

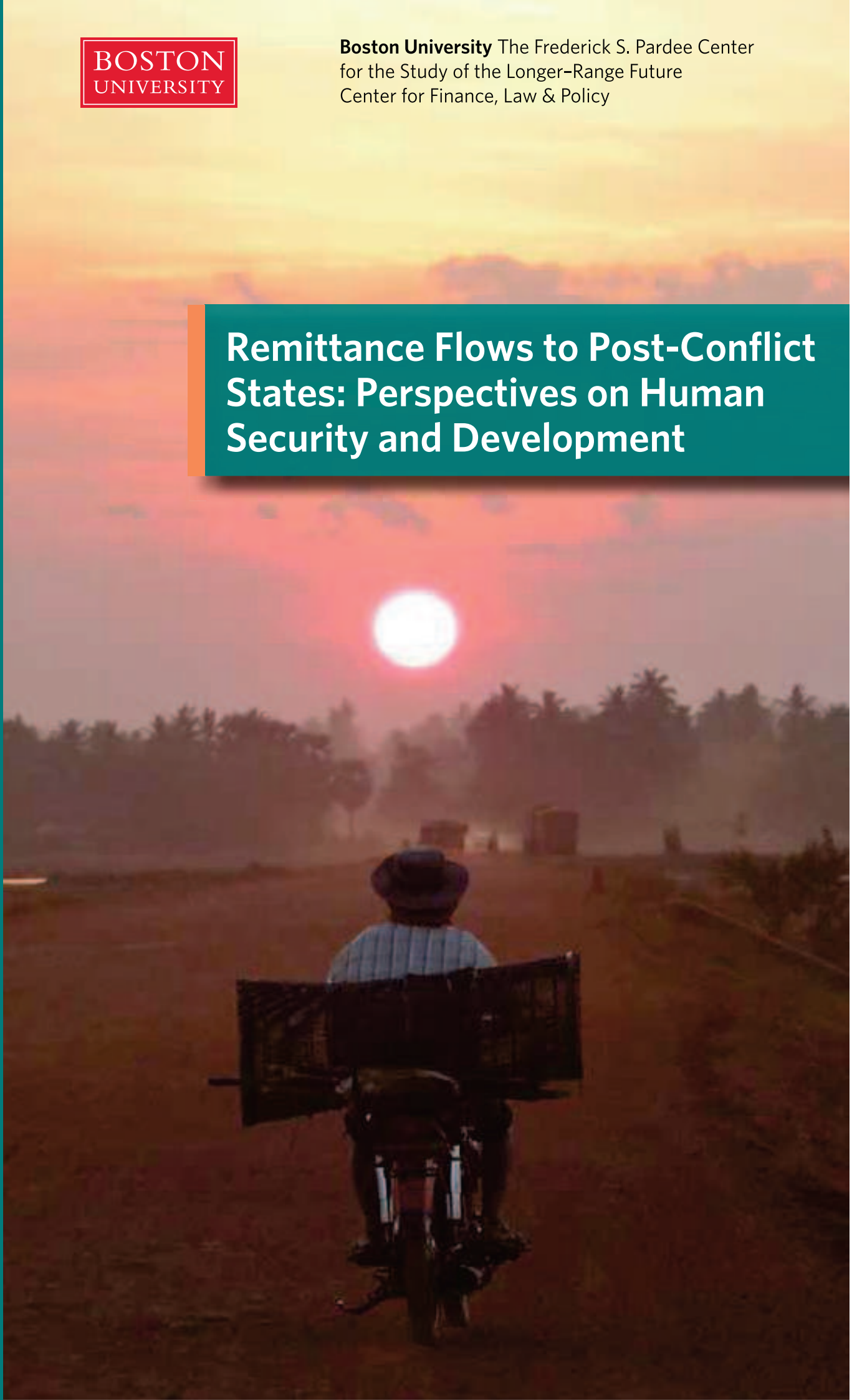
OCTOBER 2013

**BOSTON
UNIVERSITY**

Boston University The Frederick S. Pardee Center
for the Study of the Longer-Range Future
Center for Finance, Law & Policy

