REMITTANCES IN CONFLICT AND CRISES: How Remittances Sustain Livelihoods in War, Crises, and Transitions to Peace

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Preface

The reconstruction of post-conflict and crisis countries has become an issue of growing policy concern for the international community. The decision at the 2005 World Summit to establish a Peacebuilding Commission reflects the consensus that greater efforts are needed to help war-torn states make the transition to lasting peace. An important component of peacebuilding is the need to maintain livelihoods during conflict and to ensure sustainable recovery after conflict. This is a relatively under-studied area that merits greater attention, especially with respect to private, individual support to households and communities. Secure livelihoods translate into better prospects for lasting peace. For post-conflict rebuilding, it is essential to repair physical and social infrastructure, design programs for rebuilding national institutions, and provide loans and credits for national economic recovery. But these efforts, even if ultimately successful, take years to produce “peace dividends” at the level of ordinary peoples’ livelihoods.

International relief efforts are meant to fill the gaps, but only for a short period. Yet, in almost all cases, populations affected by war and disaster are dependent on assistance over many years because of persistent unemployment, weak state and local institutions, and vulnerable sectors of the population. It has become increasingly apparent that while international relief is often insufficient and always withdrawn before needs are fully met, migrant remittances have played a major role in helping individuals and communities affected by conflicts and disasters to survive. Moreover, remittances have provided the means for families to move forward economically and to reinforce social services during war-to-peace transitions. Until recently, neither peacebuilding programs nor post-conflict assistance strategies adequately took into account this income source.

Recognizing this lacuna in knowledge, the International Peace Academy’s Security-Development Nexus Program and the Institute for the Study of International Migration at Georgetown University have undertaken a small project to review the current state of knowledge on remittances in conflict and crises and to identify key questions for future research. The following review of Remittances in Conflict and Crises is intended to bring the research on remittances to the attention of peacebuilders and to encourage a peacebuilding perspective within that research.

For the past several years, remittances have been on the agenda of development organizations, including several United Nations (UN) agencies and the international financial institutions. The result has been a stream of research that has grown almost as exponentially as the remittances themselves. The research has brought positive actions that have reduced money transaction costs, encouraged the use of financial institutions, linked to micro enterprises and led to some needed measures to increase transparency and accountability. The majority of the research and most of the actions, however, do not fit well with the realities of war-torn countries and fragile states where using financial institutions is not an option and moving funds to the families who need them is highly risky. On the other hand, the fact that remittances are, in fact, reaching families in such places is a story well worth investigating and reporting.

The premise of this report is that much can and should be learned about the migrant diasporas and the networks that bring remittance funds, communications technologies and other forms of support (not always in the direction of peacebuilding, to be sure) to individuals, families and communities in politically and economically troubled environments. Given the well-recognized dependence of such individuals, families and communities on money and other contributions from relatives who have migrated, it is equally important to strengthen our understanding of how the material and non-material inputs are actually being used. Doing so will help target international assistance in ways that complement and reinforce benefits obtained from remittances.

This report was produced by Patricia Weiss Fagen and Micah N. Bump at Georgetown University, with the collaboration of the International Peace Academy (IPA). An earlier version served as a basis for discussion at an international workshop for experts who share an engagement with research linking remittances and peacebuilding, and these issues with the role of migrant diasporas in their countries of origin. The workshop took place on 15–16 November 2005 at Georgetown University, with nineteen participants, nearly all of whom were recently or are currently involved in research relevant to the issues raised in this report. A great deal of consultation with participants preceded the workshop, and the event resulted in a rich exchange of information, a serious discussion of concepts and definitions, and the decision to continue to collaborate. Issues raised during the discussion have now been incorporated into the report. The continued collaboration will take the form of a Research Consortium on Remittances in Conflict and Crises (RCRCC), now being put in place with a small secretariat at Georgetown University. IPA support and encouragement has been fundamental throughout this process.

It is hoped that this report will contribute to ongoing discussions on peacebuilding and post-conflict recovery by highlighting an issue with major implications for peace and development.

Executive Summary

Although migrant workers, refugees and immigrants have been sending money, goods and ideas home for millennia, until about a decade ago donors and international finance agencies paid little attention to the phenomenon. Interest has grown exponentially as statistics show what we now call migrant remittances to be among the most important contributing factors to national economies in several countries. Nearly all the countries in the conflict, war-to-peace transition, and crisis categories are highly dependent on remittances. The slow recovery of livelihoods and persistent violence or repression ensure high levels of migration and the need for remittances in such countries for several years after conflict and crises have ended. By all accounts, migrant remittances reduce poverty in important ways in developing countries. Research shows that migrants transfer funds and invest in their countries of origin at times when international investment has all but disappeared. By serving these purposes in countries emerging from or still experiencing conflicts (e.g., Bosnia and Herzegovina, Kosovo, Sri Lanka, Afghanistan, Somalia, Liberia, Côte d’Ivoire and others), remittances can be seen as a sine qua non for peace and rebuilding.

However, there are major difficulties to overcome. Efforts to facilitate remittance flows to conflict and post-conflict situations have been complicated by a variety of institutional and political factors. Additionally, anti-terror and anti-crime regulations all but preclude legal money transfers to some crisis countries. Perhaps most important, restrictive immigration policies prevent remittances from being earned in the first place. Such policies are by no means limited to developed countries. Regulations can be tighter and treatment of immigrants worse in countries that border conflict, conflict-affected and crisis countries.

The analysis in this review reinforces three related premises:

First. While migration is an obvious consequence of conflict, migrant remittances may help many to avoid further forced displacement. Conflict almost always generates massive forced displacement. Its impacts go beyond areas of actual fighting and pose sometimes insurmountable problems and enormous material loss. Remittances support people who cannot or do not choose to leave because leaving carries the prospect of losing everything and being stranded in miserable conditions in an unfamiliar place. Those who stay are highly vulnerable and, more often than not, economically dependent. Conflict tends to undermine both general economic stability and personal livelihoods. Coping strategies, where possible, include economic support from relatives who have migrated.

Second. Forced migration and immigrant flows tend to merge. Both are important generators of remittances. Refugee migrations—i.e., those driven by conflict and repression—often build on previously existing immigration communities. The refugees then open the way for post-conflict or post-crisis labor migration from the same countries. Remittances from both labor migrants and political refugees are critically important to countries in conflict or crisis, but increased immigration and labor restrictions in both developed and developing countries have made migrating and sending remittances more difficult.

Third. Remedies enacted to address the problem of remittances being used to support conflict and crime should be refined. Some money transfer systems may mix genuine and much needed support for families with funds destined for conflict support or crime, but regulatory measures taken to prevent this from occurring have become relatively blunt instruments that pose greater problems for the former than the latter, and cause legitimate operations to close their doors.

