EADI NORDIC 2017
Bergen, Norway | 21-23 August | www.eadi-nordic2017.org

Globalisation at the Crossroads
Rethinking Inequalities and Boundaries

Financial literacy is key for optimising the development potential of remittances

Author: Katrin Rosenberg

Co-Authors:
Basanta Kumar Karki
Ranjan Kurian

Institution: HELVETAS Swiss Intercooperation

Address: Maulbeerstrasse 10, 3001 Bern, Switzerland

Email: katrin.rosenberg@helvetas.org

Abstract

In 2016, migrants sent 429 Billion USD in remittances back to their home countries – a figure three times the size of ODA. The Agenda 2030 recognises the positive impact and potential of better leveraging remittances for development. Remittances are a fairly resilient contribution to sustaining livelihoods of millions of people across the world. However, their impact on sustainable long-term enhancement of household income is not self-evident. In fact, remittances are often considered the most tangible and least controversial link between migration and development, but require facilitating factors to contribute to real positive change.

The paper will examine these contributing factors at household level. Based on empirical data from labour migration projects implemented by HELVETAS in Sri Lanka and Nepal, the authors will show that financial literacy is key for a more sustainable use of remittances. The paper discusses approaches to promote it, as well as success factors and challenges of such interventions along the migration cycle. The paper will make recommendations for policy makers and civil society organisations to improve migrants' financial literacy.

Recent studies conducted in Sri Lanka and Nepal demonstrate that remittances are mainly used for consumer products, but also invested in healthcare and education of children. In this way remittances reduce poverty, but also create a dependency on income from overseas.

Building up alternative income sources during a migrant worker's in-service period is a promising way to allow a long-term return and successful economic reintegration at a later stage. In both countries, however, field observations challenge the assumption that a project intervention focusing on supporting migrants and their families to invest their remittances more productively i.e. by establishing a small business, would suffice. The missing link is often that migrants lack the basic financial literacy skills to manage even small amounts of money. Hence, financial literacy and corresponding sound financial decisions are essential at different stages in the migration cycle, including at the pre-departure, in-service, and return and reintegration stage. These decisions pave the way for sustainable enhancement of household income. In the authors' experience, the family members left behind and the worker abroad should make these decisions together. This joint financial planning should consider the specific goals of migration, an expenditure plan and a corresponding budget based on income (both from migration and in the home country), tracking expenses and establishing a basic saving culture. Projects have demonstrated that such an approach ensures short-term livelihood security, but also adds a longer-term perspective for more productive and sustainable remittances investment.

Government authorities in both sending and receiving countries, banks and micro-finance institutes, and civil society are increasingly aware of the importance of financial literacy as a key factor for beneficial migration. Sound and sustainable remittances management can help breaking the dependency on migration and provide the basis for more productive investment of remittances which eventually interrupts the cycle of remigration. If favourable conditions for the development of the private sector are in place, (re-)migration finally becomes a choice, instead of a necessity out of lack of opportunities.

Keywords

labour migration, remittances management, financial literacy, South Asian – Middle Eastern labour migration corridor

Introduction

The history of migration is as old as humankind. People have always left home with the intention of settling temporarily or permanently in a new location. These movements are oftentimes driven by the hopes for better futures. Today, an estimated 1/7th of the world's population is "on the move", around 244 Million internationally.[1] The International Labour Organisation (ILO) estimates that out of those approximately 150 Million are migrant workers.[2] Millions of them support their families back home by sending remittances. At times, they are the only breadwinners and have thus no choice than to continue working abroad. In South Asia, labour migration has become a viable livelihood strategy for thousands of people. In order to maximise the benefits of labour migration and minimise its risks and negative impacts, HELVETAS Swiss Intercooperation (HELVETAS hereafter) implements two safe migration projects in Sri Lanka and Nepal. These projects are mandated by the Swiss Agency for Development and Cooperation SDC and focus on strengthening safe migration by addressing various needs (information, skills, justice, psycho-social support and remittances management) around the migration cycle. Within the frame of these projects, HELVETAS promotes financial literacy as a key strategy for a more sustainable use of remittances. Based on a background and context analysis, this paper shares the project experiences of the financial literacy interventions in both Nepal and Sri Lanka. In the light of the different contexts, it compares intervention approaches, sustainability strategies and makes recommendations for policy makers. Based on anecdotal evidence, it demonstrates that better financial literacy skills of migrants and especially their families contribute to a more balanced and sustainable use of remittances and thereby to reduce poverty at household level with a longer term perspective.

Background and context

Across the globe people move within and between countries in search for a better future. Difficulties in sustaining livelihoods contribute to the decision to migrate for work. Higher wages and better opportunities push migrants to offer their in-demand skills abroad. Many others are forced to migrate because of famine, natural disasters, violent conflict, persecution or the need to escape unhealthy family situations. The negative environmental effects of climate change make it even more challenging for poor people to remain in rural areas and force them to take difficult decisions to leave their homes.[3] Today, according to UNDESA, 244 Mio people worldwide, including migrant workers and refugees, have moved to another country. This reflects growth rates of 2-3% since the year 2000. Another estimated 770 Mio. people move within their countries, so-called internal migrants.[4] ILO counts around 150 Mio. as migrant workers.[5]

Consequently, **remittances** are an important source of income for millions of families in developing countries across the world. In many contexts, labour migration is a viable strategy to sustain livelihoods. In the past three decades, the flow of remittances to developing countries has been constantly growing. This consistent and usually crisis resilient growth took a turn over the last two years, with remittances declining for the first time in recent history for two consecutive years (-2.4% in 2015 and -1% in 2016). The recent decline is explained by weak economic growth in main

