

# **Remittances during crises**

## Implications for humanitarian response

---

Edited by Kevin Savage and Paul Harvey

## **About the author**

Paul Harvey is a Research Fellow in the Humanitarian Policy Group (HPG) at the Overseas Development Institute (ODI). Kevin Savage is a Research Officer with HPG.

Humanitarian Policy Group  
Overseas Development Institute  
111 Westminster Bridge Road  
London  
SE1 7JD  
United Kingdom

Tel: +44(0) 20 7922 0300  
Fax: +44(0) 20 7922 0399  
Website: [www.odi.org.uk/hpg](http://www.odi.org.uk/hpg)  
Email: [hpgadmin@odi.org.uk](mailto:hpgadmin@odi.org.uk)

**ISBN: 978 0 85003 846 0**

© Overseas Development Institute, 2007



# Contents

<b>Acknowledgements</b>	<b>iii</b>
<b>Chapter 1 Introduction</b>	<b>1</b>
1.1 Methodology	1
<b>Chapter 2 Remittances: an overview</b>	<b>3</b>
2.1 Remittance trends and mechanisms	3
2.2 Remittances, development and migration	4
2.3 Encouraging remittances	6
2.4 Conflict and crime	7
2.5 Chapter summary	8
<b>Chapter 3 Remittances and crises</b>	<b>9</b>
<b>Chapter 4 Case studies of emergencies and crises</b>	<b>15</b>
4.1 Remittances case study: Gonaives, Haiti	15
4.2 Remittances case study: the Sri Lankan coast	19
4.3 Remittances case study: Aceh, Indonesia	22
4.4 Remittances case study: Northern Pakistan	25
4.5 Remittances case study: Darfur, Sudan	27
4.6 Remittances case study: Hargeisa, Somalia	31
<b>Chapter 5 Synthesis of case study findings</b>	<b>35</b>
5.1 Implications for humanitarian actors	36
5.2 Conclusion	41
<b>Bibliography</b>	<b>43</b>



# Acknowledgements

The authors would like to thank all of the many people who helped them in carrying out the research for this report, in particular: in Hargeisa, Ahmed Ismail Dahir, Ayaan Hussein Elmi, Dahir Isaaq Jibril, Khadra Abiib Mohamed, Khadra Ahmed Mohamed, Mahdi Ahmed Cabdi, Mohamed Abdillahi Abdirahman ‘Caynab’ and Dahabshiil Hargeisa; in Haiti, the Oxfam UK office, Yolette Etienne, Luc St. Vil, Parnel Denis and the CARE office, Jouthe Joseph, Eddy Joseph, Jean Gary Sanon, Erode Mondesir, Ronald Ledix, Herold Jean, Samuel Derivaois and Boris Machand; and in Pakistan, the CRS and Oxfam offices, particularly Alex Causton and Heloise Troc. The authors would also like to thank all those who commented on the background papers and draft report, especially Nicholas Van Hear, Myrtle Perera, Ramani Jayasundere, Monica Smith, Laura Hammond, Cindy Horst, Manuel Orozco, James Darcy and Victoria Wheeler.



# Chapter 1

## Introduction

Remittances, or migrants sending money home, are an important part of many people's lives around the world. Globally, remittances are worth hundreds of billions of dollars. This means that they are substantially larger than flows of foreign direct investment and aid (Mohapatra et al., 2006). Unlike other financial flows, remittances go directly into family incomes, and thus have an immediate and direct impact on the livelihoods of receiving households. Relatively little is known, however, about the role that remittances play in crises. They are thought to be counter-cyclical, increasing during periods of crisis and therefore playing an important role in enabling some people to survive during disasters, and recover after them. In countries affected by long-term crises, migration is often a key coping or survival strategy leading to large diasporas which play an important role in sustaining the livelihoods of those who remain.

A better understanding of the role that remittances play in crises has potentially important implications for humanitarian actors. There may be ways that humanitarian actors can support remittance flows and draw on remittance delivery systems to provide assistance. Remittances may also be disrupted during crises in ways that affect levels of vulnerability. This study makes a start in analysing the role that remittances play in crisis, how patterns of receipt and delivery change and adapt during and after disasters and how humanitarian actors can better understand and, where appropriate, support remittance flows. Case studies of remittances in Somaliland, Haiti, Aceh, Sri Lanka, Sudan and Pakistan were carried out. This report summarises the findings from these case studies and draws on a wider review of literature (Young, 2006; Fagen, 2006; Lindley, 2006; Suleri and Savage, 2006; Wu, 2006; Deshingkar and Aheeyar, 2006).

Remittances are an important component of people's own capacities and efforts to survive and recover from disasters. There has always been a tendency to undervalue the capacities of disaster-affected populations, which are often portrayed as helpless and vulnerable, but people's own efforts are often crucial to survival, a point made again in the joint evaluation of the Indian Ocean tsunami response (TEC, 2006; Woodrow, 1989). Recognising the importance of remittances can be part of the process of better appreciating people's own contribution to survival. As Horst (2006b: 35) argues: 'what remittances and other transnational flows of goods and ideas do most importantly, in sharp contrast to the established discourse on refugees as passive recipients, is that they give refugees a greater level of power and choice'. Often, they exercise this choice by moving away from refugee camps to urban centres. This in turn provides a more balanced picture of the importance of aid and emergency relief, which can sometimes be over-stated (Harvey and Lind, 2005).

There has also been a tendency to neglect the importance of migration in livelihoods before, during and after crises, or to see it purely in negative terms. A focus on remittances helps to demonstrate the potentially positive value of migration and mobility, and to direct attention to the diversity and complexity of people's livelihoods (Hammond et al., 2006). Understanding the significance of remittances in pre-crisis livelihoods, and how they are affected by disasters, should be an important part of needs assessments, but is often still neglected. The report also examines the potential role of humanitarian actors in supporting the re-establishment of remittance flows following disasters, for example by investing more in family tracing, and assisting in restoring communications systems. It argues that this could be an important contribution to processes of survival and recovery.

Chapter 2 examines basic conceptual and definitional issues, and briefly summarises the development literature on remittances and migration. Chapter 3 focuses on the existing literature on the role of remittances in crises. Chapter 4 presents the six case studies undertaken as part of this study. The report argues that remittances have important implications for humanitarian actors; these are discussed in Chapter 5.

### 1.1 Methodology

A review of the broad literature on remittances in developing countries, with a particular focus on their role in crises, was carried out. Case studies were conducted in a number of crisis contexts and background papers published on remittances in Haiti, Sri Lanka, Indonesia, Somalia, Sudan and Pakistan. The scope of these studies varied. The studies on Sri Lanka, Haiti and Pakistan were specifically commissioned by this research project, with the studies of Somalia, Indonesia and Sudan drawing on and complementing existing ongoing research. Again, the scope of these varied, with the case study in Indonesia based on relatively short and rapid field research, and both the Sudan and Somalia case studies making use of substantive field research.

There was not scope in the field work to attempt to measure the overall importance and volume of remittances in particular crises. Purposively selected individuals and groups were interviewed by researchers using a semi-structured interview guide. Some quantitative measures were taken: a small survey of households in the Pakistan case study gave a good quantification of the differences between receiving and non-receiving households in the study villages, and the survey in Hargeisa provided a broadly indicative picture of receiving households. However, the research was predominantly qualitative.



**Box 1: The case studies**

Six case studies were published as part of the report, focusing on Sudan, Haiti, Pakistan, Indonesia, Sri Lanka and Somalia. These have been published in more detail in background papers, but are summarised briefly here and in more detail in Chapter 4. They represent a rich body of information about the role that remittances play in a range of different disaster contexts.

*Darfur, Sudan.* Drawing on in-depth and detailed livelihoods research carried out by Tufts University, this study illustrates the direct and indirect effects of conflict on migration and remittance flows. In previous crises, remittances were a strategy that people could turn to when farming and herding came under threat. During this conflict, remittances have been hugely disrupted due to insecurity, border closures, restrictions on the movement of people and goods, closures of banks, deteriorating communications, lost contacts with relatives following displacement, lower incomes to pay for transport to leave Darfur, conscription pressures on men and high inflation. The study suggests that remittances will play an important role in recovery if these restrictions can be eased, and that aid actors could play a useful role in advocating for and supporting policies to enable migration and remittances.

*Pakistan.* Remittances formed a central part of many people's livelihoods prior to the 2005 earthquake. This study examined how this affected the impact of the earthquake on receiving households and the role remittances played in their recovery and their community after the earthquake. Many remittance senders returned to their families after the earthquake, often giving up their jobs and disrupting a key source of income. Communications systems were damaged, delivery outlets destroyed and identification documents lost, also disrupting flows. However, remittance recipients do appear to have been more resilient because they were better off and able to recover more quickly from the disaster.

*Somalia.* This study built on ongoing PhD research to synthesise existing insights on remittance dynamics in Somali society, and conduct a survey of remittance recipients in Hargeisa. Remittances were seen as a mechanism for coping with income shocks. They helped people manage in refugee camps and return to Hargeisa and fed into social networks of support to the poor and to rural areas during times of drought.

*Aceh, Indonesia.* Based on interviews conducted in Aceh, Malaysia and Singapore, this study traces the role of remittances following the Indian Ocean tsunami in 2004. Both formal and informal remittance channels were badly affected, but recovered quickly and played an important role in recovery. Aid agencies could perhaps have done more to assist family tracing, re-establishing communications and restoring identity documents.

*Sri Lanka.* This study looked at the role of remittances following the 2004 tsunami in two districts of Sri Lanka. Remittances from over 1.2 million migrants provide the largest source of foreign exchange in Sri Lanka (\$1.5 billion in 2004). Flows increased sharply after the tsunami, according to Central Bank figures, especially in February and March 2005. However, bank closures, damage to infrastructure and loss of documents disrupted remittances, particularly in the first two months following the tsunami. Where remittances could be accessed, they were important in meeting needs not catered for by NGO or government assistance, and flows were often restored before government cash assistance arrived, helping during this critical gap.

*Haiti.* This study focused on how people in Gonaives (Haiti's second-largest city) used remittances following a tropical storm in September 2004. Telephone companies and remittance firms made major efforts in the days immediately after the storm to re-establish communications and enable people to contact relatives and send assistance. Remittances were important for those that received them, but this was a small minority of the population. Even those who did receive remittances found that they were often too small to enable real recovery. Humanitarian assistance was still critical.

# Chapter 2

## Remittances: an overview

Simply put, remittances are sums of money or goods sent between individuals over some distance, but the term is most commonly understood to refer to transfers between migrants and their places of origin. A standard and precisely defined understanding of remittances is necessary for international data collection and the work of financial institutions. For the purpose of this report, it is sufficient to define remittances as income (in any form) received by a household in one distinct place, from individuals or households living in another place. This is a very broad definition, and does not distinguish between migrants and diaspora in terms of their relation with their country of residence, between types of migration, whether permanent, temporary, international or national, or between money and goods. This definition puts the focus on the receiving household, and sees remittances as an external source of income earned by someone living elsewhere. The definition encompasses distinctions made in the literature between types of remittances, the most common of which are domestic or international, collective or individual, cash or in-kind and formal or informal transfer mechanisms.

It is necessary to use such a broad definition in order to capture the full range of support that people receive on a one-to-one basis during and after crises. For instance, rampant inflation, exchange rate controls and a collapsing economy in Zimbabwe have made remitting money difficult and meant that in-kind remittances from South Africa have become increasingly important (Bracking and Sachikonye, 2006). In Sudan, the closure of the border between Sudan and Libya has meant that people in Darfur have been less able to access international remittances, which in turn has increased the importance of internal remittances from urban centres such as Khartoum and Omdurman (Young, 2006). The predominant focus of recent interest has been on international remittances sent from one country to another by international migrants. Transfers within a country – domestic remittances – are also an important element of many people's livelihoods, but have been less closely studied (Deshingkar, 2006).

Remittances, whether sent within or between countries, in cash or in-kind, are only part of the broader networks of engagement and solidarity between migrants and their homes. People also exchange knowledge, skills and information, and draw on extended social networks. The emerging literature on migration highlights the increasingly transnational networks of many communities. Transnationalism is commonly defined as 'the processes by which immigrants forge and sustain multi-stranded social relations that link together their societies of origin and settlement' (Basch et al., 1994: 7). Transnationalism conceives migration not as a discrete move, but as a continuous flow of people, goods, money and ideas across national

boundaries (Mazzucato et al., 2004). The report also uses the term 'diaspora', which is commonly defined as 'a self-identified ethnic group, with a specific place of origin, which has been globally dispersed through voluntary or forced migration' (Vertovec, 2006).

### 2.1 Remittance trends and mechanisms

The data suggests that remittance flows are large and have been growing strongly. Remittances were estimated in 2006 to be worth \$268 billion, the vast proportion of which – \$199 billion – go to developing countries. Econometric analysis and household surveys suggest that unrecorded flows through informal channels may add 50% or more to recorded flows. Including these unrecorded flows means that remittances are larger than foreign direct investment flows, and more than twice as large as official aid received by developing countries (Mohapatra et al., 2006). Remittances are seen to be more significant in low-income countries, and were one of the least volatile sources of foreign exchange earnings for developing countries during the 1990s (Ratha, 2005a and 2005b; World Bank, 2006a).

Data on remittance flows suggests that they have grown rapidly in recent years, but there is a need to recognise that this reported growth is also due to improvements in data recording, the increased scrutiny of remittance flows with respect to money-laundering and terrorism and the depreciation of the US dollar. The dataset being used to analyse remittance flows is often of questionable quality (Kapur, 2005). There is an almost complete lack of official data for many of the very poor and crisis-affected countries of most concern to humanitarian actors. International Monetary Fund (IMF) balance of payments statistics, for instance, show no data for most of the countries subject to UN consolidated appeals, including Afghanistan, Angola, the Democratic Republic of Congo (DRC), Iraq and Zimbabwe (IMF 2004, 2005, 2006).

An alternative to trying to measure remittances by recording their flows through regulated institutions is to carry out household surveys. This may be a way to overcome the recording issues of formal flows and the difficulties of estimating informal flows. Such research has been carried out in several countries, primarily in Latin America, and allows a reasonable level of confidence that remittance receipts are indeed growing. Although official data may overstate growth if there has been a shift from informal to formal mechanisms, other data supports the view that remittances have grown in importance. The Jamaican Survey of Living Conditions shows a growth in households receiving remittances from 24% in 1990 to 33% in 1999. The International Organisation for Migration (IOM) has carried out significant studies of remittances in

Guatemala over the past five years. Using household surveys, they show very strong growth of 120% between 2001 and 2004 (IOM, 2004).

Remittances are transferred through a variety of mechanisms. The most common categorisation is to distinguish between formal and informal mechanisms of money transfer. Formal mechanisms use conventional institutions like banks or large, regulated, money transfer companies, such as Western Union, and credit card companies such as MasterCard. The costs for sending remittances this way varies considerably. A survey of UK official remittance services found that, for a typical international remittance of £100, costs could be anywhere from 2.5% to 40% for sending to Asia and Africa (DFID, 2005a). Informal mechanisms are defined primarily in contrast to formal ones (i.e. anything not fitting into one's understanding of formal mechanisms). They include carrying money by hand, cash transfers through businesses, microfinance institutions and migrant associations and what are sometimes labelled 'informal value transfer systems'. Pieke et al. (2005) point out that it may be more useful to distinguish between legal/illegal, regulated/unregulated or recorded/unrecorded remittance systems, rather than using an uncertain definition of informal.

Carrying money by hand includes direct delivery of remittances by migrants on a return visit, or through friends or relatives or asking people at the airport on a homebound flight to carry cash. Hand delivery can also occur through transporters such as taxi or truck drivers or bus companies. In the case of South Africa to Zimbabwe, a new profession of transporters has emerged. Cash-intensive businesses with good international communications often offer remittance transfer services as a sideline. Credit unions and microfinance institutions have started demonstrating an interest in entering the remittance market. Fonkoze in Haiti is a microfinance institution that offers remittance services. Migrant associations and religious organisations may also play a role in remittance transfers. The label 'informal value transfer systems' covers a range of different systems around the world, including hawala, hundi, fei-ch'ien, hui kuan, pheï kwan, chop and chit and padala. These systems can be multinational, highly organised and structured, yet rely primarily on trust, are almost paperless and remain outside official state systems of control and record.

In many developing countries with few formal financial institutions, the 'informal value transfer' systems such as hawala are extremely well developed and effective, for example in Somalia and Afghanistan, and are responsible for a huge percentage of the finances moving in and out of these countries. These systems are culturally specific, however, and developing countries in the Americas and much of Sub-Saharan Africa rely on them much less. In the Americas, this is partially balanced by access to formal financial institutions and systems. New information and communication technologies are helping to expand financial services to reach more and more people in the

developing world, and may have a significant effect on remittance transfers. One notable innovation is the use of mobile phones to transfer money. The GSM Association, the global trade body for mobile operators, and MasterCard recently announced a pilot project to allow migrant workers to use mobile phones for international remittances, and Vodafone is running a pilot project to enable Kenyan workers in the UK to use their mobiles for remitting (Parker and Croft, 2007). The rapid proliferation of mobile phones is also important in enabling people to communicate more easily with their relatives. In conflicts, however, networks may be cut off by governments for security reasons, as happened for instance in Darfur (Young, 2006).

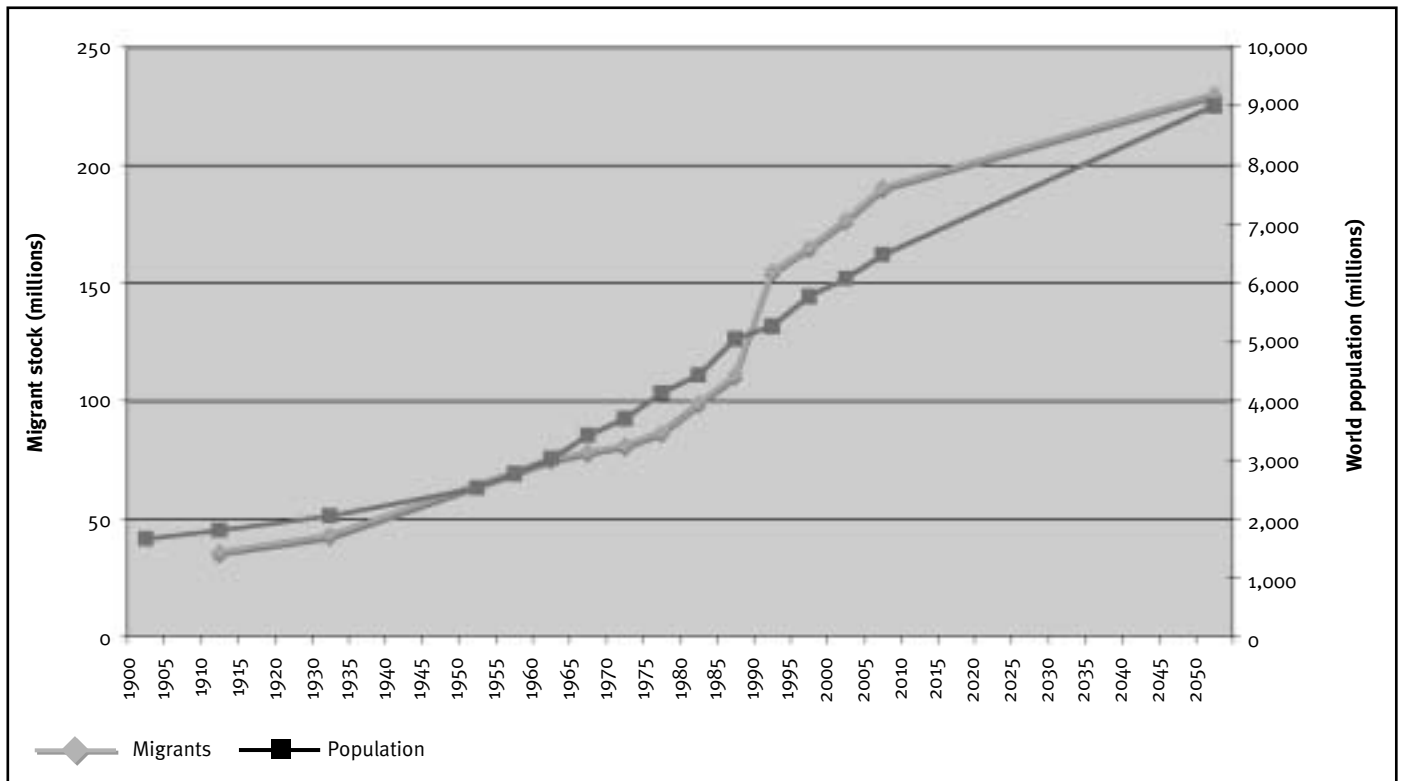
In choosing between different mechanisms, key factors are access, familiarity and trust, cost, ease and speed and regulations and banking practice. People's choices may be limited by a lack of formal banking systems in recipient countries. Migrant senders may also not have access to banking services, perhaps because of their legal status. People may also lack trust in formal banking systems and may be intimidated by bureaucracy, paperwork and complex charges. Receivers may encounter obstacles in opening bank accounts such as minimum opening deposits, the need for high levels of literacy and high standards for identification. Trust is often greater in established informal mechanisms, which can also be seen as providing more privacy from governments. In some cases, regulatory restrictions may make informal transfers preferable, such as limits on transaction size. 'Know-your-customer' anti-money laundering regulations can mean that the identification documentation for both receivers and senders can be a significant barrier to using formal mechanisms (Ballard, 2005; Pieke et al., 2005).

## 2.2 Remittances, development and migration

Remittances have been part of the process of migration for thousands of years. Globalisation, however, has transformed the way societies, cultures and states relate to one another, as the flow of capital, goods and services and information has increased exponentially. Migration in particular has changed dramatically. One aspect of this is the increased ability of migrants to send money home.

International migration appears to have been relatively stable over the past century. Rough estimates show that, in absolute terms, international migration has only accelerated to keep pace with the expanding global population. It has stayed at around 2% to 3% of the population (see Figure 1). Patterns of migration, however, have been changing, caused by globalisation and new technologies of transport and communication. In the past, migration involved slow journeys between firmly fixed, historically tied countries, generally of similar types of migrants whose migration would be long lasting. Today, journeys are often much shorter, networks of migration routes are more complex, migration may be more temporary and individual receiving

**Figure 1: World migration**



countries see a more a diverse range of migrants. These include students, professionals, temporary workers, refugees, women, returnees, trafficking victims and undocumented persons (IOM, 2003).

Migration has been seen as both a result of development and an important influence on development, with perceptions of its role often changing from positive to negative depending on historical moment and circumstances (Van Hear and Sørensen, 2003). Historically, the Western view has been that international migration is a positive necessity, and the mass migration of workers between countries has been actively encouraged. But over the last two to three decades, policies and attitudes have significantly changed with migration coming to be seen in more negative terms. Western governments have put in place restrictive immigration laws and migration has become increasingly linked with security concerns (Van Hear and Sørensen, 2003; Castles, 2004; Kubursi, 2006) ‘Brain drain’ has become a concern of many countries as they observe a large number of highly skilled and educated citizens, such as health professionals, migrating to developed countries (Kapur and McHale, 2005; Schiff and Ozden, 2005).

Development policy thinking has often displayed a negative view of migration. A study by the Sussex Centre for Migration Research, which examined 48 Poverty Reduction Strategy Papers (PRSPs), found that 21 made no mention at all of migration; of the 27 that did, they did so mostly ‘in negative or pejorative terms’ (Black, 2004). Rural populations are often assumed to be made up of sedentary agriculturalists, for

**Box 2: Labour migration in Niger**

In Niger, it is estimated that 30% to 40% of household incomes is derived from labour migration. In addition to the income benefits, households are able to subsist on the food they produce for longer because, with fewer members, their consumption needs are lower. Household economy analysis has shown that approximately 70% to 80% of poor households send at least one male member to find work outside the country (to Nigeria, Libya, Ghana and Côte d’Ivoire) for four or five months. On average, monthly remittances amount to CFA 5,000–10,000 (\$9–18). However, in times of food insecurity, the length of the labour migration season may be extended. Labour migration that begins soon after the harvest season may be interpreted as a sign of significant food insecurity.

Source: OFDA DART Team, 2005.

whom migration signifies a breakdown in the viability of their rural economies (De Haan, 2000). Despite substantial evidence to the contrary, what Farrington (1998) refers to as the ‘yeoman farmer’ fallacy persists, and is tied to what Ellis (2000) refers to as the ‘small-farm first’ paradigm. It is assumed that providing support to rural communities and small-farm agriculture will alleviate rural poverty, and thus stop the flow of out-migration. Humanitarian actors also tend to see migration in negative terms, as the last and undesirable outcome of processes of destitution, particularly during droughts and famines. ‘Distress’ migration is seen as the final

coping strategy of desperate households, and as something that aid provision should try to prevent (Hammond et al., 2006).

