# Remittances for Climate Resilience: Building Resilient Communities against Climate Change-related Disasters

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"Climate change is a global challenge that requires global solutions…Transformational investments are needed to help communities around the world to better address climate change and adapt to its harmful consequences" (Government of Canada 2024).

## Issue

Against the backdrop of intensifying climate-related disasters, limited climate finance, stagnant global aid and constrained disaster reduction frameworks, remittances present a unique and underexplored pathway to building climate adaptation and resilience in vulnerable communities in the Global South.

## Background

### Migrant Remittances and Their Impacts

Remittances are funds sent by individuals working or living abroad to people in their home country, typically family members (Annan-Aggrey 2025). These private financial transfers are made through formal channels such as banks or money transfer services but can also occur informally. Remittances serve as a vital source of income for many households in low- and middle-income countries (LMICs), and are often used to cover essentials such as food, housing, education and health care. In smaller economies, remittances account for a substantial share of GDP and play a vital role in supporting current accounts and addressing fiscal deficits. Compared to other funding flows, remittances are generally more frequent, personal and stable. International remittances have increased from an estimated US$128 billion in 2000 to US$831 billion in 2022 (McAuliffe and Oucho 2024). Unlike foreign direct investment or bonds, remittances directly improve household welfare and often function as private social safety nets. Remittances have been instrumental in supporting LMIC countries that face significant challenges, including food insecurity, droughts, supply chain issues, floods and debt servicing (Ratha et al. 2024). Collective remittances have also been used to fund community-level development projects in these countries (Bada 2015).

### Using Remittances for Disasters

Existing literature suggests that remittances can serve as powerful adaptation tools during disasters, supporting communities in both recovery and preparation for climate-related disaster events (Bettin, Jallow and Zazzaro 2025; Bragg et al. 2018; Su 2022). They play an influential role in funding strategies such as irrigation farming, which promotes climate resilience building. Farmers typically use remittance income to purchase farming supplies such as fertilizers and drought-tolerant seeds, as well as to support their families through food purchases. In Ghana, for example, smallholder farmers face significant challenges due to climate change, including reduced productivity and difficulties in adapting due to limited resources (Musah-Surugu et al. 2017). Remittance-receiving households in Ethiopia have higher per capita consumption (Mohapatra, Joseph and Ratha 2009). To cope with droughts, these households are more likely to rely on cash reserves rather than selling their livestock. Additionally, many remittance recipients are urban dwellers; thus, remittance flows during disasters can help build urban resilience to climate-related disasters such as floods or cyclones.

## Intensifying Climate Disasters

In recent years, the increasingly visible effects of climate change have begun to manifest in the form of a rise in climate-related disasters on a global scale. According to the *World Disaster Report 2020*, over 97 million people were affected by numerous disasters in 2019 alone (International Federation of Red Cross and Red Crescent Societies 2020). Between 2000 and 2019, the total disaster-related economic losses for LMICs were US$38 billion, accounting for 0.61 percent of their GDP. In contrast, high-income countries faced US$1.99 trillion in economic losses, which constituted only 0.18 percent of their GDP (United Nations Office for Disaster Risk Reduction 2020). As climate change impacts intensify, disaster-prone communities in the Global South are caught in a vicious cycle of increased risks and heightened vulnerabilities, unable to deal with a current disaster effectively, let alone the next one.

Climate-related disasters pose significant threats to sustainable development in countries in the Global South, undermining their progress toward achieving the Sustainable Development Goals and the UN 2030 Agenda. The Sendai Framework for Disaster Risk Reduction underscores that a significant adaptation gap exists for effective responses to climate disasters. Weak funding to strengthen climate resilience-building in at-risk communities is a crucial challenge.

## Canada and Global Climate Action

Climate adaptation and effectively addressing the impacts of climate change have long been core priorities for the Canadian government. In 2018, former Prime Minister Justin Trudeau emphasised the need to "go further and move faster" for effective climate action in the Throne Speech (Government of Canada 2021). This sentiment was echoed in every ministerial mandate letter for his subsequent term. Recently elected Prime Minister Mark Carney also has an active history of climate action, having earlier served as the United Nations Special Envoy on Climate Action and Finance. His election platform outlined his intention to build a "clean economy [to] tackle climate change," reiterating Canada's commitment to climate action through national and global initiatives that support marginalized communities (Liberal Party of Canada 2025). The Government of Canada has made additional commitments through the Group of Twenty (G20) for sustainable development, using economic, social and environmental parameters to guide initiatives that address future challenges (Global Partnership for Financial Inclusion 2024). Within this framework, the G20 has recognized the importance of remittance flows as a significant source of income for many families in the Global South and committed to reducing transaction costs for remittance services as part of the UN 2030 Agenda (ibid. 2021). The Financial Consumer Agency of Canada (FCAC) additionally acknowledged that remittance flows have an inherently gendered aspect that needs to be studied further to improve remittance equity.

