    - Adams and Page (2005) suggest a 10% increase in remittances leads to a 3.5% reduction in poverty
    - Enables risk to be spread, especially in households located in volatile regions or states (e.g. Egypt)
        - After the Arab Spring 2008, remittance flows INCREASED whilst Aid and FDI fell or flatlined (World Bank, *Migration and Development, Brief, 21, Oct 2013)*
- Negative
    - Creates a culture of dependency on remittances in developing countries
    - Effects are often over-estimated
    - Migration and remittance access are not available to all needy households
    - Behaviour of recipient households can lead to rising price of goods

2. Means for Investment

- Recipient Households often make higher investments in healthcare (UNDP 2009)
- Strong correlation between remittance receipt and educational attainment (see Ratha 2013 on Sub-Sharan Africa)
- Adams and Cuecuecha (2010) suggest that in Guatemala, those receiving international remittances spend 58% more on education
- Allows accrual of liquid (cash) and fixed (property) assets
- Such investments often consumption focused (health, education, need) as opposed to longer term projects (business startups etc.)

3. Non-Pecuniary Effects

- So-called 'social remittances' (Levitt 1998) being , "...the ideas, behaviours, identities, and social capital that flow from receiving-to-sending country communities".
    1. Normative structures (ideas, values beliefs)
    2. Systems of practice (political participation, skills)
    3. Social capital (including all norms and values socially remitted)
- Returning markets contribute to 'brain gain' - skills transferred back to 'home' communities
- Enables diffusion of ideas and practices in home and host countries (e.g cultural globalisation)

Larger Scale (Macro) Impacts

- Some empirical studies show that remittances have the potential to positive affect economic growth at a national scale (Solimano (2003)
- However, can breed over-reliance on a long term basis...
- Countries could use the extra security from remittances to borrow more money to fund infrastructure and strategic investment.
- Proposals afoot to tax remittances

Case Study: Haiti

- Human Development Index Rank: 158/187
    - GNI per capita $1123
    - 77% in poverty
    - 49% literate
    - 4.9 years of schooling
    - 62.1 years life expectancy
- >25% households receive remittances
- Remittance flows represent 3625% of inward FDI
- Remittance flows represent 21% of GDP (2009)