings**

The household survey showed that remittances are important sources of income for receiving households in Angola, regardless of the utilization of these funds. The study confirms what is already widely avowed in remittances literature: A large share of remittances is used to meet basic needs including food, education and health care, while only a small share of those funds is re-invested in income-generating activities, businesses or asset creation. Among the latter, the resale of in-kind remittances seems to be a common practice that generates supplementary cash for some Angolan households.

According to a recent survey on remittances productive investment in Africa<sup>92</sup>, political instability, inadequate infrastructure, low access to credit, bureaucracy and corruption; lack of

knowledge of the local markets, weak legislative frameworks, macro-economic imbalances and inflation, and the lack of qualified human resources are amongst the major challenges to investment in the continent (Africa Recruit 2005). Migrants interviewed in Portugal and South Africa share many of the following concerns regarding investment opportunities in Angola: a) the difficulties linked to the procedures for setting up a business in Angola (especially registration); b) the high taxation of goods imported into Angola; c) the difficulties linked to the refugee status<sup>93</sup>, and the difficulties in obtaining citizenship status in their host countries; d) distrust vis-à-vis official (government-run) initiatives; e) the costs of remittances; f) the expansion of skills development opportunities.

As regards the allocation of remittance funds at the household level, the study also found that it is the head of household who decides on remittance utilization, but we cannot establish a clear link between gender and remittances' utilization, as women are underrepresented in the sample.

Remittances clearly contribute to the welfare of these households, but their impacts are limited in some sectors:

- *Food security and agricultural development*: Remittances contributions to food security are not negligible in the context of the global economic downturn<sup>94</sup>, but they are particularly important in a country where inflation and a high dependency on food imports affect the prices of food articles, and where poor infrastructure and remaining landmines limit agricultural development and transportation of goods by land from the provinces to the capital. It is essential to underline, however, that the majority of remittance recipients are concentrated in Luanda and its periphery, and they are gainfully employed in the service sector. Therefore, the share of remittances directed to agricultural production is insignificant. This is quite important for a country that is striving to revitalize agricultural and rural areas. Moreover, poverty, climate change and other environmental phenomena are affecting rural livelihoods<sup>95</sup> and rural migration patterns, worldwide, and Angola is no exception. In this context, remittances are not likely to have significant impacts, unless financial deepening helps domestic remittances reach rural households (i.e. through the development of effective urban-rural remittance systems and financial inclusion), and effective policies that promote rural employment and development

(i.e. adequate property and land tenure regulation) are put in place. The study found that there is a large share of cross border remittance receiving households in Luanda that send on remittances to other households in several Angolan provinces. Therefore, the need to expand affordable and efficient remittance transfer systems applies for both internal and cross border remittances. Also, there is a need to continue expanding opportunities to revitalize agricultural livelihoods (see case study on Moxico, Kaun 2008), especially for women, as their needs might not be fully met owing to family power relations<sup>96</sup>.

- *Education:* Remittances are used to meet the educational needs of many household members. This is a major step towards improving their capabilities of, and ultimately, the Angolan's society human capital in the long run. It is worth mentioning here that the expansion of education and training without labour opportunities is a tricky endeavour. The link between education and incorporation in the labour market is not automatic. Job training programs are more likely to be successful if they are part of a package that includes basic education, vocational training, employment services, and social services.
- *Health care:* Seemingly, a sector in which remittances impacts are small is health. Most respondents recognized that remittances are not likely to reach the recipients "on time", in case of emergencies; many of them may turn to their own social resources or take loans to be able to afford medical care. Moreover, the interviews held with migrants in Portugal and South Africa found that health care is not among the main purposes why migrants remit (particularly for migrants in South Africa), or at least not explicitly (perhaps this is much more a matter of interpretation, as the purposes "basic/daily needs" are sufficiently wide to involve health care). However, remittances may help families to pay off their loans, whether these originate from medical care or other needs.
- *Inequality:* Finally, it could be argued that in a country where geographical disparities in basic service delivery are still present (for instance education and health facilities), and where income distribution is also uneven, remittances' impacts are uncertain, especially in the context of the current economic crisis<sup>97</sup>. On the one hand, it is true that remittances improve the welfare of recipients and that they are also transferred from Luanda to other regions, thus remittances they may also have significant impacts on receiving families living in other provinces than Luanda. On the other hand, remittances seem to concentrate in urban areas with

better service delivery and where better off households are based. In this sense, remittances could contribute to intensify income and social inequality, particularly among recipients and non-recipients. In a context of uncertainty, it would be of value to strengthen the social protection system<sup>98</sup> and expand financial deepening in Angola to help people save and protect themselves from risks, as well as to continue supporting vulnerable businesses (and especially rural livelihoods).

## VIII. CONCLUSIONS

This study aimed firstly, at creating a socioeconomic profile and assessing the remittance behavior of Angolans living Portugal and South Africa, as well as their degree of organization and transnational engagement. Secondly, the study aimed at understanding the overall characteristics of migrant remittances from Portugal and South Africa to Angola, including the legislative frameworks that regulate them, and impacts of remittances on Angolan households. Finally, the study aimed at identifying potential strategies to enhance the developmental impact of remittances in Angola.

The study showed that most Angolans left their country of birth during the 1990s, when intense fighting was undergoing in Angola. Although the consequences of the armed conflict in Angola might have influenced emigration decisions, migration is a complex phenomenon and the accomplishment of the migration project depends not only on the causal factors, but also on the combination of many enabling factors. In the case of Portugal, linguistic and cultural proximity and the existence of established social networks facilitated Angolans' immigration in that country. South Africa was a convenient destination for many Angolans due to geographical proximity. The end of apartheid and subsequent recognition of refugees made South Africa a suitable destination for asylum seekers during the 1990s.

Angolans living in Portugal and South Africa have spent most of their adult lives in these countries. But the fact that the core of their lives and major responsibilities are concentrated in their respective host countries has not prevented them to continue supporting their families of origin through remittances. Today, a large proportion of Angolans living in Portugal enjoy a more stable migratory status than migrants in South Africa (where the majority of interviewees have refugee status), and they are likely to be in a better position to save and remit. However, it is also true that remittances are not sent very frequently and many migrants have been constrained to send smaller amounts of money owing to the difficult economic situation they are currently experiencing (linked or not to their migratory status), and the rising living costs in their respective host countries. In fact, Angolan remittance receiving households are seemingly not highly reliant on these alternative sources of income, except for 16 per cent of the surveyed households, who claimed to be totally dependent on remittances.



Indeed, as their experience in the host country becomes increasingly difficult, many Angolans are evaluating the possibilities to return and set up businesses in Angola (regardless of the viability of such projects), or to seize the opportunities of transnationalism and simultaneously participate in both their country of birth and their host countries. Nevertheless, a large proportion of interviewees find there is little support from authorities in this regard. Also, Angolans' degree of organization and transnational engagement in development cooperation, philanthropic activities and investment in their country of birth is quite weak. Building mutual trust between the Government of Angola and the diaspora seems to be a pre-condition for any initiative aiming at pooling resources from Angolans living in Portugal and South Africa, or at building synergies with the diaspora for the benefit of Angola.

In this line, the **first set of recommendations** is to: a) get to know migrants, understand their interests, motivations, needs, perceptions and social identification; b) legitimize official initiatives and approach migrants through credible, bias-free and non-politicized intermediaries/instruments; c) engage in processes of dialogue to identify and resolve disagreements and differentials; d) continue expanding support for return (including opportunities for investment, training and skills development) to low skilled migrants; e) promote ownership of initiatives among potential migrant partners in development.

Moreover, while many migrants interviewed in Portugal and South Africa wish to invest in their country of birth, they still see many hindrances to investment opportunities in Angola. In this line, the **second set of recommendations** intends to address migrants' concerns: a) facilitate the procedures for setting up a business in Angola; b) lower custom fees on goods imported into Angola; c) disseminate information on investment opportunities in Angola; d) facilitate migrants' mobility between the host country and Angola (i.e. support, through bilateral processes, the regularization of Angolans' migratory status and promote their transnational lives); e) build trust vis-à-vis official (government-led) initiatives; f) lower remittance costs; g) expand opportunities for skills development for Angolans abroad to help them gain the necessary qualifications to set up their life in Angola; h) foster healthy competition among small businesses.

While the involvement of Angolans in collective development initiatives and investment projects could be considered a key objective of a long-term migration and

development agenda, remittances are the most direct link Angolans keep with their families of origin at present.

One of the main hindrances to effective remittance related policy development in Angola is the dearth of data. Even when remittances may not appear as important as other sources of foreign exchange to Angola, or their impacts are not reflected in macroeconomic or social indicators these supplementary resources help beneficiaries to meet their basic needs, especially food security and education. Most importantly, while cross-border remittance beneficiaries tend to be based in Luanda, the study revealed that some cross-border remittance beneficiaries also send on domestic remittances to other provinces. This finding is key, as it highlights the need to strengthen financial inclusion in Angola, and to create more enabling environments for both cross-border and domestic remittances. Currently, the dominant remittance service providers in the corridors of interest are money transfer companies (especially Western Union), small courier companies (Grace World and Full Service) and unrecorded intermediaries. This indicates that there is still room for increasing healthy competition among recorded service providers, and ultimately lower remittance costs. This would not only benefit remittance senders and recipients, but would also facilitate the monitoring and reporting of remittances circulating through recorded channels.

In this line, **the third set of recommendations** is to: a) create a working group on remittances whose main tasks would be to adopt an operational definition of remittances, and monitor and report cross-border and domestic remittances; b) lower remittance costs through the development of appropriate legislative frameworks for remittances as well as through innovation and the use of technologies; and c) expand both cross border and domestic remittance services, fostering financial inclusion and improving the dissemination of information on recorded systems among remittance senders and receivers. As remittances' developmental impacts are limited in scale, it is fundamental to continue supporting rural livelihoods, expanding access to basic service delivery, protecting vulnerable businesses, creating employment and strengthening social protection systems. Remittances' developmental impacts are likely to be further enhanced under the framework of pro-poor human and sustainable development policies that address persisting inequalities.

