

Remittances as a Key to Adaptation

Perspectives on remittances from communities exposed to water hazards in the Hindu Kush-Himalayan region

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Livelihoods are susceptible to numerous economic, social, political, and environmental stresses and shocks, some of which are induced by globally transforming processes such as globalisation, climate change, and demographic processes.

The ability of a household to adapt is based on several factors including financial resources, access to information, social resources, human capital, and infrastructure (Barnett and Webber 2009). Labour migration and remittances can contribute to all of these to moderate the harm caused by water hazards.

Over the past decade, the role that migration can play in adaptation has gradually been recognised within the climate change discourse (Martin 2010). The Intergovernmental Panel on Climate Change (IPCC 2001) defines adaptation as 'adjustments in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities'.

Environmental and climatic variability and change can influence the decision to migrate, either directly through rapid-onset events (e.g., floods) or more gradual phenomena (e.g., soil degradation, drought, and dry spells), or indirectly by affecting economic drivers (McLeman and Smit 2006; Perch-Nielsen et al. 2008; Jäger et al. 2009). 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 livelihoods. In many cases, labour migration not only increases resilience but also enables individuals and households to accumulate savings and create assets that help them to deal with both known and unexpected challenges (Adger et al. 2002; de Haas 2007; Barnett and Webber 2009; Tacoli 2009). Both diversification of livelihoods and income from remittances provide a safety net for households under stress.

Remittances are the most tangible link between migration for work and the capacity of households to adapt to stress. National figures on international remittances for some of the Hindu Kush-Himalayan countries indicate the potential of this source of capital (Table). In Nepal, for instance, international remittances are a major pillar of

International remittances in some Hindu Kush-Himalayan countries

Country	Remittances received in 2010 (billion US\$)	Remittances as % 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

the national economy; they contributed 22.9 per cent of GDP in 2010 (World Bank 2011). Little information is available on the volume of remittances sent by internal migrants, either for mountainous regions in general or for the Hindu Kush-Himalayan region in particular.

This article summarises the results of a recent ICIMOD study (Banerjee et al. 2011) which assessed the patterns of labour migration in mountain and foothill communities exposed to too much water (flash and other floods) and too little water (drought and water shortage) in China, India, Nepal, and Pakistan, and the impact of remittances on the ability of households to respond to and adapt to water stress.



Resettlement after flooding in the Koshi Basin, Nepal – remittances from family abroad can provide immediate relief

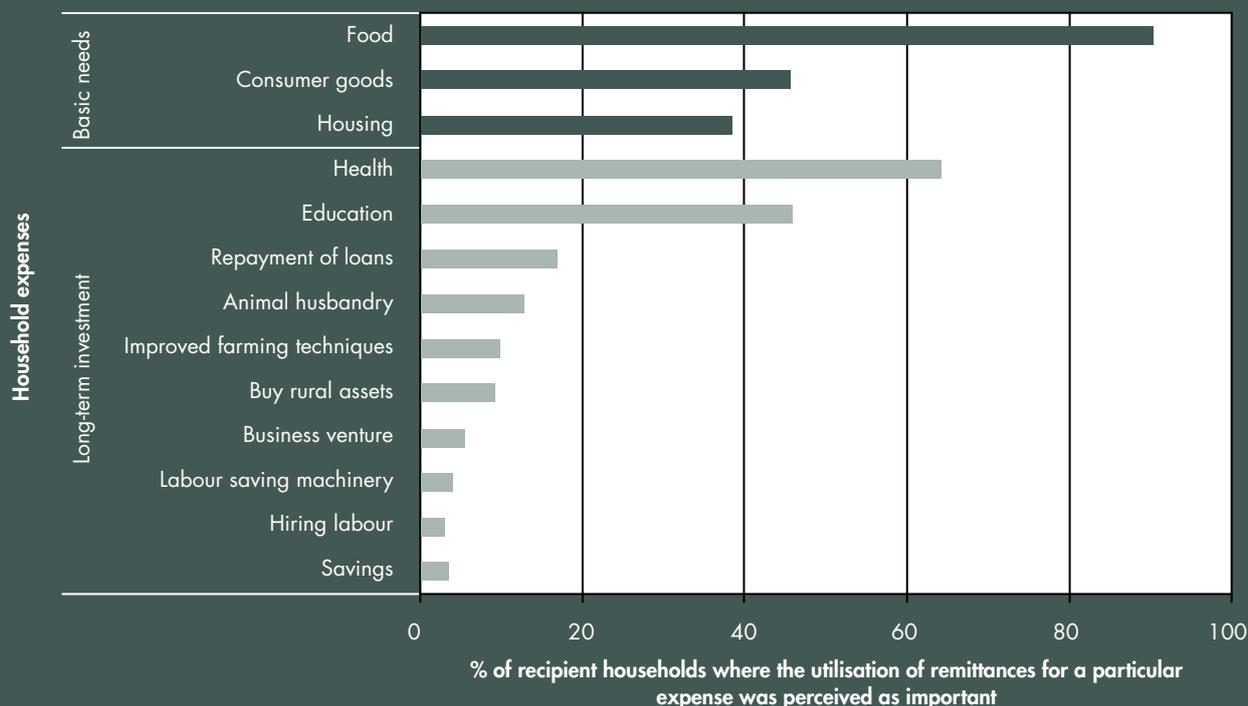
Impact of remittances for households affected by water hazards

