Remittances Slowed in 2023, Expected to Grow Faster in 2024

Migration and Development Brief 40
June 2024

WORLD BANK GROUP

KNOMAD

KNOMAD

Migration and Development Briefs report updates on migration and remittance flows as well as salient policy developments in the area of international migration and development. The Global Knowledge Partnership on Migration and Development (KNOMAD) is a global hub of knowledge and policy expertise on migration and development. It aims to create and synthesize multidisciplinary knowledge and evidence; generate a menu of policy options for migration policy makers; and provide technical assistance and capacity building for pilot projects, evaluation of policies, and data collection. KNOMAD is supported by a multidonor trust fund established by the World Bank. The European Commission and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, commissioned by and on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), and the Swiss Agency for Development and Cooperation (SDC), are the contributors to the trust fund. The views expressed in this paper do not represent the views of the World Bank or the sponsoring organizations. All queries should be addressed to KNOMAD@worldbank.org. KNOMAD working papers, policy briefs, and a host of other resources on migration are available at www.KNOMAD.org.

WORLD BANK GROUP

Contents

List of Figures

List of Boxes

List of Tables

Acknowledgments

This brief was prepared by Dilip Ratha (lead author), Vandana Chandra, Eung Ju Kim, and Akhtar Mahmood of the Social Protection and Jobs Global Practice, and Sonia Plaza of the Finance, Competitiveness, and Innovation Global Practice. Thanks to Iffath Sharif and Loli Arribas-Banos for support and guidance. Comments from Pablo Ariel Acosta, Sara B. Alnashar, Oya Pinar Ardic Alper, Laurent Loic Yves Bossavie, Andrew Dabalen, Cyril Desponts, Nur Nasser Eddin, Fatma Elashmawy, Nelly Elmallakh, Roberta Gatti, Nathalie Gonzales-Prieto, Ergys Islamaj, Ivailo V. Izvorski, William Maloney, Aaditya Mattoo, Harish Natarajan, Franziska Ohnsorge, Rully Prassetya, Michal Rutkowski, Indhira Vanessa Santos, Mauro Testaverde, and Zoe Leiyu Xie are gratefully acknowledged. Thanks to Min Cao and Baran Pradhan for research assistance. The contributions of Rebecca Ong and Swati Mishra in communications support, and Fayre Makeig in editing are especially recognized.

Overview

Remittances remain a crucial source of external finance for low- and middle-income countries (LMICs). In 2023, officially recorded remittance flows to LMICs reached an estimated $656 billion. Despite a growth rate of 0.7 percent, remittances outperformed FDI, which registered negative growth, and official development assistance (ODA), which posted modest growth.

In 2023, remittance flows to LMICs were supported by strong labor markets in the advanced economies, particularly in the United States, which stands as the largest source country for remittances and the primary destination country for migrants. However, reduced remittances from the Gulf Cooperation Council (GCC) countries (where the oil GDP slowed) and the Russian Federation negatively impacted the growth of remittances to the Middle East and North Africa and Europe and Central Asia. In several countries, a divergence between market exchange rates and official rates discouraged remittance flows through official channels.

By region, remittance flows to Latin America and the Caribbean saw the highest increase, at 7.7 percent. South Asia's remittances grew by 5.2 percent, largely driven by robust flows to India, while the East Asia and Pacific region experienced 1.8 percent growth, supported by remittances to the Philippines. In contrast, Sub-Saharan Africa saw a slight decline of 0.3 percent in remittance flows, yet remittances continued to bolster the current accounts of several countries grappling with food insecurity and debt issues. Remittances to the Middle East and Africa dropped by nearly 15 percent, primarily due to reduced flows to the Arab Republic of Egypt, and flows to Europe and Central Asia fell by 10 percent, mainly stemming from diminished transfers from Russia to neighboring countries.

Looking ahead, remittances are expected to grow by 2.3 percent in 2024 and 2.8 percent in 2025, to reach $690 billion by 2025. In contrast, FDI flows, which have steadily decreased since 2012, are unlikely to recover strongly. The gap between remittances and FDI is therefore expected to widen further in the coming years. Potential downside risks to these projections are influenced by the economic stability of high-income migrant-hosting countries and ongoing headwinds, including an escalation of the evolving conflicts in the Middle East and disruptions of energy and financial markets that could push inflation up and reduce growth.

Sending remittances remains too costly due to limited competition among providers and inadequate cross-border inter-operability. In the fourth quarter of 2023, the global average cost of sending $200 was 6.4 percent of the amount being sent, slightly up from 6.2 percent a year earlier and well above the Sustainable Development Goal target of 3 percent. Digital remittances had a lower cost of 5 percent, compared with 7 percent for non-digital methods, highlighting the benefits of technological advancements in reducing migrants' financial burden.

Based on new census data and national statistics, the stock of international migrants is estimated to have been 302 million in 2023. The top destination countries are the United States, Germany, Saudi Arabia, Russia, and the United Kingdom. The largest origin countries are India, Ukraine, China, Mexico, and República Bolivariana de Venezuela. The largest migration corridor is from Mexico to the United States. According to the UNHCR, by December 2023, the number of refugees and asylum seekers fleeing war, violence, and persecution had reached 50 million. Strong migration pressures facing tighter borders in many destination countries seem to have increased the number of transit migrants, for example, in Mexico and in countries bordering Europe.

Regional Trends

Following a strong recovery in 2022, remittances to the East Asia and Pacific region grew by 1.8 percent to $134 billion in 2023. Remittances to East Asia excluding China increased by 4.8 percent to $85 billion in 2023. Remittances are crucial for Pacific Island economies such as Palau, Samoa, Tonga, and Vanuatu. Notably, Tonga was the most dependent globally, with remittances amounting to a 41 percent share of gross domestic product. Remittance flows to the region, excluding China, are projected to grow 3.2 percent in 2024. The cost of sending $200 to the region averaged 5.8 percent in late 2023, with costs as high as 17.1 percent in the most expensive corridor.

After a sharp 18 percent increase in 2022, remittances to Europe and Central Asia fell by 10 percent to $71 billion in 2023. The decline was driven by reduced transfers from Russia to the Central Asian countries, exacerbated by a sharp (39 percent) depreciation of the Russian ruble against the US dollar. Additionally, the ongoing war contributed to weaker-than-expected remittances to Ukraine and Russia. Remittance flows to Europe and Central Asia are projected to decline by 1.9 percent in 2024. Sending $200 to the region (excluding Russia) cost on average 6.7 percent (up from 6.4 percent the previous year), the second-highest cost among developing-country regions.

In Latin America and the Caribbean, remittance growth slowed to 8 percent in 2023, reaching $155 billion, supported by a strong US labor market. Mexico received $66.2 billion, a 7.8 percent increase, maintaining its position as the top recipient in the region. Growth rates varied widely, from a 44.5 percent increase in Nicaragua to a 13.4 percent decline in Argentina. Flows are expected to grow by 2.7 percent in 2024. The cost of sending $200 averaged 5.9 percent, largely unchanged from the previous year.

Remittances to the Middle East and North Africa fell by 15 percent to $55 billion in 2023, primarily due to a sharp decline in flows to Egypt, where the divergence between official and parallel foreign exchange rates likely diverted remittances to unofficial channels. After the unification of exchange rates in March 2024, there are signs of recovery in flows through official channels. Flows are projected to recover by 4.3 percent in 2024. The cost of sending $200 to the region averaged 5.9 percent, down from 6.7 percent the previous year.

Remittances to South Asia grew by 5.2 percent in 2023, reaching $186 billion, tapering off from a 12 percent increase in 2022. Growth was driven by India, which saw a 7.5 percent increase to $120 billion, supported by strong labor markets in the United States and Europe. Reduced outflows from the GCC countries, amid declining oil prices and production cuts, contributed to the slowdown. Flows are projected to grow by 4.2 percent in 2024. The cost of sending $200 averaged 5.8 percent, up from 4.2 percent the previous year.

Remittance flows to Sub-Saharan Africa reached $54 billion in 2023, a slight decrease of 0.3 percent. The projected moderate growth in remittances reflects the expected slower growth in the United States while a feeble rebound is expected in flows from Europe. Remittances supported the current accounts of several African countries that were dealing with food insecurity, drought, supply chain disruptions, floods, and debt-servicing difficulties. Countries heavily dependent on remittances include the Gambia, Lesotho, Comoros, Liberia, and Cabo Verde. Flows are projected to grow by 1.5 percent in 2024. Sending $200 to the region cost an average of 7.9 percent, almost unchanged from a year before.

1. Trends in Remittance Flows

1.1 Remittances Continued to Grow in 2023

Remittance flows to low- and middle-income countries (LMICs) grew by 0.7 percent to reach $656 billion in 2023 (table 1.1). Remittances continued to be the premier source of external finance for LMICs during 2023, surpassing foreign direct investment (FDI) and official development assistance (ODA) (figure 1.1). The moderation in remittances' growth rate in 2023 reflects a normalization of trends after the post-pandemic increase of 8.3 percent in 2021–22. By comparison, FDI declined sharply, thus widening the gap between the two flows.[1]

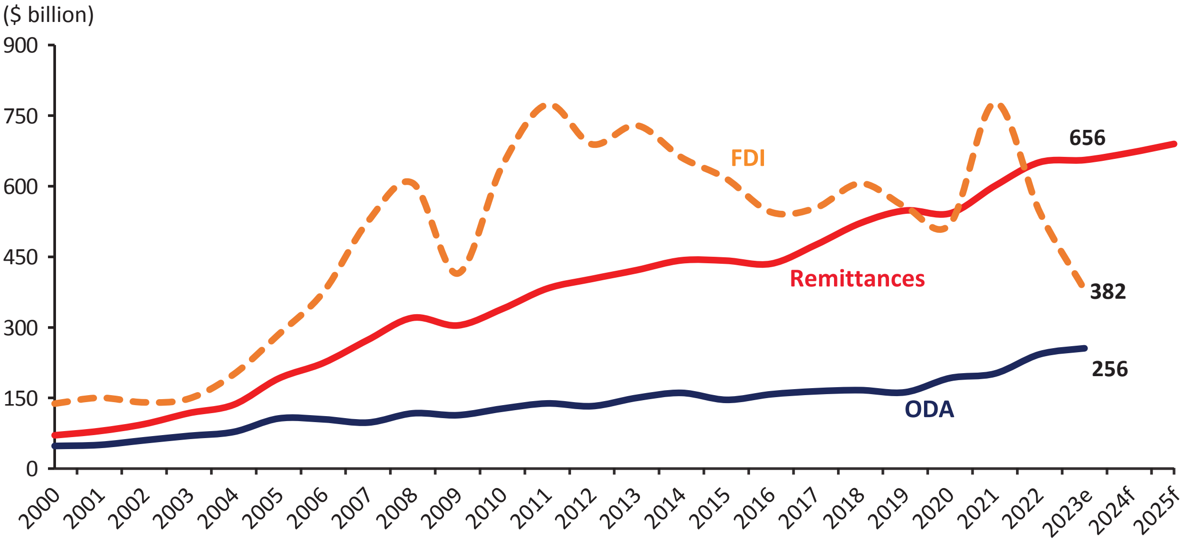
The top five recipient countries for remittances in 2023 are India, with an estimated inflow of $120 billion, followed by Mexico ($66 billion), China ($50 billion), the Philippines ($39 billion), and Pakistan ($27 billion) (figure 1.2a). In smaller economies, remittance inflows represent very large shares of gross domestic product (GDP), highlighting the importance of remittances for funding the current account and fiscal shortfalls.

Table 1.1 Remittance Flows to Low- and Middle-Income Regions, 2017–25

$ billion	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023e**	**2024f**	**2025f**
Low- and middle-income countries	**475**	**522**	**548**	**542**	**601**	**651**	**656**	**671**	**690**
East Asia and Pacific	129	137	143	132	128	132	134	136	137
excluding China	65	70	75	72	75	81	85	88	90
Europe and Central Asia	52	59	62	58	67	79	71	69	72
Latin America and Caribbean	81	89	96	104	131	144	155	160	162
Middle East and North Africa	54	55	57	59	67	65	55	58	61
South Asia	117	132	140	147	157	176	186	193	201
Sub-Saharan Africa	42	49	50	43	51	55	54	55	56
High-income countries	165	174	180	174	193	192	202	212	223
World	641	696	728	717	794	843	857	883	913
Growth rate (%)									
Low- and middle-income countries	9.2	9.7	5.0	–1.1	10.8	8.3	0.7	2.3	2.8
East Asia and Pacific	5.3	6.9	4.0	–8.0	–2.5	2.8	1.8	0.9	1.4
excluding China	5.8	8.3	6.4	–3.4	4.5	7.4	4.8	3.2	3.4
Europe and Central Asia	21.1	12.9	5.2	–7.0	15.4	18.1	–10.3	–1.9	3.6
Latin America and Caribbean	10.9	9.9	8.2	7.4	26.2	10.5	7.7	2.7	1.6
Middle East and North Africa	13.4	1.8	3.9	4.1	12.8	–3.2	–14.8	4.3	5.5
South Asia	6.0	12.3	6.1	5.2	6.7	12.4	5.2	4.2	4.1
Sub-Saharan Africa	9.6	17.1	0.9	–13.8	18.7	6.8	–0.3	1.5	1.5

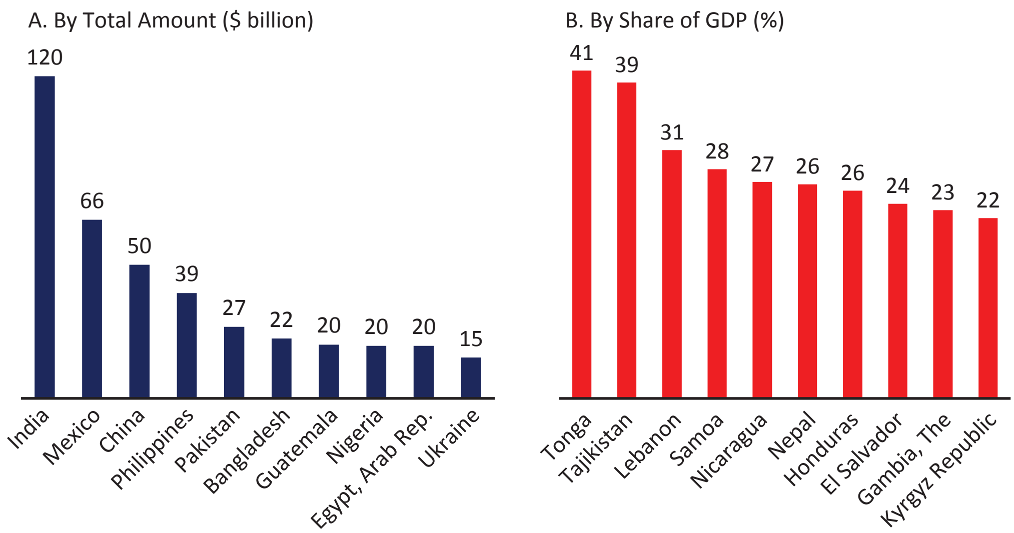
Source: World Bank/KNOMAD staff estimates.
Note: e = estimate; f = forecast.
The 2023 data for remittances and FDI flows are based on the Balance of Payment statistics of the International Monetary Fund (IMF), supplemented by data from central banks. Where full-year data are not yet available, estimates are used. ODA data and estimates are based on the World Bank's World Development Indicator database, and consist of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to countries and territories in the DAC list of ODA recipients. Some countries, such as China and Vietnam, have gaps in data following the transition from BPM5 to BPM6. Past data and some current trends are used to arrive at estimates in such cases. The projections for 2024 and 2025 are guided by an estimated model of remittances as a function of income in migrants' countries of destination and origin.

Figure 1.1 Remittances Larger than FDI and ODA Combined in 2023



Source: World Bank/KNOMAD staff estimates.
Note: f = forecast; FDI = foreign direct investment; ODA = official development assistance.

Figure 1.2 Top Recipients of Remittances among Low- and Middle-Income Countries, 2023



Sources: World Bank/KNOMAD staff estimates; World Development Indicators; IMF Balance of Payments Statistics.
Note: GDP = gross domestic product.

