

Remittances and Economic Migration: What are the implications for the shelter practitioner?

Despite research over the past decade by large institutions such as the World Bank into the mechanisms and motivations surrounding remittances, academic literature is still sparse regarding their role during crises and how humanitarian practitioners should regard their role in humanitarian action and disaster risk reduction (Le De, Gaillard and Friesen, 2013, p. 36). Remittances form an important revenue for households around the world, providing a semi-stable source of income which, appearing to be counter cyclical, often increases in times of turbulence such as following a disaster or other crisis (Savage and Harvey, 2007). As such, remittances from abroad can bolster a community's coping strategies in times of hardship. Understanding coping mechanisms is often a core aim of humanitarian and development practitioners in order to ensure they are capitalised upon and strengthened during recovery and reconstruction whilst achieving programmatic aims (Le De, Gaillard and Friesen, 2013). Remittances, therefore, should be a key consideration for all practitioners, including those involved in shelter response, since the impacts they can have prior to and following a disaster, as will be described, are tenable. In order to explore the role of remittances and their impact on shelter it is poignant to take the case of Nepal following the Gorkha earthquake of 2015. As a world leader in receipt of remittances, the influx of funds, associated migration patterns and the use of the money all have important ramifications for shelter response which should not be ignored. Additionally, the knowledge of remittance practice could be vital to ensuring that aid is well coordinated and targeted. It could be the case that members of a target population are well supported in times of crisis through remittance support, or that this is not happening as it should. This could mean that these same people who are normally dependent on remittances may experience increased vulnerability should channels of remittance be interrupted during a crisis (Deshingkar and Aheeyar, 2006, p. 3). This presents a need within the shelter community to research more into remittances for each response in order to be appraised of the market situation, and also to become involved in remittance related advocacy where it is needed.

Before delving into remittances within the Nepalese context, it is pertinent to understand how remittances, as an informal and largely unregulated influx of cash, contribute to recovery after disaster. Within the strategy section of 'Shelter after Disaster', it is noted that comprehensive and inclusive consultations should "take into consideration the capacity and resources of the affected population, such as remittances, and recognise that the affected population often has a greater impact on the response than the humanitarian community itself" (OCHA, Shelter Centre and DFID, 2010, p. 39). Increasingly, research within shelter is focussing on the space that sits between the time of the disaster and when humanitarian aid arrives, and also on those who never receive assistance from the humanitarian community. Flinn, Schofield and Morel (2017) note that only 10 to 20% of households are reached by humanitarian aid, and therefore the majority are 'self-recovering', propagating the "same vulnerabilities and bad building practices" that led to disaster. In several contexts, remittances undoubtedly contribute both positively and negatively to the ability to self-recover and the methods by which self-recovery happens. At the same time, however, since remittances are often a direct transfer of funds, and therefore an independent source of income, they also constitute a valuable enhancement to affected populations' agency and capacity for recovery. Seen as a tool of empowerment akin to cash based programming, remittances are clearly important in the sphere of shelter. As Parrack, Flinn and Passey (2014) note, remittances form one of several assets which can contribute to affected populations' ability to "rebuild or repair damaged or destroyed homes" on their own. That being said, the self-recovery period and use of

remittances require more oversight, whether national or international, in order to ensure safer self-recovery. In order to understand more about this, and the effects that remittances, and economic migration itself, can have on a shelter response, a review of their impact in Nepal following the 2015 earthquake, will provide some enlightenment.

As of 2016, Nepal was the largest recipient in the world of remittances as a proportion of GDP, rising from fourth place in 2012, with 31.2% being attributed to remittance receipt - higher than export income or international aid (World Bank, 2016). This does not include remittances delivered in person or through informal transfer networks such as *hawala* or *hundi*, and the increase of remittances in the wake of the earthquake was estimated at 30% (Wendelbo et al., 2016, p. 34). In 2010 it was noted that 56% of households had at least one member of the family living abroad or at least one member having returned from working abroad (Uprety, 2017, p. 92). The Gorkha earthquake caused massive damage within Nepal, with estimates of 500,000 homes destroyed and 250,000 partially damaged (Wendelbo et al., 2016, p. 12). Immediately after the earthquake, the Nepali government announced that financial aid would be available to those in need; a first injection of NPR 7,000 for items of first necessity and a second of NPR15,000 for building temporary shelters – however these were dependent on official documents which were often lost during the earthquake (Maharjan, Prakash and Gurung, 2016, p. 14). For those that were able, this meant turning to their family members for support in the form of remittances. Given the scale of remittances as a form of income within the country and their historical use as a support to housing construction and modification, there are a number of concerns which have ramifications for shelter response – the first being their link to unsafe building practices.