[1] UNDESA (2016)
[2] ILO (2015)
[3] HELVETAS Swiss Intercooperation (2012)
[4] UNDESA (2016)
[5] ILO (2015)

receiving regions such as Europe, the Russian Federation and the Middle East, specifically the Gulf Cooperation Council (GCC) countries. Even in this decline, the World Bank's latest figures confirm that 429 Billion USD in remittances were sent to developing countries in 2016 through official channels.[6] This is still substantially higher than Official Development Assistance (ODA) and more stable than Foreign Direct Investment (FDI). In addition, the trend is upward and the World Bank predicts a recovery and increase of 3.3% in 2017.[7]

Examining Sri Lanka and Nepal

Similar trends are observed in the contexts relevant to Sri Lanka and Nepal. The last three decades have seen a major transformation in the economies of West and East Asian countries such as the GCC countries, Malaysia or Singapore. Rapid economic growth in the new industrialised countries corresponding to a better educated own labour force, have led to low and semi-skilled labour deficits. Similar to European States in the seventies, these countries have enacted policies favourable for temporary labour migration and thereby attract millions of workers not only from South and South-East Asia.

Sri Lanka witnesses a continued increase in foreign employment since the 1980s. While at that time a mere 15,000 people migrated for employment, they today amount to 260,000. The numbers peaked so far in 2015 at 300,000 migrant workers leaving Sri Lankan shores. In total, around 2 Million Sri Lankans live abroad, including the Tamil diaspora (approx. 890,000) formed of refugees from the 30 year conflict in the country. Since 1985, labour migration is regulated and managed by the Sri Lankan government. Legislation has evolved from mere regulation to better migration governance, including welfare provisions for the migrant workers and their families. Overseas employment is the largest foreign exchange earning source of the Sri Lankan economy. Since the 70s, when formal labour migration commenced, it has generated substantial and continuously growing inflows of remittances and at the same time relieving the pressure on unemployment. In 2015, remittances reached 6.9 Mio. USD which implies a slight decrease from 2014, when the remittances reached an all-time peak of 7.Mio. USD.[8] Remittances influence both the micro- and macro-economy of Sri Lanka by providing significant support to the balance of payments (offsetting around 60% of trade deficits), an increased investment rate and contribute to macro-economic stability. At a micro and household level, remittances have mitigated poverty, improved households' ability to endure external shocks, provided credit for household enterprises and increased investment in health and education. Migration has reduced unemployment, but has also contributed to a labour shortage in certain professions and the (temporary) loss of qualified professionals, and exposed the country to external shocks experienced in destination countries.[9]

In **Nepal**, the history of migration dates back to the 19th century when workers started moving to India. In the 1990s, destinations such as the Gulf States and South East Asia emerged. Nepal recognized the need and importance of labour migration in 1985 when it first introduced an Act to manage and regulate foreign employment. In 2007, the government enacted new legislation, addressing the changing aspects of labour migration including some provisions of welfare for the migrant and their families. In recent years, on average around 500,000 Nepalese leave the country for foreign employment annually. This does not include migration to India which is difficult to quantify due to open borders. Nepal is ranked as the 3rd highest remittance receiving country

[6] World Bank (2017)
[7] Ibid.
[8] Sri Lanka Ministry of Foreign Employment (2016)
[9] Arunatilake, Jayawardena and Weerakoon (2016)

globally in comparison to the national GDP. Remittances have continuously increased and reached 6.3 Billion USD in the Nepalese fiscal year 2015/2016, as per the Nepal Rastra Bank (Central Bank of Nepal)[10]. This equals 30% of the GDP. In contrast to global trends, Nepal has not experienced a drop in remittances due to various reasons including workers sending a higher share for reconstruction after the earthquake in 2015. In summary, remittances are a major source of foreign exchange earnings and its relevance compared to the GDP underlines the economic dependency of Nepal, not only in times of crisis.

The migration and development nexus

The nexus between migration and development has been discussed more intensely in the last couple of decades. As summarised by IFAD,[11] findings on the effects of migration and remittances on rural development diverge and reveal two contrasting views. Supporters of the more negative view highlight the harmful impacts of labour loss in the sending areas and its disruptive effects on the local economy. A more positive view refers to migration as a viable livelihood strategy and points out the beneficial impacts arising from the transfer of resources to sending areas. This includes financial and social (transmission of new skills and innovative ideas) remittances contributing to subsistence and well-being of the migrant families. Despite various challenges, at least in global discussions the second view prevailed. A "new enthusiasm[12]"or a "new mantra[13]" acknowledges the positive impacts of migration on development, beyond financial remittances. The process culminated with the first High Level Dialogue on Migration and Development in 2006 and the subsequent creation of the Global Forum on Migration and Development facilitating government-led discussions on optimising the development impacts of migration. Furthermore, the 2030 Agenda for Sustainable Development officially recognises the positive impacts of migrants for achieving sustainable development and calls for better leveraging remittances for development. Target 10 refers to reducing inequalities in income as well as those based on various criteria, among others status in a country. More concretely, target 10.7 calls for facilitation of orderly, safe, regular and responsible migration, and target 10c aims at reducing remittances transfer costs to less than 3% and eliminate corridors with costs higher than 5%.[14]

