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Literature Review:
Remittances Sent to and from
Refugees and Internally Displaced Persons

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Remittances Sent to and from Refugees and Internally Displaced Persons*

Carlos Vargas-Silva†

Abstract

This document reviews the evidence on remittances in the context of forced displacement. The evidence suggests that remittances are often affected, and affected more strongly, by factors in the displacement context that are different from factors in other contexts, such as economic migration. These factors include the possibility of continuing or new conflicts in the region or country of origin, the possibility of sudden mass repatriations, the relationship of diaspora groups with the region or country of origin and opposition groups, the higher risk of sudden closure of remittances channels, and the complex movement trajectories of the displaced, among others. Much is still unknown about remittances sent to and from the displaced, and the existing literature is limited. The evidence is largely based on qualitative research focused on refugees and concentrates on a few cases. Taking these issues into consideration, future research efforts should particularly focus on providing more insights into internally displaced persons in underresearched cases and should consider the inclusion of a strong quantitative component.

Key words: remittances, refugee, IDP, forced displacement, conflict

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Executive Summary

The number of people forcibly displaced by conflict around the world is currently at its highest level since World War II. The displaced often send or receive remittances. Remittances are frequently a lifeline in situations of forced displacement, helping households cope with insecurity and helping people escape conflict. A clear understanding of the dynamics of remittances in situations of forced displacement can assist in the creation of policies that maximize the positive impacts of remittances.

Several studies review the determinants and impacts of remittances. These studies mainly focus on exploring remittances in the context of “economic migration.” This document reviews remittances in the forced displacement setting. The focus of the review is on those who move to escape conflict, persecution, or oppression, including asylum seekers, refugees in first or third countries of asylum, refugees or internally displaced persons (IDPs) in protracted displacement, and refugees or IDPs in and outside camps.

The evidence suggests that the main determinants and impacts of remittances for those who have been forcibly displaced are not entirely different from those who are economic migrants. For instance, forcibly displaced populations remit money home for altruistic, self-interest, and insurance reasons. However, remittances are often affected by a different set of factors when sent by the displaced. These factors include, among others, the possibility of continuing or new conflicts in the home region or country, the possibility of sudden mass repatriation, the relationship of diaspora groups with the region or country of origin and opposition groups, the higher risk of sudden closure of remittances channels, and the complex movement trajectories of the displaced.

Much is still to be learned about remittances sent to and from the displaced.

- The actual implications of closing formal remittances channels on the monetary flows of displaced populations need to be explored. It would be important to know whether informal channels become a substitute for formal channels or whether monetary flows stop (at least temporarily).
- Evidence on the interaction between the humanitarian aid received by displaced persons and remittances is also lacking.
- Evidence on the degree to which aid affects the flow of remittances to and from displaced populations is needed.
- There is also little evidence on the impacts of remittances flows to displaced populations, particularly on their income, poverty level, and labor supply.
- Likewise, research on the response of remittances to restrictions on the displaced population’s right to work, own a business, own land, or move is scarce.
- Finally, knowledge about the potential use of mobile money transfers is limited in the displacement context.

Knowledge about all these factors, and others, is important for the creation of policies that can maximize the potential of remittances and minimize any detrimental effects on those who have been forcibly displaced.

The existing literature is also limited in its scope. The evidence is largely based on qualitative research focused on refugees and concentrates on a few cases. Quantitative analysis is important for providing an estimate of remittances flows from and to the displaced and for exploring the causal impacts of these flows on different social and economic factors. IDPs account for more than two-thirds of the forcibly displaced worldwide, and many IDPs are likely to be active in the remittances market. IDPs are also likely to face different challenges than refugees for receiving and sending remittances. Finally, forced displacement situations vary widely across regions and countries, and the dynamics in one case might not apply in other cases. Also, the evidence is limited to certain “types” of cases. For instance, the current evidence on remittances to and from the forcibly displaced has a strong South-North focus even though most forced displacement happens South-South. Taking these factors into consideration, future research efforts should particularly concentrate on providing more insights into IDPs in underresearched cases and include a strong quantitative component.

1. Introduction

Remittances have been a central focus for academics and development organizations since the mid-2000s. The overall volume of international remittances flows to developing countries, an estimated \$427 billion in 2014, illustrates the potential of these monetary flows to stimulate economic development and growth in receiving countries (World Bank Group 2015a). Estimates also suggest that the share of the population receiving internal remittances is greater than the share receiving international transfers, which implies even greater potential for internal remittances to affect development (McKay and Deshingkar 2014).

Several studies review the substantial evidence on the determinants and impacts of remittances (for example, Adams 2011; Borja 2012; Carling 2008; Cohen 2011; De Haas 2007; Hagen-Zanker and Siegel 2007; Rapoport and Docquier 2005; Ruiz and Vargas-Silva 2009; Yang 2011). These studies focus mainly on remittances from “economic” migrants who move to take advantage of better income-generating opportunities. Less attention has been paid to remittances involving forced displacement. This document reviews the evidence on remittances sent to and from the displaced, especially those who leave home to escape conflict, persecution, or oppression.¹

The number of people forcibly displaced by conflict around the world (refugees and IDPs) is currently at its highest level since World War II—some 60 million at the end of 2014—and more than 80 percent of refugees worldwide are in developing countries (United Nations High Commissioner for Refugees 2015). The evidence suggests that many forced migrants worldwide send or receive remittances (for example, Betts et al. 2014). Remittances are often a lifeline in situations of forced displacement, helping households cope with insecurity and helping people escape conflict (Van Hear and Cohen 2015). A clear understanding of the dynamics of remittances in situations of forced displacement can assist in the creation of policies that maximize the positive impacts of remittances. To contribute to this understanding, this document reviews the theoretical and empirical evidence on remittances sent to and from the displaced.

Reviewing remittances with a focus on forced displacement is important for several other reasons. For instance, much of the academic and policy work on remittances has been developed with the idea that remittances (both sending and receiving) are a major factor in the decision to move. Migration and remittances have been regarded as part of long-term household strategies for maximizing household income, overcoming market imperfections (for example, lack of credit markets), and diversifying risk (Stark and Bloom 1985). Remittances could play a different role in cases in which individuals leave their homes on short notice for the primary purpose of protecting their lives. Economic considerations are likely to still play a role, but remittances could often be a consequence of population movement instead of being the key driver of the actual decision to move (Lindley 2009a).

Refugees are often different from economic migrants and traverse a different adaptation process in the host country. For instance, Cortes (2004) indicates that refugees in the United States (1975–1980 cohort) made greater gains over time in labor market outcomes than did economic migrants. She explains that many refugees lacked the option of returning home and had a longer time horizon in the host country. As

1. The definition of a “forcibly displaced person” often includes other groups not covered in this review, such as those displaced by development projects or environmental disasters.

such, they were more likely to make country-specific human capital investments. Studies for other countries, such as Canada, have found that certain groups of refugees do not become as integrated into the host economy as economic migrants (DeVoretz, Pivnenko, and Beiser 2004). The dynamics differ by host country and refugee or migrant group, but differences in the incentive to integrate and overall differences in planning horizons are likely to affect remitting patterns.

The trajectories of the forcibly displaced also tend to be particularly complex in comparison with other migrant groups. In the displacement situation, particularly for refugees, family members are often spread across several locations (for example, first countries of asylum, third countries of asylum) and settings (for instance, camps versus urban locations), there is not a known “final” destination, and individuals are frequently “on the move.” Flows from the same individual can go in many directions, including different regions in the country of origin, a country of first asylum, a transit country, or a third country of asylum (Van Hear 2009). Refugees and IDPs might also receive transfers from their families who have been left behind. These dynamics complicate the analysis of the determinants and impacts of remittances, suggesting that innovative methodological approaches are needed in the forced displacement context.

Forced displacement is often sudden, and the host country or region endures a large increase in its population in a relatively short time. Even if the displaced would like to start sending or receiving remittances soon after migration, remittances businesses can take a while to start operating (Rodima-Taylor 2013).² In contrast, for economic migration there tends to be a more gradual increase in the migrant population and the demand for remittances services. The fact that displacement is sometimes perceived as a temporary and unpredictable event may even discourage some companies from making the initial investment to start a remittances business centered on the forcibly displaced (GSMA 2014).

Finally, displaced persons often remit to countries or regions in conflict and that have inadequately functioning governments (Carling, Binvand, and Horst 2012) or to countries or regions with political regimes (including de facto governments administered by opposition military groups) that they opposed and were the main reason for emigration in the first place. The displaced are often unable to go home for short visits (Diaz-Briquets and Perez-Lopez 1997). All of these factors have important implications for the remitting patterns of the forcibly displaced.