A body of work labelled the ‘New Economics of Labour Migration’ sees migration and remittances as positive factors in development (Taylor, 1999). Rather than being an interruption to a longstanding way of life or a forced response to an unusual event, migration is often a typical feature of poor people’s livelihoods (DeHaan and Rogaly, 2004; Malkki, 1995). The development literature has increasingly recognised the diversity of livelihoods, which are increasingly ‘multi-locational’, and include temporary and seasonal migration, commuting and close links between urban and rural areas (Deshingkar and Anderson, 2004; Tacoli, 2002).

This perspective sees the diversification of income and livelihoods as a key means for households to reduce and manage risk, especially when faced with shocks such as natural disasters or conflict. It is important to recognise the complexity and variety of different types of migration. Migration may be seasonal, permanent or circular; it may take place between urban and rural areas, and may occur within countries or across international borders. Migration patterns may also vary with gender or age: in some contexts, young men may be the primary migrants, while in others women may be more likely to migrate to find employment as domestic workers; in some cases, elderly people are less likely to migrate. For actors responding to emergencies, it is important to understand and recognise that migration may be part of normal livelihood systems. Migration is not necessarily an abrupt response or *ad hoc* and drastic coping mechanism that signals a severe crisis. It may not always be appropriate for humanitarian actors to aim to prevent distress migration. In some contexts, enabling mobility may be a more appropriate objective, both to facilitate remittances and because flight can be one of the few options people have to protect themselves.

The debate within international development regarding the effect of remittances has largely been over their effect on economic growth and poverty. There has been concern that, because remittances are more likely to be spent on consumption than productive investment, they may be less likely to stimulate economic growth (Pieke et al., 2005). The growing consensus is that remittances should be seen as a largely positive force for development as ‘spending remittances on basic household needs can have strong positive economic and social effects’ (World Bank, 2006a).

Remittances augment incomes and so may lift people out of poverty. This has been demonstrated in several national household surveys, such as Guatemala, Ghana, Uganda, Bangladesh and Sri Lanka (Adams, 2005; Higazi, 2005; Gustafsson and Makonnen, 1993; Ratha, 2005b). The complexities of migration mean that the relationship between equality and remittances varies with context. Receiving

remittances may in itself make people relatively well off, but they may be very dependent on them and would still be poor without them. According to the World Bank (2006a):

*no strong conclusion is found in household studies of the relationship between remittances and inequality: remittances sometimes go disproportionately to better-off households and so widen disparities, but in other cases they appear to target the less well off, causing disparities to shrink.*

Studies in El Salvador, Pakistan and Mexico have suggested that remittances have had egalitarian effects on the distribution of incomes (Carling, 2005; Ghosh, 2006; Taylor, 1999). Remittances, however, may increase inequality if only the relatively well off are able to afford the costs of migration (Ratha, 2005b). In some contexts, poorer people are more likely to remain behind or to migrate to poorer neighbouring countries. The background studies to this report consistently observed that the poorest people affected by crisis or disaster in Aceh, Sri Lanka, Haiti, Darfur, Somalia and Pakistan were less likely to be recipients of remittances.

Remittances appear to be spent primarily on household needs such as food, clothing, transportation, housing, health and education expenses, and some savings (IOM, 2003; Connell and Brown, 2005; Meyers, 1998; Alipui, 2005). Taylor and Fletcher (2003) note that the multiplier effects of households spending remittances on typical daily household needs, which are largely purchased in the local market, are not well analysed and may be underappreciated. IOM (2005) showed that remittances are associated with increasing micro enterprise, especially in Latin America, substituting for a low supply of credit.

The largely positive view of remittances as poverty reducing in the current development literature should not obscure the possible negative consequences of transnationalism, and these need to be taken into account. These include the possible ‘brain drain’ from migrant sending countries and the possible ‘Dutch Disease’ effects of remittances, leading to inflated recipient country exchange rates, which could harm trade competitiveness (World Bank, 2006a). Migration may create new forms of vulnerability if migrants are predominantly from the working age population, leaving those who stay behind with greater numbers of children and the elderly to support. Remittances may help to perpetuate conflict when they provide support to warring parties (this is discussed further in Section 2.4 below) and the obligation to provide remittances may create hardship for those sending them (Horst, 2006b; Van Hear, 2003; Koser, 2001; Riak Akuei, 2005; Jacobsen, 2005).

### 2.3 Encouraging remittances

The increasing consensus that remittances should be seen as a positive force for development has led to efforts to promote and encourage remittances both in sending and receiving

countries. Receiving countries have for years been trying to encourage and harness remittances. Some attempts are compulsory, and tend to drive remittances into informal channels. For example, legislation in Mozambique and Lesotho compels migrant miners in South Africa to remit 60% and 30% of their earnings respectively (Sander and Maimbo, 2003). Before 1967, Egyptian emigrants were obliged to transfer 10% of their income in foreign exchange. As a condition for issuing exit permits, the Korean government stipulated that at least 80% of the earnings of emigrant workers must be remitted through the Korean banking system. The Philippine government required migrant workers to remit 70% of their income. In Syria, emigrants have had to exchange 25% of their incomes abroad at the official exchange rate, and pay a lump sum in foreign currencies as an expatriate tax (El-Sakka, 1997). In Eritrea, remittances are subject to a voluntary 2% income tax (Al-Ali et al., 2001).

Increasingly, however, countries are focusing on positive incentives. For example, Mexico has extensive initiatives to support its diaspora, especially in the US, and assists them to send money home through partnerships between the central banks, alliances between government and private transfer agencies and banks to promote rural outreach and initiatives to enhance collective remittances through matching government funding. The Mexican government also provides its citizens in the US with identity cards (known as 'matricula consular') that assist them to access financial institutions and send remittances. These are controversial as they primarily serve to help those who lack a valid passport and visa and thus are illegal immigrants. African governments have also begun to create more facilitating environments to support remittances (Sander and Maimbo, 2003). Morocco's state-owned bank Groupe Banques Populaires (BP) has been developing products to encourage remittances since 1969, such as an international chequing account system, a low-cost wire transfer system and partnership with MoneyGram (Iskander, 2002). Zimbabwe's central bank has set up 'Homelink', a remittance service to encourage the Zimbabwean diaspora to send money home. It has also developed a linked housing scheme; the initiative is, however, fighting against the huge disparity between its official exchange rate and the black market rate, which is a tremendous incentive for remitters to use informal channels. The liberalisation of exchange rate regimes has been found to significantly encourage remittance flows, at least through officially recorded channels, for example in Uganda and Pakistan. Sudan has offered special exchange rates for Sudanese nationals sending money home from abroad, and has offered special import duty waivers and preferential land purchases for remittances of hard currency (El-Sakka, 1997). In France, three African banks offer special incentives to their nationals at rates lower than those charged by private agents (Mutume, 2005).

Remittances in Colombia have increased by more than 20% annually since 1999. In 2004, remittances amounted to \$3,857

million, accounting for 4% of the country's GDP. These resources directly benefit three million Colombians, who spend 80% of these funds on food, rent, education and public services. Current policy discussions about remittances revolve around making them easier to send and receive, lowering transaction costs, facilitating access to banking and channelling the money into savings and investments in Colombia, while preventing money-laundering. The government is also promoting home purchasing, investment in pension funds, and small business start-ups. The Ministry of Foreign Affairs, which is in charge of designing the country's migration policy, has identified strengthening the relationship with Colombians living abroad as one of its strategic objectives. Among key issues are the improvement of migrants' living conditions, the expansion of information and legal assistance services provided in consulates, and the creation of networks to foster the social and economic development of the country (Berube, 2005).

Some countries in the West with large immigrant populations have also been actively supporting and encouraging outward remittance flows, as they have come to recognise their great importance to the developing world. For example, the UK government has a number of initiatives that seek to assist immigrants with information to reduce costs, encourage competition and improve access by working with private business in the UK, and has developed bilateral partnerships with receiving countries (Nigeria, Bangladesh, Ghana) to support remittance flows. Significant multinational effort has also been made to support remittance flows. There are now a number of initiatives actively pursuing the development of appropriate policies, financial regulatory systems and information and data improvement, such as the development of General Principles for International Remittance Services, the Interagency Remittance Task Force and the World Bank Task Force on Data (World Bank, 2006b). The World Bank emphasises that remittances are a private transfer of money between individuals and discourages efforts to increase their developmental impact by attempting to redirect them or control how they are used. Instead, it recommends policies to support and encourage remittance flows and to facilitate access to financial services and policies that strike a better balance between preventing financial abuse and encouraging flows through formal channels (World Bank, 2006a). In other words, the Bank is seeking to encourage remittances, and to create opportunities to maximise multiplier effects and savings, while at the same time resisting the temptation to direct their use or cut them off for security reasons. Other policy recommendations around remittance flows emphasise measures to help improve the legal status, rights and levels of integration of migrants to promote access to employment and education (GCIM, 2005; Van Hear et al., 2004).

## 2.4 Conflict and crime

There is a concern that remittance mechanisms may be used in the flow of finance for conflicts, terrorism and crime networks. The 1990s saw a change in how states understood

security. Analysis of conflicts showed complex links between war, organised crime and violence, drug-trafficking, informal trade, global trade and terrorism (Kaldor, 1997; Rufin, 1996; Berdal and Malone, 1999; Collier and Hoeffler, 1998, 2001). Looking for ways to prevent conflict and ensure their own security, states began to examine much more closely the economic networks that support it. There is no doubt that external sources of finance from immigrant communities do fund wars, support rebellions and independence movements and maintain control of leadership in home countries. The LTTE in Sri Lanka is supported by a large Tamil community in Canada, and the Free Aceh Movement in Indonesia by the Acehnese community in Sweden. Networks of immigrants support most other conflicts, for instance in the Great Lakes, Somalia, Afghanistan, Kashmir, Palestine and the Balkans (Newland and Patrick, 2004).

This type of financial support is clearly not at all the same as sending remittances between households to provide an income for daily living. The challenge is in separating the two. Recent tensions between Russia and Georgia illustrate how remittances can become caught up in geopolitical disputes between states. Russia accuses Georgia of supporting Chechen separatists, and in retaliation has threatened to impose visa restrictions on Georgians in Russia, which would imperil the large volume of remittances that Georgian migrants in Russia send back to Georgia. Whether or not Chechens in Georgia are supporting the conflict, it is thought that Georgia is a crucial route for remittances to ordinary Chechens (Lieven, 2006; Emerson and Celac, 2005). The Russian government has tried to stop any money reaching Chechnya from abroad, but the Russian security agency estimates that up to \$1 million a month in remittances from Islamists and the Chechen diaspora reaches Chechnya, delivered by couriers who travel through Georgia (Vidino, 2005).

Following the terrorist attacks of 11 September 2001, scrutiny of international transfers of money, such as remittances, increased, and regulation was tightened. Perhaps the most well known efforts have been the US 'Patriot Act' and 'Operation Greenquest', whose goal is 'to augment existing counter-terrorist efforts by bringing the full scope of the government's financial expertise to bear against systems, individuals, and organizations that serve as sources of terrorist funding' (CDI, 2005). Over the last decade, a large body of new law has been developed that criminalises the support of terrorism, adding to international regulations to prevent money-laundering. Governments have agreed, through the Financial Action Task Force and international law, standards for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT).

It is very difficult to assess the extent to which these and other efforts have been effective in preventing crime and terrorism. Ballard (2005) caricatures them as 'blunderbuss' approaches, which are very costly and have erroneously put the focus onto scapegoats such as *hawala* agents. Ballard contends that

these approaches risk alienating the networks of informal transfers from law enforcement agencies, making cooperation and collective effort still less likely. He notes that the evidence that informal transfer systems are an important method for money laundering and terrorist activities is questionable, and that many AML/CFT regulations do not appear to be a considerable barrier to criminals and terrorists, whilst being very considerable barriers to poor people. Passas (1999 and 2003) has extensively studied informal systems and suggests there is little evidence that the most sophisticated criminals or terrorists rely on them. For example, the terrorist attacks of September 2001 were found by the '9/11 Commission' to have been funded through formal banking and wire transfer systems. This does not of course mean that informal transfers were not involved at other points in the movement of the funds, but it illustrates Ballard's implication that informal transfer mechanisms are not necessarily more important than formal mechanisms for such illegal activities.

The impact on terrorist funding by the closing down or outlawing of *hawala* is not clear. It is, however, clear that it has disrupted a vital flow of income for remittance receivers and even for development work. According to the UK government: 'The closure of Hawala outlets in the US and UK after the 11 September terrorist attacks left many Somali families destitute. Many charity organisations operating in health and education were forced to close' (DFID, 2005b). Reyko Huang (2001) has cautioned that the approach used to try to reduce the flow of terrorist funds through informal networks needs to be balanced with consideration for the negative effects on ordinary people. As Pieke et al. (2005: 17) argue: 'the legitimate desire of states to regulate and monitor remittance systems should not lead one to conclude that informal systems have to be curtailed and formal ones encouraged. Rather, we should seek ways for informal systems to satisfy the security and law enforcement concerns of states without, however, restricting their ability to provide the services for which there is such an urgent and widespread need'.

## 2.5 Chapter summary

The general consensus among researchers and policy-makers is that remittances should be seen positively. Remittances should be viewed as private money and not as some newfound source of public money for the state or as a substitute for state support. By their nature, remittances are a direct source of household income, and thus a direct contributor to the livelihoods of the households that receive them. Remittances are unlikely to be a panacea for poverty reduction or development. Despite their growing volume, they have not prevented widespread chronic poverty, destitution or humanitarian crisis. They may help to mitigate some of the worst effects of poverty, but they are not a replacement for humanitarian aid or state welfare assistance. Their direct role in people's livelihoods and daily consumption means that they may be a critical element of how people survive and recover from disasters.

## Chapter 3

# Remittances and crises

Remittances have low volatility and appear to be counter-cyclical, meaning that, during shocks, economic downturns or disasters, they can provide a stable income and might even increase in response to such emergencies (World Bank, 2006a). Remittance flows are particularly significant for the world's poorest countries, which are also often the most prone to crises and disasters. Having a diversity of incomes, including remittances, may decrease the overall level of risk faced by households from various hazards. Remittances may reduce people's vulnerability to crises and promote recovery.

A key question in considering the role of remittances is whether they increase in response to disaster. Intuitively, this seems extremely likely. The stability of remittances arises from the fact that remittance senders are unlikely to be affected by the same shocks as recipients because they are in other parts of the country or overseas; the tsunami affected Sri Lanka, for example, but not the Gulf States where many Sri Lankans worked. People receiving remittances, who are faced with a shock, would probably get in touch with these and other distant relatives to ask for additional assistance. Although the literature on this aspect of remittances is slim and there is a need for caution over the data, some studies have suggested that remittances can play a role in ensuring that basic consumption needs are reliably met while other sources of income decline due to a shock, and serve as an insurance mechanism during shocks and crises (World Bank, 2006a).

Clarke and Wallsten (2004), looking at Jamaica, used household survey data to track remittance receipts following Hurricane Gilbert in 1988. They found that there was a surge in 1989, where remittance receipts appear to be significantly higher than in the following several years. They conclude that remittances do seem to act as insurance against losses due to natural disasters, but that the insurance they provide is incomplete, probably because losses were simply too large for migrants to fully bear. Each additional dollar of hurricane damage led to \$0.25 in additional remittances. Increasing levels of remittances in Bangladesh have been one of the factors increasing the resilience of the economy to monsoon flooding. Remittance flows increased by 18% following the 1998 floods (Clay and Benson, 2006). Remittances were estimated to have replaced 60% of income lost to weather-related shocks in a sample of Filipino households (Yang and Choi, 2005). Using cross country data, Yang (2005) estimates that a dollar of hurricane damage leads to \$0.13 in additional remittances in the year of the hurricane, and \$0.28 over five years. Remittance flows as a share of personal consumption continued to rise after natural disasters in Bangladesh, Dominican Republic, Haiti and Honduras (World Bank, 2006a).

Following Hurricane Ivan in Grenada in 2004, the World Bank found that assistance from relatives abroad, in the form of wire transfers and goods, helped to sustain many families immediately after the hurricane. In 2005, remittances grew by an estimated 15% over the previous year, although the two main operators in the country (Western Union and MoneyGram) were unable to serve customers for the first month following the hurricane. Over this period, citizens relied instead on goods shipped from relatives abroad. The value of these goods is estimated to have surpassed the value of financial support sent to family members during the year after the hurricane. While money transfer services did not operate during September, Western Union had all centres operational within seven weeks after Ivan. Over the next three months, inflows of funds increased by roughly 40% over previous monthly averages, before declining to around 10% over the monthly average the previous year (World Bank, 2005b: 45).

Remittances can also be important at a macro-economic level. The World Bank (2006a) suggests that foreign remittance flows could be used to lower the risk rating or increase the creditworthiness of countries. Already, some countries have used the security of future remittance flows to raise long-term financing (World Bank, 2006a). At a national level, remittances can also be of significance in recovery, as they can provide much-needed foreign currency for rebuilding efforts and help to compensate for decreases in other financial flows that may accompany disasters.

Different remittance mechanisms have quite different strengths and vulnerabilities that can be critical during emergencies. For example, the need for strong proof of identity can make using formal systems difficult following a natural disaster when documents have been lost. Crucially, all remittance systems require some form of communication between the sending and receiving area, which is perhaps the most important factor in determining how crises will affect remittances. The systems and methods used for communicating through various remittance processes can all be affected according to the specific nature of the crisis. For example, during political crises it is common for borders to be closed, making it difficult to send hand-carried remittances. Natural disasters such as earthquakes often disrupt transport systems and infrastructure, and can have the same effect. Modern telecommunications relying on radio, such as mobile phone systems, are sometimes not affected by disasters, or if they are they may be quickly restored, so mechanisms that rely on them may be more robust. Landlines, while having the high capacity necessary for formal banking systems, can be destroyed in natural disasters and take much longer to restore. Trust-based systems such as *hawala* often rely less on local infrastructure and more on local communication within social



networks; however, these too can be disrupted, especially when disasters cause displacement. The effect of disasters on remittance mechanisms is thus very specific to the event and the different types of transfer mechanisms in use. If remittance senders and receivers have some choice in the range of mechanisms available, there may be potential for disruption to one mechanism to be compensated for by the use of a less-affected system.

Crises are often the cause of migration as people seek refuge in other countries. A recent example of the potential for conflict to cause large-scale population movements is Iraq, where UNCHR estimates that, at the end of 2006, there were 1.8 million Iraqis in neighbouring states and 1.6 million displaced within the country, or approximately one in eight of the population (UNHCR, 2006b). In response to the economic disaster and political crisis of the last several years, huge numbers of people have been leaving Zimbabwe, with an estimated 3 million leaving between 2000 and 2005 (Bloch, 2005; IRIN, 2005). Emigration from Central America increased greatly during the conflicts and political turmoil of the 1980s. Guatemala and El Salvador receive the largest flows of remittances in the region, with \$2.7 billion and \$2.5 billion respectively in 2004, and it is estimated that, between 1981 and 1990, almost one million Salvadorans and Guatemalans fled civil wars and repression and entered the United States clandestinely (Agunias, 2006; Gzesh, 2006).

In the last decade of civil unrest and Maoist rebellion, foreign labour migration has become a major feature of Nepal's economy and society. The resulting remittance flows have recently been increasing, and have helped to keep the economy going during the long-running conflict (Seddon, 2005). About 1.2 million Nepalis, out of a population of 27.7 million, are estimated to live abroad, a figure that does not include uncounted millions in India. In 2005, they sent back \$1.1 billion – up 17% from the previous year – accounting for 12% of Nepal's GDP. The results of the recent Nepal Living Standards Survey (NLSS) II show that despite the conflict, poverty declined sharply to 31% in 2004, from 42% in 1996. A three-fold increase in remittance inflows was a major contributor (ADB, 2005).

One of the largest populations forced to move across borders by crisis has been the people of Afghanistan (UNHCR, 2006a). While some 4.7 million refugees have returned since 2002, an estimated 3.5 million remain in Pakistan and Iran alone (UNHCR, 2006c; 2007). The resultant remittance flows are considered a significant part of the Afghan economy. The World Bank estimates that 15% of rural households in the country receive them, accounting for 20% of rural expenditure (World Bank, 2005c). Several studies have shown that migration and the formation of transnational networks, which involve significant remittance flows, are a key livelihood strategy for the people of Afghanistan (Monsutti, 2006). Remittances are used for coping and survival strategies, investment, loan reimbursement and marriage expenses, varying according to who migrates and

### Box 3: Remittances following Hurricane Stan in Guatemala

Remittances are of crucial importance to the Guatemalan economy. From the US alone, remittances were \$2,993 million in 2005. The IOM estimates that, in 2004, almost a million migrants were sending remittances home; in 2005, remittances accounted for 9.5% of GDP. Over half – 58% – of Guatemalans in the US are thought to be from rural communities and 15% of Maya Indians (712,000) have a family member working abroad.

For many families affected by Hurricane Stan in 2005, with relatives in the US, extra money sent to them contributed to their swift recovery. Field research by INCEDES (the Central American Institute for Social Studies and Development) shows that remittances post-Stan increased significantly. The IOM estimated that remittances in 2005 to 43 municipalities affected by Stan totalled \$413 million, benefiting 107,379 families. This compared with \$21 million pledged to the UN appeal by December 2005.

Emigration, however, leads to new forms of vulnerability for those remaining behind. Social structures are put under strain, there are greater numbers of single and female-headed households, and younger migrants may leave larger numbers of elderly people behind. There may be divisions within communities between the more prosperous families of emigrants and the rest. Women who are heads of households as a result of migration were hard hit by Hurricane Stan. In municipalities with severe damage, it is estimated that 40% of men aged between 18 and 35 are in the United States.

Source: adapted from IFRC, 2006; Gellert, 2006.

where. Male wage-earners often migrate to Arab countries and Iran, leaving their families in Afghanistan and remitting sums of money to support the family's daily subsistence needs. Afghan families migrating to Iran are often unable to afford to send remittances home or receive remittances from family members who have migrated to countries further abroad; however, they maintain links to Afghanistan and other countries in the European Union (EU), North America and Australia, creating 'transnational networks' that involve in particular the circulation of gifts and brides, with cash remittances to Afghanistan being irregular responses to emergency needs (Monsutti, 2006; Stigter and Monsutti, 2005; Abbasi Shavazi, 2005; Lautze et al., 2002).

Conflict may also affect remittances flows at a regional level. In 2003, total remittances to Burkina Faso, Mali and Niger were almost \$200 million – much of this from expatriates in Côte d'Ivoire. Remittances from Côte d'Ivoire increased from \$44 million in 1990 to \$141 million in 2003, and remained substantial during the civil war (Oxford Analytica, 2005; Harsch, 2003; Black, 2004). Large numbers of Burkinabe have traditionally migrated seasonally to work on cocoa farms in

Ghana and Côte d'Ivoire. Their remittances have been critical to rural families. The return of over 600,000 Burkinabe from Côte d'Ivoire since the outbreak of civil war there has put intense pressure on an already weak economy, pushing unemployment to critical levels (FCO Country Profile, 2006).

Remittances may also be of importance in supporting refugee populations. As the Afghanistan case above pointed out, people fleeing difficulties may go to several countries and have varying degrees of success in making a livelihood. Those most successful can find themselves supporting, not just family members left behind in their original country, but also refugee family members who are struggling in another country of refuge. Refugees 'warehoused' for years in remote camps with restricted access to employment and other livelihood opportunities, and insufficient amounts of relief assistance, may rely on the support of remittances (Crisp, 2003). In the protracted situation of Liberian refugees in Ghana, remittances from the United States were crucial to people's survival (Dick, 2002). Such was the demand that Western Union established offices in Ghana and Côte d'Ivoire specifically to transfer remittances from Liberian refugees' relatives in the United States (Crisp, 2003).

A study on how Somalis cope with refugee life in the remote refugee camps of Dadaab, Kenya, uses the term 'transnational nomads' to describe the complicated social networks linking Somalis around the globe (Horst, 2006a). The networks 'connect Somalis in Dadaab with relatives and friends in Somalia, elsewhere in Africa, the Middle East, Europe, North America and Australia'. For those living in Dadaab, with limited livelihood opportunities and insufficient aid, remittances from the diaspora have been essential in enabling survival. Horst estimates that 10% to 15% of refugees in the camp receive regular remittances. Some receive large amounts of between \$200 to \$500 a few times a year, and others receive regular (mostly monthly) remittances of between \$50 and \$200. These remittances create indirect benefits for a much wider group, including relatives and neighbours of the receiver, the businesspeople from whom they buy goods and the less well-off refugees who work for them as maids or manual workers. Those refugees who receive sufficiently high monthly remittances may choose to leave the camps for towns like Garissa and Nairobi. Beyond helping people to survive, Horst argues that remittances therefore provide people with greater choice and agency in a situation where they would otherwise be much more constrained. Remittances were important in offering security during times of special need and were sometimes used to invest in small businesses (Horst, 2006a). In a study of Congolese refugee livelihoods in Nairobi, Campbell and Kakusu (2006) note that many of them receive remittances, and that this has enabled them to leave refugee camps and become economically integrated into the city by finding work and starting businesses. It is important to remember that remittance senders can sometimes be in difficult circumstances themselves, and may already be carrying significant burdens (as Box 5 (p. 12) illustrates) (Riak Akuei, 2005; Datta et al., 2006; Jacobsen,

#### Box 4: Remittances in Zimbabwe

In a study of migrants from Zimbabwe, Bloch (2005) found that 74% of the respondents to a survey conducted in South Africa and the UK sent remittances to Zimbabwe. Remittance transfer mechanisms varied between South Africa and the UK. Respondents in South Africa were much more likely to use informal routes, either taking money themselves on return trips or sending it through friends and carriers. More than two-thirds of respondents also sent back non-monetary gifts, such as clothes, food, books and electrical goods; a high proportion (11%) sent back used cars or trucks. Respondents also kept in regular touch with family members in Zimbabwe through telephone, email and text messaging, with 49% in contact once a week or more.