The debate on the migration and development nexus places the "triple win" in the foreground, focusing on maximising the positive impacts on the development of the country of origin, the country of destination as well as the migrants and their families themselves. This paper focuses on the micro-level and hence on the **"wins" for the migrant workers and their families**. Whether migration indeed has beneficial impacts on long-term development depends on a wide range of variables such as the local context, type and extent of migration and the size of remittances.[15] More concretely, the main impacts depend directly on patterns of expenditure, investment and labour allocation in migration households, or in other words whether the income is used on production or only consumption.[16] Similar to the discussions on the magnitude of the positive impact of migration on development, literature has much discussed about the productive versus consumptive **use of remittances**, as summarised by Bhandari and Chaudhary[17]: One line of research suggests that

[10] Nepal Rastra Bank (2016a)
[11] IFAD (2008)
[12] Faist (2008)
[13] Kapur (2004), cited in Faist (2008)
[14] UN Sustainable Development Knowledge Platform (2017)
[15] IFAD, 2008
[16] Conway & Cohen, 1998; Durand, Parrado, & Massey, 1996; Garip, 2014; McKenzie, 2006, Chapter 4; Taylor et al., 1996 – cited in Bhandari and Chaudhary (2016)
[17] Bhandari and Chaudhary (2016)

migration and remittances contribute positively to the migrant families and their communities through initiating development dynamics by lessening production and investment constraints in the economy, creating environment for risk diversification, helping migrants to establish businesses, poverty reduction, and through investment in human capital development. Other scholars argue that remittances are primarily used to cover consumption expenses. Research from Sri Lanka and Nepal supports both lines of argumentation. The ILO[18] sheds light on the use of remittances in Sri Lanka and finds that the major areas include housing, children's education, personal assets and consumption. Migrant families' expenditures on a range of unproductive and consumable assets have increased after migration. In addition, such equipment oftentimes leads to a subsequent increase in recurrent expenditure as most of the devices consume energy or fuel and require costly maintenance. In the surveyed area, less than 5% of the returnee migrant workers have invested in productive assets. Those who did, have invested in land, housing, three wheelers, and to a smaller extent in small businesses. Prabal and Ratha[19] come to similar conclusions, attesting that remittances contribute to income mobility and children's human capital accumulation, but find no evidence that households use remittances income to build assets. For Nepal, a recent study suggests that 80% of the sample households have no other significant means than remittance to manage their regular expenses. In relation to use of remittance, the sample households reported that 25% are used for loan repayment, 24% for daily consumption, 10% for education and health, 4% for social work, 3% for household asset and 1% for productive work. Interestingly, the study demonstrates that the families are saving around 28% of the remittance they receive. Nevertheless, it also reflects that families tend to become remittances dependent and stop engaging in other income generating activities.[20] These findings from Nepal and Sri Lanka are not surprising when taking into account that many migrate due to the lack of economic opportunities close to home and out of the need to provide food, shelter and clothing to their families. Furthermore, knowledge of **financial literacy**, including financial planning and budgeting, financial services and concepts of savings are often lacking. Accepting the priorities of the families, but taking into account the difficult choices and potential risks that come along with the opportunities of working abroad, prudent financial planning contributes to achieve financial goals and mitigate risks. According to the organisation Microfinance Opportunities,[21] financial education can address a host of challenges migrant workers face, such as family decision-making regarding the goals and timeframe of migration; analysis of migration costs and how to finance them; balancing personal needs and goals with family pressure to remit income; managing fluctuations in income and expenses; understanding financial products and how to take advantage of one's options; learning to avoid high risk methods for sending remittances. Financial literacy incorporates knowledge, skills and attitudes "to make informed judgments and to take effective actions regarding the current and future use and management of money. It includes the ability to understand financial choices, plan for the future, spend wisely, and manage the challenges associated with life events such as a job loss, saving for retirement, or paying for a child's education."[22] The importance of financial literacy for sound remittances management has been confirmed by field experiences gathered in the frame of project implementation of HELVETAS.

[18] International Labour Organisation ILO (2013)
[19] Prabal and Rata (2012)
[20] Nepal Rastra Bank (2016b)
[21] Cohen and Nelson (2011)
[22] US Government Accountability Office, cited in Cohen and Nelson (2011)

Methodology

HELVETAS has included migration and development in its thematic portfolio in 2011. The organisation currently implements related projects in West Africa and South Asia. Both projects relevant to this paper address issues in the South Asian – Middle Eastern labour migration corridor. They are mandated by SDC and implemented in Sri Lanka and Nepal. The projects work around the migration cycle, supporting mainly low skilled migrants and their families in the pre-departure, in-service and return and re-integration stage. The issues around labour migration are addressed in a comprehensive manner – focusing on access to information, access to justice and better protection in countries of origin and destination, mitigation of psycho-social impacts, skills development, and economic development with a focus on remittances management. Figure 1[23] illustrates the focus of our work in this field. While our projects consider and address a broader range of issues, this paper's focus is on the learnings and experiences with regard to the economic impacts of labour migration. Reflections of how migration and concretely remittances contribute to economic development and poverty alleviation accompany us since our work on migration and development started.

