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Remittances in crisis

Sri Lanka after the tsunami

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About HPG

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EXECUTIVE SUMMARY

Migrant and diaspora remittances flowed generously immediately after the tsunami once again demonstrating the counter cyclical nature of remittances. While some migrants hand carried money back when they returned after the Tsunami others sent money through trusted channels such as banks and other formal channels. But the damage to infrastructure as well as the loss of documents meant that many affected families could not access remittances sent through that route.

Sri Lankan diasporas contributed to relief funds set up by the government and NGOs. This money was meant for affected areas and communities rather than individual families linked to the donors. But there were delays and inefficiency in cash disbursal: cash relief managed by the government reached Tsunami victims more than a month late. In some less favoured areas it was up to three months late. In contrast informal cash transfer mechanisms used by Canadian Tamil diaspora networks appeared to work more efficiently with money reaching affected areas and communities almost instantly.

Where remittances were available, they met immediate emergency needs that in-kind assistance could not and provided critical help before government cash relief arrived. These were needs other than food and shelter and included house reconstruction for those who were within the 100 m zone and not eligible for government assistance, medicines for chronic diseases, supplementary tools and equipment, baby food, milk power and meat and fish.

As expected migrant remittances reach mainly poor and middle-class households because the poorest do not migrate as much. There is therefore a case of targeting the poorest households that are excluded and assumptions should not be made about remittances reaching everyone.

Other lessons for government and humanitarian agencies are the importance of recognising that banking channels may be affected and that people need to be made aware of this; the need for promoting alternative remittance mechanisms that do not rely solely on documentary evidence but use other forms of identification in the way that informal systems do and the need to make the restoration of banking infrastructure a priority in disaster struck areas. The importance of communication networks and technology is also highlighted. Finally the effectiveness of informal money transfer systems in helping Tsunami affected people in the northeast who have very limited access to formal banks has been noted. This points to the need for taking a more nuanced approach to regulating hawala systems in efforts to counter money-laundering.

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I. INTRODUCTION AND BACKGROUND

Remittances play an increasingly important role in the economies of South Asian countries. In Sri Lanka, migrant remittances constitute the largest source of foreign exchange, bringing in around $1.5 billion.[1] Migrant remittances have contributed to the survival of hundreds of thousands of people in conflict-ridden areas of the north-east (Van Hear 2002). However, little is known about the role of remittances during emergencies elsewhere. Research has been limited and assessments have tended to underplay importance of remittances in helping people to cope with disasters and emergencies.

Remittances are generally ‘counter-cyclical’: unlike foreign investment, the flow of remittances increases during times of crisis. This is potentially enormously beneficial to poor economies and communities in trouble. Moreover, migrants react faster than international organisations. But remittances do not reach the poorest, because the poorest rarely have enough money to send out a migrant in the first place.

This study aims to improve our understanding of how remittances helped people to recover from the Indian Ocean tsunami in December 2004; which groups benefited from remittances and why; whether remittance mechanisms functioned adequately; and what can be done to improve the situation. The study has attempted to answer the following questions:

- How important are remittances in people’s efforts to survive in crises?
- What social groups benefit from remittances? Are some people excluded, exacerbating existing vulnerabilities?
- Do remittance patterns change in times of crisis – both in terms of how much people receive, and in terms of the channels that people can use?
- How well do assessment methodologies capture the role of remittances, and could they do it better?
- Are there ways in which humanitarian actors could support and facilitate remittance flows?

An improved understanding of the role of remittances in crises is vital to the design of humanitarian assistance programmes. By knowing who gains and who is excluded from remittance flows, it should be possible to improve targeting. The flow of remittances could in some circumstances offset some of the need for other kinds of aid. On the other hand, people who are highly dependent on remittances for their livelihoods could be particularly affected by the disruption of remittance flows following a major disaster. It may also be the case that, in conflict situations, remittances may be a more practical way of reaching beneficiaries than official aid.

This report is based on data collected in two tsunami-affected districts, Kalutara and Galle. Although not the worst affected in terms of loss of property and livelihoods,[2] the damage was nevertheless significant, and both are in high-migration areas. Access was relatively easy, which was an important consideration given the time and resources available.

The report begins with a brief account of the impact of the tsunami, followed by a short overview of migration patterns based on available secondary information. Part 2 contains a description of the study areas and the villages selected for case studies, together with the justification for choosing them. Part 3 presents the main findings under headings corresponding with the main research questions listed above. The last section presents the main conclusions, followed by policy recommendations and suggestions for future research.

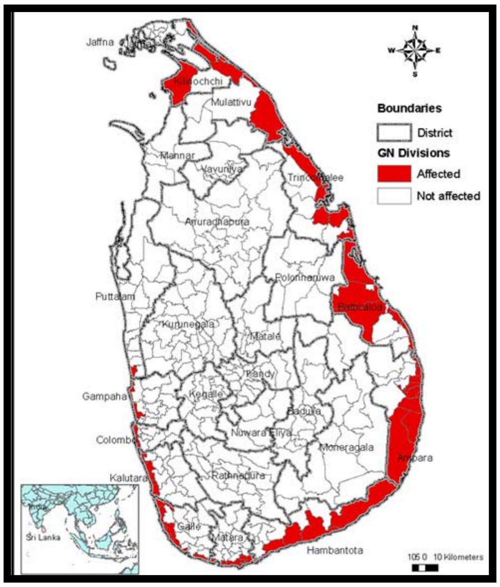
[1] There were approximately 1.2 million migrants from Sri Lanka in 2004. They sent roughly $1.5 billion back home. The level of remittances was anticipated to be $1.7 billion in 2005 (World Bank 2005).

[2] The worst-affected areas in terms of economic damage and damage to livelihoods were the eastern areas of Ampara, Batticola and Trincomalee. In the south, the worst-affected was Hambantota and Galle. The western district of Kalutara was also badly affected.

1. The impact of the tsunami

The tsunami killed over 31,000 people[3] and destroyed over 99,000 homes. It also damaged coastal ecosystems which supported the livelihoods of several poor and vulnerable groups of people. The total damage was estimated at $1 billion – roughly 4.5% of Sir Lanka's gross domestic product (GDP) (ADB/JICA/World Bank 2005). In terms of sectors, fishing and tourism were the worst hit. The tsunami exacerbated existing patterns of vulnerability and exclusion. Groups that were already poor became poorer and less able to withstand stresses and shocks. Nearly 100,000 fishing families were out of work, and a number of other informal service providers associated with the fishing economy were also affected (ADB/JICA/World Bank 2005).

Figure 1: Tsunami-affected areas



2. The government response

The national government responded quickly by releasing funds (LKR93 million) for relief operations in ten districts a day after the tsunami struck. A Centre for National Operations (CNO) was formed under the President's Secretariat to oversee and monitor emergency relief and liaise with relevant line ministries, NGOs, the private sector and other organisations. Three new task forces comprising representatives of the public and private sectors were also formed under the President's Secretariat (the Task Force for Rescue and Relief, the Task Force to Rebuild the Nation and the Task Force for Logistics and Law and Order). At the district level, Disaster Management Authorities were appointed to coordinate local relief efforts. The government communicated its actions during the relief phase through the Ministry of Information (ADB/JICA/World Bank 2005).

Interviews on the ground indicated that government assistance reached people much later, often a month later. In the intervening period, help from ordinary people in neighbouring villages, religious institutions, NGOs and friends (often tourists) and relatives abroad was crucial in helping people to survive and re-establish a semblance of normality. Had banking channels been restored more promptly, remittances would have played a far greater role in the immediate aftermath of the tsunami. This is discussed in greater detail in the section on findings.