In a survey conducted in southern Zimbabwe, Maphosa (2005) found that 103 of 150 households had at least one member who had migrated to South Africa, although 22% of the 103 households reported not receiving remittances. The main reason given was that the migrant was unemployed in South Africa. Remittances were mostly sent through informal channels, including through cross-border transport operators. Transport operators charge an average of R20 for every R100 they deliver, and charge for goods by weight. The majority of remittances were sent in-kind. This was in part because of the shortage of basic commodities in Zimbabwe in 2002 and 2003, high rates of inflation and the discrepancy between official and black-market exchange rates. One of the considerations in whether or not to send cash was the numeracy of the recipient, who needed to be able to avoid being swindled on the black market. Remittances were described as an important source of income, and were mainly being spent on basic needs including food, clothing, shelter, education and health care. Over half of the respondents (59%) had also invested in livestock with remittance income.

2005; Horst, 2006b). As Lindley (2006: 24) argues in the Somali case study:

*a neglected dimension to the discussion of remittances is the burden it can place on migrants struggling to make their way in a new country. In some cases, income shocks to households in Hargeisa are converted into substantial financial stress for migrants. While the migrants in the West may receive wages or welfare payments beyond the wildest dreams of most Hargeisa residents, disposable income after paying for accommodation, food and other items may be very small. What begins as an income shock for a household in the Horn of Africa can translate into a financial stress for a factory worker in Minneapolis, a local council officer or bus driver in London or a care worker in Italy, eating into overdrafts and leading to long hours of overtime, and ultimately meaning that some people struggle to get by.*

**Box 5: Transnational networks and the extent of remittance burdens**

Riak Akuei (2004 and 2005) has noted the importance of remittances in the livelihoods of Dinka refugees who have reached cities such as Cairo, Beirut and Damascus in search of protection and assistance. Riak Akuei (2004: 3) highlights the case of a Dinka family in San Diego which provides an illustration of the extent of economic commitments facing resettled refugees. Within the first two years of resettlement, the household head became directly responsible for 24 extended family members and, indirectly, 62 people, displaced across a range of locations:

Cairo, Egypt	9
Kakuma Refugee Camp, Kenya	7 + 25
Kampala, Uganda	1 + 4
Khartoum, Sudan	2
Nairobi, Kenya	2 + 6
Tripoli, Libya	2 + 3
Malakal, Sudan	1
<b>Total</b>	<b>24 + 38 = 62</b>

(+ indicates additionally supported children)

What is striking about this example is that only a small number of the 62 people that they help to support are actually in Sudan. The family in San Diego was able to support so many people in large part because one family member had managed to get a fairly well-paid job that used his higher education, after a series of low-paid positions. But literature on refugees shows that this is unusual and that, often, refugees' skills are not fully utilised and people remain in poorly paid jobs for which they are over-qualified. As Riek Akuei argues, more investment in programmes that assist refugees in developing skills that would lead to better paid jobs in a shorter period of time not only benefits the receiving country but is also likely to stimulate greater remittance flows, with benefits in crisis contexts such as south Sudan.

Source: Riak Akuei, 2004: 3 and 2005.

Similarly, Datta et al. (2006), in a study of low-paid migrant workers in London, conclude that remittances are generated on the backs of underpaid, exploited and often excluded migrants. The capacity of senders to provide additional resources following crises may therefore be limited.

Table 1 summarises some of the key features of the role of remittances in crises in different disaster contexts, and some of the implications for aid agencies. These will be picked up in more detail in the case studies in Chapter 4 and in Chapter 5, which looks at the implications for aid agencies.

**Table 1: Remittances in crises**

Disaster context	Role of remittances	Implications for aid agencies
<b>Pre-disaster livelihoods</b>	Remittances and migration are often an important component of some people's livelihoods and source of resilience.  Remittances may create vulnerabilities as well as resilience, for instance, if large numbers of the more able-bodied have emigrated, leaving higher proportions of elderly people and children behind.	Aid agencies need to understand remittances as part of pre-disaster livelihoods, ideally as part of disaster preparedness and ongoing development, but failing that as part of the assessment process.
<b>Disaster impact</b>	Remittances are likely to be initially disrupted by disasters. The type of disruption is context-specific, and will depend on the nature of the disaster (see below).	Aid agencies need to understand how remittances have been disrupted, and the impact this has on livelihoods as part of the assessment process. This should include an understanding of the pattern of remittance receipt within different social and wealth groups (who gets them and who does not), and what this implies for vulnerability.

Table 1 (continued)

Disaster context	Role of remittances	Implications for aid agencies
<p><b>Quick-onset disasters – earthquakes, floods, volcanoes, hurricanes</b></p>	<p>Remittances likely to be disrupted by death and displacement, and by disruption to communications and transport infrastructure.</p> <p>People will be trying to get in touch with missing relatives.</p> <p>Those who can afford it may return home to search for missing loved ones and assist in relief and recovery. They may lose their jobs or immigrant status and not be able to go back.</p> <p>Once communications are restored, people may send additional remittances, and diaspora populations may group together to send assistance.</p> <p>Mechanisms, volume and type of remittances may shift.</p>	<p>A need for family tracing and for assistance in restoring communications.</p> <p>Migrants may need assistance to return home and once home to return to jobs overseas.</p> <p>Information for diaspora populations about how to contact people and how to send assistance.</p> <p>Possibility to work with or support remittance companies to waive or reduce fees.</p>
<p><b>Conflicts</b></p>	<p>Remittances are likely to be disrupted by displacement, disruption to communications and infrastructure. Aspects of government policy may also be important, such as border closures, or closing down mobile phone networks.</p> <p>Conflict may create large-scale displacement, population movements and diaspora populations (e.g. Iraq).</p> <p>Restricted livelihoods in complex emergencies may increase reliance on remittances (e.g. Somalia).</p> <p>In long-running crises, it may be difficult for those overseas to maintain remittance support.</p>	<p>Need for family tracing, support for communications and remittance channels may all still apply.</p> <p>Possible need for advocacy with warring parties to maintain IHL and human rights law – freedom of movement, open borders, principle of non-refoulement.</p> <p>Agencies have sometimes used informal remittance mechanisms as a way of transferring resources into conflict areas to pay staff or to provide cash payments to people for basic needs when banking systems are not present.</p>
<p><b>Slow-onset emergencies – droughts</b></p>	<p>Migration may intensify as part of coping strategies.</p> <p>Possible greater reliance on remittances as other livelihood strategies become more constrained.</p> <p>If severe drought leads to distress migration and displacement, remittances may be disrupted.</p>	<p>Need to understand patterns of migration and their role in coping strategies as part of livelihoods analysis.</p> <p>Possible need for family tracing and assistance with communications in the event of distress migration.</p>
<p><b>Remittances and recovery</b></p>	<p>People who receive remittances may play an important part in the recovery process once channels are re-established.</p> <p>Sharing of remittances within and between communities may increase their impact beyond the immediate receivers.</p> <p>Remittance flows into local communities may have positive multiplier effects on local economies (e.g. demand for local services, construction jobs). They may also contribute to inflationary risks for key goods and services (e.g. building materials, masons).</p>	<p>Agencies should consider how their assistance may be complemented by remittances. For example, some families may be able to invest some of their own resources in shelter rebuilding.</p>



# Chapter 4

## Case studies of emergencies and crises

Six case study papers have been published as part of this research project, focusing on the role of remittances in Aceh, Indonesia and Sri Lanka following the Indian Ocean tsunami, Pakistan following the 2005 earthquake, Gonaives in Haiti after a 2004 hurricane, Darfur, Sudan, and Somalia (Wu, 2006; Deshingkar and Aheeyar, 2006; Suleri and Savage, 2006; Fagen, 2006; Young, 2006; Lindley, 2006). These case studies were selected partly to provide a range of experiences from different parts of the world, and a variety of disaster contexts. The choice was also in part opportunistic, to take advantage of ongoing related research so as to make the best use of limited resources. This chapter provides brief summaries of these case study reports, highlighting the role that remittances played during and after the different disasters, and the implications that this has for humanitarian actors.

### 4.1 Remittances case study: Gonaives, Haiti Patricia Weiss Fagen

This case study looked at the role of remittances in the livelihoods of people in Gonaives, Haiti, after the devastating Tropical Storm Jeanne in September 2004. It examined how people used remittances from the Haitian diaspora and from internal sources before and after the storm, and the effects the storm had on remittance flows. It is based on fieldwork conducted in Gonaives in January 2006, supplemented by reports issued by international humanitarian agencies active in the country at the time of the disaster. The findings encompass information from recipients of remittances in Gonaives, but not from the Haitian migrants, either inside or outside of the country, who provided them. Interviews were held with community groups, disaster-affected individuals, officials in remittance transfer agencies and banks, local officials and NGO staff.

#### 4.1.1 Remittances in Haiti

Taken together, Haitian migrant and other transfers for 2005 are expected to be worth \$919 million, a huge figure for a poor country with a population of slightly more than eight million (World Bank, 2006a). Private transfers, mainly remittances, have more than doubled, from \$256 million in 1997 to \$650 million in 2002, representing 19% Haiti's GDP (World Bank, 2004a: 3). Remittances account for well over 100% of the value of the nation's exports, and surpass international assistance. Most remittance funds come from the United States, followed by Canada and France. The monthly remittances sent by Haitians in the US average \$179. Although significant numbers of Haitians live in the Dominican Republic, Jamaica and the Bahamas, and sacrifice their own well-being to send or transport remittances, the amounts overall are still small (Orozco, 2005).

In a World Bank study of three countries that reported increased remittance levels in the years immediately following a disaster, the remittance rise in Haiti after Jeanne is the most pronounced (World Bank, 2006a: 100). However, the storm is undeniably not the sole cause of this phenomenon. A brief and very modest economic improvement in Haiti ended in the late 1990s due to political crisis in the country and the consequent loss of donor and investor confidence (World Bank, 2004b). Dependence on remittances has grown as the country's economy overall has deteriorated.

Anecdotal evidence suggests that a relatively large number of people in Gonaives receive remittances from various family sources, with variable frequency, but in smaller average quantities than for the nation as a whole. Immediately after the storm, family remittances were supplemented by collective remittances. Haitian migrants sent tens of thousands of dollars, channelled through relief agencies such as the American Red Cross, Caritas, local churches and spontaneously formed relief committees. Churches inside and outside of Haiti served as points of transmission for private relief efforts.

The amounts and mechanisms of remittance transfers to people in Gonaives – or other places in Haiti – are complex and hard to quantify. Transfer agency clients typically use different enterprises at different times, depending on the kinds of services they or their overseas relatives need. In addition to remittances channelled through transfer agencies and banks, an unknown but certainly large amount is carried by 'mailmen' (*facteurs*), who are paid to make deliveries. Individuals who travel overseas are expected to bring back remittance money or goods as a favour for friends and family.

Business people buying or sending goods from overseas and individual families sending non-cash remittances use transfer agencies to deliver the goods. Business people who travel carry cash as well as large quantities of merchandise for individuals and families as a matter of course, and receive payment for the service. Likewise, business people accept commissions from individuals overseas to include in their commercial orders some items meant for individuals or families. Haitians with shops or commercial enterprises regularly ship packages of goods by container, ranging from food to computers, destined for private individuals.

Non-cash remittances are very important to Haitian recipients. A high cost of living plagues Haiti, due largely to the fact that so little is produced in the country and what is manufactured is poorly distributed. Nearly everything is imported and sold at high prices. Hence, it is reportedly less costly to ship common items needed on a daily basis, such as clothing, oil, rice, salt,

shoes and spaghetti, than to buy them in Haiti. Remittance transfer agencies have commercial affiliates and/or stores in communities with strong migrant populations and own other shops in Haiti, so that goods are moved efficiently. Live animals are an important component of remittance transfers, especially at holiday time. During and following Jeanne, non-cash items were prevalent and highly valued.

#### 4.1.2 *The crisis and the storm*

Following the ousting of President Jean Bertrand Aristide in late February 2004, already high levels of violence and insecurity in Haiti increased further. The weak transition government that replaced Aristide was buttressed by the United Nations Stabilisation Mission in Haiti (MINUSTAH) from the end of April 2004, with a mandate to restore and maintain rule of law, safety and public order, and to promote human rights. Rule of law and public order were far from being in place at the time Jeanne struck Gonaïves. Gonaïves has seen less violence than Haiti's capital, Port au Prince, but it is subject to insecurity, corruption, crime, unemployment and weak, ineffective government. It is a port city, but the harbour has ceased to function. Overall, the town is poor, lacking major sources of income generation, although, as in all cities, a few people are wealthy, and there is a modest middle class. Since it is a commercial centre, and located in an agricultural area, it has attracted newcomers from smaller towns. A major attraction for numerous Haitian families from these smaller towns is that Gonaïves has public schools and a number of private secondary schools. Families migrate and settle there in order to send their children to school.

Tropical Storm Jean, or 'cyclone Jeanne' as it is referred to in Haiti, brought rains that inundated the coastal plane of Artibonite Department, and caused significant damage in Gonaïves. By most estimates, the storm killed some 3,000 people in two days. The rains led to heavy flooding, exacerbated by the fact that the sewage canals running through the streets had not been cleaned in years, and thus clogged and were unable to absorb the water. Eighty per cent of the city was under water for about three days. Mountains and deforested hills surround the city, and tons of heavy mud from these barren hillsides filled streets, canals and buildings. There was little food or potable water at first; people fled with only the clothes they were wearing. Communication lines were cut and residents were unable to reach family or friends. Three days passed before vehicles could enter or leave the city.

The storm caused huge loss of life and property, and for at least two months the population was in dire need. Many slept on their roof or on that of their neighbour, or crowded together in the few buildings left relatively intact. Churches and public buildings sheltered thousands of flood victims. Once the water receded, city residents had to find a way of removing the mud and debris that filled their houses and replacing the contents of their homes, which had been ruined beyond use. Very few earned an income during this time as markets,

offices, schools and services were no longer functioning. Numerous families, therefore, lacked the money to make their homes habitable. Public services in the city also were slow to return. An American Friends Service Committee (AFSC) report of November 2004, written two months after the disaster, noted that major roads were still impassable and standing water was everywhere (AFSC, 2004).

#### 4.1.3 *Remittances, relief and recovery*

Following the storm, people working in Gonaïves and supporting relations in their place of origin or elsewhere had to turn to these same relatives for help. Many victims of the storm returned to the places they had left, because they could no longer support themselves, much less others, in Gonaïves. A few families interviewed had sent their children to live with relatives and to go to school in other Caribbean nations, but due to the storm, they could no longer support them. Family members throughout Haiti drew on their own resources and channelled remittances to relatives in Gonaïves. Hundreds made their way there, bearing what they could to ease the suffering. Cash was most useful, but it was hard to find goods to buy. People tried to carry essential clothing, food and household goods. In one case, a woman recounted how her sister spent days on the road carrying badly needed food items, only to find that there was no charcoal to cook the food. The family burned one of its few undamaged chairs and cooked the food over the fire.

As humanitarian relief was made available and distributed throughout the city, humanitarian agencies had to rely on MINUSTAH's armed presence to protect deliveries and prevent looting. Between the September storm and the end of November, CARE received funds to undertake food distribution throughout the city and in rural areas. Thereafter, the food distribution was targeted at vulnerable groups, covering more than 17,000 families, whereas prior to the storm the caseload had been about 1,000 families.

The breakdown of communications after the storm meant that the affected population could not reach family members outside of Gonaïves, or even check on loved ones within the affected area. Relatives ready to help, including those outside of the country, had no way of knowing what had happened or what was needed. Landlines were down for about three months. Haitian telephone companies worked around the clock, and after a few days were able to restore limited telephone and internet services to major clients and a few institutions. Otherwise, individuals with working mobile phones left the city as soon as they could and walked several kilometres to reach the nearest town where there was electricity and phone reception. A stream of people made the journey and placed repeated calls to family members, friends and neighbours. Gonaïves residents with access to communications called or e-mailed everywhere looking for help, including Cap-Haïtien, Jacmel and Port au Prince, as well as Miami, Montreal, New York and Paris. If they reached one

relative, he/she was told to contact others. They supplied family news, recounted personal and material losses, and asked for money and goods. They made arrangements for the delivery of remittance money and goods to locations outside of Gonaïves. Interviewees reported travelling to other cities where family and friends took them in until the items arrived.

Communication was especially difficult for people living in rural areas, where isolation was more pronounced and people were less likely than urban dwellers to have access to mobile phones. People in rural communities waited longer than those in town for the roads surrounding their land to become passable enough for relief to be delivered. Donors and relief agencies eventually opened roads and brought food, water and other basic essentials. They did little in the early stage to repair damage to land or to replace farm animals. Facing ruin, people in rural areas around Gonaïves began leaving in large numbers. Before the storm, however, this area was one of the most fertile in Haiti and was reasonably prosperous. According to informants, few had wished to leave their land prior to Jeanne. The fact that these small landowners had been relatively well off and therefore contributed less to migration than most of the country meant that they had a smaller pool of outside family resources to draw on when disaster struck.

Staff working in the remittance transfer agencies in Gonaïves went to some lengths to facilitate communication between victims and their relatives overseas, and to arrange for cash and in-kind deliveries to be made to locations outside of Gonaïves. They reported leaving their own flooded homes in order to open their still partially flooded offices within three days and, with the help of local phone companies, to restore internet links. With the collaboration of central offices in Port au Prince, remittance transfer agencies arranged for payments bound for Gonaïves to be sent to the capital or another city. Because banks in Gonaïves could not receive wire transfers, considerable sums of money were transported by air or other means into the city and then delivered by hand. Some of the would-be recipients of the payments could not be found, either because they had perished in the storm or because their homes were gone. A remittance agency official described a typical case of trying to deliver by hand cash that he had received from his office in Port au Prince to a house in Gonaïves that had been destroyed. He learned from neighbours that the recipient had gone to Port au Prince. With their help, the agency tracked down the individual and the Port au Prince office delivered the money. Another enterprise told clients to make their way to the nearest town a few kilometres away, where managers had rented buses to pick them up and take them to a larger community some 40 kilometres away. There, they made free telephone calls and arranged for money transfers to be sent. All of the remittance companies cut transfer fees wholly or partly after the storm, restoring them approximately one month later.

The majority of people interviewed reported that they had not yet been able to repair their homes adequately; they were still

replacing lost furniture and other property one piece at a time. Moreover, since they have not been able to recover lost commercial or private property or to replace vehicles, farm animals and other assets crucial to livelihoods, many have lost the ability to earn the incomes that previously paid for health care and kept their children in school. In the past, those who received remittances from abroad were likely to use them to meet school and health expenses, or to buy merchandise or tools for an income-generating activity. Following the storm, they had to use the resources that came their way to make repairs, replace items and buy basic goods for their families. For the many informants who complained that they presently earn a fraction of what they had done before, or nothing at all, outside remittances and help from extended family inside the country constitute their primary means of survival.

Within three months to one year, the majority of the international relief agencies had left Gonaïves. While the assistance received from international agencies and NGOs addressed the major initial needs of a large number of Haitian victims, funding for assistance projects was withdrawn before they reached large portions of the beneficiary population.

Remittance money eased the burden of paying for recovery necessities, but the grateful recipients faced difficult choices. For example, a woman whose Miami-based relatives usually sent \$50 in remittances once or twice a year received only an extra \$10 after the storm. In normal times, the woman, who earned a small income from raising animals, would use the \$50 to buy food. Because of the storm, she had to use the cash to purchase straw to replace the roof on her house. The storm, moreover, claimed the lives of the animals, so she lost income from that source. 'I ate badly this year', she said. Remittances had also often paid for school fees, but after the storm families had to make difficult choices about whether to prioritise house repairs or keep up school fee payments.

In Haiti, as elsewhere, women are predominant among the beneficiaries of micro credit projects, and have been exemplary in repaying their debts. Because of the storm, Fonkoze, a well-known transfer and micro credit operation, cancelled interest payments for September, October and December 2004, and granted new lines of credit. Regular interest payments are now in effect. Although much commercial and agricultural property was never recovered, groups of women are seeking new forms of credit. Fonkoze officials believe these women to be remittance recipients.

An important consequence of the storm in Gonaïves is out-migration of large numbers of residents. Immigration and illegal entry into Canada and the US have become progressively more difficult. Informants reported that they considered this option to be impossible. They understood that if they successfully entered illegally, they might find themselves in economic conditions almost as bad as those in Haiti, with additional debts associated with their passage. The



Bahamas and the Dominican Republic still attract Haitian migrants from Gonaives, most of whom reach these destinations illegally, and usually with disappointing outcomes. The young people, predominant among the migrants, rarely send money back, or do so irregularly.

During focus group discussions, the majority described assistance received in the wake of Jeanne from their neighbours, family members and friends in the country. They emphasised that Haiti was a country based on family and community solidarity in times of crisis. They recounted how their own family members had travelled from nearby towns and from Port au Prince to bring food, clothing and other types of assistance. However, as noted, and somewhat to the surprise of this researcher, they played down the significance of support from outside sources.

It appears that, while family remittances from outside the country were critical to those who received them following the storm, large segments of the population did not and do not receive them, at least not directly. After the storm, though, nearly everyone received what may be called internal remittances, that is, material help from family members in Haiti. A large number of these internal sources undoubtedly benefited from remittances sent by migrant relatives. Money from Haitian migrants has poured in, but is spread very thinly among an already poor and now destitute population.

A typical remittance payment of \$100 per month (lower in Gonaives than in the country overall) does not go far because of widespread poverty, compounded by the high cost of living in Haiti. Nearly every person who receives money from overseas is responsible for several others. Most of the time, families share remittances. An individual in Port au Prince who gets remittances from Miami or Montreal will probably send a portion of the funds to other relatives. It is reasonable to assume, therefore, that help reaching Gonaives after the storm from relatives in Port au Prince (or elsewhere in Haiti) actually represented, in part, remittances sent to the latter from overseas.

Remittances flow in both directions, and migration may be a cost rather than a benefit. As noted, informants are supporting children in schools outside of Haiti – Cuba has become a popular destination because the schools are of high quality and cost less than elsewhere. Families reported using remittance funds to pay for other relatives to leave, and contributing to their livelihoods for some time after they arrived at their destination.

#### 4.1.4 Conclusion

Migrant remittances from outside Haiti were one element of what might be termed a ‘chain of solidarity’ among neighbours, relatives still in the country, international humanitarian agencies that came to the city to help, and overseas relatives. All links in this chain remain essential. The results of this research strongly suggest that, while remittances overall play

#### Box 6: Informant stories of the Haitian diaspora

A man who had depended for his livelihood on buying and transporting small items for sale lost both his car and his motorcycle in the storm, besides suffering damage to his home and losing personal property. He had a brother in the Bahamas who was only able to send some beans, cooking oil and rice immediately after the storm. Hoping to do better, the same brother moved to Miami illegally, but found himself in a worse situation, and in 2005 sent nothing.

A man whose mobile phone still operated after the storm went to Port au Prince and called his sister in Miami to reassure her that he and his family had survived, and to ask for help. While there, he rang the relatives of several of his neighbours in Canada and the US. These calls resulted in several remittance transfers, with which the man purchased essential provisions to bring back to all. His sister also sent some money, but as she had a large family in Miami and a low-paying job, the amount covered little more than his trip expenses.

A young person of 17 left his semi-rural community and, along with most people of his age, went to the Dominican Republic. Within a year, he was back home. He reported in an interview that, at best, he and the others were able to find part-time and occasional work at subsistence wages. The young people shared among themselves but had nothing to send back to their parents.

A teacher whose house was destroyed received some assistance from relatives in Port au Prince and abroad. She was unable to reach her husband, in the United States, for over a week. He did not return to Gonaives as arranged, because of the dire situation. He now sends her small amounts of money on a monthly basis.

an important role in the lives of individuals in Gonaives, they yield only small improvements in the quality of life and do not relieve poverty. Those interviewed for this study reported very small increments in the cash remittances they received post-Jeanne, although they apparently received considerable in-kind transfers in the form of clothing, food and other necessities. Some small steps that could have been taken to facilitate remittance flows, and should be considered in planning for future disasters, are considered below.