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## Annex 1: Select Indicators - Angola

### Basic Indicators

	Source	Year(s)				
GDP at Market Prices (Millions US\$)	ADB	2007	\$60 852			
GDP composition by sector (Share of GDP %)	ADB	2007	Agriculture	Average share of GDP (%) 2000-06	Agriculture	
			Manufacturing		Manufacturing	
			Services		Services	
	The Economist	2009 est.	Agriculture		12.0	
			Industry		5.0	
			Services		7.5	
GDP annual growth rate (%)	ADB	2007	19.8%			
	CIA	2008 est.	15.1%			
GNI per capita (Current US\$, Atlas Method)	ADB	2006	\$1980			
HDI (Value Scale 0-1)	ADB	2005	0.446			
Population (millions)	OECD	2008	Population aged 15-64 years (%)		52.1 %	
			Female as % of total population		50.7%	
	ADB	2007-08	Urban population as % of total population		55.8%	
			Rural population as % of total population		44.2 %	
			Economically Active Population (2005)		46%	
			0 - 14 years		43.6%	
	CIA	2008 est.	15 - 64 years		53.6%	
			65 years and over		2.7%	
	Labour force by occupation	CIA	2003 est.	Agriculture	85%	
				Industry and services	15%	
Life expectancy at birth (years)	ADB	2007	43 years			
	CIA	2008 est.	Male		36.99 years	
Female			38.9 years			
Gini Coefficient	IDA/ISN	2007	0.62			
Total External debt (Billions of US\$)	ADB	2007	\$9.5 billion	ADB 2005 Debt owed to		
				4% multilateral donors		
				32% Paris Club countries		
	CIA	31 December 2008 est.	\$7.907 billion	21% other bilateral donors		
				37% commercial banks		
				6% suppliers		
External debt (as % of GDP)	ADB	2007	15.6%			
Debt service (% of exports)	ADB	2007	8.3%			
Debt service (as % of GDP)	ADB	2007	4.8%			
			Avg. 1997-2006	22%		
Net financial flows (\$US millions)	ADB	2006	\$153.1mn			
Net Official Development Assistance (US\$ millions)	ADB	2006	\$170.7 mn			
Foreign Direct Investment (US\$ millions)	ADB	2006	- 1 140.0			
Net ODA per capita (USD\$)	ADB	2006	\$10			

### Millennium Development Goals

	Source	Year(s)	
1. Eradicate poverty and hunger	Proportion of people below poverty line (%)	IDA/ISN	2004-05 68%
	Proportion of people living on less than US\$2 a day	IDA/ISN	2007 est. 70%
	Share of poorest quintile in national consumption or income (%)	IDA/ISN	2007 4.4%
	Underweight children (% of children under 5 years)	ADB	2003 40.0%
	Agricultural land (1000 ha)	ADB	2003 3 590

	Irrigated land (% of agric. land)	ADB	2003	2.2 %	
	Food production per capita (Indices: 1999-2001 = 100)	ADB	2006	128.6	
			Avg. growth 2001-06	4.4	
2.	Achieve Universal Primary Education	CIA	2005	2.4%	
	Education expenditures as % of GDP				
	Gross school enrollment ratio (primary and higher education)	National Institute of Statistics (INE)/ADB	2005	20%	
	Primary education completion rate	ADB	2005	Male 69.5%	Female 59.8%
	Adult Literacy Rate (% of ages 15 and older that can read and write)	CIA	2001 est.	Total population 67.4%	
				Female 54.2%	Male 82.9 %
3.	Promote gender equality and empower women	...	...	...	
4.	Reduce child mortality				
	Under Five Mortality Rate (per 1000)	ADB	2007	231	
	Infant mortality rate (per 1000 live births) Male+Female	ADB	2007	132	
	Infant mortality rate (per 1000 live births)	CIA	2008 est.	182.31 deaths / 1000 live births	
	Infant mortality rate (per 1000) Male	ADB	2007	140	
	Infant mortality rate (per 1000) Female	ADB	2007	124	
5.	Improve Maternal Health				
	Maternal Mortality Rate (per 100 000 live births)	ADB	2000-04 2005-07	1850 1400	
6.	Combat HIV/AIDS, Malaria and other Diseases				
	Total Health Expenditure (as % of GDP)	ADB	2005-05	2.8%	
	HIV/AIDS Adult prevalence rate (%)	UNDP CIA	2007 2003 est.	2.5% 3.9%	
	Incidence of Tuberculosis Malaria	UNDP ADB	2007 2005	1.7%	Malaria remains the first cause of morbidity, with about 40% of cases of death among children under five years old.
	Immunization (%)	ADB	2006	65%	
	Tuberculosis			44%	
	Diphtheria (DPT3)			48%	
	Measles				
7.	Ensure environmental sustainability				
	Population with access to safe water (%)	ADB	2004-06	53%	
	Population with access to sanitation (%)	ADB	2004-06	31%	
8.	Partnership for development				
	Main telephone lines (per 1000 inhabitants)	ADB	2001 2006	5.4 5.9	
			Avg. growth 2001-06	4.2%	
	Mobile Cellular subscribers (per 1000 inhabitants)	ADB	2001 2006	5.2 136.8	
			Avg. growth 2001-06	110.0	
	Internet users (per 1000 inhabitants)	ADB	2001 2006	1.4 5.7	
			Avg. growth 2001-06	36.9	
	Personal computers (per 1000 inhabitants)	ADB	2001 2006	1.2 6.7	
			Avg. growth 2001-06	51.6	

		Source	Year(s)	
Start a business	Number of procedures to start a business	WB	2008	8 procedures
	Time to start a business – days			68 days
	Cost to start a business (% of GNI per capita)			196.8%
	Paid in Min. capital (% of GNI per capita)			39.1%
Taxes	Payments (number)	WB	2008	31
	Time (hours)			272
	Profit tax (%)			24.6%
	Labour and tax contributions (%)			9.0%
	Other taxes (%)			19.5%
	Total tax rate % of profit			53.2%
Number of procedures to obtain a license	ADB	2007	14 procedures	
Time to obtain a license – days	ADB	2007	337 days	
License cost (% of income per capita)	ADB	2007	1,109.7%	
Employing Workers	Difficulty of Hiring Index	WB	2008	67
	Rigidity of Hours Index	WB	2008	60
	Difficulty of Firing Index	WB	2008	70
	Rigidity of Employment Index	WB	2008	66
	Firing costs (weeks of salary)	WB	2008	58
Registering Property	Number of procedures to register property	WB	2008	7 procedures
	Time to register property – days			334 days
	Cost (% of property value)			11.6%
Enforcing contracts	Number of procedures	WB	2008	46 procedures
	Time (days)			1,011 days
	Cost (% of claim)			44.4%

## Trade

	Source	Year(s)		
Exports (as % of GDP)	ADB	2007	67.7%	
Exports - commodities	CIA	2009	Crude oil, diamonds, refined petroleum products, gas, coffee, sisal, fish/fish products, timber, cotton.	
Main destinations of exports (% of total)	The Economist	2007	US	34.9%
			China	32.0%
			France	6.4%
			The Netherlands	3.3%
			Other	23.4%
	CIA	2007	US	32.1%
			China	32%
			France	5.9%
			Taiwan	5.3%
			South Africa	4.5%
Total exports (US\$ millions)	WB	2007	Crude oil	\$ 36 417
			Diamonds	\$ 1 552
			Manufactures	\$ 359
Imports (as % of GDP)	ADB	2007	18.0%	
Imports - commodities	CIA	2007	Machinery and electrical equipment, vehicles and spare parts; medicines, food, textiles, military goods	
Main origins of imports (% of total)	The Economist	2007	Portugal	18.2%
			US	10.1%
			South Korea	9.6%
			China	9.5%
			Other	52.6%
	CIA	2007	Portugal	19.7%
			US	10.9%
			China	10.5%
			Brazil	10.3%
			South Africa	6.6%
			France	6.3%
			UK	4.6%

Principal imports (US\$ millions)	WB	2008	Germany	4.3%
			Food	...
			Fuel and energy	...
			Capital goods	...

### Structure of Demand

	Source	Year(s)			
Household final cons. expenditure	ADB	2007	37.4%		
General Government final cons. expenditure	ADB	2007	22.3%		
Gross Capital Formation	ADB	2007	11.0%	Public	8.8%
				Private	2.2%

### Migration

	Source	Year(s)	
Stock of immigrants			Total Share of population (%)
Net Migration rate (Migrants(s) per 1000)	ADB	2007	1.01
	CIA	2008 est.	1.72
	IOM	2009	1.9
Destination countries	...	...	...
Workers' remittances received	...	...	....
Internally displaced persons (IDPs)	CIA	2007	61 700; 4 million IDPs already have returned
Refugees	CIA	2007	12 615 Democratic Republic of Congo

**Sources:** African Development Bank (ADB). 2008a. *Angola Country Strategy Paper Update 2008-2009*. ORSB Department, June; African Development Bank (ADB). 2008b. *Selected Statistics on African Countries*. Volume XXVII. Tunis: Economic and Social Division, Statistics Department; African Development Bank (ADB). 2005. *Results-Based Country Strategy Paper 2005-2007 (RBCSP)*. Country Operations Department, Central Region, October; CIA, The World Fact Book, Angola, last updated 10 February 2009, accessed 10/02/2009. <https://www.cia.gov/library/publications/the-world-factbook/> ; International Development Association (IDA). 2007. *Interim Strategy Note for the Republic of Angola*. Report No. 39394-AO. The World Bank, April 26; International Organization for Migration (IOM) [www.iom.int](http://www.iom.int); The Economist Intelligence Unit. 2008. *Country Report. Angola*. London: The Economist Intelligence Unit, September; The Economist Intelligence Unit. 2004. *Country Report. Angola*. London: The Economist Intelligence Unit, December; The World Bank, International Finance Corporation. 2008. *Doing Business 2009 Country Profile for Angola*. Washington: The World Bank and International Finance Corporation; The World Bank, Angola at a Glance, updated 24 September 2008, accessed 28/11/2008. [http://devdata.worldbank.org/AAG/ago\\_aag.pdf](http://devdata.worldbank.org/AAG/ago_aag.pdf) ; United Nations Development Programme (UNDP) Angola. 2008. *UNDP Angola 2007 Annual Report*. UNDP Angola.

