

Who Receives Remittances? A Case Study of the Distributional Impact on Liberian Refugees in Ghana

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Significant advances in transportation and communication have helped substantially expand the recent flow of transnational migration. As a result, there has been rapidly growing interest in the impact of remittances on development, and on poverty reduction in particular (see de Haas 2005). But are poor households the main recipients of remittances?

Little research has been devoted to the distributional impact of remittances. This Development Viewpoint reports relevant results from extensive fieldwork in a Liberian refugee settlement in Ghana. Though the sample is small and distinctive, the research findings suggest that rich, rather than poor, households could be the main beneficiaries of remittances.

In the Buduburam Refugee Settlement of Liberians in Ghana, remittances have proved to be a major source of income. When fieldwork was conducted there in 2008-2009, two Western Union branch offices were located just outside the settlement. They were reported to account for most remittance income received by refugees. According to data obtained from these branches, the average monthly value of remittances received by the refugees was about US\$ 443,000.

On a yearly basis, this would amount to US\$ 5.3 million. Thus, remittances reported by the Western Union offices were close to the annual local budget of UNHCR, the UN Refugee Agency. Since the settlement contained about 12,600 refugees, the average yearly remittance amount per refugee would have been about US\$ 420.

Assistance from the international development community was sharply dwindling at the time of the fieldwork and restrictions on refugees' local economic activities hampered income generation. So remittances represented a critical source of income for the refugees.

The Recipients of Remittances

However, not all Liberian refugees received remittances. Only about half did. And among them, there were very few poor households. Extensive interviews with a small but representative sample of refugees support these findings.

See the Table, which is based on the quantitative results from these interviews. It disaggregates refugees into four income groupings: Better-Off, Middle-Income, Poor and Poorest. Monthly income per person is reported for each income grouping as well as the components of this income. The unit is the Ghanaian Cedi (GHC).

The Better-Off households had average monthly income per person of about 292 GHC (or about US\$ 216 at that time). Strikingly, about 95% of this income came as remittances sent by relatives abroad.

The Middle-Income households (which were about 40-45% of all

households) had average monthly income per person of about 93 GHC. About 44% of this income came from remittances while another 36% came from assistance from other refugees or institutions (such as churches). Only about 15% came from work, either in microenterprises, low-paid jobs or casual labour.

Monthly Average Income per Person and Its Sources in Buduburam Refugee Settlement, Ghana

	Better-Off	Middle-Income	Poor	Poorest
Monthly income per person in GHC (1GHC=0.74USD)	292.4	93.2	36.4	15.9
Income Sources (% of total)				
Business/ employment/ casual labour	3.0%	15.1%	67.1%	79.3%
Remittances	95.1%	44.2%	0.0%	0.0%
Assistance from other refugees or institutions	1.5%	36.3%	28.5%	17.2%
Loan/ borrowing	0.0%	4.4%	1.2%	0.0%
Other sources	0.4%	0.0%	3.2%	3.5%

Source: Author's calculations based on fieldwork interviews

Both the Poor and the Poorest households received virtually no remittances. Their average monthly incomes per capita were about 36 GHC and 16 GHC, respectively. But the bulk of this income in both cases came from work. For Poor households, about two-thirds of their income came from work and only about 28% from assistance. For the Poorest households, almost 80% came from work and only 17% from assistance.

Who Sent the Remittances?

A central question for the fieldwork was: who were the Better-Off households and from whom did they receive their remittances? It is important to note that the analysis of forcibly displaced groups, such as these refugees, has to take into account not only their current circumstances but also their previous conditions in their country of origin.

The research concluded that the Better-Off households comprised only 5-10% of all refugees in the Buduburam settlement. More importantly, they were identified overwhelmingly as the offspring of the ruling ethnic group in pre-war Liberia. These households could trace their origins back to wealthy urban families in Liberia that had been able to send many of their members abroad, usually to the United States, over a number of generations.

There has been a long-standing and special historical relationship between the US and Liberia. In the 19th century, the US government resettled liberated American slaves in Liberia. This original grouping was called Americo-Liberians.

Over time, this elite group of Liberians sent their children back to the US to be educated, often on government scholarships. Most of these children settled in the US, often taking up specialised and professional occupations, such as lawyers, doctors or academics, which paid above-average incomes.

Benefiting from the first generation of migrants to the US, the second and third generations of Liberian migrants were able to assimilate into American society much more easily. They were part of an extended process of 'chain migration' within their lineage. These relatives were the primary remitters to the Better-Off households in the Liberian refugee settlement in Ghana.

The economic prowess of such wealthy migrants contrasts with that of the 'ordinary' Liberian diaspora, most of whom have migrated more recently, almost entirely through refugee resettlement programmes, and occupy relatively low-paying occupations where they reside.

It is noteworthy that the wealthy Liberian migrants comprise several well-established generations. So the Liberian refugees in Ghana often were able to receive multiple remittances from several relatives abroad.

This factor helps explain why the total received remittances were substantial.

In conclusion, what has emerged from this fieldwork is that the largest recipients of remittances in the Buduburam Refugee Settlement were invariably the offspring of the ruling ethnic elite in pre-war Liberia, many of whose wealthy members had long ago migrated to the US and other rich countries. This finding contrasts with the standard 'globalisation' discourse that often projects the misleading impression that virtually everyone could benefit from migration and the receipt of remittances.

The sample for this fieldwork was limited and the economic status of the recipients of remittances was distinctive. Nevertheless, the disproportionate channeling of remittances to the richer refugee households does highlight the clear need to carry out more extensive research in many developing countries on the distributional impact of remittances.

Hopefully, such an effort would discourage analysts from assuming—based on common rhetoric rather than reality—that remittances are likely to have a powerful impact on reducing poverty or are generally equitable in their social impact.

References:

De Haas, H. (2005). "International migration, remittances, and development: myths and fact", *Global Migration Perspectives*, Global Commission on International Migration, No. 30.