[3] The latest estimates are around 38,000.

3. The International response

According to the ADB/JICA/World Bank (2005) report on preliminary damage and needs assessment, the international response was quick and very generous. By 6 January, bilateral donors had pledged contributions in cash and kind of around $22 million for post-tsunami relief programmes, channelled mainly through national and international NGOs. Multilaterals were also quick to respond: on 6 January, the UN launched a Flash Appeal aiming to raise $167 million. Donations reached $21.8 million in two days. Meanwhile, the United Nations Office for the Coordination of Humanitarian Assistance (OCHA) immediately deployed a UN Development and Assessment Coordination (UNDAC) Team to the country; the UN Development Programme (UNDP) provided coordination support to the government, and helped it to set up the CNO as the central body to coordinate all relief operations in the country. The UN Children's Fund (UNICEF), the World Food Programme (WFP), and the UN Population Fund (UNFPA) also provided emergency assistance.

4. Migration and remittance patterns

According to the latest figures from the World Bank, there are roughly 1.2 million migrants from Sri Lanka in other countries. This figure does not, however, include unregistered migrants, who could number several hundreds of thousand.[4]

International migration from Sri Lanka has increased steadily since the 1970s. Open economic policies after 1977 allowed more people to migrate (Myrtle Perera pers. comm.), while the outflow of asylum-seekers also grew due to the civil war between the government and the Liberation Tigers of Tamil Eelam (LTTE). The Tamil diaspora is estimated at roughly half a million people; the largest populations are in Canada, the UK and Australia. There are also large diasporas in Norway, Switzerland and South Africa (MPI 2004).

There is now a globally dispersed diaspora of Sri Lankans supporting relatives in Sri Lanka. The number of migrant destinations increased dramatically to 46 countries in 1994, compared to 12 the previous year (Dias and Jayasundere 2004). The Middle East attracts the most Sri Lankan migrants. Saudi Arabia is particularly popular; demand is higher, and wages slightly higher than in other Middle Eastern countries (Perera pers. comm.).

5. The feminisation of migration

The migrant population in Sri Lanka is mainly female (women account for 65% of all recorded migrants). Seventy per cent of migrants are unskilled workers, and over half (53%) are housemaids (Dias and Jayasundere 2004). Female migrants contributed more than 62% of the total of $1 billion in private remittances in 1999, representing half of the country's trade balance and 145% of foreign credits and loans (IOM-World Migration 2003).

The increase in female migrant labour as housemaids and unskilled and semi-skilled factory workers (mainly in the garment industry) is attributed to a number of social, economic and policy factors (Dias and Jayasundere 2004). According to the American Solidarity Center, most women migrants leave home because of poverty and domestic violence; they have never worked before, are unskilled and uneducated and cannot get work in Sri Lanka. However, another study, conducted by the Marga Institute (Gunatilake and Perera 1995), found that female migration was regarded as a way of earning supplementary income for the household to invest in housing and durables. Nearly 85% of women migrants were married, and migrated in order to earn as much as they could in as short a time as possible. Many expected to earn between LKR100,000 and LKR300,000, and intended to spend two to four years abroad. Analysts believe that labour migration is unlikely to decline while demand continues and financial gains remain relatively high (Sriskandarajah 2002).

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[4] An estimated 70% of all women migrants register with the SLBFE (Dias and Jayasundare 2004).

Table 1: Departures for foreign employment by gender, 1986–2004

Year	Male No.	Male %	Female No.	Female %	Total
1986	11,023	66.98	3,433	33.02	14,456
1987	10,647	66.02	3,480	33.98	14,127
1988	8,309	4509	10,119	54.91	18,428
1989	8,680	35.11	16,044	64.89	24,724
1990	15,377	3608	27,248	63.92	42,625
1991	21,423	32.97	43,560	67.03	64,983
1992	34,858	28.00	89,636	72.00	124,494
1993	32,269	25.00	96,807	75.00	129,076
1994	16,377	27.22	43,791	72.78	60,168
1995	46,021	26.68	126,468	73.32	172,489
1996	43,112	26.52	119,464	73.48	162,576
1997	37,552	24.99	112,731	75.01	150,283
1998	53,867	33.71	105,949	66.29	159,816
1999	63,720	35.45	116,015	64.55	179,735
2000	59,793	32.82	122,395	67.18	182,188
2001	59,807	32.5	124,200	67.50	184,007
2002	70,522	34.61	133,251	65.39	203,773
2003	74,508	35.51	135,338	64.49	209,846
2004	79,979	37.47	133,474	62.53	213,453

Source: Sri Lanka Bureau of Foreign Employment

6. The economic impact of remittances

Migrant remittances have had far-reaching effects on the economy. A study of the impact of migrant remittances on development and poverty reduction (Sriskandarajah 2002) in Sri Lanka found that the absolute and relative importance of private remittances has increased significantly as levels of foreign aid have declined, and foreign direct investment has grown only slowly. The study shows that the macroeconomic impact of migration has been substantial, and much of Sri Lanka's development spending will continue to be financed directly or indirectly by remittance flows.

In 2002, private transfers, primarily from housemaids in the Middle East, were sufficient to finance 90% of the combined deficit on trade, services and income accounts (EIU 2004). In 2004, remittances offset around 60% of the trade deficit (Amjad 2004). At the end of 2004, recorded remittances had increased to $1.3 billion (Lasagabaser et al 2004).

The contribution of the Tamil diaspora is almost certainly underestimated because much of this money is remitted through informal channels known as the *undiyal* system (similar to the *hawala* system) (Koser and Van Hear 2003). Many households in conflict areas have been sustained by remittances, and could not have survived without them (Koser and Van Hear 2003).

Workers' remittances to Sri Lanka are the highest in South Asia on a per capita basis. Using Sri Lankan household survey data from 2001/2002, Lasagabaster et al (2005) argue that remittances are particularly significant for poor households: almost 45% of recipient households belonged to the lowest two income quintiles. While information on how Sri Lankan recipient households use remittances is scarce, it is likely that they have a positive impact on poverty reduction and economic development. Indeed, the International Monetary Fund (IMF) has concluded that remittances can help to improve a country's development prospects, maintain macroeconomic stability, mitigate the impact of adverse shocks and reduce poverty (IMF 2005). Remittances allow families to maintain or increase their expenditure on basic consumption, housing, education and small-business formation; remittances can also promote financial development in cash-based developing economies.

The impact of migration is complex, and can have both positive and negative effects. Gamburd's ethnography of Sri Lankan migrant housemaids describes in great detail the impact of migration on gender roles and family life. The long absence of mothers has a negative impact on children.

Sriskandarajah (2005) summarises the economic effects of emigration as follows:[5]

Positive effects

- Provides opportunities not available in the home country.
- May ease effect on the domestic market of the supply of excess labour, and may reduce unemployment.
- Inflow of remittances increases incomes and may lead to improved human development outcomes for recipients.
- Technology, investment and venture capital can be provided from diasporas.
- Can contribute to increased trade flows between sending and receiving countries.
- Stimulus to investment in education and human capital.
- Return of skilled workers may increase human capital, facilitate skills transfer and enhance links to foreign networks.
- Charitable activities of diasporas can assist in relief and local community development.

Negative effects

- Loss of skilled workers and reduced quality of essential services.
- Reduced growth and productivity because of the lower stock of skilled workers.
- Lower return from public investment in education.
- Selective migration may cause increasing disparities in incomes in the home country.
- Loss of revenue from taxation of workers.
- Remittances may diminish over time.
- Inflationary potential of remittances, especially in real estate, in some areas.
- A 'culture' of migration, disincentives to invest locally.

