

Remittances to low and middle income countries reached a record high in 2018

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Remittances to low- and middle-income countries reached a record high in 2018, according to the World Bank's latest Migration and Development Brief. The World Bank estimates that officially recorded annual remittance flows to low- and middle-income countries reached USD 529 billion in 2018, an increase of 9.6 percent over the previous record high of USD 483 billion in 2017. Global remittances, which include flows to high-income countries, reached USD 689 billion in 2018, up from USD 633 billion in 2017.

Regionally, growth in remittance inflows ranged from almost 7 percent in East Asia and the Pacific to 12 percent in South Asia. The overall increase was driven by a stronger economy and employment situation in the United States and a rebound in outward flows from some Gulf Cooperation Council (GCC) countries and the Russian Federation. Excluding China, remittances to low- and middle-income countries (USD 462 billion) were significantly larger than foreign direct investment flows in 2018 (USD 344 billion).

Among countries, the top remittance recipients were India with USD 79 billion, followed by China (USD 67 billion), Mexico (USD 36 billion), the Philippines (USD 34 billion), and Egypt (USD 29 billion). In 2019, remittance flows to low- and middle-income countries are expected to reach USD 550 billion, to become their largest source of external financing.

The brief notes that the global average cost of sending USD 200 remained high, at around 7 percent in the first quarter of 2019, according to the World Bank's Remittance Prices Worldwide database. Reducing remittance costs to 3 percent by 2030 is a global target under Sustainable Development Goal (SDG) 10.7. Remittance costs across many African corridors and small islands in the Pacific remain above 10 percent.

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

Regional Remittance Trends

- Remittances to the **East Asia and Pacific** region grew almost 7 percent to USD 143 billion in 2018, faster than the 5 percent growth in 2017. Remittances to the Philippines rose to USD 34 billion, but growth in remittances was slower due to a drop in private transfers from the GCC countries. Flows to Indonesia increased by 25 percent in 2018, after a muted performance in 2017.
- After posting 22 percent growth in 2017, remittances to **Europe and Central Asia** grew an estimated 11 percent to USD 59 billion in 2018. Continued growth in economic activity increased outbound remittances from Poland, Russia, Spain, and the United States, major sources of remittances to the region. Smaller remittance-dependent countries in the region, such as the Kyrgyz Republic, Tajikistan, and Uzbekistan, benefited from the sustained rebound of economic activity in Russia. Ukraine, the region's largest remittance recipient, received a new record of more than USD 14 billion in 2018, up about 19 percent over 2017. This surge in Ukraine also reflects a revised methodology for estimating incoming remittances, as well as growth in neighboring countries' demand for migrant workers.
- Remittances flows into **Latin America and the Caribbean** grew 10 percent to USD 88 billion in 2018, supported by the strong U.S. economy. Mexico continued to receive the most remittances in the region, posting about USD 36 billion in 2018, up 11 percent over the previous year. Colombia and Ecuador, which have migrants in Spain, posted 16 percent and 8 percent growth, respectively. Three other countries in the region posted double-digit growth: Guatemala (13 percent) as well as Dominican Republic and Honduras (both 10 percent), reflecting robust outbound remittances from the United States.
- Remittances to the **Middle East and North Africa** grew 9 percent to USD 62 billion in 2018. The growth was driven by Egypt's rapid remittance growth of around 17 percent. Beyond 2018, the growth of remittances to the region is expected to continue, albeit at a slower pace of around 3 percent in 2019 due to moderating growth in the Euro Area.
- Remittances to **South Asia** grew 12 percent to USD 131 billion in 2018, outpacing the 6 percent growth in 2017. The upsurge was driven by stronger economic conditions in the United States and a pick-up in oil prices, which had a positive impact on outward remittances from some GCC countries. Remittances grew by more than 14 percent in India, where a flooding disaster in Kerala likely boosted the financial help that migrants sent to families. In Pakistan, remittance growth was moderate (7 percent), due to significant declines in inflows from Saudi Arabia, its largest remittance source. In Bangladesh, remittances showed a brisk uptick in 2018 (15 percent).

- Remittances to **Sub-Saharan Africa** grew almost 10 percent to USD 46 billion in 2018, supported by strong economic conditions in high-income economies. Looking at remittances as a share of gross domestic product, Comoros has the largest share, followed by the Gambia, Lesotho, Senegal, Cabo Verde, Liberia, Senegal, Zimbabwe, Togo, Ghana, and Nigeria.

Please find enclosed the latest Migration and Development brief by World Bank for your kind reference.

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