

## Newsletter

### Consultation for research on 'Impact of conflict on remittances in Swat', Peshawar, 18 April 2011.

**PESHAWAR, April 18, 2011: Speakers at a consultation meeting on Monday urged the government to take measures to produce better skilled manpower for foreign labour markets so that the country could boost foreign remittances.**

Mr. Khalid Aziz, Chairman RIPORT highlighted the importance of remittances both for Swat as well as the Pakistani economy. He made the following observations;

- Approximately 35% of Swat households were dependent on remittances.
- Out of these 25% were dependent on overseas remittances and 10% on internal remittances.
- The international volume of overseas remittances in the world economy was estimated at \$325 Billion for 2010.
- The top earners in 2010 were India (\$55 Billion), China (\$51 Billion) and Mexico (\$22.6 Billion)
- Remittances are expected to grow by 6.2% in 2011 and 8% in 2012.
- Pakistan has a target for remittances of \$9 billion set for 2010. It has already reached \$8 Billion figure in March and will thus meet the target.



The highlights of Swat remittance economy were;

- A 1:10 dependency ratio on a single earner.
- From 2006-09 many earners returned to protect



- households from terrorists. Thus remittances fell.
- Militants' extorted money from remittance based households causing increased indebtedness.
- The above factors led to;
  - a) Increased poverty as incomes fell.
  - b) Workers returned to protect families, thus reducing the gross Pakistani remittance pool.

Chairman RIPORT expressed his appreciation for the decision of Dr. Rashid Amjad, Vice Chancellor of Pakistan Institute of Development Economics to establish the center of 'Conflict Economics' at PIDE, Islamabad. Mr. Khalid Aziz welcomed the presence of Dr. Arcand and Mr. Matthias Rieger of Graduate Institute of International and Development Studies (GIIDS) in Geneva, Switzerland and Dr. Usman Mustafa, the Director of the new center. He hoped that all three organizations will undertake research leading to make policy proposals that will help in the increase of remittances to Swat and thus reduce households poverty.



The consultation was arranged by the Regional Institute of Policy Research

and Training (RIPORT), the meeting was attended by experts from the Pakistan Institute of Development Economics (PIDE) and Graduate Institute of International and Development Studies (GIIDS) in Geneva, Switzerland as well as staff from Malgaro Kor Project that is co-financed by RIPORT and UNHCR.



The Malgaro Kor Project Coordinator Mr. Abdur Rehman told the participants



that the Swat conflict not only destroyed local businesses and employment but also affected those families receiving remittances by those working outside the valley and overseas.

He said that the militancy negatively impacted households dependent on remittances.

Mr. Abdul Rehman held a focus group discussion with male and females in Matta and Kanju to understand the dynamics of remittances and the impact of conflict on them. He gave real life examples of what the reign of terror did to people's incomes.

The project coordinator also added that during the militancy, the Taliban extorted money from people and non-payment resulted in their beheading. "The families found themselves in a tight corner in the face of Taliban demands, as the international financial crisis had brought down wages earned abroad," he said.

He said as people were not able to meet the demands of Taliban and resultantly, they had to borrow money to pay militants, while at the same time, many people

lost their jobs aboard as the financial crises developed in the UAE.

PIDE Director Dr Usman Mustafa, GIIDS Senior Researcher Professor Jean-Louis Arcand also spoke on the occasion and proposed various areas of research.

Chairman RIPORE, Mr. Khalid Aziz requested early finalization of the RIPORE and PIDE collaboration for strengthening the newly instituted Economics of Conflict, Security and Development Centre at PIDE, Quaid-i-Azam University. He thanked participants for this valuable contribution.

The objective of the session was to explore possibility of interventions to study the impact of conflict on remittances in Swat and recommend policy proposals for bringing improvements. Regional Institute of Policy Research and Training (RIPORE) organized the meeting.

He said that as people were not able to pay militants they had to borrow money for this purpose.

He said that RIPORE recently concluded a survey identifying the causes of conflict in Swat from a survey of 384 households and that policy recommendations derived from this survey have been forwarded to the Khyber-Pakhtunkhwa government.



Later in a meeting at RIPORE office, areas of joint cooperation between the parties were discussed to initiate a partnership in undertaking research to ensure that right policies were adopted so as to provide incomes and livelihoods to the militancy affected district of Swat.