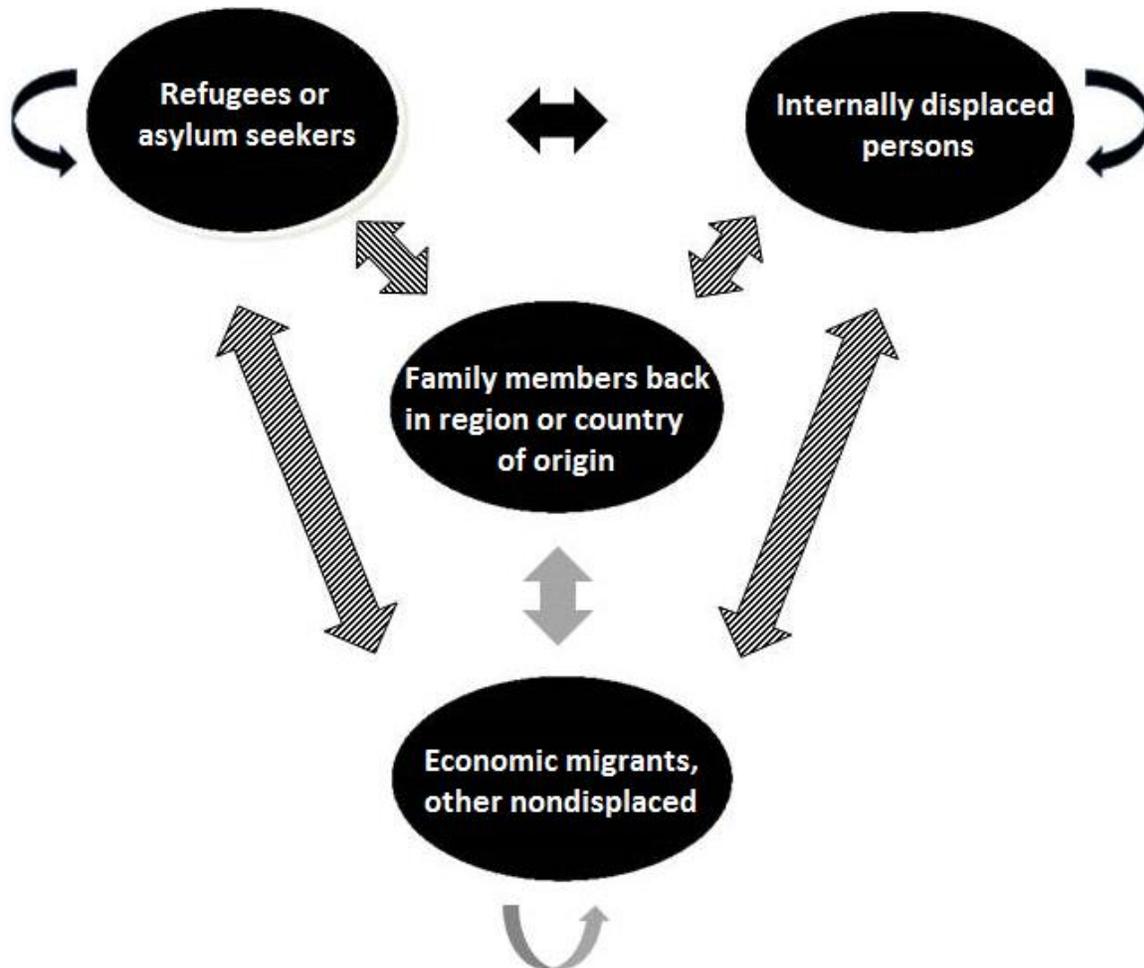
1.1 Scope and Limitations

Figure 1 provides a diagram of the possible direction of remittances in the displacement and economic migration contexts. The arrows with the plain gray fill indicate the traditional remittances flows between economic migrants (or others nondisplaced) and the family in the region or country of origin. As explained above, the remittances literature tends to focus on these flows. This document addresses all other arrows in figure 1. Notice that in some cases the senders and receivers of remittances are displaced persons (that is, arrows with a black fill). For instance, Somali refugees in the United States may remit to Somali refugees

2. In some cases, a remittances infrastructure is already in place to serve the needs of migrant workers. This same infrastructure can change its purposes after conflict to facilitate remittances from and to the displaced. See Iazzolino (2015) for a discussion of Dahabshiil in Somaliland.

in Kenya. Or Syrian refugees in Turkey might remit to IDPs in Syria. In these examples both the senders and receivers of the money are part of the displaced population. In other cases remittances involve the interaction of the displaced and nondisplaced populations (that is arrows with a pattern of black and gray fill).

Figure 1 Possible Direction of Remittances



Even with the potential differences in context and dynamics explained above, the displaced are not wholly different from economic migrants. The displaced often organize as diaspora groups (Van Hear 2009), engage in work in host locations (Calderon-Mejia and Ibañez 2015; Ruiz and Vargas-Silva 2015), and return home after the end of conflict (Arias, Ibañez, and Querubin 2014; Fransen 2015). Therefore, this review includes evidence from the whole remittances literature. In relevant sections, the main analysis is divided between the evidence in the mainstream or economic migration literature, which is presented as background, and the forced displacement situation.

The division of the evidence between economic migrants and the forcibly displaced provides a useful way to split the extensive evidence on remittances. However, the use of this division does not imply that those

who move are strictly divided between economic migrants and the forcibly displaced. Economic factors can play a role in the decision of the displaced to move, and security concerns are relevant for many economic migrants. In practice, it is not always possible or desirable to separate those who move into these categories.

The analysis includes all countries and all groups displaced by conflict, persecution, or oppression, including, among others, asylum seekers, refugees in first or third countries of asylum, refugees or IDPs in protracted displacement, and refugees or IDPs in and outside camps. The review of the evidence involved online searches of academic and policy material. The search was conducted during the period June–November 2015. Please see appendix 1 for details about the search methodology.

Before discussing the evidence on remittances and forced displacement, it is important to highlight three of its key features:

1. There is scant research on remittances to and from IDPs. The findings discussed below mostly refer to refugees. Some of the lessons from refugees do not apply to IDPs.
2. The existing analysis concentrates on a handful of refugee situations. The evidence for those situations may not apply to other situations.
3. Most of the research on remittances to and from the displaced is qualitative. Therefore, most of the findings discussed below are not based on quantitative causality tests.

The review is divided into five parts. After this introduction, the second part explores the evidence on remittances sent *from* the displaced. The third part covers remittances sent *to* the displaced. The fourth part discusses key remaining gaps, possible data sets for future use, and methodological issues. The last section summarizes the findings and provides recommendations for future research. See box 1 for definitions of key terms used throughout this review.

Box 1 Key Definitions

Refugee. Term is often used loosely and typically refers to people who are outside their country of origin because they have suffered (or fear) persecution on account of race, religion, nationality, or political opinion; because they are a member of a persecuted social category of persons; or because they are fleeing a war. A legal definition of refugee can also be found in the 1951 United Nations Convention Relating to the Status of Refugees; see UNHCR (2011) for further discussion.

Asylum seeker. Someone who is claiming refugee status, but whose legal claim has not yet been definitively evaluated by the host country. The term “refugee” is also often used in reference to asylum seekers.

Internally displaced persons (IDPs). Those who are forced to flee their homes for similar reasons as a refugee but who remain within the borders of their home country.

Displaced person. For the purposes of this document, a person who is a refugee, asylum seeker, or IDP. Note that, in general, forced migration is a broader term that not only encompasses people fleeing persecution or conflict, but also those escaping environmental change or natural or human-made disasters or migrating because of development projects.

Protracted displacement. Refers to long-term displacement without an end in sight. Often defined in policy circles as a situation in which 25,000 or more refugees originating from the same country have sought asylum in another country for at least five consecutive years; see UNHCR (2004) for further discussion.

First country of asylum. Refers to the neighboring country to which refugees flee originally.

Third country of asylum. Refers to the next country of residence after the first country of asylum. The concepts of first and third country of asylum also have legal implications for asylum applications; see Legomsky (2003) for further discussion.

2. Remittances Sent from Refugees and IDPs

2.1 Determinants of Remittances from the Forcibly Displaced

2.1.1 The Motives to Remit

Background

The amounts of money sent home by economic migrants differ considerably by type of migrant, planned length of stay, conditions in the host country, and home country characteristics, among other factors. It is difficult to generalize the findings of any single study. However, over the past several decades several motives have become standard theoretical explanations of the decision to remit and the amount remitted. Typically the motives to remit are categorized as altruism, self-interest, insurance, and loan repayment. The empirical evidence has not been fully successful in differentiating across these motives because predictions about the role of certain variables (for example, income of the household back home) run in the same direction across motives. Also, the same migrant may remit for different reasons, making the identification of particular motives a challenge. Overall, evidence supports all four motives.

The altruism motive posits that migrants send money home to improve the well-being of family members or friends left behind. The main empirical prediction of this motive is that migrants' money transfers will respond to variations in household income in the region or country of origin. Previous studies for different countries have provided evidence of the altruism motive (for example, Agarwal and Horowitz 2002; Vanwey 2004).