Remittance Flows to Post-Conflict States: Perspectives on Human Security and Development

PARDEE CENTER **TASK FORCE REPORT**



7. Remittances and Community Resilience to Conflict and Environmental Hazards in Northwestern Pakistan

Giovanna Gioli, Talimand Khan, and Jürgen Scheffran

MIGRATION AND REMITTANCES IN PAKISTAN

Pakistan has the world's seventh largest diaspora and ranked seventh for remittances inflow in 2012 (World Bank 2012) after India, China, Philippines, Mexico, Nigeria, and Egypt. Economic projections suggest that the annual inflow of remittances could exceed US\$ 13 billion by the end of Fiscal Year 2012 (State Bank of Pakistan 2012), featuring a ten-fold increase since 2001 (Amjad et al. 2012). According to the estimates of the Bureau of Emigration, about four million Pakistani migrant workers live in different countries around the globe (2.5 percent of the total population). Out of this diaspora, about half of labor migrants work in the six countries of the Gulf Cooperation Council (GCC)¹ (Government of Pakistan 2013), primarily in Saudi Arabia and in the United Arab Emirates (UAE). Sources of labor migration are distributed unevenly across the country: since the first oil crises in 1971, rural regions of low agricultural productivity, such as the rain-fed areas of Khyber Pakhtunkhwa (KP), are the main suppliers of unskilled and semi-skilled migrant workers to the Gulf (Addleton 1984; Gazdar 2003; Nichols 2008).

KP is the area most dependent on foreign remittances within the country: foreign remittances account for 9.4 percent of the average monthly household income, compared to 5.1 percent for Punjab, 1.5 percent for Baluchistan, and 0.7 percent for Sindh (World Bank 2011). KP is also the biggest recipient of remittances from abroad as well as from within the country among all the four provinces of Pakistan, with nearly 31 percent of all households receiving remittances in 2007–08. The proportion of remittance-receiving households was even higher (36 percent) for the rural sector of the province (Khan and Khalid 2011).

Migration is not a recent trend in KP. The people of this region have always been extremely mobile. In pre-partition time, there was common migration to major cities in India (e.g., to Ahmedabad), seeking employment as watchmen, farmers, workers in dockyards and on ships (Nichols 2008). To a lesser extent, migrants from that location also acted as traders and moneylenders. Yet, it is only since

¹ Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

the 1970s that migration to the Gulf has become one of the most widespread livelihood strategies in the area, cushioning against economic shocks that result from the uncertain and risk-prone agro-pastoral economy. KP is still one of the most food-insecure provinces, featuring 26 percent of the food-insecure districts of the country—second only to Baluchistan (28 percent) (WFP 2004). Recurrent famines were common until a few decades ago, especially in the months between *Kharib* and *Rabi* (April–May) when food stocks were depleted and it was still too early to harvest.

Migration to the Gulf is a steady and growing phenomenon that has significantly improved the food security and overall living standards of migrant-sending households in KP. Migration is deeply embedded in the socioeconomic structures of the local communities and also plays a role in social hierarchy, bringing heightened status to migrant-sending households. Fathers migrate and sons follow suit after reaching adulthood. The suffering and the sacrifices of migration to the Gulf are vividly portrayed in rich Pakhtun oral heritage, conveyed through music and poetry.

This section explores the role of remittances among the communities of the Swat and Lower Dir districts of KP. The goals here include:

- Building knowledge about the use of remittances by local communities to cope with situations of conflict and deal with the aftermath of environmental hazards;
- Collecting information on the impact of remittances on community resilience to conflict and climate change;
- Linking migration and development in the framework of post-conflict and post-disaster relief and reconstruction.

METHODOLOGY

The present study is based on a combination of qualitative and quantitative research carried out in October 2012 in conflict-affected villages with high numbers of households involved in labor migration out of the native district, to locations both within and outside the country. The Union Councils were identified through consultative meetings with local NGOs and civil society representatives who had knowledge and experience in the area. We purposely sampled only remittance-receiving households as they were the only households relevant to this research. For that reason, we did not aim for a balanced representation of geographical units.

