

Remittance-reliant Economy: Its Potentials and Limitations for Development - Case Study of Buduburam Refugee Settlement in Ghana

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As part of a concrete, material manifestation of trans-national relationships, overseas pecuniary remittances have emerged as an important external financial flow into developing countries in recent years. Given this trend, there has also been a growing interest in remittances in refugee studies. Drawing from my recent one-year fieldwork, this presentation focuses on *the importance as well as limitations of overseas remittances with respect to the economic activities of the Liberian refugee community and of the Ghanaian host population in Buduburam village in Ghana.*

Remittances from the West had been a key factor underpinning the refugee economy in the Buduburam refugee settlement. On occasion, recipients of these remittances capitalised on them through investments in their own new enterprises such as internet cafés and cross-border trade businesses. Besides these ‘glorious’ examples that require a larger sum of financial capital, the majority of refugees were engaged in less profitable small-scale businesses, such as those of general dealers and the sale of drinking water, which are often begun on a much smaller initial capital. Although not all refugees in the settlement had access to remittances, there was an internal redistribution of remittances between recipients and non-recipients in the refugee community. In addition to assisting the refugee livelihoods, remittances had largely contributed to boosting the Ghanaian host economy owing to the spending of received money by Liberians in neighbouring local markets.

The remittance-based economy in Buduburam, nevertheless, had been destabilised due to the deployment of tighter refugee policies in Ghana. In 2008, UNHCR and the Ghanaian government started the repatriation programme for Liberian refugees, which led to the mass departure of Liberian remittance recipients from the country. Given its heavy reliance on the purchasing power of remittance recipients, their repatriation had significantly undermined the entire business community in the area. Both refugee and local business owners faced a major decline in their sales as they lost their most prized customers. Also, since these remittances were shared with non-remittance recipients in the settlement, the departure of direct remittance recipients meant the loss of important internal sponsors for many refugees without remittance access.

In the development arena, overseas remittances are often portrayed as a tool for development. Whilst remittances had certainly played an important role in sustaining both refugee and local subsistence in Buduburam, my empirical study also questions the nexus between remittances and development, particularly in the context of the refugee situation.