Figure 1: HELVETAS Migration Cycle

This paper is based on experiences gathered in the two projects in Sri Lanka (mainly Phase II of LMPSL) and Nepal (focus on phase II of SaMi). While the contexts differ, issues faced by migrant workers and families are similar and comparable project intervention strategies have been adopted by the two project teams. Table 1 provides an overview of the SaMi and LMPSL projects:

	Safer Migration Project (SaMi)	**Labour Migration Project Sri Lanka (LMPSL)**
Where	Nepal	Sri Lanka
Main objective	Phase II The overall goal of the project is safer and more beneficial migration for women and men. This is achieved by supporting and empowering men and women migrants and their families to reduce the social and economic cost of foreign employment and increase its benefits. Furthermore, it supports the government to strengthen efficient and effective regulating and service delivery by creating systems and mechanism to	Phase II The main objective is to improve the protection and well-being of especially low skilled labour migrants and their families by placing the migrants' rights in the centre of its efforts. In line with the human rights based approach, the project aims at strengthening right-holders to claim their rights and access services. At the same time, it supports duty-bearers in fulfilling their obligations to provide improved services to the migrant community.

[23] HELVETAS Swiss Intercooperation (2016)

	effectively implement the Foreign Employment policy 2012.	Phase III Building on experiences of phase II, the current phase scales up successful approaches in building of capacity of state sector duty bearers to improve effectiveness and responsiveness of the services provided to migrant workers. Furthermore, it focuses on strengthening the capacity of civil society organisations 1) for service provision towards migrants and their families and 2) for enhanced impact of CSO advocacy on selected key issues.
Start	Pilot Phase: 2011 - 2013 Phase II: 2013 – 2018 (including one year cost-extension)	Pilot phase 2011 – 2013 Phase II 2013 – 2016 Phase III 2016 – 2020
Funding	Swiss Agency for Development and Cooperation SDC	Swiss Agency for Development and Cooperation SDC
Budget	Pilot Phase: 1.3 Mio. CHF Phase II: 11 Mio CHF	Phase I – 0.8 Mio. CHF Phase II – 1.3 Mio. CHF Phase III – 1.2 Mio. CHF
Stakeholders	Ministry of Labour and Employment Ministry of Federal Affairs and Local Development Ministry of Home Ministry of Foreign Affairs Foreign Employment Promotion Board District Development Committees; Municipalities; Village Development Committees Civil society organisations	Ministry of Foreign Employment Sri Lanka Bureau of Foreign Employment Government officers at District and Divisional levels ILO Civil society organisations
Implementing agency	HELVTAS and Ministry of Labour and Employment in collaboration with local government and civil society partners	HELVETAS in collaboration with partners (relevant government institutions and civil society)
Scope	Phase II 18 Districts 9 Districts government led and 9 HELVETAS led	Phase II 1 District HELVETAS led Knowledge sharing and exchange with partners in 3 Districts Phase III Focus at national level with national actors; trainings provided by HELVETAS in 7 Districts

Table 1: Overview of SaMi and LMPSL projects

The main author as well as the co-authors have been working in the projects for several years and contribute with their experience to this paper. Furthermore, the monitoring data contribute as a source of evidence for the findings. More detailed monitoring data are available from Nepal than Sri Lanka. In Nepal, the elaboration of this paper coincides with a capitalisation exercise on the financial literacy intervention. In Sri Lanka, the current phase of the project no longer focuses on direct grassroots implementation, but on training the instructors of the government provided pre-departure trainings and civil servants of the Ministry of Foreign Employment based at the local administrative level. Therefore, post-intervention focus group discussions were held in order to assess the longer term impact of the financial literacy classes. In addition, findings of the upscaling of financial literacy and its inclusion in the pre-departure trainings is included.

Project experiences

In many of the remittances receiving countries, migrants and their families are "blamed" for unproductive use of remittances or spending a major portion on consumption. Sri Lanka and Nepal are no exception. Indeed, many families become dependent on remittances and are compelled to continuously send one of their members for foreign employment. We believe that this dependency can be reduced by sound and sustainable remittances management. This contributes to the main outcomes of the projects aiming at reducing social and economic costs of migration and increasing its benefits for the migrants and their families. This chapter describes the financial literacy interventions in both Nepal and Sri Lanka.

Rationale for financial literacy interventions: In Sri Lanka, the LMPSL project initially aimed at supporting those migrants and their families interested in establishing small businesses, as a productive investment of their remittances. However, it became evident that most families in the targeted areas were not able to save remittances and establish alternative income sources. On the contrary, many families remained indebted, did not manage to pay back loans and became dependant to different degrees on income from labour migration. Field experience confirms the findings of the above cited studies that remittances are oftentimes used for consumptive purposes, but also invested in education for the children or housing. Many people indicated that they were not achieving the goals they had in mind before migration and fell into new dependencies. In order to set realistic goals and reflect on how to achieve them, it was thus necessary to take a step back and first focus on remittance expenditure practices and financial education. In Nepal, many migrant families are gradually leaving their traditional means of livelihoods in the agriculture sector[24] which contributes to a higher dependency on remittances. With the objective to reduce this dependency and to maximise the benefits of labour migration, the project decided to include financial literacy as a key activity. Financial literacy is no new phenomenon in Nepal. A range of both local and international NGOs, as well as financial institutions run financial education programmes. Those initiatives were found to be limited as they remain with a focus on awareness raising and encouraging people to make saving and promote saving and credit institutions. The SaMi project with its weight, outreach and financial volume set out to develop an extensive first-of-its-kind training on financial literacy.