Author's own elaboration

## Annex 2: Migrants' Former Employment in Angola

PORTUGAL					
Former Employment / Occupation (in Angola)					
	Frequency	Per cent		Frequency	Per cent
Armed forces	7	3.5	Health area	1	0.5
Athlete / Sports	6	3.0	Housekeeper	1	0.5
Bank	1	0.5	Locksmith	1	0.5
Biomedical scientist	1	0.5	Machine operator	1	0.5
Blue collar worker	1	0.5	Mechanic	1	0.5
Bricklayer	1	0.5	Oil sector	1	0.5
Businessman	2	1.0	Operator	1	0.5
Cab driver	2	1.0	Pastry shop	1	0.5
Carpenter	1	0.5	Plumber	1	0.5
Construction	1	0.5	Public relations	1	0.5
Clerk	6	3.0	Public servant	7	3.5
Computer technician	1	0.5	Radio reporter	1	0.5
Cook assistant	1	0.5	Secretary	5	2.5
DJ	1	0.5	Shop keeper	5	2.5
Doctor	1	0.5	Tailor	1	0.5
Education assistant	1	0.5	Teacher	11	5.5
Electrician	3	1.5	Technician	1	0.5
Estafeta	1	0.5	Tourist guide	1	0.5
Factory worker	1	0.5	Trader	1	0.5
Farmer	1	0.5	Waiter	1	0.5
N = 200					

SOUTH AFRICA					
Former Employment / Occupation (in Angola)					
	Frequency	Per cent		Frequency	Per cent
Accountant	1	0.4	Office	1	0.4
Admin. Manager	1	0.4	HR	1	0.4
Army soldier	5	2.2	Mechanical work	2	0.9
Art work	2	0.9	Police officer / Security	5	2.2
Catering	1	0.4	Politician	1	0.4
Commerce	9	4.0	Receptionist	1	0.4
Construction	16	7.2	Sea man	1	0.4
Dispatch	1	0.4	Teacher	7	3.1
Driver	3	1.3	Technician	5	2.2
Electrician	2	0.9			
N = 223					

### Annex 3: Migrants' Current Employment

PORTUGAL					
Current Employment / Occupation					
	Frequency	Per cent		Frequency	Per cent
Biologist	1	0.5	Factory / Industrial worker	4	2.0
Bricklayer	6	3.0	Fisher	1	0.5
Businessman	3	1.5	Gardener	1	0.5
Call center	4	2.0	Hairdresser	2	1.0
Carpenter	6	3.0	Hotel	1	0.5
Cashier - supermarket	2	1.0	Locksmith	1	0.5
Construction	34	17.0	Plumber	2	1.0
Clerk / sales clerk	15	7.5	Police / Private Security / Watchman	12	6.0
Computer technician	3	1.5	Project adviser	1	0.5
Confectioner/ Cook/Catering sector	7	3.5	Public relations	2	1.0
Dispatch	2	1.0	Public servant	1	0.5
Doctor	1	0.5	Railroad servant	1	0.5
Domestic worker	11	5.5	Secretary	2	1.0
Driver	4	2.0	Technician	6	3.0
Education assistant	1	0.5	Travel agency	1	0.5
Electrician	6	3.0	Waiter	5	2.5
Events producer	1	0.5	Missing	3	1.5
N = 200;					
Employed = 153 (76.5 per cent)					

SOUTH AFRICA					
Current Employment / Occupation					
	Frequency	Per cent		Frequency	Per cent
Architect	1	0.4	Hospitality	2	0.9
Art work	2	0.9	Interpreter	1	0.4
Assistant manager	1	0.4	Lawyer	1	0.4
Baker	9	4.0	Mechanic	5	2.2
Boiler maker	1	0.4	Office admin.	5	2.2
Call center	1	0.4	Operator	3	1.3
Carpenter	5	2.2	P.R. consultant	1	0.4
Cashier	1	0.4	Packer	2	0.9
Catering	10	4.5	Painter	4	1.8
Clerk	1	0.4	Panel beater	4	1.8
Commerce	23	10.3	Plumber	2	0.9
Computer technician	5	2.2	Retaining Walls	1	0.4
Confectionary	1	0.4	Sales and marketing	1	0.4
Construction	37	16.6	Security	8	3.6
Data capture	4	1.8	Store	8	3.6
Designer - clothes	1	0.4	Tailor	3	1.3
Dispatch manager	1	0.4	Teacher	5	2.2
Domestic worker	1	0.4	Teller	2	0.9
Driver	6	2.7	Tiller	2	0.8
Electrician	4	1.8	Trailing	1	0.4
Engineer	2	0.9	TV repairs	2	0.9
Farm worker	1	0.4	Waiter/Waitress	6	2.7
Glass cutter / owns Internet café	1	0.4	Welder	7	3.1
Hairdresser	3	1.3	Wilder	1	0.4
Health & safety	1	0.4			
N = 223;					
Employed 199 = 89.2 per cent					

## Annex 4: Organizations' Activities in Portugal and South Africa

<b>PORTUGAL</b>	
<b>Organizations' Activities</b>	
<b>Activity</b>	<b>Count</b>
Articulate local power and community	1
Legal advice / victim support	3
Leisure, cultural events, sports, parties, meetings	16
Religious activities	5
Social support	6
Student organization	3
Missing	6
<b>Total</b>	<b>40</b>

<b>SOUTH AFRICA</b>	
<b>Organizations' Activities</b>	
<b>Activity</b>	<b>Count</b>
Defends refugees' rights / refugees and human rights education	9
Empowerment / leadership	1
Help Angolan community (basic needs)	7
Humanitarian organization	1
Political party / political mobilization	3
Religious activities	36
Skills development / training / lobbying and advocacy	8
Student organization	2
Missing	10
<b>Total</b>	<b>77</b>



## Annex 5: Stated Purposes of Remittances from Portugal and South Africa

PORTUGAL AND SOUTH AFRICA Remittances - Purpose					
PORTUGAL	Frequency	Per cent	SOUTH AFRICA	Frequency	Percent
Missing	14	4.9	Missing	39	11.9
Basic needs	196	69.0	Business	4	1.2
Build/Buy house	13	4.7	Daily needs	258	78.1
Business	1	.4	Education	2	.6
Document/legal papers	4	1.5	Emergency	17	5.2
Education	10	3.6	Help a friend	2	.6
Emergency	7	2.5	House construction	5	1.5
Family	5	1.8	Join me	1	.3
Gifts	10	3.6	Health care	1	.3
Health care	21	7.4	Total	289	100.0
Pay trip	3	1.1			
Total	284	100.0			

## Annex 6: Transfer Method Determinants

PORTUGAL						
Determinants of Transfer Methods						
	Remittance Company	Bank Transfer	Foreign Exchange Bureau	Hand carried	Merchant to Merchant	Other
Lowest Cost	3	3	4	76	0	0
Reliable	32	6	12	44	0	1
Convenient Location	5	2	4	0	0	0
Fast	38	4	15	17	0	0
Only Choice	4	0	1	1	0	0
House Delivery	0	0	0	3	0	0
Other	0	0	0	0	0	0

SOUTH AFRICA						
Determinants of Transfer Methods						
	Remittance Company	Bank Transfer	Foreign Exchange Bureau	Hand carried	Merchant to Merchant	Other
Lowest Cost	92	0	0	11	0	0
Reliable	105	0	0	6	1	0
Convenient Location	36	0	0	0	0	0
Fast	84	0	0	1	0	0
Only Choice	54	0	0	0	0	0
House Delivery	0	0	0	10	1	0
Other	3	0	0	0	0	0

## Annex 7: Remittances' Utilization According to Senders

REMITTANCES UTILIZATION ACCORDING TO SENDERS						
PORTUGAL Remittances utilization			SOUTH AFRICA Remittances Utilization			
CONSUMPTIVE USES AND SOCIAL EXPENDITURES			CONSUMPTIVE USES AND SOCIAL EXPENDITURES			
Use	Frequency	Per cent	Use	Frequency	Per cent	
Food	110	55.0	Food	23	10.3	
Gas / Transportation	28	14.0	Gas / Transportation	2	0.9	
Household appliances	13	6.5	Household appliances	2	0.9	
Clothes	57	28.5	Clothes	6	2.7	
Utilities	26	13.0	Utilities	0	0.0	
Leisure	6	3.0	Leisure	0	0.0	
Phone	10	5.0	Phone	0	0.0	
Pay Debt / Consumptive Loan	9	4.5	Pay Debt / Consumptive Loan	1	0.4	
Help / Loan Others	7	3.5	Help / Loan Others	0	0.0	
Medicine / Healthcare	88	44.0	Medicine / Healthcare	13	5.8	
Education (Basic)	69	34.5	Education (Basic)	5	2.2	
Housing (minor costs / rent)	21	10.5	Housing (minor costs / rent)	3	1.3	
Entire data set N= 200 100.0%			Entire data set N=223 100.0%			
ECONOMIC ACTIVITIES AND ASSET CREATION			ECONOMIC ACTIVITIES AND ASSET CREATION			
Buy Land	13	6.5	Buy Land	4	1.8	
Build / Buy / Improve House / Apartment	11	5.5	Build / Buy / Improve House / Apartment	3	1.3	
Buy / Grow / Start a Business	7	3.5	Buy / Grow / Start a Business	2	0.9	
Save	1	.5	Save	2	0.9	
Higher Education / Vocational Training	3	1.5	Higher Education / Vocational Training	0	0.0	
Pay Off Business / Home Loan	0	0.0	Pay Off Business / Home Loan	0	0.0	
Buy Animals / Livestock	1	.5	Buy Animals / Livestock	2	0.9	
Expand Agricultural Production	1	.5	Expand Agricultural Production	0	0.0	
Other (Documents)	1	.5	Other	3	1.3	
Entire data set N=200 100.0%			Entire data set N=223 100.0%			
IN KIND REMITTANCES			IN KIND REMITTANCES			
Household Equipment	24	12.0	Household Equipment	16	7.2	
Consumption Goods	160	80.0	Consumption Goods	105	47.1	
Production Goods	8	4.0	Production Goods	9	4.0	
Entire data set N=200 100.0%			Entire data set N=223 100.0%			