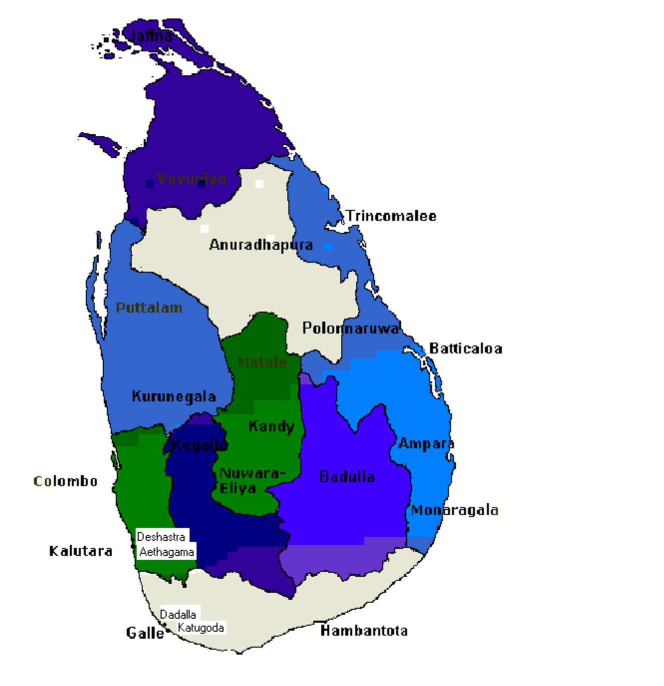
[5] Adapted from UN/DESA (2004).

II. STUDY METHODS AND AREAS

The study used a combination of primary and secondary data and information collection. Both quantitative and qualitative information was collected. Primary data was gathered through fieldwork in August and September 2005, using rapid assessment methods for about 15 days in four villages in two districts Kalutara and Galle. Initial plans were to study villages in Beruwala Divisional Secretary division, but conversations with government officials made it clear that they were not keen on outsiders coming in and asking questions because of the widespread public anger against the government's recent decision to cut food benefits by 20%.

Although not the worst-affected in terms of loss of property and livelihoods, the damage in Kalutara and Galle was nevertheless significant. These are also high migration areas. In addition, both districts were relatively accessible and offered an opportunity to conduct the study in a relatively short period of time.

Figure 2: Map of Sri Lanka showing location of study villages and districts



A profile of the villages is provided in Table 2. The four villages chosen were:

- Dadalla – Sinhala coir industry village, with around 25% of the population migrating mainly to Saudi Arabia, Kuwait, Bahrain and UAE.
- Katugoda – poor Muslim fishing village with around 40% of people migrating to Saudi Arabia, Kuwait, UAE and Qatar.
- Aethegama – better-off Sinhala toddy-making and fishing village, with around 10% migrating to Saudi Arabia, Bahrain and Kuwait (toddy is a wine made from the sap of the toddy palm).
- Deshastra – Sinhala tourist, fishing and petty business village with around 20% migrating to Saudi Arabia, Jordan, Lebanon and Kuwait. Four people have gone to Korea.

Table 2: Profile of the study villages

	Galle		Kalutara	
	Katugoda	Dadalla	Aethegama	Deshastra
Total number of families	360	310	222	541
Occupational pattern				
- No. of farmers	–	9	–	
- No. of fishermen	110	12	30	124
- No. of businessmen	41	18	3	15
- No. in government employment	15	31	22	34
- No. in private employment	76	38	60	
- No. of self-employed	39	113 (coir)	20	4
- No. of wage labourers	44	19	43	150
- No. of skilled labourers	18	24	15	35
- Others	7	–	25 (toddy)	20
No. of female-headed households	10	36	n/a	20
Income group				
- Poorest	10	45	15	82
- Poor	52	86	49	112
- Middle-class	167	167	96	327
- Rich	11	12	62	20
Samurdhi recipients[6]	311	131	53	194
-	(33%)	(42%)	(24%)	(36%)
Proportion of migrant households[7]	40%	25%	10%	20%
Tsunami-affected families				
- Within 100m zone			52	
- Above 100m zone			96	

Kalutara is closer to the capital city, Colombo, than Galle, is better connected, and the infrastructure is better. There are more fishing families, and tourism is important. Government services and banks also function better.

Primary data and information was collected through focus group discussions, key informant interviews and secondary sources. A detailed checklist was prepared for the FGDs (see Annex 1). The following groups were covered:

1. Men and women from migrating households.
2. Fisher folk, toddy-makers, coir (coconut husk fibre) workers, small business owners, wage labourers
3. The 'poor' and 'very poor' men and women.
4. Sinhalese and Muslims.

The limitations of the study included the fact that eastern Tamil areas were not covered, so the dynamics of remittance use at the grassroots level in rebel (LTTE)-controlled areas were not captured. However, this has been adequately covered elsewhere, and this study has drawn on this literature (see sections 11, 12 and 13 under Findings).

It is important to note that the case studies, while providing useful insights, do not provide statistically representative data.

[6] The *Samurdhi* poverty alleviation programme was launched in 1995. It is Sri Lanka's largest social assistance programme implemented by the government in all 22 districts of Sri Lanka apart from Jaffna. At present, the programme covers around 51% of the population, amounting to roughly two billion households.
[7] There was widespread under-reporting of migration, and this figure is based on the researchers' own estimate through triangulation of various sources of evidence.

III. FINDINGS

1. Migration patterns at the village level: who migrates and who does not

In all four villages, migration was mainly a poor or middle-class[8] phenomenon; by and large, the poorest and the richest did not tend to migrate to the same degree. More women migrated, and their migration was predominantly for unskilled work (mainly housemaids); men migrated for skilled work (drivers, carpenters, electricians); more unskilled workers went from poor families, and more skilled workers went from better-off households, and this pattern seemed to be determined by the entry costs (see section below on the costs of migration).

There were further differences: in Muslim communities, migration was higher among the poor as many of them obtained visas and references from relatives who had migrated earlier to the destination country. This meant that they did not have to go through agents or the SLBFE (see below), and were therefore able to migrate relatively cheaply. More women than men migrated because of the significant demand for Muslim housemaids in the Middle East. In Sinhalese villages, on the other hand, fewer poor people could migrate because they had fewer social networks in destination countries, and had to go through agents and the SLBFE.

2 The process and cost of migration

The government has tried to facilitate migration by setting up the Sri Lanka Bureau of Foreign Employment (SLBFE). The SLBFE was designed to regulate and promote migration, and to protect migrants' rights (see Box 1). In theory, all migrants can use this facility to find jobs, obtain the required training in basic literacy, housekeeping and remittance management, and can also access other services, such as insurance. But the SLBFE is not easily accessible to the poor because of the complexity of the passport control and application system. Poor people with low levels of education and limited exposure to urban organisations and officials find these procedures confusing and frightening. They prefer to go through private recruitment agencies, which can communicate with official institutions and take on the job of filling out forms, writing letters and paying fees. Private recruitment agencies mediate between potential migrants and the SLBFE, as well as employers abroad.[9]

According to official statistics, in 1998 almost 68% of placements abroad were secured by agents (Dias and Jayasundere 2004). Only a small proportion of these agencies are licensed (there are roughly 570 licensed agents in Sri Lanka, according to the most recent figures). There are a large number of unlicensed employment agencies and agents, who charge exorbitant fees and commissions: according to David Soysa, Director of the Migrant Services Centre in Colombo, there are nearly 10,000 migrant job brokers in Sri Lanka, many of whom operate outside Colombo in order to reach employment-seekers in rural areas. The fees charged by private agents are far in excess of the SLBFE stipulated amounts.[10] Agencies are often involved in a number of illegal and unscrupulous practices.[11] But it needs to be recognised that agents also play an important facilitating role, and help the poor to access migrant labour markets.