For quantitative data collection, a structured questionnaire was administered to 602 households in four Union Councils (UC), two in each selected district (Swat and Lower Dir). The sample was stratified by gender to give representation to women (out of 602 households structured questionnaires, male and female representation is 69 and 31 percent, respectively). In addition, we also conducted two Focus Group Discussions (FGDs), one in each district, with male migrants from the community.

REMITTANCE CASE STUDY: THE SWAT AND LOWER DIR DISTRICTS OF KHYBER PAKHTUNKHWA

Swat and Lower Dir districts feature some of the highest numbers of workers registered for overseas employment in 2012 (17,995 and 19,196, respectively—GoP 2013). Both districts are situated in the Hindu-Kush mountain range and face heavy environmental pressures, including the adverse impacts of the climate change. Weather conditions are harsh, with extensive snowfall in winter and drought in summer. Excessive precipitation causes damage to the traditional mud-built *kacha* houses, and also causes landslides (Steimann 2005; Siegmann 2010). The misuse of natural resources that has intensified since the merging of the Swat princely state with Pakistan in the 1970s has led to significant deforestation (Khan 2007). These climate-induced risks are further aggravated by neglected road infrastructure in the area. The flood of 2010 that killed more than 2,000 people, washed away thousands of homes, and destroyed several roads and bridges further devastated the region.

KP has also witnessed a dramatic escalation in incidents of terrorism over the last decade. “Talibanization” of the area peaked in 2007, leading to frequent bombings of schools, places of worship and hospitals, target-killings and kidnapping, and other types of widespread violence (UNDP 2012). The Malakand division, and particularly the Swat district together with FATA (Federally Administered Tribal Area) were most affected by the insurgency, resulting in a severe conflict costing thousands of lives. The warfare led to mass displacement of the population in various parts of the province. The authority of the state was eventually reestablished through a full-scale military operation in 2009. Yet, insurgent attacks are still widespread in both districts and the situation remains precarious.

In our sample, 22 percent of the surveyed households were affected by the 2010 flood and 90 percent by the conflict, while nine percent were not affected by either.

KEY FINDINGS

According to our survey, the great majority of migrants were employed in the Gulf (92 percent), with Saudi Arabia being the top destination. There are several reasons for this, including the fact that Saudi Arabia has a long history of cooperation with Pakistan. Obtaining a visa to the Gulf is easier and less expensive than to Western countries.

Because of prevailing patriarchal norms, such as the system of *Purdah* that prescribes segregation between sexes, labor migrants are almost exclusively male. This was reflected in our sample where all migrant workers were male and overwhelmingly migrating alone, without the family (95 percent).

The custom of migrating to the Gulf is widespread in the area to the degree that neither conflict nor environmental hazards (such as the 2010 flood) were considered having played a direct role in the decision to migrate. A large number of the respondents (94 percent) have identified "Poverty/Lack of economic opportunities *in situ*" as the only determinant for migration. Migrant educational status was found to range mostly between illiterate (22 percent) and 10th grade (59 percent). Regarding the type of employment, almost half of the migrants (43 percent) were engaged in unskilled labor, 25 percent in semi-skilled labor, 25 percent were skilled laborers, while four percent and three percent were agricultural laborers and professionals, respectively.

Social ties proved crucial in facilitating the migratory process as 59 percent of the respondents were able to reach the destination country thanks to help with visa provisioning from a relative residing in that country. Thirty-seven percent of the respondents resorted to a recruiter, while the remaining either crossed the borders illegally or were sponsored by relatives or friends.

*Hundi/Hawala*² is the most common way of sending remittances back home (59 percent), followed by bank transfers (26 percent), and transfers by compatriots working in the destination (eight percent). Telebanking (*easy paisa*) is available only for internal migrants. Five percent of the respondents were found to be unable to remit as they were still repaying the costs of migration.