Objective: Financial literacy interventions aim at empowering migrant workers and their families to set explicit and realistic financial goals and work towards achieving them. A sound understanding of the financial options, money management and available services (savings, credit and loans linked to remittances) is a stepping stone to long-term and sustainable economic development. Participants start to reflect on their expenditure patterns, optimise them and thereby increase savings. Keeping records of income and expenditure, practicing participatory family decision making and goal setting

[24] Adhikari and Hobley (2012)

also contributes to enhance trust and build better relationships among the migrant and his/her family, as well as among the (extended) family members who benefit from remittances. Additionally, participants are sensitised on remittances as hard earned money and sacrifice not only by the family left behind, but also by the migrant living and working often under harsh conditions. A broader goal is thus to reduce family tensions associated with control over and (mis-)use of remittances. In this sense, the interventions also encourage the family members to generate additional income either in form of cash or kind contributing to reduce dependency on remittances and paving the way for more savings.

Implementation strategy: In Nepal, the financial literacy interventions were first piloted in three districts and later extended to another three due to positive findings of the pilot initiative. The Nepal Federation of Savings and Credits Cooperative Unions Ltd. (NEFSCUN) is the national implementation partner. NEFSCUN is an umbrella institution of more than 2,800 saving and credit cooperatives serving around 2.2 million individuals throughout Nepal, counting on a country-wide coverage as well as district unions in most districts. NEFSCUN promotes the saving and credit cooperative movement, provides financial education focusing on saving and credit and in general builds capacity of its member organizations on different aspects. A micro-finance institution as expert partner organization has been selected for various reasons: 1) technical knowledge, expertise and experience on financial management and literacy issues, 2) linkages with financial institutions that could be beneficial for the migrants and their families, 3) their large network of members where they could adopt the learning from this initiative and contribute to sustainability of the intervention. For SaMi, NEFSCUN is responsible for developing the module of the financial literacy classes (contents in the form of facilitator's handbook, participant's handbook, participant exercise book, flip charts, posters etc.); providing training to Financial Literacy Facilitators (FLFs); coaching and mentoring them on site and from distance; monitoring of the classes and the participants; and keep the database of the participants in the form of baseline and endline information. At district level, the respective implementation partner[25] is responsible for managing financial literacy classes. This includes hiring the FLFs, supporting them in forming groups consisting of 20 remittance receiving household family members, regularly monitoring the FLFs and the classes, and coordinating with the national partner on the issues. In Nepal, 96% of the migrants are men. Hence, the main target group are the wives left behind as they are the primary remittance receivers and decisions makers. The group meets weekly for seven months and follows the 28 sessions of the complete module. To make the sessions interesting and interactive, the FLFs use various methods such as thematic inputs, group discussion, role playing, story-telling, use of flip chart, posters, pictures etc. Each session concludes with a 'homework' encouraging the participants to practice the new skills. FLFs also carry out home visits and meet with other family members to make the financial literacy initiative effective and useful for the family.

In Sri Lanka, the implementation differs due to various reasons. The project was not aware of any financial literacy programmes run with contents similar to the ones anticipated for the intervention. Given the limited financial and human resources and the absence of a promising NGO or micro-finance institution partner in the implementing district, the project took a leading role in developing the concept. Based on research of experiences in financial literacy for migrant workers of other institutions such as ILO, GIZ, Microfinance Opportunities, HELVETAS piloted and continuously

[25] In every intervention district, two partner organisations are responsible for implementing the different components of the project.

adapted training sessions. The process culminated in the elaboration of a manual for trainers[26] and the corresponding handbook for participants. The manual includes content, as well as interactive methodologies such as thematic inputs, storytelling or practical exercises. The sessions had to be kept simple yet with key messages and elements to trigger behavioural change; and deliverable within a reasonable time frame yet be impactful and effective. A two-pronged way promised sound and sustainable results of the intervention: 1) providing direct trainings and 2) training of trainers for other NGOs as well as the relevant government structures. In phase II, the direct trainings consisted of two separate full day sessions for migrants and their families at the different stages of the migration cycle (pre-departure, family members left behind and returnees). Even though in Sri Lanka around 50% of the migrant work force are female, the main participants targeted were women (wives, sisters or mothers of the migrant worker or the worker herself before departure), as they are mainly responsible for the management of household income and have a say in decision-making. Targeting husbands left behind proved to be difficult. A more successful strategy was to support the female participants in sharing the acquired knowledge and skills within their families. For this purpose, as well as to support the behaviour change, the community-based organisations the project was working with visited the houses for follow up and deepening. For interested families, the project offered technical trainings on small business in a few selected trades, in collaboration with professional training service providers. This allowed those families with entrepreneurial skills and sufficient savings to establish alternative income sources.
In order to ensure sustainability, the project aimed at rooting the knowledge with the relevant government institutions and hence trained the local level civil servants mandated to work on labour migration. These officers offer advice to migrant workers and their families on safe migration in general, but also on basic aspects of financial literacy. Further upscaling in phase III led to the inclusion of financial literacy in the curriculum of the mandatory pre-departure training offered by the Sri Lanka Bureau of Foreign Employment. The 3-hour financial literacy session, developed based on the HELVETAS manual, replaces an input by banks which was used mainly to promote their products. Piloting the initiative in the implementing district was the stepping stone to advocate for the inclusion of financial literacy in the pre-departure trainings, as well as for basic capacity building on financial literacy for the local level civil servants.