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[8] Village populations were categorised as very poor, poor, middle-class and rich in the focus group discussions.

[9] Market intermediaries are common in poor parts of developing countries (see for example Farrington et al. 2006 for an account of market intermediaries in Indian rural markets). Intermediaries exist in almost all markets including labour markets, credit markets, foodgrain markets, vegetable markets and forest produce markets.

[10] The current approved registration fees are as follows:

- LKR5,200 if the salary of the proposed job is below SLR10,000
- LKR7,700 if the salary is LKR10,000–20,000
- LKR16,200 if the salary is over LKR20,000.

[11] For instance job-substitution and non-adherence to advertised benefits such as overtime payments, free medical services and free return tickets. They are also associated with a wide range of other illegal practices, including faking documents and the substitution of applicants not approved on contract documents by switching photographs and names. The most common fraudulent practice is the substitution of Muslim names for Sinhala or Tamil women, thus gaining a concession on the payment for the airline ticket to Middle Eastern destinations.

Box 1: The Sri Lanka Bureau of Foreign Employment (SLBFE)

The Sri Lanka Bureau of Foreign Employment was established in 1985. It has significant powers to control and promote migration by regulating employment agencies, registering emigrants and providing welfare services to migrants and migrant families.

All migrant workers have to register with the SLBFE. A registration fee is charged. Registered migrants and their families are entitled to the following benefits (Mr Randeniya, SLBFE, pers. comm.).

- Insurance cover against injury, disability and death.
- Scholarships for migrant children.
- Subsidised credit for housing and self-employment for the migrant.
- Social security services.
- Medical assistance for family members.

According to government rules, only women between the ages of 18 and 45 years can register as housemaids. All housemaids must undergo mandatory training in literacy, housekeeping and remittance management.

The main problem with the services provided to migrants is that there is no provision to cover loss of pay if the employer refuses to pay at the destination (Myrtle Perera, Marga Institute, pers. comm.). There is also a lack of employment agreements and regulatory practices between governments. The government is considering amendments to the legislation governing the SLBFE, which was enacted at a time when migration numbers were much lower and few women were going abroad. As it stands, the law does not offer women adequate protection.

Although the SLBFE is empowered to negotiate on behalf of migrants, it is reluctant to alienate employers and countries that are a major source of foreign exchange (Ramani Jayasundare, Asia Foundation/Colombo, pers. comm.). Contracts may be drawn up, but are often not enforced (Monica Smith). Complaints of mistreatment, underpayment and non-payment are common. It is estimated that 5% of migrants face violence and inappropriate treatment. Employment agencies lobby for the non-implementation of laws that they see as obstacles to recruitment.

Although the number of migrants who are registering themselves and migrating through government channels is increasing, many migrants use private agents because they are easier and more convenient (Dias and Jayasundere 2004).

Interviews in Dadalla, a Sinhalese village in Galle, show that a majority of migrants used the services of agents working for registered employment agencies in Colombo. These agents charge LKR30,000 for a woman and LKR60,000 for a man (on average a maid earns LKR12,000 per month, and a skilled worker gets LKR35–40,000 per month). In Deshasthra village in Kalutara, the rate was slightly lower for men, at LKR 50,000, possibly because of its proximity to Colombo and the presence of a more competitive market for agents. Similarly, the fee for women in Aethegama village, Kalutara, was also lower (LKR25,000).

However, in Katugoda, a Muslim village in Galle, it was observed that many Muslim women migrated without paying brokers or agents because of the high demand for Muslim housemaids in the Middle East. Demand for unskilled men is lower. Male migrants usually aim for semi-skilled or skilled work, and have to pay the agent LKR50,000–60,000. Agents' fees depend on the earning potential of the migrant. It was also mentioned that Tamils linked with the LTTE pay more for migrating (but it was not made clear whether this referred to labour migration or refugees seeking asylum), and this has pushed up the cost of male migration. Agents' fees for finding jobs in European countries are extremely high, around LKR500,000, which most cannot afford.

People commonly borrow, sell, mortgage or pawn assets to raise the money needed for migration. Repaying the debt is one of the first uses remittances are put to. Van Hear (2002) reports that money accumulated for the dowries of daughters might be invested in migration, thereby delaying marriage.

Despite a strong rural banking sector, borrowing for migration is mainly arranged through informal credit sources, with a higher rate of interest than formal credit sources. This is because the poor lack collateral, and do not have the contacts they need (Myrtle Perera, pers. comm.). Poor people's access to formal credit is limited. Although NGOs and credit cooperatives have established lending schemes for poor people, most rely on relatives, neighbours, friends, traders and professional moneylenders. Olsen's survey of 9,000 households across the country in 1996–97 showed that less commercialised households in remote districts used banks the least. High-interest informal-sector credit is used across socio-economic groups, but employees are much more likely than other occupational groups to obtain cheaper bank credit (Olsen 2001). According to the American Solidarity Center in Colombo, moneylenders charge around 25% in migration areas, but the rate reported in our study areas was 20%.

3. Impact of the tsunami on migrants and their dependants at the district level

The tsunami destroyed several coastal villages where a large number of migrant workers, returnees, their dependants and prospective migrants lived. Nearly one-fifth of the total population (5,649,000) of the affected districts belonged to migrant worker households. (David Soysa, quoted in CENWOR Tsunami update). The worst-affected districts were Ampara, Matara, Trincomalee, Hambanthota, Mullativu, Galle, Kalutara, Batticaloa and Jaffna, Pointpedru. Several high-migration coastal villages (Pulmodai, Nagarkovil, Mullaitivu, Mutur, Kenniya, Valachennai, Batticaloa, Akkaraipattu, Kathankudi, Chenkalady, Samanthurai, Kalmunai) were destroyed.

Although the exact number of migrant families affected could not be ascertained, the Migrant Collective, a foundation for migrant welfare, development and research, estimates that more than 131,000 migrant families were affected (Migrant Newsletter January 2005). Each migrant supports at least four dependants (not all within that household). This implies that more than a million people dependent on migrant remittances were affected by the Tsunami (Migrant Newsletter January 2005).

Table 3: Estimated numbers of overseas contract workers and total populations in tsunami-affected districts

District	Number overseas*	Total population**
Kalutara	52,754	1,077,000
Galle	52,093	1,011,000
Ampara	46,041	605,000
Batticaloa	41,512	536,000
Matara	23,620	780,000
Trincomalee	20,942	377,000
Hambanthota	17,631	533,000
Jaffna	7,258	589,000
Mullaitivu	402	141,000
Total	**262,253**	**5,649,000**

** Source: Sri Lanka Bureau of Foreign Employment*
***Source: 2003 Central Bank Report, Table 52*

According to key informants in Dadalla village, most of the family members of migrants who are left behind work only part-time, and are heavily dependent on remittances.

In many locations, the worst hit by the tsunami were households in thatched huts situated within 100 meters of the coastline. In Deshastra village, a tourist village in Kalutara district, most of the families living in such thatched huts were very poor fishermen (who work only six months a year) and daily wage workers. Both groups are usually too poor to send out migrants.

However, the situation differed from village to village. In Aethegama village, where major occupation groups are toddy-markers, fish sellers, small-scale businesses and wage labourers, none of the households within the 100m zone had a thatched house. That is because all of them had migrating members who had invested remittances in building a concrete house.