## Notes

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<sup>1</sup> Until 2006 the IMF Balance of Payments Statistics Yearbook recorded three main types of monetary transfers: workers' remittances, compensation of employees, and migrant transfers. Workers' remittances are defined as private transfers from migrant workers who reside less than one year in the host country. Compensation of employees is the entire labour income earned by residents who stay in the host country for less than one year. Migrant transfers are capital transfers from one country to another. More comprehensive international definitions of remittances are being elaborated. In 2006, the United Nations Technical Subgroup on Movement of Persons – Mode Four, and the IMF Committee on Balance of Payments Statistics, both known as the “Luxembourg Group” proposed the following definitions: (1) **Personal transfers**, consist of all current transfers in cash or in kind made or received by resident households to or from other non-resident households. Personal transfers thus include all current transfers from resident to non-resident households, independently of (a) the source of income of the sender (be it wages and salaries, social benefits or any other type of transfers, including transfers from a person receiving no income and running down his/her assets); (b) relationship between the households (be it between related or unrelated persons); (c) purpose for which the transfer is made (be it inheritance, alimony, lottery, etc.). (2) **Personal remittances** = personal transfers + net compensation of employees + capital transfers between households [...] Personal remittances reflect the inflows to a household either from another household or from a member of a household working abroad. (3) **Total remittances** = personal remittances + social benefits. Total remittances would thus include personal remittances and social benefits directly to households from other institutional sectors, namely corporations, government and non-profit institutions serving households (NPISHs). (4) **Total remittances and transfers to non-profit institutions serving households (NPISHs)** = Total remittances + Current transfers to NPISHs + Capital transfers to NPISHs [...] As credit entries, total remittances and transfers to NPISHs would thus cover all flows from abroad which are either receivable by households directly or indirectly through NPISHs in the home countries for the benefit of households. Source: UN Technical Subgroup on Movement of Persons – Mode 4. *Definitions of Remittances*. IMF Committee on Balance of Payments Statistics BOPCOM-06/04 Nineteenth Meeting of the IMF Committee on Balance of Payments Statistics Frankfurt, Germany, October 23–26, 2006. <http://www.imf.org/external/pubs/ft/bop/2006/06-04.pdf> (accessed 13/03/2009)

<sup>2</sup> The Migration Data for Development Commission, has recently issued a set of draft recommendations to improve the availability and quality of migration statistics: 1) ask basic census questions and tabulate the answers; 2) exploit administrative data sources; 3) leverage existing surveys; 4) provide access to microdata (a basis for further research, in particular on individual cases); 5) build capacities for data collection and dissemination. (UNITAR 2008:2).

<sup>3</sup> The border countries of Angola are: Democratic Republic of Congo (2,511 km border, of which 225 km is the boundary of discontinuous Cabinda Province), the Republic of the Congo (201 km border), Namibia (1376 km border) and Zambia (1110 km border).

<sup>4</sup> Demographic data come from projections made by the National Institute of Statistics (INE) based on fragmentary censuses conducted in some secured provinces (ADB 2005).

<sup>5</sup> The 18 provinces are: Bengo, Benguela, Bie, Cabinda, Cuando Cubango, Cuanza Norte, Cuanza Sul, Cunene, Huambo, Huila, Luanda, Luanda Norte, Lunda Sul, Malange, Moxico, Namibe, Uige, and Zaire.

<sup>6</sup> Other national languages are: umbundo, kimbundo, kikongo, chokwe, mbunda, luvale, nhanheca, gangela, xikwanyama.

<sup>7</sup> In 2006 – 2007 Angola paid the bulk of its principal and interest arrears to Paris Club creditors (ADB 2008a; IMF 2007). Debt service as percentage of GDP has dropped from an average of 22 per cent between 1997 and 2006, to 4.8 per cent in 2007. Moreover, in September 2004, China agreed to provide Angola with a US\$2 billion concessional credit to rebuild infrastructure, which today stands at US\$7 billion (ADB/OECD 2008: 129) Other creditors are Brazil, Portugal, Germany, Spain, and the EU. See also: Mecaunhub, China concede novo crédito a Angola durante visita do primeiro-ministro. 2006. *Négocios & Mercado*. Angola, 21 June, accessed 20/02/2009 at [http://www.angoladigital.net/negocios/index.php?Itemid=47&id=301&option=com\\_content&task=view](http://www.angoladigital.net/negocios/index.php?Itemid=47&id=301&option=com_content&task=view).

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<sup>8</sup> This means that the sector has recovered rapidly since the end of civil conflict; some sources suggested that Angola has lost US\$1.4 billion, or US\$350 million per year, in smuggled diamonds since 2000 (The Economist 2004: 24). The diamond sector faces some challenges including the organization of the operations, the alluvial nature of diamond mines and the ambiguity of the legislation regarding the ownership of the enterprises and licensing (ADB 2005).

<sup>9</sup> The Economist, following a forecast of the United Nations Food and Agriculture Organization (FAO), reported that cereal production was expected to fall by 14.5 per cent in 2008, to 738,000 tonnes, or 3 per cent below the five-year average. This coincides with the country's cereal import requirement forecast of 739,000 tonnes, which points to the need of improving food self sufficiency (The Economist 2008). However, it was reported that output of cattle, pigs and poultry were expected to grow by 12.5% in 2008, which indicates the development of livestock breeding.

<sup>10</sup> According to an article by François Misser, the Israeli LR group is developing the Aldeia Nova project in Waku Kongo, Kwanza Sul Province, aimed at producing 173,000 tonnes of sugar cane and 179,000 cubic metres of bioethanol. South Korea's Export Import Bank is financing a relaunch of the cotton industry, also in Kwanza Sul Province (Misser 2008: 71, online). In addition, the OECD and the ADB believe Angola could become one of the most important producers of biofuels in Africa, as Sonangol, the Brazilian company Odebrecht and the Angolan firm Damer signed an agreement to set up a new biofuels company, Biocom. USD\$200million will be invested in a 30 000-hectare sugarcane plantation, which will produce enough fuel annually to fire a 140 MW power plant (ADB/OECD 2008: 125).

<sup>11</sup> The conflict had different consequences for men and women. As many male lives were lost in the war, the number of female-headed households increased, as did the workload on women, who took growing responsibilities at home and in the communities. Many women became heads of household because of being members of polygamous households, male labour migration or conscription. A survey conducted by the Ministry of Agriculture and Rural Development (MINADER) and the United Nations Food and Agricultural Organization (FAO) in 2004 estimated the proportion of female headed households at 31% of all households, which constituted the majority of households living in extreme poverty (ADB 2008c: 4).

<sup>12</sup> In 2007, the Ministry of Education (MoE) has designed and launched a national Second Chance Education (SCE) programme, for children who have not completed the six-year primary school curriculum, to conduct the course over three years. The programme will be taken nationwide in 2009.

<sup>13</sup> For instance, Angola's Decree Law 02/07 contemplates the participation of civil society organizations as members in budgetary units.

<sup>14</sup> However, some sources raise the need to better coordinate these technical and vocational training programmes with other initiatives, and provide further support and follow-up to help trainees get through the first and most difficult months (ADB/OECD 2008:133).

<sup>15</sup> Two key programmes are the *Transport and Logistics Assistance to Angolan Nationals Returning from Namibia* (TLA-ANN) and the *Transportation and Logistics Assistance to UNHCR and the Government of Angola on the Internal Movement of Refugees within Angola* (TLAIMR) (visit IOM [www.iom.int](http://www.iom.int))

<sup>16</sup> ECHO/EU, BPRM/USA, SIDA/Sweden, Norway, Finland, Denmark, DFID/UK, South Africa, OFDA/USA, Chevron, SDC/Switzerland, UNICEF, Germany, IRSEM/WB.

<sup>17</sup> See IOM and MINARS. 2005. *VolRep Facts and Figures for 2003-2005*. IOM Angola.

<sup>18</sup> IOM projects on "Movement, Emergency and Post-crisis Migration Management" in Angola include: The Improved Food Security in Huambo – Through Community Revitalization Programme (CRP) phases I and II (in Huambo and Moxico); Hanga Rehabilitation of Social Infrastructures, Huambo Province; Mungo Rehabilitation of Social Infrastructures, Huambo Province; Governance of Water and Sanitation in Angola's Poor Neighborhoods; Enhance Income Generation through Micro-enterprise Development in Moxico, Kuando Kubango and Huambo Provinces; Migration Emergency Response in Menongue and Kuando-Kubango;

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Reintegration Support to Ex-combatants and their Dependents; Rehabilitation and/or Reconstruction of Schools Project in partnership with UNICEF; Conflict Management, Mitigation and Reconciliation Initiative for Angola (CMM-RIA) (IOM Angola 2009; online [www.iom.int](http://www.iom.int))

<sup>19</sup> Difficulties include: (1) Inaccessibility of production areas owing to the destruction of basic infrastructure; (2) reduction of arable land due to the displacement of farmers and anti-personnel mine fields; (3) limited access to credit; (4) difficulties in securing property; (5) limited modernization; and (6) illegal fishing (ADB 2008a).

<sup>20</sup> See: Lei no. 2/07 de 31 de Agosto, Diário da República, Sexta-feira, 31 de Agosto de 2007, I Série – No 105.