The information needed for an analysis of remittances
in conflict, conflict-prone and crisis countries cuts across four growing areas of investigation:

1. The expanding information and analysis related to migrant remittances as a global phenomenon;
2. The formation of diaspora communities with links to home and host countries, that contribute to their countries of origin in ways that go well beyond family incomes, and are able to influence both conflict and reconciliation;
3. Assessments of international contributions to peacebuilding, relief and development during and especially following armed conflict;
4. Investigations related to diaspora networks believed to be either directly assisting or indirectly reinforcing parties involved in conflict, terror networks, or crime.

The four related research areas generate vast amounts of information produced by academic and technical experts and practitioners. In building a research agenda for remittances in conflict, it is essential to explore the potential contributions from each of these fields. All acknowledge that there are huge gaps in areas of research potentially relevant for understanding how remittances relate to rebuilding and, ultimately, to sustaining peace.

Researchers in the four fields outlined above are beginning to call attention to how people survive in countries—or parts of countries—beset by conflict, plagued by repressive and predatory governments, or lacking legitimate institutions that enable national societies to function. Three such countries, Afghanistan, Sri Lanka and Somalia, are somewhat better documented than most. These cases exemplify survival strategies based on remittances, the differing remittance practices of migrant diasporas, and the challenges related to transferring funds to crisis countries. The review summarizes research on these countries, insofar as they illustrate representative remittance scenarios.

The review concludes with a discussion of the similarities and significant differences affecting remittance flows to poor but relatively stable countries and those to countries plagued by conflict or other crises. The international community needs to take an especially hard look at the kinds of regulations being imposed on remittance transfers in the interest of post-9/11 security. For a variety of understandable reasons, remittances to crisis countries are overwhelmingly channeled through informal mechanisms rather than through formal banks or large remittance transfer agencies. The potential for abuse is weighed against the essential role played by the informal transfer mechanisms used in places lacking adequate financial institutions.

Finally, the review makes the case for the following research priorities:

- South-south migration and remittance patterns, with emphasis on regions where poverty and conflict are prevalent.
- Remittances to war zones or areas held by armed factions that emanate from other countries and from more stable areas of the same countries.
- Private sector investment, via diasporas, as a factor in peacebuilding strategies for countries in transition from war to peace.
- The actual and potential role of migrant diasporas in both host countries and countries of origin, and their political influence in both.
- Exploration of how governments can more effectively and positively engage with the diasporas within their territories.
- Impacts of restrictive immigration policies on remittance flows, including those in both developed and less developed countries.
- Informal remittance transactions, their evolution and their consequences.
- The relationships between remittance flows and humanitarian assistance targets.
I. Remittance Flows and Crisis Countries

Introduction

Although migrant workers, refugees and immigrants have been sending money, goods and ideas home for millennia, donors and international finance agencies did not pay very much attention to the phenomenon until about a decade ago. Interest has grown exponentially as statistics show what we now call migrant remittances to be among the most important contributing factors to national economies in several countries. By the end of 2004, the small sums of money sent by poor workers to their families across the globe collectively added up to approximately $125 billion, using figures for formally registered international transfers.² If counting the funds transferred by informal means, the total amount could possibly be doubled. In many poorer countries, remittances enter in amounts that surpass the total value of major national exports, or even all exports.³

Large segments of the populations living in conflict, war-to-peace transition and crisis contexts are highly dependent on remittances.⁴ World Bank documents and other research have established that private consumption during and following conflicts and disasters is significantly affected by the availability of remittances.⁵ Remittances, in effect, are private sector inputs that serve as insurance mechanisms for people in a wide range of countries—particularly in those subject to political and economic crises.⁶ The migrants who remit to their countries of origin also replace other forms of private investments. At times, their actions encourage additional outside investment to find its way to politically and economically risky contexts.

The loss of livelihoods, slow recovery after conflict, and persistent violence or repression ensure high levels of migration. Remittance income is essential for affected populations in such countries for several years after conflict or crises have ended. Southeast Asia and Central America, whose conflicts ended decades ago, have long been dependent on remittance income. In the case of Central America, it is widely acknowledged that remittances have averted the prospect of thousands falling into dire poverty and, thereby, almost certainly have buttressed the political achievement of a fairly durable peace. By all accounts, remittances reduce poverty in important ways in developing countries. Research shows that migrants transfer funds and also invest in their countries of origin, bringing services that are normally undertaken by governments and generating economic expansion. By serving these purposes in countries emerging from or still experiencing conflicts (e.g., Bosnia and Herzegovina, Kosovo, Sri Lanka, Afghanistan, Somalia, Liberia, Côte d’Ivoire and others), remittances can be seen as a sine qua non for peace and rebuilding.

Bases of Analysis

The analysis that follows reinforces these related premises:

First. While migration is an obvious consequence of conflict, migrant remittances may help many to avoid further forced displacement. Conflicts almost always generate massive forced displacement. Its impacts go

² The importance of remittances in national economies is discussed in: Maimbo and Ratha, 2005b, p.3; Terry and Wilson, 2005; GCIM, 2005; Department for International Development, 2004; Johnson and Sedaca, 2004; Ramirez, Dominguez and Morais, 2005; Orozco, 2003.
³ See tables in Ratha, 2005, showing the centrality of remittances to low income countries, pp. 20–25.
Beyond areas of actual fighting and pose sometimes insurmountable problems and enormous material loss. Remittances support people who cannot or do not choose to leave because leaving carries the prospect of losing everything and being stranded in miserable conditions in a strange place. Those who stay are highly vulnerable and, more often than not, economically dependent. Conflict tends to undermine both general economic stability and personal livelihoods. Coping strategies where possible include economic support from relatives who have migrated.

Second. Forced migration and immigrant flows tend to merge. Both are important generators of remittances. Refugee migrations—i.e., those driven by conflict and repression—often build on previously existing immigration communities. The refugees then open the way for post-conflict or post-crisis labor migration from the same countries. Remittances from both labor migrants and political refugees are critically important to countries in conflict or crisis, but increased immigration and labor restrictions in both developed and developing countries have made migrating and sending remittances more difficult.

Third. Remedies proposed to address the problem of remittances being used to support conflict and crime should be refined. Some money transfer systems may mix genuine and much needed support for families with funds destined for conflict support or crime, but regulatory measures taken to prevent this from occurring are now relatively blunt instruments that pose greater problems for the former than the latter, and cause legitimate operations to close their doors.