4. Cessation of new migration and return of migrants immediately after the Tsunami

In all the villages surveyed, new migration did not occur in the three to four months after the tsunami, and around half the migrants who were away at the time of the disaster came back. While some came back permanently, others did so for only a few weeks, to provide moral and financial support to their families. Carrying back migration earnings was one of the main purposes for coming back. These findings were corroborated by accounts from other parts of the country (Priyanthi Fernando, CEPA, pers. comm.; Monica Smith, IOM).

In Dadalla village, for example, migrants returned to look after parents and children and rebuild houses, or help to move the family to safer areas. Those who gave up their jobs abroad were prepared to settle for local jobs with lower wages (see Box 2). While some wanted to migrate again, a major constraint was the lack of cash because of the loss of assets and higher expenses after the tsunami. In Kathugoda, a poor village where migrants are mainly from the poor sections of society, migrants who had lost family members or suffered damage to their houses returned after the tsunami using their own money. Most want to return, but the expense is preventing them from doing so.

Box 3: Case study

Mr. M. C. M. Shafeek (50) lives in Katugoda, Galle district. His son has been working in a supermarket in Saudi Arabia since December 2003. He migrated through an employment agency in Colombo, paying SLR65,000 in cash. The required money was obtained by pawning the jewellery owned by Mr. Shafeek's family. The son was sending SLR10,000 per month through the government-owned Bank of Ceylon. He sent more money during festival seasons. The family has not encountered any difficulties in receiving money from abroad. Mr. Shafeek himself worked for 12 years in the Middle East. A large portion of the remittances he sent was invested in building a house and buying household equipment. The tsunami killed Mr. Shafeek's wife, his daughter and a nephew, and also destroyed his house and everything in it. The traumatised son came back to Sri Lanka. The expenses for the return airfare were borne by his friends in Saudi Arabia. The arrival of the son was an important source of strength to the family economically and psychologically. The son has since returned to his job in Saudi Arabia, after spending about three months in Sri Lanka, but he has not sent any remittances after his return because he is repaying the debt he owes his friends. Mr. Shafeek's position has become extremely vulnerable because he does not have a job and his son cannot send him money. He is dependent on relief programmes and has earned some money through cash for work programmes.

The case of Mr Shafeeks and others like him shows that families that were heavily dependent on migrant remittances were highly vulnerable because the return of migrating members resulted in a loss of income. While this was temporary in some cases, in others it may have led to a longer-term and serious reduction in household incomes. It would therefore be dangerous to assume that households depending on remittances do not require external assistance in emergencies.

A survey of 500 households in Galle conducted by Grote et al. (2006) under the auspices of the Institute of Environment and Human Security of the United Nations University found that households that were severely affected by the tsunami were more likely to migrate than others. Having relatives elsewhere and receiving financial and/or material support such as tents or tools also created a 'push' and influenced the decision of the household to leave the area. Factors which decreased the likelihood of migration were higher education, good access to information and the ownership of land and house, as well as support programmes providing households with building materials.

5. How remittances helped in the aftermath of the tsunami

In this section, we draw a distinction between remittances from unskilled and skilled workers migrating to the Middle East, and remittances from professional, wealthier, more influential diasporas. As noted above, members of the latter group have tended not to send money home regularly because they often have aspirations and plans to remain abroad permanently, and educate their children overseas. However, by all accounts this diaspora donated very generously immediately after the tsunami and probably accounted for a sizeable proportion of the money received by the government relief fund, NGOs and international agencies such as the Red Cross. For the sake of convenience, we refer to the former category of remittances as migrant remittances, and the latter as diaspora remittances.

Judging from our fieldwork as well as secondary sources, migrant remittances were mainly hand-carried by returning migrants or sent through informal systems or Western Union/Speed Money, and mainly went to relatives. On the other hand, diaspora contributions were intended to help entire communities and areas, and were sent either to special funds set up by the actors mentioned above, or through specially established informal systems (described more fully below). More money was donated by wealthy Sri Lankans in the US, Canada and Europe.

Aid from Tamils overseas flowed to the Tamil Rehabilitation Organisation (TRO) in the eastern parts of the country.[12]

6. Migrant remittance channels before the tsunami

Before the tsunami, most migrants from the study villages were either carrying money back themselves, sending it through friends or remitting money through trusted channels such as Western Union and banks. When asked whether they used informal remittance mechanisms – i.e. informal transfer agents – all respondents said that they did not. This was surprising given studies documenting the extensive use of informal remittance mechanisms, especially by housemaids and other poorer migrants (Dias and Jayasundere 2004). One reason could be that most of the respondents were Sinhalese or Muslims. Tamils make greater use of informal methods like hundi/undiyal (Nicholas Van Hear, pers.comm.). Perhaps respondents were afraid that the researchers represented a government agency (even though it was explained repeatedly that they did not).

Most migrants were sending money once a month or once in two months before the tsunami. The amounts sent back varied, but were usually in the range LKR3,000–5,000 per month. Men send more money than women because they tend to work as semi-skilled or skilled workers and are paid more. They also often get paid for working overtime, while housemaids do not. The amounts remitted also vary depending on household needs, and are usually higher during festival seasons, especially January–March. According to the SLBFE, professionals do not remit much and instead spend abroad on higher standards of living and their children's education. Skilled migrants remit only if the husband has migrated. Migrants earn approximately LKR7,500 in the Middle East and LKR10,000 in Singapore. Full board is provided in addition to a cash wage.

[12] However, Human Rights Watch has accused the LTTE of threatening the Tamil diaspora in order to raise funds. The large-scale misappropriation of relief money has also been alleged. There have been claims that various Tamil organisations collected money for Sri Lankan tsunami victims which was in fact used for weapons and materials for the LTTE (Vertovec 2005).

Box 4: Remittance mechanisms

Many countries give migrant workers (both temporary and permanent) the opportunity to remit their earnings into foreign currency accounts that are not subject to foreign exchange regulations and have attractive interest rates. But usage of such accounts remains low, and most users tend to be skilled and professional workers. According to a survey conducted in Sri Lanka in 1984, only 8% of returning migrants had used this facility, of which 90% were skilled workers, and no housemaids had done so. Housemaids still prefer to use informal channels to remit their earnings due to their convenience and the constraints of their working conditions (Dias and Jayasundere 2004).

There is no agreement on the extent of informal money remittance mechanisms. According to the Central Bank, the *hawala* system accounts for less than 5% of total remittances sent home (pers. comm.). Rodrigo and Jayatissa (1989) shows that the proportion of unrecorded remittances was around 13% in 1980–85, compared to around 40% in India and 85% in Somalia. They attributed this to the (then) low degree of exchange rate overvaluation, the high degree of financial development in the Sri Lankan economy, and positive real interest rates (Puri and Ritzema).

However, according to Monica Smith, an intern with the International Organisation for Migration in Colombo, estimates differ widely: the Labour Secretary puts the figure at 30% and the National Savings Bank at 40% (David Soysa of the Migration Support Centre also gives 40%). The SLBFE also found, through its own surveys, that poor migrants often carry money themselves (in dollars) rather than sending it through banks. This is not surprising given that banks are not easily accessible to the poor, and informal channels are convenient and easy, providing a doorstep service with no complicated forms to fill in and no red tape.

Money orders are also common. According to SLBFE staff, Muslim women are under pressure to send money directly to their husbands or male relatives and usually do not open bank accounts. Sinhala women, on the other hand, do open accounts.