The self-interest motive is based on the idea that migrants send money home to improve their own well-being. The typical examples are migrants who remit to invest back home or to benefit from household

gratitude in the future (for example, a share of any inheritance). Some of the key empirical predictions of this motive include that better returns to investment in the region or country of origin or more competition for household inheritance results in higher levels of remittances. Again, the literature has provided substantial support for this motive in the literature (for example, Hodinott 1994; Vargas-Silva 2009).

The insurance motive links migration to risk-reduction strategies. By moving to another region or country, the migrant will be exposed to shocks that are not correlated (or that are less correlated) with those that the household is exposed to at home. Therefore, the household and the migrant could support each other in times of need. The key empirical predictions in this case are that those households with more risk exposure are more likely to engage in migration and that remittances will respond to negative household shocks. The latter prediction is similar to the one for the altruism motive. Studies have also provided evidence of this motive (for example, Lucas and Stark 1985; Amuedo-Dorantes and Pozo 2006a).

An interesting aspect of the insurance motive is that it changes the focus from a migrant-centered perspective to a household-level perspective. In this case, the potential use of remittances to diversify risk is a key component in the migration decision. This key role for remittances in the migration decision is one of the main components of the New Economics of Labor Migration theory (Stark and Bloom 1985).

The household could also use migration to maximize household-level income. An income-maximizing household will send abroad the member of the household who can earn the highest income abroad relative to income earned at home. The requirement is for remittances to be higher than the income that the migrant would have otherwise earned at home. In this scenario, remittances also play a key role in the decision to migrate.

Finally, migrants also remit to pay back the household for previous “investments” in them. The typical examples are migrants paying back for help with the cost of migration or for education expenditures. This is referred to as the “loan-repayment” motive for remitting (Brown and Poirine 2005).

Forced Displacement and the Motivation to Remit

Similar to economic migrants, the remitting patterns of the forcibly displaced, including amounts remitted, differ considerably. Overall, evidence indicates that the displaced remit money home for altruistic, self-interest, and insurance reasons, as do economic migrants. However, the relevance of and level of evidence for these motives can be affected by the particular situation of the displaced.

The altruism motive is likely to be very strong in the case of forced displacement. The forcibly displaced are more likely than economic migrants to come from regions or countries that are prone to conflict. As a result, their family members are more likely to be in danger, which might prompt the displaced to send remittances to help those who cannot leave areas of conflict (that is, remittances provide a coping mechanism) and to assist those who want to leave (Van Hear and Cohen 2015).

However, testing the relevance of altruism or other motives of the forcibly displaced, in particular refugees, is difficult because often several persons in different locations are receiving remittances from

the same refugee. Van Hear (2009) highlights the effects that refugees' complex migration trajectories and greater spread of family members have on remitting patterns. Many refugees have a first country of asylum (often a neighboring country), other transit countries, and a third host country. Family members could be in need of help in each of those locations, and refugees must choose among competing needs across locations. As an example of this situation, Akuei (2005) highlights the case of a refugee in the United States who was sending money to seven different locations spread across five countries. The refugee was directly "responsible" for more than 20 family members in very different circumstances (for example, in other refugee camps and urban locations).

The same refugee can remit for altruistic reasons to a person in one location, but for other reasons to other individuals in different locations. Total remittances outflows from the refugee might remain constant, but the destinations may shift, and correlating these shifting flows with the income variations of different receivers is complicated.

One way of exploring the importance of factors such as conflict in the home country on transfers from refugees is to look at the evidence of remittances to countries with different conflict and migration experiences. Carling, Binvand, and Horst (2012) explore the relationship between remittances from Norway and conflict by comparing remitting patterns of individuals from 10 countries (3 with ongoing conflicts, 2 with recent conflicts, and 5 with no recent conflict). They find that after controlling for other key factors, the likelihood to remit is much higher among those from countries currently affected by conflict. The authors provide three explanations for this pattern. First, conflict creates immediate and vital needs for those affected, including the need for protection, food security, and medical attention. Second, the state of origin often cannot provide these services, which means that it is up to those living abroad to support their family members back home. Finally, conflict disrupts livelihoods and has a major impact on the capacity of individuals to generate an income (for example, labor market disruption).

Carling, Binvand, and Horst (2012) also provide a direct comparison of the remitting patterns of Pakistanis and Somalis in Norway. Pakistanis mostly migrated to Norway for work reasons, whereas most Somalis are refugees. In both cases, stronger ties to the home country increased the odds of remitting, but the transfers responded to different home country links. Pakistanis were more likely to remit if they owned property in Pakistan, whereas Somalis were more likely to remit if they had a parent in Somalia. These patterns could imply different reasons for remitting (that is, self-interest or investment versus altruism). Although the self-interest motive for remitting could be present for the displaced, in many cases refugees and IDPs are sending money to countries and regions that have been seriously affected by war and in which the possibility of making a productive investment may be smaller as a result of the destruction (Van Hear and Sørensen 2003).

Al-Ali, Black, and Koser (2001) explore the role of conflict, among others factors, in determining remittances from Eritrean refugees in the United Kingdom and Germany. They find that remittances relate mainly to specific requests for help, such as for school materials or to pay debts. Respondents suggested that those requests increased during the conflict period because family income streams were negatively affected (for example, because family members were recruited into military or armed groups). Conflict can increase requests for remittances indirectly by affecting the capability of the family back home to

generate income. In contrast, Arestoff, Kuhn, and Mouhoud (2016), looking at Congolese, Mozambicans, and Somalis in Johannesburg, find that fleeing to escape conflict has a negative effect on the propensity to remit. They do not provide evidence on the reasons behind these differences but speculate that the difficulty of remitting to countries in conflict and the lack of contact with family members back home could be playing major roles. The effect of conflict on remittances is likely to vary across countries and contexts.

The traditional insurance and household income maximization story for migration and remittances, in which the possibility of remitting is a key component of the decision to move, might not be a great fit for the remitting dynamics of the displaced. In forced displacement situations, remittances are more likely to be a consequence rather than a driver of migration. Although economic factors are likely to still play a role, people leave their homes primarily to protect their lives. However, even though escaping conflict, persecution, or oppression could have been the original reason for migration, it is possible for economic considerations, including household strategies related to remittances, to become important determinants of onward movement to other regions or countries (Lindley 2009b; Sorensen et al. 2003).

Household strategies regarding insurance can also take different forms for the forcibly displaced. Loschmann and Siegel (2014) explore whether migrants in Afghanistan who financed their migration by taking on formal or informal loans from family and friends remit more money home. They find that debt-financed migration actually results in fewer remittances. Given these results they speculate that in Afghanistan, migration and remittances could be a way to assist with finding an alternative location to escape to if the security situation gets worse. In that sense households are not insuring against unexpected income shocks but against unexpected increases in insecurity. Although conflict is sometimes a sudden occurrence, it is often preceded by an overall state of political tension that during which households have the chance to make plans to escape a sudden surge in turmoil and insecurity.

Some limited evidence addresses differences in the likelihood to remit between the forcibly displaced and economic migrants. For instance, in their comparison of Pakistanis and Somalis in Norway, Carling, Binvand, and Horst (2012) show that there are differences in the share of members of each group that sent money home. Less than half of Pakistanis (44 percent) sent remittances home compared with 74 percent of Somalis. Moreover, 38 percent of Somalis in the survey sent remittances on a monthly basis. This number was just 6 percent for Pakistanis. Carling, Binvand, and Horst's (2012) estimates are in line with findings from Lindley (2009b) for the United Kingdom, who found that 61 percent of the Somali refugees in her survey remitted on a monthly basis. This relatively high share of remitters among refugees is consistent with findings from other countries. For instance, Johnson and Stoll (2008), looking at Southern Sudanese men living in Canada, find that 42 percent of their respondents sent money home at least once a month. These studies are based on small, nonrandom samples, and it is not possible to determine whether the information is representative of the overall remitting dynamics of the displaced.

2.1.2 The Role of Length of Time Abroad and Return Plans

Background

Several studies suggest that as time passes, some migrants reduce the level of remittances sent home or stop remitting altogether (Grigorian and Melkonyan 2008). This is referred to as the "remittances decay

hypothesis.” Time away from home can result in weaker ties with family members in the region or country of origin and a smaller probability of returning home. Evidence suggests that remitted amounts are also affected by the migrant’s return plans. In particular, the intention to stay longer or permanently in the host country affects remitted flows negatively (Dustmann and Mestres 2010). Uncertainty in the host country, particularly income uncertainty, also has a positive impact on remittances. Those migrants who face relatively high income risk in the host country are more likely to remit given the higher likelihood of return migration (Delpierre and Verheyden 2014).