Haitians, even poor Haitians, are used to communicating with relatives in distant places. As reported here, at the time of the storm, the ability to communicate with relatives had life-saving consequences. Relief agencies could perhaps have assisted in re-establishing communications.

In view of the fact that families were essential components in the ‘chain of solidarity’ in Gonaives, donors and relief agencies could consider placing some resources (for example the non-cash donations that often go undistributed) in the hands of those with relatives in the affected zones, and helping nearby

family members to reach these zones. This would not and should not diminish international relief or remove the spontaneous response of families to help their relatives in the wake of disaster. It would, however, help to buttress poor families with only their own meagre resources to share.

Many Haitians extended help to disaster victims via charitable organisations and churches. The process was spontaneous. There was little planning within the Haitian diaspora regarding the eventual use of the funds they collected, and they were not in a position to ensure that their donations would be put to the best use. Donor governments and charitable bodies in Canada, France, the US and other countries with large Haitian populations could improve disaster response overall through closer collaboration with migrants who have pledged to supply relief to their homeland.

Remittances are obviously not addressing the larger problems confronting Haiti. Nor can the remittance flows to Gonaives after the storm be credited with having stimulated recovery. Individual families received vital help from relatives, but the limited recovery that occurred is due primarily to international humanitarian assistance. The conditions that exacerbated the flooding and destruction in Gonaives have since got worse. The years 2004 and 2005 were characterised by political and economic crisis, pushing the population even deeper into poverty. The Haitian diaspora provides a lifeline to its compatriots, but it is too slender in normal times, let alone in the face of a disaster.

## 4.2 Remittances case study: the Sri Lankan coast

### Priya Deshingkar and M. M. M. Aheeyar

This case study looked at the role of remittances in the livelihoods of people in two districts of Sri Lanka devastated by the Indian Ocean tsunami. It examined how people used remittances before and after the tsunami, and the effects the disaster had on remittances. The study aimed to improve understanding of how remittances helped people recover; which groups benefited from remittances and why; whether and how remittance mechanisms functioned; and what lessons could be learned. The report was based on data collected in four villages of Kalutara and Galle districts in August and September 2005. Although not the worst-affected in terms of loss of property and livelihoods, the damage was nevertheless significant, and both villages are in high-migration areas.<sup>1</sup>

#### 4.2.1 Remittances in Sri Lanka

Remittances play an increasingly important role in the economies of South Asian countries. In Sri Lanka, migrant remittances constitute the largest source of foreign exchange, bringing in around \$1.5 billion a year. Migrant remittances have

contributed to the survival of hundreds of thousands of people in conflict-ridden areas of the north-east (Van Hear, 2002). There are roughly 1.2 million migrants from Sri Lanka in other countries (World Bank, 2005e), not including unregistered migrants, who could number in the hundreds of thousands. The Tamil diaspora is estimated at roughly half a million people; the largest populations are in Canada, the UK and Australia. There are also large diasporas in Norway, Switzerland and South Africa (MPI, 2004). The Middle East attracts the most Sri Lankan migrants. Saudi Arabia is particularly popular; demand is higher, and wages slightly above levels in other Middle Eastern countries.

Twenty years of civil war have devastated the formal banking system in the conflict zone (Cheran and Aiken, 2005). The People's Bank, a popular Sri Lankan government bank with a network of 326 branches, has only 33 branches in the northern and eastern provinces. These branches are located in Sri Lankan army-controlled areas, and are not accessible to people living in the territories controlled by the Liberation Tigers of Tamil Eelam (LTTE) (Cheran and Aiken, 2005). In such a context, informal systems have become highly sophisticated. These systems include traditional networks such as hawala, chiti and hundi, which have been used for many years by travellers, migrants and businesses. Such systems are almost the sole channel for sending money in the conflict-affected areas of the north-east. Cheran and Aiken's study of informal transfer systems between Canada and Sri Lanka found that there are 300 Tamil transnational Home Village Associations (based on one's origin in a particular village) and Alumni Associations (based on one's high school) operating in Toronto. These organisations have been extremely active in reconstruction and development work in Tamil areas.

The migrant population in Sri Lanka is mainly female (women account for 65% of all recorded migrants). Seventy per cent of migrants are unskilled workers, and over half (53%) are housemaids (Dias and Jayasundere, 2004). Female migrants contributed more than 62% of the total of \$1 billion in private remittances in 1999, representing half of the country's trade balance and 145% of foreign credits and loans (IOM, 2003).

Migrant remittances have had far-reaching effects on the economy. A study of the impact of migrant remittances on development and poverty reduction in Sri Lanka (Srisandarajah, 2002) found that the absolute and relative importance of private remittances has increased significantly, as levels of foreign aid have declined, and foreign direct investment has grown only slowly. In 2002, private transfers, primarily from housemaids in the Middle East, were sufficient to finance 90% of the combined deficit on trade, services and income accounts (EIU, 2004). In 2004, remittances offset around 60% of the trade deficit (Amjad, 2004). The contribution of the Tamil diaspora is almost certainly underestimated because much of this money is remitted through informal channels (Koser and Van Hear, 2003). Workers' remittances to Sri Lanka are the highest in South

<sup>1</sup> The worst-affected areas in terms of economic damage and damage to livelihoods were the eastern regions of Ampara, Batticaloa and Trincomalee. In the south, the worst-affected areas were Hambantota and Galle. The western district of Kalutara was also badly hit.

**Table 2: Sri Lankan migrant workers and the tsunami-affected population**

District	Number overseas*	Total population**
Kalutara	52,754	1,077,000
Galle	52,093	1,011,000
Ampara	46,041	605,000
Batticaloa	41,512	536,000
Matara	23,620	780,000
Trincomalee	20,942	377,000
Hambanthota	17,631	533,000
Jaffna	7,258	589,000
Mullaitivu	402	141,000
<b>Total</b>	<b>262,253</b>	<b>5,649,000</b>

\* Source: Sri Lanka Bureau of Foreign Employment.

\*\* Source: 2003 Central Bank Report, Table 52.

Asia on a per capita basis. Using Sri Lankan household survey data from 2001/2002, Lasagabaster et al. (2005) suggest that remittances are particularly significant for poor households: almost 45% of recipient households belonged to the lowest two income quintiles.

#### 4.2.2 The tsunami

The tsunami killed more than 31,000 Sri Lankans and destroyed over 99,000 homes. It also damaged coastal ecosystems that supported the livelihoods of several poor and vulnerable groups. The total damage was estimated at \$1 billion – roughly 4.5% of Sri Lanka's GDP (ADB/JICA/World Bank, 2005). The fishing and tourism sectors were the worst hit sectors of the economy.

The Sri Lankan government responded quickly by releasing funds for relief operations in ten districts. A Centre for National Operations (CNO) was formed under the President's Secretariat to oversee and monitor emergency relief and liaise with line ministries, NGOs, the private sector and other organisations. At the district level, Disaster Management Authorities were appointed to coordinate local relief efforts. The international response was also quick and very generous. Interviews, however, indicate that the first to help were ordinary people from neighbouring villages, religious organisations and friends (often tourists). They provided tsunami survivors with shelter, food and water. There were widespread reports of great generosity. NGOs arrived soon afterwards, providing food, shelter, clothing and first aid. Interviews suggested that government assistance reached people much later, often a month after the tsunami. Help from relatives abroad was crucial in enabling people to survive and re-establish a semblance of normality.

#### 4.2.3 Remittances, relief and recovery

Large numbers of migrant workers, returnees, their dependants and prospective migrants lived in tsunami-hit areas. Nearly one-fifth of the total population (5,649,000) of the affected districts belonged to migrant worker households (Soyas, undated). The Migrant Collective, a foundation for migrant welfare, develop-

ment and research, estimates that more than 131,000 migrant families were affected (Migrant Newsletter, January 2005). This implies that more than a million people dependent on migrant remittances were affected by the tsunami.

Before the tsunami, remittances were spent on improving or building a house, purchasing durables, meeting regular consumption needs, including food, clothing, education, transport and medicines, strengthening the family business, purchasing jewellery and financing special occasions. Repaying loans, particularly loans taken out for migrating, was often the first use that remittance money was put to.

In many locations, the worst hit by the tsunami were households in thatched huts situated within 100 metres of the coastline. In Deshastra village, a tourist village in Kalutara district, most of the families living in such thatched huts were very poor fishermen (who work only six months a year), and daily wageworkers. Both groups are usually too poor to dispatch migrants who could send back remittances. However, the situation differed from village to village. In Aethagama village, where major occupation groups are toddy-makers (making alcohol from palm sap), fish sellers, small-scale businesses and wage labourers, none of the households within the 100m zone had a thatched house. This is because all of them had migrating members and had invested remittances in building a concrete house.

Data collected by the Central Bank of Sri Lanka show that the flow of remittances and donations increased sharply in the months immediately after the tsunami, especially during February and March 2005. Donations received through banking channels by the government, NGOs and others by 30 June 2005 stood at LKR 15,313 million (\$153 million). This included LKR 2,309.9 million received by the government mainly through the Central Bank of Sri Lanka and two state-owned commercial banks. People donated generously, and all the major banks made special arrangements to receive remittances. According to the Central Bank, remittances from Sri Lankans living abroad produced a first-quarter balance of payments surplus of \$179

million. The Bank forecast an overall surplus for 2005, after a deficit of \$205 million in 2004 (BBC, 2005).

In all the villages surveyed, around half of the migrants who were away at the time of the disaster came back to provide moral and financial support. Carrying back migration earnings was one of the main purposes for returning. While some came back permanently, others did so for only a few weeks. In Dadalla village, for example, migrants returned to look after parents and children and rebuild houses, or to help move the family to safer areas. Those who gave up their jobs abroad were prepared to settle for local jobs with lower wages. While some wanted to migrate again, a major constraint was the lack of cash because of the loss of assets and higher expenses after the tsunami. According to key informants in Dadalla village, most of the family members of migrants who are left behind work only part-time, and are heavily dependent on remittances.

The case of Mr. Shafeek (described in Box 7) shows that families that were heavily dependent on migrant remittances before the tsunami were highly vulnerable after it because the return of migrating members resulted in a loss of income. While this was temporary in some cases, in others it may have led to a longer-term and serious reduction in household incomes. It would therefore be dangerous to assume that households depending on remittances do not require external assistance in emergencies.

While in all the villages studied, new migration did not occur in the three to four months afterwards, the tsunami did have an impact on subsequent new migration. A survey of 500 households in Galle conducted by Grote et al. (2006) found that households that were severely affected by the tsunami were more likely to migrate than others. Having relatives elsewhere and receiving financial and/or material support, such as tents or tools, also created a 'push' and encouraged a household to decide to leave the area. Factors that decreased the likelihood of migration were higher education, good access to information and the ownership of land and a house, as well as support programmes providing households with building materials.

In several cases, remittances sent through banks could not be accessed immediately: it took between one and two months for people to access their money. This was because some banks were closed for several weeks in tsunami-affected areas, access to banks was difficult due to road obstructions or damaged bridges and because people had lost bank papers and documents; it took 1–4 months to obtain temporary documents certified by the village-level administrative officer (Grama Niladhari), giving people access to their bank accounts. On the other hand, in Deshasthra village in Kalutara, which is relatively better connected, temporary documents were issued within a week. People could access money from the banks, and this helped them procure emergency supplies.

### Box 7: Sri Lanka: remittance receiver case study

Mr. M. C. M. Shafeek (50) lives in Katugoda, Galle district. His son has been working in a supermarket in Saudi Arabia since December 2003. He migrated through an employment agency in Colombo, paying SLR65,000 in cash. The money was obtained by pawning the jewellery owned by Mr. Shafeek's family. The son was sending SLR10,000 per month through the government-owned Bank of Ceylon. He sent more money during festival seasons. The family has not encountered any difficulties in receiving money from abroad. Mr. Shafeek himself worked for 12 years in the Middle East. A large portion of the remittances he sent was invested in building a house and buying household equipment.

The tsunami killed Mr. Shafeek's wife, his daughter and a nephew, and destroyed his house and everything in it. The traumatised son came back to Sri Lanka. The expenses for the return airfare were borne by his friends in Saudi Arabia. The arrival of the son was an important source of strength to the family, economically and psychologically. The son has since returned to his job in Saudi Arabia, after spending about three months in Sri Lanka, but he has not sent any remittances after his return because he is repaying the debt he owes his friends. Mr. Shafeek's position has become extremely vulnerable because he does not have a job and his son cannot send him money. He is dependent on relief programmes and has earned some money through cash for work programmes.

The main road to this village was not blocked, and access to other areas was possible. Where remittances could be accessed, they were critical in meeting needs that government and NGO in-kind assistance could not. Chief among these were food not provided by relief, such as fish, meat, vegetables, baby food and milk powder; medicines for chronic diseases; and supplementary items needed for livelihood activities. For example, in some areas relief programmes provided boats to fishermen, but not nets. Remittances were used to buy nets, and to pay the interest portion of pre-tsunami debts.

One very important use of remittances after the tsunami was in housing for those whose homes were within 100m of the coast. Due to new regulations, people within 100m of the coast were initially not eligible for a government loan or an electricity connection. The government is trying to resettle these people further inland, but they are reluctant to move because their livelihoods are closely linked to the coastal economy, and land is valuable because of the tourist industry.<sup>2</sup> This is certainly the case in Deshasthra village, where all households own some land but livelihoods are not agriculture-based. Most households work in the tourist sector on a part-time basis. They sell souvenirs, work as guides and sell clothes, jewellery and food to tourists. The villagers are

<sup>2</sup> Since the research for the case study was conducted, regulations on the government 'buffer zones' have been relaxed.

reluctant to move inland and part with their land and businesses. Remittance money has allowed them to repair and rebuild their houses.

While remittances have the advantage of reaching migrant families directly and letting them make their own spending decisions, they exclude the poorest since these households rarely send family members overseas. Interviews indicated that the poorest and most excluded groups before the tsunami became even worse off afterwards, and did not benefit from remittances. There was therefore evidence of a remittance gap.

Informal money transfer mechanisms appeared to work efficiently. The home village and alumni organisations that often use them, especially in Tamil areas, initiated coordinated fund-raising drives after the tsunami. On 26 December 2004, three community radio stations and one Tamil television station in Canada launched a live, on-air fund-raising campaign. It lasted for three days and raised C\$2.5 million. The money collected was sent to Sri Lanka every three hours, or whenever funds reached C\$50,000, through informal money transfer agents. Members of the relief organisation coordinating work in the north-east, as well as representatives of the Toronto money transfer agency, were also on air via telephone from Sri Lanka. The money was transferred to the tsunami-affected region instantaneously.

#### 4.2.4 Conclusion

Migrant remittances helped recipients in several critical ways before government cash assistance arrived. Remittances helped in ways that government cash assistance could not, especially in housing reconstruction for those near the coast and not eligible for government aid, and for purchasing medicines, supplementary equipment, baby food and other essentials. However, the disruption to banking systems made it difficult for people to access their money. Where institutions worked better and infrastructure was restored relatively quickly, as it was in the better-connected villages, people were able to obtain temporary documents, which gave them access to bank accounts. In less well-connected villages the delays were longer, thus blocking access to an important cash resource. Informal cash transfer mechanisms used by diaspora networks in the West delivered money to tsunami victims almost instantly.

There are lessons here for governments and humanitarian organisations. Banking channels may be disrupted, and ways need to be found of overcoming the obstruction created by lost and damaged records and documents. Banking systems should be restored on a priority basis. Aid agencies need to recognise that certain parts of society are excluded from remittances. Those without remittances may need targeted support. However, it is dangerous to assume that all families receiving remittances have support and do not need government help, as the migrant member may have to return in the event of a crisis and there may be delays in accessing

### Box 8: The role of remittances in resettlement

Mr. R. A. Ajith Asoka is a young father of two (his children are eight and two years old). They live in Dadalla village in Galle district. Mr Asoka migrated to the Middle East to work as a driver, through an employment agency in Colombo. The agency charged him LKR50,000 in service charges, medical insurance and government fees. Mr. Asoka used his own savings and procured an interest-free loan from his friends. He also took out a loan from a moneylender at 20% interest.

Mr. Asoka sent SLRs25,000 once every two months to his family through a bank account. He occasionally used Western Union when the need for money was urgent, as when he was building a house and when his daughter was in hospital. His house was flooded and partially damaged by the tsunami. The money from his earnings was extremely useful to the family in renting a house after the tsunami.

remittances and savings. The government should educate and inform people about the risk of normal banking systems being disrupted during disasters. The government should also aim to cut the costs of remitting money by encouraging competition and making banks more accessible to the poor. Informal money transfer systems may provide critical support during times of crisis. International efforts to regulate such systems should take a more informed approach, which distinguishes between informal systems that are funding undesirable activities and systems that are helping the poor to rebuild their lives. More research is needed on understanding how this can be achieved.

### 4.3 Remittances case study: Aceh, Indonesia

#### Treena Wu

This case study looked at the role of remittances in the livelihoods of people in Aceh, Indonesia, much of which was devastated by the 2004 tsunami. It examined how people used remittances before and after the tsunami, and the effects the disaster had on remittances. For the study, interviews and focus group discussions were conducted in June and July 2006 with migrant workers and their families in Aceh. Interviews were also arranged with migrant worker union organisers, community leaders and remittance companies in Aceh, Malaysia and Singapore.

#### 4.3.1 Remittances in Aceh

Before the peace agreement in 2005, Acehnese society was in continuous crisis for over 30 years. How people coped is reflected by migration trends (forced and voluntary), and the remittance system as an adaptive response has developed over time. The same type of coping has been used in response to the tsunami.

Before the tsunami, formal and informal remittance channels were well developed and functioned efficiently. Formal

migrant workers could choose between the two channels. Informal workers could use a combination of the two – the sender without a bank account could use a moneychanger to transfer funds to his/her family's bank account. Respondents explained that families try to ensure that there is one bank account for use by the whole family.

Based on interviews with Acehnese families, the most important spending priority for remittances is to support elderly parents. The next priority is to help pay for the family's basic needs, which includes school fees. Housing, which is a priority in other parts of Indonesia, was not as important to the Acehnese as most had some form of housing and land before the tsunami. Remittances are typically only sent after the first year of work in Malaysia or Singapore because most migrants are obliged to first pay off their debts to the recruiting agents (known as *calo*) who arranged their jobs and loaned them the money to migrate.

#### 4.3.2 The tsunami

The tsunami swept clean an 800km coastal strip of Aceh. Whole villages were completely destroyed; some 130,000 people were killed and 37,000 remain missing. An earthquake on 28 March 2005 added to the death-toll in Nias, Simeulue and southern parts of Aceh. These events caused immense social, economic and environmental devastation to areas that were already poor. Before the tsunami, more than a third of the population of Aceh lived in poverty. At the time of the study, almost half lived below the poverty line or were dependent on food aid.

#### 4.3.3 Remittances, relief and recovery

In the first month after the tsunami, many migrant workers could not locate their families. Family members had either died or been displaced. People tried to contact their relatives using mobile phones, but interviewees noted that this often took two to four weeks. Many people could not return to care for their families for a variety of reasons, including:

- Those in the first year of work had to use all their income to repay debts incurred whilst migrating.
- Workers who had migrated illegally could not risk arrest by returning to Aceh.
- Some people could not get permission from employers for a leave of absence.

Migrant workers who could not return sent emergency remittances via friends and relatives. According to six respondents who could not return immediately after the tsunami, the amounts remitted were the same as before the tsunami. In addition, according to a migrant worker union organiser, the union mounted a fund-raising campaign to supplement the remittances of workers. These charitable contributions were pooled and distributed by community-based organisations (CBOs), using their social networks, and by humanitarian actors.

#### Box 9: Examples of return

One respondent who managed to return located her entire family in an IDP camp. She said that she returned with a planeload of other workers at the beginning of February 2005. She was fortunate to receive a leave of absence for a month. In addition, her employer made a charitable contribution of RM1,000, or approximately \$266. She brought home money, food, clothes and gifts to help her family, especially her widowed mother, through the emergency period. She stayed with her family in the camp for the month she was in Aceh. By the time she left, her family had returned to rebuild their damaged home.

Another respondent flew from Malaysia to Aceh two weeks after the tsunami. She used to send remittances to her family frequently, but since starting her own family in Malaysia, she had sent less money and tended to focus on her mother's needs. In the aftermath of the tsunami, she ensured that her mother was relocated to a relative's house, and had sufficient funds, food, medicine and clothes.

Both formal and informal remittance channels were badly affected by the tsunami. Banks and infrastructure were destroyed or severely damaged. Only BNI and Bank Syariah Mandiri in Lhokseumawe on the east coast were operational by the first week of January 2005 (Kompas, 2004). BII was operational by 14 January. Although Western Union was operational within 24 hours of the tsunami, it had limited coverage because its agents, including the above-mentioned banks, had suspended operations. Moneychangers were only operational 1–2 weeks after the tsunami. However, Pos Indonesia managed to function by redirecting its workload away from damaged areas in Aceh to Jakarta and Medan. According to the Central Bank of Indonesia, total remittances received by the country for January–February 2005 stood at Rp.177,680 million, down by 7.34%.

A problem that many migrant workers faced was that they could not provide an address for their relocated families. A mailing address is needed by WU, Pos Indonesia and moneychangers for contact to be made with the recipient. The use of a mailing address to identify a recipient is an institutionalised practice in both formal and informal channels because many recipients from poor rural households do not have ID. This situation was exacerbated by the tsunami, when those who did have IDs lost them in the disaster, and their identity could not be verified by neighbours because of massive displacement.

Formal remittance-sending companies sought to promote transfers during the emergency period. Singapore Post (Sing Post) announced a commission waiver on remittances to tsunami-hit areas from 14 January–31 January 2005. On behalf of WU, Sing Post also announced that a reduced and flat rate

of \$12 would be charged for remittances to any of the tsunami-affected countries. Transfer amounts could not exceed S\$1,000 (US\$131). However, Sing Post reported that the remittance trend remain unchanged during this period. This is probably because the problem of identifying and locating/tracing recipients was more significant than savings on the commission fee.

Using official figures from the Central Bank of Indonesia and Sing Post, it can be strongly inferred that many IDPs had their remittances disrupted and had to rely on NGOs and CBOs for emergency relief immediately after the tsunami. But by February–March 2005, remittances had started to recover. This may have been because moneychangers put in place an emergency communications system using the local mobile phone network. Using this system, they could help migrant workers contact their families. The locations of IDP camps could then be provided to the moneychangers, who would make arrangements to either deliver the funds to functioning bank accounts, or make deliveries to the camps themselves.

By mid-2005, respondents observed that more migrant workers were returning to Aceh bearing money and gifts. By the end of 2005, remittance systems, both formal and informal, were operating at a higher capacity for Idul Fitri celebrations in November. This suggests that, by mid-2005, as Aceh had entered the relief and rehabilitation phase, and families were using aid assistance and remittances in a complementary manner.

One woman interviewed in Tanjung Daya, Aceh Besar, reported that she was looking forward to moving into her new aid agency-built house and celebrating Idul Fitri. When asked why some of her neighbours still had not moved into their homes, she said that the women could not afford to furnish their homes and refused to move into an empty home for the celebrations; they preferred to continue living with relatives. This is based on the cultural belief that, for Idul Fitri, the home must be well decorated. When asked how she could afford to furnish her home, and at increased prices because of the festive season, she said that it was because she had received money from relatives. This implies that, even though there is pressure for aid agencies to quickly build homes for IDPs, it may be that remittances give families the extra financial nudge they need to move into those newly built homes.

A young female domestic worker was interviewed in her home in Meulaboh. She had returned immediately after the tsunami to look for survivors. When she felt that her family no longer needed her assistance, and if she could not start up her own baking business with a grant from an aid agency, she would return to Malaysia to continue as a domestic worker for the same employer. It appears that less skilled and more economically vulnerable migrant workers are returning to Aceh to assess economic opportunities in the recovery and peace building process. This suggests that there is reverse

migration to seek livelihood opportunities, rather than to provide care and relief to the tsunami survivors.

Our sample group included four IDPs, who were all assessing the costs and benefits of returning to Aceh temporarily or permanently. They reported that many workers had returned from Malaysia in November to celebrate Idul Fitri, and after the holidays would decide whether to stay on. These IDPs had short-term work contracts in Malaysia. They explained that, in general, migrant workers who returned indefinitely after the tsunami were undocumented workers in Malaysia. Given the presence of foreign aid in Aceh, they felt that they might be able to find jobs without running the risks faced in Malaysia. These respondents chose to be located in tsunami-affected areas, where the reconstruction process had begun. They explained that they were hoping to find any type of job, such as construction, driving or managing a small grocery kiosk. If they could find a stable job and live with their families, they would stay in Aceh permanently, instead of looking for a higher-paying job in Malaysia. This implies that their remittance contributions were minimal, as they preferred to return to Aceh to look for mutual support. They also explained that one of the motivations for permanent resettlement in Aceh was patriotism. Community leaders in Malaysia confirmed that many families wanted to return to their homeland now that peace had been achieved, but they were still uncertain whether the national government would permit Aceh autonomy.