<sup>21</sup> According to DW, experience has shown that once rural-urban migrants have spent more than two agricultural seasons off of their lands, the probability of their return falls below half. As time passes by, the probability of return decreases exponentially.

<sup>22</sup> It is useful here to operate a distinction between the three terms used in this study. A *recognized refugee*, is “A person, who “owing to well-founded fear of persecution for reasons of race, religion, nationality, membership of a particular social group or political opinions, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country [Convention relating to the Status of Refugees, Art. 1A(2), 1951 as modified by the 1967 Protocol]”. *Internally displaced persons (IDPs)* are “Persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized State border [Guiding Principles on Internal Displacement, UN Doc E/CN.4/1998/53/Add.2.]”. *Asylum seekers* are “Persons seeking to be admitted into a country as refugees and awaiting decision on their application for refugee status under relevant international and national instruments. In case of a negative decision, they must leave the country and may be expelled, as may any alien in an irregular situation, unless permission to stay is provided on humanitarian or other related grounds.” Definitions taken from: IOM, 2004, Glossary on Migration.

<sup>23</sup> During 2007-2008, UNHCR has been working to complete the registration of all refugees and asylum-seekers and establish an asylum database using the *proGres* software (UNHCR, Global Report 2007: 277).

<sup>24</sup> UNHCR reports: “UNHCR repatriated more than 74,000 Angolan refugees to Angola from Zambian refugee camps between 2003 and 2007. Organized large-scale returns ended then, but voluntary repatriation resumes this May with UNHCR offering transportation and a cash grant to help reintegrate in Angola. Zambia hosts more than 27,000 Angolans, which included those in the settlements of Meheba and Mayukwayukwa, some in urban areas and those that are self-settled.” (Kimo, Shelvin, for UNHCR, Survey Shows few Angolan Refugees wish to repatriate to Angola, UNHCR, online, accessed 18/06/2009 <http://www.unhcr.org/49ca4be42.html> )

<sup>25</sup> According to UNHCR, the number of refugees “originating from Angola” refers to “In the absence of Government estimates, UNHCR has estimated the refugee population in most industrialized countries based on 10 years of asylum-seekers recognition.” The term “refugees” refers to “Persons recognized as refugees under the 1951 UN Convention/1967 Protocol, the 1969 OAU Convention, in accordance with the UNHCR Statute, persons granted a complementary form of protection and those granted temporary protection. It also includes persons in a refugee-like situation whose status has not yet been verified.” The term “asylum seekers” refers to “Persons whose application for asylum or refugee status is pending at any stage in the procedure” and “returned refugees” refers to “Refugees who have returned to their place of origin during the calendar year. Source: Country of origin and asylum” (UNHCR Angola, 2009, accessed 18/06/2009 <http://www.unhcr.org/cgi-bin/texis/vtx/page?page=4a03e30d6>)

<sup>26</sup> It is worth noting that during the 1990s, the South African mines experienced some labour force retrenchments. The mines retained more foreign workers than local workers; this led to an increase in the proportion of foreign workers from 40 per cent in the late 1980s to close to 60 per cent today (Black et al. 2006: 85), which benefited mostly Mozambican workers. However, it is difficult to assess whether and how Angolan workers could have benefited from this situation.

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<sup>27</sup> It is worth mentioning here data deficiencies in Portugal, which refer mainly to inconsistencies among different sources of information. Generally speaking, disparities between the two major statistical sources on immigration in Portugal result from the population taken into consideration. The Immigration and Borders Service (*Serviço de Estrangeiros e Fronteiras*, SEF) register only legal residents in the country, whereas the census of the Portuguese *Instituto Nacional de Estatística (INE)* or Statistics Portugal accounts for all regular and irregular foreigners residing in Portugal. The Census only accounts for foreigners residing in Portugal for more than one year.

<sup>28</sup> UN-DESA 2005 estimates indicate the total number of refugees in Portugal is 400 (UN-DESA 2009). However the share of Angolan refugees is not specified.

<sup>29</sup> The Lisbon Metropolitan Area (LMA) is a territorial zone consisting of 18 municipalities (*concelhos*), located around Lisbon, the Portuguese capital city. The municipalities north of the Tagus River belong to Lisbon District (Grande Lisboa), while those south of the river belong to Setubal District (Península de Setubal). The 18 municipalities of LMA are: Alcochete, Almada, Amadora, Barreiro, Cascais, Lisboa, Loures, Mafra, Moita, Montijo, Odivelas, Oeiras, Palmela, Seixal, Sesimbra, Setubal, Sintra, and Vila Franca de Xira.

<sup>30</sup> However, it is difficult to determine whether and how, if is the case, respondents overstayed their visas, or how they eventually became permanent residents.

<sup>31</sup> Temporary residence permits are valid for a period of one year, as of the date of issuing, and are renewable; permanent residence has no time limit but the permit must be renovated every 5 years. To apply for a temporary residence permit, applicants must satisfy the following conditions: a) hold a valid residency visa, b) inexistence of any fact that is known by the competent authorities that should be an obstacle to granting that visa; c) be present in Portuguese territory; d) possess subsistence means, e) have guaranteed lodgings; f) be registered in the Social Security, whenever applicable; g) not having been convicted for any crime punishable with prison sentence superior to one year; h) not being in a period of ban of entry in national territory, following a removal measure; i) absence of any alert in the Schengen Information System for purposes of refusing the entry; j) absence of any alert in SEF's Integrated Information System. Permanent residence permits are granted on the basis of the following conditions: a) holding a temporary residence permit for at least five years; b) have not been convicted for crimes in penalty or penalties that, individually or cumulatively, exceed one year in prison sentence; c) possess subsistence means, d) have guaranteed lodgings; e) prove to have sufficient command of basic Portuguese language. Lei de Estrangeiros, Act 23/2007, 4 July 2007, accessed 07/06/2009 <http://www.sef.pt/documentos/56/Nova%20Lei%20de%20EstrangeirosEN.pdf> Therefore, these conditions require applicants for either permit to demonstrate a very stable residence situation in Portugal.

<sup>32</sup> SADC countries comprise: Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

<sup>33</sup> The link between HIV/AIDS and migration is increasingly being explored. Mobile populations appear to be particularly vulnerable to HIV infection, and in turn, the epidemic seems to have significant effects on people's mobility. The prevalence and rapid spread of HIV in Southern Africa is believed to be linked to migration owing to the fact that multi-local social networks can give opportunities for mobile sexual networking; encourage high-risk sexual behavior, and mobile population reach out is limited for interventions (including prevention, testing, treatment and care) (Black, et al. 2006: 94-95). At the same time, the death of a relative might encourage migration of other family members to compensate for the loss of resources. HIV positive people might chose to migrate in order to escape stigmatization, or people might return to origin communities to obtain care; orphans might also migrate to live with other relatives or seek for income-generating opportunities.

<sup>34</sup> In a recent document UN-INSTRAW and SAIIA report that patterns of intra-regional migration in SADC were influenced by apartheid and war, leading to important refugee movements within the region. While in the past refugees arrived from Angola and Mozambique, today they are likely to come from the Democratic Republic of Congo, Rwanda and Burundi. Asylum-seekers from other parts of Africa and the rest of the world can also be found in SADC.(UN-INSTRAW and SAIIA 2007: 12).

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<sup>35</sup> Accurate statistics are not currently available; however, some sources suggest that the share of the country nationals with a university degree living in (an)other OECD country is close to 20 per cent, which is seemingly high compared to other Asian or North American countries where this figure is less than 5 per cent (OECD 2008, online). Push factors encouraging skilled emigration from South Africa usually include low living standards and working conditions (Black, et. al., 2006). At the same time, skilled emigration has an impact on the work load and the quality of services and incentives for those who remain, all of which may encourage further emigration. Overall, geographical and linguistic proximity, education return differentials between countries of origin and destination, and selective immigration policies in receiving countries, are often considered as skilled emigration pull factors. In order to alleviate the negative effects of this form of migration, some institutions have suggested fostering partnerships between sending and receiving countries to encourage ethical recruitment practices, as well as the repatriation of skills and knowledge, known as brain circulation schemes (OECD 2008, online).

<sup>36</sup> UNHCR further argues that “The dynamic Angolan economy attracts migrants as well as refugees and asylum-seekers from across the continent. Fears and concerns related to mixed migration could undermine government and public support for refugee protection.” A new immigration law approved by Parliament entered into force in November 2007. UNHCR’s main suggestions were incorporated into the final draft of the law. In 2007, Angola started to review its 1990 Refugee Law. UNHCR commented on the review to ensure that the new legislation will be in accordance with international standards and reflects best practices. (UNHCR, Global Report 2007: 276-277).

<sup>37</sup> The SADC has committed to the harmonization of socioeconomic policies and plans, including the progressive elimination of obstacles to the free movement of capital, labour, goods, services and people within member states. The Protocol on the Facilitation of Movement of Persons is aimed at developing policies for the progressive elimination of obstacles to the movement of persons of the Region generally into and within the territories of State Parties. The former includes: (a) entry, for a lawful purpose and without a visa, into the territory of another State Party for a maximum period of ninety (90) days per year for bona fide visit and in accordance with the laws of the State Party concerned; (b) permanent and temporary residence in the territory of another State Party; and (c) establishment of oneself and working in the territory of another State Party. In: Southern African Development Community (SADC), Protocol on the Facilitation of Movement of Persons, at: <http://www.sadc.int/index/browse/page/149>

<sup>38</sup> The Common Market for Eastern and Southern Africa (COMESA) began as a Preferential Trade Area of Eastern and Southern Africa (PTA) in 1982; its name changed to COMESA in 1994, and in October 2000 the COMESA Free Trade Area (FTA) was created (is comprises thirteen members; Burundi, Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia, Zimbabwe, Comoros, and Libya). Today, COMESA has a total membership of twenty (20) countries: Angola, Burundi, Comoros, Djibouti, Congo DR, Egypt, Eritrea, Ethiopia, Kenya, Libya, Rwanda, Seychelles, Sudan, Swaziland, Madagascar, Malawi, Mauritius, Zambia, Zimbabwe, and Uganda. COMESA Member States adopted a Protocol on the Free Movement of Persons, Labour, Services, Right of Establishment and Right of Residence at the sixth summit of the COMESA Authority held in Cairo, Egypt in 2001. However progress on this aspect has been limited to individual and bilateral initiatives. The 2007-2010 COMESA Strategic Plan has committed to undertake some actions to realize the goal on free movement of persons: facilitate bilateral consultations with member states to sign and ratify the protocol; enhance programmes on movement of people; design detailed programme on movement of labour; and develop a programme to build capacity among immigration officials on the implementation of the Protocol on free movement of persons and the detection of trans-national crimes and counter terrorism. Visit: [COMESA](http://www.comesa.int/)

<sup>39</sup> A recent study conducted by the Counter Xenophobia Unit in Gauteng, North West, Mpumalanga, Western Cape and Eastern Cape in South Africa, identified the lack of service delivery, unemployment, poverty, competition for business and crime as the major sources of violence and xenophobia (South Africa, Home Affairs Department Annual Report 2007-2008, online). See also: Crush, Jonathan (Ed.). 2008. *The Perfect Storm: The Realities of Xenophobia in Contemporary South Africa*. SAMP.