## Canada and International Disaster Assistance

During emergencies, Canada deploys the Disaster Assistance Response Team (known as DART) to assist with the adverse impacts of natural disasters. The cost of these missions is dependent on the specific circumstances, but can be significantly higher in cases where a lack of preparedness plays a role. Canada's 33-day mission to the Philippines following Typhoon Haiyan cost CDN$29.2 million, providing troops and equipment to support local communities (Everson 2014). Canadian disaster aid also takes the form of the Emergency Disaster Assistance Fund, which the Canadian Red Cross Society administers. After Hurricane Beryl in the Caribbean region, Canada provided over CDN$1 million in humanitarian assistance funding (Global Affairs Canada [GAC] 2024a). These funding initiatives also support climate adaptation strategies for enhanced disaster preparedness. GAC has awarded CDN$28.7 million to fund a three-year project that will advance climate adaptation in African cities (World Resources Institute Africa [WRI Africa] 2024). This funding initiative aims to better support vulnerable communities in urban areas through increased efficiency of nature-based solutions ibid.).

In 2021, Canada doubled its international climate finance commitment to CDN$5.3 billion for countries in the Global South and for "supporting ambitious climate action abroad" (Government of Canada 2024). However, as highlighted in the United Nations Environment Program's (UNEP's) *Adaptation Gap Report 2023*, substantially more public and private financial resources are required for effective adaptation to this new climatic normal of intensifying climate-related disasters (UNEP 2023).

## Canada and Remittance-sending

In 2020, it was estimated that 15 percent of Canadians send remittances (FCAC 2023). By 2023, one in five Canadians (20 percent) remitted using their bank accounts, representing a five percent increase in just three years (Yun, Olorundare and Apata 2024). Individuals arriving in Canada from countries receiving official development assistance (ODA) were found to remit more than other migrants. The FCAC's report showed that CDN$5.4 billion in remittances were sent to ODA-receiving countries in 2017 (FCAC 2023). Canadian immigrant and diaspora communities frequently contribute to disaster relief through remittances. Since Canada has demonstrated itself as a reliable partner in international climate action, supporting and implementing a policy framework that leverages all forms of public and private financial support to build climate resilience, especially remittances, would further strengthen Canada's leadership in this area.

## Where Could Canada Improve?

While the commitments made by the Canadian government serve as an important first step, gaps in both data collection and remittance practices still limit migrants' ability to send money during environmental crises. The first gap is in the remittance data collected on African nations. Countries in Sub-Saharan Africa are the most vulnerable to climate change-related disasters. Despite this vulnerability, these countries are often the least studied. Remittance data for these nations is limited, making it difficult to determine how much money is being sent, its monetary value and how it is being used. There is also a knowledge gap regarding the use of remittances during disasters and how they can help build climate resilience. Detailed data on remittances would help stakeholders identify current barriers to remitting and disparities in remittance receipts, enabling the development of better programs for their effective use. For example, collective remittance initiatives could be used to increase funding for disaster resilience projects in Sub-Saharan Africa. Moreover, providing migrants in Canada with more information and education on different remittance methods and safe practices could cut unnecessary costs and prevent exploitation.

The second issue is the cost of sending remittances. Financial institutions charge substantial fees for monetary remittances sent overseas, which increases the cost for remitters and reduces the amount received by recipients (Sunu and Ramachandran 2025). High remittance fees also considerably decrease the amount that recipients in migrants' home countries receive during critical times, such as when disasters occur. Electronic remittances are considered safer and more secure than cash pickup remittances (FCAC 2023). Despite this, Canadian banks impose high fees for electronic transfers. A Statistics Canada study found that remitters who sent amounts of up to CDN$200 paid an average of 11 percent in transaction fees, while those sending amounts over CDN$1,000 paid an average of two percent (Dimbuene and Turcotte 2019). These uneven costs highlight the inherent inequality within the remittance fee system, as the poorest individuals pay a proportionally higher amount. According to the World Bank (2023), a five percent reduction in formal remittance costs on the principal amount could save an estimated US$16 billion, which can benefit both senders and recipients and be used to build adaptive capacity to climate disasters.

## Costs Analysis

Despite the growing need, the international community is currently experiencing a decline in global public funding for many sustainable development initiatives, including humanitarian and overseas development assistance and climate adaptation action (GAC 2024b; Sunu and Ramachandran 2025). This reduction in funds underscores the urgency to leverage other less-considered sources of private funding to build climate resilience in the Global South. The costs of addressing these remittance-related concerns are minimal compared to most foreign aid initiatives and involve money sent by immigrants and diaspora communities in Canada, rather than requiring increased assistance from the federal government. Lowering transaction fees for remitting is an opportunity cost, resulting in the loss of potential revenue for banks through these fees.

Establishing education programs and support services would necessitate additional funding. However, countries receiving remittances from family abroad may require less international aid from Global North governments, including Canada. Therefore, reducing transaction fees on international electronic transfers for remittances has the potential to complement the Canadian government's development assistance program and international climate finance commitment and decrease the amount of government spending needed to achieve the same impact.

## Recommendations

To ensure that multiple forms of remitting are possible and accessible, **GAC should establish educational support surrounding remittances, promote safe remittance practices and safeguard all remitting avenues**.

**GAC and the Government of Canada should support the regular collection of data on remittance flows from Canada**, especially those sent to African countries, by funding research projects that examine remittance flows, uses, frequencies and effectiveness, along with challenges and barriers to their optimal utilization.

**The FCAC and the finance minister should work with financial institutions and reduce fees related to remittance flows, ensuring access remains available during environmental crises**.

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