Since the overall income of recipient households was low, the contribution of financial remittances was significant. Even small amounts made a big difference to the households and their ability to deal with the impacts of water hazards. Remittances helped families in many ways, including the following (Figure).

- **Contributing to recipient households' income.** On average, remittances contributed 62 per cent of recipient households' income, supplementing income from agriculture, animal husbandry, and daily wage employment. For some households, remittances were the only source of income.

- **Funding basic needs.** Remittances supported household welfare by improving purchasing power for food, housing, and consumer goods. The major share of the remittances was spent on basic needs, particularly food. Especially in poor households, remittances can make a marked impact on nutrition and health.
- **Investment in health and education.** Spending remittances on health and education improved the quality of life and future potential of the recipient households.
- **Providing an income stream that is not disrupted by natural disasters.** The means of earning income in the destination and origin communities are not generally affected by natural disasters at the same

Perceived importance of remittance utilisation for different household expenses



Note: Percentages are combined figures for 'very important' and 'fairly important'

time. For example, labour migrants from 78 per cent of the migrant households surveyed were not affected by water hazards during their period of stay in the destination community. Thus migration reduced the risk to livelihoods posed by water hazards through the geographical diversification of the income sources.

- **Providing immediate relief for households during floods and droughts.** In emergencies, remittances were used to buy food and to cover other basic needs.
- **Helping families to recover after disasters.** After a disaster, money sent home by family members abroad was used to rebuild livelihoods, reconstruct houses, pay for health care, and buy household goods to replace those lost.
- **Contributing to disaster preparedness.** Remittances were used to procure irrigation facilities in drought-affected households, and to improve or strengthen houses and buy boats in households affected by flash and other floods. However, remittances were less widely used for disaster preparedness than for disaster relief or recovery, probably because the volume of remittance was low in most cases.

Impact of financial remittances on the community

Remittances not only helped the families who received them; they also benefited others in the community. Most recipient households (72 per cent) spent the major share of the remittances to procure goods and services from local providers, to the providers' benefit. Remittances could also potentially be used for investment in local businesses and infrastructure, although this was not often the case in the study area because of the low volume of the remittances and the lack of supporting infrastructure or long-term perspective.

Challenges of labour migration

The effects of labour migration and remittances on social, economic, and gender inequality and community cohesion are still unclear but appear to be mixed. 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 depends on many factors. The amount remitted clearly plays a role, but so does the existing level of development in the community. Only a limited part of remittance flows can be directed to



community welfare, and they are not a substitute for public funds. Many poor households, often the poorest, do not have access to income from remittances, and public funding is needed to address both their needs and the needs of the community as a whole (de Haas 2007; Ratha 2007).

Way forward

Labour migration is one of the strategies chosen by households to diversify income, to increase overall opportunities, or to create new possibilities for earning a living by using the available assets. Thus, labour migration can be a strategy for adapting to the impacts of water hazards for many households in the Hindu Kush-Himalayas.

Remittances provide an important source of income helping households to adapt to current water hazards. With climate change likely to cause changes in precipitation patterns (intensification of rainfall or lengthy dry spells), water hazards are likely to increase in the future. A number of interventions could encourage the further investment of remittances in building resilience against future water hazards, both at the household and community levels. These include increasing levels of remittances through reduced transmission costs, skill development for better pay in destination locations, and instruments for leveraging remittances.

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Remittances support household welfare by improving purchasing power, especially for food

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