

Remittances: A key to adaptation?

Perspectives from communities exposed to water stress in the Himalayan Region

INFORMATION SHEET #1/11

Labour migration has become a key issue in the present day globalised world, and it is a major livelihood strategy for many people in the Hindu Kush-Himalayan region. Migration is a cross-cutting issue that affects mountain people in multiple ways. It can be seen as a challenge, but it also has many benefits for livelihood strategies, poverty alleviation, gender equity, disaster risk reduction, climate change adaptation, and natural resource management – and these benefits need to be recognised and harnessed.

Over the last decade, the concept of adaptation has become more prominent in the talks about climate change, particularly within the UNFCCC negotiating agenda; the 2009 Copenhagen Accord highlights the importance of adaptation strategies. Within this discussion, there is also a gradual recognition of the role that migration can play in adaptation. A growing consensus suggests that labour migration can be an important strategy for reducing vulnerability to different sources of stress as it helps families diversify their sources of income. In many cases, migration not only increases resilience but also enables individuals and households to accumulate savings and goods that help them to deal with both known and unexpected challenges. Policymakers now recognise the importance of bringing together the climate change, development, and migration perspectives.

This information sheet looks at the way in which families in different parts of the Hindu Kush-Himalayan region use labour migration as a way of adapting to problems caused by too much water (flash and other floods) and too little water (drought).

Above: Suren Lahan (25) from Chokham village in Assam, India, worked in Dibrugarh town for a year and a half. With his earnings, he bought a boat, which he uses during floods to shift his family and belongings to a safer location.

Remittances in the Hindu Kush-Himalayas

Labour migration is a significant livelihood strategy for rural households in the mountains of the Hindu Kush-Himalayas. Remittances, money or goods sent back to the family, are the most tangible link between migration for work and the capacity of households to adapt to stress. National figures for remittances from international migrants give some idea of the importance and potential of this source of capital.

International remittances in some Hindu Kush-Himalayan countries

Country	International remittances received in 2010 (in billion US\$)	International remittances as a percentage of GDP in 2009
India	55.0	3.9
China	51.0	1.0
Pakistan	9.4	6.0
Nepal	3.5	22.9

Source: World Bank 2011

More needs to be known about all aspects of migration to provide an informed basis for the development of policies and plans to address the impacts, maximise the benefits, and minimise the associated challenges.

ICIMOD is studying diverse aspects of labour migration and remittances in the mountain areas of the Hindu Kush-Himalayan region. One regional study looked at the influence of water hazards on labour migration in water stressed areas in mountains and foothill areas of China, India, Nepal, and Pakistan, and the impact of remittances on the ability of households to adapt and respond to the water stress. The water stress included both too much and too little water. The findings indicate the useful role that remittances can play in adaptation.

How remittances help households facing water stress

The volume of remittances was generally low in the areas studied with workers sending an average of US\$ 178 back to their families each time they sent money, ranging from US\$ 80 per transaction in Assam in India to US\$ 286 per transaction in eastern Nepal. However, even these small amounts made a big difference to the households and their ability to adapt to stress, and had further impacts on the communities as a whole.

Remittances

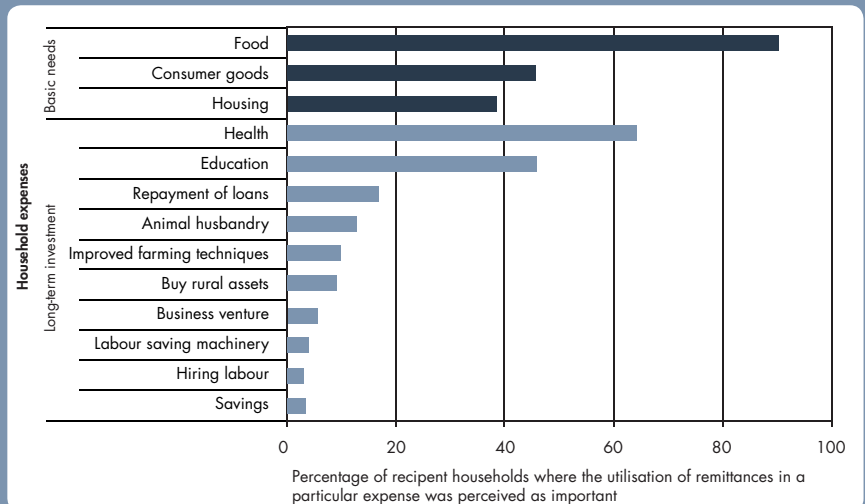
The study found that remittances helped families in many ways, including the following:

- **Make a significant contribution to recipient household's income** – On average, more than half of recipient household's income was contributed by remittances, supplementing income from agriculture, animal husbandry, and daily wage labour. For some households, it was the only source of income.
- **Fund basic needs such as food, housing, and consumer goods** – The major share of the remittances was spent on basic needs, particularly food. Especially in poor households, this can have a marked impact on health.
- **Provide immediate relief for households during floods and droughts** – In emergencies, remittances were used to buy food and to cover other basic needs.
- **Help families to recover after disasters** – After a disaster, money sent home was used to rebuild livelihoods, reconstruct houses, pay for health care, and buy household goods to replace those lost.
- **Contribute to disaster preparedness** – Remittances were used for irrigation facilities in drought affected households, and to improve or strengthen houses and buy boats in households affected by floods.
- **Are spent on long term investments such as health and education** – The spending on health and education improves the quality of life and future potential of the recipient households.
- **Provide a source of income stream that is not disrupted by natural disasters** – It is unusual for a natural disaster to affect both the migrant's source of income and the family's main source of livelihood in the family village at the same time. This reduces the overall risk for household income.

Jin Changwen, a 42 year-old man from Longyang district in Yunnan, China, works at a stone factory in Ying Jiang County, Yunnan. The remittances he sends back are spent on food, clothing, consumer goods, animal husbandry, and education. They have helped the family withstand drought by paying for a water pipe for irrigation.



Perceived importance of different uses of remittances in the household studied



Note: The percentages show the combined figures for the categories 'very important' and 'fairly important'.

Impact of financial remittances on the community

Remittances not only help the families who receive them, they can also help non-recipient families in the community. Almost three-quarters of the recipient households surveyed spent a large share of the money sent home on goods and services from local sources, thus benefiting these providers. In the communities studied, actual investment in business and infrastructure was low due to the low volume of the remittances and lack of supporting infrastructure or a long-term perspective. Nevertheless, investment can be a potential benefit.

The potential of labour migration and remittances in adaptation

Labour migration is one among many forms of mobility in communities affected by water hazards such as drought and floods. According to the IPCC, adaptation is "adjustments in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities."

The diversification of livelihoods and access to remittances resulting from labour migration provides a safety net for households under stress. Remittances supplement household income from other sources, and may even be the only source of income.

In general, remittances are a relatively stable source of income during natural disasters, financial crises, and armed conflicts. The ability of a household to adapt is based on several factors including financial resources, access to information, social resources, human capital, and infrastructure – labour migration and remittances can contribute to all of these to moderate the harm caused by water hazards.

Floods destroyed the farm of Debranjana Pegu from Lakhimpur district in Assam, India, the family's only source of income. Now his brother works in a security firm in Pune in Maharashtra, India; the money he sends home is the main source of household income and buys food and medical care.

Labour migration is a strategy chosen by households of their own accord to diversify income. Households don't just choose labour migration because of a disaster; they use it to increase their overall opportunities or to create new possibilities for earning a living by using the available assets. Thus labour migration seems to be a potential strategy for adapting to the impacts of water hazards for many households in the Hindu Kush-Himalayas.

Challenges of labour migration

The effects of labour migration and remittances on social, economic, and gender inequality and community cohesion are still unclear and mixed. The effects depend on many factors, including who migrates, when, and where, and who is left behind.

The extent to which remittances can be and are used to improve the conditions of the family back home and the community as a whole also depends on many factors. The amount remitted clearly plays a role, but so does the existing level of development in the community.

Moreover, the enthusiasm about the potential of remittances to support local development should not ignore the fact that remittances are personal flows of money from migrants to their friends and families. There is a limit to which these flows can be directed to community welfare, and they are in no way a substitute for public funds. Many poor households, often the poorest, do not have access to income from remittances and public funding is needed both to address their needs and the needs of the community as a whole.

Way forward

The results of the study provide some ideas of the role that labour migration can play in adaptation and resilience. ICIMOD, working with partners in regional and international institutions, will continue studies to strengthen knowledge about the drivers and development impacts of migration in the Hindu Kush-Himalayas, and carry out pilot intervention projects, which build on opportunities of migration and remittances and mitigate their negative impacts.

This house in Danda Bazaar in Dhankuta, Nepal was built with international remittances.



Woman and girl in the dried up Jikhu Khola riverbed, Pankhal, Nepal. Securing water for agriculture and household use is an increasing challenge.

Selected references

For a full list see Banerjee et al. 2011

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This research was undertaken in cooperation with the Sida project 'Too much too little water'



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Prepared by ICIMOD Publications Unit, February 2011