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Migration and Remittances

Recent Developments and Outlook

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Migration and Remittances Team

Social Protection and Jobs

World Bank

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KNOMAD

Global Knowledge Partnership on Migration and Development

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Summary

This Migration and Development Brief provides updates on global trends in migration and remittances and validates the projections made in the previous Brief in December 2018. It highlights developments related to migration-related Sustainable Development Goal (SDG) indicators for which the World Bank is a custodian: increasing the volume of remittances as a percentage of gross domestic product (GDP) (SDG indicator 17.3.2), reducing remittance costs (SDG indicator 10.c.1), and reducing recruitment costs for migrant workers (SDG indicator 10.7.1). It also presents recent developments on the Global Compact on Migration (GCM).

Remittance trends. In 2019, annual remittance flows to low- and middle-income countries (LMICs) are likely to reach $550 billion. That would make remittance flows larger than foreign direct investment (FDI) and official development assistance (ODA) flows to LMICs. In 2018, remittance flows to LMICs reached $529 billion, an increase of 9.6 percent over 2017. Remittance flows grew in all six regions, particularly in South Asia (12.3 percent) and Europe and Central Asia (11.2 percent). Growth 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.

Remittance costs. The global average cost of sending remittances remained at about 7 percent in the first quarter of 2019, roughly the same level as in recent quarters. The cost of sending money to Sub-Saharan Africa was 9.3 percent, significantly higher than the SDG target of 3 percent. Banks were the costliest channel for transferring remittances, at an average cost of 10.9 percent. De-risking by international correspondent banks—that is, the closing of bank accounts of money transfer operators (MTOs) to avoid rather than manage the risk in their efforts to comply with anti–money laundering and countering financing of terrorism (AML/CFT) norms—has affected remittance services and may have prevented further reduction in costs. Also, in an apparent example of policy incoherence, remittance costs tend to include a premium, that is a cost mark-up, when national post offices have exclusive partnership arrangements with a dominant MTO. This premium averages 1.5 percent of the cost of transferring remittances worldwide and is as high as 4.4 percent in the case of India, the largest recipient of remittances. Opening up national post offices, national banks, and telecommunications companies to partnerships with other MTOs could remove entry barriers and increase competition in remittance markets.

Recruitment costs. SDG indicator 10.7.1, on reducing the recruitment costs paid by migrant workers, was upgraded to a Tier 2 indicator in November 2018. A Tier 2 Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries.

Migration. In the GCC countries, the deployment of workers from South Asia has been declining. Japan has a new policy to admit 345,000 foreign workers over a period of 5 years from the following nine priority countries: Cambodia, China, Indonesia, Mongolia, Myanmar, Nepal, Philippines, Thailand, and Vietnam. Latin America is facing several migratory movements from Central America and Venezuela.

Since 2015, around 2.7 million persons have left Venezuela for other countries, especially in South America.

Refugees and asylum seekers. While the European migration crisis is past its peak, LMICs continue to bear the brunt of forced displacement. By mid-2018, the number of refugees worldwide (excluding Palestinian refugees) had reached 20.2 million, according to the United Nations High Commissioner for Refugees (UNHCR). There were more than 2.5 million internally displaced persons in the Lake Chad Basin. The top origin countries for refugees were Syria (6.5 million), Afghanistan (2.6 million), South Sudan (2.2 million), Myanmar (1.2 million), and Somalia (1 million).

Return migration. In Europe, the stock of detected undocumented migrants rose from 1.4 million in 2011 to around 6 million in 2018, due to rejection of a large number of asylum applications. In the United States, the stock of migrants detected to be undocumented increased from around 1.5 million in 2011 to 3.8 million in 2018. Thailand also deported about 100,000 undocumented migrants from Cambodia and Myanmar.

* * *

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1. Global Remittance Flows and Migration-Related Sustainable Development Goals

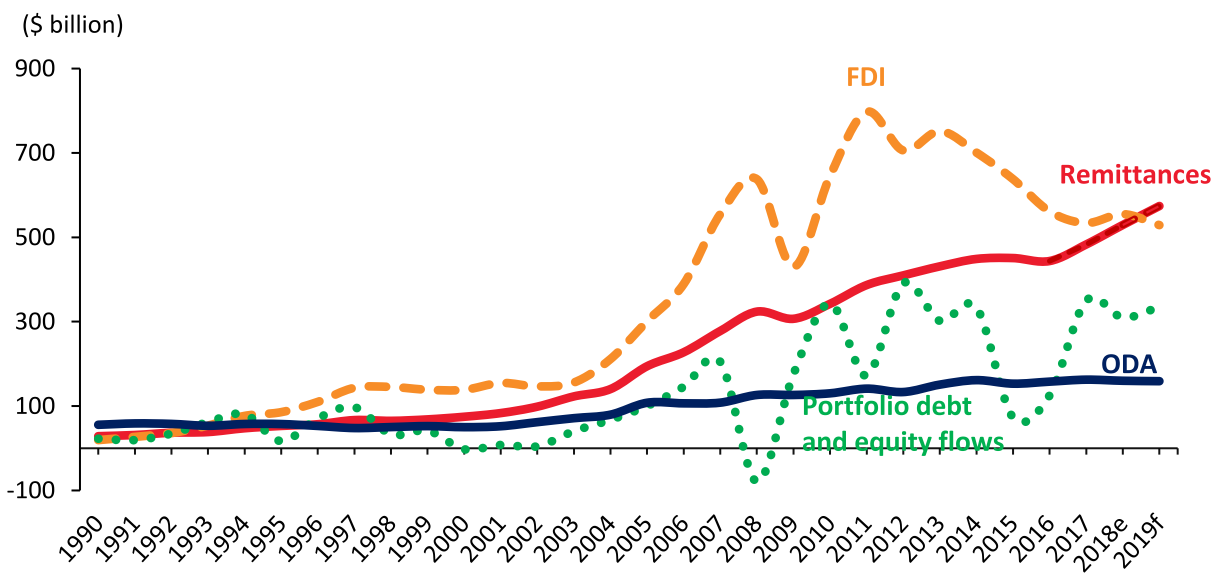
1.1 Remittances Accelerated in 2018

Remittance flows to low- and middle-income countries (LMICs) grew by 9.6 percent in 2018 (up from the 8.8 percent rise in 2017), to reach a record $529 billion (table 1.1 and figure 1.1a). The rise in remittances was driven by higher growth in the United States and a rebound in remittances outflows from some Gulf Cooperation Council (GCC) countries and the Russian Federation.

Remittances are now the largest source of foreign exchange earnings in the LMICs excluding China. They are more than three times the size of official development assistance (ODA). Moreover, since foreign direct investment (FDI) has been on a downward trend in recent years, remittances reached close to the level of FDI flows in 2018. Excluding China, remittances were significantly larger than FDI flows (figure 1.1b).

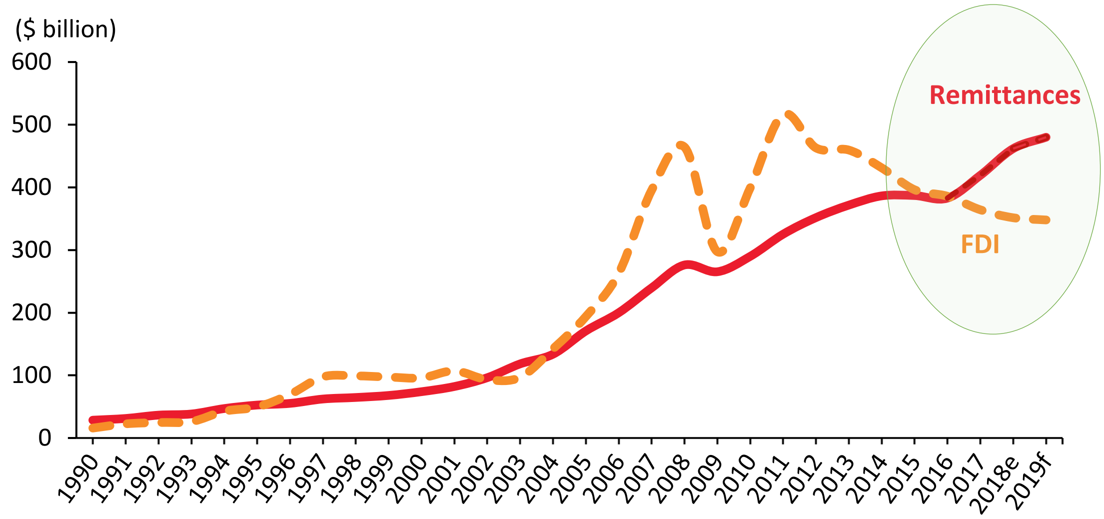
Regionally, Europe and Central Asia saw incoming remittances grow by 11.2 percent in 2018 (table 1.1), due to the recovery of the Russian economy. Remittances to East Asia and the Pacific increased by 6.7 percent, and to Latin America and the Caribbean by 9.5 percent. Remittances to South Asia increased by 12.3 percent, with remittances to both India and Bangladesh rising by double digits. The growth rate of remittances to the Middle East and North Africa was 9.1 percent, led by Egypt. Remittances to Sub-Saharan Africa increased by 9.6 percent (see section 3 for details of regional trends).

Figure 1.1a Remittance Flows to Low- and Middle-Income Countries Are Larger than Official Development Assistance and More Stable than Private Capital Flows, 1990–2019



Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: FDI = foreign direct investment; ODA = official development assistance. See appendix A in World Bank (2017) for data and forecast methods.

Figure 1.1b Remittance Flows to Low- and Middle-Income Countries Other than China Are Larger than Foreign Direct Investment, 1990–2019



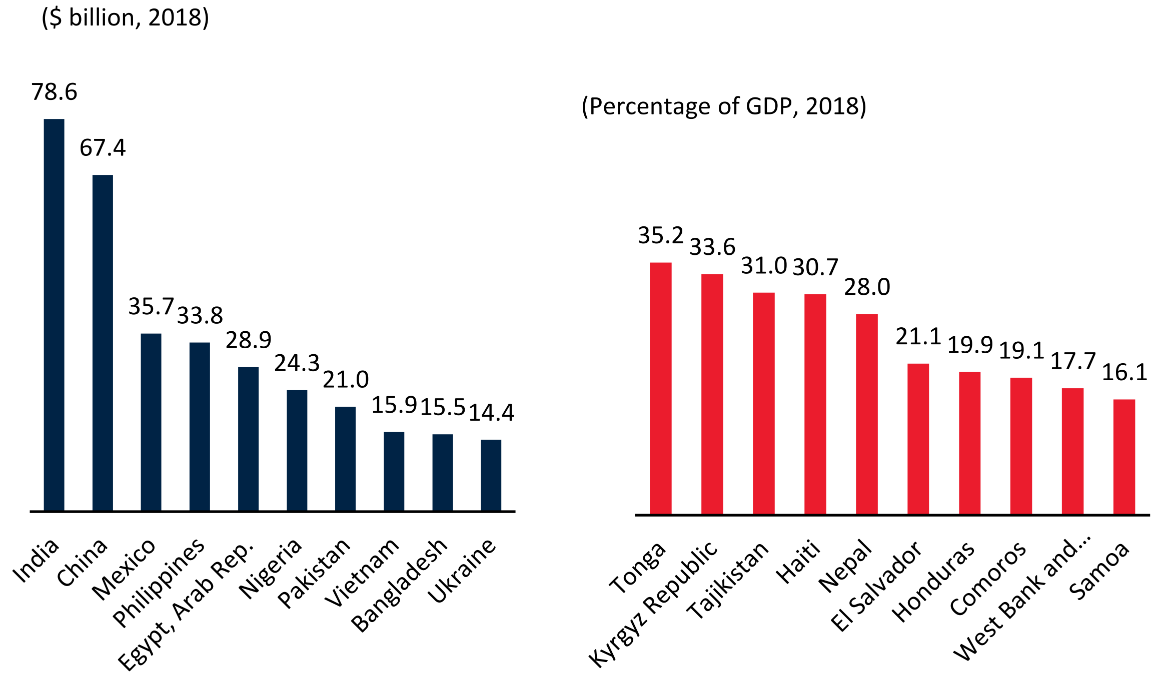
Sources: World Bank staff estimates, World Development Indicators, IMF Balance of Payments Statistics.
Note: FDI = foreign direct investment. See appendix A in World Bank (2017) for data and forecast methods.