Experiences of using banks differed from village to village. In Dadalla, the poor Sinhala village in Galle, no one mentioned corruption or any difficulties in accessing banks as a problem in receiving remittances. Banks are regarded as safer and more convenient than informal channels. Villagers in Dadalla rated various remittance channels as shown in Table 4 (1 = best).

Table 4: Ranking of different remittance mechanisms in Dadalla

Mechanism	Cost	Convenience	Speed	Safety
Bank accounts	2	3	3	3
Western Union	4	2	1	1
Sending a draft by post	3	4	4	4
Hand-carried	1	1	2	2

Money sent by Western Union is received within a day, but the cost incurred is highest. Therefore, emigrants use this system only for emergencies. Bank drafts take a couple of weeks, and banks sometimes deduct a commission for processing the draft. Where hand delivery is not possible, bank-to-bank money transfers are used to save on costs.

In Kathugoda, the large Muslim village in Galle, people complained that bank officials made them go to the bank several times.

Table 5: Ranking of different remittance mechanisms in Kathugoda

Mechanism	Cost	Convenient	Speed	Safety
Bank	2	3	3	2
Western Union/Speed cash	4	1	1	1
Sending a draft by post	3	4	4	4
Hand-carried	1	2	2	3

7. How remittance channels were affected by the destruction of infrastructure and loss of documentation caused by the tsunami

In several cases, remittances sent through banks could not be accessed immediately: it took between one and two months for people to access their money. This was because some banks were closed for several weeks in tsunami-affected areas, access to banks was difficult due to road obstructions or damaged bridges and because people had lost bank papers and documents; it took 1–4 months to obtain temporary documents certified by the village-level administrative officer (Grama Niladhari) that gave access to people to their bank accounts. It seemed to take longer in villages in Galle than villages in Kalutara, probably because of superior infrastructure and more efficient institutions in areas closer to Colombo. In Dadalla village, displaced families lost their bank passbooks, national identity cards and other essential documents. It took them over four weeks to receive a temporary identity card from the village administrative officer, and help from the legal aid commission to withdraw money from the bank using the temporary card. Some had not received documents nine months after the tsunami. In Kathugoda, the process of preparing temporary certified documents took 1–4 months, and the main road was not cleared for a month.

On the other hand, in Deshasthra village in Kalutara, which is relatively better connected, temporary documents were issued within a week by the Grama Niladhari. People could access money from the banks, and this helped them procure emergency supplies. The main road to this village was not blocked, and access to other areas was possible. But the same pattern was not observed in Aethegama, where some families had not obtained temporary documents at the time of the study (Box 4).

Box 5: Loss of bank documents

Mrs. Nirosha Krishanthy is 32 years old, and a mother of two children. She lives in Aethagama, Kalutara. She worked as a housemaid in Saudi Arabia for three years and came back after the tsunami.

Nirosha migrated via an employment agency called 'Trans Lanka', paying LKR12,000. She found the money from an informal moneylender at the monthly interest rate of 15%. The main objective behind her migration was to earn enough money to build a permanent house. She achieved her target, but her house was destroyed in the tsunami.

Nirosha was being paid LKR13,500 per month, and she used to send LKR20,000 to her husband once every two or three months. The family lost their bank passbooks, but had not managed to get new ones. The bank savings could not be utilised during the crisis.

Nirosha carried money back when she returned, and the family used this money to pay for essentials after the tsunami. They also received help from relief programmes in the area. Nirosha is prepared to return to her job in Saudi Arabia once her family has been resettled. She likes her migrant work because she does not spend anything on food, clothing and medical care (these are covered by the employer). She can remit most of her earnings. She thinks her situation is better than garment factory workers in Sri Lanka, who have to spend large amounts on transport and food.

However, even where access to remittances was obstructed in the immediate aftermath of the tsunami, families with migrant members said that they felt a great sense of moral support knowing that there was someone who could help them (interview in Dadalla village).

A problem mentioned by some respondents was that the households of migrants did not have much by way of savings, and so had to wait for the money to arrive after the tsunami. It is well known that migrant households do not save much. A study (Yapa 1995) based on 100 women migrants and their families across all districts shows that, despite high earnings and repeated migration, 78% had no savings at all compared to the general non-migrant population. Remittances are spent on improving housing and consumption, and on debt redemption (Perera 1997). While this can contribute to improving wellbeing at the household level, Hettige (1997) has argued that, in the long run, many returning migrant families quickly run out of savings and descend into poverty again due to wasteful consumption, no savings or both.

8. How the remittances were used

Before the tsunami, remittances were spent on improving or building a house, purchasing durables, meeting regular consumption needs including food, clothing, education, transport and medicines, as well as strengthening the family business, purchasing jewellery and special occasions. But repaying loans, particularly loans taken out for migrating, was often the first use that remittance money was put to.

It is important to understand the sequence of events in the aftermath of the tsunami in order to fully appreciate the role played by remittances in people's survival.

Interviews indicate that the first to help were people from neighbouring villages and religious organisations, e.g. Buddhist temples and churches. They provided tsunami survivors with shelter, food and water. There were reports of great generosity from all people interviewed. NGOs came soon afterwards, providing food, shelter, clothing and first aid. Sarvodaya, one of the largest national NGOs, was one of the first to deliver aid to tsunami-affected people, while the Tamil Rehabilitation Organisation (TRO) provided emergency assistance to people in the north and east. Other major NGOs active in relief and rehabilitation included SEWA Lanka, the Red Cross Society of Sri Lanka/ICRC, CARE and Save the Children.

It was widely reported that government assistance was very late, in comparison. A delay of one month was reported in three of the four villages; in the fourth, the Muslim village of Kathugoda, women said that government cash assistance did not arrive for three months.

Where remittances could be accessed, our fieldwork indicates that they were critical in meeting needs that government and NGO in-kind assistance could not. Chief among these were:

- food not provided by relief, such as fish, meat, vegetables, baby food and milk power;
- medicines for chronic diseases;
- supplementary items needed for livelihood activities. For example, in some areas relief programmes provided boats to fishermen, but not nets. Remittances were used to buy nets; and
- to pay the interest portion of pre-tsunami debts.

A very important use of remittances after the tsunami was in housing for those whose homes were within 100m of the coast. Due to new regulations, people within 100m of the coast were not eligible for a government loan or an electricity connection. The government is trying to resettle these people further inland, but they are reluctant to move because their livelihoods are closely linked to the coastal economy, and land is valuable because of the tourist industry. This is certainly the case in Deshasthra village where all households own some land but livelihoods are not agriculture based. Most households work in the tourist sector as a part-time business. They sell souvenirs, work as guides, sell clothes, jewellery and food to tourists. The villagers are reluctant to part with their land and businesses. Remittance money has allowed them to repair and rebuild their houses.

Box 6: The role of remittances in resettlement

Mr. R.A. Ajith Asoka is a young father of two children (eight and two years old). They live in a Dadalla village in Galle district. Mr Asoka migrated to the Middle East to work as a driver, through an employment agency located in Colombo. The employment agency charged him LKR50,000 in services charges, medical insurance and government fees. Mr. Asoka used his own savings and procured an interest free-loan from his friends. He also took a loan from a moneylender at 20% interest.

Mr Asoka sent SLRs25,000 once every two months to his family through a bank account. He occasionally used Western Union when the need for money was urgent, as when he was building a house and when his daughter was in hospital. His house was flooded and partially damaged by the tsunami. The money in the bank account from his earnings was extremely useful to the family in renting a house after the tsunami.