Vulnerability and Survival Strategies Related to Conflict

Conflict and disaster increase the number and categories of vulnerable people whose survival depend on assistance from outside sources. By and large, family-directed migrant remittances are intended to mitigate shortfalls in resources and vulnerabilities. The usual categories of vulnerable people are the elderly, infirm, disabled, children and those otherwise unable to support themselves. Conflict-related categories of vulnerability include, additionally, able-bodied citizens who have lost their means of livelihood, refugees, asylum seekers, internally displaced persons (IDPs), and individuals and families who remain in war zones because they do not wish to leave or cannot do so. Families living in conflict zones are at high risk of death, physical harm, loss of livelihoods, forced recruitment, gender-based violence, and so on. In the massive flight of people that occurs during conflict, it is common for families to divide, with some members remaining behind to hold on to what they can, some becoming directly involved in one or another side of the conflict, and others, insofar as possible, moving to safety (including protection from becoming involved in the conflict). Those most likely to move are younger and stronger, able to endure the hardships of flight and have greater potential to find work.

Following armed conflict, the problems facing the vulnerable do not disappear and, indeed, they often increase: the number of female-headed households grows; returnees find themselves without the wherewithal to rebuild or recover economically; fragile post-conflict states are unable to bring benefits to their citizens; and refugees, internally displaced persons, and asylum seekers do not consider return to be a viable option.

Among these categories of vulnerable people, only those with a recognized refugee or refugee-like status have a recognized claim to some level of international

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7 See Nyberg-Sorensen, Van Hear, and Engberg-Pedersen, 2002; and Jacobson, 2002. Crises not involving armed conflict elicit similar actions.
8 Jacobson, 2002.
assistance. Many refugees who reside in urban areas, however, neither receive assistance nor are permitted to work.\(^9\) Only small amounts of emergency international relief reach civilians in war zones. In some cases, insurgents and liberation forces are a first line of defense for their partisans and families during conflict.\(^{10}\) Typically, the armed groups mobilize funding for humanitarian assistance from among migrant supporters outside the country. Regardless of supporters’ intentions that funds be used for civilian rather than military purposes, insurgents will distribute them on the basis of loyalty over need. Non-supporters are penalized rather than helped.

When international funding is made available, relief efforts grow as security improves and community development projects can be put in place to provide health care, education, basic infrastructure and/or short-term income generation projects. However, such assistance usually is far from adequate.\(^{11}\) International relief notwithstanding, therefore, most war-affected populations are left to devise their own coping strategies for fulfilling basic needs and achieving economic recovery. Within families that are attempting to manage life-threatening risks and suffering major losses due to conflict, remittance transfers may constitute the sole survival strategy.

Remittances to war-affected populations are more difficult to track and pose larger transfer and distribution problems than normal migrant remittances. The factors that make this the case and the measures that might make remittance transfers more effective are the subjects of this analysis. It should be noted that there are examples of countries, for example, Zimbabwe and Haiti, which are not involved in conflict, strictly speaking, but suffer similar instability and personal risk. There are also generally stable countries that have pockets of conflict, as is the case with the Philippines, Indonesia, and Uganda. Remittance data for these countries is rarely disaggregated to take account of the areas of instability.

The information needed for an analysis of remittances in conflict, conflict-prone and crisis countries cuts across four growing areas of investigation:

1. The expanding information and analysis related to migrant remittances as a global phenomenon;
2. The formation of diaspora communities with links to home and host countries that contribute to their countries of origin in ways that go well beyond family incomes, and are able to influence both conflict and reconciliation;
3. Assessments of international contributions to peacebuilding, relief and development during and especially following armed conflict;
4. Investigations related to diaspora networks believed to be either directly assisting or indirectly reinforcing parties involved in conflict, terror networks, or crime.

II. The Four Research Fields: Outline of Major Research Topics

Academic and technical experts and practitioners working on the four related research areas noted above generate vast amounts of information. In building a research agenda for remittances in conflict and crisis, it is essential to explore the potential contributions from each of these fields. Although the barriers are beginning to break down, there is still too little sharing of knowledge among them. Under each


\(^{10}\) For example, during its war of independence, families in Eritrea were kept alive thanks to the EPLF fighters. See Bernal, 2000. Palestine’s Hamas operates clinics and takes care of families of martyrs to their cause. See Berman, 2003. In El Salvador, the civilian NGOs attached to the FMLN insurgents received large quantities of money from private sources, which went to community services. In Sri Lanka, the LTTE has been providing services to the civilian population for decades, largely with private migrant funds. See Gunaratna, 2003.

\(^{11}\) Chimni, 2002.
topic is a list of the current research emphases. It is clear that while all contribute information about remittances in conflict and crisis, a deliberate focus on conflict remains an exception rather than the rule.

Research on Why Remittances are Important and How They are Used

The dominant themes in the growing body of research on migrant remittances are:

- Migrant remittances from developed to less developed countries and the real and potential impacts of the billions of dollars moving from senders to recipients.
- Identification of who is remitting to whom, how often and in what amounts, from which source and to which countries.
- Transferring funds: mechanics, costs, size of transfers, national vs. international enterprises, formal vs. informal means, new technologies.
- Impact of remittance funds in poorer countries, on poverty alleviation, on inequalities, on development indicators, on social dynamics, and on opportunities gained and lost.
- Collective remittances via hometown associations and similar agencies; micro-enterprise options.
- Non-monetary contributions, including knowledge sharing, investments in human capital, and travel.
- Governments’ and multinational corporations’ promotion of remittances as development tools.
- Case studies (as yet few) of remittance activities outside of major European and North American countries, such as from the Middle East/Gulf to the Philippines and Sri Lanka, or Libya to Sudan. Complex remittance flows among dispersed families, remittances to rural areas, etc.
- A sub-category of research that examines the dynamics of informal money transfer operations, in particular, the use of the hawala systems (see below), which combine low price and efficiency but may serve the needs of illegal operations or terrorists in addition to the needs of families and communities.
- Regulatory requirements and their impacts on small businesses.

Some findings:

In addition to being a major source of income for large numbers of people in poor countries, migrant wages may also serve as sources of scarce foreign exchange for the governments of these countries. The added remittance income can help governments to attract additional investment income that would not otherwise be available. Remittances vitalize sectors of local economies and encourage migrants to maintain ties, including economic ties, with countries of origin. Migration itself absorbs significant numbers of people who otherwise would be without the means of earning a livelihood, as well as trained individuals whose skills are needed at home. Nevertheless, while remittance costs have been lowered and transfer mechanisms improved, barriers to legal migration are as high, or higher, than ever.