Table 1.1 Estimates and Projections of Remittance Flows to Low- and Middle-Income Regions

	2010	2015	2016	2017	2018e	2019f	2020f
				($ billions)			
Low and Middle Income	**342**	**451**	**444**	**483**	**529**	**550**	**574**
East Asia and Pacific	96	128	128	134	143	149	156
Europe and Central Asia	38	43	43	53	59	61	64
Latin America and the Caribbean	55	67	73	80	88	91	95
Middle East and North Africa	39	51	51	57	62	64	66
South Asia	82	118	110	117	131	137	142
Sub-Saharan Africa	32	43	38	42	46	48	51
World	**470**	**596**	**589**	**633**	**689**	**714**	**746**
Memo item: **FY 2016 income Classification***	337	444	437	475	521	541	565
				(Growth rate, percent)			
Low and Middle Income	**11.6**	**0.5**	**-1.6**	**8.8**	**9.6**	**4.0**	**4.3**
East Asia and Pacific	19.9	3.7	-0.5	5.1	6.7	4.2	4.7
Europe and Central Asia	5.1	-16.3	0.0	22.2	11.2	3.9	4.6
Latin America and the Caribbean	2.5	6.6	7.6	10.8	9.5	3.9	3.9
Middle East and North Africa	18.2	-6.2	0.2	10.6	9.1	2.7	3.5
South Asia	9.5	1.5	-6.1	5.7	12.3	4.3	4.1
Sub-Saharan Africa	11.1	8.8	-10.4	9.2	9.6	4.2	5.6
World	**8.6**	**-1.2**	**-1.1**	**7.4**	**9.0**	**3.6**	**4.5**

Source: World Bank. See appendix A in World Bank (2017) for data and forecast methods.
Notes: e = estimate; f = forecast. *This group includes countries classified as “developing countries” during FY 2016 and reported as such in Brief 26. It excludes Equatorial Guinea, the Russian Federation, and Venezuela, RB, which moved from high-income to upper-middle-income in FY 2017. Projections for 2019 and 2020 are based on a low case scenario that assumes unit elasticity of remittances to GDP growth in remittance source countries.

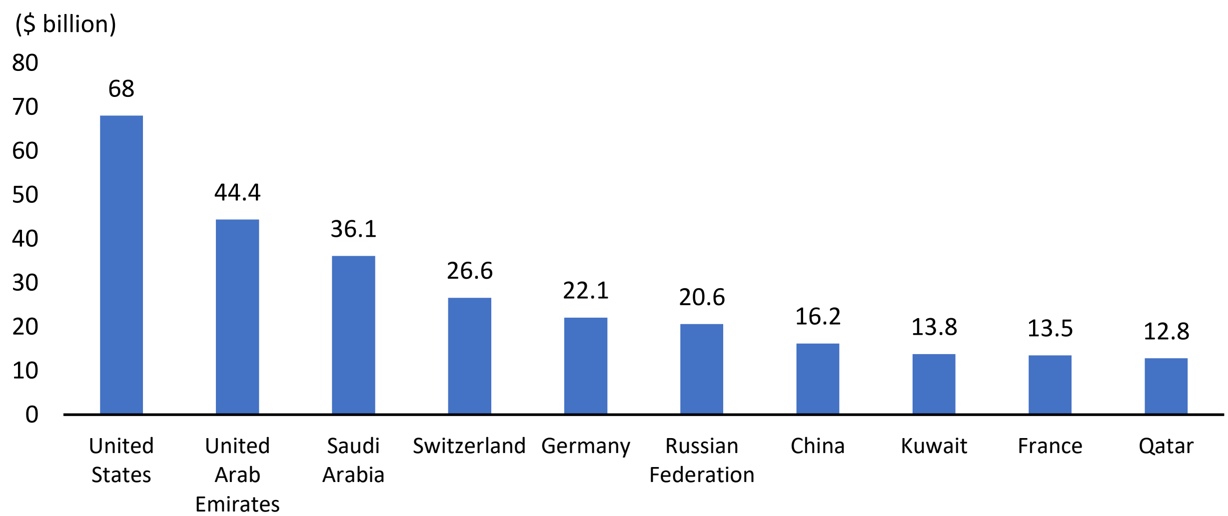
Figure 1.2 Top Remittance Recipients in 2018



Sources: World Bank staff estimates, World Development Indicators, IMF Balance of Payments Statistics.
Note: The top recipient counties include several high-income countries such as France and Germany (not shown in the figure), but as a share of GDP, remittance flows to these countries are negligible. GDP = gross domestic product.

In 2018, in current U.S. dollar terms, the top five remittance recipient countries were India, China, Mexico, the Philippines, and Egypt (figure 1.2). As a share of gross domestic product (GDP) for 2018, the top five recipients were smaller economies: Tonga, Kyrgyz Republic, Tajikistan, Haiti, and Nepal.

Figure 1.3 Remittance Outflows from Major Sending Countries, 2017



Sources: World Bank staff estimates based on data from IMF Balance of Payments Statistics database. For UAE, estimates are based on reports from its Central Bank.

Data on remittance outflows typically get less attention than data on remittance inflows. The largest remittance-sending countries are a mix of high-income countries from the Organisation for Economic Co-operation and Development (OECD), GCC countries, and large middle-income countries. The United States was the largest sender in 2017, recording around $68 billion in outflows, followed by the United Arab Emirates ($44 billion) and Saudi Arabia ($36 billion) (figure 1.3). Among middle-income countries, Russia is a large sender ($21 billion), given its sizable immigrant stock from the Europe and Central Asia region, while China also has large outflows ($16 billion) owing partly to amounts paid to expatriates working for multinational enterprises.

1.2 Outlook for Remittances, 2019–20

The growth of advanced economies is slowing, largely due to weak exports. The deceleration is notable in the euro area: growth in Germany and France has been subdued, and Italy's recovery from a 2018 recession is weak. Activity in the United States is slowing but remains robust, and the unemployment rate remains below 4 percent (World Bank 2019a). Growth in LMICs is expected to remain stable in 2019, as deteriorating external demand and persistent policy uncertainty in high-income countries is offset by recent improvements in financing conditions and, for commodity-exporting countries, rising commodity prices. Given these global trends, remittances to LMICs are expected to grow at about 4 percent in 2019, to $550 billion (table 1.1).[1] Downside risks dominate: risks of oil price declines, policy uncertainty and geopolitical risks, increased restrictions on trade, anti-immigration sentiments in some host countries, and a slowdown in global growth may retard remittances. Moreover, despite the fact that solutions have been proposed at global level by the international bodies such as the Financial Services Board, to address de-risking practices, there is no single magic bullet, and implementation of the proposed solutions will take time and require coordinated efforts by the banking and remittances industry, as well as by the regulators and supervisors. (see subsection 1.3.1).[2] In 2019 remittance growth in East Asia and the Pacific is projected at 4.2 percent, Europe and Central Asia at 3.9 percent, Latin America and the Caribbean at 3.9 percent, the Middle East and North Africa at 2.7 percent, South Asia at 4.3 percent, and Sub-Saharan Africa at 4.2 percent based on a low case scenario that assumes unit elasticity of remittances to GDP growth in remittance source countries.

1.3 Recent Progress toward Migration-Related SDGs

1.3.1 Trends in the Costs of Remittances (SDG Indicator 10.c.1)

According to the World Bank's Remittance Prices Worldwide Database, the average cost of sending $200 to LMICs remained at 7 percent in the first quarter of 2019, roughly the same level as in previous quarters (figure 1.4).[3] This is more than double the Sustainable Development Goal (SDG) target of 3 percent by 2030 (SDG target 10.c).

The cost was the lowest in South Asia, at 5 percent, while Sub-Saharan Africa continued to have the highest average cost, at 9.3 percent (figure 1.5; see World Bank [2019b]). Remittance costs across many African corridors and small islands in the Pacific remain above 10 percent.

In the last quarter of 2018, sending money from Russia to Central Asian countries cost between 1.3 and 1.7 percent. At the other end of the spectrum, sending money from Angola to neighbor Namibia cost 22.4 percent on average. The high costs involved in money transfers along many remittance corridors, particularly for poor workers who lack adequate access to banking services, reduce the benefits of migration, particularly for poor households in origin countries. The highest-cost corridors mostly originate in Sub-Saharan Africa. These feature high transfer fees and, in some cases, (e.g., the Angola-Namibia corridor) also high foreign exchange margins (figure 1.6).

Figure 1.4 Global Average Cost of Sending $200, 2010–19

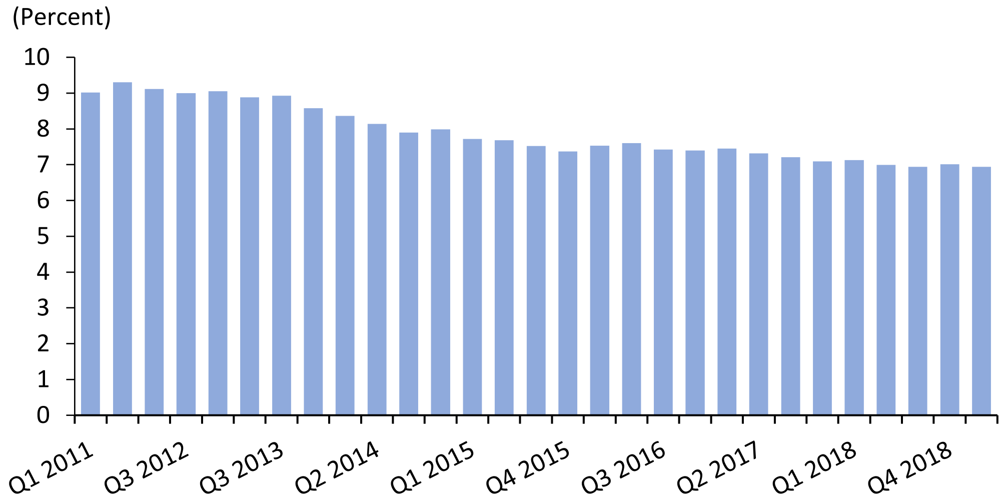
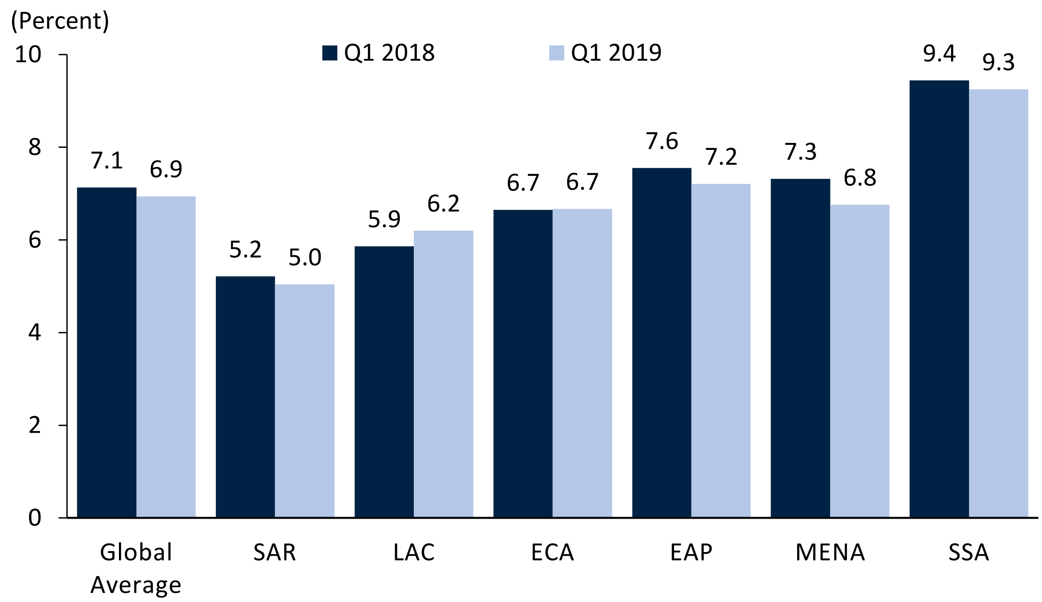