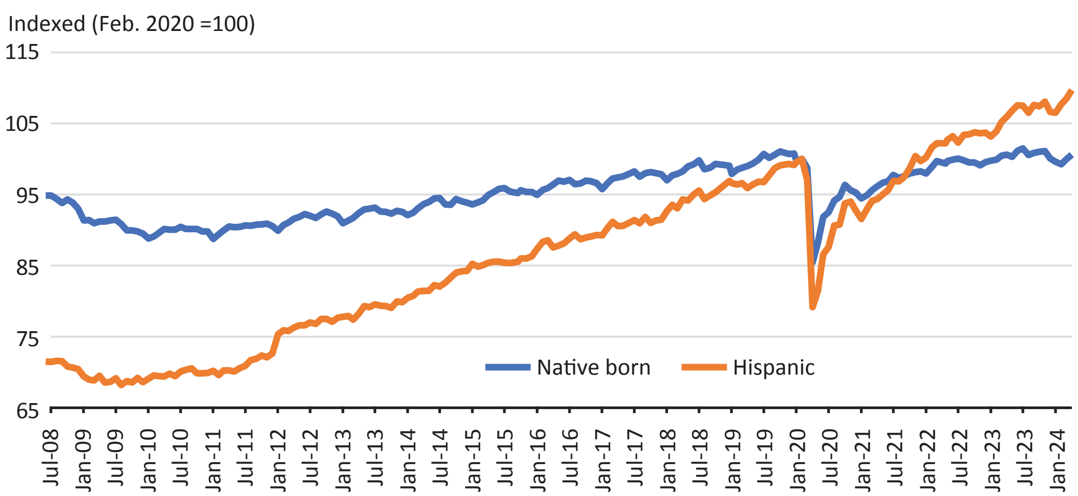
Topping the list is Tonga (41 percent of GDP), followed by Tajikistan (39 percent), Lebanon (31 percent), Samoa (28 percent), and Nicaragua (27 percent) (figure 1.2b).

The United States has continued to be the largest source of remittances in the world, followed by Saudi Arabia and Switzerland. As a share of GDP, however, Saudi Arabia has a significantly larger volume of outward remittances than the United States. The top remittance source countries include members of the Gulf Cooperation Council (GCC). However, data on outward remittances tend to overstate the size of the flows in countries that are offshore financial centers.

In 2023, remittance flows were affected by a combination of structural and cyclical factors in the source and recipient countries. Foremost among these factors were the job markets for migrant workers in the source countries, immigration policies that affect the flow of migrant workers, their transit routes, and their employment prospects; exchange rate movements of major source-country currencies against the US dollar (which affects the valuation of remittances in US dollar terms); the prevalence of multiple exchange rates in recipient countries; and war and conflict.

The recovery of the job markets in the high-income countries of the Organisation for Economic Co-operation and Development (OECD), following the onset of the COVID-19 pandemic, has been the key driver of remittances, particularly as employment growth during the recovery was more rapid for immigrants than for the native born (figure 1.3 for these trends in the United States). The relative strength of remittances to Latin America and the Caribbean compared with other regions can be explained by strong growth in the US labor market, the region's main source of remittances (for further details, see the appendix to this brief).

Figure 1.3 Employment Levels of Foreign and Native Born in the United States



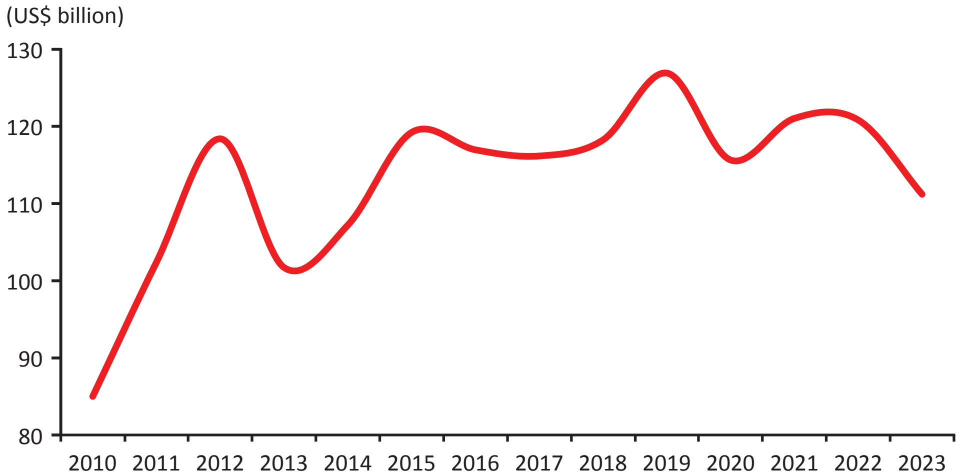
Source: US Bureau of Labor Statistics.

Outward remittances from the GCC countries to destination countries decreased by 13 percent in 2023 compared with a year earlier (figure 1.4). Notably, outward remittances from the GCC countries showed an upward trend from 2010 to 2019, with some fluctuations, but a declining trend seems to have set in after 2019. The decline likely reflects post-COVID adjustments, as well as Saudi Arabia's recent policy allowing foreign migrant workers to bring their families to the country when they work, possibly resulting in fewer remittances being sent to their home countries. This could have negative implications for remittance flows to Pakistan and some North African countries.

Building on the robust recovery of 2022, remittances to the East Asia and Pacific region, excluding China, grew further at about 5 percent to $85 billion in 2023. While still positive, the pace of growth was slower relative to 2022 in most East Asian economies except China, which was rebounding from low growth. Remittance flows to the Philippines—the largest recipient after China in the East Asia and Pacific region—reached $39 billion in 2023, growing at 2.8 percent compared with 3.7 percent in 2022. The sustained growth in remittance flows to the Philippines was an outcome of a well-diversified set of host destinations across the world.

After growing sharply by 18 percent in 2022, remittance flows to Europe and Central Asia declined by 10 percent to reach about $71 billion in 2023. However, flows have remained much higher than prewar levels. The sharp

Figure 1.4 Outward Remittances from GCC Countries, 2000–23



Source: International Monetary Fund.
Note: The figure shows the sum for the countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

decrease in remittances last year, from the high 2022 baseline, was driven mainly by a slowdown of money transfers from the Russian Federation to its neighboring countries, especially to Central Asian countries. A 39 percent depreciation of the Russian ruble against the US dollar in 2023 decreased the value of money transfers from Russia. Furthermore, remittance flows to Ukraine and Russia remained weaker than expected in 2023 due to negative effects from the ongoing war. Migration from Russia, significant in 2022, has been slowing, with some migrants electing to return home.

After a 10.5 percent increase in remittances in 2022, remittance growth slowed in 2023 for Latin America and the Caribbean but still remained significant, at 7.7 percent, to reach $155 billion. Remittances' growth rate returned to the pre-pandemic level of 2019 supported by a strong US labor market. Remittances to Mexico reached $66.2 billion in 2023, an increase of 7.8 percent. Mexico receives the most remittances in the region by far, and is the world's second-largest recipient of remittances. The growth of remittances varied widely across countries in 2023, ranging from an increase of 44.5 percent in Nicaragua to a decline of 13.4 percent in Argentina.

Remittances to the Middle East and North Africa fell by 15 percent to $55 billion in 2023, accentuating the impact of the 3.2 percent decline seen in 2022. The substantial drop of 2023 was largely driven by a sharp decline in flows to the Arab Republic of Egypt, by far the region's largest remittance recipient. It is likely that remittances have been diverted toward unofficial channels given the wide gap between exchange rates in the official and parallel foreign exchange markets. In 2023, Egypt suffered from a severe lack of foreign currency due to a fixed exchange system and overvalued local currency. This led to the emergence of a parallel market, with the Egyptian pound exceeding LE 70 per US dollar at one point, and significantly cut official remittances from Egyptian expatriates.

Remittances to South Asia grew 5.2 percent in 2023 to reach $186 billion, tapering off from the more than 12 percent increase of 2022. The increase is attributable entirely to remittance flows to India, which increased by 7.5 percent to reach $120 billion in 2023. The key drivers of remittance growth in 2023 are a historically tight labor market in the United States, high employment growth in Europe, reflecting extensive leveraging of worker retention programs, and a dampening of inflation in high-income countries. The slackening in remittance growth relative to 2022 is attributable to a decrease in growth in 2023 in Saudi Arabia and Kuwait, and the halving of growth in the remaining GCC countries triggered by the drop in oil prices and production cuts in the OPEC+ countries. The sharp drop in remittance flows to Pakistan and a slowdown in Bangladesh in 2023 reflected the primacy of informal channels of money transfer triggered by exchange-rate-related challenges in the domestic economy, while the sharp rise in Sri Lanka reflected migrants' renewed confidence in an ongoing economic recovery.

Remittance flows to Sub-Saharan Africa reached $54 billion in 2023, a slight decrease of 0.3 percent from the previous year. Remittance flows to the region are projected to rise by 1.5 percent in 2024. The projected moderate growth in remittances reflects the expected slower growth in the United States while a feeble rebound is expected in flows from Europe. The increase in remittance flows to the region supported the current accounts of several African countries that were dealing with food insecurity, drought, supply chain disruptions, floods, and debt-servicing difficulties.

1.2 Remittances Outlook for 2024 and 2025

The outlook for remittance flows for 2024 and 2025 is based on the trajectory of economic activities in major migrant-hosting countries (box 1.1). It is also affected by many country-specific factors. The growth rate of remittance flows to LMICs is expected to recover to 2.3 percent in 2024 and 2.8 percent in 2025, to reach $690 billion in 2025 (table 1.1, above, and figure 1.5).

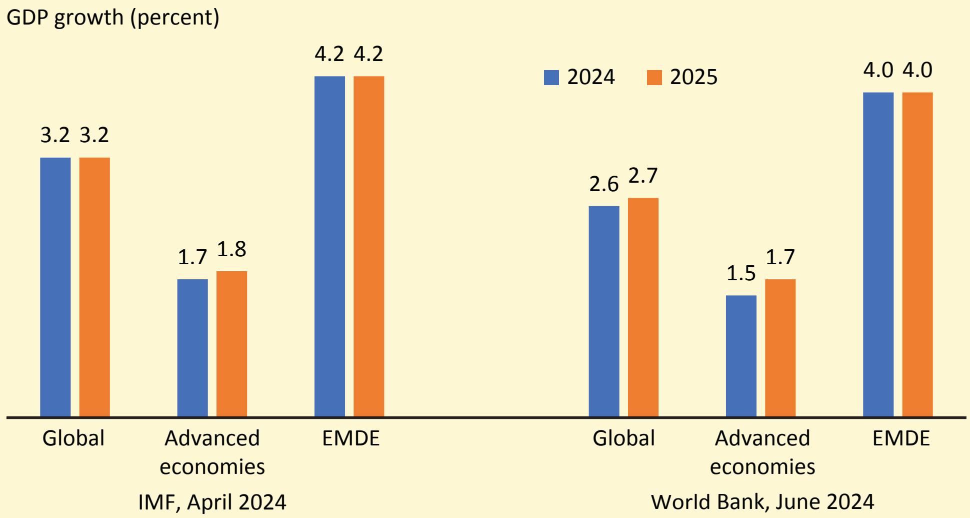
Box 1.1 Global Economic Outlook in 2024 and 2025

Global growth is expected to remain steady despite elevated interest rates and heightened geopolitical tensions. Global real GDP is projected to grow by 2.6 percent in 2024 before going up to 2.7 percent in 2025 which is well below the 3.1 percent average in the decade before COVID pandemic, according to the latest *Global Economic Prospects* from the World Bank (June 2024). The 2024 GDP growth rate for advanced economies is expected to be 1.5 percent, unchanged from 2023 (figure B1.1). Among regions, growth forecasts for 2024 are generally strongest in South Asian economies (6.2 percent), and weakest in Latin America and the Caribbean (1.8 percent). Key remittance source countries in the euro area posted small gains (0.7 percent compared with 0.5 percent in 2023), while the growth rate for the United States remained steady at 2.5 percent. The overall outlook is expected to remain balanced over the next two years, but downside risks to the outlook remain relatively high despite the possibility of some upsides. An escalation of the evolving conflicts in the Middle East and disruptions of energy and financial markets could push inflation up and reduce growth.

Global inflation has declined since 2022 as relative price shocks—especially those related to energy prices—have faded amid ongoing effects of continued monetary tightening. Global headline inflation is projected to fall steadily, averaging 3.5 percent in 2024, but at a slower pace than previously expected. Core inflation (excluding food and energy) is generally projected to decline more gradually than headline inflation, with services price inflation remaining stubbornly high in many economies.

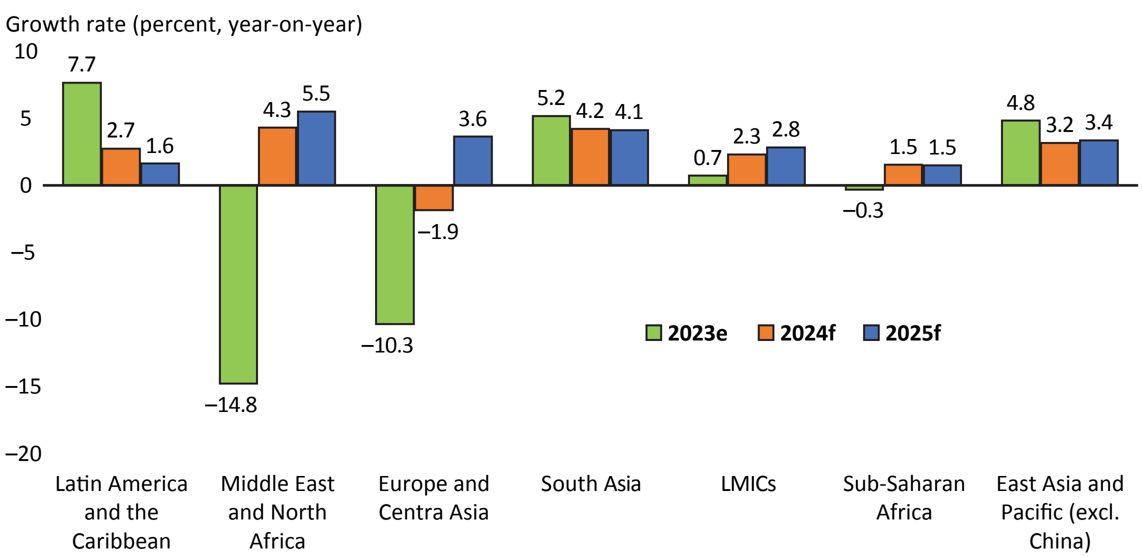
Growth in employment and incomes has remained steady amid easing supply and demand imbalances in labor markets and moderating inflation. Unemployment remained at or close to record lows, and labor participation rates rose to a record high in the OECD in 2023. Labor markets remain tight, especially in the United States, where there is persistent expansion in the prime-age labor force due to elevated real wages, as well as robust increases in the working-age population. Meanwhile, nominal wage growth has moderated in most countries amid falling inflation, except in Japan

Figure B.1.1 Global Economic Outlook from the IMF and World Bank



Sources: International Monetary Fund *World Economic Outlook* April 2024 and World Bank *Global Economic Prospects* June 2024.
Note: EMDE = emerging markets and developing economies.

Figure 1.5 Remittance Flows by Region, 2023–25



Source: World Bank/KNOMAD staff estimates.
Note: e= estimate; f = forecast; LMICs = low- and middle-income countries.

Figure 1.5 provides a snapshot of regional growth patterns for 2023–25. Flows are expected to strengthen in all six regions. However, the growth patterns and magnitudes vary. Regional trends in remittance flows are discussed in detail in appendix A.

The most important factors driving the modest growth in remittances in 2024 are expected to be steady economic growth and stable labor markets in several high-income migrant-hosting countries, particularly the United States and Euro area countries (box 1.1). But downside risks, including a further deterioration in the war in Ukraine and the conflict in the Middle East, volatile oil prices and currency exchange rates, and a deeper-than-expected economic downturn in major high-income countries, are potentially significant.