2 For a detailed description and discussion of the *Hawala* system, see Section I of this volume, "Informal Remittance Systems and Post-Conflict Development." *Hawala* plays an extremely salient role in Pakistan as it presents many advantages as compared to formal value transfer systems, including swiftness, easy accessibility, freedom from bureaucratic procedures, as well as cost-effectiveness. Higher trust is also a factor as *hawala* is often accessed via family or social networks and is embedded within the Islamic tradition (Ballard 2003). On the other hand, the anonymity and efficiency of *hawala* may facilitate the channeling of money for illegal operations, including smuggling, money laundering, tax evasion, and terrorism (Fagen and Bump 2006).

Remittances are perceived as playing a major role in improving the living standards of migrant-sending households. The first investment that causes an immediate change in the perceived lifestyle is the construction of a new house. This means switching from the traditional *Kacha* structure (walls made from a mixture of mud or clay and straw) to *Pakka* houses (with brick or concrete walls). As construction materials can be expensive, *Pakka* houses confer higher social status to the household.

Better housing also improves health conditions of the family as well as builds resilience to natural hazards. Thanks to migration, many households are also able to buy modern

appliances for their homes, either obtained from abroad or purchased locally. Obtaining such appliances is associated with increased well-being and exposure to the outside world.

Better education for children is another major change resulting from migration. Education is now a priority for the parents, as an educated person is able to gain a good job abroad. Education is considered particularly important for male children as they are viewed as more capable migrant workers. However, migration has helped improve education of girls too, partially because of local resistance to the Taliban's opposition to female education.

The possibility of investing more money in social spending is also perceived as a major asset for remittances-receiving households. This has to be understood in the context of the Pakhtun society, where the principle of hospitality (*melmastia*) is more than just a matter of politeness, but rather a duty to be fulfilled at any cost. One's respectability and social status are frequently determined by adherence to this custom (Lindholm 1996).

Only seven percent of the surveyed households reported that remittances had not effected significant changes in the lifestyle of the family. However, this may correspond to the fraction of migrant households that are not remitting as they are still paying back the costs of migration. The top usages of remittances were found to include investing in real estate and construction (35 percent), business (28 percent), social ceremonies (17 percent), pilgrimage (nine percent), and transport (seven percent).

The top usages of remittances were found to include investing in real estate and construction (35 percent), business (28 percent), social ceremonies (17 percent), pilgrimage (nine percent), and transport (seven percent).

REMITTANCES DURING AND AFTER THE CONFLICT

As a result of the conflict, more than two million people fled the Swat Valley, Lower Dir, Buner, and Shangla districts. People were forced to leave their homes, fields, and livestock in fear of the militants who burnt the ripened crops, destroyed orchards, slaughtered the livestock, and damaged fish ponds as well as irrigation canals in almost all areas of Swat district. Some 80 percent of the refugees took shelter with local host families or rented accommodation mostly with money remitted by migrant relatives (Jahangir 2009). As stated by the chairperson of the Human Rights Commission of Pakistan (HRCP), Asma Jahangir: “Had the citizens not acted in a prompt and generous way, protection for the IDPs³ would have become virtually impossible.” The reasons for this may be attributed to the above-mentioned principle of *melmastia* as well as tribal loyalties that may have compelled people in different districts to grant hospitality to conflict refugees belonging to the same tribe. Mobilization from the locally strong Awami National Party (ANP) played a role too.

Remitted money had a central importance during the active conflict as it remained the most important and sometimes the only supply line to ensure the survival of household. Those who had remained, either due to prolonged and continued curfews or to harvest the field and the orchards, were facing starvation that could be avoided only thanks to remittances. In our sample, 74 percent of the respondents reported to having avoided starvation during the conflict thanks to remittances, and nine percent were able to evacuate the family and rent houses in other cities such as Peshawar, Abbottabad, Mardan, Rawalpindi, and Islamabad where their children were able to continue their education.