<sup>40</sup> UN-INSTRAW and SAIIA argue that “The democratization of South Africa and the removal of the apartheid regime in 1994 opened up the country to legal migration for black people (although it had ostensibly been opened in 1986). At the same time, asylum-seekers could take refuge in South Africa for the first time. [...] Settlements of the civil wars of Mozambique (in the early 1990s) and Angola (in the early 2000s) stopped



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refugee flows from these countries and many have returned home under refugee repatriation schemes. Refugees continue to flee the Democratic Republic of the Congo as fighting persists in the east of the country.” UN-INSTRAW & SAIIA 2007: 13)

<sup>41</sup> For more information consult the Republic of South Africa, Government Gazette, Vol. 402, No. 19544, 2 December 1998, Act No. 130, 1998.

<sup>42</sup> There are many forms of irregular migration: In some cases, migrants may lack proper documentation or fail to fulfil immigration requirements of the destination area. In other cases, migrants hold appropriate documentation at entry, but they may overstay their visit periods. Migrants may also use undesignated exit or entry points, or they may use forged documents to gain access to the destination country. For the UN-DESA Population Division, “Migrants with an irregular status are those who enter a country without proper authorization or who have violated the terms of stay of the authorization they hold, including by overstaying.” (UN-DESA 2009: 12).

<sup>43</sup> There are indications that some interviewees in South Africa were still young when they emigrated; focus group discussions revealed that some participants were still studying by the time they left Angola (Focus group discussions, Cape Town, 3-6 February 2009).

<sup>44</sup> In 2001, the Portuguese Labour Inspection (IGT) reported that 37.7 per cent of contracts made with Angolan immigrants holding a permanent permit were in the services sector; 33.7 per cent in the construction sector, and 14.1 per cent in restaurants and hotels. Likewise, some authors report that traditional areas of employment for SADC female migrants have been domestic work, the service sector and trade, whereas men are likely to have formal employment in the industrial, agricultural and construction sectors (Black et al. 2006: 89).

<sup>45</sup> Generally speaking, deskilling is related to difficulties in validating skills or qualifications, acquiring legal status or proficiency in the language of the destination country; more empirical evidence is necessary to explain the reasons underlying this situation (which is beyond the scope of this study).

<sup>46</sup> For instance, focus group participants in Portugal expressed their concern about the difficult situations they experience, living in poverty, without access to opportunities and facing a very high unemployment rate among them. In many cases, people living in Portugal are receiving more remittances than what they send (Focus group discussion, Lisbon, 7 March 2009).

<sup>47</sup> In Portugal, questions about income were asked in Euros, for the purposes of the study, the exchange rate used is 1EUR = USD\$1.29 valid at the time of the interview.

<sup>48</sup> In South Africa, relevant categories of employment include the civil engineering sector, domestic services, hospitality workers, employees in the taxi sector, employees in the wholesale and retail sector, among others. A little over a quarter (25.5 per cent) of employed interviewees are employees in the civil engineering sector. According to the South African Labour Department Basic Guide to Minimum Wages in the Civil Engineering sector, in the provinces of Western and Easter Cape, workers are entitled to a minimum wage rate of R 6.60 + 2 per cent per hour. Minimum wages for employees in the wholesale and retail sector (about 14 per cent of the sample) can be found at: <http://www.labour.gov.za/legislation/sectoral-determinations/sectoral-determination-9-wholesale-and-retail-sector> (South African Labour Department, accessed 17/06/2009). Another occupation currently performed by interviewees in South Africa is driver, more specifically taxi driver. The latest amendment to the minimum wage for employees in the taxi sector entered into force on July 1<sup>st</sup>, 2008 and can be found at: <http://www.labour.gov.za/legislation/sectoral-determinations/sectoral-determination-11-taxi-sector>. Some interviewees are security guards. Minimum wages for employees in the private security sector can be found at: <http://www.labour.gov.za/legislation/sectoral-determinations/sectoral-determination-6-private-security-sector>. In addition, some interviewees work in the hospitality and related activities. Minimum wages in the hospitality sector can be found at: <http://www.labour.gov.za/legislation/sectoral-determinations/sectoral-determination-14-hospitality/> Likewise, minimum wages for domestic workers are established under sectoral determination 7, for the area A including Cape Town, and for 27 ordinary hours of work per week or less, the hourly rate is R 8.12, the weekly rate is R 219.24 and the monthly rate R 949.97; rates can be found at: <http://www.labour.gov.za/legislation/sectoral-determinations/sectoral-determination-7-domestic-workers/>

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Information about minimum wages in other specific sectors can be found at: South African Labour Department <http://www.labour.gov.za/legislation/sectoral-determinations>

<sup>49</sup> According to Development Workshop's classification, lower skilled workers comprise: domestic helpers, janitors, store helpers, guards, and gardeners. Skilled workers comprise: electricians, I.T. and computer technicians, carpenters, machine operators, locksmith, drivers, construction workers, hairdressers, and hospital attendants. Office workers include those engaged in administration, social services, banks, public administration, managers, NGOs, receptionist/secretary, logistics, and insurance companies' employees. Professionals include those people who hold a university or graduate degree and are currently hired in higher positions (DW, Migration and Remittances in Angola 2008, not published).

<sup>50</sup> The national minimum wage in Angola is about 8,609 kwanza (\$110) but the market minimum rate is around \$150.USD (DW, personal communication, June 2009).

<sup>51</sup> Out of 44 households in this category, 16 reported to have migrant relatives in Portugal and 3 reported to have relatives in South Africa.

<sup>52</sup> This section refers to the links Angolan migrants interviewed in Portugal and South Africa keep with their country of birth. Although the term "diaspora" is widely used by policymakers, in this document we prefer not to define Angolan migrants as diaspora, although we may refer to some targeted "diaspora initiatives". This for two reasons: First, there is currently no single accepted definition of the term (Ionescu 2006:13). Second, this term implies problematic considerations regarding time, space, nationality, citizenship, ethnicity, transnationalism, identity, legal recognition of the term, and so on, which fall outside the scope of this study.

<sup>53</sup> When specified, migrants declared they were willing to invest in the following activities: Advocacy office, agricultural production, discotheque, civil construction, coffee shop, electricity shop, farm, fishing, kindergarten, poultry, real estate, trade, and telecommunications.

<sup>54</sup> Migrants in South Africa showed interest in investing in music and culture, starting up a business (construction, motor spray painting workshop, internet café), investing in agriculture / livestock, investing in skills training in Angola, and in business and education.

<sup>55</sup> Focus group discussions in Portugal revealed that the relationship between diaspora and the Angolan government lacks confidence and trust in both ways. Currently, official initiatives and programs face a common challenge: to be recognized as legitimate by diasporas. There is reluctance of some diaspora individuals and organizations to get involved in common activities with the Angolan government. In the same way, Angolans do not feel welcome when they come back. Many institutional hindrances were described when Angolans try to maintain transnational lives. The focus group discussion concluded that building trust should become a key policy objective for the Angolan government, both in a symbolic way (appeal to the affective capital within the diaspora), but also in an effective way, creating policies that ensure the recognition of diasporas as full citizens, promoting real inclusion, such as through access to rights and status (Focus group discussion, Lisbon, 7 march 2009).

<sup>56</sup> Indeed, during focus groups discussions, questions regarding organizations, associations of Angolans in South Africa were avoided and caused suspicion among the participants; the topic seemed to be perceived too political (Cape Town, 3-6 February 2009).

<sup>57</sup> For instance, the focus group discussion in Portugal revealed that "The interest of Angolan diaspora in contributing to the development of their home country is not consensual. Within diaspora there are groups and persons with very different backgrounds, behaviours and interests related to Angola. One major issue that would be necessary to assess is who and how many are the members of diaspora who are willing to contribute to the development of Angola. Additionally it will also be crucial to identify which are the diaspora organizations that could be suitable and representative interlocutors among the community." (Focus group discussion, Lisbon, 7 March 2009).

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<sup>58</sup> Kaun argues, for instance, that it is important to recognize the “individual perceptions of home”, which influence reconstruction and reintegration frameworks. The relevant question, in her own words is: How do returnees and IDPs conceptualize repatriation and reintegration, and how does one’s association with “home” influence decision-making, if at all?” She argues that some scholars support a territorialized view of ‘home’ as rooted to a particular place, while others support a much more fluid interpretation (Kaun 2008: 8).