Figure 1.5 How Much Does It Cost to Send $200? A Comparison of Global Regions in 2018 and 2019



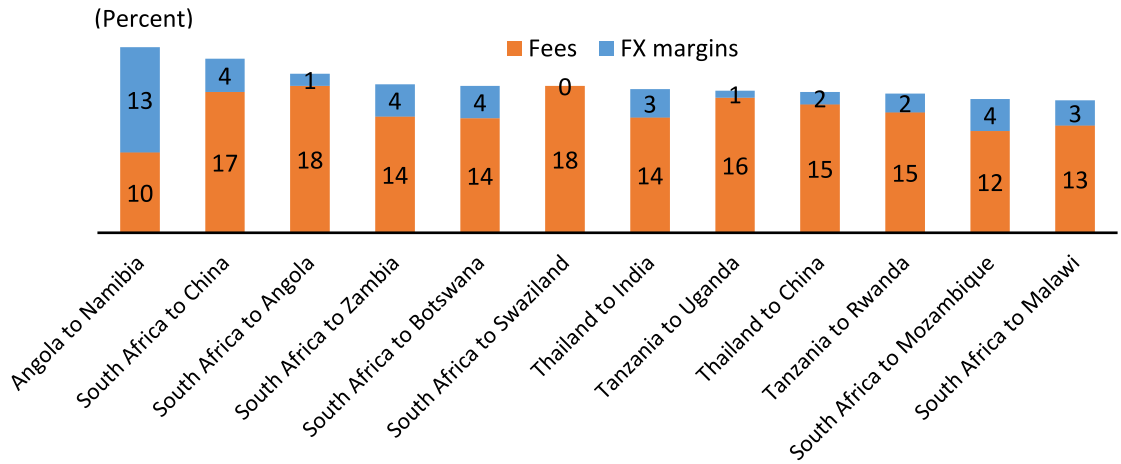
Source: Remittance Prices Worldwide database, World Bank.
Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

Banks are the costliest channel for sending remittances, with an average cost of 10.9 percent in Q1 2019, while post offices are recorded at 7.6 percent. Also, in an apparent example of policy incoherence, remittance costs tend to include a premium, a cost mark-up, when national post offices have exclusive partnership arrangements with a dominant money transfer operator (MTO). Such premia average 1.5

percent of the cost of transferring remittances worldwide and are as high as 4.4 percent in the case of India, the largest recipient of remittances (figure 1.7). Opening up national post offices, national banks, and telecommunications companies to partnerships with other MTOs could remove entry barriers and increase competition in remittance markets.

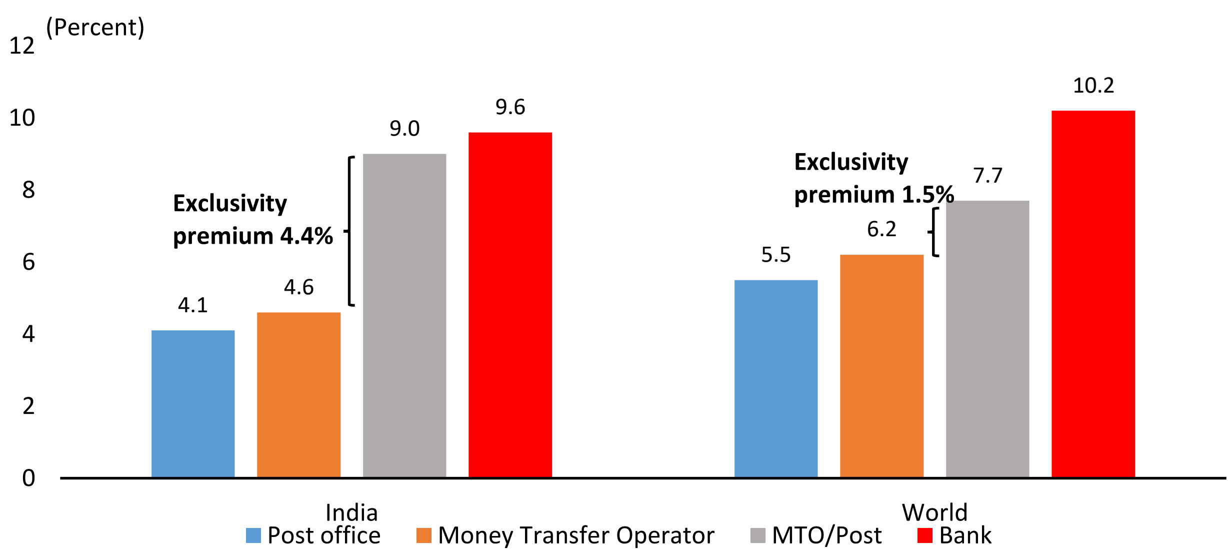
A deficient and not risk-based application of anti-money laundering (AML) and combatting the financing of terrorism (CFT) measures seems to have played an important role in de-risking strategies (i.e. restriction of business relations with whole categories of high-risk clients) by major global banks.[4] Banks indicate that risks to their reputation from AML/CFT and possible sanctions deter them from having correspondent bank accounts with MTOs (World Bank 2015; FSB 2018; Datta and Vicol 2019).

Figure 1.6 Highest-Cost Corridors, 2018



Source: Calculations by World Bank staff for 2018 Q4 based on the Remittance Prices Worldwide database, World Bank.
Note: FX = foreign exchange.

Figure 1.7 Average Costs of Remittances by Type of Provider, 2018 Q4



Source: Calculations by World Bank staff for 2018 Q4 based on the Remittance Prices Worldwide database, World Bank.
Note: MTO = money transfer operator.

1.3.2 Progress on Recruitment Cost Indicator (SDG Indicator 10.7.1)

SDG indicator 10.7.1 calls for global efforts to reduce recruitment costs. The high recruitment costs faced by many low-skilled migrant workers reduce the overall benefits from migration and its impact on reducing poverty in poor countries. The objective of SDG indicator 10.7.1 is to monitor the burden of costs incurred by migrant workers in obtaining jobs abroad (see World Bank 2017, 2018a, and 2018c). The indicator was reclassified from Tier 3 to Tier 2 in November 2018. The World Bank and the International Labour Organization (ILO) are co-custodians of this indicator.[5] Looking ahead to the requirements of Tier 1, the World Bank (Global Knowledge Partnership on Migration and Development, KNOMAD) and ILO are working to develop capacity and support instruments for use by national statistical offices (NSOs) to document worker-paid recruitment costs globally. Guidelines have been developed for the collection of recruitment cost statistics, and a virtual network of statistical experts on the recruitment cost indicator has been formed with NSOs' participation.[6] Efforts are underway to develop model questionnaires for gathering cost data together with an operation manual to support NSOs in undertaking migration cost surveys as part of their SDG-monitoring efforts. A follow-up workshop with representative NSOs from each global region will be held in Istanbul in May 2019 to present and discuss the model questionnaires and guidelines, conduct sessions on sampling subpopulations (current and return migrant workers), and share knowledge across countries that have experience in measuring recruitment costs.

In a related development, ministers from 12 Asian labor-sending countries—Afghanistan, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand, and Vietnam—met in Kathmandu, Nepal, last November in a high-level meeting of the 6th Ministerial Consultation on Overseas Employment and Contractual Labour for Countries of Origin in Asia (Colombo Process) and made a commitment of "zero-cost" jobs for migrant workers.

Migrant workers continue to be afflicted by recruitment malpractices. A recent report by the Center for Migrants' Rights (2018) found that Mexican job seekers applying under the H-2 Temporary Worker Program for work in the United States were cheated by recruiters who charged recruitment fees averaging 9,300 pesos (about $470). Excessive charges borne by workers also led the Nepalese government to halt the sending of workers to Malaysia in May 2018. A memorandum of understanding (MoU) was signed between Nepal and Malaysia in October 2018 wherein Malaysian employers will bear all necessary recruitment costs to hire Nepalese workers, including visa and airplane tickets.

2. Migration

2.1 Migrants and Employment Trends in Major Host Countries

According to the United Nations Department for Economic and Social Affairs (UNDESA 2017), the worldwide number of international migrants (including refugees) was 258 million in 2017. Updating the UNDESA dataset with recent data, it appears that the 2018 stock of international migrants (including refugees) could be around 266 million.

Nationalization policies in the GCC countries, particularly in Saudi Arabia, also saw shrinking employment opportunities for South Asian migrants, as indicated by a drop in deployment from India (-15 percent), Pakistan (-30 percent), and Bangladesh (-37 percent) (see detailed regional trends in section 3).[7]

On the heels of a new policy to admit 345,000 foreign workers over a period of 5 years starting April 11, 2019, Japan has identified 9 priority countries as foreign labor sources.[8] Except for Nepal, all the countries are in East Asia, namely, Cambodia, China, Indonesia, Mongolia, Myanmar, the Philippines, Thailand, and Vietnam. Workers from these countries will be admitted into 14 sectors facing severe labor shortages.[9] Both Nepal and the Philippines signed a memorandum of cooperation (MoC) with Japan on March 25, 2019. The Philippines is seeking to capitalize on the new demand, particularly for skilled workers, and anticipates filling nearly 100,000 of the possible positions.

Reflecting the impacts of Brexit, net migration from the European Union (EU) to the United Kingdom slumped to just 57,000 in the 12 months through September 2018, the lowest level since 2009 and half the number recorded a year earlier.

2.2. Refugee Movements and Forced Displacements

By mid-2018, the global stock of refugees recorded by the United Nations High Commissioner for Refugees (UNHCR) reached 20.2 million, surpassing the previous peak of 1992 (figure 2.1). (This figure does not include the 5.4 million Palestinian refugees registered by the United Nations Relief and Works Agency.) However, the number of arrivals of new asylum seekers into the EU-28 countries dropped significantly from its peak in 2015–16 (figure 2.2). LMICs continued to host the largest share of refugees in 2018, at around 85 percent of the global total.[10] Turkey hosts around 3.6 million refugees followed by Pakistan (1.4 million) and Uganda (1.1 million). Germany is the fourth-largest refugee host and the largest among high-income economies, with just over 1 million refugees. Iran, Lebanon, Bangladesh, Ethiopia, Sudan, and Jordan host between 0.9 million and 0.7 million refugees each. The top refugee-origin countries were Syria (6.5 million), Afghanistan (2.6 million), South Sudan (2.2 million), Myanmar (1.2 million), and Somalia (1 million) (UNHCR 2019a).