Remittance flows to the East Asia and Pacific region are likely to inch up to $136 billion in 2024. Excluding China, the remittance growth rate is expected to drop from 5 percent in 2023 to 3 percent in 2024 (figure 1.5), leading to remittance levels of $88 billion in 2024 and $90 billion in 2025. The downside risk to remittance flows in 2024–2025 is related to dimmer prospects of demand for less-skilled migrant labor from within East Asia's middle-income countries, especially China.

Remittance flows to Europe and Central Asia are projected to decline by 2 percent in 2024 due to the continued slowdown of outward remittances from Russia and a lingering weakness in flows to Ukraine and Russia. Money transfers from Russia are expected to continue declining. The projections for 2024 are subject to downside risk, including weaker-than-expected economic growth in major remittance-sending economies or a sharper-than-expected drop in Russian outbound remittances. In 2025, remittances to the region are expected to grow by about 4 percent to $72 billion (see table 1.1).

Remittances to Latin America and the Caribbean are returning to pre-pandemic growth rates. Growth in remittances to the region is projected to slow down to 2.7 percent in 2024. Remittances will continue to flow due to the considerable number of transit migrants stranded in Mexico and Guatemala, and good job prospects in the United States and Spain. Transit migrants from Cuba, China, Ecuador, Haiti, India, Nicaragua, República Bolivariana de Venezuela, and other nations passing through Guatemala and Mexico on their way to the United States account for the large remittance flows to those two transit countries. However, there are downside risks to the projections, including a projected softening of the US labor market and the upcoming election in that country, which could lead to strengthened immigration regulations.

The prospects for remittances to the Middle East and North Africa will be affected by the difficult situation facing the region's oil-importing countries, such as Egypt, Jordan, Lebanon, Morocco, and Tunisia. In contrast, the region's oil exporters, such as Iraq and Algeria, will benefit from the rise in hydrocarbon prices. For Egypt, the recent devaluation and rate hikes, the completion of the International Monetary Fund (IMF) reviews, and investments from the United Arab Emirates have increased confidence that remittance inflows through formal channels could rise. On balance, remittance flows to the region are projected to post a moderate rise of 4.3 percent in 2024, and another gain of 5.5 percent in 2025.

Remittances' growth in South Asia is projected to be the highest among developing country regions in 2024, even though it is projected to moderate to about 4 percent in 2024 and 2025. The overall projection for remittance flows is likely to be driven by three factors: a slackening of growth and labor market conditions in South Asian migrants' high-income host economies; uncertainty related to ongoing global conflicts; and migrants' preference for informal over formal channels of money transfer to countries embroiled in economic crises.

The pace of remittance flows to Sub-Saharan Africa is projected to slightly recover from the negative growth in 2023 to reach 1.5 percent in 2024. Risks to the outlook include lower-than-expected growth in developed countries that will lead to a decline in remittances sent by the African diaspora; an escalation of the conflict in Israel-Gaza that could disrupt the supply chain; security risks in Burkina Faso, Chad, the

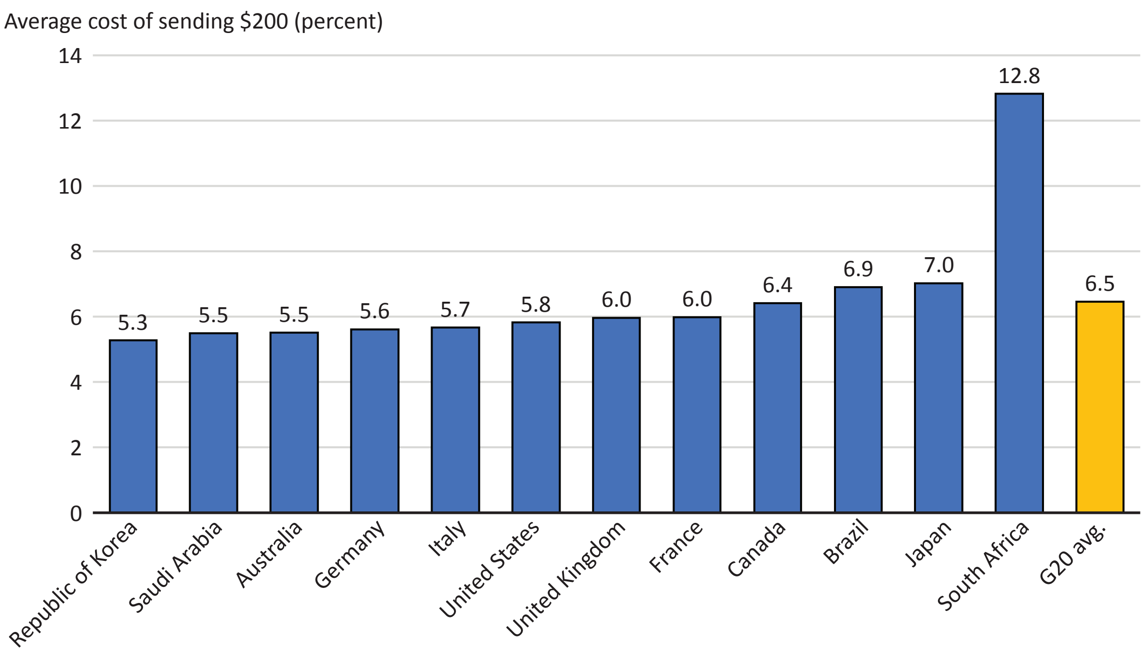
Democratic Republic of Congo, Mali, Mozambique, and Nigeria; and climate risks including the pronounced drought in Southern Africa.

1.3 Remittance Costs

Remittance costs remained high in the fourth quarter of 2023 (2023Q4), at more than twice the Sustainable Development Goal (SDG) target of 3 percent by 2030.[2] According to the World Bank's Remittance Prices Worldwide (RPW) database, the global average cost of sending $200 was 6.4 percent in 2023Q4, up slightly from 6.2 percent a year earlier. The global average cost for digital remittances, which account for 30 percent of total transactions collected in the RPW database, was 4.96 percent in 2023Q4, while the cost for nondigital remittances was 7.0 percent. This trend suggests that remittance costs tend to be lower when remittances are sent through digital channels or through money transmitters offering cash-to-cash services than through banks (Beck, Janfils, and Kpodar 2022; Ratha and Riedberg 2005).

The cost of sending money from the G20 (Group of Twenty) countries, which represent a significant source of remittances globally, remained nearly constant at 6.5 percent in 2023Q4 compared with a year earlier—and higher than the global average cost. There is substantial variance in the cost of remitting from G20 countries (figure 1.6). South Africa (12.8 percent) is the costliest source, followed by Japan (7.0 percent). The cost is lowest in the Republic of Korea (5.3 percent) and Saudi Arabia (5.5 percent).

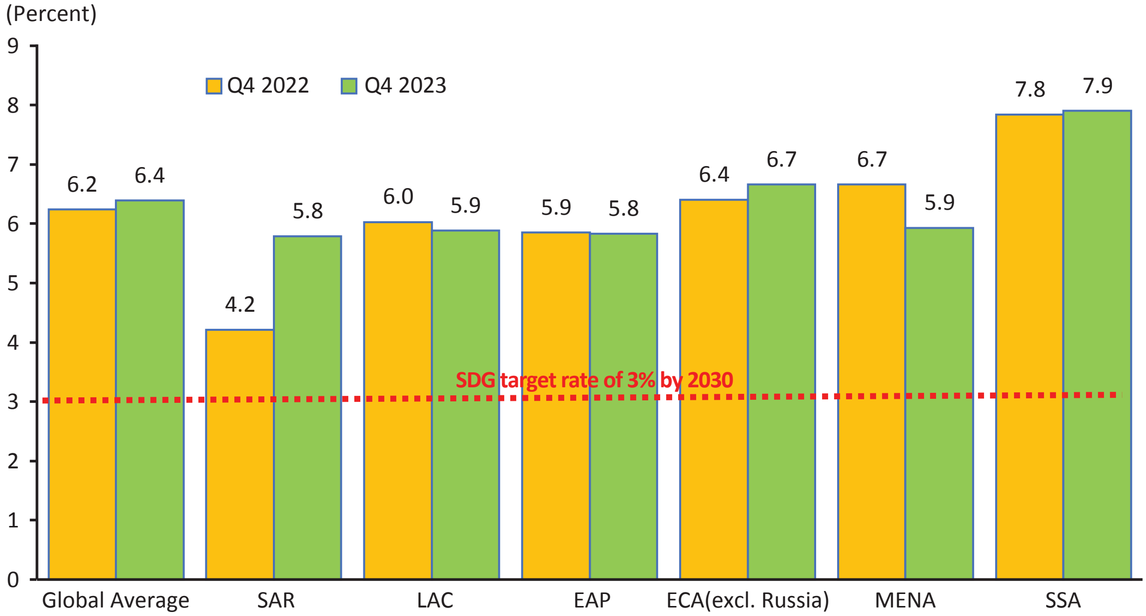
Figure 1.6 Average Cost of Sending Remittances from G20 Countries, 2023Q4



Source: World Bank's Remittance Prices Worldwide database.
Note: G20 = Group of Twenty.

Among developing-country regions, the average cost continued to be the lowest in South Asia at 5.8 percent and the highest in Sub-Saharan Africa at 7.9 percent (figure 1.7). Notably, the average cost of sending remittances to South Asia increased by 1.6 percentage points.[3] In contrast, East Asia and Pacific, Latin America and the Caribbean, and the Middle East and North Africa regions posted a decrease in total average costs, with the Middle East and North Africa posting the largest decrease. Remittance costs across many African corridors remain significantly high; Tanzania is the costliest African source country from which to send remittances to another country in the region.

Figure 1.7 How Much Does It Cost to Send $200? Regional Remittance Costs, 2022–23



Source: World Bank's Remittance Prices Worldwide database.
Note: Red dotted line represents the SDG 10 target of 3 percent. 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; SDG = Sustainable Development Goal; SSA = Sub-Saharan Africa.

Banks continue to be the costliest channel for sending remittances, at an average cost of 12 percent during 2023Q4. The average cost for post offices was 7.7 percent, for money transfer operators 5.5 percent, and for mobile operators 4.4 percent. While mobile operations remain the cheapest type of service provider, they account for less than 1 percent of total transaction volume.

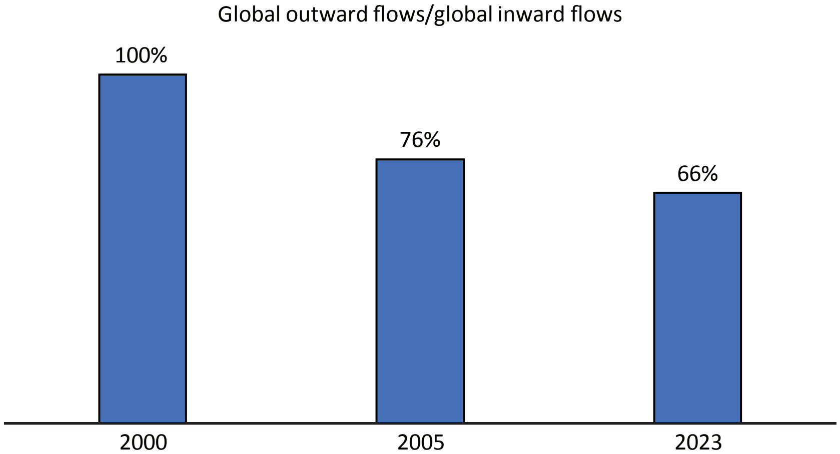
1.4 Improving Data on Remittances

With remittance transactions growing in importance over the past decades, it is imperative that accurate and comprehensive data are collected on remittance flows in a timely manner. Accurate data help in identifying trends, understanding the use of remittances, and developing targeted interventions to harness the positive impact of remittances on poverty reduction, economic growth, and financial inclusion. Improved data on remittances will directly support the SDG indicators on reducing remittance costs and increasing the volume of remittances. They will also support the first objective of the Global Compact for Migration, to improve data. Interest in remittance flows statistics has risen steadily over the past few decades, but the quality of statistics requires further improvement.

Many countries have implemented direct reporting and dedicated models to obtain better estimates of remittance flows. However, the quality of statistical data on remittances remains unsatisfactory due to challenges in measuring and compiling remittance data accurately. Adopted concepts and definitions vary considerably across countries, there are deficiencies in coverage and scope, and there are discrepancies in gross/net recordings for components such as personal transfers and the compensation of employees.

At a global level, the difference between inward and outward flows of remittances reported by countries has increased over time: in 2000, global outward flows were larger than global inward flows, but by 2023, they were two-thirds of inward flows (figure 1.8). What is remarkable is that the split between personal transfers and compensation of employees, the two major components of remittances, remained rather

Figure 1.8 Global Asymmetry in Remittance Data Has Increased since 2000



Source: IMF's Balance of Payments Statistics.

stable during the same period: during 2000–23, the share of personal transfers in total remittances ranged 65–69 percent in the case of inward flows and 52–59 percent in the case of outward flows.

A major reason for insufficient coverage and scope is the significant portion of remittances flowing through informal channels, including cash hand-carried by migrants when they return home. Improved quality of statistics about remittances requires a sound and proper improvement in the methodologies and approaches used to estimate unregulated remittances flowing through informal channels. The treatment of refugees, transit migrants, and remote workers in remittance data collection requires further clarification and practical guidelines to ensure comprehensive coverage. Misclassification is another issue. Classifications used for the remittance statistics are often not in conformity with guidelines outlined in the *International Transactions in Remittances: Guide for Compilers and Users* (RCG) (IMF 2009a) and the *Balance of Payments and International Investment Position Manual*, 6th edition (IMF 2009b).

While digitalization through Fintech solutions has significantly affected the remittance industry (such as by increasing the speed and convenience with which people send and receive remittances), especially since the COVID-19 pandemic, effects are hard to track. Compilers of remittance statistics need to adapt their measurement methodologies to account for the increasing digitalization of remittance flows. This may involve collaborating with digital service providers, leveraging advanced data analytics, and employing new technologies to ensure the comprehensive and accurate collection and reporting of remittance data.

Improving the quality of remittance statistics will require a solid understanding of the various transaction channels, payment instruments, and data sources involved in remittance transactions. There have been several important developments in transaction channels, the institutional environment, data sources, and estimation methods since the RCG was first published in 2009. New channels, as well as the changed use of existing channels, need to be considered by compilers to keep the compilation of remittances up to date. With new data sources and the change of existing ones, data validation has also become a crucial point that statistics compilers need to pay attention to.

As reported in the earlier editions of the *Migration and Development Brief,* in 2022, the World Bank—through KNOMAD and in collaboration with 46 top remittance source and recipient countries, Eurostat, and the IMF—launched an International Working Group to Improve Data on Remittance Flows (RemitStat). After a series of meetings and consultations, RemitStat is expected to publish its final report in fall 2024.

The latest initiative to address data issues relating to remittances (and to trade, FDI, and portfolio flows) is the establishment of a Task Team on Global Asymmetries (TT-GA) by the IMF. During the October 2023 meeting of the IMF's Committee on Balance of Payments Statistics (BOPCOM), it was agreed to establish the TT-GA to take stock of the existing initiatives to inform users and compilers and to identify existing gaps, document the reasons for existing asymmetries (e.g., legal impediments, confidentiality concerns, methodological differences), and suggest efforts in the short/medium/long term to reduce asymmetries. The TT-GA is expected to deliver a report to BOPCOM in November 2024.

2. Migration Trends

Using new census data and national statistics, the stock of international migrants was estimated at 302.1 million in 2023.[4] Following a typology described in a 2019 World Bank report, the number of economic migrants is estimated at 252 million (World Bank 2019). Refugees and asylum seekers, according to the UNHCR, numbered 50.3 million in 2023 (UNHCR 2024b).