Length of Time Abroad and Return Plans in the Forced Displacement Context

The forcibly displaced often have different time horizons in the host region or country than economic migrants (Cortes 2004). In some cases, particularly for refugees in third countries of asylum, the displaced have a longer time horizon than economic migrants, a fact that suggests that they are likely to send fewer remittances back home. Some evidence supports these differences. Ahmed (2000) explains how return plans affected remittances to Somaliland over time, with an emphasis on differences between economic migrants and refugees. Economic migrants from Somaliland to the Gulf states in the 1970s and 1980s were mainly young single men who remitted to support their families and to make investments for an eventual return to the country. In contrast, refugee migration, which started in the late 1980s, was meant to be permanent and often included the entire family. These dynamics resulted in refugees having greater family obligations in the host country and a smaller propensity to remit money home compared with economic migrants.

In some instances, the displaced are subject to sudden repatriation. This experience includes individuals waiting on the outcome of their asylum applications and individuals in first countries of asylum. For these individuals, remittances can become a way to secure a place back home in case of deportation (Jacobsen 2005). Thus, a high risk of repatriation may lead to higher remittances.

Once conflict is over, many refugees send money home to assist recovery efforts (Rodima-Taylor 2013; Van Hear and Cohen 2015). Yet, the degree to which postconflict countries receive large amounts of remittances depends on the long-term “solution” to the situation of refugees. The return of refugees often marks the end of remittances. Therefore, even though return is often seen as a successful long-term solution for refugees, it also has implications for postconflict economic recovery. Remittances account for a large share of national income in many countries affected by conflict, and refugee return results in a decrease in the inflow of remittances (Ferris 2001). However, resettlement to a third country is likely to lead to a greater flow of remittances during the postconflict period (Jacobsen 2005).

2.1.3 Social Pressure and Migrant Networks

Background

Substantial evidence suggests that migrants face considerable social pressure to remit. This pressure tends to be higher in the presence of strong ethnic networks in the host country (Brown, Leeves, and Prayaha 2014). One key finding is that social pressure might force migrants to keep sending money home even when experiencing adverse financial circumstances in the host country. The presence of a strong

migrant network in the host country can also lead to more information about less expensive channels for remitting money home (Aparicio 2011).

Social Pressure and Migrant Networks in the Forced Displacement Context

Refugees also face strong pressure to remit money home. Akuei (2005) explains that network connections between refugee camps in first countries of asylum and ethnic communities in third countries of asylum often make it possible to know about relatives' locations and contact information fairly quickly. Jacobsen (2005) argues that the pressure to remit for the displaced is different from that in other groups because, in addition to facing economic challenges, their family members are often more likely to be in immediate danger. The greater pressure to remit often leads to sacrifices that have long-term implications. For example, Tharmalingam (2011) explains that Tamil refugees in Norway feel strong pressure to remit, which often means they do not take opportunities such as increasing their educational levels. Hammond (2011) looks at Somali refugees in the United States and finds that they are under considerable social pressure to send money home. The pressure to remit comes not only from family members back home, but from clansmen. Somalis are organized by clans (and subclans), and remittances are a way to maintain prestige and respect within the clan. Refugees sometimes even change phone numbers to avoid constant requests for money from family and friends (Akuei 2005; Lindley 2009b).

According to some evidence, migrant networks can block remittances to the country of origin. Refugees are sometimes remitting to a regime that is opposed by a large portion of the country's diaspora and that in many cases was the original reason for them leaving the country. Diaz-Briquets and Perez-Lopez (1997) explore this dynamic by looking at remittances to Cuba. Cubans can claim asylum in the United States relatively easily. The first generation that left Cuba in the 1960s and 1970s was strongly opposed to the Cuban government and was organized politically. As time progressed, those arriving from Cuba were still be able to claim political asylum, but they were also less politically motivated, with a greater focus on improving their economic situation and more likely to have close family members back home. Thus, the new generations were also more inclined to remit. However, these new arrivals faced pressure from the old generation to not remit money home. Remittances were seen by the old generation as indirectly supporting a regime that they opposed. The U.S. government also strongly restricted the frequency, amount, purpose, and recipients of remittances to Cuba. Eckstein (2010) explains that at least until the mid-2000s, the American-Cuban leadership from the 1960s migration wave openly lobbied the U.S. government to restrict the sending of remittances to Cuba.

Blue (2004) also explores remittances to Cuba, but from the perspective of the recipients. She finds that in some cases Cubans were not willing to accept or request remittances from family members abroad for political reasons. However, this attitude changed after the deep economic crisis Cuba experienced during the 1990s. Since then economic concerns have surpassed political concerns for many Cubans in Cuba and the United States. Eckstein (2010) also adds that although many Cubans actually rejected gifts from abroad based on political views, other less politically inclined Cubans hid money and gifts from abroad as a response to social pressure. She also reports that this stance changed during the 1990s crisis, when remittances started flowing more openly. This political aspect of remittances is more likely to be present in the displacement context than in other migration circumstances.

2.2 Impacts of Remittances from Those in Forced Displacement

2.2.1 Impacts on Income, Poverty, and Inequality

Background

Remittances should have a positive net impact on household income if migration takes place as a strategy to maximize household income. Households will lose the income of the migrant member, but remittances should more than compensate for that loss. However, a decrease in poverty levels is not ensured. Reduced poverty levels depend in part on the type of households that send members abroad or to other regions of the country and on the size of the transfers relative to the poverty gap (that is, distance to the poverty line). To explore the impact of remittances on household income and poverty, it is necessary to create a counterfactual for the income that the migrant members of the household would have earned had they not migrated. Using different techniques to construct this counterfactual, several papers show that remittances often increase household income and decrease poverty levels (for example, Brown and Jimenez 2008). The effects are often stronger for households receiving international remittances relative to those receiving internal remittances (Adams, Cuecuecha, and Page 2008).

The positive impact of remittances on household income has implications for the overall household labor supply. These transfers can result in household members demanding more leisure and decreasing their labor supply, particularly for female members of the household (Binzel and Assaad 2011; Amuedo-Dorantes and Pozo 2006b).

Remittances can also have an impact on the distribution of income. Findings are mixed on this issue. Usually in countries (or villages) with a long history of migration, remittances are found to decrease inequality, but in countries (or villages) without such a history, remittances increase inequality. In the first stage, migration is only available to those households with higher incomes and these are the beneficiaries of remittances, thereby initially increasing income inequality. But as migration becomes more common, the cost of migration decreases (for example, through network creation). At this stage households with lower incomes are able to send relatives abroad and benefit from remittances (Stark, Taylor, and Yitzhaki 1986).

Impact of Remittances on Income, Poverty, and Inequality in the Forced Displacement Context

Because issues such as violence are the key drivers of migration in forced displacement, economic selection is less likely to be a factor in who leaves the community of origin. However, remittances can still have an impact on inequality in receiving communities. As explained by Van Hear (2006), even if conflict is the main driver of emigration, those from wealthier families can travel farther and select better destinations. As a consequence, they are able to remit greater amounts of money home, potentially increasing inequality. This imbalance is likely to create key differences in remitting potential between IDPs and refugees.

Little empirical evidence addresses the impact of remittances from the forcibly displaced on income, poverty, and inequality, nor on the labor supply of receiving households.

2.2.2 Diaspora Relationships, Collective Remittances, and Conflict

Background

There is a large literature on collective remittances from migrant organizations and hometown associations (Boccagni 2010; Lacroix 2013). Members of the diaspora come together with the common goal of assisting the development of the home community or influencing the politics of the home country or region. This common goal could lead to greater integration across members of the diaspora in the host country (that is, better cohesiveness). In some cases the regional or country of origin government provides financial incentives (including matching funding) to encourage the activities of hometown associations and collective remittances (Bada 2015).

Diaspora Relationships, Collective Remittances, and Conflict in the Forced Displacement Context

The displaced are often able to organize to help solve problems related to displacement and conflict back home. Blayney (2015) explores the collective remittances of the Iraqi diaspora in the United States to Iraqi refugees in Jordan. The study finds that raising money led to more integration among members of the diaspora, including more interaction between the established Iraqi diaspora and recent Iraqi refugees.

As explained above, remittances from the forcibly displaced (and economic migrants) often respond to changes in security levels and conflict in countries of origin. Remittances could also have an impact on conflict levels in countries of origin, including the possibility that diaspora groups send collective remittances home to support the activities of rebel groups (Van Hear and Sørensen 2003; Van Hear 2009).

Horst (2008) explores the interaction between political engagement and collective remitting of Somali refugees in Norway. She explains that Somali conflicts typically take place as confrontations between clans. Once a confrontation starts, Somalis in Norway are asked to contribute money to support the military action of their clans (typically to buy weapons). Her informants indicate that certain clans received millions of U.S. dollars to fund single conflicts. In some cases, refugee contributions would also help prevent conflict by equalizing military power across clans. Contributions from refugees also play a role at the end of the conflict as monetary payments to compensate for the loss of life and material well-being.