In a study of households in the Kathmandu valley and Jhapa, Manandhar (2016, p. 52) found that remittances from the diaspora contributed to investment in construction and influenced building practices somewhat negatively. Twenty percent of remittances received were dedicated to construction within the 12 months prior to the study. It was found that there was a positive relationship between remittance households and ownership of concrete houses which had not engaged the services of an engineer or consulted national building codes to guide safer construction. Manandhar (ibid.) therefore argues that remittances have, in some cases, “fuel[ed] unsafe construction practices in Nepal and increase[ed] earthquake risk” – or rather that they have enabled unregulated building to occur. Reinforcing this, in her work on migration and resilience, Sijapati (2015, p. 15) notes that within Nepal there were cases of remittances being used to invest in aesthetic improvements which looked more modern but were not necessarily safer. She provides an example from the Dhading district in which a survey respondent had used remittances and a personal loan in order to render the outside of his property. Whilst appearing sturdier and undoubtedly more pleasing, the plaster had obviously not strengthened the structure itself and was damaged, as well as the house, following the earthquake. A similar trend regarding the use of remittances to construct with more ‘western’ materials was observed by Suleri and Savage (2006, p. 10) within their report on the 2005 Pakistan earthquake. They found that almost all recipients of remittances lived in cement mortar houses. In this context, however, the homes improved by remittance were stronger than the vernacular use of stone masonry and mud against the effects of the earthquake. As a result, since many of the cement mortar houses only needed repairs rather than complete rebuilds, those in receipt of remittances were in a better position for recovery. This could, however, be a reflection of the difference in the disaster, the quality of building techniques or the comparative weakness of vernacular building practices. Given that remittances within Nepal can be linked with unsafe building practices, the shelter practitioner therefore needs to consider how best to influence

this trend in order to improve safety. Interestingly, Manandhar (2016, p. 59) found that there was a greater perception on the side of the sending party in remittances that it was more their decision that counted regarding how to spend remittances (i.e. whether to engage the services of an engineer during housing construction) rather than the decision of the recipients. This highlights a need to ensure that knowledge transfer of 'Build Back Safer' messages are transmitted not only to those living in a household, but also to the diaspora if they are providing economic support if they have significant sway over decisions.

Another facet for the consideration of shelter practitioners when planning a response in a country with high economic migration rates, such as Nepal, is the drain on labour force that economic migration can have on a society. This can affect not only effectiveness of the period of self-recovery, but also the implementation of shelter programmes by international and national agencies should they require the engagement of local labour. Willitts-King and Bryant (2016, p. 9) linked the high rates of economic migration for the purpose of remittances within Nepal to the finding of a Save the Children study that 26% of earthquake affected households were female headed (Barber, 2016), since men had ventured abroad in order to be able to better support their families. Whilst in some cases, these men stayed abroad and ensured remittances were available for the financial support of reconstruction efforts, others returned home and helped with reconstruction until it was complete (Twigg et al., 2017, p. 17). Through their interdisciplinary study, Twigg et al. (ibid.) also noted that, given the economic migration trend in Nepal, there was concern that newly trained masons following the earthquake response would perpetuate and exacerbate the labour market drain by migrating themselves with their new found skills – a legitimate link to have made although no such evidence was found within their particular research. Economic migration, however, not only affects gender but also age, meaning an aging population since the youth often seek better financial recompense abroad, which, again, may affect recovery. Regmi (2016, p. 7) laments that the Nepalese government have not regulated this type of migration, since although there are benefits in monetary relief there is a lack of working age manpower. One key consideration for shelter practitioners when considering programme design, such as cash for work, is therefore whether or not there are enough skills and capacities within the community, both within the beneficiary pool and from hired specialists and contractors, in order to rebuild (Harvey, 2007, p. 11).

On a further programmatic level, the assessment of remittance dependence within the target population is also integral to a shelter response in order to deduce causality between outputs and impacts of an intervention. Within a cash-based or NFI programme in a setting where remittances are received by the affected population, it could be unclear if programmatic intervention leads to the intended impacts. For example, beneficiaries could meet outcomes of a shelter programme through receipt and use of remittances and not the activities of the intervention (Csete, 2016, p. 17). Being aware of this possibility by ensuring a thorough vulnerability and capacity assessment and consistent monitoring and evaluation of programme implementation will yield better causality links and therefore learning and adaptation possibilities. Furthermore, acknowledging remittances can have profound effects on how a shelter programme is developed. Jha (2010, p. 231) asserts that any intervention geared towards supporting reconstruction should include provisions for the fact that households may have the capacity (in the form of remittances or other resources) to contribute and enhance the assistance provided. Knowing this prior to a shelter response would ensure, if the approach is one of physical building, that modifications may be more probable and sought by the population in the near future.