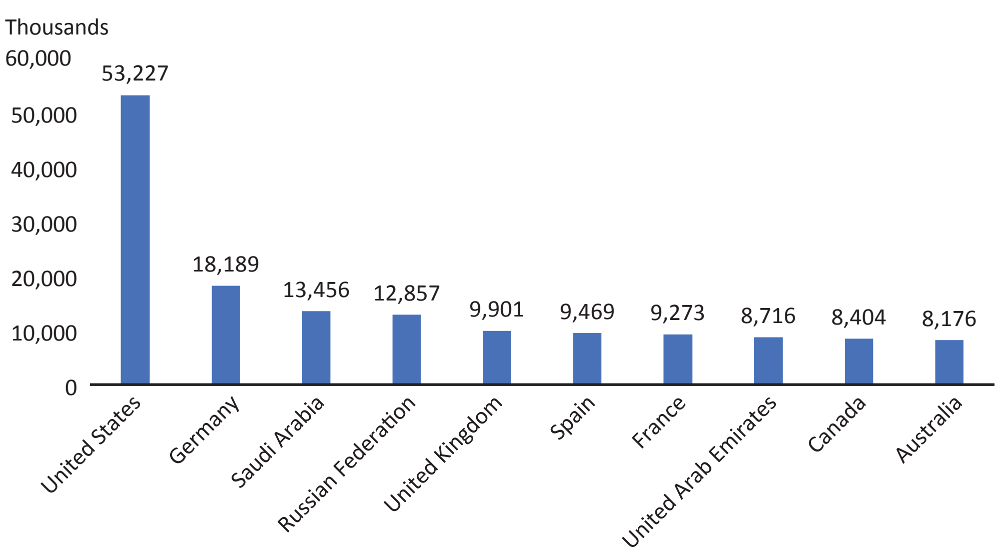
Table 2.1 Typology of Global Migration

	Internal	International
Economic or voluntary	Internal migrants (760 million*)	International migrants (252 million)
Forced	Disaster-driven IDPs (8 million)	Climate migrants (Unknown number)
	FCV-driven IDPs (68 million)	Refugees and asylum seekers (50 million)

Sources: IDMC, UNHCR, World Bank staff estimates
Note: The blue-shaded cells indicate migration types covered in the Global Compact for Migration. The beige-shaded cells indicate those covered by the Global Compact on Refugees. FCV = fragility, conflict, and violence; IDPs = internally displaced persons
* This number is based on UNDP Human Development Report of 2009. No recent updates are available.

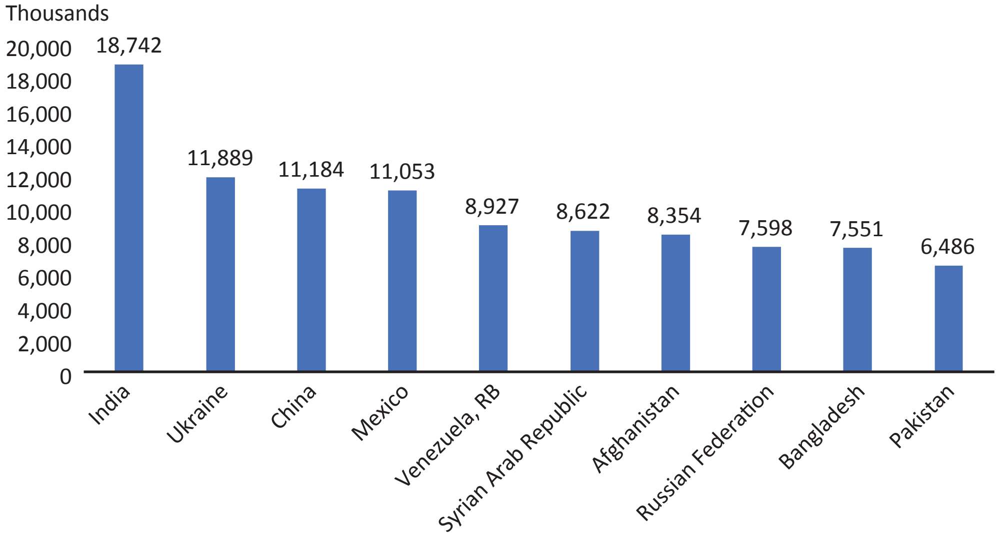
The top destination country remains the United States, followed by Germany, Saudi Arabia, Russia, and the United Kingdom (figure 1.8). The largest origin countries are India (18.7 million emigrants), Ukraine (11.9 million), China (11.1 million), Mexico (11 million), and República Bolivariana de Venezuela (8.9 million). Ukraine and República Bolivariana de Venezuela continue to experience an exodus of refugees and asylum seekers in the last two years.

Figure 1.9 Top Destination Countries 2023



Sources: UN Population Division, national censuses, UNDESA, OECD, UNHCR, Eurostat, World Bank staff calculations

Figure 1.10 Largest Source Countries



Sources: UN Population Division, national censuses, UNDESA, OECD, UNHCR, Eurostat, World Bank staff calculations.

Mexico to the United States is the largest migration corridor in the world, followed by Ukraine to Russia, and Afghanistan to the Islamic Republic of Iran. The stock of Mexican immigrants increased by 1 million from March 2023 (11.6 million) to March 2024 (12.7 million).[5] Current Population Survey (CPS) data released in March 2024 show that the foreign-born population living in the United States reached 51.6 million (without including the 1.8 million Puerto Ricans living in the United States).[6] This represents an increase of 5.1 million between March 2022 and March 2024 (Camarota and Zeigler 2024).

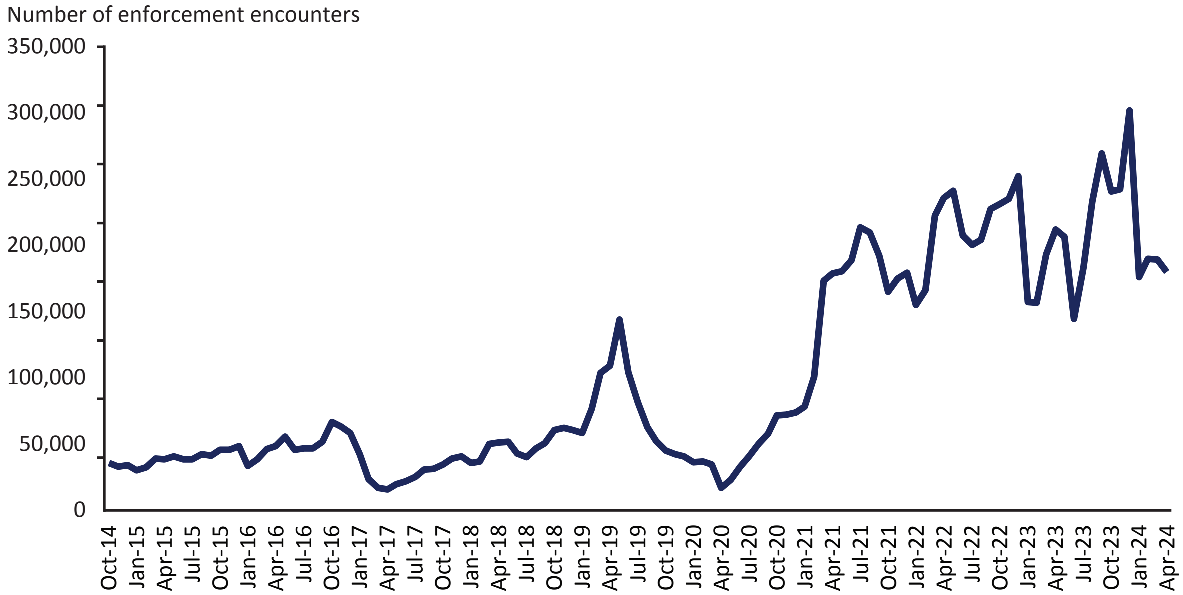
Conflicts in Gaza, Ukraine, Sudan, Congo, and Myanmar resulted in large movements of people. After a decade of conflict, there are around 5.5 million Syrian refugees living in Türkiye, Lebanon, Jordan, Iraq, and Egypt; Germany is the largest non-neighboring host country, with more than 850,000 Syrian refugees.[7]

By March 2024, there were more than 6.5 million refugees from Ukraine being hosted globally while about 3.7 people were internally displaced (UNHCR 2024c). At the end of February 2024, 5,982,900 refugees from Ukraine were recorded across Europe, with 5,688,000 registered for asylum, temporary protection, or similar national protection schemes.

A significant number of migrants from Central Asia live and work in Russia, making the remittance flows to these countries particularly vulnerable to adverse developments in that country. According to official figures, about 1.3 million Tajik nationals lived in Russia in 2023, but this number is believed to be an underestimate. In the past two years more than 200,000 Tajik nationals received Russian citizenship. As of 2023, over 630,000 Uzbek nationals were working in Russia as migrant workers, although anecdotal estimates tend to be much larger. Of the 328,458 Kyrgyz nationals living abroad, the majority (285,433) resided in Russia as of 2023.

Migration routes are changing in the face of strong migration pressures in many developing countries confronting tighter borders in most destination countries. Record levels of attempts to enter the United States through its southern border with Mexico are indicative of strong and perhaps rising migration pressures in the developing regions. A decade ago, monthly enforcement encounters at the US southern border averaged under 50,000; in recent months, that average has increased fourfold (figure 1.11).[8] The profile of migrants arriving at the US borders is also changing—the new arrivals include a significant number of migrants from China, India and other South Asian countries, and Africa, whereas in the past migrants were almost exclusively from Latin America and the Caribbean. As the United States grappled with the surge of border crossings, the foreign population with irregular migratory status in Mexico increased to 782,176 in 2023, ten times the level of 2020. Nearly 360,000 undocumented migrants entered the country during the first quarter of 2024.

Figure 1.11 US Southwest Border Apprehensions/Inadmissibles, FY15–FY24



Source: US Customs and Border Protection.

During the first quarter of 2024, the West African and Atlantic routes to Spain were the busiest migratory routes in the European Union. UNHCR recorded 16,648 new arrivals in various Spanish territories including mainland Spain, Ceuta, Melilla, the Canary Islands, and the Balearic Islands. The three most represented countries of origin among those arriving irregularly on the Spanish mainland or the enclaves of Ceuta and Melilla are Morocco, Algeria, and Mali; Malians and Senegalese arrived at Canarias (Mixed Migration Centre 2024).

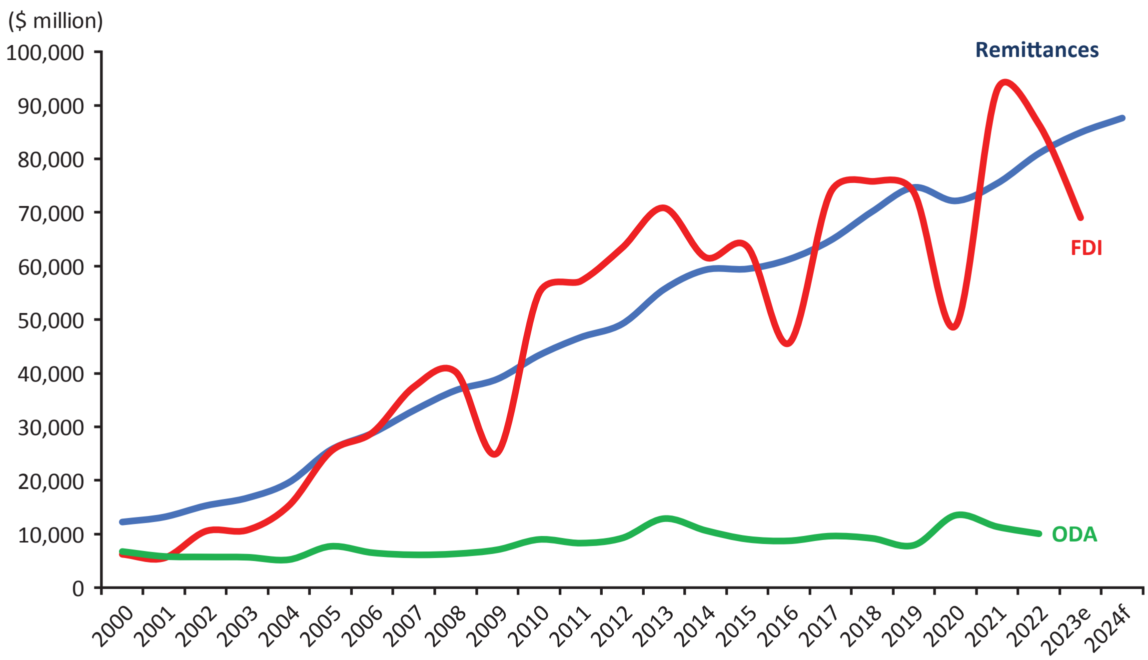
In the Middle East and North Africa region, Jordan, Lebanon, and Egypt are major destinations for people fleeing from conflict and violence. According to the UNHCR, as of April 2024, Egypt hosted 575,000 registered refugees and asylum seekers from 61 countries, nearly doubling the number from a year previous, with major conflicts across its borders. Since the onset of the conflict in Sudan last year, UNHCR has observed a fivefold increase in Sudanese individuals registering as refugees, mainly women and children. Sudan is host to 6.8 million internally displaced persons and 1.9 million forcibly displaced in neighboring countries, such as Egypt, South Sudan, and Chad. The Maghreb countries and Niger have become transit countries for many migrants and refugees from Sub-Saharan Africa.

Appendix A. Regional Trends in Migration and Remittance Flows

A.1 East Asia and Pacific

Remittance trends. Growth in remittances slipped to 4.8 percent in 2023 from 7.4 percent in 2022 in East Asia excluding China (for which recent official data are not available). Nonetheless, at $85 billion remittance flows once again surpassed foreign direct investment (FDI) flows estimated at $69 billion in 2023 (figure A.1.1). The primacy of remittances over FDI is not a permanent feature of the region's capital flows landscape. In recent decades, the generally steady and upward trend in remittances has contrasted sharply with an oscillating FDI trend. FDI recorded $93 billion in 2021 and $86 billion in 2022 before plummeting in 2023 in response to increasing economic policy uncertainty fueled by rising geopolitical tensions. Unpredictable market conditions in the region also played a role.

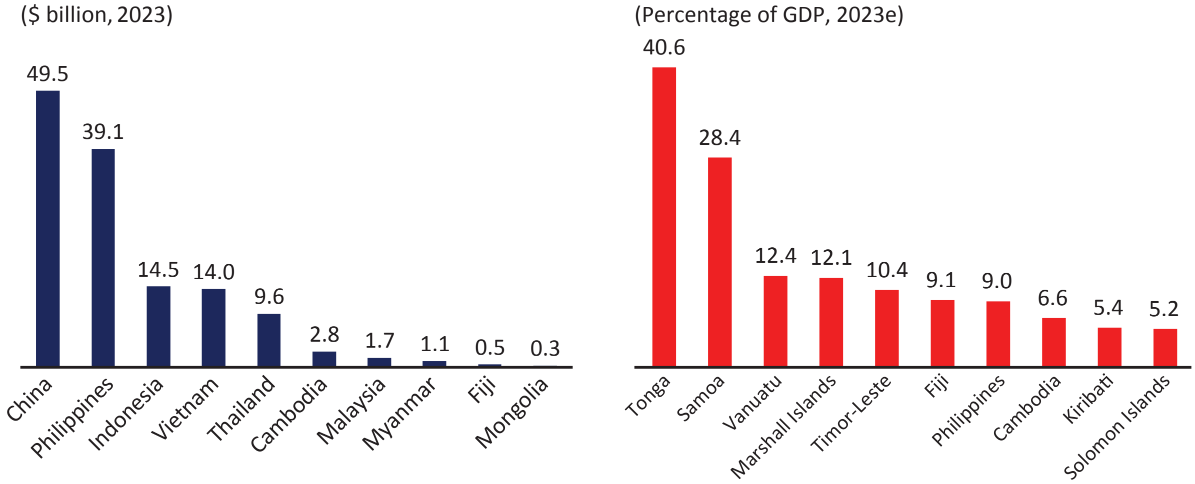
Figure A.1.1 Resource Flows to the East Asia and Pacific Region Excluding China, 2000–2024f



Sources: World Bank/KNOMAD staff estimates; World Development Indicators; IMF Balance of Payments Statistics. See appendix to the *Migration and Development Brief 32* for forecasting methods (World Bank/KNOMAD 2020).
Note: FDI = foreign direct investment; ODA = official development assistance; e = estimate; f = forecast.