2.3 Channels, Costs, and Difficulties of Sending Remittances

Formal remittances channels (for example, Western Union, MoneyGram) have gained popularity during the past few decades (Clemens and McKenzie 2014), but informal channels such as Hawala are still preferred in many regions of the world. The remitting channel chosen is strongly linked to the financial literacy of the individual (for example, those who have bank accounts or use online banking are more likely to remit through formal channels) and availability. Financially educated individuals have a higher tendency to use formal remittance channels (Kosse and Vermeulen 2013). Informal channels are often (but not always) cheaper than formal channels, and the evidence suggests that migrants who care mostly about costs are more likely to use informal channels. However, those looking for faster transfers and transaction security tend to use formal channels (Siegel and Lücke 2013). Finally, informal channels often

provide access to more remote regions of the destination country and are popular in places where the infrastructure is less developed (Hariharan 2012).

A series of studies have focused on the price elasticity of remittances. If remittances are sensitive to changes in the cost of sending money home, then decreasing that cost could lead to an increase in the actual amount received by families. In fact, reducing the cost of remitting has been one of the key policy objectives of development organizations during the past decade (World Bank Group 2014).

Defining the “cost” of remittances is not a straightforward exercise. Fees are involved with sending remittances. However, in most cases remittances involve transactions in at least two different currencies, and money transfer agencies make a profit on the currency conversion. Most studies exploring this topic focus on the actual fee. Results suggest that reductions in remittances fee have substantial positive impacts on the amount remitted (Ambler, Aycinena, and Yang 2014).

The channels used by the forcibly displaced vary widely depending on the context. The displaced often use official remittances channels. For instance, Crisp (2003) explains that Liberian refugees in Côte d'Ivoire and Ghana relied on Western Union services. Western Union established offices in both countries to serve the refugees.

In other cases the forcibly displaced rely on informal channels. In her study of Somalis in the United States, Hammond (2011) finds that social networks in the form of clan affiliation was a way of remitting money without having a fixed and known address for the recipient. This situation echoes results from Cockayne and Shetret (2012) who find that remittances organizations in Somalia relied heavily on existing social capital (that is, clan ties) to serve as a distribution network. Shire (2006) discusses similar findings about the usefulness of clan identity for beneficiaries in locations with no addresses or official forms of identification. However, he adds that the culture of clan identity also makes it a challenge for Somalis in advanced economies to remit using formal channels because they are not accustomed to revealing personal information or showing identification.

The challenges refugees face in remitting are not completely different from those of other migrant groups. However, certain issues are likely to occur more frequently for refugees, such as the lack of identification documents and the closure of banks in the country of origin. For instance, Monsutti (2004) explains that these two challenges were major hurdles for Afghans in the Islamic Republic of Iran who wanted to remit using formal channels. In fact, the issue of closure of banks and, more often, the bank accounts of remittances companies appears often in the literature. These bank accounts have come under increasing scrutiny in recent years given concerns about the financing of terrorism and illegal activities (that is, money laundering). Particular attention is often paid to countries in conflict without functioning governments. These are the same countries that often have a large refugee diaspora. Companies transferring money to Somalia received much attention. Several banks in the United States and Europe (for example, Barclays) have decided to close the bank accounts of these money transfer companies (Orozco and Yansura 2013). These types of actions are not taken only by high-income countries. In April 2015, the Kenyan government suspended the licenses of several Somali money transfer agencies. The action was a response to a terrorist attack in Kenya.

It is still not clear at what point the closure of formal remittances channels pushes refugees and migrants toward the informal sector, decreases flows, or increases the cost of remitting. A report by the FAO's Food Security and Nutrition Analysis Unit–Somalia (2015) provides some evidence of a decrease in remittances as a result of the closure of remittances channels. The report finds that in most regions in which their survey was conducted, a substantial share of the households (23 percent to 49 percent) indicated that remittances declined during the period in which channels to Somalia were affected.

A World Bank Group report based on a survey of key stakeholders in the remittances market (governments, banks, and money transfer operators) suggests that the main drivers behind the closure of money transfer operators' accounts include increasing fear of regulatory scrutiny, reputational risk, low revenue-generating potential, and fear of losing access to correspondent banking relationships (World Bank Group 2015b). There is a perception that for banks the risk of continuing to provide services to money transfer operators outweigh the benefits.

There is space for government-led initiatives in collaboration with development agencies. One example is the "UK-Somalia Safer Corridor Initiative," which focuses on this specific corridor to strengthen existing remittances channels and to address the bank concerns that have led to the closure of accounts of remittances companies or money service businesses (MSBs). The initiative consists of three stages (U.K. Government 2015). The first stage was to provide banks and MSBs in the United Kingdom with comprehensive guidance for improving compliance with regulations and to appropriately manage risk. This includes guidance on tackling any possible criminal activity. The second stage involves coordination with the financial sector in the United Arab Emirates. Financial transfers between the United Kingdom and Somalia usually travel through Dubai, but U.K. banks lack familiarity with the arrangements many MSBs have made in Dubai. The third stage involves supporting the government of Somalia and the Central Bank of Somalia with the drafting and issuance of new anti-money laundering/combating the financing of terrorism legislation, MSB operating regulations, and customer registration rules. The U.K. government also funded an assessment of technical solutions for recipient registration (for example, use of biometric technology) in Somalia given the historic lack of identification documents in the country.

Research from southern Syria suggests that distance to money transfer operators is a major obstacle to receiving remittances (Dean 2015). Distance is also an issue for remittances in other contexts, but in situations of conflict the risk of traveling increases, and collecting remittances may involve traveling in and out of areas outside of government control. The risk increases substantially for the elderly, the disabled, and the very young. In fact, in many cases formal remittances channels are not available for those sending to areas not under government control.

3. Remittances Sent to Refugees and IDPs

Much of the evidence from the economic migration literature discussed in the previous section also applies to remittances sent to the displaced. Therefore, that information is not repeated in this section. This section only includes background material if similar information has not been presented above.

3.1 Determinants of Remittances to Displaced Populations

3.1.1 The Origin of the Flows and Wealth Levels of Recipients

The likelihood of forcibly displaced people receiving remittances and the sources of these funds vary across locations and periods. Using 2009 survey data, Doocy et al. (2011) find that 40 percent of Iraqi refugees in Syria received remittances. In fact, they find that remittances were refugees' most common income source. Betts et al. (2014), looking at remittances in Uganda, find that in Kampala 53 percent of Somali refugees regularly receive remittances, whereas 27 percent of Somali refugees in the Nakivale settlement receive remittances. Young, Jacobsen, and Osman (2009) find that 25 percent of IDP households in the Kebkabiya area of Darfur in Sudan received remittances in 2007. Several studies present cases in which just a small number of households report receiving remittances. For instance, Voon (2014) explores the case of Syrian refugees living outside camps in Jordan and finds that only 7.4 percent of female-headed households and 3.3 percent of male-headed households received remittances. However, authors of these studies concede that households might not want to disclose the extent of their remittances income.

As somewhat of a surprise, the remittances senders are often relatives and friends who stayed behind in the conflict-affected country of origin. Dalen and Pedersen (2007) find that 42 percent of Iraqi households in Jordan received remittances from Iraq, while just 22 percent of the households received remittances from outside Iraq. Jacobsen, Ayoub, and Johnson (2014) in their study exploring Sudanese refugees in Cairo find that 10 percent of respondents had received remittances from Sudan, while 15 percent had received money from outside Sudan.

Remittances flows might not be reliable sources of income. For example, Jacobsen et al. (2014) highlight that only 14 percent of their respondents received remittances on a monthly basis. The rest received remittances only occasionally.

Several studies also report a strong positive correlation between receiving remittances and the wealth levels of recipients. Dalen and Pedersen (2007) estimate that about half of the wealthiest households received remittances from Iraq, while the share was close to a quarter for the poorer households. However, for remittances from other parts of the world there are no major differences across household wealth levels. Omata (2011a) also explores receipt of remittances along the wealth distribution, but using information from Liberian refugees in Ghana. He finds that 95 percent of the income of the better-off households came from remittances, whereas the poor and the poorest households received no income from remittances. These studies do not test the direction of causality of the relationships between remittances and income level. Therefore, it is not clear whether the correlation comes from previous remittances increasing the wealth level of recipients or from wealthier households receiving more remittances.

3.1.2 The Key Role of Access to Communications

Omata's (2011b) study of Liberian refugee settlements in Ghana finds that they are aware of the pressure that they impose on family members living in developed countries. Refugees argued that they are more

likely to receive a negative response if they only contact family members to request money. They prefer to contact family members frequently, keeping them up to date with news from their lives and to request money only occasionally.