With the present focus on achieving the Millennium Development Goals, which are defined far more broadly than economic growth targets, remittances have come to be seen as tools of development. The extent to which remittances promote development is debated, but there is little question that remittance income reaches social sectors that international assistance usually misses.12 Recipients may then use this income for health, education, improvement in nutrition and housing, or sometimes to sustain productive enterprises.13 Especially in countries or

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13 See, for example, Manuel Orozco, B. Lindsay Lowell, 2005, 34-36.
areas where weak or non-functioning political and financial institutions limit international access, the desired beneficiaries of development have received support far more reliably from family members than from internationally funded projects.\textsuperscript{14}

The vast literature on global remittances, on balance, shows a largely positive phenomenon in which migrants’ earnings have assisted families and communities to alleviate poverty.\textsuperscript{15} The fact that remittances are credited with poverty alleviation has raised the profile of economic migrants who are otherwise seen as marginal parts of developed country populations and often resented at home.

Present data, gathered primarily from migrants in the developed countries, indicates that beneficiaries are not among the poorest, but rather are those with economic options. Studies that have looked at remittances to poor countries from migrants in somewhat better off neighboring countries indicate that remittances serve the very poor as well.\textsuperscript{16} Accurate data on remittance patterns among neighboring countries would cover remittance transfers from a subset of poorer migrants who are not able to travel to distant developed countries. Presently, south-south transfers are estimated at between 30–45% of total remittances.\textsuperscript{17} Since migrants and temporary workers often hand carry or transmit their remittances informally across borders, that estimate is probably low. More systematic information about intra-regional remittances would be relevant for understanding coping strategies in several war-torn and crisis countries, and future research in this area will be important.

Although now well appreciated in financial and migration circles as a global phenomenon, remittances received widespread public sector attention first in connection with Latin America. In the 1990s, Latin America’s governments publicly acknowledged the importance of the money migrants were sending; Mexico, in particular, established matching programs aimed at expanding—and capturing—some of these funds. From 2001, the Inter-American Development Bank’s Multilateral Investment Fund (IDB/MIF) held large public meetings, sponsored research, and promoted options to facilitate remittance transfers and banking. At about the same time, the World Bank (WB) initiated a number of global analyses of trends and development impacts.\textsuperscript{18} Research on migrant remittances has been growing at a rapid rate, and some of the most important work is now being undertaken by major international financial and bilateral assistance organizations, including the WB and the International Monetary Fund (IMF), the IADB, the International Organization for Migration, the United Kingdom’s Department for International Development (DFID), the United States Agency for International Development and the Organisation for Economic Co-operation and Development. United Nations (UN) agencies, including the International Labor Organization, the UN Development Programme and the UN High Commissioner for Refugees (UNHCR), have examined aspects of remittance activity.\textsuperscript{19} In October, 2003, DFID and the WB, in collaboration with the International Migration Policy

\textsuperscript{14} Kapur, 2005.

\textsuperscript{15} Meyers, 1998; Martin, 2004; Terry, 2005; Chami, Fullenkamp, and Jahjah, 2003.; and Taylor, 1999.

\textsuperscript{16} See Fagen and Bump 2005.

\textsuperscript{17} World Bank 2005, 85, 90.


\textsuperscript{19} See footnote number 2 for an extensive list of research conducted by these organizations.
Programme (IMP), sponsored a ground-breaking international conference in London which brought together government officials, international organizations, bankers, non-governmental organizations (NGOs), and academics to discuss the global impacts of remittances.\(^{20}\) Presently, at academic institutions and think tanks on every continent, migration and development analysts have expanded their attention to consider the dynamics and impacts of remittances. This review is meant to address some important gaps in ongoing research.

**Diasporas and Remittances in Conflict and Transition Situations**

The dominant themes in this body of research are:

- The range of interactions between migrants and countries of origin, ranging from family/community to government.
- Organized interactions among migrants in host countries and among migrants from the same country of origin dispersed in several host countries.
- The political impact of organized migrants on home and host countries.
- Economic transfers and other development contributions to home and host countries; the complexity and multiplicity of costs and benefits.
- Migrant integration patterns in host countries.
- Immigrant labor markets.
- How diasporas promote development, business and cultural ties.
- Governmental and institutional links with migrant communities to enhance development initiatives.

Some findings:

Migrants and especially migrant diasporas are the motor forces driving remittances. As noted above, those forced by conflict and other causes to migrate gravitate to places where people already known to them are residing. Among those who study migration, there is a growing interest in how diaspora groups interact in complex global networks with mixed identities and loyalties. Members of a diaspora retain cultural legacies, languages, political loyalties, and other forms of identity with their country of origin, while also adapting and identifying to varying degrees with the host country. The diasporas in question include people who may never have lived in their identified home country but whose actions demonstrate linkages to it and to fellow “countrymen” throughout the diaspora.\(^{21}\) Diasporas are not defined by the status or length of time their members have spent in a host country, but rather by the links to their countries of origin and, often, their broader transnational links.\(^{22}\) Some of the better organized diaspora communities have mounted collective efforts ranging from collaborating in the means of transmitting funds to establishing mechanisms aimed at community use of remittance incomes for purposes including social infrastructure, services, and income generation projects.

Diasporas make it possible for remittances to reach people who have remained in their countries of origin during war or crisis, as well as to forced migrants—refugees and internally displaced—whose safety depends on remaining outside of their countries of origin.\(^{23}\) Ongoing and future research may show the overseas diaspora networks, with their material and

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\(^{20}\) International Conference on Migrant Remittances: Development Impact, Opportunities for the Financial Sector and Future Prospects, October 9–10, 2003


non-material ties to their countries of origin, to be of considerable importance to peacebuilding.

Research on immigrant populations in the developed countries has shown how movements or people illustrate twenty-first century globalism. Diasporas are quintessentially global because close family members so often live in a number of different places, temporarily or permanently, with or without legal status, with strong or weak integration. People of mixed, or global, identities can (and should) be seen to enrich host societies and home countries alike through their labor power, knowledge and ideas. (To be sure, migrants’ multiple loyalties and responsibilities expose them to high social and economic costs, but this aspect has been under-researched.) There is a great deal written about transnational citizenship and global networks between migrants and their home countries and among migrant diasporas. The analyses of migrant remittances fall within this literature.

Roles of Remittances in a Peacebuilding Framework

Dominant themes are:

- Mechanisms of assistance to internally displaced persons, refugees and other war-affected populations.
- Refugee-IDP returns in the context of war-to-peace transitions, recovery and reintegration.
- Case studies of refugees and IDPs which, while not devoted to remittances per se, contribute to understanding of the problems facing these sectors, and the economic (as opposed to political) reasons that keep significant numbers from returning even when it may seem safe to do so.
- Humanitarianism in war and its attendant problems.
- International agencies, NGOs and their programs: how well or badly they perform in conflict and, especially, in transition processes.
- War to peace transitions and interrelated tasks, ranging from security, governance, and human rights, to strategies to enable peacetime economies to take off and employment to rise.
- Institution building and its relevance to sustainable peace and development.
- Donors and donor policies and their implications for maintaining war to peace transitions.
- Failed or failing states, war economies, and other obstacles to peace.
- Outside funding and other support mechanisms that exacerbate and prolong conflict.