Remittances matter most for the region's small and less diversified Pacific Island economies of Palau, Samoa, Tonga, and Vanuatu, which have few sources of growth besides tourism. With remittances amounting to 41 percent of gross domestic product (GDP) in 2023, Tonga topped the list of countries most dependent on remittances not only in the East Asia and Pacific region but also in the world. Samoa ranked fourth globally and second in the region with a 28 percent share of remittances in GDP. The share of remittances in GDP in the remaining Pacific Island countries ranged from 12 percent in Vanuatu and the Marshall Islands to 5 percent in Kiribati and the Solomon Islands in 2023. The Pacific Island states less dependent on remittances rely on natural resource rents, aid, tourism, and fishing. In recent decades, climate-change-related disasters have accelerated the dependence of the Pacific Island economies on emigration as a means of survival and remittances as a source of livelihood.

Figure A.1.2 Top 10 Remittance Recipients in East Asia and Pacific, 2023



Sources: World Bank/KNOMAD staff, the IMF's *World Economic Outlook* April 2024, and IMF Balance of Payments Statistics.
Note: GDP = gross domestic product.

The main destinations for the East Asia and Pacific region's mostly skilled migrants are the countries of the Organisation for Economic Co-operation and Development (OECD) and high-income countries in the region (Singapore; the Republic of Korea; Japan, Hong Kong, China; Australia; and China). Gulf Cooperation Council (GCC) countries and dual economies (China, Malaysia, and Thailand) are popular destinations for the region's less-skilled migrants. Remittance flows to the region were enhanced by a favorable external economic environment shaped by tight labor markets, and a deceleration in inflation, which boosts migrants' savings in the OECD and GCC countries, enhancing remittance flows to the East Asia and Pacific region. As noted in *Migration and Development Brief 39* (World Bank/KNOMAD 2023b), record-low unemployment rates in the United States paired with wage hikes contributed positively to remittances sent by East Asia's skilled migrants. However, growing uncertainty related to conflict, challenging financial market conditions, and global trade dampened remittance growth in other destination countries of regional migrants in 2023. The shrinking of trade among the region's manufactured goods exporters, including China, contributed to lower demand for less-skilled regional migrants. The tourism industry affected remittance flows in multiple ways. The slow revival of tourism in China (which accounts for 10–40 percent of total travelers) and Japan (reaching only half that of pre-pandemic levels) also slowed the demand for less-skilled migrants. Higher airfare costs and exchange rate depreciation in some countries further dampened demand. Airline seat capacities to regional destinations recovered slowly due to supply chain challenges while countries like Malaysia, Thailand, and Cambodia faced staffing shortages when workers did not return after the pandemic. Evidently, training institutes in the region are struggling to fill positions in high-end establishments that require semi-skilled workers, including pilots, maintenance crew, and air traffic controllers.

Remittance flows in the Philippines, the region's largest remittance recipient barring China, were muted, growing at 2.8 percent to reach $39 billion in 2023. Tourism recovered to pre-pandemic levels in the Philippines, giving Filipinos domestic employment opportunities as an alternative to emigration, which dampened remittance growth. In contrast, growth was strong at over 10 percent in Indonesia, boosting remittances to almost $14.5 billion. Remittances in Vietnam increased at over 6 percent, rising to $14 billion. Similar trends prevailed in Cambodia, where remittances grew at 6 percent to $2.8 billion. Migrants from Indonesia, Vietnam, and Cambodia benefitted from the recovery in manufactured goods exports in China, Malaysia, and Thailand. The dual economies, Malaysia and Thailand, also gained from the trade diversion effects caused by a drop in China's share of US electronics imports (between 2018 to 2023). As demand for electronics exports from Malaysia and Thailand increased, it translated into higher demand for East Asia and Pacific migrants, resulting in remittance growth in their source countries.

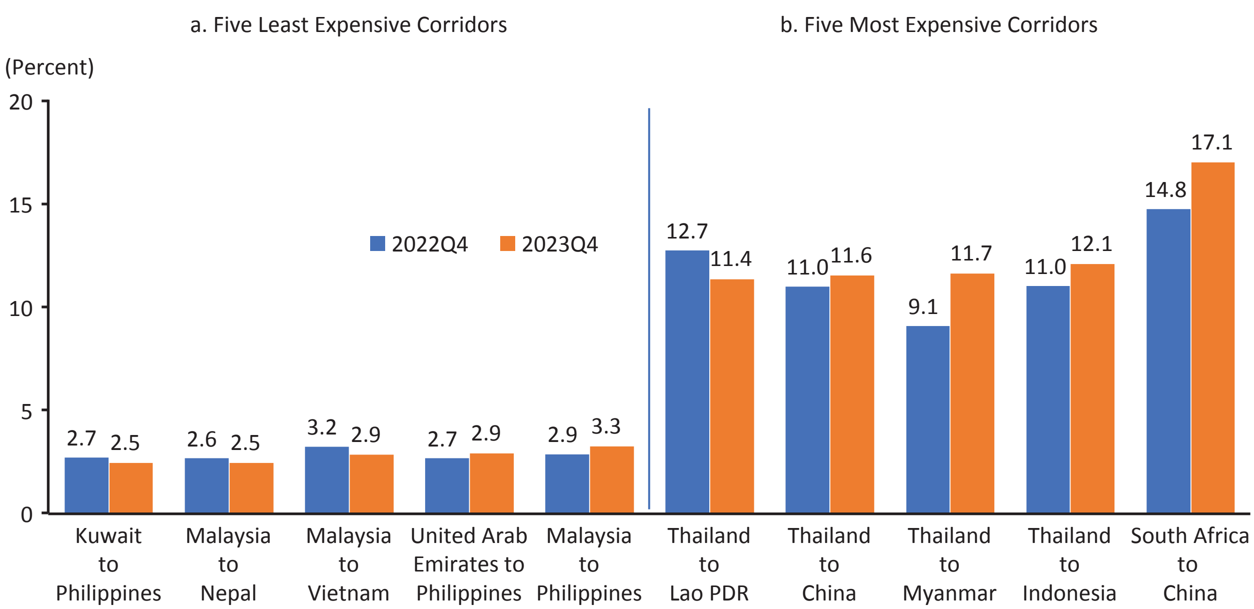
Remittance flows to the Lao People's Democratic Republic (PDR) stagnated at around $240 million while flows to Myanmar declined by 13 percent to $1.1 billion in 2023. Flows to Mongolia are reported to have decreased by 30 percent to $280 million though this may be due to data revisions.

In Malaysia, a key destination for the region's less-skilled migrants as well as a source of highly skilled emigrants in high-income destinations, remittances grew at 5 percent to $1.7 billion. In Thailand (another dual economy like Malaysia), remittances grew at 8 percent to $9.6 billion in 2023. Remittance inflows in both countries benefited from the strong labor market conditions in the OECD countries.

Even though they faced similar external market conditions, remittance growth varied widely in the Pacific Island countries depending upon individual country circumstances. Remittances grew at 9 percent in 2023 to $500 million in Fiji, where the number of tourist arrivals reached or surpassed pre-pandemic levels. In the Solomon Islands, remittances grew at 4.2 percent to $85 billion in 2023. In Timor-Leste, remittance growth spiked 31 percent to $244 million. In several smaller countries, 2023 was not a good year for remittance growth. Growth declined in Kiribati, Samoa, Tonga, Tuvalu, and Vanuatu. In Palau, Papua New Guinea, the Marshall Islands, and the Federated States of Micronesia, no change in remittances flows is reported. The decline in remittances in many of these countries was due to either the demand for workers in the domestic tourism industry, which experienced a recovery in 2023, or in most cases, migrants remaining at home instead of emigrating to cope with idiosyncratic shocks.

Remittance costs. The average cost of sending $200 to East Asia in the leading least-cost corridors was generally 5.8 percent in 2023Q4 and not too different than in 2022Q4 (figure A.1.3). The fees for sending money to the Philippines from Kuwait were the lowest among the least expensive corridors. However, in the top five most expensive corridors, the cost of money transfers increased between 0.6 and 2.6 percent. The highest growth was in the Thailand to Myanmar corridor, where the costs of remitting increased by 2.6 percentage points between 2022Q4 and 2023Q4. The South Africa to China corridor remained the most expensive corridor at 17.1 percent, up from 14.8 percent a year previous.

Figure A.1.3 Cost of Sending Money in East Asia and Pacific Region Rose Slightly in 2023Q4



Sources: World Bank/KNOMAD staff calculations and Remittance Prices Worldwide.
Note: Cost of sending $200 or equivalent.

Remittance outlook. Despite a strengthened economic growth outlook in the region, the outlook for remittance growth in East Asia excluding China is modest at between 3.2 and 3.4 percent for 2024 and 2025 even as the economic growth outlook for the region has strengthened. Remittances to the region are forecast to grow to $88 billion in 2024 and $90 billion in 2025. Dissipating inflationary pressures and interest rates, and enduring strength in the labor markets of the OECD countries, are expected to sustain remittance flows to the East Asia and Pacific region. The positive outlook for oil prices will support remittance growth from the GCC countries. However, there remain several downside risks, not least of which are the uncertain effects of China's property market correction that can spill over to the region, slowing economic growth and negatively affecting the regional demand for workers from other East Asian countries. A return to industrial policy and trade-restricting policies across Asia and the G20 in general could dampen demand for the region's manufactured exports. The risk of global conflict is a new threat to trade, as evidenced by the re-routing of ships around Africa to avoid the Red Sea, which hikes the cost of East Asian exports destined for Europe. Any factor that disrupts global supply chains can dampen demand for East Asian migrant workers and impact remittances. The demand for East Asia's skilled migrants has been buoyant but demographic factors are likely to curtail supply. Population aging and the rapid adoption of new technologies such as artificial intelligence are emerging as new challenges that may restrict demand for technically skilled workers from East Asia with attendant implications for remittances.

Against this uncertain background, remittance flows to the Philippines, which accounts for about 48 percent of regional remittances excluding China, are forecasted to grow at about 3 percent to $40 billion in 2024 and $41 billion in 2025. Remittance growth to Vietnam is expected to slow down to about 4 percent reaching $14.5 billion in 2024 and $15 billion in 2025. In Indonesia, remittance growth is also forecasted to be about 4 percent, clocking in remittance flows at $15 billion in 2024 and $15.6 billion in 2025.

In Cambodia, growth in remittances is expected to slow down to 4 percent in 2024, with flows reaching $2.9 billion in 2024 and $3 billion in 2025. Remittance levels in Lao PDR are expected to remain unchanged at $240 million in 2024–25. In Myanmar, remittances are expected to grow at around 4.5 percent to $1.1 billion in 2024 and $1.2 billion in 2025. In Mongolia, remittance growth is expected to recover to 4 percent, reaching $290 million in 2024 and $300 million in 2025. In addition to the GCC countries, much of this growth will be supported by destinations within the East Asia and Pacific region, including China.

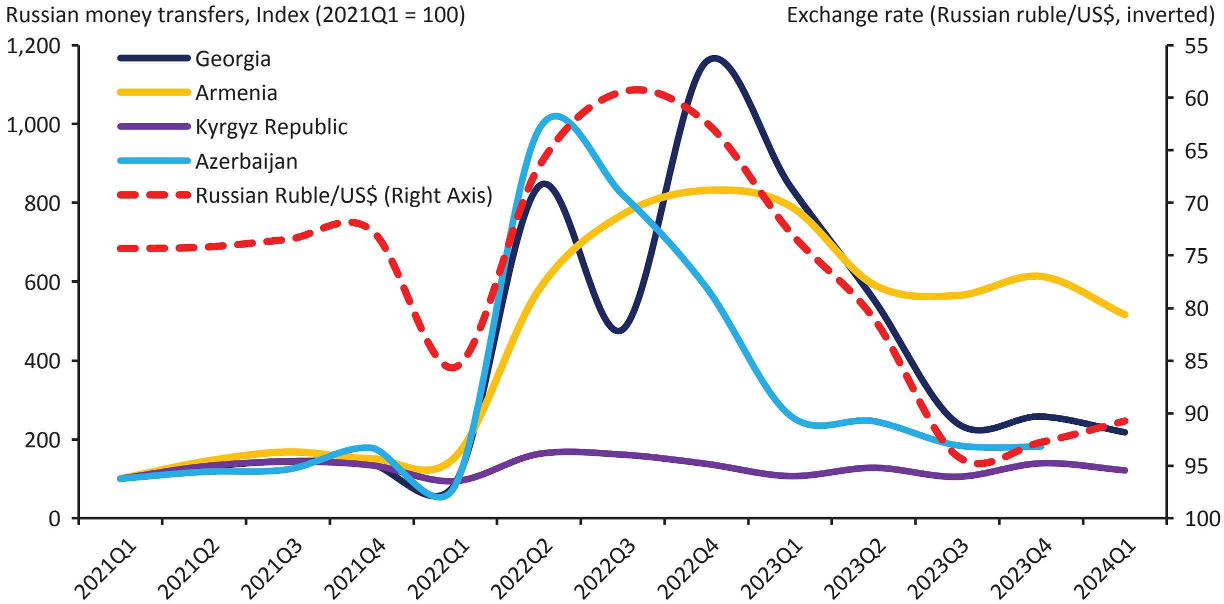
Remittances to Thailand are forecasted to grow modestly at about 2 percent reaching $9.8 billion in 2024 and $10 billion in 2025. In Malaysia, growth of about 5 percent is expected to increase remittance flows to $1.8 billion in 2024. In 2025, remittance growth is expected to slow to 4 percent, supporting remittance flows of $1.9 billion.

Remittance flows to all Pacific Island countries are projected to be flat in 2024 and 2025 with two exceptions. In Fiji, remittance growth is expected to slow to 7 percent with flows reaching $546 million in 2024 and $571 million in 2025. In the Solomon Islands, remittances are expected to grow at 5 percent in 2024 to $89 million, and at 4 percent in 2025 to $93 million.

A.2 Europe and Central Asia

Remittance trends. After growing sharply by 18 percent in 2022, remittance flows to Europe and Central Asia declined by 10 percent to reach about $71 billion in 2023. But flows have remained much higher than prewar levels. The sharp decrease in remittances in 2023, from the high 2022 base, was driven mainly by a slowdown of money transfers from the Russian Federation to its neighboring countries, especially to Central Asian economies. A 39 percent depreciation of the Russian ruble against the US dollar in 2023 decreased the value of money transfers from Russia (figure A.2.1). Furthermore, remittance flows to Ukraine and Russia remained weaker than expected in 2023 due to negative effects from the ongoing war. An exodus of migrants from Russia to its neighboring countries, significant in 2022, has been slowing, with some of

Figure A.2.1 The Depreciation of the Ruble against the US Dollar is Associated with a Slowdown of Russian Remittances



Sources: Respective central banks, World Bank/KNOMAD staff estimates.

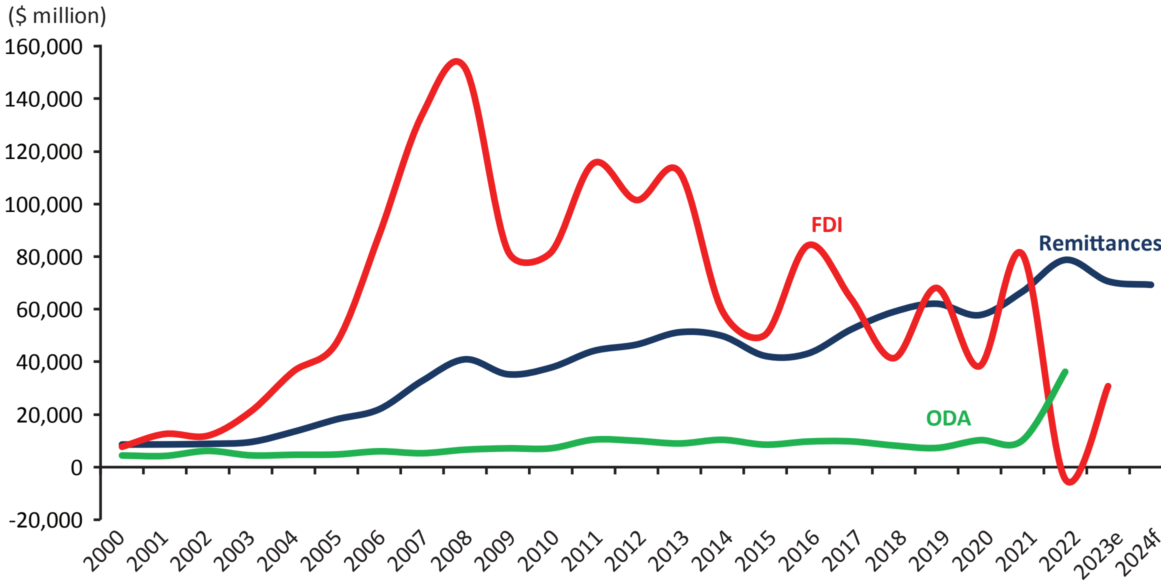
them electing to return home. Moreover, financial institutions in some destination countries have restricted transfers from Russia over concerns of additional sanctions. These factors may have diverted remittance flows to informal channels.