Content of financial literacy trainings: The contents of the financial literacy interventions in both countries are similar, though adapted to the respective context. The sessions comprise topics such as inclusive decision-making for foreign employment including relevant family members and a rough financial calculation taking into account different costs for migration, sources of household income including remittances and the risk of becoming remittance dependant, setting and prioritising financial goals, budgeting and patterns of expenditure, savings, loans and different financial products, remittances transfer, financial management for economic well-being. Apart from making the remittance receiving households 'literate' on financial issues, the project empowers the participants to reflect and challenge power relations and decision-making patterns. This is particularly important in the Nepali context where the majority of the migrants' families are from lower socio-economic strata and hence mere sensitization does not suffice to bring about behaviour change. An additional key aspect in both countries is to raise awareness on the importance of joint family decision making and financial planning with the aim to reduce conflicts within the families. In particular, it is important to involve both the migrant him-/herself as well as the family in goal-setting and expenditure decisions. For these reasons, the content of the course has been developed

[26] HELVETAS Swiss Intercooperation Sri Lanka (2015)

in such a way that it does not only discuss about the financial matters in a strict sense, but also address wider issues related to migration.

Outcomes of the intervention: In Nepal, 2,044 participants followed the financial literacy modules and 84% completed the full package. This is considered a success and demonstrates the importance and attractiveness of financial literacy. In Sri Lanka 3,000 people have been trained on financial literacy. Remarkable changes have been observed among the participants in relation to the knowledge and its adoption coming at the end of the classes. In Sri Lanka, 85% of the participants enhanced their knowledge and scored over 90% in a final evaluation right after the course. Anecdotal evidence confirms that participants have most benefited from reflecting on their expenditure patterns and optimising them by establishing and comparing budgets. For example, families decided to sell not needed electricity-consuming equipment consequently reducing recurrent expenses. Bulk purchasing of food products is another successful strategy adopted by many participants. Furthermore, beneficiaries were less susceptible to loan sharks providing easy accessible loans at high interest rates for migration-related expenses. Those who had already obtained loans were supported in establishing repayment schedules and transforming the informal into formal loans with banks. In Nepal, more detailed qualitative monitoring data is available and shows that at the beginning of the class, only 12% participants used to keep record of their income and expenditure and only 4% could make their family budget. The progress observed on those parameters at the end of the classes is 66% and 49% respectively. Further, at the beginning of the classes, only 23% responded that they have set their financial goals and at the end of the classes it reached 80%. With regards to savings, both experiences report positive findings. In Nepal, 76% increased their regular amount of saving and 35% also started saving in the name of other members of their family. In Sri Lanka, around 60% have increased their savings. Most importantly, in both countries around 50% of the participants started engaging in income generating activities, and in Sri Lanka those were specifically trained on a number of trades such as tailoring or sweets production. In both countries, many of those who started their own income generating activities expressed that they do not consider a re-migration necessary. However, they would as a family continue with the business and expand where possible. In addition to the financial benefits, most families reported – in both countries – that family conflicts have decreased. The reasons for this are not only seen in reduced financial problems, but also in increased and better communication within the family. Financial questions have been taken as entry points to foster an open communication which subsequently also allowed to address further issues.

In Sri Lanka, where the direct interventions had been carried out from 2013 – 2016, focus group discussions with selected participants a year later demonstrate that 75% of the interviewed are still practising their at least part of their acquired financial literacy skills. Gaining and ensuring the support of and the continued involvement of the whole family has been identified as a key success factor. The positive impacts on the household finances have motivated the families' commitment to household budgeting, despite occasional setbacks.

Discussion of main findings

Context and policy framework: Migrant workers and their families in Nepal and Sri Lanka face similar challenges, yet the context is different. Migrant workers' families in both countries are oftentimes indebted not only because of the high costs for migration, but also from previous attempts to improve their livelihoods. As the studies have shown, the current use of remittances is similar and families struggle to achieve the goals they envisaged before migrating. In fact, the situation at times worsens not only due to psycho-social impacts on families and the society as a whole, but also due to the loss of initial employment. In Sri Lanka, the foreign employment sector is regulated by fairly comprehensive policies and legislation, and governed by the Ministry of Foreign Employment with its executive arm the Sri Lanka Bureau of Foreign Employment. Both government institutions count on comparatively well-developed decentralised structures and corresponding public servants providing services to migrant workers and their families at local level. This set-up provides entry points and opportunities to anchor and institutionalise interventions. In Nepal on the other hand, the governance structures are different. The legal framework governing the foreign employment sector is currently under revision. The Department of Foreign Employment, under the Ministry of Labour and Employment, is mainly mandated to regulate and manage the sector. It is based in the capital with no outreach to the local level. The Foreign Employment Promotion Board provides welfare services to migrants and their families, but also at central level. The decentralised government entities in the districts and villages do neither have a mandate nor are they adequately staffed to provide services to migrant workers and their families. However, based on advocacy of SaMi, some local administrations have started to allocate budget for safer migration activities. The policy frameworks in both Sri Lanka and Nepal include remittances and optimising their impact on development and the productive sector as key strategies to focus on. However, the scope remains limited and focuses on increasing remittances by reducing transfer costs, providing savings schemes and investment opportunities, and enabling migrants to spend more on education and healthcare of children to strengthen human capital formation. While the latter is without doubt key, the policies lack a discussion on reducing dependency of remittances and creating frameworks that encourage more productive and sustainable investments and may lessen the pressure for another migration cycle – not only for low, but also for higher skilled migrant workers. In this sense, the projects in both countries take a pioneering role, with a true focus on optimising the positive impacts of migration and strengthening the “triple win”, especially for the migrant workers and their families. The Nepal Rastra Bank issues foreign employment saving bonds targeting migrant workers until now with limited success. Migrant workers and their families lack adequate information and awareness, and face difficulties in accessing the products due to complex processes. The private sector in Sri Lanka provides selected financial products for migrant workers’ families (e.g. the Hatton National Bank HNB) but faces similar challenges as the Nepal Rastra Bank.