In the aftermath of the conflict, remittances constituted a bulwark in the reconstruction of livelihoods for 23 percent of the people surveyed. Most of the respondents reported to have used remittances to rebuild their houses. This correlates with recent studies on the Swat crisis, where 59 percent of the reconstruction costs were found to have been borne by the house-owner himself (UNDP 2012). The majority of financing for such houses came from remittances sent by relatives working abroad. Approximately 30 to 40 percent of the people of the surveyed areas were working abroad and the money sent by these workers during the insurgency ensured the survival of their relatives back home (UNDP 2012). The other major supporter of the housing reconstruction was the Government of Khyber Pakhtunkhwa, which provided funds to 17 percent of

3 Internally displaced persons.

the affected population. International donor agencies also took part in supporting housing reconstruction in the area (accounting for 17 percent in the total reconstructed houses). Relatives of the affected households living in non-affected parts of KP province and other provinces also extended their support in housing reconstruction; the share of such families was 10 percent (UNDP 2012).

The impacts of remittances are not limited to the recipient households. Remittances are often crucial in the recovery and stabilization of the local economy and rehabilitation of public services in the post-conflict period (Lindley 2009). Interviewees in both Swat and Lower Dir districts reported that remittances had been the main reason for a speedy recovery in the region. Immediately after the conflict, businesses swiftly reopened, and housing and infrastructure reconstruction was carried out mostly thanks to the efforts of private citizens. Some migrants returned immediately after the conflict with a goal of starting a business and helping the reconstruction.

REMITTANCES DURING AND AFTER THE 2010 FLOOD

Swat, and to a lesser extent, Lower Dir districts have been also severely impacted by the 2010 flood. While people were still struggling to rehabilitate their livelihoods after the consequences of the conflict, the August 2010 devastating floods exacerbated the situation by destroying crops, eroding agricultural land, and killing livestock. Approximately 100,000 acres of soil along the Swat River was washed out. According to the ACTED (Agency for Technical Cooperation and Development) rapid need assessment conducted in 173 villages of Swat district, 286 people lost their lives and 9,450 houses were completely swept away, along with many roads and bridges in the area (Shah 2010).

In line with recent literature on remittances and natural hazards in Pakistan (Suleri and Savage 2006), households that contained migrants were able to absorb the economic shock much better than non-migrant households as the former did not depend entirely on income from agriculture and livestock. Seventy percent reported to have been able to avoid starvation thanks to remittances. They were also able to rebuild their livelihoods quicker and restore household assets destroyed by the flood (20 percent). Such households were able to improve or reconstruct their houses, thus building resilience to future environmental shocks (10 percent). Only two percent of the respondents reported the evacuation of the family in the aftermath of the flood.

CONCLUSIONS

Remittances in the surveyed communities of KP proved crucial in coping with the aftermath of both conflict and environmental hazards. Survival during these events as well as reconstruction of household assets in the aftermath became possible largely due to the contributions from the migrant community. Yet, apart from family ties, such reconstruction was carried out mainly at the individual household level, with scant involvement from the community. No significant organized channels to collect and transfer money collectively from migrant destination countries were detected.

The well-established and decades-old diaspora from KP in the Gulf is mostly organized on the basis of regional committees whose scope of intervention is limited to extreme emergencies (such as collecting money to ship home the dead body of a compatriot). The committees are also involved in advising on serious legal issues that Pakistani migrants may face in the Gulf, where migrant rights are virtually nonexistent and migrants are abused on a regular basis. The major Pakistani political parties have representative bodies in the Gulf, but their activity is limited to raising money for the party. Religious channels are preferred when migrant workers intend to donate money for charity. Thirty-two percent of migrant-sending households were found to not contribute to their community, 31 percent would donate to local mosques and madrassa, while 34 percent would invest individually in charity and poverty relief.

A pressing question to be addressed is how the international aid community and Pakistani government are able to enhance the involvement of Pakistani migrant communities in the Gulf for post-conflict and post-disaster relief and reconstruction (World Bank 2010). Further research on labor migration and remittances in Northwestern Pakistan is needed. For successful co-development initiatives, more efficient and transparent means to channel and invest remittances have to be identified in order to strengthen the local economy, build local capacity, and improve community resilience.