Omata (2011b) also highlights the importance of Internet cafes in refugee camps in facilitating constant interaction with family members abroad. Porter et al. (2008) also confirm the key role of constant communication and Internet cafes for Liberians in refugee camps in Ghana. These findings explain in part the substantial receipt of remittances by young people in camps (that is, those who are more technologically savvy). Savage and Harvey (2007) also highlight the role of Internet cafes and recommend setting them up in displacement camps to restore or initiate the flow of remittances quickly after a natural disaster. The increasing popularity of mobile phones for communication and transfers of money may reduce the relevance of Internet cafes for those who have been displaced. However, there is no evidence in this regard yet.

The key role of communication with family members abroad also means that refugee camp residents are sometimes in an “on-call” status. Trapp (2013) reports that some Liberian refugees in Ghana with family members abroad would wait by the phone for a family member to call and, hopefully, confirm that money was on its way. She adds that the link between communication and remittances meant that often other outreach efforts to family members, unrelated to money, were also interpreted as requests for money.

3.2 Impact of Remittances Sent to Displaced People

3.2.1 Movement and Location Choices

Remittances can facilitate movement to find employment. Refugees often have a choice between living in a camp or in an urban area (sometimes without proper authorization). Living in urban areas increases the types of available jobs and the possibility of starting a small business. However, urban areas are more expensive to live in and assistance from international actors is often less available. Therefore, refugees often need external support to establish themselves in urban areas. Campbell, Kakusu, and Musyemi (2006) explain how Congolese refugees in Kenya used remittances money to support themselves in urban areas. Those refugees without access to remittances were more likely to remain in (or return to) the camps.

Access to remittances can be a reason for movement to cities. Shandy (2006) explains that even a rumor that a relative might be considering sending money to Addis Ababa was enough for some Sudanese refugees in Ethiopia to make the trip from the camps to the city. If no money actual showed up, the refugee might have to return to the camp. She also explains that some refugees skip the refugee camps and go directly to the city, hoping to receive remittances. Although those at the camps might still receive money there is a perception that they get one-time payments, whereas in Addis Ababa it is easier to receive regular monthly remittances. However, there are still potential issues related to a high dependence on remittances for refugees living in Addis Ababa. For instance, if remittances stop the refugee can be stranded and might not have enough resources to return to the camp.

3.2.2 Savings and Expenditures

Background

If remittances are just another source of household income, other things being equal, an increase in remittances shifts the receiving household's budget constraint outward and therefore has a positive impact on overall household expenditures. The increase in expenditures is likely to be smaller than the amount transferred, so savings should increase also. However, previous studies have suggested that households often treat remittances money different from other sources of income and channel that money toward particular uses. Receiving remittances tends to have positive impacts on expenditures on health, education, and housing (Göbel 2013). Remittances are also often used to start small businesses, particularly in countries or areas where credit markets are not well developed (Amuedo-Dorantes and Pozo 2006c; Woodruff and Zenteno 2001). There are several potential reasons behind the selective use of remittances money, including the fact that remitters may impose certain conditions on the use of the money and could stop transfers if those conditions are not met.

Savings and Expenditures in the Forced Displacement Context

The impact of money sent to the displaced on their savings and expenditures behavior has not been the subject of much research. A report by Groupe Speciale Mobile Association (GSMA 2014) suggests that, in Ugandan refugee settlements, refugees tend to immediately withdraw the money received in their mobile money accounts. The report explains that this is in part a response to the fact that the potential use of mobile money for payments to merchants was limited. There was also evidence that one person may receive a transfer that then must be split with several individuals, and cash was the preferred way to do this. A consequence of withdrawing the money immediately is that, contrary to other situations, mobile money accounts do not result in big increases in savings.

Looking at several cases in southeast Asia, Ballard (2002) suggests that remittances may have played a key role in providing refugee returnees with a source of investment capital. Betts et al. (2014) also speculate that Somali refugees used remittances to start businesses in Uganda. However, there is little actual evidence of specific instances in which this has occurred. The uncertainty and unpredictability of time in exile for many refugees can reduce the incentive to invest in the host location.

3.3 Channels, Costs, and Difficulties with Receiving Remittances

Information from remittances receivers confirms that in some cases official remittances channels are popular with refugees. In a study of Sudanese refugees in Cairo, Jacobsen, Ayoub, and Johnson (2014) explain that about 50 percent of remittances receivers reported receiving the money through Western Union. In fact, Western Union was preferred over other agencies (for example, MoneyGram) that had stricter identification rules for dispatching the money. Close to 15 percent of the refugees in this study used the informal Hawala system to receive remittances.

Senders and receivers of remittances confront similar challenges in using formal channels. Refugees often do not speak the official language of the host country, which makes it difficult to receive remittances, particularly through official channels that often require the provision of some basic information to receive the money. Another common problem in accessing official channels is that refugees often do not have proper identification. Shandy (2006) explains how these two factors are an important impediment to the receipt of remittances in Addis Ababa.

Mobile money accounts could facilitate remittances in forced displacement situations. Several studies suggest that until recently mobile money had not played a major role in this context, but it is becoming popular (Young, Jacobsen, and Osman 2009). GSMA (2014) suggests mobile companies may lack incentives to make large investments in technology given the perception that displacement camps are temporary. The report highlights the protracted nature of many displacement situations as a counterargument to this point.

4. Future Considerations

This section provides guidance for future studies on remittances sent from and to the displaced. First, it summarizes the key gaps in the evidence. Second, it discusses the types of data sets that can be used to fill those gaps. Finally, it discusses methodological issues that should be taken into consideration while collecting new data on remittances in the forced displacement context.

4.1 Remaining Gaps

4.1.1 IDPs and Remittances

Most research on remittances from or to forced migrants deals with refugees (as senders or recipients of the money). Very little has been written about IDPs and remittances, which is a major omission given that the majority of the forcibly displaced around the world are internally displaced. IDPs are often in a very different situation than refugees with regard to work opportunities, assets, and security, among other key factors. Also, the channels by which money can be sent are different for internal transfers. The roles of banking regulation, currency exchange, and migrant-household communication are also very different for internal remittances. In addition, the lack of research on IDP remittances means that no comparisons have been made of the determinants and impacts of internal versus international remittances sent from or to displaced populations.

4.1.2 Quantitative Research

Most of the research on remittances to and from refugees and IDPs is qualitative, and many questions can still be pursued by qualitative research. However, the absence of quantitative studies leaves many issues unaddressed. Several studies report average amounts of remittances sent or received, but fall short of proper quantitative analysis. Estimates are needed of the extent of remittances flows from the displaced and the main characteristics of senders and receivers. Quantitative analysis is also important

for evaluating the causal impacts between remittances and other key factors (for example, wealth, labor supply). Quantitative research plays a major role in the economic migration context. This difference is unlikely to be explained by the lack of quantitative data on remittances to and from forced migrants. Several quantitative data sets could potentially be used for this purpose but have not yet been used.

4.1.3 Evidence Concentrates on a Few Case Studies

The research on forced displacement and remittances is concentrated on a few cases. Displacement situations vary widely across countries and contexts, and the dynamics in one case might not apply in others. Research on instances would provide a clearer picture of remittances in the forced displacement context. Also, the current evidence has a strong South-North focus even though most forced displacement happens South-South.

4.1.4 Consequences for Income, Poverty, Inequality, and Labor Supply

The evidence on remittances and forced displacement is concentrated on the sending of remittances by the displaced, but there is less information on the impacts of these flows. The lack of information on impacts on factors such as income, poverty, inequality, and labor supply poses a particular problem because it affects the development of policies that can maximize the potential benefits of remittances for the displaced and minimize any detrimental effects. This also contrasts widely with the economic migration literature in which these impacts of remittances have been well researched.

4.1.5 Implications of Closing Remittances Channels

The services of companies offering money transfers to conflict areas or countries with weak governance could be shut down on short notice. Companies sending money to Somalia are a recent example. However, little research has addressed the actual implications of closing formal channels on the monetary flows of the displaced. It would be important to know whether informal channels become a substitute for formal channels or whether monetary flows simply stop or decrease, at least temporarily. If flows decrease there is a strong humanitarian argument for keeping channels open. If informal channels pick up the slack, there are important security arguments for keeping official channels open.

4.1.6 Mobile Money Accounts

Mobile money has become a significant mechanism for facilitating transactions and promoting savings in many low-income countries. Remittances companies also seem interested in facilitating international flows using this system. Reports have argued that mobile money accounts can work effectively to transfer money to the displaced (GSMA 2014). However, more research is needed to explore how this system can be adjusted to the realities of the displaced.

4.1.7 Interaction with Foreign Aid

Evidence on the interaction between humanitarian aid received by the displaced and remittances is lacking. Research is needed on the degree to which foreign aid affects the flow of remittances to and from

the displaced and the impact of remittances on other factors (such as labor supply). An extensive literature covers the interaction of remittances and foreign aid at the macro level (for example, Ahmed 2012) but there is little evidence at the micro level and even less in the displacement context.