The stock of refugees in the EU-28 stabilized at around 2.3 million in 2017 and grew slightly by around 70,000 in 2018. According to the UNHCR (2019b), 2018 was marked by significant changes in the pattern of routes taken by refugees and migrants heading to the EU countries. Greece had more arrivals than Italy or Spain did during the first half of 2018, but Spain was the primary entry point in the second half, recording a 131 percent increase compared to the previous year.[11] This trend is expected to continue in

2019: since the beginning of the year, about 13,595 arrivals and an estimated 282 dead or missing were registered in Spain.

Figure 2.1 Refugee Stock Worldwide and in the EU-28, 1951–2018

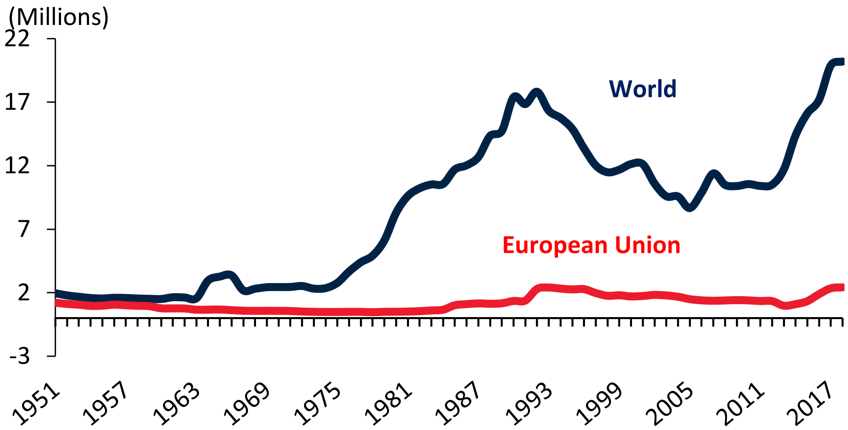
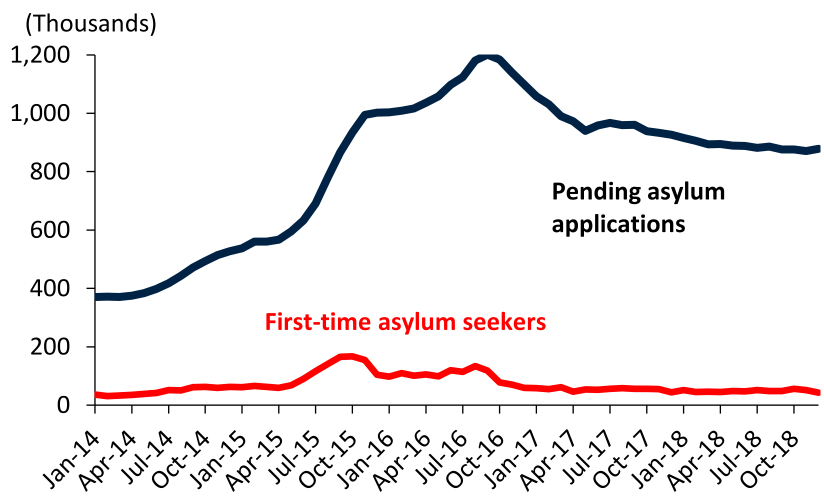


Figure 2.2 First-Time and Pending Asylum Applications in the EU-28, 2014–18



Sources: Eurostat, UNHCR Mid-Year Statistics 2018..
Note: EU = European Union.

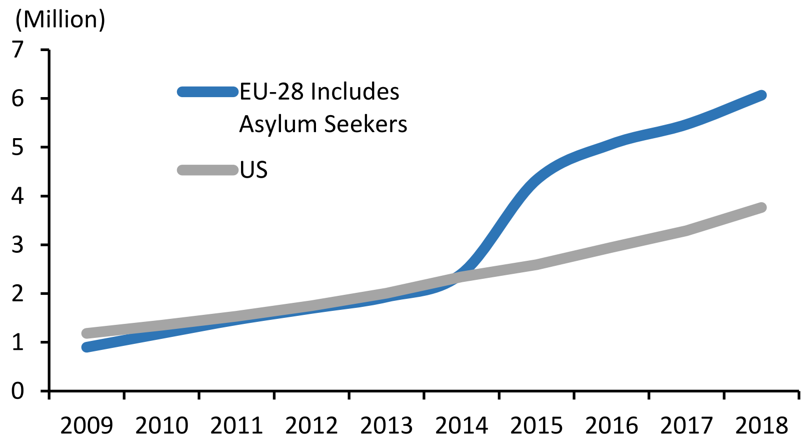
While refugee movements into the European Union have abated, other regions have seen huge increases in the number of refugees and other displaced persons. This has placed enormous pressures on their host communities, especially in LMICs. As of March 2019, around 910,000 Rohingyas have fled Myanmar and taken refuge in Bangladesh (UNHCR 2019c). By end February 2019, there were more than 2.5 million internally displaced persons in the Lake Chad Basin, including around 2 million in Nigeria, 246,000 in Cameroon, 165,000 in Chad, and 104,000 in Niger.[12] For the same period, there were about 591,000 refugees from the Central African Republic mostly in Cameroon, the Democratic Republic of Congo, and Chad; and there were 806,680 Somali refugees living mainly in Kenya, Ethiopia, and Yemen. There were 2.2 million South Sudanese displaced outside their country mid-2018, reflecting the ongoing conflict which prevented sustainable returns. Sudan and Uganda hosted the largest number of South

Sudanese refugees (UNHCR 2019a). In 2019, the number of new arrivals into other countries is likely to slow down as the Syrian conflict abates.

By the end of 2018, there were 414,570 asylum seekers from Venezuela, with large numbers in Latin American countries (Peru, 167,238; Brazil, 83,893; Ecuador, 13,535; Panama, 10,164). Overall, of the 3.4 million Venezuelans abroad, 2.7 million left in dire circumstances after 2015 of which 1.3 million have residence permits and other regular status, mostly in neighboring LMICs (UNHCR 2019b). Also, a number of countries in the region have arrangements outside of the asylum system (such as temporary residence permits, labor migration visas, humanitarian visas, and regional visa agreements), thus the countries processing the largest number of asylum seekers are not necessarily the one hosting or receiving the largest number of refugees. After Colombia, Peru hosts the largest number of Venezuelan refugees, followed by Ecuador, Argentina, Chile, and Brazil.

In recent years, the number of migrants detected to be undocumented has risen significantly, in part due to the rejection of asylum applications (World Bank 2017). According to the European Commission, the approval rate for first-time asylum applications during the second and third quarters of 2018 was 37 percent, much lower than the 46 percent for 2017. This implies that of the 580,000 first-time applicants in 2018, the number of potential returnees in the medium term is about 365,000. With a total stock of over 870,000 pending asylum applications at end-2018 and also considering detected undocumented economic migrants, the number of potential returnees from the European Union (EU) is estimated at over 6 million in 2018 (figure 2.3).

Figure 2.3 Return Migration Is Likely to Increase from the European Union and the United States



Source: Calculations using data from Eurostat and the U.S. Department of Homeland Security (DHS), U.S. Customs and Border Protection (CBP), and U.S. Immigration and Custom Enforcement (ICE).
Note: Asylum seekers are first-time asylum applicants from non-EU-28 countries. Undocumented detected stock_t = undocumented detected stock_{t-1} + new undocumented detected_t - returned_T. EU = European Union.

Other countries have large numbers of potential returnees or have deported large numbers of migrants. In the United States, the stock of detected undocumented persons may be close to 3.8 million, and the total number of undocumented migrants was estimated at 10.7 million in 2016 (López, Bialik, and Radford 2018). About 3.9 million migrants were deported from Saudi Arabia between March 2011 and August 2018, at an annual average rate of over 500,000. Thailand continues to crack down on undocumented migrants with 31,136 Cambodians and over 70,000 Myanmar nationals reported to have been deported in 2018. Managing these returns and their subsequent reintegration into origin communities will require substantial resources as well as international cooperation.[13]

2.3 Global Compact on Migration and the UN Network on Migration

On December 19, 2018, the United Nations General Assembly voted to formally adopt the Global Compact for Safe, Orderly and Regular Migration (GCM), with 152 votes in favor and 5 votes against. Supporters hailed the Compact as a step toward managing migration in a more humane and orderly manner. Opponents expressed concerns about a loss of sovereignty in managing the inflow of people into their country, even though the GCM is not a legally binding treaty, nor does it guarantee new rights for migrants. The withdrawal of several countries from the Compact points to heightened political sensitivities toward immigration and misperceptions among the public—"myths" in the words of the UN Secretary-General (World Bank 2018c; Mohieldin and Ratha 2019).

To support the implementation of the GCM, the United Nations has established a Network on Migration consisting of 38 interested members of the UN system that have mandates to which migration is relevant. The International Organization for Migration (IOM) has been brought into the UN system as a UN-related institution and tasked with the role of coordinating the UN Migration Network. An Executive Committee has also been established.

Two processes important for the implementation of the GCM are the International Migration Review Forum (to take place every four years, beginning in 2022) and the Regional Migration Review Forum (every four years, beginning in 2020). The modalities for these review forums will be defined at the UN General Assembly in 2019. A possible voluntary mechanism for preparing for these review forums could be a Systematic Review Framework for the GCM, similar to the Mutual Assessment Process (MAP) that the Group of Twenty (G-20) implemented shortly after the global financial crisis in 2009 (World Bank 2018b). A core element of the Systematic Review Framework would be an activity and policy template to be prepared by each Member State on a voluntary basis (Ratha 2018).[14] The Global Forum on Migration and Development (GFMD), with its state-led and non-legally binding structure, could be called upon to implement the systematic review process in collaboration with KNOMAD and selected members of the UN Migration Network.

The GCM could be strengthened in the area of addressing the challenges that migration poses to non-migrants. For example, natives are concerned with maintaining their national identity in the face of large immigration flows and feel particularly challenged by large flows of irregular migrants. Native workers may feel threatened by job competition from migrants, particularly those in low-skilled occupations in countries with high levels of low-skilled immigration. Also, family members of migrants left behind in the country of origin, while often benefiting from remittances, can face difficulties due to the absence of parents or spouses.

2.4 Next Phase of the Global Knowledge Partnership on Migration and Development (KNOMAD) Launched

KNOMAD commenced its second phase from December 2018.[15] To address new realities, KNOMAD has reorganized its thematic working groups to address the following themes: Data and Demographics, Labor Migration, Migrant Rights and Integration in Host Communities, Remittances and Diaspora Resources, Environmental Change and Migration, Internal Migration and Urbanization, Forced Migration and Development, Return Migration and Reintegration, and Special Issues (such as gender, migration of children and youth, local governments and migration, irregular migration, smuggling, and human trafficking).