Some findings:

The topics listed here constitute research themes that have contributed to international learning about peacebuilding. The very extensive research on peacebuilding from international humanitarian and development organizations, NGOs, bilateral assistance agencies, and a long list of university and think tank based academics examines a mixed record of efforts to build peace and achieve rehabilitation and recovery in war-torn countries. In large part, this literature is meant to provide guidance to the international community as it devotes resources to rebuilding in complicated, fragile, disorganized and sometimes hostile settings.

Apart from a small body of writing about the bases of refugees’ decisions to return, the peacebuilding and conflict management literature currently contains little about the multiple effects of global

26 Levitt, 2001; Orozco, 2005.
27 Crocker, Hampson, and Aall, 2001.
migration and migrant support mechanisms. However, the relevance of migration issues for peacebuilding is paramount, and vice versa. The dynamics and impacts of remittances in conflict and transition situations are interwoven with the objectives and modus operandi of peacebuilding processes. During and for long periods of time following conflicts and crises, war-affected populations lack the economic means to reconstruct productive livelihoods. At a minimum, family remittances stave off the worst effects of poverty for such people. In at least one country, Somalia, remittances have been a vehicle for creating financial service mechanisms, building sophisticated communications technologies, and expanding trade. In Somalia and other fragile states, remittances rebuild health facilities and pay for education. In other words, private sector investments through remittances have made serious contributions to building the kinds of institutional mechanisms and services needed for sustainable post-conflict rebuilding and for the reintegration of the war-affected populations. However, while migrant remittances can, and have, contributed to peacebuilding goals, it remains the case that the impacts of remittances are limited where peacebuilding processes have not resulted in viable political, economic and legal institutions. This will be shown in the country case summaries that follow.

Necla Tschirgi has characterized the near universal absence of sustainable development as one of the major “shortcomings of the economic benefits of peacebuilding,” adding that the majority of conflict countries began with low development indicators. There are indications that future work about peacebuilding may give more attention to how families survive and from where they are receiving support.

Private Migrant Support and Funding for Conflict, Terror and Crime

The lines of research in this area encompass:

- Personal gain as a primary motive for the perpetuation of war.
- The political economies of wars.
- Failed and fragile states; predatory governments or warlords.
- The impacts of international assistance in fomenting conflict/peace.
- Financing for terrorism.
- Migration and security.
- Legal and illegal practices of remittance transfer agencies, especially the operation of hawala.
- Financial regulatory regimes to avert illegal money flows.
- Support to peace processes, recovery and rebuilding by expatriates.

Findings and comments:

This area is receiving notable attention and reflects what has been learned, especially since 9/11, about globalism and links between migrants and countries of origin in the framework of fueling war and terrorism. The phenomenon of seemingly intractable civil conflicts raises questions about how such conflicts are funded and in whose interest it is to impede peace processes. Additionally, the rise of terrorist networks in many parts of the world has cast attention on a particularly pernicious form of globalism. In a large number of countries in West Africa, the Middle East and Eastern Europe, warlords and criminal political leaders make use of global connections and exploit or use migrants to advance power and illegal wealth and to prolong war.

30 Stites et al. 2005; and Young et. al. 2005.
Addison has characterized conflict economies as being "integrated into the world economy in ways that are seriously detrimental to their own chances of peace, the stability of their neighbours, and global security more generally." The contentions regarding the damaging nature of international war economies are true. In all too many places in the world, war is profitable and hence enduring, criminals abound, and the combined effects of both impede subsequent efforts to build durable peace.

There is a significant body of research about the funding of war and a few works that show how diaspora communities may contribute to peacebuilding in various ways. Most relevant literature in this area focuses on those diaspora communities and networks that may or may not be engaged in channeling private funding to insurgents, terrorists, or criminal activities. This research has documented the presence of terrorists, narco-traffickers and other criminal forces in immigrant communities. Less often, it explores potential peace-makers among migrant diasporas or the kinds of actions taken in these diasporas to promote peace. While there are individuals within migrant diasporas who have played supportive roles in terrorism, sources agree that only a tiny minority of immigrants and migrants are engaged in such activities. Nevertheless, financial transactions involving migrant communities currently receive a great deal of scrutiny.

Remittances account for only a fraction of the funding for international criminal practices. Nevertheless, concerns regarding the operations of informal remittance mechanisms have led to major increases in regulatory legislation, especially in the United States, due to the anti-terrorism legislation post-9/11. An important body of relevant analysis concerns the impacts of regulation on financial institutions and the consequent effects on remittance mechanisms. Not surprisingly, research shows that the groups most negatively affected by the stricter regulatory regime are those attempting to transfer funds to countries where governments are weak, institutions do not function or are not reliable, and criminality is high. The studies of how hawalas operate illustrate some of the problems facing remittance senders and regulators alike. Although use of formal as opposed to informal money transfer mechanisms has been growing, it is obvious that hundreds of thousands of migrants who consider supporting their families to be an urgent commitment cannot and will not use these formal mechanisms.

A hawala, which means "transfer," permits parties to transfer funds without resort to banks or formal money exchange operations. Although referred to as an "informal" exchange mechanism, it usually operates according to well-established rules based, to be sure, on trust. An individual wishing to send money pays a hawaladar, who contacts a counterpart in the destination country, sometimes by way of a third country, and the counterpart in turn pays the indicated individual. The transaction may or may not involve some kind of record, almost always entails more than one kind of currency, and necessarily requires that two or more hawaladars find a means to settle accounts at a later date. When the rules are honored, the system works efficiently and swiftly, and accommodates the needs of people in inaccessible or dangerous situations. The aspect of hawala that causes concern for governments and international

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37 Passas, 2005. Passas argues strongly against facile attempts to link hawala with illegal and criminal transactions.
financial institutions is the lack of transparency. Noting that informal money transfer systems are common and necessary in contexts where official banking systems are weak or non-existent, the World Bank and IMF pointed to the anonymity of the system as the source of potential abuse. In settling accounts between hawaladars, funds can be channeled to smuggling, tax evasion, money laundering, terrorist finance, etc. The remedy in the view of the World Bank and IMF is to draft and enforce more explicit international standards against financial crimes.38

III. Facilitating and Impeding Remittance Transfers in War-torn and Crisis Countries

Both formal and informal money transfer operations have multiplied and become major businesses worldwide. Banks are attempting to be more relevant to workers and their families who typically would not be regarded as creditworthy. International agencies, governments and NGOs are looking to facilitate money transfers and help them become worthwhile investments for the poor.39 Governments and financial institutions in the wealthier countries have taken important actions thus far to encourage and facilitate remittances to poorer countries. Their actions have resulted in lower transaction costs for senders, greater use of formal transfer mechanisms via banks and credit unions, increased participation of non-government organizations, and more positive actions by governments of migrant sending countries.

