

Remittances growth to low and middle income countries accelerated in 2018

Remittances to low- and middle-income countries grew rapidly and are projected to reach a new record in 2018, according to the latest edition of the World Bank's Migration and Development Brief. The World Bank estimates that officially recorded remittances to developing countries will increase by 10.8 percent to reach USD 528 billion in 2018. This new record level follows robust growth of 7.8 percent in 2017. Global remittances, which include flows to high-income countries, are projected to grow by 10.3 percent to USD 689 billion.

Remittance flows rose in all regions, most notably in Europe and Central Asia (20 percent) and South Asia (13.5 percent), followed by Sub-Saharan Africa (9.8 percent), Latin America and the Caribbean (9.3 percent), the Middle East and North Africa (9.1 percent), and East Asia and the Pacific (6.6 percent). Growth was driven by a stronger economy and employment situation in the United States and a rebound in outward flows from Gulf Cooperation Council (GCC) countries and the Russian Federation.

Among major remittance recipients, India retains its top spot, with remittances expected to total USD 80 billion this year 2018, followed by China (USD 67 billion), Mexico and the Philippines (USD 34 billion each), and Egypt (USD 26 billion).

As global growth is projected to moderate, future remittances to low- and middle-income countries

are expected to grow moderately by 4 percent to reach USD 549 billion in 2019. Global remittances are expected to grow 3.7 percent to USD 715 billion in 2019.

The brief notes that the global average cost of sending USD 200 remains high at 6.9 percent in the third quarter of 2018. Reducing remittance costs to 3 percent by 2030 is a global target under Sustainable Development Goal (SDG) 10.7. Increasing the volume of remittances is also a global goal under the proposals for raising financing for the SDGs. The average cost of remitting in South Asia was the lowest at 5.4 percent, while Sub-Saharan Africa continued to have the highest at 9 percent.

The Brief also reports progress in monitoring the SDG target for reducing recruitment costs paid by migrant workers, which tend to be high, especially for lower-skilled migrant workers.

Regional Remittance Trends

- Remittance flows to the **East Asia and Pacific region** are expected to grow by 6.6 percent in 2018 to USD 142 billion, 1.5 percentage points higher than the growth rate in 2017. Remittances to the Philippines are expected to grow by 2.8 percent in 2018, lower than 2017's 5.4 percent growth. Lower growth is due to the substantial decline in private transfers from the Middle East which fell by 17 percent in the first 8 months of 2018 relative to the same period in 2017. Remittances to Indonesia are expected to experience double digit growth in 2018 at around 24 percent, after remaining flat in 2017. Remittances to the region are expected to grow 4.2 percent in 2019.
- Remittance flows to countries in **Europe and Central Asia** remained robust in 2018, rising by about 20 percent in 2018, reaching a new record high of USD 63 billion. Improving growth increased outward remittances from Poland, Russia, and Spain, major remittances sources for the region. The Commonwealth of Independent States economies have particularly benefited from the continued rebound in the Russian economy. As the region's growth stabilizes, remittances are expected to grow 4 percent in 2019.

- Remittances flows into **Latin America and the Caribbean** grew by about 9.3 percent in 2018 to reach USD 87 billion, led by Mexico and Central American countries. The strong growth in 2018 was driven mainly by the strong U.S. economy and labor market, where the majority of the region's migrants reside. Improving fundamentals were also seen in Spain, the second largest host of migrants from the region. Intra-regional migration also contributed to the rise in remittances. Remittance growth for the region is expected to slow down to 3.8 percent in 2019.
- Remittances to the **Middle East and North Africa** region are projected to grow by 9.1 percent to USD 59 billion in 2018, following 6 percent growth in 2017. The growth rate is driven by Egypt's projected rapid remittance growth of 14 percent. In contrast, remittances to Jordan are projected to decline by 1 percent in 2018. Beyond 2018, the region is expected to experience continued growth in remittances, although at a slower pace of 2.7 percent in 2019. Lower oil prices are expected to moderate growth in GCC countries and remittance outflows will also be dampened by nationalization policies of Saudi Arabia, notably in sectors banning foreign workers as of 2018.
- Remittances to **South Asia** are projected to increase by 13.5 percent to USD 132 billion in 2018, a stronger pace than the 5.7 percent growth seen in 2017. The upsurge is driven by stronger economic conditions in advanced economies, particularly the United States, and the increase in oil prices having a positive impact on outflows from some GCC countries, such as the United Arab Emirates which reported a 13 percent growth in outflows for the first half of 2018. Bangladesh and Pakistan experienced upticks of 17.9 percent and 6.2 percent in 2018, respectively. For 2019, it is projected that remittance growth for the region will slow to 4.3 percent due to a moderation of growth in advanced economies, lower migration to the GCC and the benefits from the oil price spurt dissipating.
- Remittances to **Sub-Saharan Africa** continued to accelerate in 2018 and are estimated to grow by 9.8 percent to USD 45 billion in 2018. Projections indicate that remittances to the region will keep increasing but at a lower rate of 4.2 percent in 2019. The upward trend

observed since 2016 is driven by strong economic conditions in advanced economies, particularly the United States, where many of the region's migrants earn their income. In addition, because of large intra-regional migration flows in the region, remittance flows are expected to keep increasing due to projected strong regional economic growth in 2019.

Please find enclosed the migration and development brief released by World Bank for your reference.

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