#### 4.3.4 Conclusions

The findings of this study have three implications for initial emergency relief programming:

- families who previously relied on remittances are initially likely to be as in need of assistance as others;
- assistance to restore livelihoods should include consideration of ways to assist the restoration of remittance flows; and
- the impact of an emergency on migration and remittances may involve reverse migration and the use of alternative emergency remittance channels.

Following the tsunami, people who normally relied on remittances for their livelihoods were affected in a similar way to non-receivers; their main source of livelihood was disrupted and their daily needs could not be met. For at least two to three months after the tsunami, these families were in need of assistance in the form of cash and in-kind support to cover their basic needs whilst remittance systems were being restored.

Assistance to restore livelihoods may very usefully be directed at restoring remittance flows and should focus particularly on communications and family tracing, and systems for proof of identity. Households in isolated areas experience great difficulty in receiving remittances from financial institutions. A crisis such as the tsunami increases the costs of remittances,

both financially and in terms of time. Humanitarian actors can make an important contribution to addressing this problem, through collaboration with banks and moneychangers to identify and locate intended recipients, and possibly to provide an alternative distribution channel.

The demographic and social profile of migrant workers is vital to understanding the effects of the tsunami on people receiving remittances. The relationship between the sender and the recipient within the household is another important factor for consideration, as remittances are often intended primarily to support parents, wives and children. Assessment methodologies commonly used by relief agencies are not sensitive to such detailed issues and relationships. Registration of aid beneficiaries should include studying the profile of senior citizens, who may have a migrant worker child, and the profile of wives and children, who may have migrant worker fathers. In the short term, these households are arguably more in shock than households in which the head of the family/breadwinner is present during the emergency. In needs assessments, migrant worker families need to be distinctly identified. While they should receive the same amount of humanitarian assistance, they are more likely to recover to pre-crisis cash income levels faster, assuming that remittances resume quickly. Hence, if they have been targeted for cash-based assistance, this relief should be redirected when they start to receive remittances again.

To support such needs assessments, humanitarian actors should refer to the banks and moneychangers for guidance. As humanitarian actors have better records of IDP camps, they can collaborate with the remittance services to locate recipients. This is crucial for beneficiaries who are without bank accounts, or who are located in isolated areas.

#### **4.4 Remittances case study: Northern Pakistan** **Abid Suleri and Kevin Savage**

This case study looked at the role of remittances in the livelihoods of people in areas of Northern Pakistan affected by the devastating earthquake of 8 October 2005. It examined how people used remittances before and after the earthquake, and the effects it had on remittances. The study aimed to improve understanding of how remittances helped people recover; which groups benefited from remittances and why; whether and how remittance mechanisms functioned; and what lessons could be learned. The report was based on qualitative research carried out in June 2006 in villages known to have high numbers of remittance-sending migrants in each of the four districts most affected by the earthquake.

##### *4.4.1 Remittances in Pakistan*

Since independence in 1947 – an event that itself was profoundly linked to migration – millions of people have immigrated to and emigrated from Pakistan, resulting in a vast network of migrant connections around the world. The Pakistan government puts the current expatriate population at around seven million, many

of them residing in much richer countries in the West and the Persian Gulf. As a result, Pakistan is one of the largest recipients of remittances in the developing world. For many years, official remittances have far exceeded either foreign direct investment or official development assistance; in the 1980s, remittances were linked to a rapid decline in poverty levels. If anything, the level of official remittances has increased in recent decades. In 2005–2006 (the year of the earthquake), official remittances reached some \$430 million, an increase of over 10% over the previous year (State Bank of Pakistan, 2006). The main sources of overseas remittances are Saudi Arabia, the United Arab Emirates (UAE), the UK and the US. It is important to stress that estimating remittance flows is fraught with difficulties, and the data needs to be treated with great caution.

Life in the highlands of Azad Kashmir and North-West Frontier Province (NWFP) affected by the earthquake has always been difficult, even in ‘normal’ times. The difficult terrain and severe winters mean that farming alone has never offered a secure livelihood in most areas, and food production has long been a key concern in the areas affected by the earthquake. According to the World Food Programme, Muzaffarabad, Bagh, Battagram and Mansehra are ‘food-insecure’ districts (WFP, 2004). Both availability and access are constrained. Local grain production is insufficient to meet local needs, and has to be supplemented by production elsewhere in Pakistan. Many households send out migrants to live and work elsewhere and to send back remittances.

Almost all – 96% – of the recipient households in our study reported that remittances were their primary source of income, and half said that they relied on remittances as their only source of income. Only a quarter of recipient households cited farming as a secondary income source. By contrast, the livelihoods of non-recipient households tend to be more diverse and varied, including manual labour, farming (including livestock), private jobs and services. Remittance recipients were generally better off than non-recipients, with much wider ownership of consumer goods, such as televisions and refrigerators, and household assets, like motorcycles. Prior to the earthquake, remittance recipients were better able to buy food on the markets than non-recipient households were. Many respondents – recipients and non-recipients alike – reported that, before the earthquake, they had stocks of food grain in their houses. Most non-recipient homes were built with loose or earth-set masonry, while most recipient homes were built using cement mortar. These differences had important implications for the way recipient and non-recipient households experienced the earthquake and its aftermath.

##### *4.4.2 The earthquake*

The earthquake in 2005 killed over 73,000 people and affected more than three million more in NWFP and Kashmir. The affected area covered some 30,000 square kilometres of mostly remote and mountainous terrain. An estimated 600,000 homes, 6,000 schools and 500 health facilities were destroyed, leaving



millions of survivors to face, not only the loss of their families, communities and livelihoods, but also the imminent arrival of the region's freezing winter weather without adequate shelter or the means to meet basic life-sustaining needs.

The most immediate response to the earthquake was undertaken by the survivors themselves, who searched for their neighbours and families amid the rubble and set up temporary shelters in the ruins. The Pakistani government also quickly mobilised resources and appealed for international assistance. As initial search and rescue efforts took place, a very large multinational response got under way, including not only the Pakistani government and military but also NATO, the UN, bilateral donors and international NGOs. In addition to the largely unrecorded actions of private individuals, the relief effort involved the delivery of half a million tents, five million roofing sheets, two million tarpaulins and six million blankets, as well as the provision of thousands of tonnes of food and water, sanitation, health and supplementary feeding for hundreds of thousands of people.

#### 4.4.3 Remittances, relief and recovery

As the humanitarian response began to look beyond immediate life-protecting needs and consider the effect of the earthquake on people's livelihoods, it became apparent that migration and remittances, both within Pakistan and internationally, were a key concern. Remittances had formed a central part of many families' livelihoods strategies before the earthquake. One study, conducted in 2004 (Steimann, 2005), showed that 60% of the households surveyed relied on remittances to support their livelihoods. Early assessments found that large numbers of remittance earners had returned to their families, often giving up their jobs and thus depriving remittance-receiving households of income. Furthermore, communications systems were damaged, delivery outlets (banks, post offices, Hundi money-changing agents) were destroyed and identification documents lost.

More than half of respondents in the study area received external help from national and international NGOs, and 40% were assisted in some way by the government. None of the remittance recipients in our study area reported having to sell assets to meet needs after the earthquake, despite the reduction in remittance flows that followed the earthquake. Several non-recipients, however, reported selling jewellery and livestock to pay for shelter and healthcare. What seems to have happened is that external assistance filled the gap left by the drop in remittances in the immediate aftermath of the disaster. Furthermore, the majority of recipient households told us that they lost little or none of their stored food grains to the earthquake largely due to their houses' survival. That said, the many aftershocks that followed the initial earthquake forced people living near fault-lines to leave their homes and take refuge elsewhere, with the result that access to food was limited, at least for a short period, for both recipient and non-recipient households, and both were

dependent on external food aid immediately after the earthquake.

Remittance households also appeared better able to access relief resources. While many affected people moved into distant camps, primarily at lower altitude near urban centres, the vast majority of rural people stayed close to their original homes. However, many aid distribution points were in main towns, necessitating travel from remote rural areas. According to our research, over half of respondents in Battagram reported that remittance money had enabled them to make the journey to their nearest distribution point. Many non-recipients complained that they were not able to access relief assistance in time, or in sufficient quantity. A small number of remittance receivers highlighted differences between assistance given to urban areas or nearby camps and that given to rural areas, asserting that, in cities and camps near urban centres, overall assistance was greater and people had wider access to services, such as telecommunications and specially reduced calling rates, in comparison to rural areas where most people had stayed. Overall, we found that the importance of remittances was felt to have increased in the immediate aftermath of the earthquake, even though the actual contribution remittance money made to the household declined.

Before the earthquake, saving money for emergencies was reportedly the responsibility of the remittance-sender, rather than the recipient, and most recipients spent everything they were sent. What savings they had were mostly in valuables (jewellery, household items) rather than cash. Just under half of recipients (43%) told us that remittances were used for daily household expenditures (food, clothing, healthcare, school fees). A third (32%) said that, in addition, they used remittance money to pay off debts, refurbish the home, pay wedding expenses and arrange dowries for their children. Some 20% of respondents stated that they used the remittances for housing construction and investment in property.

One of the more important uses of remittances before the earthquake was in the construction of houses using cement mortar. Over half of non-recipients were living in houses constructed with stone masonry either loose or set in earth (mud), whereas almost all remittance recipients lived in houses built with cement mortar, which seemed to withstand the earthquake better. Most loose or earth-set masonry homes in the villages we looked at were completely destroyed, while many of the cement-mortar houses, although damaged, were still standing.<sup>3</sup> After the earthquake, many remittance households only needed to repair their homes, rather than entirely rebuild them, while their access to remittance money made remedial work much easier than for other households. Thus, recipients' homes seem to have been less vulnerable to the earthquake in the first place, and their rehabilitation in its aftermath seems to have been much less difficult.

<sup>3</sup> Detailed assessment of the different construction methods in the study area is beyond the scope of this report.

Although the great majority of remittance recipients – 80% – suffered no physical injuries as a result of the earthquake, mortality was slightly higher among this group than among non-recipients. Some respondents attributed this to the fact that, while cement-built houses were more robust, when they did fail their collapse was more likely to cause fatalities than mud-built homes. Just over half of remittance households reported that they had to pay for private, follow-up treatment for their injuries. Expenditures ranged from Rs5,000–50,000, the major portion of which was met through remittance money. Most non-recipients were forced to rely on public healthcare, and were not satisfied with the quality of the treatment they received.

Almost a third of remittance receivers shared their remittances (in-kind or cash) with non-recipient relatives before the earthquake. Unsurprisingly, this declined significantly in the aftermath of the earthquake as recipients looked to their own needs. Nonetheless, the flow of remittances indirectly helped the local economy. Key informants, such as traders, felt that local markets that had collapsed after the earthquake would have taken much longer to revive without remittance resources. Markets reopened (albeit in temporary accommodation) to meet the demand generated by remittance cash. Likewise, building workers found employment more easily thanks to remittances, which enabled recipient households to employ them to repair their homes.

#### 4.4.4 Conclusions

In the aftermath of the Pakistan earthquake, most people were in need of immediate humanitarian assistance regardless of whether they formerly received remittances. Practically all households suffered loss of income due to the destruction of productive assets, the death or injury of wage earners, the loss of local jobs, the return of wage earners from distant cities or the disruption of remittance flows. However, households whose livelihoods included international remittances appeared less vulnerable to the earthquake's effects, and possessed considerably more livelihood resilience as remittances were re-established in the weeks following the disaster. Households that received international remittances before the earthquake were better off than ones that had not, and had invested in improved housing. As international migrants returned, bringing cash with them, and communications and financial systems were restored, remittance households were able to access funds to re-establish their livelihoods and begin repairing and rebuilding lost assets, such as housing.

### 4.5 Remittances case study: Darfur, Sudan Helen Young

This study examined remittances in Darfur, Sudan. It reviewed the role and importance of remittances in the livelihoods of rural Darfurians before the current crisis and at its height in September 2004, and assessed the impact of the conflict on migration patterns, remittance transfer mechanisms and remittance flows. The study drew on a larger piece of research carried out in 2004 by the Feinstein International Famine Center,

that investigated the effects of the crisis on the livelihoods of selected communities in Darfur. This work used case studies from a wide range of communities across Darfur and included research within the Sudanese migrant community in Libya, which has provided most of the remittances to Darfur.

#### 4.5.1 Remittances in Darfur

Darfur has a long tradition of trade, migration and, during the past 30 years, remittance transfers from the Darfurian diaspora. Labour migration and the transfer of remittances are a long-established livelihood strategy in Darfur, which as a source of food and income closely compete with the two principal livelihood strategies of rural groups (farming and herding), providing up to 40% of food and income. Labour migration allowed Darfurians to diversify their income sources and thereby increase their resilience to periods of hardship and food insecurity. In a context of minimal waged labour employment, labour migration and trade were the main sources of cash income or goods in kind available to rural households. Labour migration therefore has to be considered in the wider context of people's livelihoods, and their strategies to diversify sources of food and income, particularly in terms of acquiring sources of cash income, and also in terms of reducing risk in times of food insecurity.

There are clear gender and age profiles among Darfurian labour migrants. The majority of migrants leaving the region are men aged between 18 and 35 years, while women in the same age group traditionally seasonally migrate within Darfur during the agricultural slack season. Women sometimes accompany their husbands, particularly if they are professionals or traders and working professionally in neighbouring countries.

Within the case-study areas of Darfur, respondents distinguished between three broad categories of migration and source of remittance transfers before the conflict:

#### *Seasonal and other short-term migration within Darfur*

Movement to other parts of Darfur is usually temporary or seasonal: for example, from Geneina to El Fasher with the livestock trade, and from North and West Darfur to South Darfur for three to four months' seasonal agricultural work from November to January. Because of the different rainfall patterns in Darfur people work on their own farms and, out of season, migrate southwards for work elsewhere. Urban areas of Kutum, El Fasher and Nyala also offer opportunities for casual work. Such work might provide the opportunity to raise sufficient resources to migrate to other destinations.

#### *Internal migration to other regions within Sudan*

This dates back to the development of rain-fed mechanised agriculture in Eastern Sudan. When mechanised rain-fed agriculture was introduced in the late 1960s, the Sudanese government called on farmers to migrate towards areas of high production potential. In Gedaref Darfurian communities, especially the Masalit, have established villages in the area

and are engaged mostly in agricultural activities (and to some extent non-agricultural activities) as their primary occupation. In more recent years, Khartoum has attracted millions of people – those displaced by natural and man-made disasters, as well as economic migrants seeking opportunities to send back remittances.

#### *Migration abroad*

Decreasing wage rates in Eastern Sudan and the oil boom in the Middle East in the 1970s and early 1980s made destinations outside of Sudan more attractive. Because of its relative proximity, Libya provided the most feasible option, compared with Saudi Arabia or Iraq. Travel to Libya was cheaper, required minimal (if any) processing of travel documents and, most importantly, labour migrants from Darfur enjoyed strong support from an established diaspora in Kufra and elsewhere in the country.

The importance of each of these destinations varied in the different case studies. It was noticeable that the Arab communities of Zayadia in Mellit and Beni Hussein in Seraif had much stronger links with Libya, probably as a result of the strong trade ties based on export of livestock and also the opportunities for Arab pastoralists to travel to Libya as herders, a principal livelihood strategy for these groups. Libya historically has been an important destination for Darfurian labour migrants, although its relative importance is changing, with migrants perceiving Libya as a gateway to Europe rather than as a destination in itself. According to some key informants outside of Darfur, Iraq was an important destination before the war, but during the field study it was hardly mentioned. Very small numbers of Darfurians were reportedly working in Saudi Arabia, for example, with only five men from Seraif known to be working there at present. However, an important difference is that almost all of those who go to Saudi Arabia do so legally and therefore have access to foreign currency and banking services.

The Masalit IDPs in Geneina reported a strong tradition of labour migration particularly to the east of Sudan, but also to Libya. Migration to Omdurman and Khartoum was traditionally more important for the Fur of Jebel Si, and also for the mixed tribes in the rebel-held areas of Disa, who both commented on the expense and difficulty of travelling outside Sudan.

Remittances take various forms, including cash and other financial transfers, in local and foreign currency, goods in kind (for consumption and capital) and also the skills, knowledge, ideas and experience newly available within the local community. In the past, these remittances were used mainly to meet consumption needs, including daily expenses of food, school fees, transport, water and healthcare, and also to pay debts and to make investments in livestock. Remittances also take the form of social and political capital established among the diaspora, which flows back to the receiving community. In fact, in many areas the diaspora represent a strong social and

often political network. Among the long-established diaspora communities in Gedaref, there is a long tradition of sending back a portion of remittances to support the poor in their home communities. This gains the remitter social standing and respect, an important form of social capital. As remittances in general have dramatically fallen it is likely that these forms of positive social investment have also declined.

The financial value of cash remittances is strongly influenced by the prevailing rates of exchange between the sending and receiving communities and the exchange rate with the US dollar. High inflation in Libya in the 1990s and a falling exchange rate with the US dollar reduced the remittance earning potential of Sudanese migrant workers. Recently, while exchange rates between the US dollar and the Sudanese dinar remained fairly stable, inflation in Darfur has increased as a result of the conflict, thereby reducing the value of cash remittances. Utilisation of remittances is also influenced by access to markets and the availability of goods, both of which have been drastically reduced as a result of insecurity and conflict.

Darfurian migrants remit money and/or goods back to recipient communities in Darfur using three mechanisms:

- Through the hawala systems that connect Darfur with Omdurman/Khartoum and a range of diaspora locations externally. These systems may be either trade-based (i.e. involving an exchange of goods for trading purposes), or are financial transactions which take advantage of exchange-rate differentials and also may charge a fee.
- As hand-carried transfers in cash or in kind, either personally or sent with a close relative, friend or truck driver known to the sender.
- As a bank transfer, internationally or within Sudan.

The trade-based hawala system is closely linked with the trading of goods between Khartoum/Omdurman and Darfur, and also between Libya and Darfur. Cash remittances are sent in the form of goods between two hawaladar agents, who are traders, one in Omdurman and one in Darfur. They agree on a transfer of goods from Khartoum to Darfur, to the value of the monies being sent. The Darfur-based trader then pays the remittances to the migrants' families.

The hawala system in Darfur depends on functioning markets, particularly the secondary or tertiary export markets, and also the reliability of communications, particularly functioning telephone landlines, mobile networks, or even satellite phones. Thus, in small towns like Seraif, or in rural areas like Jebel Si, there was no hawala system. The hawala system is therefore only available to the inhabitants of provincial towns where larger traders are operating, or to people who have trusted contacts there.

The hand-carrying of remittances in cash or in kind is often the preferred way of making transfers, particularly for the near

diaspora in Khartoum/Omdurman, Eastern Sudan and Libya. The journey south from Cairo into Sudan and then westwards to Darfur involves multiple taxation points, and so where possible the route through Libya is preferred. For example, migrants in the Gulf States will often route their in-kind remittance transfers through Benghazi and Kufra, rather than through Egypt. Many young Darfurian men leave Darfur to go to Libya for a period of a few years, and then save their resources and bring them all back with them on their return, rather than sending remittances periodically. Remittances in kind included clothes, electrical goods (radios and TV sets), foodstuffs (sugar, rice, flour, edible oil, biscuits, pasta), household goods (mattresses, blankets, pans, crockery, plastic goods, mats), perfumes and jewellery.

Before the conflict, the larger towns in Darfur had working bank systems. These banks served primarily professional workers, businessmen and large traders with regular income and investments. However, bank accounts were not an option for the vast majority of Darfurians, as ID papers or a passport were a requirement for opening an account. Examples were often given of professional or technical migrant workers in Libya, Saudi Arabia and Iraq being paid in foreign currency, which was paid directly into official bank accounts.

#### 4.5.2 *The effect of the conflict*

Since the conflict started in 2003, these traditional migration patterns and the associated push and pull factors have changed, with additional forces making it more difficult for either people to leave or send back remittances. For many young Darfurians, a major push factor was the risk of being conscripted by the rebels or the Janjaweed, or alternatively ending up in the IDP camps. Failing livelihoods and limited opportunities in Darfur for employment, skills training or education must also have represented a major push factor. A further push factor, particularly for the IDP groups, was the threat of armed violence against young men; this was considered a greater risk than sexual violence against women.

Labour migration was further hindered by insecurity throughout the region, particularly along the routes to Libya in the north of Darfur, which are largely controlled by rebel groups and therefore only open to their supporters. The border closure between Sudan and Libya in May 2003 had a huge impact on trans-Saharan trade and human traffic between north Darfur and southern Libya. Shortly after this closure, the government of Sudan closed the six customs points in north Darfur, indicating the complete fall-off in trade with Libya. Alternative routes are either risky and longer (through Chad or illegally through North Darfur) or very expensive and available only to a few (bi-weekly flights from El Fasher to southern Libya costing nearly \$200 one-way). The overland journey to Libya via Chad or Northern Darfur is long and hazardous, covering more than 1,000 miles of desert and with very carefully rationed water supplies (three cups per

day). A vehicle breakdown would mean death for all travellers. Fatalities are commonly reported; between 1997 and 2004, the Sudanese Popular Committee in El Kufra recorded the deaths of 486 travellers after crossing the Libyan border. Deaths of travellers inside Sudan are not recorded.

Since 2003, the impact of the conflict on recipient communities in Darfur has been huge, with an overall fall in men leaving to work outside of Darfur, and a shift in destinations, with migration to Khartoum and Omdurman becoming increasingly important. However, this was occurring alongside two other phenomena – an out-migration of refugees to Chad, and an out-migration of households that could afford it to Omdurman to escape the conflict. At the same time, the rate of return of migrants outside of Sudan certainly slowed given the difficulties of border closures and internal travel. These shifts undoubtedly contributed to a dramatic fall in remittances, and loss of contact with relatives outside of the region.

Hand-carried remittance transfers depend on the ability of migrants to travel without hindrance and at reasonable cost. Transport networks and ease of travel were severely disrupted by the conflict, with border closures, localised militias and bandits harassing vehicles, multiple checkpoints controlled by rebels or local militias, and protection rackets, which might incur taxation. The risks of road transport were therefore very high, deterring the transfer of hand-carried goods or cash. Furthermore, many of the provincial banks were closed in 2003, including in Kutum. This has meant that many of those who previously had bank accounts no longer had access to them, and those in rebel-held areas had no access to their former accounts.

The form of remittance was also affected by the conflict, with a preference for cash over goods. For example in Disa, women travelled to Kutum where they would seek out travellers going on to Omdurman to pass on messages to relatives there. These same travellers then brought back messages and remittances for people in Disa. However, the women could not bring back goods or remittances in kind from Kutum, because of government market restrictions, which controlled and vetted all goods leaving Kutum. Also, there was a higher risk of robbery of highly visible goods from Khartoum on the route back to Disa, and so cash tended to be favoured (albeit theft of hand-carried cash remittances was reported in the Geneina area).

Before the crisis telephone communications linked the main towns, and even smaller more remote towns like Disa in North Darfur. Messages were also often conveyed on the regular transport networks and buses. For example, Disa had a regular bus to Omdurman via Kutum; however, the service no longer functions. Since May 2003, communications have become extremely difficult, with the cutting of telephone landlines between rebel-held areas and government-controlled areas. Calling via landline or mobile phone to the

major towns of Darfur was still possible, but prohibitively expensive for many migrants (Benghazi to El Fasher cost US\$1 per minute). In Seraif, the local tribal administration had established a communication centre in 2003, providing a public phone service that was still operating in September 2004, 18 months into the conflict. The state capitals of El Fasher, Nyala and Geneina all had working mobile networks, but coverage did not extend to the neighbouring IDP camps, and the networks were regularly shut down by the government. The study found that there was still regular traffic between Omdurman and the main towns in Darfur, which provided a means of sending hand-carried messages. In addition, for some people messages could be sent through the merchant trading network. However, for the vast majority of IDPs there is no direct communication with relatives in Omdurman or overseas.

During the conflict, patterns of labour migration and the transfer of remittances have changed and to some extent adapted to the new conditions. For example, traditional migration routes and transfer mechanisms were disrupted, and new means were found. Some diaspora found new ways of sending remittances to their relatives. Remittances themselves became a highly prized resource attractive to thieves and even warring parties, although how they were utilised in support of wider political or military goals is not yet understood. It is likely that the patterns of utilisation have changed during the conflict, although this was not adequately captured in the study. As they were mainly used for consumption purposes in the past, and other sources of food and income have shrunk, it seems likely that any remittances that do arrive would be used more frequently for consumption purposes.