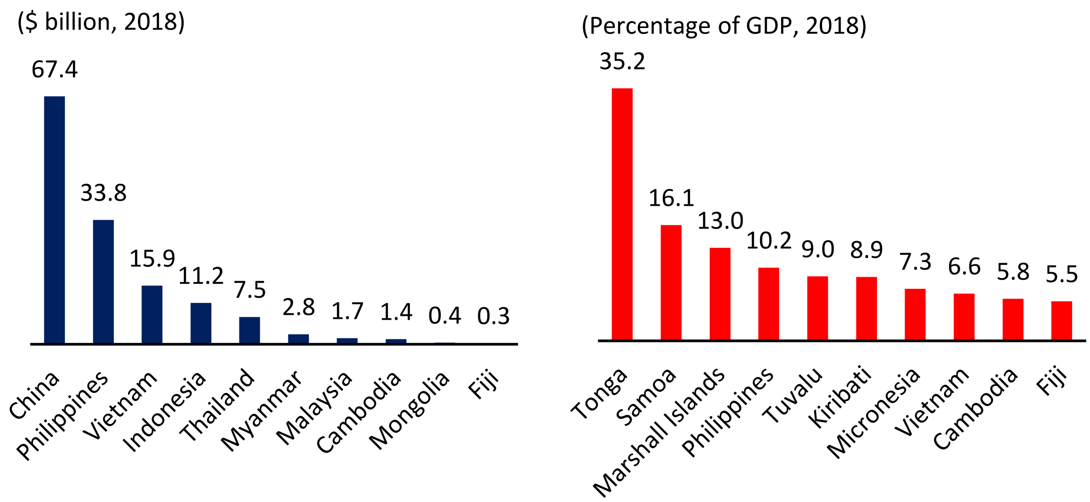
3. Regional Trends in Migration and Remittance Flows

3.1 Remittances to East Asia and the Pacific Held Steady in 2018

Remittance trends. Formal remittances to the East Asia and Pacific region were expected to grow by 6.7 percent in 2018, 1.6 percentage points higher than the growth rate in 2017. In 2019 and 2020, annual growth of 4.2 percent and 4.7 percent is expected, respectively.

Remittances to the Philippines rose by 3.1 percent in 2018, to reach $33.8 billion, down from the 5.4 percent growth seen in 2017 (figure 3.1). Growth was lower due to the significant drop of 15 percent in private transfers from the Middle East in 2018. Remittances to Indonesia experienced double-digit growth in 2018 at around 24.7 percent, after a muted performance in 2017. In contrast to the Philippines, flows from the Middle East (particularly Saudi Arabia) to Indonesia expanded by almost 50 percent in 2018.

Figure 3.1 Top Remittance Recipients in the East Asia and Pacific Region, 2018



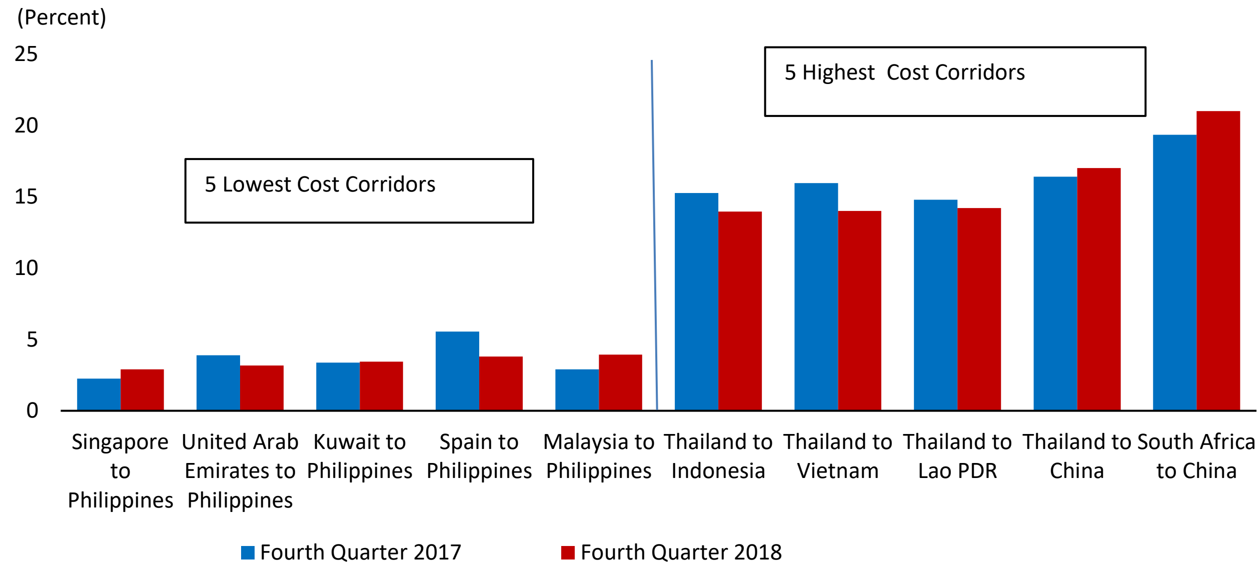
Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: GDP = gross domestic product.

Remittance costs. The average cost of sending remittances to the East Asia and Pacific region was 7.3 percent in 2018 Q4, down from a quarterly average of almost 8 percent in 2017. The five lowest-cost corridors in the region averaged 3.5 percent while the five highest-cost corridors averaged 16 percent as of 2018 Q4 (figure 3.2). Money transfer fees from Thailand to neighboring countries in Southeast Asia remained among the highest, averaging 15 percent across 2018.

Migration trends. Cambodia is sending its workers to Kuwait for the first time this year though they signed an MOU over a decade ago. A target of 5,000 workers was agreed upon between the two countries.[16] In Hong Kong, an initial batch of 14 Cambodian domestic workers arrived under a pilot program in January. The primary destination for Cambodian migrants is Thailand (an estimated 1 million, most of whom use irregular channels) followed by Malaysia and the Republic of Korea. Myanmar officials stated in February that 5 million Myanmar nationals are working overseas with about 3 million in Thailand, mostly in manual labor. Thailand continues to crack down on irregular migrants under a campaign called "X-Ray Outlaw Foreigners"; over 100,000 migrants were deported in 2018.[17]

Japan is the fastest-growing destination for formal Vietnamese migrants. Official statistics indicated that 142,800 Vietnamese left for work abroad in 2018 (a 6 percent growth over the previous year), of whom 68,700 went to Japan; followed by 60,400 to Taiwan, China; and 6,500 to Korea. In recent years, more than 100,000 Vietnamese have left annually to work abroad, and an estimated 540,000 Vietnamese are currently working overseas.[18]

Figure 3.2 Remittance Fees to the Philippines Are among the Lowest in the East Asia and Pacific Region



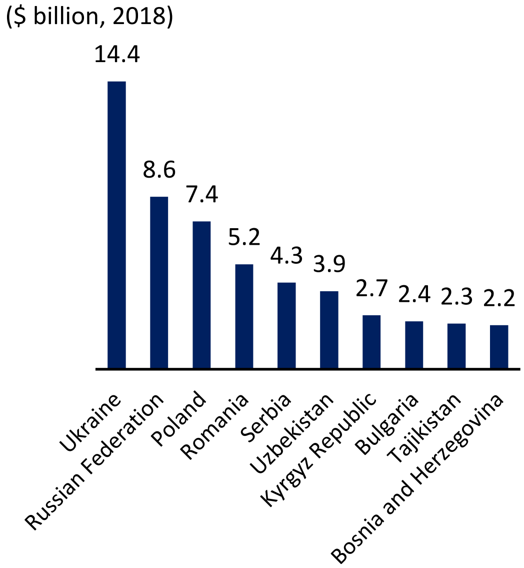
Source: World Bank Remittance Prices Worldwide database. *Note:* Cost of sending $200 or equivalent.

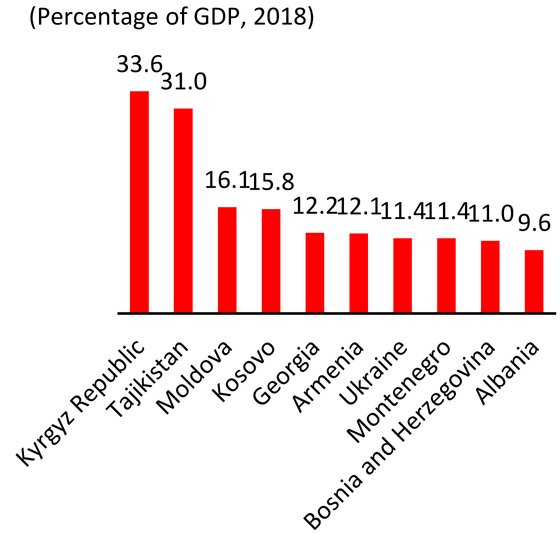
3.2 Remittances to Europe and Central Asia Continued to Grow Rapidly in 2018

Remittance trends. After posting 22 percent growth in 2017, remittances to Europe and Central Asia (ECA) grew by an estimated 11.2 percent to $59 billion in 2018. Continued growth in economic activity increased outbound remittances from Poland, Russia, Spain, and the United States—major sources for remittances for the region. Smaller remittance-dependent countries in the region, such as Kyrgyz Republic, Tajikistan, and Uzbekistan, have particularly benefited from the sustained rebound of economic activity in Russia, the primary destination of low-skilled migrants from these countries.[19]

Ukraine, the region's largest recipient of remittances, received a record $14.4 billion in 2018, a growth of about 18.5 percent over 2017 (figure 3.3), with a lion's share coming from Poland, followed by Russia, the United States, and the Czech Republic. The recent surge in remittance flows to Ukraine also reflects a revised methodology for estimating remittances to the country and growing demand for migrant workers from neighboring countries. Russia and Romania are the second- and third-largest recipients in the region, receiving $8.6 billion and $5.2 billion, respectively, followed by Serbia and Uzbekistan. As a share of GDP, Kyrgyz Republic and Tajikistan are still leading the ECA countries, at about 35.1 percent and 32.2 percent (figure 3.3), as remittances remained by far the biggest source of foreign currency earnings for those countries.

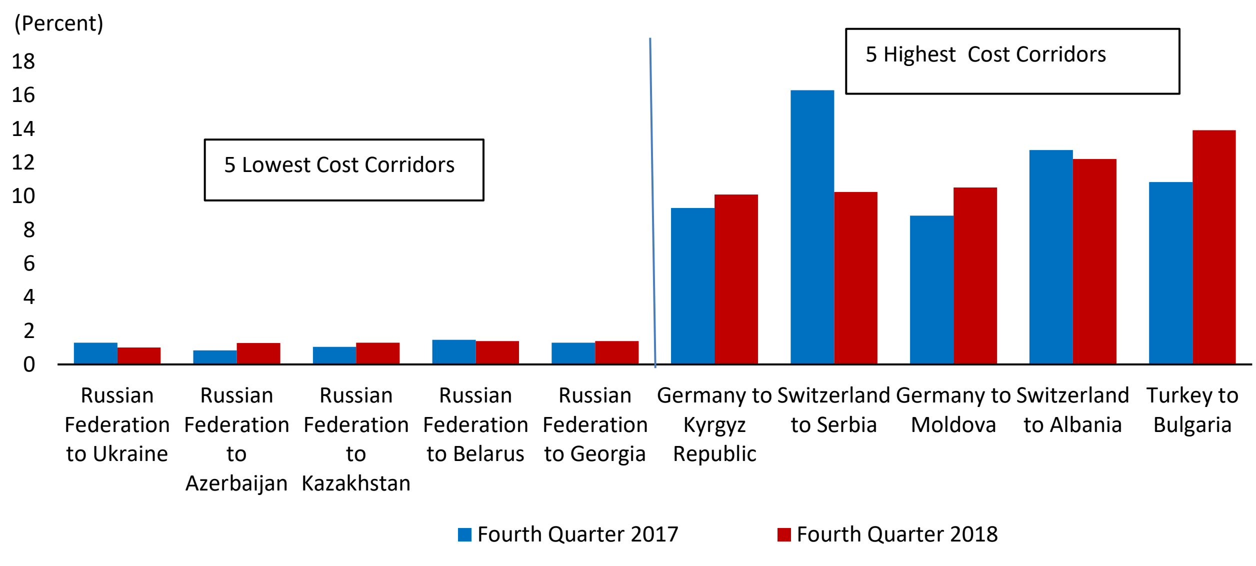
Figure 3.3 Remittance Inflows to Europe and Central Asia Remained Strong in 2018





Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: GDP = gross domestic product.