<sup>59</sup> During focus group discussion in Lisbon, all the participants felt that there is no support, either from the Angolan government or the Portuguese authorities to return to their country of origin (Focus group discussion, Lisbon, 7 March 2009). Likewise, focus group discussions in South Africa revealed that participants were thinking about going back to Angola. However, they were scared of the situation in the country (i.e. political situation), but also with regard to the problems they will be facing when they want to establish themselves and set up a business. They stated that the registration of a business takes about one year or more, and the costs of registry sum approximately 50,000 Rand. Participants felt that there was no support from the government and that officials also sometimes withdraw licenses from people (Focus group discussions, Cape Town, 3-6 February 2009).

<sup>60</sup> IOM Migrant Resource Centers (MRCs) are present in many countries worldwide. These centers are aimed at expanding information, support and services for migrants; they are not substitutes of consulates, embassies or diplomatic representations. MRCs develop mainly four types of activities: a) *Prevention of irregular migration*: through research, documentation, data collection, providing reliable information materials on migration, health, workers’ rights and labour law, as well as counseling to potential migrants, and training to upgrade their skills. b) *Facilitation of legal migration* through job-matching schemes (adjusting labour demand-supply) for employers and employees; providing services such as information and assistance on visa issuance procedures, medical check up, document examination, transportation, reception at arrival in host countries; training and (pre-departure) language and cultural orientation; information dissemination including remittance alternatives in destination and origin countries, as well as investment opportunities and development initiatives in countries of origin. c) *Protection of migrants*: this includes immediate assistance (medical, psychological, legal) and referral services; hotlines that provide general information on legal migration opportunities, as well as counseling and assistance in emergency situations; shelter and professional services. d) *Return*: this includes (post-emergency) return and reintegration, pre-consular services, migrant training, travel assistance for individuals and governments, and integration. In some cases, returning migrants are also provided with financial and technical assistance to develop sustainable returning plans and income-generating activities.

<sup>61</sup> For an extensive discussion on labour migration policies and institutional frameworks see: OSCE, IOM, ILO. 2006. *Handbook on Establishing Effective Labour Migration Policies in Countries of Origin and Destination*.

<sup>62</sup> IOM has supported a wide range of programs that aim at promoting skills transfers, facilitating remittances, supporting voluntary return, and stimulating circular and temporary migration. One initiative that focuses on skills transfer, and explicitly links development to mobility is the *Migration for Development in Africa* (MIDA) programme, launched in 2001 (visit IOM- MIDA <http://www.iom.int/mida/>). In West Africa, with the financial support of the EU, IOM is providing assistance for the establishment of mechanisms for the identification, registration and selection of candidate migrant workers to match needs in receiving countries, and through information dissemination on labour migration opportunities, procedures and the risks of irregular migration. In the Western Balkans, IOM is working to establish information, advice and referral services for migrants and potential migrants through a regional network of Migrant Service Centres (MSCs). IOM is also working together with governments and the private sector to put into place transparent, equitable recruitment schemes ensuring that migrant workers are placed in decent working conditions, within the framework of bilateral arrangements. IOM’s assistance includes information dissemination, database set-up and registration of potential migrant workers, matching skills with demand, selection and pre-departure orientation, transit and post arrival assistance, complementary orientation in the receiving country, job placement, return and reintegration in the country of origin. A successful example of this kind of initiative is the Temporary Circular Labour Migration (TCLM) model between Spain and Colombia (Source: Labour Migration Infosheet 2008; for detailed information on programmes and projects contact [lfm@iom.int](mailto:lfm@iom.int) or visit [www.iom.int](http://www.iom.int)).

<sup>63</sup> For instance, UNDP’s Cluster for Poverty, Human Development and MDGs in Latin America and the Caribbean recently declared that: “There is little evidence that shows how remittances behave in times of economic downturn in the region, given that reliable data for remittances has only been collected for a little over

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a decade.” See: UNDP Cluster for Poverty Human Development and MDGs, Crisis Update No. 4 “The Decline of Remittances”, 30 March 2009

<sup>64</sup> Remittance service providers usually comprise financial institutions (including commercial banks and authorized microfinance institutions), non-bank institutions that provide remittance services (including money transfer companies [MTOs] and postal services), and informal intermediaries.

<sup>65</sup> Indeed, IFAD warns readers about the fact that officially reported statistics on remittances seriously underestimate the total flows, and that the report here cited as reference “is a first attempt to estimate global remittance flows within a coherent framework based on statistics on migration and observed and extrapolated remitting behaviours. A cautionary note is in order – availability of official data on migration and remitting behaviours is limited. This study is a work in progress building on existing data and research[...] The reader is advised that the accuracy of the estimates in this report is likely to vary from country to country, and thus the interpretation of the findings for any country in particular should be approached with caution.” (IFAD, 2007: 18)

<sup>66</sup> As regards the small share of respondents in South Africa who do not remit, they are between 18 and 44 years old; the average age is 29 years old. Most migrants in this group are men (76 per cent), a little over half of this group of migrants are single (55 per cent); and a little over 60 per cent have children who reside in South Africa. The majority (59 per cent) is currently unemployed, and holds a refugee migratory status (55 per cent).

<sup>67</sup> For the purposes of analysis, we considered as “irregular” all those transfers that did not follow any particular timing during the year, these include transfers made from three to eleven times during the 12 months preceding the interviews.

<sup>68</sup> In all cases remittance amounts were indicated in Euros. Using the exchange rate 1EUR = 1.29 USD valid at the time of the interview.

<sup>69</sup> To simplify, IOM Pretoria used a fix exchange rate: 1 USD = 10 Rand.

<sup>70</sup> During the focus group discussion in Lisbon migrants explained that changes in the frequency and type of remittances sent were linked to changes in their personal income, but also on the conditions faced by their families in Angola. In most cases, families are living much better now and do not need the same support as in the past. However, when they face situations of urgent need, they send not only higher amounts, but also more frequently (every month). There were also cases that their parents already passed away and familiar links are not so strong; in the case of those who have investments/businesses that are already making a profit, part of it is going directly to their families (Focus group discussion, Lisbon, 7 March 2009).

<sup>71</sup> The distribution of domestic remittances in the provinces is the following: Bengo (2 cases), Benguela (9 cases), Bie (4 cases), Cabinda (2 cases), Cuando Cubango (6 cases), Cunene (1 case), Huambo (10 cases), Huila (6 cases), Luanda (8 cases), Lunda Norte (2 cases), Malanje (4 cases), Moxico (1 case), Namibe (2 cases), Uige (3 cases), and Zaire (1 case). (DW, Migration and Remittances in Angola 2008).

<sup>72</sup> We fully concur with Pieke, et al. (2005: 16) on the problematic classification of remittance methods as “formal and informal”: “We may consider specific remittance systems informal on the basis of a number of criteria that only partially overlap, such as the extent to which they are subject to financial regulation, registration, licensing or and supervision, law enforcement, or requirements to keep records, report transactions, or conform to certain accounting conventions. Furthermore, [...] changes in legislation, registration practices, or requirements of record keeping may “formalize” informal systems, [...]. Conversely, such changes may also render certain systems illegal and therefore push them further in the realm of the informal.” Although the authors further propose of distinguish between recorded and unrecorded, legal and illegal systems, to simplify in this document unrecorded remittance systems/methods will refer to those not regulated by competent authorities in the countries of interest, while the rest of the services, recognized and regulated by the competent authorities will be “recorded”.

<sup>73</sup> As regards recorded systems, an overwhelming majority (91 per cent) of migrants interviewed in Portugal who use MTOs services prefer Western Union. Concerning unrecorded systems, many migrants claimed to remit

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through the Angolan national airline (TAAG). TAAG does not offer any kind of recorded remittance service; TAAG personnel, in some cases, become remittance informal intermediaries. Sometimes, not only airline staff serves as informal intermediaries, but senders may remit by asking people who are boarding to take money for their relatives in Angola (even if the intermediary is an unknown person to the sender). During focus group discussions, participants admitted that TAAG was a very useful and helpful channel; participants could send goods for free via the crew when they are known. In emergency cases, they also ask unknown travellers to take money/goods with them; they use photos to identify the receiver who is always waiting for the intermediary at the airport (Focus group discussion, Lisbon, 7 March 2009).

<sup>74</sup> This could be partly explained by the fact that recognized refugees in South Africa may not have the opportunity to travel to Angola very frequently and bring remittances with them.

<sup>75</sup> This could be partly explained by the fact that, there are direct flights from Portugal to Luanda, which influences the speed of handcarried remittances, as sometimes airline staff and passengers serve as unrecorded intermediaries and bring remittances to Angola with them.

<sup>76</sup> In many cases there are no fees charged to remittance senders and receivers. In Portugal or Namibia for instance, people who accept carrying money to Angola rarely charge any fees to Angolan senders. Focus group discussions in Portugal revealed that goods and money were sent through relatives, friends and neighbours, as agencies were too expensive and the referred intermediaries took no charge for it. However, sometimes the money did not arrive to the final destination (Focus group discussion, Lisbon, 7 March 2009).

<sup>77</sup> Costs to providers usually depend upon the method and technologies used, staff, location costs, administration, security, foreign exchange risk and supply of currency, anti-money laundering and marketing expenses.

<sup>78</sup> Lei das Instituições Financeiras [http://www.bna.ao/docs/leis/Lei\\_Instituicoes\\_Financeiras.pdf](http://www.bna.ao/docs/leis/Lei_Instituicoes_Financeiras.pdf) accessed 02/6/2009.

<sup>79</sup> Law No. 5/97 allows non residents as defined for foreign exchange purposes, to open and operate checking accounts in national or foreign currency at financial institutes domiciled in the national territory (art. 9).

<sup>80</sup> For money transfer agents, authorization requirements to set-up foreign currency payments as outlined in the *Aviso* No.01/2002 of the BNA include: a) a minimum capital requirement (*capital social*) of \$250,000 USD; b) business objectives for the provision of foreign currency payment services; c) sufficient and appropriate technological infrastructure and, if it involves foreign capital or foreign investors, the applicant must comply with the provisions of the “*Lei Investimento Estrangeiro*” (Law No. 15/94).