#### 4.5.3 Current and future scenarios

Since this field research was done in July 2004, the situation in Darfur has changed considerably. The total affected population has almost trebled, from about 1.3 million to 3.6 million, and the number of IDPs has increased from 1.1 million to 1.8 million (UNOCHA, 2006). The conflict is affecting the livelihoods of people who were not directly attacked during the counter-insurgency, but who nevertheless either feared attack and therefore moved, or whose livelihoods had suffered as a result of conflict and who were therefore forced to move. Since that time, the nature of the conflict itself has also changed. The spread of localised insecurity and violence, combined with increasing ethnic and political polarisation between previously allied tribes, have negative implications for labour migration and remittance flows, which depend on security, freedom of movement and communications, and strong social networks. Until these improve, it is unlikely that remittance transfers will be re-established. A second concern is the war economy, and control of vital trade routes with Chad, Libya and Egypt and also Khartoum. The close associations between remittances and trade mean that, where trade is restricted or controlled in the interests of specific groups, remittance transfers are likely to suffer.

#### 4.5.4 Conclusions

The case study illustrates the direct and indirect effects of the conflict and crisis on livelihoods, and specifically on labour migration and remittance flows. In previous periods of hardship related to famine and food insecurity, labour migration and remittances were a livelihood strategy that people could continue to rely on while farming and herding came under threat. In the current context, conflict has taken its toll on the entire range of livelihood strategies open to Darfurians, principally as a result of loss of freedom of movement linked with localised insecurity. The major factors (processes) impacting on labour migration and remittance flows as a result of conflict include:

- Insecurity, border closures and other restrictions on movements of labour migrants. The high visibility of remittances in kind might attract looters.
- Government restrictions on movement of goods from urban to rural areas e.g. the permit system in Kutum, and also the closure of custom points affecting trade.
- Government closure of banks in North Darfur through which formal remittances would be transferred from overseas.
- The deterioration in communications, caused by loss of phone landlines, limited coverage and government control of mobile networks.
- The loss of contact between labour migrants and their families caused by repeated displacement within Darfur, the break-up of families and loss of tribal leadership.
- Loss of income-earning potential in Darfur that would pay for the journey to Khartoum and other destinations. This includes the loss of opportunities to work as a herder on the livestock caravans to Egypt or Libya.
- Conscription pressures on men, which are likely to reduce the proportion of young men able to migrate.
- High inflation in Darfur, which reduced the economic value of remittances sent.

Given the importance of remittances to the livelihoods of the people of Darfur, the protection, support and facilitation of labour migration and remittance transfer mechanisms are an immediate priority (see Box 10).

Despite the all-time low level that remittances have reached in Darfur, it is highly likely that they will recover as the situation stabilises and eventually progresses towards peace. The international Darfuran diaspora has more than likely grown in size, and their failure to remit is a result of barriers beyond their control. Once these barriers are lifted, remittances will become re-established, and their overall importance to livelihoods will increase given the failure of other livelihood strategies and the unprecedented depletion of capital assets in Darfur. Where remittances are transferred directly to receiving communities with minimal diversion or loss en route, this is a very efficient and direct means of targeting conflict-affected communities in Darfur, and will contribute directly to the rebuilding of productive livelihoods in Darfur.

### Box 10: Response strategies to support, protect and facilitate labour migration and remittance transfers

- Extend mobile phone networks in urban areas to ensure they provide coverage for IDPs in outlying areas.
- Review the feasibility of extending mobile phone networks to provincial towns.
- Reinstate the telephone landline network, and install a network of communication centres in areas of large population concentration (>10,000 people).
- Extend and improve the family tracing operations of the Red Cross/Red Crescent to include Darfurians located in all parts of Sudan, and the refugee camps in Chad. The Red Crescent societies in Arab states host to large Darfurian diaspora could explore instigating family tracing within their areas.
- Border restrictions should be lifted, and safe access to markets should be ensured.
- International organisations should support community-based organisations working with Darfurian diaspora, particularly in terms of education and skills training, with a view to equipping them for skilled work opportunities in the destination country and for when they return.
- Reintegration of illegal migrants into the formal economy in Libya. Libya has significant demand for labour migrants which is in part met by Darfurians. However, a high proportion of migrants are working illegally. Steps should be taken to give Sudanese workers legal status, and provide them with the option of returning to Sudan or applying for identity papers and working in Libya legally.
- Capital loans to *hawala* traders and livestock exporters. Traders have been put out of business by the conflict in Darfur. Banks should be encouraged to make available low-cost loans to traders with a previous track record in either livestock trade or *hawala* trade with *hawaldars* in diaspora locations.
- Banking services need to be reopened and complemented by a range of microfinance services. In communities that were traditionally remittance receivers, the demand and supply of microfinance services should be assessed, with a view to extending microfinance services to communities where cash remittances could serve as collateral.

### 4.6 Remittances case study: Hargeisa, Somalia

#### Anna Lindley

This case study synthesised existing insights into migration patterns and remittance dynamics in Somali society and presented a case study of one Somali city, Hargeisa, in the self-declared Republic of Somaliland. The case study was based on interviews with key actors and local residents and a survey of 538 people collecting remittances from the largest money transfer company in Hargeisa in September 2005. While it is not precisely representative, the survey sample paints a broadly indicative picture of the remittance recipient population of Hargeisa. This case study was opportunistic; ODI provided additional funding to allow the survey to be conducted as part of ongoing field research for a PhD. Further research is needed

to examine the role of remittances in response to specific crises in Somalia, such as the floods in 2006 and the recent political upheavals in the southern regions.

#### 4.6.1 Remittances in Somalia

Since the outbreak of civil war in 1988, many people have fled Somalia.<sup>4</sup> At least a million Somalis now live abroad, in neighbouring countries, or further afield. The money that these migrants send home to family, clan members or friends has emerged as a substantial source of external revenue and is a significant source of income for many households.

Due to the predominantly nomadic pastoral way of life, and the fact that many families had relatives both within the Republic of Somalia and on the other side of the border, there has always been migration of Somali people within the Horn of Africa. From the 1970s onwards there was considerable labour migration to the oil-rich Gulf States. However, the conflict altered and extended these pre-existing migration patterns.

Somali people living abroad can be divided into three broad geographical groups. First, many people, possibly the majority, live in neighbouring Djibouti, Ethiopia or Kenya. Of the new arrivals from Somalia, some are relatively successful in business or have received support from family and clan members already living in these countries; the majority eke out an existence in refugee camps; still others have tried their luck in the cities, often leading an economically precarious existence (Human Rights Watch, 2002). Second, many people live in the Middle East, mainly in Saudi Arabia, the UAE and Yemen. When the Somali state collapsed, some migrant workers in the Gulf unable to return home stayed on, sometimes joined by family members, although the Gulf States did not officially accept the refugees. As the labour market in the oil-producing countries tightened in the 1990s, many people were forced to move on, to Europe, or back to Somalia. Third, a portion of the overseas population lives in Europe and North America. Some sought asylum, while others acquired a visa to reunite with family members who were citizens or who were resettled by agencies on international programmes. There are particularly high levels of unemployment among Somali populations in some northern European countries.<sup>5</sup> In London, common occupations include work in public transport, local government, adult education, community work, care work, taxi driving and small retail businesses, including internet cafés (Lindley, forthcoming).

These patterns of migration are socio-economically differentiated. People reaching the Gulf or the West have tended to be from cities or nomadic families, and are better off and better educated than the average (Gundel, 2003). Gundel

<sup>4</sup> This section uses 'Somalia' to mean the Republic of Somalia (founded in 1960), and 'Somaliland' to denote the self-declared independent Republic of Somaliland (founded in 1991), where Hargeisa is located.

<sup>5</sup> For example, the 2001 census suggests that, in London, less than 20% of the working-age population born in Somalia was employed (Greater London Authority, 2005).

(2003) notes that, compared with majority clan members, those from minority groups in Somalia, although particularly affected by violence, have not migrated in substantial numbers beyond Africa.

The United Nations Development Programme (UNDP) estimated that, in 2004, remittances amounted to roughly \$700 million–\$1 billion in Somalia, of which \$360 million was directed towards the subsistence of families; the rest went to business and investment (Omer and El Koury, 2004; see also World Bank, 2005d). These estimates suggest that remittances are significant at the macroeconomic level, far exceeding international aid, which was \$170 million in 2002; \$272 million was pledged for 2003 (Somalia Aid Co-ordination Body, 2003).<sup>6</sup> Total household income for Somalia was estimated at \$1.5 billion in 2002, suggesting that remittance to families makes a significant contribution (UNDP Somalia and the World Bank, 2003).

At the macroeconomic level, this has contributed to the ‘dollarisation’ of the economy and increased demand for imported goods (Ahmed, 2000). The demand by hundreds of thousands of migrants wanting to send money home, along with the demand by traders for an efficient means of moving their funds, encouraged the development of a thriving financial sector, in the form of Somali remittance companies – the financial arteries of Somalia since the collapse of banking institutions in 1991. While the largest remittance company, Al-Barakaat, was closed in 2001 as a result of US allegations of links to Al-Qaeda, other companies have continued to develop and expand the coverage of their services.

Diaspora engagement also has various political effects, as people overseas have often been mobilised to give donations to support particular factions and burgeoning political administrations. In Somaliland, many would agree with Foreign Minister Edna Adan Ismail that ‘the diaspora has brought Somaliland to where it is today’.<sup>7</sup> Remittances may also have indirect political effects. Some suggest that, by allowing ordinary people to cope in the context of political crisis, these flows have made political leaders less accountable to the people (Marchal et al., 2000).

Reports on livelihoods in Somalia suggest that those receiving money from abroad are usually in the middle and better-off income groups as opposed to poor or destitute – possibly reflecting the educated, urban origins of many migrants to the West (Adams et al., 2003). Most remittances are received in urban areas, although only about one-third of the population lives in urban areas (UNDP Somalia and the World Bank, 2003; Shire, 2004). However, there is no doubt of the importance of remittances in the livelihoods of recipients. According to UNDP, ‘Many households would suffer significant setbacks in

food security and access to private medical care and private schools if remittance flows were interrupted. Remittances are ... an important mechanism for meeting human development needs at the household level’ (UNDP, 2001: 131). There is evidence suggesting that remittances can help people to access international aid, where community contributions are required. For example, the closure of Al-Barakaat reportedly ‘affected the ability of rural communities and families to participate in development initiatives’ (Bradbury, 2002).

#### 4.6.2 *Remittances in Hargeisa*

Hargeisa is the capital of Somaliland, a city of nearly 500,000 people. Most residents work in some kind of trade – particularly livestock – or services, or for NGOs or Somaliland’s public institutions. The majority of emigration occurred in response to conflict in the late 1980s and mid-1990s, although in recent years, which have been basically peaceful, people still emigrate from Hargeisa, generally to seek out better economic and educational opportunities as local opportunities are considerably limited.

The contribution of remittances to the urban economy is well-recognised. Some officials estimate that the city’s residents receive around \$5 million each month in remittances, two-thirds of which goes directly to the expenses of households, with the remaining one-third being invested in construction or related business (King, 2003). Medani (2000) found that, in Hargeisa, nearly 40% of residents (excluding IDPs and returnees living in very poor settlements around the city) received remittances, and for one-quarter, remittances were the main source of income. In a survey of 116 recipient households in Hargeisa in 1998, Ahmed (2000) found that an average of \$4,170 was received per year, representing nearly two-thirds of their total income.

The study found diversity in remittance patterns: while monthly remitting is common, many people receive money on a more ad hoc basis. Over three-quarters of survey respondents had received transfers each month or more frequently in the past year. Estimated household remittance receipts averaged \$2,600 per year; the most common range was \$1,000 to \$1,499 (about \$80–\$120 a month). Women receive approximately two-thirds of the total volume of remittances, and the age profile of recipients was similar to that of the general adult population. In the majority of cases remittances were used to help satisfy general household needs. The average household size was 7.7, and most respondents (71%) were living with their children.

Information was collected on 660 migrants from all over the world who had sent remittances to our respondents in the past 12 months. Around 60% were men. The women migrants sent slightly less money on average than the men. Most migrants were of working age, in their thirties or forties. Many people consulted during the fieldwork remarked that women play an important role in sending remittances: it appears that,

<sup>6</sup> Note that this may not include aid from Arab countries.

<sup>7</sup> Quote from the foreign minister’s speech at the Somaliland Recognition Debate, Portcullis House, London, 17 March 2004.

throughout Somali society and in diaspora communities, women are increasingly economically active in new realms.

The largest proportion of remittances arrived from Europe, particularly the UK, although the Middle East (UAE and Saudi Arabia) and North America were also important. Small amounts trickled in from family members in neighbouring countries. In other Somali cities, such as Baidoa, Bossasso or Mogadishu, one would expect relatively more people to have left for Italy, the Middle East and the US.

#### 4.6.3 Remittances in livelihoods and crises

Respondents' average yearly remittance receipts were substantially higher than average per capita income – estimated at \$491 per annum in urban Somaliland (Academy for Peace and Development, 2004). Thus, even before counting any other sources of income, remittance recipients are much better off than the average town dweller. Moreover, compared with the general urban population of Somaliland, a higher proportion of surveyed remittance recipients live in homes made of brick or stone, indicating a higher socio-economic status. However, a slim majority of respondents' households relied entirely on remittances for income – in a further 45% of respondent households, remittances supplemented other income derived from employment, self-employment and assets such as property. Remittance monies were used largely for subsistence and daily living expenses, although some funds were invested in business and property and in human capital (health and education) and social networks (such as weddings or support to other relatives).

Remittances have also clearly played a role in enabling people to respond to conflict and economic crisis. There was outright conflict in 1988–91 and again in 1994–96. The Republic of Somaliland is not recognised as a state by the international community and hence is unable to take advantage of the privileges of statehood (WSP International, 2005). Second, there are economic problems, with disruption to the important livestock trade leading to food shortages, depressed prices, migration to urban centres or camps, and loss of life (Xasan Gaani, 2005). Thus, import bans on Somali livestock by Saudi Arabia in 1998–99, and by all the Gulf States in 2000 (because of fears of Rift Valley Fever), had repercussions in Hargeisa (King, 2003). Exchange-rate depreciations related to the above events also affect residents: unless wages keep pace, imports can become too expensive. Lastly, there are the personal crises of people's everyday lives – displacement and death, livelihood collapse, illness and family break up – often closely linked to the wider political and economic contexts in the city in which they live (King, 2003).

The survey provided some valuable data on the timing of emigration and remittances. People who today remit money to Hargeisa left throughout the politically uncertain period of the 1990s and emigrated in large numbers at times of particular crisis. Forty per cent of the remitters recorded in our survey

started sending money within two years of arriving in their country of residence, mainly since 1989, with a significant peak in the initiation of remittances in 2000–2003. This may be because the large numbers of people who left the Somali regions in the early 1990s are becoming more socio-economically settled in their current countries of residence, and hence better able to send remittances – moreover, migrants who left and began remitting earlier may no longer do so. Alternatively, this peak in initiation of remittances may have occurred in response to events in Hargeisa. The most obvious explanation is the livestock import bans: remittance companies report an increase in the volume of remittances received during the livestock ban (consultations; also see Xasan Gaani, 2005). Those most directly affected include merchants and all those involved in the commodity chain relating to the trade in livestock. However, the economic slowdown also affected general business in Hargeisa and government bodies, which lost revenue. The qualitative research suggests that those people who had relatives abroad tried to obtain assistance from them, often successfully. Inward migration to Hargeisa may also have played a role, with the resettlement of people displaced during the conflict of the mid-1990s, and increasing urbanisation encouraged by the difficulties of pastoral life (exacerbated by environmental degradation and drought) and casual labour opportunities (Ibrahim Cadbi, 2005; World Bank, 2005d). Some of these new residents subsequently managed to tap family support from overseas. Lastly, the consolidation of the political system and democratic process in Somaliland since 2001 may have encouraged migrants to invest in family networks and livelihoods in anticipation of returning, or to send money to support returned dependants.

Seeking remittances from relatives abroad emerged as one of several mechanisms for coping with income shocks in Hargeisa. For many interviewees, remittances helped them manage in the refugee camps, and facilitated their return home and the repopulation of Hargeisa. Once home, support from migrants overseas helped to meet the needs of many vulnerable families, and helped many residents to rebuild or repair homes and businesses. Today, with a slim majority of recipient households surveyed relying entirely on remittances for their income, *lack* of remittances would be a serious income shock for many households. Moreover, regular remittances protect households against local currency depreciations as they are received in hard currency, meaning that remittance recipients are better able to afford imported goods (which include basic goods, such as cooking oil, rice, sugar, tea and wheat).

Somali society is renowned for the strength of the family and clan-based mutual support mechanisms. Remittances feed into these social buffers, with around 15% of recipients surveyed spending some of the money on gifts to family, neighbours or friends in Somaliland. This may under-represent the degree to which remittances are redistributed to rural relatives and



neighbouring households, as it often occurs in informal, very commonplace ways. For example, sharing food with poorer neighbours, indeed with anyone who turns up around lunchtime, is extremely common, as is sharing money with poorer relatives and providing rural relatives with a place to stay.

Indeed, one family of parents and siblings may have members in the rural area, Hargeisa, and abroad, with different layers of transfer activity. One survey found that around 50% of urban households in Hargeisa (excluding the poor ‘resettlement’ areas) support relations in pastoralist areas through monthly contributions of \$10–100 (Medani, 2000). While it appears that rural people receive international remittances more rarely than urban dwellers, during hard times, such as drought, they solicit assistance from any urban and overseas contacts. City dwellers that do receive remittances often are in a better position to help other relatives during periods of drought or an economic downturn. Thus, even when remittances are not targeted at the poorest and most needy people in the community, they may nevertheless provide a degree of social protection.

More institutionalised social-support mechanisms also help to mitigate poverty and deal with crises. *Sako* (zakaat) channels money from the diaspora to needy relatives in Hargeisa, and from better-off people to others within and beyond Hargeisa. *Qaraan* (the clan-based collection) is often used to assist needy individuals or those undergoing a particular problem (for instance, payment for an urgent, expensive operation) and may be collected in the diaspora as well as within Somali society. *Jaaliyaad* is a broader-based community fundraising mechanism, to which migrants contribute, for example, donations to health and educational institutions and projects (Kent et al., 2004; Lindley, 2006). In addition, around one-fifth of respondents said that some remittances had been spent on *magta* or *diya*, clan-based compensation for injury or death, a traditional mechanism for resolving crises (Lewis, 1994).

#### 4.6.4 Conclusions

While migration and remittances have long been a feature of Somali society, the geography and participation in this process has been diversified and the scale has become highly significant during times of war and insecurity over the last 20 years. This study focused on providing an account of remittances in one Somali city, Hargeisa, where remittances have helped a substantial minority of families cope with the difficulties encountered in recent years. The withdrawal of support or disruption of this process would leave many of them struggling to survive.

All this points to the importance, in the context of increased global financial regulation and international scrutiny of international funds transfers, particularly to Islamic countries in conflict, of ensuring that financial channels are kept open so that migrants can continue to support their family members. More generally, the scale of remittance receipts – significantly larger than international aid – underlines the need for humanitarian and development actors working with Somali people to understand this aspect of the economy in planning their interventions. This study also pointed to the importance of examining the secondary distribution of remittances to rural and needy relatives. Given that most recipients had used remittances for household health and education needs, migrant-funded social insurance schemes might merit further exploration by humanitarian actors, local institutions and businesspeople. In more stable areas of the Somali regions, there may also be potential for initiatives to encourage diaspora investment in partnership with their family members. Moreover, beyond remittances, this case study touched on the fact that the diaspora is engaged in numerous initiatives which mobilise donations to provide education and health services in the Somali regions: much might be learned from dialogue between the two types of international humanitarian intervention in Somali society – the larger ‘international’ NGOs and diaspora-funded NGOs and initiatives.

## Chapter 5

# Synthesis of case study findings

The case studies show that remittances are a critical source of income for the basic needs of daily life in receiving households, and for investment in human capital. Remittances are first used to pay for essential needs such as food, clothing and health; beyond these, remittances are prioritised for investment in education and shelter, which can reduce vulnerability to hazards. As they are of such crucial importance to people's livelihoods, the impact of disasters or crises, and people's ability to survive and recover, is partly determined by the impact on remittance flows.

The poorest households in a community are not likely to be remittance receivers, as remittances can raise incomes above the level of the poorest. However, remittance income can often be the prime or even sole source of income for many receiving households, particularly for people who may not be able to work, such as the elderly. Such households are therefore very vulnerable to any disruption to remittance flows.

An important but complicated aspect of this question can be the branching of remittance flows after the first recipient, or the sharing of remittances between households. Once received, perhaps in a better-off household, remittances are then often distributed to other households, often systematically to poorer households and also in response to particular emergency needs. Like multiplier effects, the sharing of remittances appears to be an important aspect of their impact, and one that is difficult to measure.

The focus of many remittance studies has been on international flows, but in three of the case study areas, national or domestic remittances were also of very great importance to the communities studied. National migrant labour is of huge importance within many countries, resulting in large domestic remittance flows, especially from urban centres to rural communities. All of the case studies noted the significance of informal channels for remittance mechanisms, especially for migrant workers without legal status.

The case studies illustrate that national-level increases in remittance flows following disasters are not necessarily transferred equally to remittance-receiving affected households. Remittance senders often struggle to increase remittances significantly, and may sometimes rely on borrowing to respond to calls for additional resources after a disaster, reducing future flows. Most international remittance senders are poorly paid and struggling to make ends meet, with little capacity to increase remittances significantly.

The case studies suggest that the immediate effect of disasters may be a significant disruption in remittances. Many

remittance senders will rush home, if the situation allows, to assist, take care of or look for relatives, with the obvious result that regular remittance sending may stop. Returned migrant casual labourers within the same country may be able to go back to work, although transport costs may be considerable. International emigrants who return may sacrifice their jobs in doing so, and they may have very little chance of emigrating again. Some will have returned still in debt from the costs of prior migration. Coming home can be financially disastrous.

Financial transfer mechanisms of any sort can be vulnerable to the effects of disaster and crisis due to the disruption of communications that usually result. The specific impacts of disasters on communications systems, however, are various and affect different mechanisms in different ways, according to the varying strengths and vulnerability of each mechanism. Banks or ATMs need to be reopened, requiring staff presence and functioning telecommunications. Formal systems often rely more heavily on documentation, which can be lost, especially in quick-onset natural disasters. Traditional informal value systems may rely less heavily on local infrastructure and documentation. However, they do rely heavily on local social structures that can be disrupted by displacement. The immediate result of disasters is therefore that remittance receivers are likely to have lost a critical source of income and will therefore be as much in need of emergency assistance as other people affected by a disaster.

The case studies also suggest that remittance flows may be restored relatively quickly in comparison to other forms of income, which may be affected for much longer. In some cases in Aceh, Sri Lanka and Pakistan, the need for migrants to return combined with other disrupted remittance transfer systems meant that hand-carried remittances on the return trip were a very important, if one-off, mechanism. Remittance systems may also be surprisingly resilient. In Haiti and Pakistan, remittance transfer agents were quick to set up functioning temporary facilities, and went to significant lengths to re-establish flows. Remittance flows in Pakistan and Haiti were redirected following the disaster to unaffected cities, collected by family members or friends and successfully hand-delivered. The resilience of systems has its limits, however, and in the case of Darfur all of the remittance systems have been cut off. In some long-running complex emergencies, such as Somalia, remittance flows have continued in the face of ongoing conflict.

The continuation or restoration of remittance flows while other income and means of livelihood decline or only slowly recover are obviously crucial to the recovery of households receiving these remittances. As various markets are recovering, such

flows of cash into communities can be very important due to the multiplier effect from receivers spending on local production, labour and services.

### 5.1 Implications for humanitarian actors

The findings from this study have a broad range of implications for humanitarian action throughout the disaster cycle – in preparedness and risk reduction, emergency relief and livelihoods recovery and reconstruction. As yet, however, very little has actually been done to support remittance flows during disasters. This section is, therefore, more about what could be done than about reviewing current practice. It looks first at the assessment process and how remittances are currently analysed and understood. It then examines ways in which remittances flows could be directly supported, and the impact this might have on resilience, risk reduction and recovery. It examines the implications of a focus on remittances for refugee and migration policies and support to migrant and diaspora populations, and possible links between the receipt of remittances and the types of humanitarian assistance offered.

#### 5.1.1 Assessment and targeting

A first step in better taking remittances into account in humanitarian action is to have a better understanding in analysis and assessments of their role and importance. Aid agencies could do a better job of simply noticing the critical importance of remittances in some people's livelihoods, and how these are affected by disasters. Migration and remittances as an aspect of people's livelihoods and income are often implicit in existing assessment approaches, but in practice are often ignored (Hammond et al., 2006). Following the 2005 earthquake in Pakistan, for example, interviews with aid agencies and donors showed that remittances were not well understood, and assessments tended to focus on needs in particular sectors (Suleri and Savage, 2006). This tendency to focus on needs for relief items in pre-defined sectors (food, shelter, water etc.) rather than on the risks people are facing during disasters, their own capacities and strategies for dealing with these risks and options for humanitarian assistance remains common (Darcy and Hofmann, 2003). Approaches such as vulnerability and capacity analysis developed by the IFRC (1999) at least encourage a focus on people's own capacities, which may include remittances. The household economy approach, with its focus on careful analysis to quantify sources of household income, has also tended to do a better job of recognising the importance of remittances in livelihoods (Save the Children, 2000 and 2005).