Remittances remained the biggest source of external financing for the region in 2023, providing an important buffer for current account deficits across a number of subregional economies (figure A.2.2). After tumbling to negative flows of about $5 billion in 2022, due mainly to negative flows of $40 billion for Russia, FDI bounced back to about $31 billion in 2023, supported by a sharp rise in flows to Ukraine (an increase of nearly $4 billion from 2022) and to some extent to Bulgaria. Nonetheless, overall FDI inflow for the region is about $30 billion less than the prewar (2017–21) average of $59 billion. This is mostly due to the stoppage of investments from Western companies in Russia. Many Central Asian countries also experienced declines in FDI.

Several Central Asian countries, such as the Kyrgyz Republic, Tajikistan, and Uzbekistan, are heavily dependent on remittances (which accounted for 22, 39, and 15 percent, respectively, of their GDP in 2023), coming largely from Russia. The share of Russian remittances in total flows to these countries declined last year after surging to record highs in 2022 (figure A.2.3). Uzbekistan had a more diverse range of remittance sources prior to Russia's invasion of Ukraine, with Russia accounting for only around half of the remittance flows in 2019–21. However, this share surged to 87 percent in 2022 and remained relatively high at 78 percent in 2023, leaving Uzbek labor migrants still vulnerable to changes in the Russian economy and its migration policy.

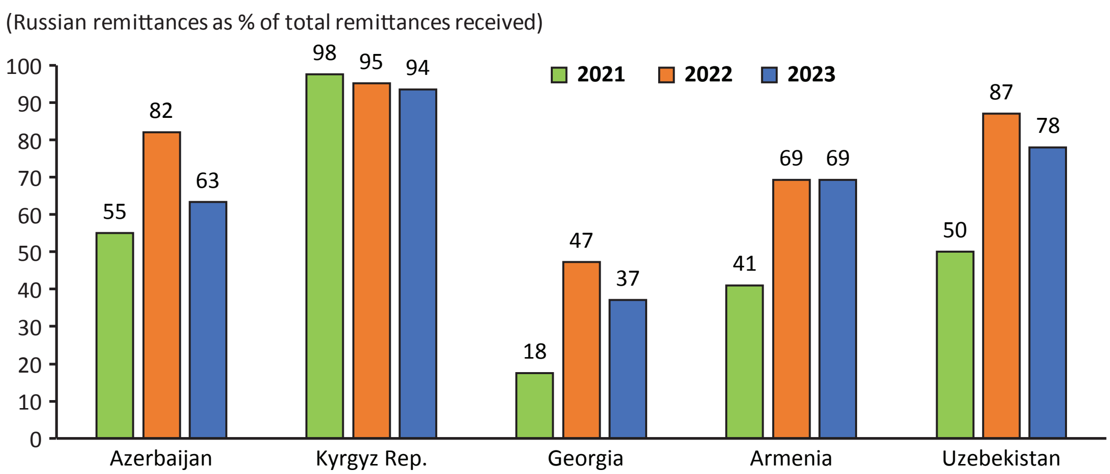
Wage gaps between Russia and these three Central Asian economies are significant. Despite the sharp weakening of the ruble in 2023, average US dollar monthly wages as a percentage of Russian levels were only 41.9 percent in Uzbekistan, 38.8 percent in the Kyrgyz Republic, and 19.6 percent in Tajikistan. This encouraged migration from these countries to Russia and may explain why the growth of migrant workers from Central Asian to Russia did not decelerate in 2023. In the first quarter of 2023, for example, 630,000 registered Uzbeks were working in Russia as migrant laborers, up 72 percent from the previous year.[9] The Russian Interior Ministry estimates that there are about 10.5 million migrants from Uzbekistan,

Figure A.2.2 Resource Flows to Europe and Central Asia, 2000–2024f



Sources: World Bank/KNOMAD staff estimates, International Monetary Fund (IMF)'s *World Economic Outlook* April 2024, and IMF's Balance of Payments Statistics.
Note: e = estimate; f = forecast; FDI = foreign direct investment; ODA = official development assistance.

Figure A.2.3 Share of Russian Remittances to Central Asian Countries, 2021–23

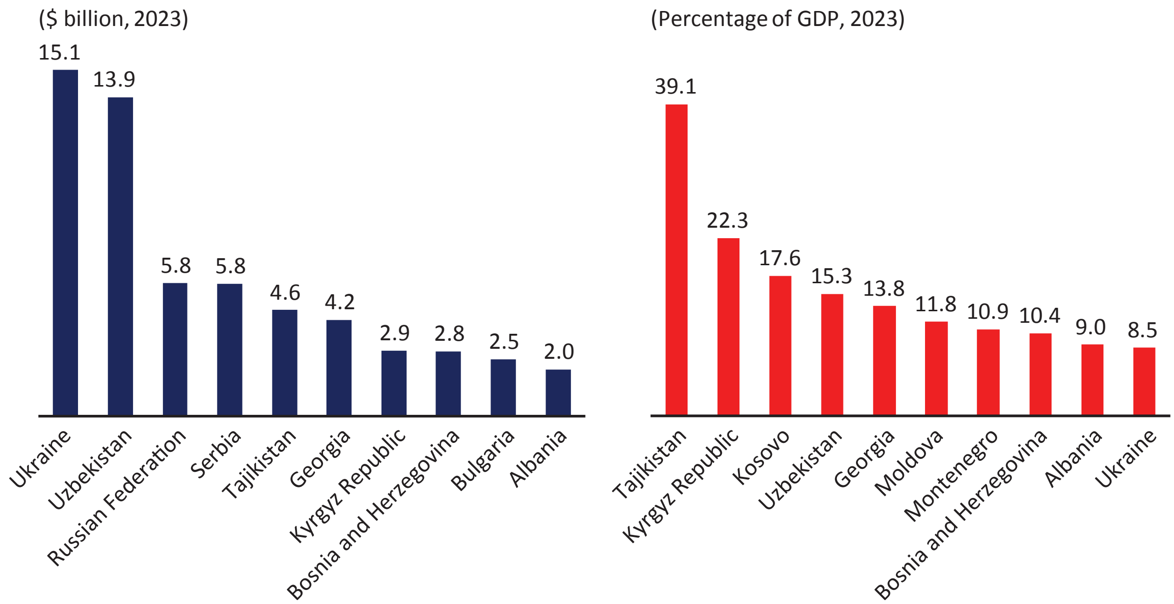


Sources: Central banks of the countries listed and World Bank/KNOMAD staff estimates.

Tajikistan, and the Kyrgyz Republic working in Russia. This may be a major undercount, though, since many migrant workers are potentially unregistered. The number of migrants not captured in official data might suggest that a decrease in remittances from Russia to Central Asian countries last year was partly due to an increase in remittance transactions through informal channels.

Flows to Ukraine, the region's largest recipient of remittances last year, declined from $16.8 billion (about 10.5 percent of GDP) in 2022 to $15.1 billion (about 8.5 percent of GDP) in 2023 (figure A.2.4). Remittances to Ukraine have not bounced back to the prewar (2019–21) levels and are expected to remain subdued in 2024. The decline can be mostly ascribed by the change in remittance compilation methodology used by the National Bank of Ukraine. Since February 2023, the central bank started to classify Ukraine migrants (including refugees) who moved to neighboring and other European countries in the wake of Russia's invasion of Ukraine in the "resident" category instead of "nonresident." Thus, any money transfers from these migrants are no longer recorded as cross-border remittance activities by nonresident migrants. Remittances have also declined in the second largest recipient in the region, Uzbekistan, from $16.7 billion in 2022 to $13.9 billion in 2023. This drop can partly be ascribed to a slowdown of money transfers from Russia amid higher inflation in Russia and the appreciation of the Uzbek son against the Russian ruble, which could have diverted remittances to informal channels. The slowing of remittances from Russia in 2023 also led to a decline in remittances to Azerbaijan and the Kyrgyz Republic, which are highly dependent on Russian remittances. Money transfers from the United States to these economies have declined significantly as well, contributing to further weakness in overall remittances.

Figure A.2.4 Top 10 Remittance Recipients in Europe and Central Asia, 2023

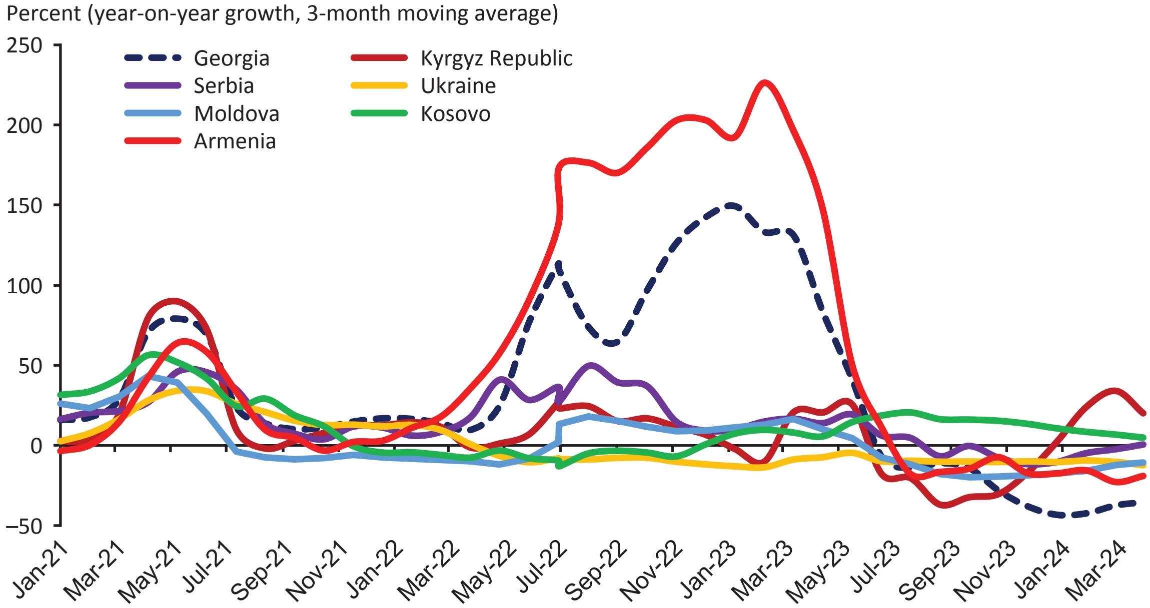


Sources: World Bank/KNOMAD staff estimates and IMF *World Economic Outlook* April 2024.
Note: GDP = gross domestic product.

Many other countries in the region experienced sharp declines: Armenia, Azerbaijan, and Kazakhstan posted at least a 29 percent drop in 2023. In contrast, remittances to Albania, Bulgaria, Kosovo, and Türkiye posted double-digit growth in 2023. Monthly data indicate that remittance growth for many countries in the region remained subdued as normalization of Russian money transfers continued throughout the first three months of 2024 (figure A.2.5).

Remittance outlook. Remittance flows to Europe and Central Asia are projected to decline by 2 percent in 2024 due to normalization of outward remittances from Russia to its neighboring countries and lingering weakness in flows to Ukraine and Russia. Money transfers from Russia are expected to continue declining without major shocks or incidents that could prompt capital outflows from the country. Furthermore, restriction of money transfers from Russia to Türkiye that took place as of January 2024 could also have an impact on remittances into and out of Russia. The projections for 2024 are subject to downside risk, including a weaker-than-expected economic growth in major remittance-sending economies or sharper-than-expected drop in Russian outward remittances. For 2025, it is forecasted that remittances to the region will grow by about 4 percent to reach about $72 billion as flows to Ukraine and Russia are expected to rebound close to pre-war levels assuming that there will be greater clarity regarding the course of the ongoing war.

Figure A.2.5 Remittance Growth in Europe and Central Asia Remained Subdued in 2024



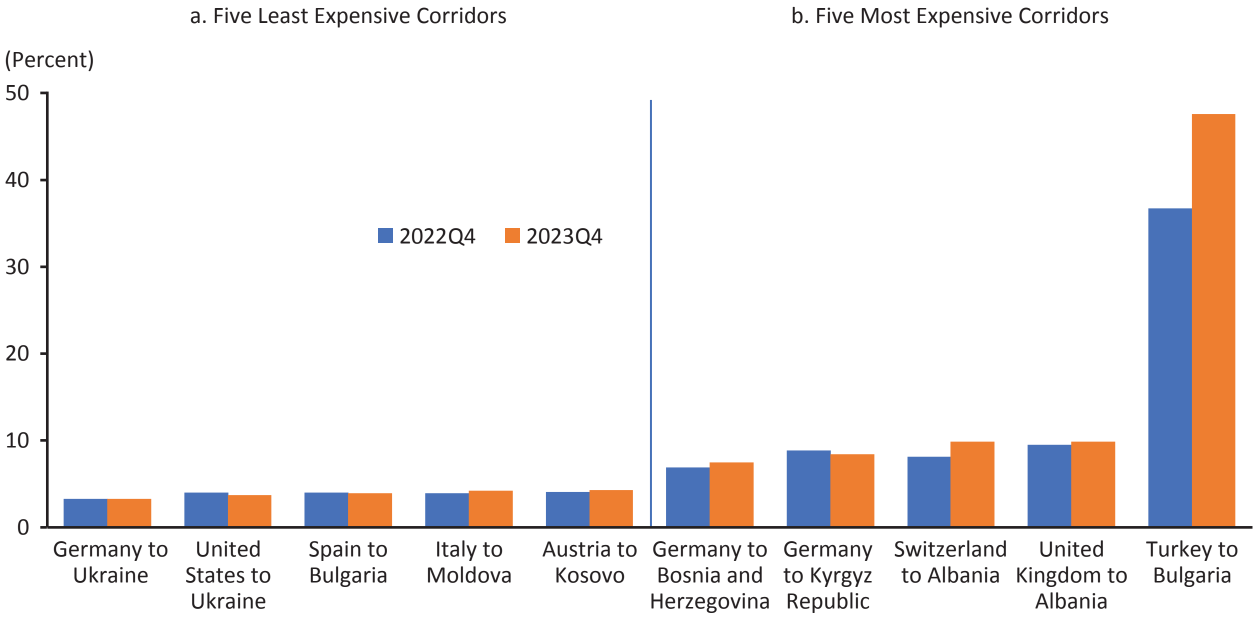
Sources: World Bank/KNOMAD staff estimates and respective central banks.

Remittance costs. The average cost of sending $200 to Europe and Central Asia climbed by 26 basis points to 6.7 percent in the fourth quarter of 2023 from 6.4 percent a year earlier, in large part reflecting a sharp increase of costs in the Türkiye to Bulgaria corridor. Amid the ongoing war, the average cost for the region excludes data on corridors originating in Russia, which used to be one of the lowest-cost senders of remittances globally. The differences in cost across corridors in the region, as well as their changes over time, are substantial. The highest cost for sending remittances is from Türkiye to Bulgaria, where costs have been high and increased from 36.7 percent to 47.6 percent between 2022Q4 and 2023Q4 due to high transaction fees for bank account transfers, while the lowest cost is from Germany to Ukraine (figure A.2.6). Notably, the cost of sending money to Ukraine in the fourth quarter of 2023 remained lower than the prewar level, ranging from 3.3 percent in Germany and 3.7 percent in the United States to 4.8 percent in the Czech Republic and 4.8 percent in Italy.