Results and impact: Both implementation strategies are adequately adapted to the contexts and thus show positive results. The results confirm that enhanced financial literacy contributes to more sustainable management of remittances. Anecdotal evidence narrates that families are of the opinion that they can now better sustain their livelihoods. The inter-family dynamics are closely linked to financial issues, and it is reported from both countries that these relations improve. Whether better financial management is the cause for less conflicts, or joint family financial planning leads to a more open communication and better relations is difficult to determine conclusively. However, both experiences demonstrate and build upon these re-enforcing elements. The resource intensive approach of Nepal shows very good results and validates the effectiveness of longer term, intensive engagement with beneficiaries to achieve change. Also compared with the Sri Lankan experience, it becomes evident that a longer training period, in-depth discussions of topics, as well as more time for sessions fostering behavioural change leads to a higher direct impact for the beneficiaries. In the context of Nepal with a comparatively high inflow of ODA and a wide presence of NGOs this approach has proven successful. Furthermore, if resources of the implementing institution (government, private sector or civil society) allow, this approach would be recommended, as it is conducive for long term behavioural change. However, the challenge is oftentimes the limitation in resources, especially of government institutions. In such a case, a more pragmatic approach with shorter training periods and limited follow-up may be a better option. Opportunities for upscaling and longer term systemic impact also influence the choice of approaches. In Sri Lanka, a positive echo from pre-departure training instructors who were trained on financial literacy affirms its importance for the migrant workers. Even though a training of trainers and a wider roll-out, as well as the further reduction of content leads to certain compromises in quality, the training is now accessible for migrant workers countrywide. The comparatively higher literacy rate in Sri Lanka (92%) is assumed to contribute to a satisfactory absorption of the content. Furthermore, civil society organisations working with migrant workers in the most migrant-prone areas of the country have been trained on financial literacy and are expected to secure a certain follow-up and further support to the trained families.

Further development and policy recommendations: Return and reintegration of migrant workers into their home communities gains importance for both governments in Nepal and Sri Lanka and requires concrete programmes. Achieving this is only possible when return and reintegration is considered from the beginning of the migration cycle. The basis for successful economic reintegration is sound remittances management – right from the start. In the specific contexts, this can only be achieved by low skilled labour migrants and their families if they have the relevant knowledge, skills and attitudes of financial literacy. It is thus key to include financial literacy for migrant workers and families left behind as a stepping block in any policy targeting return and reintegration. This must be followed by adequate financial products provided by banks and micro-finance institutions and ultimately by a favourable framework for small-scale investments. The recently passed Sri Lankan Sub Policy and Action Plan on Return and Reintegration of Migrant Workers recognises the importance of financial literacy and sets an indicator accordingly. Advocacy based on the concrete experiences of HELVETAS has contributed to pave the way to include financial literacy in this action plan.

Financial education can be provided by civil society, the private sector or relevant government institutions, as the different implementation approaches of the case studies outline. However eventually, financial literacy is not only key for migrant workers' families, but a skill that everyone should master in order to best manage their finances. It thus must enter the curriculum for primary and secondary school and taught to the next generation from an early age. In the meantime, children act as ambassadors and as other examples demonstrate, parents learn from their offspring.[27]

Conclusion

The HELVETAS project experience in Nepal and Sri Lanka has demonstrated the importance of financial literacy in the frame of safer migration. It is a key aspect contributing to maximise the benefits of labour migration and reduce its risks and negative impacts. It furthermore reduces dependency on remittances and makes (re-)migration more often a choice than a mere necessity for survival. Financial literacy interventions sensitise the households and the migrant workers on the use of remittances and support a longer-term perspective of the household's economic situation. Joint decision making, optimised expenditure patterns and an increased saving culture are a stepping

[27] Klampe (2016)

stone for better and more productive remittances management. The consequent reduction of financial problems eases family tensions and contributes to societal cohesion. Where the circumstances allow, families have invested in small scale enterprises. A longer term perspective has replaced the short-term objective of quick gains out of migration. At times, families managed to establish themselves so that they did not opt for re-migration of one of its members. Migration thus has become a choice rather than a necessity. Nevertheless, these experiences remain anecdotal and oftentimes project-based. Whereas measures have been taken in both countries for institutionalisation either with the government or the private sector, it is key to strengthening and bringing all actors on board for a sustainable and systematic solution. Not least due to the evidence created through HELVETAS projects and subsequent advocacy efforts of civil society, policymakers start to recognise financial literacy as key for remittances management, as reflected in the more recent legal framework. Sound and productive remittances management indeed contributes to individual and family wellbeing, and to local development at large. Eventually, however, financial literacy is fundamental for everyone's money management – not only migrant workers and their families. This calls upon governments to include these crucial skills in the general school curriculum and make them accessible for everyone.

References

Adhikari, J. and Hobley, M. (2012). *Every One is Leaving, Who Will Sow the Seeds. A Study of the Impact of Migration to Gulf States and Malaysia on the Livelihoods of Khotang District, Nepal*. Swiss Development Corporation/Swiss Embassy, Kathmandu and Nepal Institute of Development Studies.