Country of origin governments: As international agencies and governments in the developed countries have come to think of remittances as tools of poverty alleviation and development, a few governments in countries with heavy migrant outflows are beginning to defend the rights of their citizens overseas, to buttress local financial institutions needed for legal money transfers, savings and credits, and to match remittance funding for development projects. For good and bad reasons, such governments now openly applaud migrants and hope to recoup some of the funds earned by citizens far from home.

Immigration policies: Although the interest in facilitating remittances has not yet had a noticeable impact on immigration policies, there are at least a few signs that migrant receiving countries now take economic impacts into account in proposals to return undocumented workers. A telling example is that the United States government continues to renew temporary protected status for approximately 250,000 Salvadorans, although the reasons for the initial grants of temporary status (conflict and then earthquakes) are long past. The Salvadoran government yearly urges renewal, and the US government is well aware that dire consequences would follow upon the return of hundreds of thousands of Salvadorans, who are able to support their families at present, to an economy unable to support its citizens without migrant remittances. Social unrest and even renewed conflict might follow closely upon the inevitable economic crisis.

This example notwithstanding, ever more restrictive immigration policies are appearing in countries across the globe. Restrictive policies are by no means limited to the developed countries. Restrictions are, if possible, tighter and treatment of migrants is worse in countries that border conflict, conflict-affected and crisis countries. Haitians in the Dominican Republic, Afghans in Pakistan, Somalis in Egypt, Sri Lankans in India, and Kosovars in Montenegro all illustrate this point. In each of these cases, to be sure, there are very large populations of the migrant group in the host country, but the welcome mats are definitely gone, if they ever existed. In reality, migration from poor

38 In Maimbo, 2003, pp. 33-34.
39 This is a major theme in Kathleen Newland’s report for DFID, 2004, though not for crisis countries.
countries to neighboring somewhat less poor or more stable countries is certainly greater than migration from poor countries to the developed countries. The earnings are considerably smaller for those who find work, but the remittances collectively are responsible for maintaining poorer families than those sent from developed countries. However, the data on remittances from these cases above and similar cases is spotty. It is clear that people do remit portions of their meager earnings, but it is difficult to find specific data or to generalize beyond this point.

Regulations on money transfers: Governments and financial authorities strongly advocate in favor of the better regulated formal money transfer mechanisms both because of presumed benefits to senders and recipients and in order to limit abuses. That unregulated transfer systems are open to abuse—ranging from money laundering to support for terrorist activity—is well documented; what should be done about it, however, is highly contested.

As noted, users and beneficiaries, especially in crisis countries, may prefer the informal mechanisms for several good reasons: because senders and/or receivers do not have access to banks, because they do not trust banks—often with cause, because they do trust the transfer agents who have served them well at lower cost than that of formal systems, and because financial institutions overall may not be functioning in the places where senders or recipients live. The hawala mechanism responds to the needs of people for whom formal banking is of dubious usefulness. This category, as is described below, includes international humanitarian agencies working in conflict and crime-affected areas. In recent years, the operators of hawala-type transfer mechanisms have shown the ability to comply with regulatory demands and to operate as other legitimate businesses do.

The regulatory system in place—especially in the United States following the Patriot Act of 2001—was intended to prevent abuses. It may well be serving this purpose, although this is difficult to establish, but the cost has been high. Indeed, burdensome regulations challenge the ability of legitimate institutions and businesses to process money lawfully. The regulations impose stiff economic and bureaucratic burdens not only on hawala operations, but also on small operations. This, combined with the unwillingness of many banks today to work with remittance transfer agencies, has caused a number of small and entirely reputable operations to close their doors. The use and, at times, abuse of regulations has led to blacklisting remittance transfer agencies on the basis of perceived irregularities or minor infractions. The system put in place to target criminal elements has resulted instead in a system where the small operations most likely to serve particularly difficult areas are at a decided disadvantage. A recent World Bank publication noted:

The challenge is how to target illegal acts perpetrated through IFT [informal financial transfer systems] without affecting the numerous innocent customers who remit honest money back home to their families, and without unduly disrupting trade or harming legitimate enterprises. It is important to minimize ‘collateral damage’ caused by unfocused or unfounded control actions.

The effort to reduce informal in favor of formal mechanisms by means of regulations is proving counterproductive. While this is a general problem affecting transactions to many countries, for obvious

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41 Among the few studies identified are Fagen and Bump, 2005; Lianos and Glytsos, 2005; El-Sakka, Mohammed, 2005; and Hugo, Graeme, 2004.
42 Maimbo and Passas 2004; Maimbo and Passas 2005.
43 The problems of current regulatory mechanisms are found in Maimbo and Passas, 2005, quote from p. 217.
reasons the impacts are greatest on the weakest and most fractious countries.

IV. Migration, Return and Remittances: Selected Case Samples

As the attached bibliography shows, researchers in the four fields outlined above are beginning to call attention to how assistance and investment from migrant communities to countries—or parts of countries—beset by conflict, plagued by repressive and predatory governments, or lacking legitimate institutions (judicial, legislative, financial, public services) enable national societies to function. Three such countries, Afghanistan, Sri Lanka, and Somalia, are somewhat better documented than most. They exemplify survival strategies based on remittances, the differing remittance practices of migrant diasporas, and the challenges related to transferring funds to crisis countries. The following brief summaries, admittedly lacking in much relevant historical detail, are meant to depict representative remittance scenarios. The sources from which the summaries are drawn include field studies and painstaking efforts to find data related to remittances in works that are generally about a different topic. The authors cited are uniform in pointing to important gaps in knowledge and urging further investigation.

Afghanistan

The borders of Afghanistan have always been porous and Afghans have traversed them into Pakistan, Iran, Uzbekistan and Tajikistan, depending on ethnic ties and economic interests. Following the Soviet invasion of the country in 1979, however, those outside of Afghanistan were understood to be "refugees," and as such, have benefited over the years from varying degrees of international assistance and attention. In 1990, UNHCR estimated there to be over six million Afghan refugees, the majority of whom were in Pakistan and Iran, but with tens of thousands also in India, Australia, the United States and Europe.