9. Exclusion and existing vulnerabilities

While remittances have the advantage of reaching migrant families directly and letting them make their own spending decisions, they exclude the poorest since these households rarely send family members overseas.

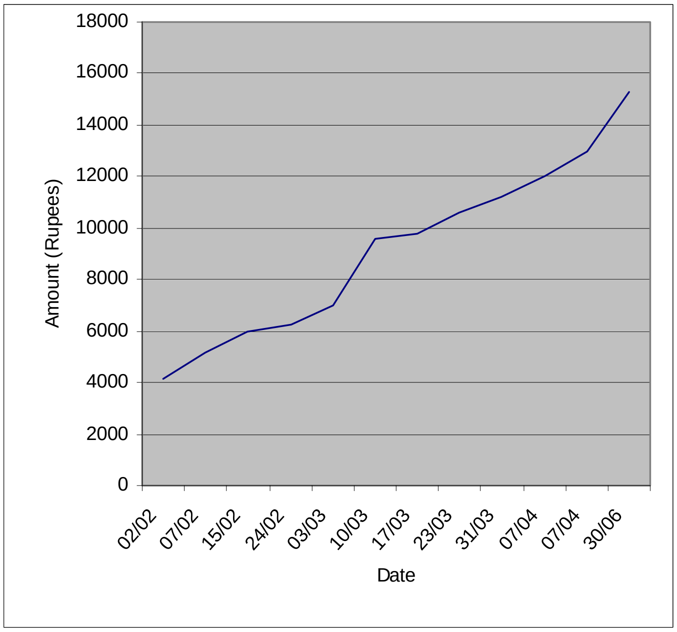
Our interviews and discussions indicated that the poorest and most excluded groups before the tsunami became even worse off afterwards. This group included casual wage workers, labour-scarce households (with old, sick or disabled people and no able-bodied adults) and female-headed households. These were the poorest of the poor, and did not benefit from remittances. There was therefore evidence of a *remittance gap*.

10. Official diaspora remittance flows to Sri Lanka after the tsunami

Data collected by the Central Bank of Sri Lanka show that the flows of remittances and donations increased sharply in the months immediately after the tsunami[13] (see chart below) especially during February and March 2005. Donations received by the Government, non-Governmental Organisations and others in Sri Lanka for Tsunami relief through Banking Channels by the 30th June 2005 were LKR 15,313.0 million . This included LKR 2,309.9 million received by the Government mainly through the Central Bank of Sri Lanka and two state commercial banks

[13] However, some increase in the flow of remittances had occurred even before the tsunami because of instability in the labour market in the Middle East. The ADB in its 2003 Economic Report for Sri Lanka notes that 'Overseas workers, predominantly based in the Middle East, stepped up their remittances during the year, apparently in response to their unsettled employment situation' (ADB 2003 report).

Figure 3: Remittances received by the Central Bank of Sri Lanka



Source: Compiled from Central Bank Press releases

People donated generously and all major banks (e.g. Central Bank, People's Bank) set up special arrangements to receive remittances. According to the Central Bank, substantial remittances were received from Sri Lankans abroad, producing a first-quarter balance of payments surplus of $179m. The bank forecast an overall surplus for 2005 after a deficit of $205m (£112m) in the previous year, but gave no figure.[14] 'Private remittances increased substantially by about 19% to $498m in the first quarter of 2005, from $420m in the corresponding quarter in 2004, mainly due to Sri Lankan migrants remitting a substantial amount of money in the aftermath of the tsunami devastation', it added.

11. Delays in disbursement of government cash assistance at the village level

Although the government responded rapidly in terms of releasing money and setting up special units and task forces to oversee implementation of the assistance, it was extremely slow to reach the intended beneficiaries. The government cash package included an initial payment of LKR2500/house for household equipment, followed by LKR5,000 per household per month for three months. This was certainly the case in the four villages studied:

- In Dadalla, Deshasthra and Aethegama, cash assistance from the government took a month to reach people.
- In Kathugoda (the Muslim village), government assistance took three months to arrive; people were given only LKR5,000 in cash plus food rations. Villagers did not get the third instalment of LKR5,000, and felt that this was because they have supported the opposition political party in the past.

The same pattern was observed in eastern parts of the country, where government assistance took more than a month to reach people.[15]

[14] 'Tsunami Puts Sri Lanka in Surplus', BBC News, 20 May 2005.
[15] Tilak Ranavirajah, Chairperson of the Presidential Task Force for Disaster Management, acknowledged at a press conference that 70% of tsunami-affected people had received no government aid because of bureaucracy and inefficiency within the government relief operation. Associated Press, 3 February 2005 and *Toronto Star*, 3 February 2005, p. A15.

Although the SLBFE opened a special communication centre to enable families to be in touch with migrant workers, it appears that, overall, migrants and their families were not helped much by such facilities. According to Soysa, the Sri Lankan diaspora was of greater help to the migrants than the special unit set up by the SLBFE to assist tsunami-affected families (quoted in CENWOR tsunami update). In Aethegama, the case of a woman was mentioned whereby the employment agency demanded LKR65,000 to get her back to Sri Lanka.

12. Informal Diaspora remittance systems after the Tsunami more efficient

Informal money transfer mechanisms established by influential diasporas appeared to work efficiently. Informal systems include traditional networks such as *hawala*, *chiti* and *hundi*, which have been used for many years by travellers, migrants and businesses. Under such systems, cash paid to an agent in, say, Lebanon is paid a few hours later to the beneficiary in Sri Lanka by the agent's partner there.

Such systems are almost the sole channel for sending money in the conflict-ridden areas of the north-east, where formal banks are virtually non-existent. Twenty years of civil war have devastated the formal banking system in the conflict zone (Cheran and Aiken 2005). The People's Bank, a popular Sri Lankan government bank with a network of 326 branches, has only 33 branches in the northern and eastern provinces. These branches are located in the Sri Lankan army-controlled areas, and are not accessible to people living in the territories controlled by the LTTE (Cheran and Aiken 2005).

In such a context, informal systems have become highly sophisticated. Cheran and Aiken's study of informal transfer systems between Canada and Sri Lanka found that there are 300 Tamil transnational Home Village Associations (based on one's origin in a particular village) and Alumni Associations (based on one's high school) operating in Toronto. These organisations have been extremely active in reconstruction and development work in Tamil areas.

These organisations and Tamil media groups in Toronto were the first to initiate coordinated fund-raising drives after the tsunami. On 26 December 2004, three community radio stations[16] and one Tamil TV station launched a live, on-air fund-raising campaign. It lasted for three days and raised C$2.5m. The money collected was sent to Sri Lanka every three hours, or whenever funds reached $50,000, through informal money transfer agents. Members of the relief organisation that was coordinating work in the north-east, as well as representatives of the Toronto money transfer agency, were also on air via telephone from Sri Lanka. The money was transferred to the tsunami-affected region instantaneously.

Although the informal money transfer system in the north-east evolved in special circumstances and direct comparisons with western parts of the country are not possible, the experience described above shows that such systems can provide rapid support in times of crises.

There has been a marked tightening up of informal remittance mechanisms in recent years as part of counter-terrorism efforts. There may also be controls on informal money flows to rebel areas: the Sri Lankan government tried to stop direct contributions to LTTE areas after the tsunami.[17] This approach does not recognise that informal transfer systems may be of critical importance in channelling resources to people where formal banking channels are weak. There is therefore a need to develop a more disaggregated and nuanced understanding of informal financial flows, and how and where they should be regulated. Experts agree that *hawala* systems are extremely difficult to regulate.[18] Choking these systems off would block one of the cheapest and most efficient ways of getting money to needy people quickly.