Figure 3.4 Russia Remained the Least Expensive Country from Which to Send Money in Europe and Central Asia



Source: World Bank Remittance Prices Worldwide database. *Note:* Cost of sending $200 or equivalent.

Remittance costs. The average cost of sending $200 to the ECA region rose slightly to 6.9 percent in the 2018 Q4 from 6.6 percent a year earlier. The average cost of remitting from Russia rose from 1.7 percent to 1.9 percent, but even so remains the lowest in the world. Differences in costs across corridors in the region are significant; the highest-cost was Turkey to Bulgaria, while the lowest was Russia to Ukraine (figure 3.4).

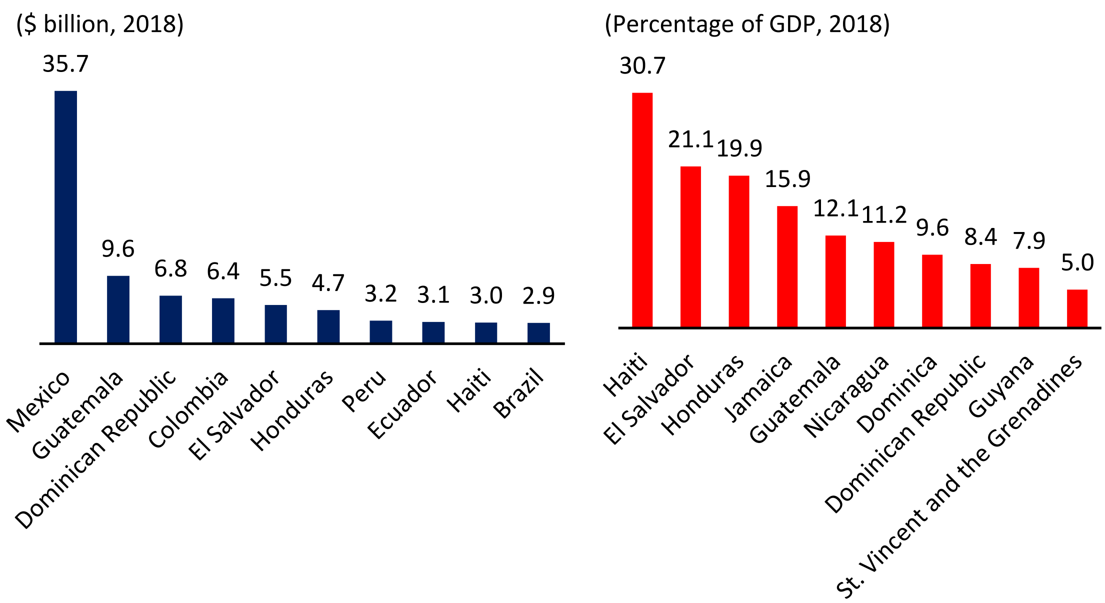
Migration trends. About 5 million Ukrainians, out of a population of 44 million, are labor migrants, according to an estimate by the All-Ukrainian Association of Companies on International Employment. The county attracting the most Ukrainian migrants has been Poland, where some 1.2 million Ukrainians currently work, according to the central bank.[20]

According to data released by the Office for National Statistics, net migration from the European Union to the United Kingdom slumped to just 57,000 in the 12 months through September 2018, the lowest level since 2009 and half the number recorded a year earlier. EU net migration to Britain has fallen by 70 percent since Britain voted to leave the European Union in the June 2016 referendum. Meanwhile, net migration from countries outside the European Union climbed to 261,000, the highest number since 2004.

3.3 Remittances to Latin America and the Caribbean Continued to Rise

Remittance trends. Remittance flows into Latin America and the Caribbean increased by 9.5 percent in 2018, reaching $88 billion. This growth is tied to the sustained strength of the U.S. labor market in 2017–18 and, to some extent, Spain. However, growth in remittances is projected to moderate to around 4 percent in 2019 amid a projected moderation in the U.S. economy.

Figure 3.5 Remittance Inflows to Latin America and the Caribbean Remained Robust in 2018

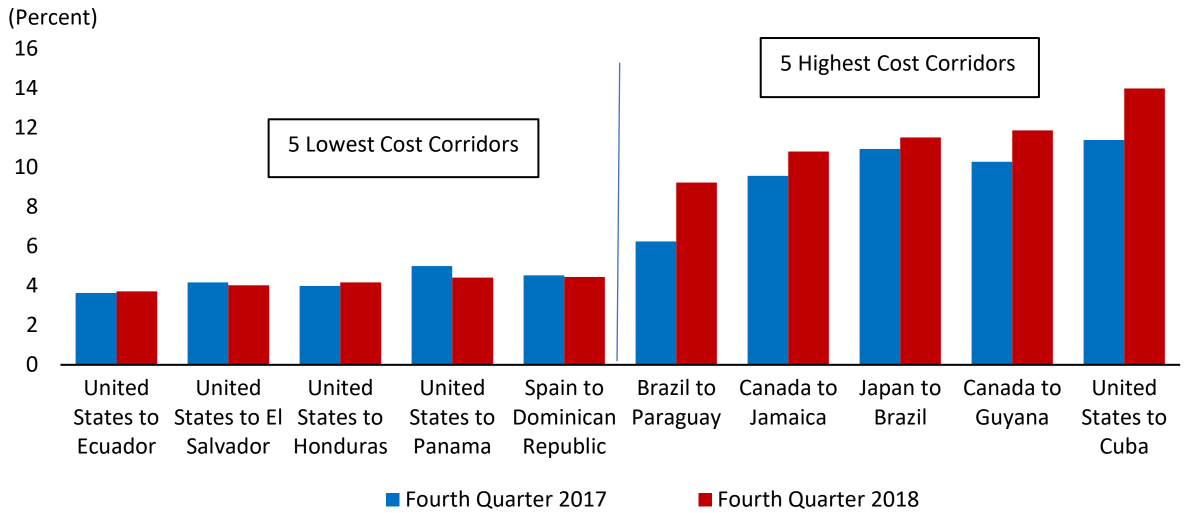


Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: GDP = gross domestic product.

Mexico continued to receive the largest amount of remittances in the region, posting an estimated $35.7 billion in 2018, a growth of about 11 percent over the previous year (figure 3.5). Mexico is the third-largest recipient of remittances globally. Countries in South America who have migrants in Spain posted a growth in remittances (in the case of Colombia and Ecuador, this was 16 percent and 8 percent, respectively). Three other countries in the region posted a double-digit growth rate: Guatemala (13 percent) as well as the Dominican Republic and Honduras (both 10 percent), reflecting robust outbound remittances from the United States. Remittances to El Salvador reached $5.5 billion in 2018 with an increase of 8 percent.

Remittance costs. The average cost of sending money to Latin America and the Caribbean was 6.3 percent in 2018 Q4, up slightly from the 5.9 percent recorded in 2017 Q4. Nevertheless, the region continues to have the second-lowest average remittance costs among LMIC regions, following South Asia. Figure 3.6 shows corridor-specific data on the lowest- and highest-cost corridors; the United States features at both ends of the spectrum.

Figure 3.6 Cost of Sending Money to Latin America and the Caribbean Increased



Source: World Bank Remittance Prices Worldwide database. *Note:* Cost of sending $200 or equivalent.

Migration trends. Latin America is facing several migratory movements from Central America and Venezuela. The U.S. undocumented population from Mexico fell by nearly 400,000 in 2017 (Warren 2019). Since 2015, around 2.7 million persons have left Venezuela for other countries, especially in South America.

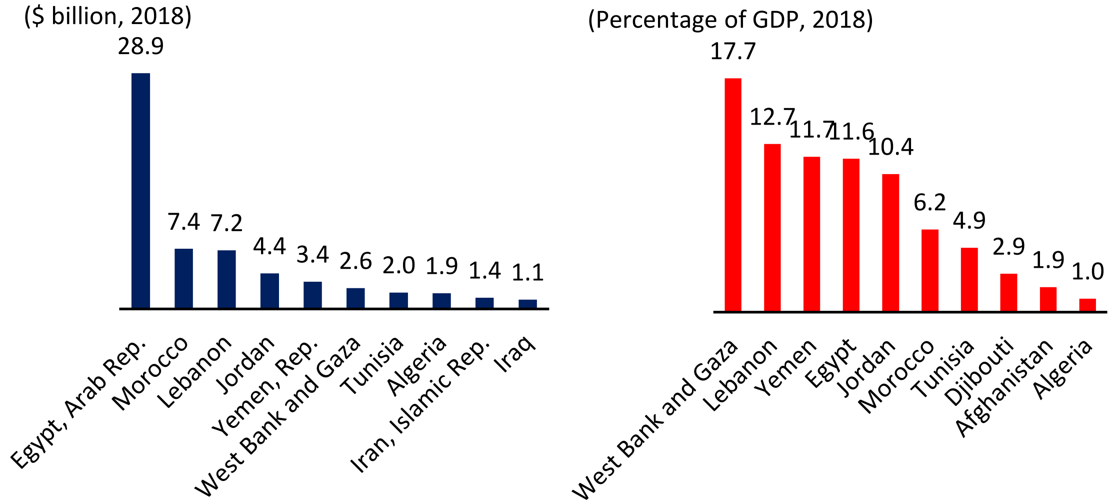
3.4 Remittances to the Middle East and North Africa Remained Robust in 2018

Remittance trends. Remittances to the Middle East and North Africa (MENA) region grew by about 9.1 percent in 2018, following the 10.6 percent growth seen in 2017 (figure 3.7). Remittances to Egypt increased by around 17 percent.[21] In contrast, remittances to Jordan were projected to decline by 1.4 percent in 2018. Remittances to Lebanon were set to grow at a moderate pace of around 1.8 percent. Beyond 2018, the growth of remittances to the MENA region is expected to continue, albeit at a slower pace of around 3 percent due to moderating growth in the euro area.

Remittance costs. The cost of sending $200 to the MENA region declined slightly in 2018 Q4 to 6.9 percent, from 7.4 percent in the same quarter of the previous year. This is close to the global average, which was 7 percent in the same quarter. Costs vary greatly across corridors: the cost of sending money from high-income OECD countries to Lebanon continues to be in the double digits. On the other hand, sending money from GCC countries to Egypt and Jordan costs below 5 percent in some corridors (figure 3.8).