A positive and potentially useful aspect of contexts within which there is a remittance culture is the plethora of methods for cash delivery, especially for to harder to reach communities. In countries where the receipt of remittances are high, there are often mechanisms for delivery of money which could be leveraged for the use of cash based programming. Willitts-King and Bryant (2016, p. 10) note that within Nepal, since remittances are common place, the Nepali people are more familiar with various forms of financial delivery and infrastructure, which helped with the implementation of humanitarian cash transfers. Although 77% of remittances are transferred in person in Nepal (through return visits bringing cash as well as gifts in kind), over 20% is given via financial institutions and informal networks such as *Hundi* (Government of Nepal, 2012). There is precedent for leveraging such financial mechanisms for the use of cash programming, such as in response to the 2011 famine in Somalia where the *hawala* informal financial transfer system was used by aid agencies to transfer aid (ODI, 2015, p. 16). A wider implication of this can be drawn out for the shelter sector. In contexts where a formal banking system does not exist or has been degraded, or where a digital infrastructure does not exist to support cash transfers, following the lead of more informal payment systems such as the *hundi* or *hawala* can provide a means of programme delivery. During programme design, however, such systems would need to be researched thoroughly in order to ensure that they would be safe and secure to use without any unintended consequences, especially if considered for use in a conflict setting (Deblon and Gutekunst, 2017, p. 71).

A wider implication of remittances is that they can be beneficial not only to the direct recipients, but can also have an intentional positive effect on the local community or district at large, directed by the will of one connected individual. In a focus group within the Nuwakot region of Nepal, Maharjan et al. (2016, p. 15) note that both national and international migrants were key in responding to their home villages' needs. In two notable cases remittance sending relatives ensured that each household within their village (eighty-three in one instance) was provided with corrugated galvanised iron sheets in order to build temporary shelters after the earthquake. Aside from instances of individual migrants providing for an entire community during crises, there is also evidence that diaspora groups can form in order to compound their influence and have greater developmental impact for their hometowns, which can mean improvement of shelters, construction of schools, hospitals and the creation of training programmes (UNCTAD, 2013). This poses an issue for coordination, however, which must be taken into account since at the cluster level agencies work together to deduce who does what, where and when (4W). If diaspora interventions are unknown, this could lead to duplication of aid and 'programmatic' overlap (Csete, 2016, p. 7). This also can also constitute unregulated intervention at odds with the wider response, which could, once again, mean that safety is compromised. Knowing this may enable the shelter practitioner to guide the use of remittances for better shelter provision.

Given that it is a reality that remittances can have a profound effect on the capacity of a community to recover, this also means that there are grave implications should they falter. Jha (2010, p. 233) notes that therefore there is a need to protect the delivery of remittances in the wake of a disaster or crisis, since if households are dependent on such financial income in order to supplement shelter programmes or independently recover and the mechanisms of delivery are interrupted, these need to be restored as soon as possible (ibid.). This fragility is confirmed by Suleri and Savage (2006, p. i) in their review of remittances in Pakistan. They assert that both informal and formal international remittances are dependent on "telecommunications, finance systems and local transport, all of which are typically damaged in disasters" and thus there should be significant focus on their reestablishment where they can be seen to have failed. This exposes a gap in advocacy or infrastructure support which could be addressed

during a shelter response or through coordination with other clusters and agencies. If there is significant acknowledgement that remittances are to play a key role in recovery and this is compromised, strategic intervention to ensure their reestablishment should be prioritised.

Finally, there is increasing acknowledgement of the role of remittances and other income mechanisms as important considerations for shelter support and services, however the knowledge about the effect of such mechanisms on implementation of market based programming is currently lacking. Recently, in a joint advocacy paper by the Shelter and WASH global clusters (Shelter Cluster, 2017) , it was noted that there is a lack of tools, skills and experience necessary to analyse the relevant markets (such as remittance receipt) which would impact on the design and implementation of cash transfer programs or market based interventions, and that this research should be prioritised in order to for interventions to become more effective. As cash interventions become increasingly important for the humanitarian sector, especially with the commitment to the Grand Bargain, more detailed preliminary analyses will be required by agencies into the connotations of economic migration for interventions not only in shelter, but across the spectrum of humanitarian intervention.

In summary, when considering the role of the shelter practitioner and the implications of remittances and economic migration, there is evidently still work to be done and arguably a need for a significant investigation over the next several years as cash interventions become increasingly important. As has been demonstrated, remittances are inextricably linked with self-recovery as an enabling income for families to begin rebuilding their lives following a disaster. They can, however, contribute to building practices which are either simply aesthetic or unregulated, which would suggest that identifying remittance-receiving households could enable practitioners to target interventions in order to ensure safer building practices. Additionally, given the decision-making power of those sending remittances, shelter practitioners should consider how they can improve knowledge transfer to the diaspora, since this could further compound safer recovery. It has also been shown that knowledge of remittances can ensure better causality links and monitoring, evaluation, learning and adaptation for programmes, as well as better coordination of interventions on a country level. It is clear that the infrastructure utilised by remittances could be extremely useful for shelter interventions using cash, especially in more remote or complex contexts – though these infrastructures are vulnerable following a disaster and greater assurances of their function should be of paramount importance. Finally, moving forward, the shelter should continue to dedicate more time and research into the effects and implications of remittances and economic migration that have been mentioned, since they will have an impact on future market based or cash based programming.

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