Whatever the assessment framework used, capturing the importance of remittances in assessments is made difficult by people's understandable reluctance to discuss remittance receipts openly. In some contexts this may be because people recognise that admitting to their own sources of support may decrease the likelihood of receiving external assistance.

#### Box 11: Difficulties researching remittances in a Somali refugee camp in Kenya

Exact figures on how many people receive remittances and how much money flows into the camps were hard to obtain. Even getting access to xawilaad (hawala agents) was a problem, with some denying that they were operating a money transfer business and others refusing to talk to me. Those I did speak to were reluctant to mention figures.

I was mainly interested in the viewpoint of the refugees themselves, and wanted to understand the importance of overseas remittances in their livelihoods. But the refugees were equally suspicious of questions about whether they received remittances. They feared that admitting to receiving remittances would lead to further cuts in the already meagre resources provided by UNHCR, WFP and NGOs. I tried to work with Somali research assistants, but these young men and women were often facing similar difficulties. On top of that, a number of them were suspected of passing financial information to local criminals, who would then rob the respondents at night.

Thus, most of the information that I obtained on the importance of remittances in the camps did not come from formal interviews. Rather, I collected relevant information during many informal visits and talks with refugees in the camps as well as from those people working closely with me. Alternative methods, like participatory group discussions and composition assignments in a primary school, added to my understanding of the importance of remittances in the refugee camps.

Horst, 2006a: 147

There may also be concerns about openly discussing remittances if the informal remittance channels being used are illegal, or if the people doing the remitting are not legal migrants. Including questions about remittances in surveys may therefore be likely to yield limited and partial information. Horst (2006a) provides a good discussion of the difficulty of getting accurate information about remittances even with extended anthropological fieldwork in a refugee camp (see Box 11). In-depth anthropological research is unlikely to be possible in the initial stages of emergency response but this does at least suggest the need for qualitative approaches to complement quantitative survey based approaches. It also suggests the need to carefully and more systematically draw on existing secondary data about the role of migration and remittances in pre-disaster livelihoods. Drawing upon national and regional remittance distribution data, however, can obscure important local differences in the distribution of and dependence upon remittances at the village and household level. Even where the importance of remittances is recognised in assessments they are often noted and then largely ignored in developing recommendations for appropriate responses.

Remittance flows may also have implications for the targeting of assistance. As remittances themselves are often disrupted, there is a need to be careful about using remittance receipt as a criterion for targeting. Prior remittance receipts are not a reliable indicator of need. Sudden large-scale disasters disrupt the livelihoods of almost everyone within the affected area, including those who normally rely on remittances. The implication for emergency relief programming is that households that formerly received remittances may not necessarily be in less need of assistance than others. Some remittance recipients may be particularly vulnerable because key able-bodied members of the household are working overseas, and are therefore especially in need of assistance if remittances are disrupted.

#### 5.1.2 Supporting remittance flows

Supporting the restoration of remittance flows may be a quick and effective way of supporting livelihoods recovery. As remittances originate outside the affected area, and in that respect are unaffected by the disaster, remittances may be the simplest type of livelihood to support and restore. More diverse and locally dependent livelihoods are likely to have been severely disrupted by the disaster, and may take a long time to revive. The tendency of recipients to share remittances with their extended families and even neighbours, and the fact that, especially in the recovery and rebuilding process, remittances will be spent on local goods and services, means that their impact is enhanced.

Strengthening remittance flows may also have a positive impact on people's resilience in the face of disasters, and may therefore be a component in disaster risk reduction efforts. Remittances are an important way of reducing risk from local disasters, by diversifying incomes, providing an insurance mechanism that can, to a limited extent, cover losses, and providing households with money to invest in risk reduction.

In many respects, the development agenda for supporting remittances applies equally to supporting remittances in crises. As Hammond (forthcoming) notes, recommendations to support remittances have tended to centre on policies to help cut the cost and bureaucratic difficulty of sending them, improve the legal status and level of integration of immigrants within host societies and promote access to employment and education (GCIM, 2005; World Bank, 2006; Van Hear et al., 2004). These are equally applicable to crisis-affected countries. However, because development actors tend to focus on stable contexts, countries with long-running conflicts and complex emergencies may be neglected. Fagen and Bump (2006: 26) note that:

*Migrants who send remittances to families in crisis or conflict countries face much the same issues as those sending them to countries where most of the population is poor, governments are corrupt and unemployment is high. There are, however, important differences and these bear strongly on efforts to build peace and restore sustainable livelihoods:*

#### Box 12: Remittances in the Lebanon crisis

A WFP assessment a month into the 2006 Lebanon conflict found that the economy and people of Lebanon were highly dependent on remittances, particularly the elderly and the unemployed.

Remittances are traditionally hand-carried by family members or friends when they return during the summer. The crisis occurred at the peak of the tourist season, disrupting tourism and therefore probably also the flow of hand-carried remittances. The report suggested that small amounts of remittances had come through and helped with subsistence, but that flows were disrupted and so were often insufficient to help with recovery. However, it also noted that remittances were likely to be of growing importance to recovery as flows resumed. The report and its recommendations did not suggest how remittance flows might be supported and facilitated to enable a quick resumption, contending simply that, in the coming weeks and months, the flows would return to normal.

WFP, 2006

1. *It is more difficult to promote development uses of remittances in countries or regions beset by conflict because of the absence of financial institutions, investment opportunities and functioning governments;*
2. *There is less space to introduce the kinds of innovations that are changing remittance patterns elsewhere, such as providing financial literacy and banking programs for the poor, introducing new technologies, and channeling remittances to micro-credit projects;*
3. *While governments in a number of migrant home countries, such as Mexico and the Philippines, are promoting policies that encourage migration and defend the rights of migrants, this does not take place in conflict and crisis countries.*
4. *Because it is difficult to transfer funds to countries where financial and government institutions are not operating adequately or appropriately, remittances and other forms of transfers are likely to take place through informal means that are neither systematically regulated nor registered.*
5. *The countries in question frequently are believed to be havens for terrorism, drug traffic and crime. This attitude affects both international support for peace processes and views on migrant remittances. Although many crisis countries and fragile states, indeed, are havens for criminal activities, present policies are applied too bluntly. Transfer agencies have been shut down for little cause and without*

*warning, leaving families that depend on them with few options.*

6. *Perhaps most important, the positive impacts of migrant remittances may be jeopardized by trends in immigration policies. Ever more restrictive immigration policies are appearing in countries across the globe. It is difficult for all poor would-be migrants to be accepted as immigrants. But it is especially challenging for war-affected populations (excluding recognized refugees) to gain lawful admission to places where they can find legal employment. Nor are restrictive immigration policies limited to the developed countries. Regulations are, if possible, tighter and treatment of immigrants is worse in countries that border conflict, conflict affected and crisis countries.*

What humanitarian actors can do is likely to vary from context to context, and in some situations direct action such as assisting in the re-establishment of communications, enabling family tracing, or helping people to regain identity documents may be helpful. The loss of identification documents following a disaster can prevent access to bank accounts for receiving remittances, disrupted communications can prevent people from getting in touch with family members and displacement may add to difficulties in re-establishing connections. By providing assistance with communications, transport, identity documents and banking, agencies may be able to make a contribution to people's livelihoods and recovery by facilitating the renewal of remittance flows at relatively little cost.

The direct responsibility of humanitarian agencies for many of the policies that most directly impact on remittances and migration is likely to be limited. There may, however, still be a role for aid agencies to advocate for remittance- and migration-friendly policies at national and international levels. Border closures and restrictions on movement, common policies during crises, may have profoundly negative effects on remittances. For example, in Darfur the closure of the border between Sudan and Libya has disrupted a crucial source of remittance flows. Better understanding of such effects on remittances could help governments understand the negative impacts of their policies and find ways to mitigate them. There may also be actions that can be taken in countries with large migrant populations that people remit from, for instance to allow people to return to their home country to help loved ones without losing their jobs or legal immigrant status. Thus, where remittances play a significant role in livelihoods, international and national actors in emergency response should consider them in designing and implementing their assistance.

### 5.1.3 Family tracing and communications

A combination of family tracing and the restoration of communication systems would assist affected families and migrants to find and communicate with each other, thereby

helping households restore their livelihoods more quickly. As the case studies suggest, disasters can often disrupt communication systems. Phone networks (both mobile and fixed) may cease to function due to damage to infrastructure, and remittance providers may be forced to close. Re-establishing communication systems as quickly as possible is probably the single most effective means of enabling people to get back in touch with relatives and re-establish remittance flows. The primary responsibility for doing this is likely to rest with the affected government and private sector companies responsible for phone, internet and postal systems. However, humanitarian agencies may have a role to play in supporting the restoration of communications.

Many disaster response agencies have made large investments in communications systems, and are being assisted in this by telecommunications companies. UNOCHA has developed a partnership with Ericsson, and Motorola has one with CARE. However, most of this investment has been directed towards helping relief agencies communicate within and amongst themselves, with little attention given to the communication needs of disaster-affected populations. Motorola's partnership with CARE does include an element of linking isolated communities to the outside world, and Motorola has donated radio communications systems for installation in Bangladesh, DRC and Peru (Binder and Witte, forthcoming). Ericsson has provided standby capacity at the United Nations logistics base in Brindisi to enable GSM networks to be established in disaster areas. Telecoms San Frontieres (TSF) aims to deploy rapidly to emergencies and provide disaster-affected populations with a link to the outside world. Following the Indian Ocean tsunami, TSF provided assistance in Thailand, Indonesia and Sri Lanka for people to telephone relatives. In Sri Lanka, it covered 117 of the 262 camps set up in the five most affected districts. In the longer term, it has made mobile phones with prepaid communications available to camp committees in four camps. Following the 2005 Pakistan earthquake, 2,200 families were assisted with free calls (mainly to the UK, the Middle East and other areas of Pakistan) in the month immediately after the disaster, after which communications networks were re-established (TSF, 2006).

Family tracing is a core and important part of the work of the Red Cross movement. The ICRC has launched a global initiative to strengthen the Red Cross and Red Crescent family links network, and a ten-year strategy is being developed that will be presented to the Red Cross Council of delegates in 2007, following a series of regional conferences in 2006 (ICRC, 2006). Currently, this kind of work is seen as a way of reuniting scattered families for compassionate reasons, rather than as a livelihoods intervention. Remittance flows provide a strong economic argument, in addition to the humanitarian one, to invest more in family tracing activities. The objective should be for all disaster-affected populations to have rapid access to national and international telecommunications that would greatly support the restoration of many types of remittance flows, both formal and informal. In different contexts there will

be various options for achieving this, and it is difficult to be prescriptive about what would be appropriate. It might mean setting up internet cafes in displaced or refugee camps, distributing mobile phones, working with private sector companies to get mobile networks established, supporting small-scale enterprises providing internet or mobile phone access or simply providing people with cash to enable them to make phone calls or access the internet.

People have often lost vital identification documents during disasters, which may be needed for accessing remittances. Restoring identification documents will, in most contexts, be the responsibility of disaster-affected governments, but aid agencies may have a role to play in supporting the capacity of local governments to restore identity documents as quickly as possible. This will have benefits beyond supporting remittance flows, as identification documents may also be needed for other aspects of livelihoods recovery, such as proving land title to benefit from shelter assistance. Where a government is unable or unwilling to restore key identity documents, aid agencies might be able to provide identity cards linked to processes of registration for refugees, IDP camps or aid distributions. Investments in new technologies for registration, such as retina scanning, may provide more reliable and unique identity documents, that could be accepted by banks and other remittance companies.

#### 5.1.4 Support to migrants and diaspora populations

Aid actors and governments should also consider ways in which help can be given to migrants and diaspora populations from disaster-affected countries. As we have seen from the case studies, migrants often need to return to look for and support family members, but may have to give up jobs and go further into debt in order to do so. If they do not go back they want desperately to keep working and sending remittances to help their families.

People could be supported to return temporarily to disaster areas, and to re-emigrate and return to work once their families are secure. Again, what form this assistance could take is likely to be context-specific, but cash assistance, flight vouchers or charter flights could be considered to cover transport costs to and from the home country. Special visa measures, such as waiving fees or ensuring that visas will be re-issued for re-emigration to the host country, could be considered and negotiated.

The US government's temporary protected status programme (TPS) is an example of this sort of policy. Currently, the TPS covers people from Burundi, El Salvador, Honduras, Liberia, Nicaragua, Somalia and Sudan. TPS is a temporary immigration status granted to nationals of a designated country experiencing war, natural disaster or other crises, which allows them to remain in the United States and to apply for a work permit (USCIS, 2007). For example, following Hurricane Mitch, TPS was granted and has been repeatedly extended for

### Box 13: The International Tracing and Message Service

The Red Cross and Red Crescent movement operates a global international tracing and message service. Red Cross messages can be sent by anyone wanting to trace a relative. They are sent to the appropriate Red Cross or Red Crescent society in the country where the missing relative is thought to be. Red Cross staff and volunteers conduct interviews and work with local community groups to find the intended recipient of the message. The address may be a refugee camp, a prison or an address that no longer exists, so the process can take some time. The service is free and for use by close family members who have been separated by war or disaster only.

ICRC, 2006

Hondurans and Nicaraguans. Following the earthquake in 2001 in El Salvador, the Salvadoran president visited Washington and successfully appealed for both disaster relief and TPS for Salvadorans living in the United States. Salvadorans present in the United States prior to 13 February 2000 have been allowed to remain and apply for work permits through extensions of the original TPS. In normal times, Salvadorans living in the United States send home \$1.7 billion a year in remittances to their families. Hinshaw (2006) notes that US congressional decisions on the continued accommodation of Latin American illegal migrant workers will have great consequences for the level of recovery from Hurricane Stan in Guatemala. The Guatemalan government petitioned the US to exempt Guatemalans from any restrictive legislation for the first half of 2006. This was supported by an advocacy campaign by Catholic Relief Services (CRS) and other organisations, but looks unlikely to succeed (Smith, 2006).

Other countries have also granted temporary amnesties on illegal immigrants. Following Hurricane Mitch, the Costa Rican government declared a temporary amnesty for illegal migrants from other Central American countries. Costa Rica suspended deportations of Central American workers for six months if they had entered Costa Rica before 9 November, a week after Mitch hit. There are an estimated 500,000, mostly unauthorised, Nicaraguans living in Costa Rica.

Aid agencies might also be able to play a role in advocating for support from the private sector. Companies that people use to send remittances to disaster-affected countries could be encouraged to temporarily waive or reduce fees. Singapore Post's waiving of fees to Aceh after the tsunami is an example of this. Companies employing migrants from disaster-affected countries could be encouraged to grant temporary leaves of absence to enable people to return home without losing their jobs.

These kinds of support are linked to the more general argument that aid agencies could benefit from drawing more

**Box 14: Engaging diasporas**

Beyond remittances, there are various other diaspora-relevant policy discussions taking place. Under consideration are ways to ‘tap’ diasporas for more philanthropic funds and work supporting homelands, for instance in establishing educational institutions. Various schemes have been created to harness overseas professional networks in order to stimulate the transfer of knowledge and experience gained abroad (‘brain circulation’, as a corrective to ‘brain drain’). Meanwhile, some migrant-sending countries have developed financial policies intended to reach out and engage members of national diasporas (or at least their money) through expatriate-only incentives such as high-interest foreign currency accounts, special bonds and tax exemptions for saving and investment. Other significant kinds of economic activity within various diasporas are also being recognised. These include new modes of transnational ethnic entrepreneurship and migrants’ roles in facilitating international trade. Members of diasporas play important parts in creating migrant ‘spin-off’ industries such as supermarkets and breweries selling to migrants abroad, law firms and specialist travel agencies, cyber cafes linking home and abroad, films and television programmes distributed for consumption overseas and companies specialising in the export of traditional foods and medicines. The European Commission, government departments like the UK’s Department for International Development and international agencies such as the World Bank are all currently espousing new circular migration schemes to benefit migrant-sending countries, receiving countries and migrants themselves.

on the skills and capacities of diaspora populations from disaster-affected countries (Ionescu, 2005; Vertovec, 2006; Nyberg Sorenson, 2004). Again, the policy discussions noted in Box 14 taking place around diasporas and development contexts also apply to disasters. Humanitarian agencies could perhaps do more to tap into the skills and capacities of diaspora populations, for instance through the hiring of staff. IOM has implemented a programme to support the return of skilled professionals to Afghanistan (IOM, 2006).

More broadly, the ability of migrants to remit is clearly related to their economic success in the countries that they migrate to. Therefore, migrant-friendly policies in host countries may help to support remittance flows. The importance of remittances for refugees has clear implications for refugee policy. Policies to allow integration or third-country asylum might allow these people to become more self-sufficient, and become senders rather than receivers of remittances. Many of the obstacles displaced people face are related to a lack of legal status and rights, restrictions to their mobility and negative perceptions by locals, governments and the international community (Smith, 2005). Horst (2006b: 20) argues:

*There is a direct link between issues of protection and refugee livelihoods and the international community may need to take a far more rights based*

*approach when dealing with existing problems. Working towards improving refugees’ legal status and livelihood rights however is far more difficult than the current ‘care and maintenance’ approach common in protracted situations, as this requires a political will that seems largely absent.*

Practical measures to assist refugee livelihoods, such as enabling access to micro-credit and banking opportunities, improving educational qualifications by accrediting home country certificates, and providing vocational and language courses, may also be important. In a study of Congolese refugees in Nairobi, Campbell and Kakusu (2006) argue that an urban refugee policy which outlines the requirements urban refugees must meet to reside and work legally in the city could be a first step towards more permanent legal integration. Refugees would benefit greatly from legal documentation allowing them to work with less uncertainty and insecurity. Recognising the existing reality that thousands of refugees are already living and working in Nairobi and supporting integration could strengthen their livelihoods and enable them to become remittance senders as well as receivers.

**5.1.5 Linking remittances and humanitarian aid**

Remittances also have implications for the kind of humanitarian aid provided, and the way in which it is delivered. There is a need for aid agencies to recognise that some people are likely to have their own complementary resources during the recovery process, and to respect the need for mobility within households to maintain livelihoods based on migration and remittances. Remittance mechanisms may also be used by humanitarian agencies for delivering resources in contexts without formal banking systems.

Humanitarian assistance can sometimes be provided in ways that make it difficult for people to complement it with their own resources. For example, shelter programmes often deliver large standardised packages of shelter materials or even complete homes, which make it difficult for beneficiaries to add to these items with their own resources. Cash-based responses may provide greater flexibility and choice for recipients, and so may be more easily combined with remittances both in building shelters and in other productive investments (Harvey, 2007; Adams and Harvey, 2006a). If agencies do build houses for people, they should at least use designs which allow for subsequent modification and expansion. Similarly, support for livelihoods recovery in the form of cash grants or credit may provide greater flexibility for the complementary use of remittances than provision of in-kind items such as sewing machines, boats or agricultural items (Adams and Harvey, 2006b). Rather than deciding what people need in order to rebuild livelihoods, the greater flexibility of cash grants might be useful in ways that support and sustain remittances, for instance allowing people to return to their jobs overseas, pay off debts incurred from the migration process, pay travel expenses or just provide the resources to communicate with relatives.

Cash assistance programmes may also open up access to financial institutions for recipients. For example, Concern in Malawi is currently implementing a cash grant project in partnership with Opportunity International using smart-card technology (McGreal, 2007). Expanded access to a wider range of financial institutions could increase the options available for people to send remittances, bring down transfer rates and increase the resilience of remittance flows.

Remittance mechanisms may provide options for delivering resources in remote and conflict-affected areas where formal banking systems do not exist. In both Afghanistan and Somalia, aid agencies have used informal hawala systems to pay staff and support field offices, and as a delivery mechanism in cash-based responses (Hofmann, 2005; Harvey, 2007). In Somalia, remittance companies have been used to deliver cash grants in the north-east and southern Somalia (Ali et al., 2005; Majid, 2007). The use of remittance companies in complex emergencies provides a way of moving money with relative safety in contexts where it would be dangerous for aid agencies to transport cash themselves. More generally, people in crisis situations and long-running complex emergencies have often found ways to continue to transfer remittances despite ongoing insecurity. Aid agencies could do more to assess and learn from this experience in how to transfer resources safely in conflict situations.

There is also a need for humanitarian responses to take into account the importance of mobility, migration and remittances within people's livelihoods. Public works programmes (food or

### Box 15: Remittances and shelter in Bosnia

Skotte et al. (2005) noted the importance of remittances in the reconstruction process in Bosnia. In a detailed case study of one village, Skotte (p. 30) found that 'by 2002 the value of material supplied by Swedish Rescue Services Agency (SRSA) for housing in Grapska was almost matched by the private housing investments funded through remittances from abroad.' This meant that the 'assisted self-help' approach adopted by SRSA was particularly appropriate as people were able to extend and alter the houses built by SRSA. The self-help approach and remittance-funded private housing also created a labour market where skilled tradesmen were able to earn about 50 DM a day, and the building skills of non-professionals were reactivated. The approach also enabled SRSA to build more houses than would have been possible with a contractor-driven approach (265 rather than 160, Skotte estimates). Skotte also argues that the shelter project itself helped to kick-start private investment through remittances. He argues that it unleashed an unexpected rush of investment from remittances as the SRSA project created confidence in the return process. But Skotte also contends that the sheer volume of privately funded new houses and the additional funds going into the extension of SRSA houses is unique in the Bosnian context, to do with the way that the project was designed, and genuine decision-making power was put into the hands of the village committee.

### Box 16: The implications of remittances for humanitarian action

- Aid agencies need to understand remittances as part of pre-disaster livelihoods.
- In assessments, agencies need to understand how remittances have been disrupted by crises.
- There is a strong argument for investing more in support for family tracing.
- There should be a focus on supporting the restoration of communications systems after disasters, and enabling people to get in touch with relatives.
- Migrant and diaspora populations may also benefit from support which might include information about how to contact people and send assistance and support to return home.
- Remittance companies could be encouraged to waive or reduce fees after quick-onset disasters.
- Agencies may need to advocate for governments to respect international humanitarian, human rights and refugee law, particularly with respect to freedom of movement.
- Remittance channels may provide mechanisms for aid agencies to transfer resources to pay staff or provide cash payments to disaster-affected populations.
- Humanitarian assistance should be provided in ways that enable people to complement it with their own resources. The choice and flexibility provided by cash grants may be particularly appropriate.
- Care should be taken in imposing work requirements and the timing and location of distributions to allow for the fact that migration is often a key part of livelihood strategies.
- Refugee policies that enable local integration, allow freedom of movement and respect rights for employment are desirable for many reasons, but could also enable refugees to become remittance senders as well as receivers.

cash for work), for instance, often impose restrictions on mobility. Traditionally, food for work has been provided in the agricultural off-season, on the assumption that this is when surplus labour is available, but this may be precisely when migration plays a key role in livelihood strategies (Harvey, 1998; Hammond et al., 2005). The timing and location of distributions may also restrict mobility. It may be necessary to allow other household members to attend distributions if the originally registered household head is not present.

## 5.2 Conclusion

Remittances and their role in crises are not just an academic concern: a greater understanding of their importance has real implications for humanitarian actors. Through the disaster cycle, from preparedness to response and recovery, and across the project cycle, from assessment to implementation and evaluation, there are ways in which remittances could usefully be taken into account.



For those that receive them, remittances clearly play a positive role in enabling people to survive during and recover from disasters, and they may also have wider positive multiplier effects in local economies. They are, however, often disrupted during emergencies, meaning that they should not be seen as a substitute for timely humanitarian assistance. Humanitarian actors may be able to support the restoration of remittance flows and to advocate with both sending and receiving governments for remittance-friendly policies. This implies both a need to do more of what some agencies are already doing, particularly in supporting family tracing, and also provides opportunities for new and innovative programming. There may be scope to support the government and private sector in restoring and establishing communications, to support governments in quickly providing forms of identification and to work with private sector

financial providers to rapidly restore remittance systems. Whether this involves establishing internet cafes in displacement camps, supporting local businesses to establish internet cafes, distributing mobile phones or just providing people with cash to enable them to phone relatives will be context-specific. But a greater focus on enabling people to make contact with relatives and broader diasporas is clearly needed for economic as well as humanitarian reasons. A focus on remittances may also open up innovative opportunities for aid agencies to engage with crisis-affected diaspora populations in Western countries. Remittances should not be seen as a panacea or substitute for humanitarian action, but there is clear potential for humanitarian actors to do more to explore the complementarities between emergency relief and people's own efforts to support friends and family in times of crisis.