<sup>81</sup> For instance, the World Council of Credit Unions (WOCCU) launched the *International Remittance Network* (IRnet) a remittance transfer service, in July 2000, in partnership with Vigo Remittance Company. Today it offers technical assistance and training to credit unions, and facilitates a fund transfer service through Citibank branches in the US to credit union cooperatives abroad in partnership with VIGO Remittance Corp., Travelex, and MoneyGram. To the eyes of some scholars, IRnet “is the largest example of a credit union network that facilitates remittances. By September 2003, IRnet was being used by 190 credit unions in the USA, sending money to 42 countries. Most recipients of remittances via IRnet are in Spanish-speaking Central and South America, but some ACP countries are also covered – Dominican Republic and Jamaica - and WOCCU is working on other schemes in Kenya and other parts of Africa.” (Pieke et al. 2005:23). Another example is *Fonkoze*, a microfinance institution in Haiti that offers remittance services (visit [www.fonkoze.org](http://www.fonkoze.org)). The *Grameen Bank*, in Bangladesh, the pioneer microfinance institution, has shown interest in cooperating with foreign commercial banks to offer remittance services in rural areas. Likewise, *Banco Solidario* in Ecuador, has partnered with Caja Madrid in Spain which bundles money transfers to the recipient microfinance counterpart in Ecuador, which in turn unbundles the payments for distribution through a large and accessible branch network (see Buencamino and Gorbunov 2002: 11; Isern and Deshpande, 2005: 11). In Tajikistan, IOM and UNDP have also implemented an initiative to offer micro loans to remittance recipient households to start or expand a business, using remittances as collateral. Micro loans are accompanied by entrepreneurship and financial training.

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<sup>82</sup> According to Law 11/03, forms of national investment comprise: “a) allocation of own funds; b) application in Angola of current assets existing in bank accounts set up in Angola belonging to residents or non residents; c) allocation of machinery, equipment, accessories and other materials; d) incorporation of credit and other current assets of private investors which may be employed in the enterprises; e) incorporation of technologies and know-how.” The Law also states: “Foreign investments can be made, individually or cumulatively, in the following forms: a) transfer of funds from abroad; b) application of current assets in bank accounts in foreign currency, set-up in Angola by non-residents; c) importation of machinery, equipment, accessories and other materials; d) incorporation of technologies and know-how”. The Law further specifies that “The introduction of capital lower in value than the equivalent to USD 100,000 (one hundred thousand US dollars) is not subject to authorization by the ANIP, nor does it benefit from entitlement to repatriate dividends, profits, and other advantages...” It also specifies that the incorporation of machinery or equipment and the introduction of technologies and know-how must be accompanied by transfer of funds from abroad to cover incorporation and start up expenses. (Law 11/03, articles 8-10, <http://www.iie-angola-us.org/legislation.htm>).

<sup>83</sup> Regime Geral das Instituições de Crédito e Sociedades Financeiras; Aprovado pelo Decreto-Lei n.º 298/92, de 31 de Dezembro, com alterações introduzidas pelos Decretos-Leis n.º 246/95, de 14 de Setembro, n.º 232/96, de 5 de Dezembro, n.º 222/99, de 22 de Junho, n.º 250/2000, de 13 de Outubro, n.º 285/2001, de 3 de Novembro, n.º 201/2002, de 26 de Setembro, n.º 319/2002, de 28 de Dezembro, n.º 252/2003, de 17 de Outubro, n.º 145/2006, de 31 de Julho, n.º 104/2007, de 3 de Abril, n.º 357-A/2007, de 31 de Outubro, n.º 1/2008, de 3 de Janeiro, n.º 126/2008, de 21 de Julho, e n.º 211- A/2008, de 3 de Novembro; accessed 06/06/2009 [http://www.bportugal.pt/publish/legisl/rgicsf\\_p.pdf](http://www.bportugal.pt/publish/legisl/rgicsf_p.pdf)

<sup>84</sup> Visit: Euromed4All at <http://www.euromed.sef.pt/>

<sup>85</sup> We should take into account that many Angolans have double nationality. According to data gathered by the Migration policy Institute, in 2006 remittance outflows from Angola constituted 7 per cent of sub-Saharan Africa’s regional remittance outflows. Migration Policy Institute, 2007, MPI Data Hub. Migration facts, stats and maps. Remittance Profile: Sub-Saharan Africa [www.migrationpolicy.org/datahub](http://www.migrationpolicy.org/datahub)

<sup>86</sup> As per focus groups discussions, apparently the “new refugee status” allows to have a bank account, whereas people who haven’t renewed their status yet (according to new laws) and still have the “old refugee status” are facing problems depending on the bank. According to the knowledge of the participants, only FNB (First National Bank) allows a bank account for asylum seekers; *this might however have changed by now* (Focus group discussions, Cape Town, 3-6 February 2009).

<sup>87</sup> According to the World Bank, the average transaction cost from South Africa to Angola when remitting 200 USD for instance, ranges from 12.75%, with some banks to as high as 25%, with average transfer speed of 3.5 days. In: Remittance Prices World Wide, the World Bank <http://remittanceprices.worldbank.org/RemittanceCosts/?from=172&to=7>

<sup>88</sup> ABSA Bank, First National Bank, Standard Bank and Nedbank.

<sup>89</sup> Special Recommendation VI on Terrorist Financing of the Financial Action Task Force (FATF) states: “Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil or criminal sanctions.” Financial Action Task Force (FATF): <http://www.fatf-gafi.org/> FATF membership is currently composed of 32 countries and territories (including Portugal and South Africa), and 2 regional organizations.

<sup>90</sup> Some authors argue that the remittance community is now entering a norm-setting stage. In this line, international and domestic norms and standards being put forward by civil society, governments, multilateral organizations, and private sector groups. The World Bank, for example, is seeking to introduce codes of conduct on money transfers. In 2006, the Inter-American Dialogue introduced a scorecard on remittance transfers that served as a guide to the issues to debate beyond transaction cost. Today, organizations such as Applesseed have

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focused on what it calls Fair Exchange on money transfers, and the International Monetary Fund (IMF) has refined and adopted new guidelines on the measure of remittance transfers that update and look into current migration realities (Migrant Remittances, April 2009:8).

<sup>91</sup> For more details on the *Matrícula Consular* visit: <http://portal.sre.gob.mx/consulados/popups/articuloswindow.php?id=56> (accessed 07/06/2009), and Embajada Consulado de México, Consulate Offices in the USA: <http://www.mexico.us/consulate.htm> (accessed 07/06/2009).

<sup>92</sup> The survey consisted of 879 online survey forms on remittances and investment, where all African nationalities as well as professional and non professional members of the “Diaspora” were represented. According to the survey 58 per cent of the respondents remit, out of which 52 percent remit also to invest, mainly in family and friends’ businesses, real estate, and capital markets. Africa Recruit (2005).

<sup>93</sup> The refugee status does not allow participants to go to Angola and consequently return to South Africa. This was perceived as major hindrance. Even if most of them had been in South Africa for more than ten years and after five years with refugee status one can apply for a residence permit, no one had been able to obtain this status. A residence permit would facilitate business activities in Angola, as this would enable them to travel to Angola and return back to South Africa (Focus group discussions, Cape Town, 3-6 February, 2009).

<sup>94</sup> A recent participatory study (undertaken in February 2009) on the impacts and responses to the food, fuel and financial crises revealed that in ten poor rural and urban communities in Bangladesh, Indonesia, Kenya, Jamaica and Zambia the impacts of the crises are beginning to be felt. As regards food security, all ten communities reported people are eating less frequently, and less diverse and nutrientrich foods. In: DFID and IDS, March 2009.

<sup>95</sup> The Food and Agriculture Organization of the United Nations (FAO), following the news from the World Food Program, recently reported that: “Farmers have already felt the first effects of changing climatic conditions. In 2006, the production of maize, the main staple in the region, fell short by 2.18 million metric tonnes due to droughts in Namibia, Mozambique, Swaziland, Zimbabwe and South Africa. Flooding in the Zambezi basin has been affecting Angola, Botswana, Namibia, Zambia and Zimbabwe, said Musvoto. Both Seychelles and Zambia have been experiencing a mixture of increased droughts and increased flooding.” FAO, Climate Change to Shrink Agricultural Production, FAO News 22/04/09, accessed 08/06/2009 <http://www.fao.org/countryprofiles/index.asp?lang=en&ISO3=AGO>

<sup>96</sup> Women constitute the largest share of the agricultural labour force in Angola and they often assume the work burden left by male migrants. It is estimated that women own less than 2 per cent of all land and receive only 5 per cent of extension services worldwide. Women in Africa are even more disadvantaged as they receive less than 10 per cent of all credit going to small farmers, and only 1 per cent of total credit going to the agriculture sector (IFAD/FAO 2008: 24).

<sup>97</sup> According to the Institute of Development Studies, the total number of poor people and the severity of poverty rise dramatically during a crisis. In the words of Lustig and Walton (2008), a crisis may transmit to poverty through: a) changes in labour demand, b) changes in prices, c) changes in public spending, d) changes in the value of economic, human, social, environmental and financial assets, and e) long-term impacts on capabilities (i.e. malnutrition, schooling drop-outs, etc.). Furthermore, the distributional impacts of crises are highly uneven and income inequality often worsens during a crisis (Ravallion, 2008); gendered impacts become particularly evident in labour markets and school drop-outs (World Bank, 1999); rural and urban variations are also evident. In: DFID and IDS, March 2009.

<sup>98</sup> Some examples of social protection programmes targeting vulnerable populations cited by DFID and IDS (2009) include *Oportunidades* in Mexico <http://www.oportunidades.gob.mx/>; the Ethiopian Productive Safety Net Programme <http://www.odi.org.uk/projects/details.asp?id=1144&title=productive-safety-net-programme-psnp-ethiopia>; and the BRAC Challenging the Frontiers of Poverty Reduction programme in Bangladesh; an overview of this programme is available in power point at IFAD: [www.ifad.org/innovation/presentations/rabeya.ppt](http://www.ifad.org/innovation/presentations/rabeya.ppt)