Migration trends. According to official figures, about 1.3 million Tajik nationals lived in Russia in 2023, but this number is likely to be an underestimate given that many are potentially unrecorded in the official data. Since Tajik nationals do not need visas to enter Russia, it is common for workers from Tajikistan to enter the country for seasonal work. It is reported that employment contracts for migrant workers are often nonexistent, and it is common for workers to be hired off the books. The migration data are further complicated by the fact that a growing number of Tajik nationals are obtaining Russian citizenship. In 2022, 174,000 Tajik nationals received Russian citizenship, up from 104,000 in 2021. Another 87,000 Tajik nationals got Russian citizenship in the first half of 2023.[10]

As of 2023, over 630,000 Uzbek nationals were working in Russia as migrant workers, but some estimates suggest that the real number could be closer to 4–8 million, including those working illegally. For many years, most migrant laborers from Uzbekistan have headed to Russia, working mostly as low-paying manual laborers in the construction and agriculture sectors. Uzbekistan's government has been working with governments in Europe, East Asia, and the Middle East to find new job opportunities for Uzbek nationals in places other than Russia. As a result, as of early 2024, new employment opportunities for Uzbek nationals specifically have opened in Germany and Korea. It was announced that some 50,000 jobs in Germany are

Figure A.2.6 Cost of Sending Money in Europe and Central Asia Rose Slightly in 2023Q4



Sources: World Bank/KNOMAD staff calculations and Remittance Prices Worldwide.
Note: Cost of sending $200 or equivalent.

available to Uzbek nationals through the Agency for External Labor Migration. The available jobs are mainly in construction, restaurants and hotels, trucking, and mechanical repairs and maintenance for trucks and agricultural vehicles. Korea is offering 100,000 work placements for Uzbek nationals.

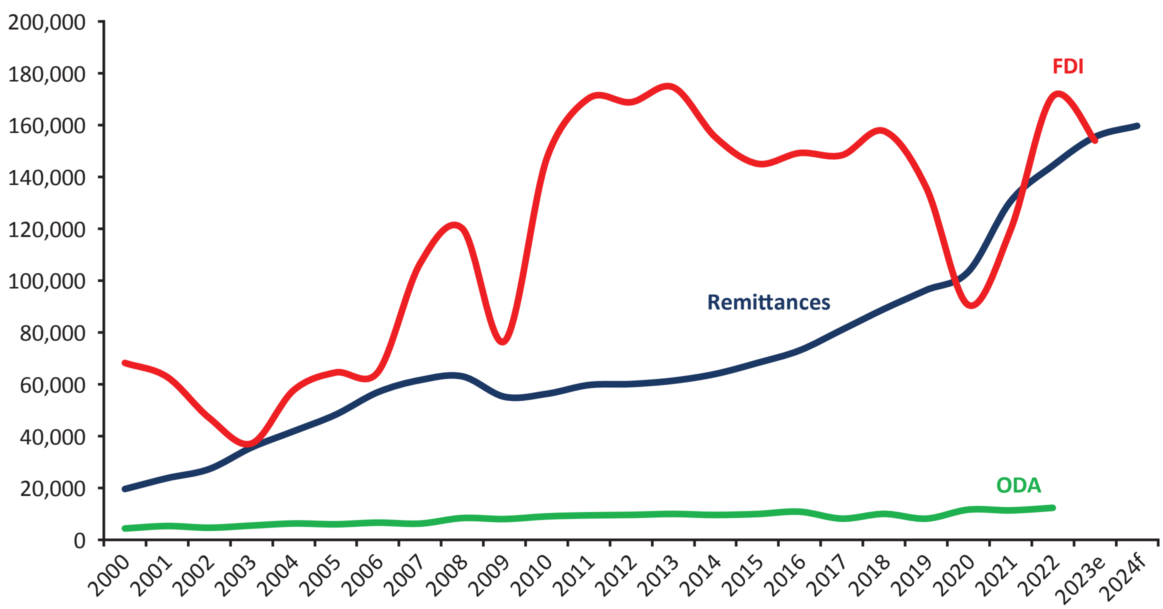
Of the 328,458 Kyrgyz nationals living abroad, the majority (285,433) resided in Russia as of 2023 (IOM 2024), making up a large proportion of Russia's migrant workforce along with those from Tajikistan and Uzbekistan. The high numbers are due to the Kyrgyz Republic's visa-free agreement with Russia, which provides economic opportunities that are not available at home. The country's economy has high exposure to Russia's economy, particularly through significant reliance on remittances. However, the lack of diversification of destination countries and employment sectors makes migrant workers from the Kyrgyz Republic vulnerable to changes in the Russian economy and in its migration policy.

A.3 Latin America and the Caribbean

Remittance trends. After a significant increase in remittances in 2022 (11 percent), remittance growth into Latin America and the Caribbean slowed in 2023, increasing by about 8 percent to reach $155 billion (figure A.3.1). The growth rate of remittances returned to the pre-pandemic levels of 2019, supported by the strong US labor market, which had a positive impact on remittance flows during 2023. However, growth in remittances to the region is expected to slow down to 2.7 percent in 2024. In 2023, remittance flows were larger than FDI flows. According to UNCTAD, FDI inflows to Brazil decreased by 22 percent while Mexico reported an increase in FDI and in new greenfield project announcements (UNCTAD 2024).

The growth of remittances varied widely across countries in 2023, ranging from a 44.5 percent increase in Nicaragua to a decline of 13.4 percent in Argentina. Remittances to transit countries in Central America increased by 9.7 percent in Guatemala and by 17.8 percent in Honduras. Remittances sent from the United States and Spain to Colombia increased by 6.7 percent. By contrast Brazil, Bolivia, and Jamaica saw negative growth of 10.9 percent, 0.7 percent, and 3.3 percent, respectively. [11] Remittances to Mexico reached $66.2 billion in 2023,

Figure A.3.1 Remittances, Foreign Direct Investment, and Official Development Assistance Flows to Latin America and the Caribbean, 2000–24f



Sources: World Bank/KNOMAD staff estimates; World Development Indicators; IMF Balance of Payments Statistics. See the appendix in *Migration and Development Brief 32* for forecast methods (World Bank/KNOMAD 2020).
Note: FDI = foreign direct investment; ODA = official development assistance; e = estimate; f = forecast.

representing an increase of 7.8 percent. Mexico receives the most remittances in the region by far, and is the world's second-largest recipient of remittances (figure A.3.2, panel a).[12] Remittances constitute a large share of GDP in a number of countries in the Caribbean and Central America (figure A.3.2, panel b).

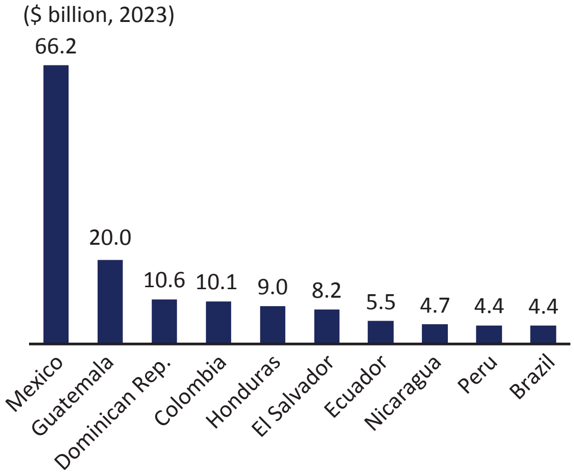
The increase in employment in the US sectors where migrants work, such as food and beverage services, health services, and construction, contributed to the growth in remittances to Latin America (figure 1.3 in chapter 1). According to the US Census Bureau report, the foreign-born population from Latin America was 23.2 million out of 46.2 million foreign-born living in the United States in 2022. Of these, Mexico and Central America alone accounted for 14.6 million (United States Census Bureau 2024).

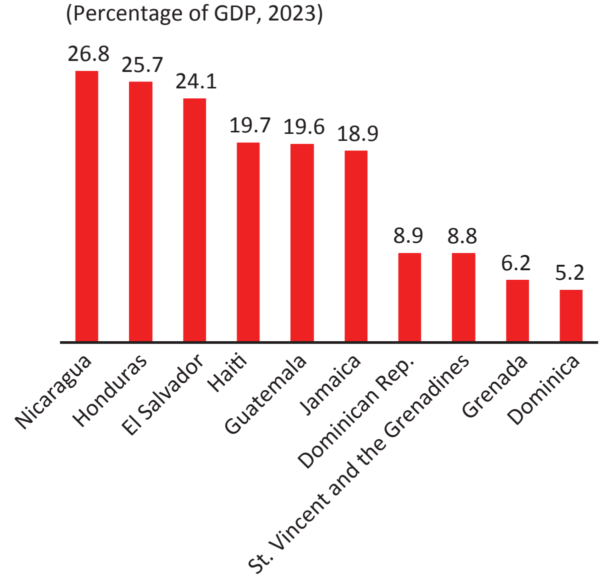
Recent data released by the Bureau of Labor Statistics reported that the unemployment rate of Hispanics declined across three years, from 18.5 percent in April 2020 to 4.5 percent in April 2024 (US Bureau of Labor Statistics 2024). Employment of foreign workers and Hispanics has surpassed pre-pandemic levels and has continued to increase (figure 1.3), while employment of US nationals returned to such levels in April 2023 and has remained so since.

The strong US labor market contributed to a significant increase in remittances during the first four months of 2024: 12 percent in Nicaragua, 14 percent in Colombia, 9 percent in Guatemala, 6 percent in Dominican Republic, 3 percent in Mexico, and 2 percent in El Salvador compared with the same period in 2023 (figure A.3.3). Remittances to Nicaragua remain strong although they normalized after a surge following large-scale emigration in 2022–23.

Remittance costs. Remittance corridors from the United States are among the least costly to the Latin American region. According to the Remittance Prices Worldwide database, the costs of sending remittances to Latin America averaged 5.8 percent in 2023Q4. However, costs have remained at the same level since

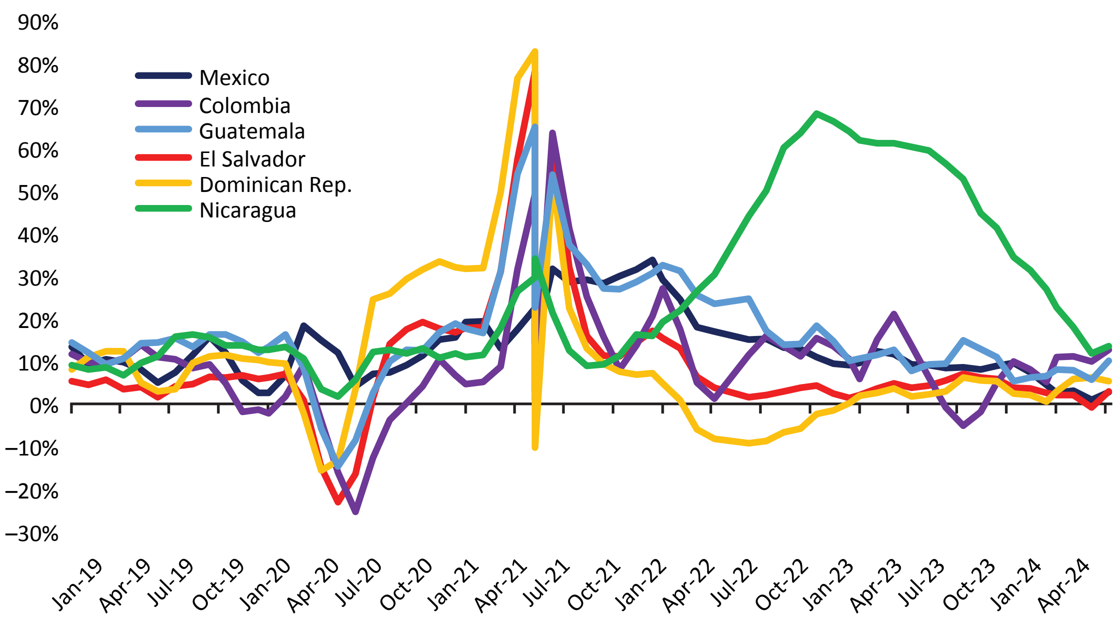
Figure A.3.2 Top Remittance Recipients in Latin America and the Caribbean, 2023





Sources: World Bank/KNOMAD staff; World Development Indicators; IMF Balance of Payments Statistics.
Note: GDP = gross domestic product.

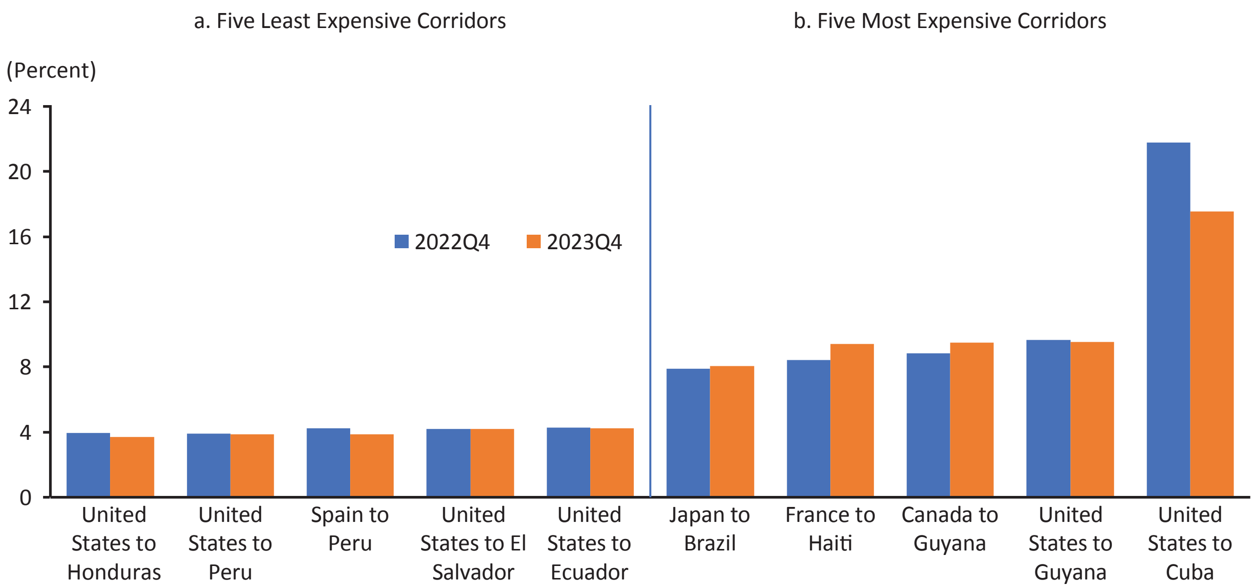
Figure A.3.3 Remittance Flows to Latin America and the Caribbean Returned to Pre-Pandemic Levels during 2024Q1



Sources: Central banks of the respective countries.

2015 and are much higher in the smaller remittance corridors. For example, the cost of sending money from Canada to Guyana was 11 percent in 2023Q4, increasing by 2 percentage points from one year previous; that from France to Haiti increased from 8.4 percent in 2022Q4 to 9.4 percent in 2023Q4. The corridors from Spain have seen a cost reduction. The cost of sending money from the United States to Cuba remained high but decreased from 23.5 percent in 2022Q4 to 19.3 percent in 2023Q4 (figure A.3.4).

Figure A.3.4 The Cost of Sending Money to Latin America and the Caribbean Has Remained Stable



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

Remittance outlook. Growth in remittances to the region is returning to pre-pandemic rates. Remittance growth is projected to slow down to 2.7 percent in 2024, with US GDP growth forecasted at 2.5 percent in 2024 and 1.8 percent in 2025 (GEP, 2024). US job openings are declining since a mid-2022 peak, a trend that could have an impact on remittances to the region. Remittances will continue to flow due to the considerable number of transit migrants stranded in Mexico and Guatemala. Transit migrants from Cuba, China, Ecuador, Haiti, India, Nicaragua, República Bolivariana de Venezuela, and other nations passing through Guatemala and Mexico on the way to the United States account for the large remittance flows to those two transit countries. As noted in *Migration and Development Brief 36* (World Bank/KNOMAD 2022a), migrants are staying longer in Mexico, which could increase remittances to the country. However, there are downside risks to the projections. Remittances to Latin America will be impacted by the projected softening of the US labor market and the upcoming election in the United States, which could lead to strengthened immigration regulations.