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[16] The stations were Canadian Tamil Radio (CTR), the Canadian Tamil Broadcasting Corporation (CTBC), Canadian Multicultural Radio (CMR) and Tamil Vision Incorporated (TVI). All are based in Toronto.
[17] 'Sri Lanka Rules Out Direct Tsunami Aid to Tiger Rebels', *ABC Radio Australia*, 27 January 2005.
[18] 'Financing Terrorism: Looking in the Wrong Places', *The Economist*, 20 October 2005.

CONCLUSIONS

Migrant remittances, when hand-carried and when banking channels were working, helped recipients in several critical ways before government cash assistance arrived. Remittances helped in ways that government cash assistance could not, especially in housing reconstruction for those near the coast and not eligible for government aid and purchasing medicines, supplementary equipment, baby food and other essentials. Their 'counter-cyclical' nature means that remittance volumes increase when the economy and communities are in trouble, and diasporas may react much faster than other actors. In the aftermath of the tsunami, migrant and diaspora remittances were especially important since government assistance did not arrive for over a month.

However, the disruption of banking systems made it difficult for people to access their money. Where institutions worked better and infrastructure was restored relatively quickly, as it was in the better-connected villages, people were able to obtain temporary documents, which gave them access to bank accounts. But in the less well-connected villages the delays were longer, thus blocking access to an important cash resource. Informal cash transfer mechanisms used by diaspora networks in the West delivered money to tsunami victims almost instantly, with minimal delays.

There are lessons here for governments and humanitarian organisations.

1. Banking channels may be disrupted, and ways need to be found of overcoming the obstruction created by lost and damaged records and documents. Computerised ID systems based on iris recognition, say, should be explored for the future, but there is also a need to pilot other cash disbursal systems, such as the informal transfer systems created by the diaspora.

2. Banking systems should be restored on a priority basis.

3. Aid agencies need to recognise that certain parts of society are excluded from remittances. Those without remittances may need targeted support.

4. However, it is dangerous to assume that all families receiving remittances have support and do not need government help, as the migrant member may have to return in the event of a crisis and there may be delays in accessing remittances and savings.

5. The government should educate and inform people about the risk of normal banking systems being disrupted during disasters, and should advise them to use alternative means of transferring money.

6. The government should also aim to cut the costs of remitting money by encouraging competition and making banks more accessible for the poor.

7. Informal money transfer systems may provide critical support during times of crisis. International efforts to regulate such systems should take a more informed approach, which distinguishes between informal systems that are funding undesirable activities and systems that are helping the poor to rebuild their lives. More research is needed on understanding how this can be achieved.

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Annex 1: Detailed checklist and work plan

Part I: The context

Economic history

1. When did this village come into existence?
2. Who were the first settlers and why did they come here?
3. What kinds of economic activities did people pursue in the past (by social group or wealth group i.e. poorest of the poor, poor, non poor and rich)?
4. When did the first migrants leave and where did they go?
5. Why?

Political/legal/institutional history

1. What were the main turning points in the political history of the village?
2. Which laws/policies and institutions have had an impact on migration? (e.g. the Bureau of Foreign Employment and various pieces of legislation)

Part II: The migration process

1. What is the extent of migration by different wealth groups (poorest of the poor, poor, non-poor and rich); gender; religion/ethnic group; occupation (fishing, business, wage labour, armed forces, other) – this should be done through ranking showing which groups migrate more on a scale of 1-10. Aheeyar to select best method of ranking (on the ground or chart paper etc.) . The exercise should yield 4 charts.
2. What is the most preferred destination? Why? What is the most common destination? Why?
3. How does this vary by gender, skills, wealth status and (social/political) connections?
4. How do people migrate – through private agents/middlemen; by themselves; through subagents registered with the SLBFE; any other means? This should result in a range of responses from the group and we need to note the most common ways of migrating.
5. How much does it cost? How does this vary by gender, skills, ethnic group, occupation, destination? This should produce one table.
6. How do people meet these costs? Please list different methods
7. How has the role of employment agents/brokers changed over time?

Part III: Remittances

1. How often do migrants send money home? How does this vary by occupation, gender, destination and season? Are there certain times in the year or events when more money is sent? Please specify
2. Do remittance patterns change over time – how? By lifecycle of the household etc.?
3. How is money sent? Through Bank accounts, Western Union, Postal system, unofficial means, hand carried and how does this vary by wealth status, gender, destination and occupation? Rate different mechanisms by cost, convenience, speed, safety, doorstep delivery on a scale of 1-10. This should produce one table.
4. What are the difficulties encountered in sending remittances home? What is the average time taken? Are thefts common? What about corruption? Are there any fees involved and if so to whom are they payable?
5. What can be done to improve the situation?

How remittances help

1. How are remittances used? Buying food, schooling, health care, repaying debts, special occasions, other? The responses should be ranked where possible and a table produced.
2. Is the money invested if so in what – land, vehicles, house, consumer durables, jewellery, other? The responses should be ranked where possible and a table produced.

Part IV: The role of remittances in post-tsunami recovery

The immediate aftermath of the Tsunami

1. Where did the survivors go (temple, school, church etc) and who was the first to provide them with aid and in what form?
2. What were the main impacts: damage to dwellings, boats other assets
3. Who were the groups most affected and in what ways: e.g. fishermen due to loss of boats and work or lack of demand; mat weavers due to the destruction of vegetation; wage labourers due to a lack of work in the coastal areas; small businesses due to damage to their shops etc and petty traders due to a fall in the number of tourists
4. When did official assistance start and in what form (food, temporary shelter, money)?
5. How did migrating relatives help? Did they send money, clothes, medicines? How were these sent? How long did it take? Prepare table listing methods, time taken, safety, convenience.
6. Was it difficult to access banks etc due to a loss of papers? How did people overcome this problem?
7. Did families with access to help from migrating relatives fare better in their ability to procure food, assets, healthcare, help in locating missing relatives, work etc? Please provide details of why they fared better – was it because they got help faster compared to others who had to depend on official assistance which too a while coming (need to be careful here about leading questions) or was it due to their connections developed in the process of organising their relatives' migration? Etc
8. Which types of households (poorest of the poor, poor etc.) were left out of such assistance? (this is not the same as question 1 under Migration Process) because it could be the case that the poorer migrants were not able to remit money as readily as those who are slightly better off in response to the Tsunami.
9. Did some migrants return after the Tsunami? Why? Do they intend to return? Have some started to migrate after the Tsunami? Why and where are they going? What kinds of channels are they using? (agents, down payments etc.) and has there been a change in this pattern after the Tsunami?

Annex 2: List of individuals and organisations met

Sri Lanka Bureau of Foreign Employment

Mr Madhava and Mr Deshapriya, Research wing
Mr. Randeniya, Sociologist

The Central Bank

Malika Amarasekara, International Organisation for Migration

Lellandi Wanasundera, CENWOR

Priyanthi Fernando, CEPA

Myrtle Perera, Research Fellow, Marga Institute

Ramani Jayasundare, Consultant, Asia Foundation/ Colombo and

Monica Smith, Univerity of Colorado, Intern IOM, Colombo.

Ravindra Pathmapriya, Assistant Divisional Secretary, Beruwala Division
Mangala Asoka, Social Services Officers, Beruwala Division

Ms Kumudini, Social Services Officer, Kalutara Division

Sepali Kottegoda Women and Media Collective
Prema Gamage

Viola Perera ACTFORM

Ananda Amaratunga District Coordinator Galle
F Vidianapathirana, ADC

Manore Witarama American Solidarity Center