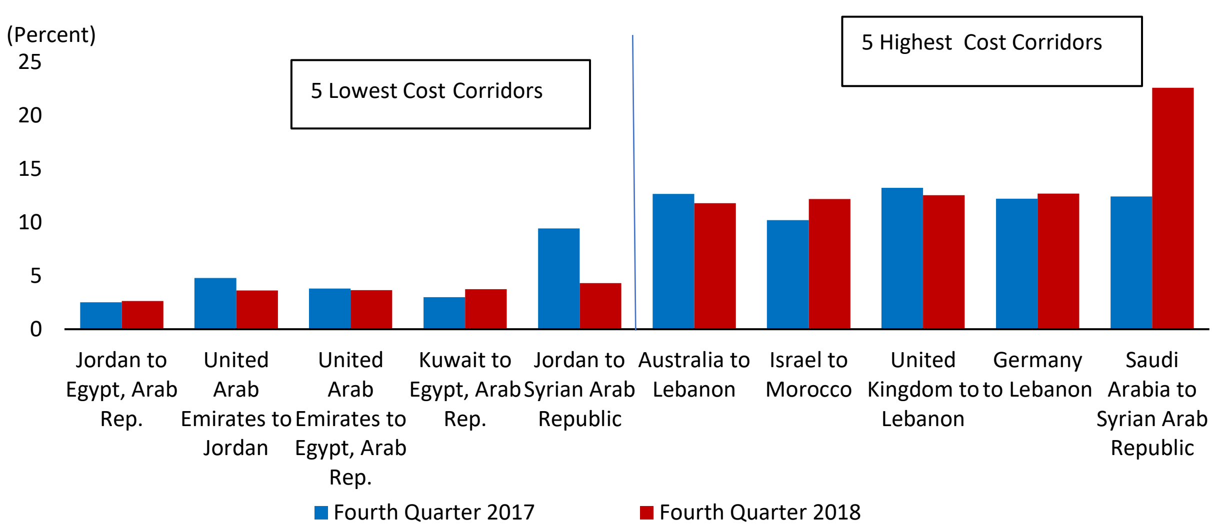
Migration trends. Despite the conflict ongoing since mid-2014, Yemen has emerged as a major transit hub for mixed migration, that is, combined movements of irregular economic migrants, those fleeing war and persecution, and also victims of trafficking (Wilson-Smith 2019). Most of these mixed-migration routes originate in the Horn of Africa and then radiate to either the north/northwest toward Europe, to the east toward the GCC countries, or the south toward Kenya and South Africa. While the number of irregular migrants and trafficked persons is difficult to enumerate, in mid-2018, the largest group of refugees in Yemen were Somalis (256,363), followed by Ethiopians (6,297).

Figure 3.7 Remittance Inflows to the Middle East and North Africa Grew Rapidly in 2018



Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: GDP = gross domestic product.

Figure 3.8 Sending Money within the Middle East and North Africa Is Less Expensive than Sending Money from Outside



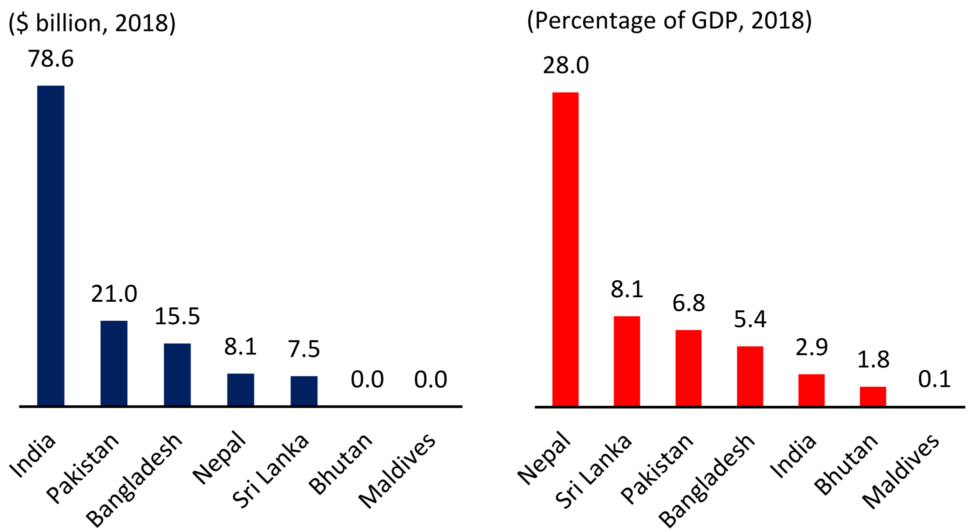
Source: World Bank Remittance Prices Worldwide database. *Note:* Cost of sending $200 or equivalent.

3.5 Remittances to South Asia Grew in 2018

Remittances to South Asia increased by an estimated 12.3 percent in 2018, a faster pace than the 5.7 percent growth seen in 2017. The upsurge was driven by stronger economic conditions in high-income economies (particularly the United States) and strong oil prices that had a positive impact on remittance outflows from some GCC countries.

In India, remittances grew by over 14 percent in 2018 to $78.6 billion (figure 3.9). A flooding disaster in the southern Indian state of Kerala is likely to have boosted remittances, with migrants sending financial help to families back home. In Pakistan, remittance growth remained moderate in 2018 (6.7 percent) due to significant declines in inflows from Saudi Arabia (the largest remittance source). In Bangladesh, remittances showed a brisk uptick in 2018 (14.8 percent), and Sri Lanka witnessed remittance growth of 3.8 percent. For 2019, it is projected that remittances to the region will slow to 4.3 percent due to a moderation of growth in high-income economies and slower migration to the GCC countries.

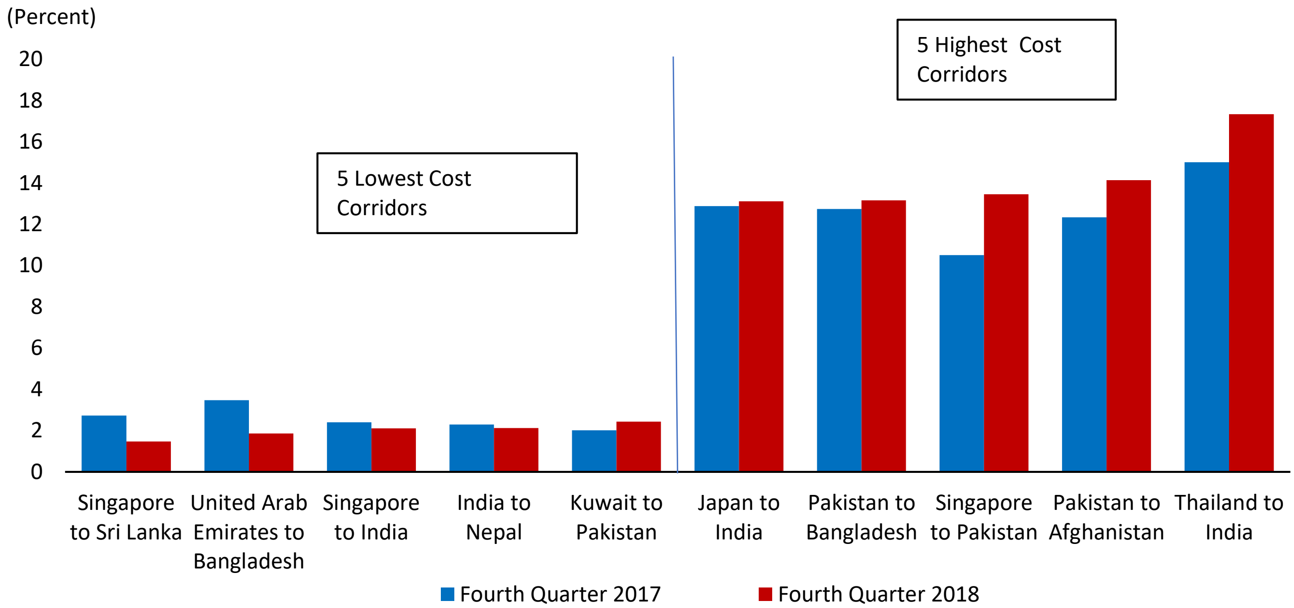
Figure 3.9 Remittance Inflows to South Asia Grew in 2018



Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: GDP = gross domestic product.

Remittance costs. South Asia had the lowest average remittance costs of any world region (at 5.2 percent) in 2018 Q4. Some of the lowest-cost corridors, originating in the GCC countries and Singapore, and the India-Nepal corridor had costs below the SDG target of 3 percent owing to high volumes, competitive markets, and deployment of technology (figure 3.10). But costs are well over 10 percent in the highest-cost corridors due to low volumes, little competition, and regulatory concerns. Banking regulations (related to AML/CFT) raise the risk profile of remittance service providers and thereby increase costs in some corridors. The Financial Action Task Force (FATF), the global body monitoring AML/CFT risks, classifies Pakistan and Sri Lanka as "jurisdictions with strategic deficiencies," while Afghanistan graduated out of the ongoing global AML/CFT compliance process in June 2017 (FATF, 2017).

Figure 3.10 The Costs of Sending Remittances to South Asia Varied Widely across Corridors



Source: World Bank Remittance Prices Worldwide database. *Note:* Cost of sending $200 or equivalent.

Migration trends. The region saw a fall in migrant worker deployments due to lower demand from the GCC countries, especially Saudi Arabia. In India, the number of low-skilled emigrants seeking mandatory clearance for emigration dropped by 15 percent in 2018 (340,157) compared with 2017. In Pakistan, too, the number of emigrants dropped from a peak of 946,571 in 2015 to 496,286 in 2017, and fell again by 30 percent to 382,439 in 2018. The pace of migrant worker deployments from Bangladesh also declined by 37 percent from 1,008,525 in 2017 to 734,181 in 2018 (largely due to a fall in deployments to Saudi Arabia from 551,308 to 257,317) (BMET).

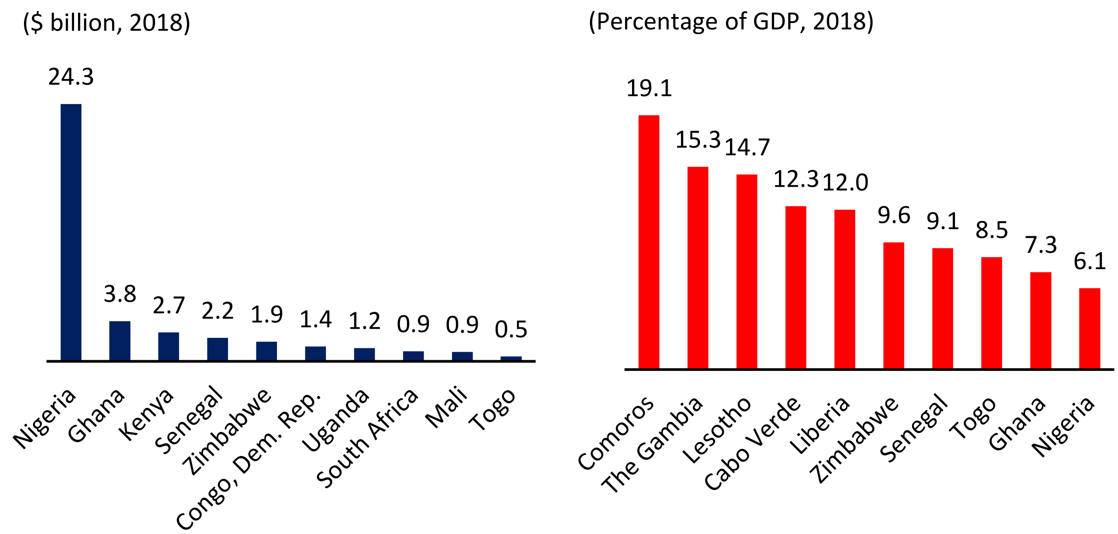
Pakistan's government issued a retail investment instrument to attract foreign exchange from overseas Pakistanis and overseas accounts of residents in late January. Named "Pakistan Banao Certificates," these are U.S.-dollar-denominated securities carrying coupons of 6.25 percent and 6.75 percent payable semiannually for three- and five-year maturity periods, respectively. Profit payments are exempt from a deduction of tax at the source, and minimum investment is $5,000. Around $1 million was received in the first two weeks from around 50 investors.

3.6 Remittances to Sub-Saharan Africa Continued to Accelerate in 2018

Remittance trends. Remittances to Sub-Saharan Africa were estimated to grow by 9.6 percent from $42 billion in 2017 to $46 billion in 2018. Projections indicate that remittances to the region will keep increasing, but at a lower rate, to $48 billion by 2019 and to $51 billion by 2020. The upward trend observed since 2016 is explained by strong economic conditions in the high-income economies where many Sub-Saharan African migrants earn their income.