Remittance strategies took form after the Soviet withdrawal and primarily during the early 1990s when, for the first time in many years, international aid was made available for rebuilding inside Afghanistan. At that time some four million or more Afghans returned to the country, primarily from Pakistan and Iran. The Afghan diaspora remained in place and its members supported many of the new returnees while also investing in local rebuilding. Unfortunately both international assistance and migrant remittances were seriously curtailed by the late 1990s due to renewed conflict, Taliban repression, and major drought. These factors caused a withdrawal of international political and economic support and produced a renewed large-scale exodus (not necessarily from the areas that had seen the greatest return). Unlike the first wave of refugees, the new refugees received only minimal international assistance and were largely unwelcome in the countries where they sought refuge. For the newcomers, personal survival was (and still is) a struggle.45

Since 2001, following the fall from power of the Taliban, international aid is again being channeled to Afghanistan and Afghans have been returning. They are doing so at a rate that surpasses the capacity of the county to productively absorb them and for which international assistance has been wholly inadequate. International action is seriously impeded by near universal insecurity and the absence of functioning political, judicial and financial institutions throughout much of the country. Afghanistan is, in today's parlance, a "failed" or "fragile" state.

Afghanistan's poppy cultivation and heroin smuggling

44 Marsden, 1999.
45 Jazayery, 2002.
have become the most lucrative economic option for poor Afghans attempting to scratch out an existence in inaccessible, poverty-stricken rural areas, a fact much lamented by Western governments. Increasingly, Afghan families are leaving agriculture altogether in the hope that they will find employment in the urban centers, where there are more jobs and at least a few services.46 A third option, operating alongside these two, is to have one or more family member outside of the country who can share earnings with those inside. Returning families typically have left one or more members behind as a safety valve. Studies in Herat, for example, have documented the dependence among vulnerable groups and urban poor on what they receive from family members who have gone to or remained in Iran. This lifeline is ever more fragile, however, due to labor restrictions in Iran.47 Afghans in Pakistan face similar restrictions. Although their commitments are as strong as ever, Afghan exiles in neighboring countries have little to share. Indeed, Afghan remittances go from migrants in the more affluent countries to family members in Pakistan and elsewhere as well as to Afghanistan itself. Those Afghans who are reasonably well established in exile are hard pressed to support their own families, help newly arrived refugees, and also send money back to Afghanistan.48

The agricultural base of the country still has not recovered and will not support the rural population for some years to come. If international pressure results in curtailing poppy cultivation, both internal/external migration and dependence on remittances will grow. But it is not at all clear that Afghans have places to go. Present options for migrants are not promising. Internally, the cities, especially Kabul, are overcrowded and offer few jobs; externally, migrants are more likely to be turned away than to find jobs.

Most of Afghanistan is not served by a formal banking system, so transferring money into or within Afghanistan usually means either relying on personally known couriers or on hawala.49 The hawala transfer mechanisms serve Afghans transferring funds inside or outside of Afghanistan, foreigners working in Afghanistan and those transferring remittances.

Sri Lanka

Sri Lanka is a middle income country overall, which nevertheless produces very large numbers of migrants for its population of roughly 20 million (over 5% country-wide and up to 25% among Tamils50). In the past, all Sri Lankan migrant groups included a high proportion of people who left for higher education and professional opportunities. Today, migrants tend to be classified either as labor migrants or refugees. The overseas Sinhalese are viewed primarily as labor migrants; they number around one million people, the majority of whom are unskilled workers. They are concentrated in South Asia and the Middle East. The Tamil population is described as a multi-class refugee or would-be refugee population, numbers 300,000 to 400,000, and is concentrated in southern India as well as in Europe and North America.51 A third category, numbering perhaps twice that of the refugees, is made up of the internally displaced, including Tamils, Sinhalese and Muslims. They are rarely able to support their families without outside assistance.

46 Jo Grace and Adam Pain, 2004 examined rural livelihoods over an 18 month period, documenting a wide range of small income sources among which migration figured importantly. Christopolos 2004.
49 The workings of the hawala system in Afghanistan is elaborated by Maimbo, 2003. See also Passas and Maimbo, 2004.
51 Sriskandarajah, 2002.
These distinctions, however, are misleading. As is so often the case, the Tamil refugees whose numbers surged during the 1980s joined scores of Tamil immigrants already in place; the refugees then became anchor relatives for other Tamils primarily seeking employment. The latter, to be sure, need to seek employment because of economic breakdown and loss of livelihoods in Tamil areas, combined with very limited domestic economic opportunities outside of these areas. Rising Sinhalese migration, likewise, has been fueled by deteriorating economic conditions overall, largely due to the conflict that has stunted Sri Lanka's growth and development for over twenty years. All these groups are relevant to the present study of how remittances sustain livelihoods in war and transitions to peace.

Financial infusions from the Sri Lankan diaspora go to poorer refugees and asylum seekers, to the internally displaced, and to economically strapped families still at home. Sri Lankan migrants tend to be well educated and, outside of refugee and IDP camps, are usually able to find employment if they have migrated with legal status. They are also able to send significant amounts of money back, $1.2 billion in 2002. One important use for the funds they send back is to finance the departure—by whatever means—of other family and community members. This is true among both Sinhalese and Tamil families.

Contrary to the case of Afghanistan, remittances to Sri Lanka are more likely to be sent by formal mechanisms, through recognized financial institutions. The government of Sri Lanka has promoted policies that encourage transfers and support migrants. Nevertheless, Sri Lankans, especially Tamils, also use informal channels and networks, including Liberation Tigers of Tamil Eelam (LTTE) networks. In any case, the government reaps benefits in terms of foreign exchange, lower unemployment, and poverty relief.

Because of their ties to the LTTE insurgency, the Tamil refugees and migrants have attracted the particular attention of researchers examining economies of war and peace, and war to peace transitions. Members of the Tamil migrant diaspora have been contributing to the LTTE, which uses the funds variously for military purposes, to assist the families of its supporters, and for production and income generation in areas under their control. By and large, Tamil families outside the country have willingly contributed to the LTTE, but the latter, by all accounts, has used coercion when good will has failed. The obvious question in the present period optimistically of preparation for peace is what will happen with these remittances. Will the LTTE turn the funds now used to sustain and promote conflict to rebuilding their devastated area and solidifying the peace? Will Sri Lankan Tamils in the diaspora return? Will they continue to support the LTTE? And will they become more like migrants from other countries in their remittance practices? At this point, it seems reasonable to expect a peace arrangement in which a northeast Tamil entity will have greater autonomy, and the authority of the LTTE leaders will be weaker. Some scholars already note more political independence among Tamils inside and outside the country and, especially, among younger Tamils in the diaspora. If a reasonably large number of Tamils return from places where they have lived middle-class lives in democratic settings, they will almost certainly press for change in the LTTE leadership style, if that leadership survives. If, as is more likely, relatively few of the economically successful Tamils return on a

permanent basis, it is still reasonable to suppose that exiles and returnees alike will want to contribute to rebuilding in the context of peace. Those in the diaspora, as well as those inside, will have a voice in shaping the post-conflict future.