4.1.8 Interaction with Policies Affecting the Displaced Population

Research on the response of remittances to restrictions on the right to work, own a business, own land, and move of the displaced population is scarce. It would be important to know whether remittances respond to limitations on the rights of the displaced and restrictions on their prospects for generating income and developing a livelihood.

4.2 Existing Data Sets

To conduct quantitative research on remittances to and from refugees and IDPs, it is necessary to identify the sender or receiver of remittances as a displaced person. Ways in which to make this identification depend on the context. Possibilities include surveys that only look at displaced persons or that contain information related to place of birth and reason for movement. The discussion below includes examples of the types of surveys that could be used to explore remittances in situations of forced displacement.

4.2.1 Surveys of the Forcibly Displaced

Some surveys focus exclusively on forced displacement. In these surveys, all respondents are part of the target group. The only additional requirement is for the survey to request information on remittances (sent or received). Unfortunately, most of these surveys are not publicly available for researchers to use.

4.2.2 General Surveys in Which It Is Possible to Identify the Displaced

Surveys that target a representative sample of a certain population (for example, nationally representative, representative of the whole migrant population, representative of the migrant population from certain countries) often include a way to directly identify the displaced. These surveys provide the best opportunity for empirical research because comparisons can be made between the displaced and other groups, such as economic migrants or nonmigrants, and data sets are often easily accessed by researchers.

Most of these surveys record the movement history of respondents. If a person is defined as a “migrant,” a follow-up question about reasons for migration is often included. Typically this follow-up question will include whether the main reason (or one of the main reasons) for migration was escaping conflict, war, violence, repression, or persecution; increasing security or safety; or for political or religious discrimination or claiming asylum or becoming a refugee. The actual wording of the question differs across surveys, but in general, responses can be used to broadly identify those who are displaced.

Probably the most useful set of such surveys is the World Bank Living Standards Measurement Study (LSMS) surveys (see box 2 for an example). The majority of these surveys include a module on migration history and remittances. Although previous studies have used some of these surveys to explore

remittances (for example, McKay and Deshingkar 2014), differences between the displaced and the nondisplaced have not been emphasized.

Box 2 The Uganda Living Standards Measurement Study Survey

The Uganda National Panel Survey 2011/12 includes the following questions about movement of all household members:

How many years has [NAME] lived in this place/village?

If the person had a previous place of residence, then there is a follow-up question:

What was the main reason for moving to the current place of residence?

Some of the options are to escape insecurity or to return home from displacement.

Another question in that section records recent camp experiences:

During the past 5 years did [NAME] ever live in a settlement camp?

If the person answers yes, then there is an additional question about length of stay:

How many years did [NAME] live in this camp?

This same survey also elicits information on remittances received (internal and international) as well as remittances sent by the household. It is possible to match the information on reasons for migration and camp experiences with remittances behavior.

Another possibility is to use surveys that identify the current or previous legal status of the respondent as a refugee or asylum seeker. For example, the New Immigrant Survey contains information on a nationally representative sample of migrants who received permanent residency in the United States. The previous status of the person as a refugee or asylum seeker is recorded in the survey. The survey also includes information on remittances.

Appendix 2 provides a list of several easily accessible data sets in which it is possible to directly identify forced migrants.

4.2.3 General Surveys that Record Country of Birth and Year of Movement

Most surveys that contain information on remittances also have information on such topics as country of birth, year of migration, and destination of the remittances flows (for example, Fourth National Survey of Ethnic Minorities in the United Kingdom). In the absence of information that can be directly used to identify displacement, it is possible to use these factors to determine the likelihood that a person is displaced (for example, Gibson-Helm et al. 2014). This likelihood will be higher for those migrating while the country of origin is in conflict. Although this approach has limitations, it would still provide some

insights into remitting differences between (likely) displaced and nondisplaced individuals. Researchers can easily access many of these surveys.

4.3 Additional Quantitative Data Collection

This section discusses some content and methodological considerations for future quantitative surveys exploring remittances in the displacement context. These recommendations are based on the findings from the literature review. This is not intended to be a full explanation of the issues. Several studies discuss data collection in the forced migration context (Jacobsen and Landau 2003) and methodological considerations for remittances surveys in general (Brown et al. 2014).

4.3.1 Control Group

One of the limitations of many existing surveys with relatively large samples of displaced is that there is no control group (Jacobsen and Landau 2003). These surveys often only include the forcibly displaced, which makes it impossible to directly explore whether the displaced differ substantially from nonmigrants or from economic migrants. New surveys should aim to include a control group. The nature of the control group will differ with the purpose of the study. Sometimes the control group might refer to a sample of the host population living close to the displaced; in other cases it could be those from the same location of origin who remained home. The important issue is for surveys to allow some kind of comparison with those who are not displaced.

4.3.2 Longitudinal Data

Another limitation of many existing surveys is that they have no longitudinal component. Therefore, the medium- and long-term impacts on displaced populations of receiving remittances cannot be explored. Previous studies have provided insights into the long-term impacts of remittances in the postconflict setting, such as the possibility of further migration abroad (Dimova and Wolff 2015). Longitudinal information is necessary for these dynamics to be studied in detail.

4.3.3 Multiple Destinations and Sources

On the sending side, the evidence suggests that remittances from the displaced often go to several destinations (regions or countries). Therefore, it is important for surveys to collect information on the money's different destinations, including different regions within the same country. The evidence also suggests that refugees often send money to other refugees and to IDPs. Therefore, it is also important to note whether any the recipients of the money are or have been forcibly displaced.

On the receiving side, the evidence review also suggests that displaced persons receive money from different countries, including the conflict-affected home country. If a person or household receives money from different people, it is important for surveys to collect information on the different senders. It would be particularly useful to know whether any of the senders are also displaced.

4.3.4 Underreporting

Researchers are in general agreement that respondents underreport receiving remittances or underreport the amount of money received (Brown et al. 2014). Many displaced persons receive assistance from government authorities, and reporting remittances might affect their eligibility for assistance. Also, security could be an issue and reporting remittances might be associated by some interviewees with greater exposure to theft. Finally, political or legal issues could surround sending or receiving remittances. Sending remittances might be seen as indirect support for the home country or region government, and receiving remittances can be seen as attachment to diaspora groups opposed to the government. In fact, in some historical cases sending remittances to the home country has been explicitly prohibited by the host country (for example, remittances to Cuba from the United States).

The problem of underreporting could be addressed by asking about remittances in different ways to allow for comparison of answers (for example, total amount, share of income, share of expenditures). Also, Brown et al. (2014) suggest that in settings with strong social pressure to remit, questions could be presented in ways that ultimately excuse nonremitting. Finally, it is possible to triangulate information from difference research methods, including discussion groups.

4.3.5 Preconflict Information

Many surveys contain information on the situation of displaced and migrant households before migration. This information is used to control for previous characteristics, such as wealth. In those situations in which displacement is clearly the result of conflict with a defined start date, it would be useful to gather information on the preconflict situation. This information would provide a better control for background of the household given that the household's premovement situation could have already been seriously affected by conflict.

4.3.6 Multiple Recipients

Many of the existing studies suggest that remittances sent to the displaced are often received by a single person who then distributes the money to other people. Surveys need to take this into account and make sure to differentiate between the receiver of the money and the person for whom the money is intended. Also, it is important to understand who is in charge of determining the overall distribution of the money (that is, the sender or the person distributing the money).

5. Summary of Key Findings and Recommendations

An overall finding from the review is that the current evidence is mostly based on qualitative research focused on refugees and concentrated around a few specific cases. Quantitative research is important for providing an estimate of the extent of remittances flows from and to displaced populations and demonstrating the causal impacts of these remittances on different factors (for example, wealth, labor supply of refugees and IDPs). IDPs account for more than two-thirds of the forcibly displaced worldwide,

and many IDPs are likely to be active in the remittances market, particularly receiving remittances from abroad. The roles of regulation, communications, and information, among others, are also likely to be different for IDPs and refugees. Displacement situations vary widely across countries, and the dynamics in one case might not apply in other cases. Research on different contexts would provide a clearer picture of remittances in the forced displacement context. Also, the current evidence on remittances to and from the forcibly displaced has a strong South-North focus whereas most forced displacement happens South-South. More evidence on South-South flows is needed. Taking these factors into consideration, future research efforts should particularly concentrate on providing more insights into IDPs in countries and corridors that have not been explored yet and should include a strong quantitative component.

The specific findings from this review include the following:

Determinants of remittances: There is evidence of displaced populations remitting money home for altruistic, self-interest, and insurance reasons. This is similar to the findings for economic migrants. However, the relevance of these motives is affected by the particular situation of the displaced, including the possibility of conflict in the home region or country and communication with family members abroad.