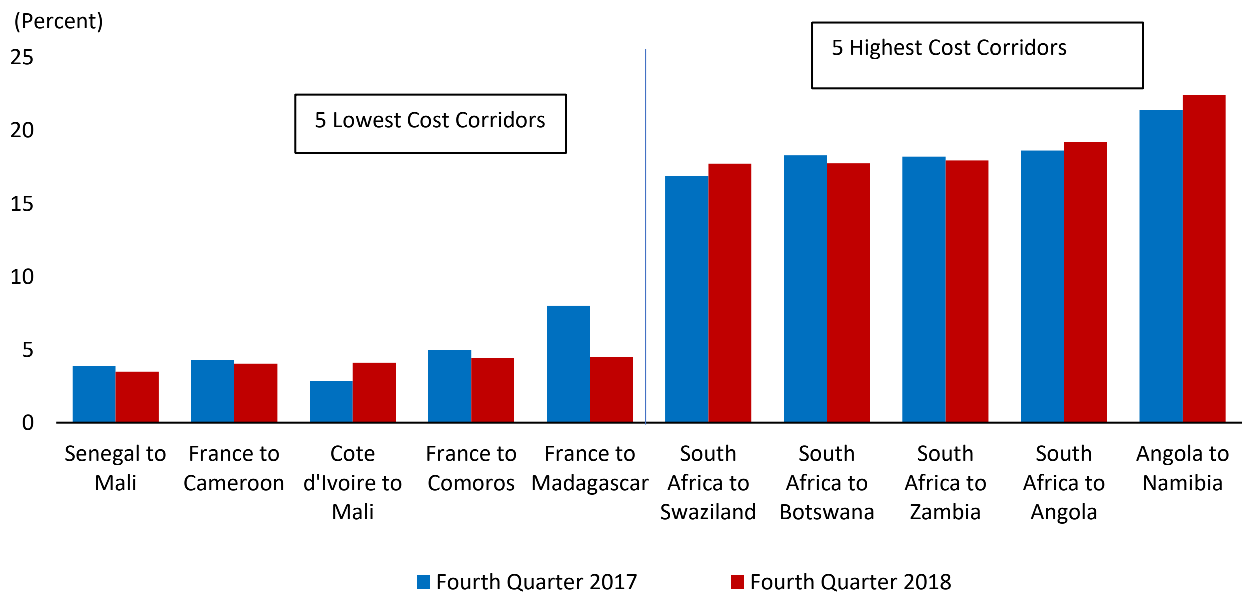
Nigeria, the largest remittance-recipient country in Sub-Saharan Africa and the sixth largest among LMICs, received more than $24.3 billion in official remittances in 2018, an increase of more than $2 billion compared with the previous year (figure 3.11). Looking at remittances as a share of GDP, Comoros has the largest share, followed by the Gambia, Lesotho, Senegal, Cabo Verde, Liberia, Senegal, Zimbabwe, Togo, Ghana, and Nigeria.

Figure 3.11 Remittance Inflows to Sub-Saharan Africa Rose in 2018, Led by Nigeria



Sources: World Bank staff estimates, World Development Indicators, and International Monetary Fund (IMF) Balance of Payments Statistics.
Note: GDP = gross domestic product.

Figure 3.12 Five Most and Least Expensive Remittance Corridors in Sub-Saharan Africa



Source: World Bank Remittance Prices Worldwide database. *Note:* Cost of sending $200 or equivalent.

Remittance costs. The average cost of sending $200 to the Sub-Saharan African region averaged 9 percent in 2018 Q4, almost the same as in 2018 Q3. A slight declining trend has been observed in remittance costs in the region since the beginning of 2018, but this remains far above the global average of 7 percent and the SDG target of 3 percent to be achieved by 2030. Moreover, the regional average hides country-level variations. For instance, in 2018, for the cheapest corridors it costs on average 3.5 percent, an amount close to the SDG 3 percent target (figure 3.12). On the other hand, for the five most expensive corridors, mainly in the southern African subregion, the average cost was 18.7 percent, almost three times higher than the global average and six times higher than the SDG target. The most expensive corridor (Angola-Namibia), saw significant variation in fees from 15.8 to 22.4 percent between 2018 Q3 and 2018 Q4. This indicates that efforts are needed to address high intraregional transaction costs in the remittance-transmission industry.

Migration trends. According to the UNHCR, by end February 2019, there were more than 2.5 million internally displaced persons in the Lake Chad Basin; this includes around 2 million in Nigeria, 246,000 in Cameroon, 165,000 in Chad, and 104,000 in Niger. The crisis in the Central African Republic continues to trigger massive forced displacement. By end February 2019, there were about 591,000 refugees from the Central African Republic with most of them registered in Cameroon, the Democratic Republic of Congo, and Chad; and around 641,000 were internally displaced in the Central African Republic. By end February 2019, there were 806,680 Somali refugees living mainly in Kenya, Ethiopia, and Yemen (UNHCR 2019b).

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[1] The methodology used here to forecast remittance flows—a process that is largely dependent on the global economic outlook—is outlined elsewhere (see World Bank 2017, appendix A).

[2] According to the U.S. Government Accountability Office (GAO 2018), “derisking is the practice of depository institutions limiting certain services or ending their relationships with customers to, among other things, avoid perceived regulatory concerns about facilitating money laundering or other criminal activity such as financing to terrorist groups.”

[3] In Q1 2019, the Global Smart Remitter Target (SmaRT) Average was recorded at 4.57 percent, down nearly 0.7 percentage points from a year earlier. SmarRT is aimed to reflect the cost that a savvy customer with access to sufficiently complete information could pay to transfer remittances in each corridor.

[4] The Financial Action Task Force (FATF), the international standard setter on anti-money laundering, defines de-risking as “the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk (…). De-risking can be the result of various drivers, such as concerns about profitability, prudential requirements, anxiety after the global financial crisis, and reputational risk.” De-risking has the potential to reverse progress made in reducing remittance costs and adversely impacts broader development objectives.

[5] Tier classification criteria/definitions (UN 2019):

Tier 1: Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by countries for at least 50 percent of countries and of the population in every region where the indicator is relevant.

Tier 2: Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries.
Tier 3: No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being (or will be) developed or tested.

[6] The initial members of the expert network consist of representatives from national statistical offices (NSOs) of Indonesia, Jamaica, Lao People's Democratic Republic, Malaysia, Mexico, Nigeria, the Philippines, Senegal, Sri Lanka, Thailand, Uganda, the World Bank, and the International Labour Organization (ILO).

[7] Nevertheless, in the Gulf Cooperation Council (GCC) countries, migrants remain a vital part of the workforce. In 2018, about 86 percent of Kuwait's workers were foreign born, with the majority (60 percent) coming from Asia. About 96 percent of workers in the private sector were foreign born, as were 100 percent of domestic workers. In Bahrain, about 74 percent of migrants had a job, and they accounted for 79 percent of the country's workers and 83 percent of the private sector workforce (GLMM 2019).

[8] The new law will allow inflows of two types of foreign workers: (i) low-skilled foreign workers who would reside in Japan for up to five years but shall not be allowed to bring their family members, and (ii) foreign workers with a higher level of skills (not specialists) who would be allowed to bring their family members and could be allowed to live in Japan indefinitely.

[9] The sectors are health care, hospitality, food services, aviation, building maintenance, construction, industrial machinery, automotive repair and maintenance, electronics, food and beverage manufacturing, machine parts and tooling, shipbuilding, agriculture, and fisheries and aquaculture.

[10] As of end-2017, the top host countries for refugees included Turkey (3.5 million), Pakistan (1.4 million), Uganda (1.4 million), Lebanon (1 million), and Iran (1 million). The top refugee origin countries were Syria (6.3 million), Afghanistan (2.6 million), South Sudan (2.4 million), Somalia (1 million), and Sudan (0.7 million) (UNHCR 2017).

[11] Overall, total arrivals through the Mediterranean Sea were 141,472 with 2,277 dead or missing; this is a significant decline compared to 2017, when about 185,139 arrivals and 3,139 dead/missing were registered. The newly established Libyan Search and Rescue Region (SRR) contributed to reducing the number of arrivals; however, 85 percent of those rescued or intercepted were disembarked and detained in appalling conditions in Libyan detention centers. The most common countries of origin of arrivals were: Morocco, Guinea, Mali, Algeria, and Côte d'Ivoire (in Spain); Tunisia, Eritrea, Iraq, Sudan, and Pakistan (in Italy); Afghanistan, Syria, Iraq, the Democratic Republic of Congo, and the West Bank and Gaza (in Greece).

[12] Northern Nigeria's conflict with Boko Haram has spilled over to the Lake Chad Basin region, where Nigerian refugees have been hosted since 2014, causing large refugee influxes in the neighboring countries of Cameroon, Chad, and Niger. This conflict is combined with preexisting social, environmental, and climate conditions and exacerbated by resource scarcity and governance issues in the Lake Chad Basin (UNHCR 2019b).

[13] In the past, besides deportations of individuals, many countries have exercised mass expulsions based on nationality, ethnicity, or religion. Xenophobic attacks often precede such expulsions. These are often driven by political events such as the regime of Idi Amin in Uganda and the reorganization of national boundaries like those following World War I and II, the partition of British India, or the breakup of Yugoslavia. In Europe, the last major population transfer was the deportation of 800,000 and the displacement of 250,000 other ethnic Albanians during the Kosovo war in 1999.

[14] The template would list ongoing or planned activities to address specific objectives of the Global Compact on Migration (GCM). Besides providing a benchmark for monitoring progress from one year to another, the template would serve as a rich source of information for peers to review as well as replicate. The template could also indicate complementary actions, if any, undertaken by (or expected from) partner countries, private foundations, and civil society organizations.

[15] KNOMAD is a multidisciplinary brain trust for the global migration community. KNOMAD is supported by a multidonor trust fund with contributions from the European Union, Germany, Sweden, Switzerland, and the World Bank.

[16] Cambodia also signed a memorandum of understanding (MOU) with Qatar in 2011 that has yet to be acted upon.

[17] Racial overtones of the campaign have sparked concerns about profiling based on skin color with some authorities stating that they seek to differentiate between "good dark-skinned people" and those likely to commit crimes. The crackdown has also adversely affected refugees (in spite of receiving refugee status by the UNCHR) and asylum seekers who are regarded as irregular migrants due to not having valid passports and visas (*The Straits Times* 2018).

[18] Vietnamese workers are reported to earn a monthly average of $1,000–$1,200 in Japan and the Republic of Korea, $700–$800 in Taiwan, and $400–$600 in the Middle East, according to officials (ILO 2018).

[19] Construction sector growth was particularly robust in the Russian economy in 2018, driving demand for low-skilled labor. With the launch of a new program of infrastructure investment, the demand for migrant workers is likely to remain strong in Russia in 2019. Notably, the increased volume of temporary cross-border workers mainly explains the strong growth of remittances to the region in recent years, encouraged by the introduction of visa-free EU travel and the simplification of procedures for foreigners to work in Russia stemming from Eurasian Economic Union membership.

[20] In Poland, average wages are around $1,050, about three times higher than in Ukraine, and still lower than Western European standards but growing rapidly. Ukrainians are replacing some of the 2 million Polish workers who migrated to Western Europe, especially the United Kingdom, after Poland joined the European Union in 2004. While migrant workers have traditionally been in agriculture, construction, or domestic jobs, a small but growing number are skilled migrants such as doctors, nurses, and computer specialists. Poland has also seen a sharp surge in recent years in the number of Ukrainian university students, with many of them taking jobs in Poland after graduation.

[21] This could be attributed to improved economic growth in the country. Also, the floating of its currency in November 2016 caused exchange rate expectations to become more stable, and the official exchange rate converged with that of the informal market, boosting remittances.