Somalia

Somalia, like Afghanistan, is a “failed state,” with the partial exception of Somaliland and Puntland, where open conflict has largely given way to political administrations able to levy taxes and operate services. Yet while Somali state institutions are certainly in a state of collapse, Somali society has not collapsed, and its widely dispersed immigrant population has played a crucial role in sustaining economic survival in major segments of the country. While the country overall remains desperately poor, private sector activity has revitalized economic activity, primarily in urban areas. Expatriate Somalis have made this possible by investing in trade and telecommunications, helping to establish and maintain vital services, and enabling millions of dollars of remittances and investment funds to enter the country despite the absence of local or national government structures, banks, and well-known international institutions.58 In effect, the private sector both inside and outside of Somalia is the economic mainstay of the country. In addition to being absolutely essential to Somali livelihoods, private sector investment and the consequent expansion of business and trade seem to be spurring the incipient development and state rebuilding now underway. As in Sri Lanka, the diaspora exerts its influence in the political realm—in this case, diaspora members pressed hard on the still-warring Somali sub-clan leaders to reach a political accord in 2004. Somalis have migrated for economic opportunities and education, and to escape the repression and insecurity that characterized parts of the country since its inception in 1960.59 Economic migrants moved primarily to the Middle East and Gulf states, and political refugees from the Siad Barre regime (1969–1981) appeared in western Europe and North America. The major exodus occurred with the outbreak of civil war in 1988, which destroyed the structures of government throughout the territory and has yet to be fully resolved. Not unrelated, drought and famine undermined food security and brought about international recognition of Somalia as a “humanitarian emergency.” Conflict, crime, and pervasive insecurity, combined with the failed US-led intervention in 1992, made Somalia off-limits for the majority of international assistance, though several NGOs stayed on and UN agencies tried to operate limited programs. Refugees and internally displaced Somalis have continued to seek safety through the years of internecine conflict and drought. Somalis who find their way to Europe and North America, however, have been less and less successful in gaining political asylum. Unable to reach developed countries, the majority of Somali refugees and exiles have found an impoverished refuge in the area, in camps and cities in Kenya, Ethiopia, Djibouti, and South Africa.

An estimated one-third of all families in Somalia receive some form of remittances, much of which is destined for businesses and non-vital expenses;60 annual remittances are estimated at $700 million to $1 billion.61 Remittances also are channeled to Somali exiles and refugees who are seeking legal status or awaiting resettlement and are ineligible for gainful employment.62 Transferring resources and funds to

58 The detailed study by Kent, von Hippel, and Bradbury, 2004, examines how this has been done with emphasis on the health sector.
59 Four decades of Somali conflict, migration and remittances are covered in Gundel, 2002.
62 The remittances to Somalis in Cairo are noted in Al Sharmani, 2004.
Somalia requires innovative means, and these are very much in place. The means closely resemble the *hawala* mechanisms described for Afghanistan, but they are more formal in that they involve established Somali financial companies and trade enterprises, and make use of technologically sophisticated telecommunications. In late 2001, the United States government froze the assets of the major remittance company sending funds to Somalia, El Barakat, accusing that company of terrorist links. For a time, tens of thousands of Somali families essentially lost their life lines. Nevertheless, within months, other money transfer agencies came forward to replace El Barakat. In large part they voluntarily adopt measures that comply with US and international regulations. Most money transfer companies comply with international regulations set by the Financial Action Task Force (FATF), and cooperate in a Somali Financial Services Association overseen by UNDP.\(^{63}\) The system is essentially self-regulating, and the transfer agencies are obliged to work in a far less secure context than their counterparts in countries with banks and governments.

V. Conclusions

Special issues affecting crisis countries and fragile states

Migrants who send remittances to families in crisis or conflict countries face much the same issues as those sending remittances to countries where most of the population is poor, governments are corrupt, and unemployment is high. As is the case with migrants everywhere, they may remake their lives and choose not to return. They support their families at home to the extent they can, just as other migrants do, and for surprisingly long periods of time. Across the board, remittances play a crucial role for maintaining livelihoods.

The differences, however, are important:

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, as described in the Afghanistan and Somalia cases. Nor can migrants from Haiti, Congo, the Republika Srpska portion of Bosnia and Herzegovina, or Liberia count on the support of their governments.
4. Because transferring funds to crisis countries is difficult where financial and government institutions do not operate 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 are indeed havens for criminal activities, current policies are applied too bluntly. Transfers of funds to Sri Lanka, Somalia, and other countries that experience armed resistance understandably undergo strong scrutiny. But when transfer agencies are shut down for little

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\(^{63}\) El Barakat and its successors are examined in Omer and El Koury 232-7; Kent, von Hippel, and Bradbury, 2004, p. 10.
cause and without warning, families that depend on them have few options.

Future Research Priorities

The preceding pages have underscored some deficiencies in current information and analysis related to remittances in conflict and crisis. Looking back at the four fields in which research on remittances is underway, we would suggest a few following priority areas for further investigation:

• South-south migration and remittance patterns, with emphasis on regions where poverty and conflict are prevalent.
• Remittances to war zones or areas held by armed factions, emanating from other countries and from more stable areas of the same countries.
• Private sector investment, via diasporas, as a factor in peacebuilding strategies for countries in transition from war to peace.
• The actual and potential role of migrant diasporas in both host countries and countries of origin, and their political influence in both.
• Exploration of how governments can more effectively and positively engage with the diasporas within their territories.
• Impacts of restrictive immigration policies on remittance flows, including those in both developed and less developed countries.
• Informal remittance transactions, their evolution and their consequences.
• The relationships between remittance flows and humanitarian assistance targets.

This review makes the case for incorporating a greater understanding of migrant remittances and their impacts into decisions about funding livelihoods during conflict, war-to-peace humanitarian programs, and peacebuilding initiatives. On the other side of the equation, it urges those who have been gathering information on remittances and analyzing their impacts globally and regionally to focus specifically on conflict situations and crisis situations. Finally, the review calls attention both to migrants and recipients from conflict-prone, conflict-affected or politically dysfunctional countries, and the distinctive links between the two groups. These links include and go beyond the transfer of funds from migrants to recipients in the home country, and in the medium to long term, may significantly affect peacebuilding, migration and development patterns.

64 A telling anecdote at a seminar organized by the Brookings Institution in July 2005 on local perceptions of security in Afghanistan, Kosovo, and Sierra Leone, based on a Tufts University study: Researchers were asked if they had uncovered the role of remittances in securing economic stability. They acknowledged that remittances accounted for significantly different levels of socio-economic security in the three countries, but they had not looked at this issue.
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