REFERENCES

- Addleton, J. 1984. The impact of international migration on economic development in Pakistan, *Asian Survey* 24:574–596.
- Amjad, R., Arif, G. M., Irfan, M. 2012. Explaining the ten-fold increase in remittances to Pakistan PIDE Working Paper, 2012:86, Islamabad, Pakistan: Pakistan Institute of Development Economics.
- Ballard, R. 2003. A background report on the operation of informal value transfer system (*Hawala*). Available at: <http://tinyurl.com/Informal-Systems>.
- Fagen and Bump. 2006. "Remittances in Conflict and Crises: How remittances sustain livelihoods in war, crises and transition to peace," International Peace Academy. Available at: <http://tinyurl.com/ip-remit>.
- Gazdar, H. 2003. A review of migration issues in Pakistan. Paper presented at the Regional Conference on Migration, Development and Pro-Poor Policy Choices in Asia, June 22–24, Dhaka, Bangladesh. www.eldis.org/vfile/upload/1/document/0903/Dhaka_CP_4.pdf.
- Government of Pakistan, 2013. Migration Statistics of Pakistan. Bureau of Emigration and Overseas Employment. <http://www.beoe.gov.pk/migrationstatistics.asp>.
- Jahangir, A. 2009. A tragedy of errors and cover-ups – The IDPs and outcome of military actions in FATA and Malakand Division. Blog of the Human Rights Commission of Pakistan. <http://tinyurl.com/HRCPakistan>.
- Khan, A and Khalid, U. 2011. Is Consumption Pattern Homogeneous in Pakistan? Evidence from PSLM 2007-08. Paper presented at the 27th Conference of the Pakistan Society of Development Economists, 13–15 December, Islamabad, Pakistan.
- Khan, T. 2007. Forest Management Paradigms and Resource Rights in Historical Perspective: Evidence from the Swat District. Islamabad: SDPI Working Paper Series. <http://www.sdpi.org/publications/files/Microsoft%20Word%20-%20A116.pdf>.
- Lindholm, C. 1996. *Frontiers Perspective: Essay in Comparative Anthropology*, Oxford-Karachi: Oxford University Press.
- Lindley, A. 2009. Remittances and Conflict: Some Conceptual Considerations. *Jahrbücher für Nationalökonomie und Statistik* 229(6):774–786.
- Nichols, R. 2008. *A History of Pashtun Migration, 1775–2006*. Oxford: Oxford University Press.
- Shah, A. 2010. Household's Livelihood Trajectories in the Context of Man-made and Natural Disasters: A Case Study from Swat, Pakistan. Available at: http://stud.epsilon.slu.se/3664/1/Shah_a_20111203.pdf.
- Siegmann, K. A. 2010. Strengthening Whom? The Role of International Migration for Women and Men in Northern Pakistan, *Progress in Development Studies* 10:345–356.
- State Bank of Pakistan, 2012. The State of Pakistan's Economy: Third Quarterly Report for the Year 2011. Karachi: State Bank of Pakistan. <http://www.sbp.org.pk/reports/quarterly/index.htm>.
- Steimann, B. 2005. Livelihood Strategies in Northwest Pakistan: Results from the Sustainable Livelihoods Survey 2004, North-West Frontier Province (Pakistan). NCCR IP6 Working Paper No. 5. Bern: NCCR.
- Suleri, A. and Savage, K. 2006. Remittances in Crises: A Case Study from Pakistan. HPG Background Paper. London: ODI.

- UNDP, 2012. Effects of Militancy and Impact Trends of Rehabilitation in the Malakand Division. Islamabad: SDPI. http://www.sdpi.org/research_programme/researchproject-50-31-562.html.
- World Bank, 2010. Poverty fell in Pakistan in 2001-08 partly because of remittances—Migrants can help in reconstruction after devastating flood. <http://tinyurl.com/people-move>.
- World Bank, 2012. Migration and Development Policy Brief #9. <http://tinyurl.com/WB-Brief9>.
- World Food Programme, 2004. Food Insecurity in Rural Pakistan 2003. Islamabad: SDPI. http://www.sdpi.org/publications/publication_details-287-29.html.