Arunatilake, Nisha; Priyanka Jayawardena and Dushi Weerakoon (2016). Sri Lanka. In *Migration Remittances and Development in South Asia* edited by Saman Kelegama. Sage Publishing

Bhandari, Prem and Indra Chaudhari (2016). A calendar method of collecting remittance use data in a remittance dependent setting of Nepal. *Migration and Development*, DOI: 10.1080/21632324.2015.1129689

Cohen, Monique and Candace Nelson (2011). *Financial Literacy: A Steps for Clients Towards Financial Inclusion.* Presented at the 2011 Global Microcredit Summit.

Faist, Thomas. (2008). Migrants as Transnational Development Agents: An Inquiry into the Newest Round of the Migration-Development Nexus. *Population, Space and Place*, 14, 21-42

HELVETAS Swiss Intercooperation (2012). *Position Paper Migration and Development*. Last accessed 10th May 2017 https://assets.helvetas.org/downloads/migrationanddevelopmentgop2014.pdf

HELVETAS Swiss Intercooperation (2016). *Governance and Peace Working Area Strategy 2016 – 2020*.

HELVETAS Swiss Intercooperation Sri Lanka (2015). Financial Literacy for Migrant Workers and Their Families in Sri Lanka. Manual for Trainers. Last accessed 10th May 2017 https://assets.helvetas.org/downloads/helvetas_finance_literacy_english.pdf

IFAD (2008). *International Migration, Remittances and Rural Development*. Last accessed 10th May 2017 https://www.ifad.org/documents/10180/aea35048-5287-4d8d-92db-3fee60c1653d

International Labour Organisation ILO (2013). *Reintegration with Home Community: Perspectives of Returnee Migrant Workers in Sri Lanka*. Last accessed 10th May 2017 http://www.ilo.org/colombo/whatwedo/publications/WCMS_233365/lang--en/index.htm

International Labour Organisation ILO (2015). *ILO Global Estimates on Migrant Workers*. Last accessed 22th May 2017 http://www.ilo.org/global/topics/labour-migration/publications/WCMS_436343/lang--en/index.htm

Klampe, Michelle (2016). *Teach Kids Sustainable Behaviours and Their Parents Will Follow.* Last accessed 14th May 2017 http://greenlivingideas.com/2016/07/14/teach-kids-sustainable-behaviors-and-their-parents-will-follow/

Nepal Rastra Bank (2016a). *Current Macroeconomic and Financial Situation of Nepal*. Last accessed 20th May 2017 https://nrb.org.np/ofg/current_macroeconomic/CMES_%20Annual_%202072-73%20Nepali.pdf

Nepal Rastra Bank (2016b). *Tendency of Saving and Investment of Remittance Receiving Households*. (paper in Nepali). Last accessed 20th May 2017 https://nrb.org.np/red/publications/study_reports/Study_Reports--%E0%A4%B5%E0%A4%BF%E0%A4%AA%E0%A5%8D%E0%A4%B0%E0%A5%87%E0%A4%B7%E0%A4%A3%20%E0%A4%AA%E0%A5%8D%E0%A4%B0%E0%A4%BE%E0%A4%AA%E0%A5%8D%E0%A4%A4

%20%E0%A4%97%E0%A4%B0%E0%A5%8D%E0%A4%A8%E0%A5%87%20%E0%A4%98%E0%A4%B0%E0%A4%AA%E0%A4%B0%E0%A4%BF%E0%A4%B5%E0%A4%BE%E0%A4%B0%E0%A4%95%E0%A5%8B%20%E0%A4%AC%E0%A4%9A%E0%A4%A4%20%E0%A4%A4%E0%A4%A5%E0%A4%BE%20%E0%A4%B2%E0%A4%97%E0%A4%BE%E0%A4%A8%E0%A5%80%20%E0%A4%AA%E0%A5%8D%E0%A4%B0%E0%A4%B5%E0%A5%83%E0%A4%A4%E0%A5%8D%E0%A4%A4%E0%A4%BF-new.pdf

Prabal De K. and Dilip Ratha (2012). *Impact of Remittances on Household Income, Asset and Human Capital: Evidence from Sri Lanka* © World Bank. Migration and Development (1) 2012-10-25 http://creativecommons.org/licenses/by-nc-nd/3.0/. This is an Author Accepted Manuscript

Sri Lanka Ministry of Foreign Employment (2016). *Annual Performance Report 2015*. Last accessed 10th May 2017 https://www.parliament.lk/uploads/documents/paperspresented/performance-report-ministry-of-foreign-employment-2015.pdf

World Bank (2017). *Migration and Development Brief 27*. Last accessed 10th May 2017 http://pubdocs.worldbank.org/en/992371492706371662/MigrationandDevelopmentBrief27.pdf

UNDESA (2016). *International Migration Report 2015. Highlights.* New York: United Nations. Last accessed 10th May 2017 http://www.ilo.org/colombo/whatwedo/publications/WCMS_233365/lang--en/index.htm

UN Sustainable Development Knowledge Platform (2017). *Sustainable Development Goal 10*. Last accessed 10th May 2017 https://sustainabledevelopment.un.org/sdg10

Author biographies

Katrin Rosenberg is Senior Advisor Migration and Development and Programme Coordinator South America at HELVETAS Swiss Intercooperation, Switzerland. Email: Katrin.rosenberg@helvetas.org (main author).

Basanta Kumar Karki is Programme Coordinator at HELVETAS Swiss Intercooperation, Nepal. Email: Basanta.karki@helvetas.org (co-author)

Ranjan Kurian is Project Manager at HELVETAS Swiss Intercooperation, Sri Lanka. Email: Ranjan.kurian@helvetas.org (co-author)