# Bibliography

- ADB (2005) 'Nepal: Recent Political and Economic Developments, and Country Operations', <http://www.adb.org/Documents/Conference/Nepal/recent-political-economic-developments.pdf>.
- ADB/IBIC/World Bank (2005) *Sri Lanka 2005 Post-Tsunami Recovery Program Preliminary Damage and Needs Assessment January 10–28, 2005*. Colombo: Asian Development Bank, Japan Bank for International Cooperation and the World Bank.
- AFSC (2004) 'Hurricane Ivan and Jeanne', American Friends Service Committee (AFSC) Haiti–Update, November. <http://www.afsc.org/latinamerica/int/documents/haitireliefreport.pdf>.
- Academy for Peace and Development (2004) *A Socio-economic Survey of Somaliland*, draft paper.
- Adams, L. et al. (2003) *A Growing Economy Amidst Insecurity: A Study of Urban Livelihoods in Belet Weyne, Hiran Region – Somalia*. Nairobi: Food Security Analysis Unit (FSAU) and Save the Children (UK) Food Security Project.
- Adams, L. and P. Harvey (2006a) *Issue Paper 4: Cash and Shelter*. London: Overseas Development Institute.
- Adams, L. and P. Harvey (2006b) *Issue Paper 5: Livelihoods Recovery*. London: Overseas Development Institute.
- Adams R. (2005) 'Remittances, Poverty, and Investment in Guatemala', in C. Özden and M. Schiff (eds) *International Migration, Remittances, and the Brain Drain*. New York: Palgrave Macmillan.
- Ahmed, I. I. (2000) 'Remittances and Their Economic Impact in Postwar Somaliland', *Disasters*, 24(4), pp. 380–89.
- Al-Ali, N., R. Black and K. Koser (2001) 'Refugees and Transnationalism: the Experience of Bosnians and Eritreans in Europe', *Journal of Ethnic and Migration Studies*, 27, pp. 615–35.
- Amjad, R. (2004) 'Remittances and Development in South Asia', *South Asian Journal*, October–December.
- BBC (2005) 'Tsunami Puts Sri Lanka in Surplus', *BBC News*, 20 May.
- Ballard, R. (2005) 'Coalitions of Reciprocity and the Maintenance of Financial Integrity within Informal Value Transmission Systems: The Operational Dynamics of Contemporary Hawala Networks', *Journal of Banking Regulation*, 6(4), pp. 319–52.
- Basch, L. et al. (1994) *Nations Unbound: Transnational Projects, Postcolonial Predicaments and Deterritorialized Nation States*. Langhorne, PA: Gordon and Breach.
- Binder, A. and J. Witte (forthcoming, 2007) *Business Engagement in Humanitarian Relief: Key Trends and Policy Implications*, Humanitarian Policy Group Background Paper. London: Overseas Development Institute.
- Black, R. (2004) *Migration and Pro-Poor Policy in Africa*, Working Paper, Sussex Centre for Migration Research, University of Sussex.
- Bradbury, M. (2002) *Somalia: The Aftermath of September 11th and the War on Terrorism*, unpublished report for Oxfam.
- Bracking, S. and L. Sachikonye (2006) *Remittances, Poverty Reduction and the Informalisation of Household Wellbeing in Zimbabwe*, GPRG-WPS-045 Global Poverty Research Group. Oxford: Centre for the Study of African Economies.
- Campbell, E. and J. Kakusu (2006) 'Congolese Refugee Livelihoods in Nairobi and the Prospects of Legal, Local Integration', *Refugee Survey Quarterly*.
- Carling, J. (2005) *Migrant Remittances and Development Cooperation*, report commissioned by the Norwegian Agency for Development Co-operation, PRIO Report 1/2005. Oslo: International Peace Research Institute.
- Castles, S. (2004) 'Confronting the Realities of Forced Migration', Centre for Refugee Studies, University of Oxford, <http://www.migrationinformation.org/feature/display.cfm?ID=222>.
- Cheran R. and S. Aiken (2005) *The Impact of International Informal Banking on Canada: A Case Study of Tamil Transnational Money Transfer Networks (Undiyal)*, Law Commission of Canada and York University's Nathanson Centre for the Study of Organized Crime and Corruption working paper, Spring.
- Clark, G. and S. Wallsten (2004) *Do Remittances Protect Households in Developing Countries against Shocks? Evidence From a Natural Disaster in Jamaica*. Washington DC: World Bank.
- Clay, E. and C. Benson (2006) 'Aftershocks: Natural Disaster Risk and Economic Development Policy', in P. Randade (ed.), *Natural Disaster Management and Preparedness*. Hyderabad: Icafi University Press.
- Collier, P. and A. Hoeffler (1998) *On the Economic Causes of Civil War*. Oxford: Oxford University Press.
- Collier, P. and A. Hoeffler (2001) *Greed and Grievance in Civil War*. Washington DC: World Bank.
- Connell, J. and R. Brown (2005) 'Remittances in the Pacific: An Overview', Pacific Studies Series of the Asian Development Bank. Manila: ADB.
- Datta, K. et al. (2006) *Challenging Remittances as the New Development Mantra: Perspectives from Low-paid Migrant Workers in London*. London: Queen Mary, University of London.
- De Haan, A. (2000) *Migrants, Livelihoods, and Rights: The Relevance of Migration in Development Policies*, Social Development Working Paper No. 4. London: Department for International Development.
- Deshingkar, P. (2006) *Internal Migration, Poverty and Development In Asia*, ODI Briefing Paper. London: ODI.
- Deshingkar, P. and M. Aheeyar (2006) *Remittances in Crisis: Sri Lanka After the Tsunami*, HPG Background Paper. London: ODI.
- Deshingkar, P. and E. Anderson (2004) 'People on the Move: New Policy Challenges for Increasingly Mobile Populations', *ODI Natural Resource Perspectives* 92. London: ODI.
- DFID (2005a) *Sending Money Home? A Survey of Remittance Products and Services in the United Kingdom*. London: Department for International Development.
- DFID (2005b). *Fighting Poverty To Build a Safer World: A Strategy for Security and Development*. London: Department for International Development.
- Dias, M. and R. Jayasundere (2004) *Sri Lanka: Good Practices To Prevent Women Migrant Workers From Going Into Exploitative Forms of Labour*, GENPROM Working Paper No. 9. Geneva: International Labour Office.
- Dick, S (2002) 'A Case Study of Liberian Refugees in Ghana', in *Responding to Protracted Refugee Situations*. Geneva: UNHCR.

- EIU (2004) *Country Profile 2004, Sri Lanka*. London: EIU.
- El-Sakka, M. (1997) 'Migration Remittances: Policy Options for Host and Countries of Origin', Department of Economics, Kuwait University, <http://www.cba.edu.kw/elsakka/REMITT3.DOC>.
- Fagen, P. (2006) *Remittances in Crises: A Haiti Case Study*, HPG Background Paper. London: Overseas Development Institute.
- Fagen, P. and M. Bump (2006) *Remittances in Conflict and Crises: How Remittances Sustain Livelihoods in War, Crises and Transitions to Peace*. Washington DC: International Peace Academy.
- Gellert, G. (2006) 'Hurricane Stan Lifts the Lid on Guatemala's Vulnerability', in *World Disasters Report 2006*. Geneva: IFRC.
- Ghosh, B. (2006) *Migrants' Remittances and Development: Myths, Rhetoric and Realities*. Geneva: IOM.
- GCIM (2005) *Migration in an Interconnected World: New Direction for Action*. Geneva Global Commission on International Migration.
- Grote, U., S. Engel and B. Schraven (2006) *Migration Due to the Tsunami in Sri Lanka – Analyzing Vulnerability and Migration at the Household Level*. Bonn: Center for Development Research.
- Gundel, J. (2003) 'The Migration–Development Nexus: Somalia Case Study', in N. Van Hear and N. Nyberg Sørensen (eds), *The Migration–Development Nexus*. Geneva: IOM.
- Gustafsson, B. and N. Makonnen (1993) 'Poverty and Remittances in Lesotho', *Journal of African Economics* 2(1).
- Hammond, L. (forthcoming) *Obligated to Give: Remittances and the Maintenance of Transnational Networks Between Somalis 'At Home' and Abroad*.
- Hammond, L. et al (2006) *The Effects of Food Aid on Household Migration Patterns and Implications for Emergency Food Assessments*. Rome: WFP.
- Harsch, E. (2003) 'Ivorian War Sends Regional Shockwaves', *Africa Recovery*, vol. 17, no. 2.
- Harvey, P. (1998) *Guidelines on the Use of Food for Work and Cash for Work in Food Security Programmes and Emergency Aid: A Report for GTZ*.
- Harvey, P. (2007) *Cash-based Responses in Emergencies*, HPG Report 24. London: ODI.
- Harvey, P. and Lind, J. (2005) *Dependency and Humanitarian Relief: A Critical Analysis*, HPG Report 19. London: ODI.
- Higazi, A. (2005) *Ghana Country Study: A Part of the Report on Informal Remittance Systems in Africa, Caribbean and Pacific (ACP) Countries*. Oxford: ESRC Centre on Migration, Policy and Society (COMPAS), University of Oxford.
- Hinshaw, R. (2006) *Hurricane Stan Response in Guatemala*, Natural Hazards Centre, Quick Response Report.
- Hofmann, C.-A. (2005) *Cash Transfer Programmes in Afghanistan: A Review of Current Policy and Practice*. London: ODI.
- Horst, C. (2006a) *Transnational Nomads: How Somalis Cope with Refugee Life in the Dadaab Camps of Kenya*. Oxford: Berghahn.
- Horst, C. (2006b) 'Introduction: Refugee Livelihoods: Continuity and Transformation', *Refugee Survey Quarterly*.
- Huang R. (2001) 'Mounting Costs of the Financial War Against Terrorism', CDI Terrorism Project, <http://www.cdi.org/terrorism/financial2-pr.cfm>.
- Human Rights Watch (2002) *Hidden in Plain View: Refugees Living Without Protection in Nairobi and Kampala*. New York: Human Rights Watch.
- IFRC (2006) *World Disasters Report 2006*. Geneva: IFRC.
- IMF (2006) *Balance of Payments Statistics Yearbook, 2006*. Washington DC: IMF.
- IMF (2005) *Balance of Payments Statistics Yearbook, 2005*. Washington DC: IMF.
- IMF (2004) *Balance of Payments Statistics Yearbook, 2004*. Washington DC: IMF.
- IOM (2006) *Return of Qualified Afghans Programme*, <http://topics.developmentgateway.org/afghanistan>.
- IOM (2005) *World Migration 2005*. Geneva: IOM.
- IOM (2004) *National Survey on Family Remittances Year 2003*. Guatemala City: IOM.
- IOM (2003) *World Migration 2003: Managing Migration – Challenges and Responses for People on the Move*. Geneva: IOM.
- IRIN (2005) 'Pakistan: Remittances – The Impact on Communities', <http://www.irinnews.org/report.asp?ReportID=47167&SelectRegion=Asia>, September.
- Ibrahim Cadbi, S. (2005) 'The Impact of the War on the Family', in WSP International, *Rebuilding Somaliland: Issues and Possibilities*. Asmara: Red Sea Press.
- Ionescu, D. (2005) *Engaging Diasporas as Development Partners for Home and Destination Countries: Challenges for Policymakers*. Geneva: IOM.
- Iskander, N. (2002) 'Remittances and Morocco's Banques Populaires', in M. Orozco (ed.), *Worker Remittances: The Human Face of Globalization*, an Inter-American Dialogue Working Paper commissioned by the Multilateral Investment Fund of the Inter-American Development Bank.
- Jacobsen, K. (2005) *The Economic Life of Refugees*. Bloomfield, CT: Kumarian Press.
- Kapur, D. (2005) 'Remittances: The New Development Mantra', in S. M. Maimbo and D. Ratha (eds), *Remittances: Development Impact and Future Prospects*. Washington DC: World Bank.
- Kapur, D. and J. McHale (2005) *Give Us Your Best and Brightest: The Global Hunt for Talent and Its Impact on the Developing World*. Washington DC: Center for Global Development.
- King, A. (2003) *Hargeisa Urban Household Economy Assessment February–March 2003*. Hargeisa: Famine Early Warning Systems Network (FEWS NET).
- Koser, K. and N. Al-Ali (2001) *New Approaches to Migration? Transnational Communities and the Transformation of Home*. London: Routledge.
- Koser, K. and N. Van Hear (2003) *Asylum Migration and Implications for Countries of Origin*, WIDER Paper No. 2003/20, March.
- Kubursi, A. (2006) *The Economics of Migration and Remittances Under Globalization*, [www.un.org/docs/ecosoc/meetings/2006/hls2006/Preparatory/Statements/Kubursi\\_RT6.pdf](http://www.un.org/docs/ecosoc/meetings/2006/hls2006/Preparatory/Statements/Kubursi_RT6.pdf).
- Lautze, S. et al. (2002) *Qaht-E-Pool: A 'Cash Famine' – Food Insecurity in Afghanistan 1999–2002*. Medford, MA: Feinstein International Center.
- Lasagabaster, E., S. M. Maimbo and S. Hulugalle (2005) *Sri Lanka's Migrant Labor Remittances: Enhancing the Quality and Outreach of the Rural Remittance Infrastructure*, World Bank Policy Research Working Paper 3,789.
- Lewis, I. (1994) *Blood and Bone: The Call of Kinship in Somali Society*. Lawrenceville, NJ: Red Sea Press.

- Lindley, A. (forthcoming) *The Dynamics, Effects and Politics of Migrant Remittances in Insecure Contexts: The Somali Case*, DPhil thesis, Department of Development Studies, University of Oxford.
- Lindley, A. (2006) *Migrant Remittances in the Context of Crisis in Somali Society: A Case Study of Hargeisa*, HPG Background Paper. London: ODI
- MPI (2004) *Beyond Remittances: The Role of Diaspora in Poverty Reduction in their Countries of Origin. A Scoping Study by the Migration Policy Institute for the Department of International Development*, July 2004.
- Majid, N. and I. Hussein (2007) *Evaluation of the Cash Consortium in Southern Somalia*, Oxfam GB and Horn Relief.
- Maphosa, F. (2005) *The Impact of Remittances from Zimbabweans Working in South Africa on Rural Livelihoods in the Southern Districts of Zimbabwe*, <http://migration.wits.ac.za/Maphosa.pdf>.
- Marchal, R. et al. (2000) *Globalization and Its Impact on Somalia*. Nairobi: UNDP and the United Nations Development Office for Somalia (UNDOS).
- Mazzucato, V. et al. (2004) *Transcending the Nation: Exploration of transnationalism as a Concept and Phenomenon*. Utrecht: CERES.
- McGreal, C. (2007) 'How a Six Mile Trek for Grain Became a Stroll to the Cashpoint', *The Guardian*, 16 February.
- Medani, K. (2000) *Report on Internal Migration and Remittance Inflows: Northwest and Northeast Somalia*. Nairobi: UN Coordination Unit and the FSAU.
- Meyers, D. (1998) *Migrant Remittances to Latin America: Reviewing the Literature*, Inter-American Dialogue, <http://www.thedialogue.org/publications/meyers.html>.
- Mohammad Jalal Abbasi-Shavazi et al. (2005) *Return to Afghanistan? A Study of Afghans Living in Mashhad, Islamic Republic of Iran*. Kabul: Afghanistan Research and Evaluation Unit Case Study Series.
- Monsutti, A. (2006) *Afghan Transnational Networks: Looking Beyond Repatriation*. Kabul: Afghanistan Research and Evaluation Unit
- Mutume, G. (2005). 'Workers' Remittances: A Boon to Development', in *Africa Renewal*, 19(3).
- Mohapatra S. et al. (2006) *Migration and Development Brief 2 Remittance Trends 2006*. Washington DC: World Bank.
- Newland, K. and E. Patrick (2004) *Beyond Remittances: The Role of Diaspora in Poverty Reduction in their Countries of Origin*. Washington DC: Migration Policy Institute.
- OFDA DART Team (2005) *Niger Sitrep 9: Analyzing Agriculturalist Household Economies*, September.
- Orozco, M. et al. (2005) *Transnational Engagement Remittances and Their Relationship to Development in Latin America and the Caribbean*. Washington DC: Georgetown University.
- Oxford Analytica (2005) *Ivorian Conflict Takes Toll on Region*, Daily Brief Services: West Africa, 30 August. Oxford: Oxford Analytica.
- Parker, A. and J. Croft (2007) 'Mobile Phone Companies Eye Money Transfers', *Financial Times*, 12 February.
- Pieke F. et al. (2005) *Synthesis Study: A Part of the Report on Informal Remittance Systems in Africa, Caribbean and Pacific (ACP) Countries*. Oxford: ESRC Centre on Migration, Policy and Society (COMPAS), University of Oxford.
- Ratha, D. (2005a) 'Sending Money Home: Trends in Migrant Remittances', in *Finance and Development*, 42(4).
- Ratha D. (2005b) 'Workers Remittances: An Important and Stable Source of External Development Finance', in S. M. Maimbo and D. Ratha (eds), *Remittances: Development Impact and Future Prospects*. Washington DC: World Bank.
- Riak Akuei, S. (2005) *Remittances as Unforeseen Burdens: The Livelihoods and Social Obligations of Sudanese Refugees*, Global Migration Perspectives, 18. Geneva: Global Commission on International Migration.
- Riak Akuei, S. (2004) *Remittances as Unforeseen Burdens: Considering Displacement, Family and Resettlement Contexts in Refugee Livelihood and Well-being*. Geneva: UNHCR.
- Sander, C. and S. Maimbo (2003) *Migrant Labor Remittances in Africa: Reducing Obstacles to Developmental Contributions*, Africa Region Working Paper Series No. 64. Washington DC: World Bank.
- Schiff, M. and C. Ozden (eds) (2005) *International Migration, Remittances and the Brain Drain*. New York: Palgrave Macmillan.
- Seddon, D. (2005) 'Nepal's Dependence on Exporting Labor', *Migration Information Source*, <http://www.migrationinformation.org/Profiles/display.cfm?id=277>.
- Skotte, H. et al. (2005) *Returning Home: An Evaluation of Sida's Integrated Area Programmes in Bosnia and Herzegovina*. Stockholm: Sida.
- Smith, M. (2005) 'Development Aid for Refugees: Leveraging Rights or Missing the Point?', in M. Smith (ed.), *Refugee World Survey*. Washington DC: US Committee for Refugees and Immigrants.
- Smith, J. (2006) *Guatemala: Economic Migrants Replace Political Refugees*, Inforpress Centroamericana, Migration Information Source, Selected Readings on Central America.
- Soysa, G. (undated) *Impact of the Tsunami on Sri Lanka's Migrants*, press Release and web article from the Migrant Services Centre, Colombo.
- Sriskandarajah, D. (2002) *Impact of Migrant Remittances on Development and Poverty Reduction in Sri Lanka*, Institute for International Studies, Department for Development Research, IIS, Copenhagen.
- State Bank of Pakistan (2006) *The State of Pakistan's Economy: Third Quarterly Report for the year 2005–2006*. Karachi: State Bank of Pakistan.
- Steimann, B. (2005) *Livelihood Strategies in North-West Pakistan: Results from the Sustainable Livelihoods Survey 2004, North-West Frontier Province (Pakistan)*, NCCR IP6 Working Paper No. 5. Bern: NCCR.
- Suleri, A. and K. Savage (2006) *Remittances in Crises: A Case Study from Pakistan*, HPG Background Paper. London: ODI.
- TEC (2006) *Funding the Tsunami Response*. London: ALNAP.
- Taylor, J. E. (1999) 'The New Economics of Labour Migration and the Role of Remittances in the Migration Process', *International Migration*, 37(1).
- Taylor J. E. and P. L. Fletcher (2003) 'Volume 2: Remittances and Development', in *Mexico Part One The New Labor Economics of Migration: A Critical Review*. Davis, CA: Institute of Governmental Affairs, University of California.
- UNDP (2001) *Human Development Report 2001: Somalia*. Nairobi: UNDP Somalia.
- UNDP Somalia and the World Bank (2003) *Socio-Economic Survey 2002 Somalia*. Nairobi: UNDP Somalia and the World Bank.
- UNHCR (2007) 'Afghanistan – Still Major Challenges Ahead', *Return to Afghanistan*, <http://www.unhcr.org/afghan.html>.

- UNHCR (2006a) *2005 Global Refugee Trends Statistical Overview of Populations of Refugees, Asylum-Seekers, Internally Displaced Persons, Stateless Persons and Other Persons of Concern to UNHCR* (provisional). Geneva: UNHCR.
- UNHCR (2006b) *Iraq Emergency*, <http://www.unhcr.org/iraq.html>.
- UNHCR (2006c) *Afghanistan Situation Operation Update September 2006*, <http://www.unhcr.org/afghan.html>.
- UNOCHA (2006) *Darfur Humanitarian Profile No. 23*. Khartoum: Office of the UN Resident and Humanitarian Co-ordinator for Sudan.
- USCIS (2007) Home › Services & Benefits › Humanitarian Benefits › Temporary Protected Status, <http://www.uscis.gov>.
- Van Hear, N. (2002) 'Sustaining Societies under Strain: Remittances as a Form of Transnational Exchange in Sri Lanka and Ghana', in K. Koser and N. Al-Ali (eds) *New Approaches to Migration: Transnational Communities and the Transformation of Home*. London and New York: Routledge.
- Van Hear, N. and N. N. Sørensen (eds) (2003) *The Migration-Development Nexus*. Geneva: IOM.
- Van Hear, N. et al. (2004) *The Contribution of UK-based Diasporas to Development and Poverty Reduction*. Oxford: Centre on Migration Policy and Society.
- Vertovec, S. (2006) *Diasporas Good? Diasporas Bad?*, Working Paper no 41. Oxford: Centre on Migration Policy and Society.
- Vidino, L. (2005) 'How Chechnya Became a Breeding Ground for Terror', *Middle East Quarterly*, 12(3).
- Witherspoon Society (2006) *Letter Regarding Extension of TPS for Hondurans*, [http://www.witherspoonsociety.org/2004/haiti\\_refugees.htm](http://www.witherspoonsociety.org/2004/haiti_refugees.htm).
- World Bank (2006a) *Global Economic Prospects, Economic Implications of Remittances and Migration, 2006*. Washington DC: World Bank.
- World Bank (2006b) *General Principles for International Remittance Services, Consultative Report*. Washington DC: Bank for International Settlements, World Bank.
- World Bank (2005a) *Global Development Finance*. Washington DC: World Bank.
- World Bank (2005b) *Grenada: A Nation Rebuilding: An Assessment of Reconstruction and Economic Recovery One Year after Hurricane Ivan*, [http://siteresources.worldbank.org/INTDISMGMT/Resources/grenanda\\_rebuilding.pdf](http://siteresources.worldbank.org/INTDISMGMT/Resources/grenanda_rebuilding.pdf).
- World Bank (2005c) *Afghanistan: State Building, Sustaining Growth, and Reducing Poverty*. Washington DC: World Bank.
- World Bank (2005d) *Somalia: From Resilience Towards Recovery and Development*, A Country Economic Memorandum for Somalia, Report No. 34356-SO. Washington DC: World Bank.
- World Bank (2005e) *Global Economic Prospects 2005*. Washington DC: World Bank.
- World Bank (2004a) *Global Development Finance 2004*. Washington DC: World Bank.
- World Bank (2004b) *Haiti Country Overview 2004*, <http://www.worldbank.org>.
- World Bank (2003) *Global Development Finance 2003*. Washington DC: World Bank.
- Wu, T. (2006) *The Role of Remittances in Crisis: An Aceh Research Study*, HPG Background Paper. London: ODI.
- WFP (2006) *Lebanon Crisis WFP Rapid Food Security Assessment 27 August–10 September 2006*. Rome: World Food Programme.
- WFP (2004) *Food Insecurity in Rural Pakistan 2003*. Islamabad: SDPI.
- Xasan Gaani, M. (2005) 'Regulating the Livestock Economy of Somaliland', in WSP International, *Rebuilding Somaliland: Issues and Possibilities*. Asmara: Red Sea Press.
- Yang, D. (2005) *Coping With Disaster: The Impact of Hurricanes on International Financial Flows, 1970–2001*. Ann Arbor, MI: Gerald R. Ford School of Public Policy and Department of Economics, University of Michigan.
- Yang, D. and H. Choi (2005) *Are Remittances Insurance? Evidence from Rainfall Shocks in the Philippines*. Washington DC: World Bank Research Program on International Migration and Development.
- Young, H. and A. M. Osman et al. (2005) *Darfur - Livelihoods Under Siege*. Medford, MA: Feinstein International Famine Center.
- Young, H. (2006) *Livelihoods, Migration and Remittance Flows in Times of Crisis and Conflict: Case Studies for Darfur, Sudan*, HPG Background Paper. London: ODI.





Humanitarian Policy Group  
Overseas Development Institute  
111 Westminster Bridge Road  
London SE1 7JD  
United Kingdom

Tel. +44 (0) 20 7922 0300  
Fax. +44 (0) 20 7922 0399

E-mail: [hpg@odi.org.uk](mailto:hpg@odi.org.uk)  
Websites: [www.odi.org.uk/hpg](http://www.odi.org.uk/hpg)  
and [www.odihpn.org](http://www.odihpn.org)

ISBN: 978 0 85003 846 0

978 0 85003 846 0



9 780850 038460