The mixed role of social networks: As with economic migration, ample evidence indicates that social networks exert significant pressure on refugees to remit money home. However, there is also evidence to the contrary. In those cases in which a significant share of the diaspora opposes the home-country political regime, social networks can exert pressure to block remittances because remittances are seen as indirect support of the country-of-origin government.

Communication (online and by phone) with potential remitters is important and broadly accessible: In most cases residents of refugee and IDP camps state that communication with their family members in other countries is essential for them to receive remittances. It seems that communication with family members abroad is common, and displaced persons in camps are often able to find contact information for family members abroad relatively quickly. The policy implication is that authorities should try to establish communication facilities as soon as possible after a forced displacement episode to enable the flow of remittances. The role of communications may change in the future with the increasing availability of mobile phones.

The use of mobile money is growing, but not yet common: More IDPs and refugees are using mobile money accounts to receive remittances. However, the use of these accounts for making payments is somewhat limited. Also, technological illiteracy and the scarcity of mobile phones (or chargers) remain key obstacles to further use of mobile money. Finally, the fact that displacement situations are often perceived as temporary may discourage some companies from making large investments to provide service in displacement camps. Policies that protect mobile companies' initial investment could assist the flow of remittances. This area is evolving quickly, and frequent studies are necessary to update previous findings.

Language barriers and identification requirements are obstacles preventing displaced populations from sending and receiving remittances: Refugees often do not speak the language of the host country, making it difficult to comply with legal requirements, including the provision of key information, to send and

receive remittances. Refugees also often lack proper identification documents for sending and receiving remittances. These barriers could push refugees toward the informal remittances market. One possible way to ease the flow of remittances would be to offer training to ensure that refugees are able to provide basic information (for example, name, date of birth, address) in the local language. Another way would be to provide them with identification documents that would be accepted for sending and receiving remittances and would allow them to open bank accounts.

The remittances market is exposed to sudden closures: Remittances flows from refugees to some countries, such as Somalia, have been affected by the closure of the bank accounts of remittances companies (by the United States and the United Kingdom) and the revocation of licenses of companies (by Kenya). The closure of legitimate remittances channels may push refugees toward the informal remittances sector, but there is scarce evidence in this regard.

Diffuse impact of remittances: The displaced population, particularly refugees, tends to have complex movement trajectories compared with other migrant groups. Also, their family members are often spread across countries. The same refugee may therefore remit from several locations and to family members in different locations. One of the consequences of the geographical spread of remittances from refugees is that the overall impacts of these flows are more diffuse and difficult to quantify. Likewise, it is more difficult to explore the determinants of remittances from refugees than from other migrant groups because many factors change quickly (for example, several beneficiaries in several locations).

Remittances as a driver of onward movement: The forcibly displaced leave their homes to escape violence or oppression. The possibility of sending or receiving remittances could play a less relevant role in the original decision to move. However, onward movement to other regions or countries is likely to be influenced by the possibility of sending or receiving remittances. Likewise, receiving remittances can also facilitate onward movement.

Remittances can help support displaced persons in urban areas: Leaving camps and rural areas and moving to urban areas can be beneficial for displaced populations because of greater access to services and employment opportunities (including self-employment). But moving to urban areas requires an initial financial investment and might mean losing access to financial assistance or aid. Remittances sometimes help cover the cost of moving to and getting settled in those urban areas. However, if remittances suddenly stop, the displaced person can be stranded in the urban area without resources to return to the camp. Various organizations could play a role in helping “stranded” refugees to either return to camps if they want or by providing additional assistance in urban areas to help them if remittances do not arrive.

Remittances from displaced persons contribute to war, peace, and reconstruction: There is a complex endogenous relationship between remittances and conflict. Some refugees might remit to support armed groups in their home countries. Others increase remittances in response to conflict to help their families in difficult times. Finally, others remit to support reconstruction after conflict ends.

Overall, there are many factors related to remittances for which there is insufficient evidence in the displacement context. For instance, given the absence of quantitative analysis of remittances for the displaced, it is not clear whether the amounts and frequency of remittances reported in previous studies

are common or are specific to the cases studied. Other key factors for which there is little information include the following:

- **Implications of closing remittances channels:** Little research addresses the actual implications of closing formal channels on the monetary flows of displaced populations. It would be important to know whether informal channels become a substitute for formal channels or if monetary flows simply stop or decrease, at least temporarily.
- **Interaction with humanitarian aid:** Evidence on the interaction between the humanitarian aid received by displaced persons and remittances is lacking. Evidence on the degree to which foreign aid affects the flow of remittances to and from displaced populations is needed.
- **Consequences for income, poverty, inequality, and the labor supply:** The evidence on remittances and forced migration is concentrated on the sending of remittances by displaced persons, but there is less information on the impacts of these flows. The lack of information of impacts on income, poverty, inequality, and the labor supply is particularly worrying.
- **Interaction with policies affecting the displaced population:** Research on the response of remittances to restrictions on the rights of the displaced population to work, own a business, own land, or move is scarce. It would be important to know whether remittances respond to limitations on the rights of the displaced and restrictions on their possibility of generating income and developing a livelihood.

It is difficult to provide many concrete policy recommendations for remittances to and from the forcibly displaced given the scarcity of evidence. Sponsoring research in the areas mentioned above would be a first step toward developing policies that can maximize the potential of remittances in the forced displacement context and minimize any detrimental effects.

Appendix 1 Methodology

Different sources were explored by searching the key term “remittances.” If too many hits appeared, then the search was limited to the following terms:

| | |
|----------------------------------|-------------------------------------|
| “remittances” and “refugees” | “remittances” and “forced migrants” |
| “remittances” and “IDPs” | “remittances” and “conflict” |
| “remittances” and “displacement” | “remittances” and “violence” |

For academic pieces the following databases were explored:

| | |
|---------------------------------|---------|
| Google Scholar | RePec |
| JSTOR | EconLit |
| Social Science Research Network | |

To make sure that recent material (particularly working papers) was included, the websites of the following academic centers were searched:

| | |
|--|--|
| Centre for Research and Analysis of Migration, University College London | Refugee Studies Centre, Oxford |
| Centre on Migration, Policy and Society, Oxford | Institute for the Study of Labor (IZA), Bonn |
| International Migration Institute, Oxford | International Growth Centre, London School of Economics |
| Sussex Centre for Migration Research | Center for Comparative Immigration Studies, University of California–San Diego |
| Center for Migration and Development, Princeton | London School of Economics Migration Studies Unit |
| Maastricht Centre for Citizenship, Migration and Development | Center for Migration and Refugee Studies, Cairo |
| Migration Research Center, Turkey | Households in Conflict Network |
| Institute for the Study of International Migration, United States | Peace Research Institute, Oslo |
| Stockholm International Peace Research Institute | |

The websites of the following organizations were visited to include policy-related material:

| | |
|------------------------|--|
| Asian Development Bank | International Organization for Migration |
| European Commission | Institute of Public Policy Research |

| | |
|--|--|
| Center for Global Development | Migration Policy Institute |
| UK Department for International Development | Overseas Development Institute |
| GIZ | Organisation for Economic Co-operation and Development |
| International Fund for Agricultural Development | Oxfam |
| Inter-American Dialogue | Pew Research Center |
| Internal Displacement Monitoring Centre | Other UN websites (including UNHCR, UNU-WIDER, and others) |
| Canada's International Development Research Centre | World Bank |
| Institute for Development Studies | US Agency for International Development |
| Inter-American Development Bank | |

Relevant unpublished material was included by searching the programs of related conferences held during the last few years, including the following:

| | |
|---|---|
| International Conference on Migration and Development, World Bank | NORFACE Research Program on Migration conferences |
| Annual Migration Meeting, Institute for the Study of Labor | IMISCOE (International Migration, Integration, and Social Cohesion) conferences |
| Metropolis | International Association for the Study of Forced Migration |

Appendix 2 Selected Data Sets

Some data sets make it possible to use answers about reasons for migration or previous legal status to “identify” forced migrants.

| Survey | Country(ies) |
|---|--|
| Legalized Population Survey | |
| http://mmp.opr.princeton.edu/LPS/LPSpage.htm | United States |
| Living Standards Measuring Study surveys | Albania, Azerbaijan, Bosnia and Herzegovina, East Timor, Ghana, Guatemala, Iraq, Kosovo, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Peru, Serbia, South Africa, Tajikistan, Tanzania, Uganda |
| http://go.worldbank.org/UK1ETMHBNO | |
| National Survey of Immigrants | |
| http://www.ine.es/en/prodyser/micro_inmigra_en.htm | Spain |
| New Immigrant Survey | |
| http://nis.princeton.edu/index.html | United States |
| Latin American Migration Project | Costa Rica, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Nicaragua, Peru |
| http://lamp.opr.princeton.edu/ | |

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