Migration trends. According to the US Customs and Border Protection Agency, monthly border apprehensions increased by 6 percent from October to April 2024 compared with the same period of 2023. There was a big jump in December 2023 after which apprehensions started declining starting in January 2024 (figure 1.11 above). The US Border Patrol recorded an average of 3,700 apprehensions per day during the first 21 days of May (Isacson 2024b). The profile of migrants arriving at the US borders is changing. The number of encounters of Chinese nationals increased by 8,500 percent between March 2021 and March 2023, reaching 24,214 individuals at the southern border (Homeland Security 2024a). People arriving at the US border illegally would not be eligible for asylum and would face a five-year ban on reentry and potential criminal prosecution. More than 404,000 Cubans, Haitians, Nicaraguans, and Venezuelans have entered the United States under a new program

(Homeland Security 2024b). About 720,000 migrants have been returned from the United States amid the termination of Title 42 between May 2023 and April 30, 2024 (CBP 2024).

To deter migrants from crossing to the United States, Mexico started sending migrants by bus to its southern states. According to the National Mexican Institute of Migration, about 7,721 migrants crossed into Mexico during the first twelve days of May 2024. In addition, Mexico began requiring visas for Peruvians in May 2024. The foreign population with irregular migratory status in Mexico increased to 782,176 in 2023, ten times the level of 2020. During the first quarter of 2024, there were 359,697 undocumented migrants that had entered the country. Venezuelans are the largest group of migrants in an irregular situation in 2023, followed by migrants from Honduras, Guatemala, Ecuador, Haiti, Cuba, Colombia, El Salvador, and Senegal. The profile of undocumented migrants changed in 2023. For example, the number of undocumented migrants from Ecuador increased from 1,384 in 2021 to 70,790. Undocumented Chinese and Indian nationals entering Mexico increased from less than 300 in 2021 to more than 12,000. Similarly, the influx of migrants from Sub-Saharan Africa, a trickle in the past, has now substantially increased. These are mostly from the West Coast of Africa (Senegal, Guinea, Mauritania).

According to the government of Panama, migrants crossing through the Darien Gap decreased from a daily average of 2,643 to 947 crossings in April 2024. Crossing through Honduras has also decreased—from a daily average of 3,290 in October 2023 to 1,281 in April 2024 (Isacson 2024a). On May 7, 2024, Guatemala hosted the third Los Angeles Declaration Ministerial.[13] Costa Rica and the United States signed a memorandum of understanding to cooperate in countering the trafficking of persons and sharing biometric data (The White House 2024). Visa restrictions have been imposed on executives of several Colombian maritime transportation companies for facilitating undocumented migration to the United States.

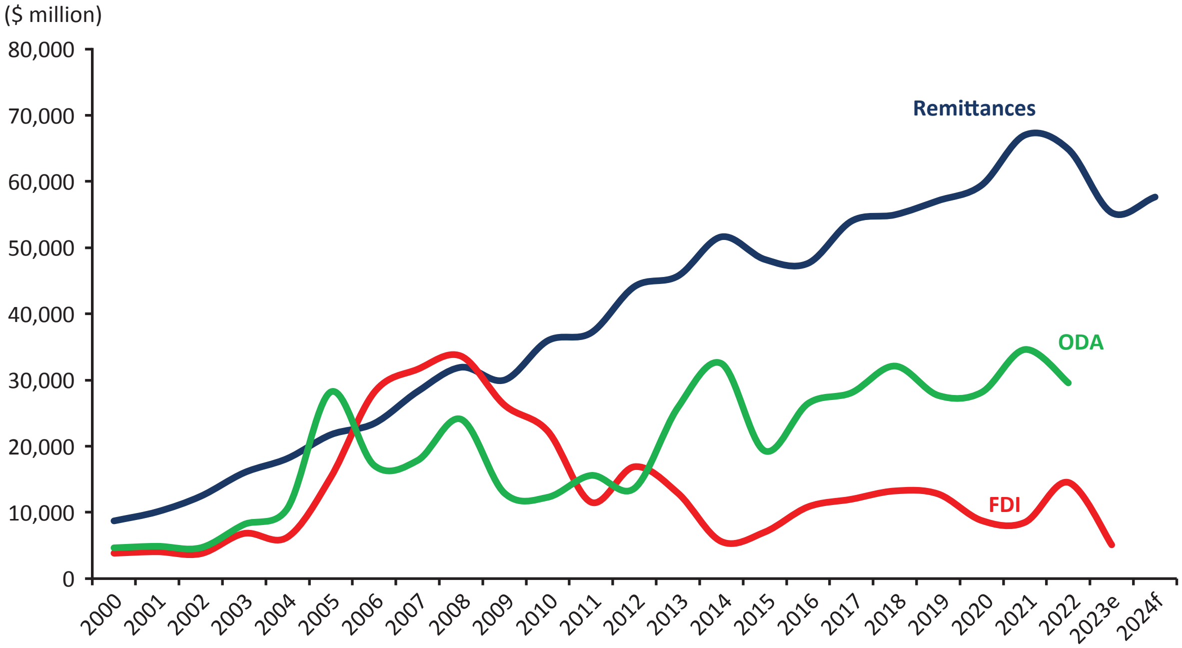
A.4 Middle East and North Africa

Remittance trends. Remittances to countries of the Middle East and North Africa fell by 15 percent to $55 billion in 2023, accentuating the impact of the 3.2 percent drop in 2022. This substantial drop in 2023 was largely driven by a sharp decline in flows to Egypt, by far the region's largest remittance recipient. It is likely that remittances have been diverted toward unofficial channels given the wide gap between exchange rates in the official and parallel foreign exchange markets. In 2023, Egypt suffered from a severe lack of foreign currency due to the fixed exchange system and overvalued local currency. This led to the emergence of a parallel market, with the Egyptian pound exceeding 70 LE per US dollar at one point, and a significant cut in official remittances from Egyptian expatriates.

Other factors also contributed to the decline in remittances to the region in 2023. Outward remittances from Saudi Arabia and the United Arab Emirates slowed, reflecting some correction from the pandemic-related distortion. Flows to Jordan and Tunisia thinned amid weak economic growth in the euro area, the key remittance source for these countries, while the ongoing conflict in the Middle East has negatively impacted remittance flows to the West Bank and Gaza. In contrast, remittances to Algeria and Lebanon posted positive gains, supported by gains in flows from France and the United States, respectively. Algeria has only averaged about $1.8 billion annually for the past decade, but the existence of a parallel exchange rate market that could offer a 30–40 percent premium suggests that significant volume of remittances might be channeled through informal channels (mostly in the form of cash carried by travelers). Morocco also posted gains, reaching another record high, underscoring the impact of the September 2023 earthquake on the country's remittances.

Remittances have been the largest and relatively most steady source of external resource flows for the region, outstripping the sum of FDI and official development assistance (ODA) since 2010 (figure A.4.1). In 2023, remittance inflows were more than twice the sum of these flows to the region, which saw a sharp drop in FDI flows, highlighting the importance of remittances to both the private and public sectors. With significant

Figure A.4.1 Remittances to Middle East and North Africa offer Support against High Volatility of Other Flows, 2000–24f



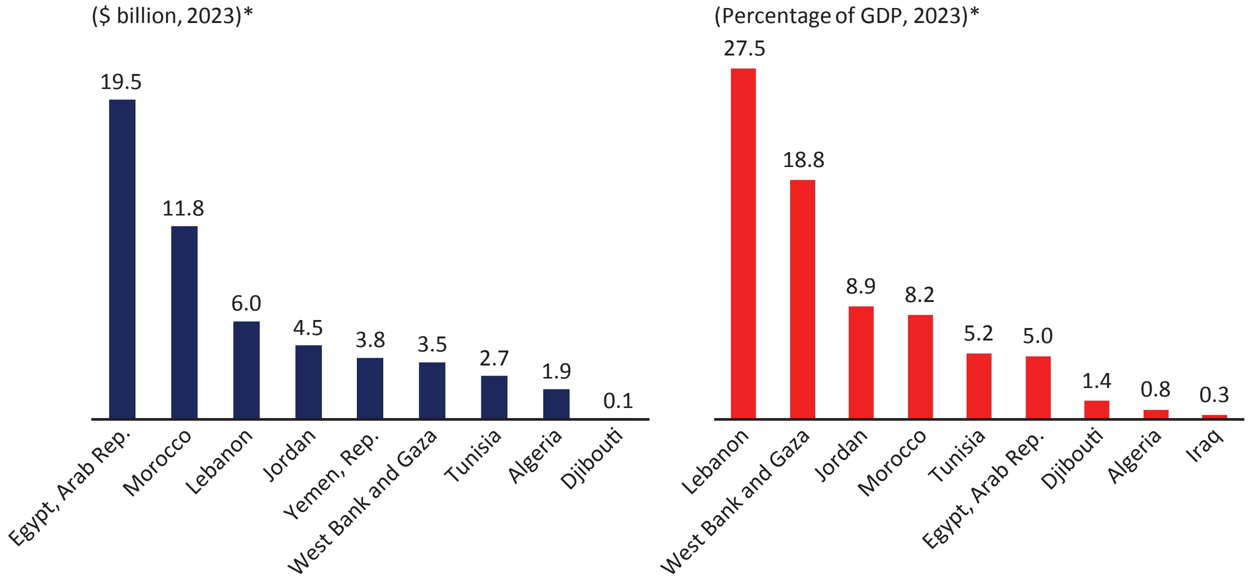
Sources: World Bank/KNOMAD staff estimates; World Development Indicators; IMF Balance of Payments Statistics. See appendix to the *Migration and Development Brief 32* for forecasting methods (World Bank/KNOMAD 2020).
Note: FDI = foreign direct investment; MENA = Middle East and North Africa; ODA = official development assistance; e = estimate; f = forecast.

fiscal and current account deficits creating external financing concerns for oil-importing countries in the Middle East and North Africa, remittances are likely to remain a vital financing source for the region in the near and medium term.

Remittances to Egypt declined by about 31 percent in 2023 to reach $19.5 billion (figure A.4.2, panel a). This is largely explained by the sharp drop in remittances through official channels triggered by the significant gap between exchange rates in the official and parallel foreign exchange markets. The central bank of Egypt reverted to a fixed exchange rate in March last year. This, combined with hard currency shortages, resulted in a reemergence and surge of the parallel market rate, fueling high and rising inflation, delaying first and second reviews of the IMF's Extended Fund Facility, and triggering rating downgrades by the three major rating agencies, which reflected the country's worsening debt affordability and foreign currency shortfall. A parallel foreign exchange market offered more attractive rates to the Egyptian diaspora. Consequently, many Egyptians abroad appear to be choosing to send their money through informal channels. The recent devaluation and rate hikes, the completion of the IMF reviews, and investments from the United Arab Emirates have increased confidence that remittance inflows could rise. The government announced earlier this year that remittances from Egyptian expatriates are gradually returning to their pre-shock levels, particularly as the parallel-market premium was eliminated.

To encourage the growth of the remittance market, the Egyptian government has undertaken several initiatives including: (1) the use of digital channels for money transfers in the formal sector; (2) a launch of savings products and funds by banks that exempt commissions for the benefit of the Egyptian diaspora, and (3) the Central Bank of Egypt's announced liberalization of the exchange rate in March 2024. The move encouraged

Figure A.4.2 Top Remittance Recipients in the Middle East and North Africa, 2023



Sources: World Bank/KNOMAD staff ; World Development Indicators; IMF Balance of Payments Statistics.
Note: GDP = gross domestic product.
*The Islamic Republic of Iran, the Syrian Arab Republic, and the Republic of Yemen are excluded due to data availability.

US$2 billion of foreign portfolio inflows into the domestic market in April (JPMorgan's Global Data Watch), helping to constrain monetary conditions to maintain a consistent path to achieve the inflation target.

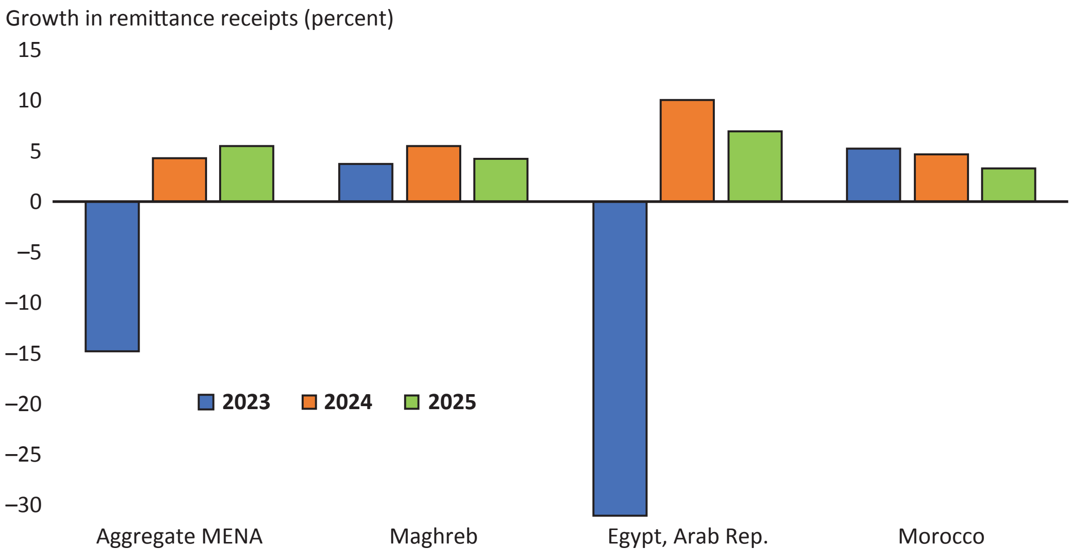
Morocco's remittances increased by 5.2 percent to $11.8 billion in 2023, and the country remains the second largest recipient of remittances in the region, after Egypt. Remittance inflows to the country have consistently exceeded FDI inflows, and have been a vital part of Morocco's economy, accounting for 8.2 percent of the country's GDP (figure A.4.2, panel b). The pace of remittances from Moroccans abroad remained strong throughout 2023, especially after the earthquake in September. This is in line with findings of studies that demonstrate the counter-cyclical nature of remittance flows, which tend to increase in the aftermath of natural disasters in migrants' home countries (Bettin, Presbitero, and Spatafora 2017).

The regional economies where remittance flows constitute a large proportion of GDP include Lebanon, the West Bank and Gaza, and Jordan (figure A.4.2). In Lebanon, remittance receipts represent ~~27.5~~ percent of GDP and account for more than 80 percent of total external resource flows (sum of remittances, FDI, and ODA), highlighting the importance of the Lebanese diaspora's impact on the country's macroeconomy. The West Bank and Gaza experienced a sharp drop in flows in 2023, carrying the ratio of remittances to GDP to about 19 percent. The negative impacts of the conflict in the Middle East worsened the financial health of these already fragile economies. Remittances to Jordan fell modestly to $4.5 billion in 2023, which represented 9 percent of the country's GDP.

Remittance outlook. The prospects for remittances to the Middle East and North Africa will be affected by the difficult situation facing the region's oil-importing countries, such as Egypt, Jordan, Lebanon, Morocco, and Tunisia. Uncertain regional prospects amid the conflict in the Middle East may lead to increases in their fiscal and current account deficits and could impair political stability. Particularly in Lebanon, the twin deficits have heightened pressure on currencies and foreign currency reserves.

In contrast, the region's oil exporters, such as Iraq and Algeria, will benefit from the rise in hydrocarbon prices. For Egypt, the devaluation of the Egyptian pound, significant investments from the United Arab Emirates (the Ras El Hekma deal), and an $8 billion agreement with the IMF are likely to trigger increased inflow of portfolio investments and remittances from workers abroad this year (figure A.4.3). A strong influx of remittances to the West Bank and Gaza may be expected later this year as Palestinians may need a revamped payment system. Along with signs of a rebound in outward remittances from GCC countries in the early months of 2024, on balance, we forecast a moderate gain of 4.3 percent in remittance flows in 2024, and another gain of 5.5 percent in 2025 (figure A.4.3). The outlook is differentiated across regional subgroups, depending on dominant host countries, the degree of exposure to higher energy/food prices, and fiscal and external financial difficulties.

Figure A.4.3 Remittance Flows to the Middle East and North Africa to Recover in 2024 and 2025

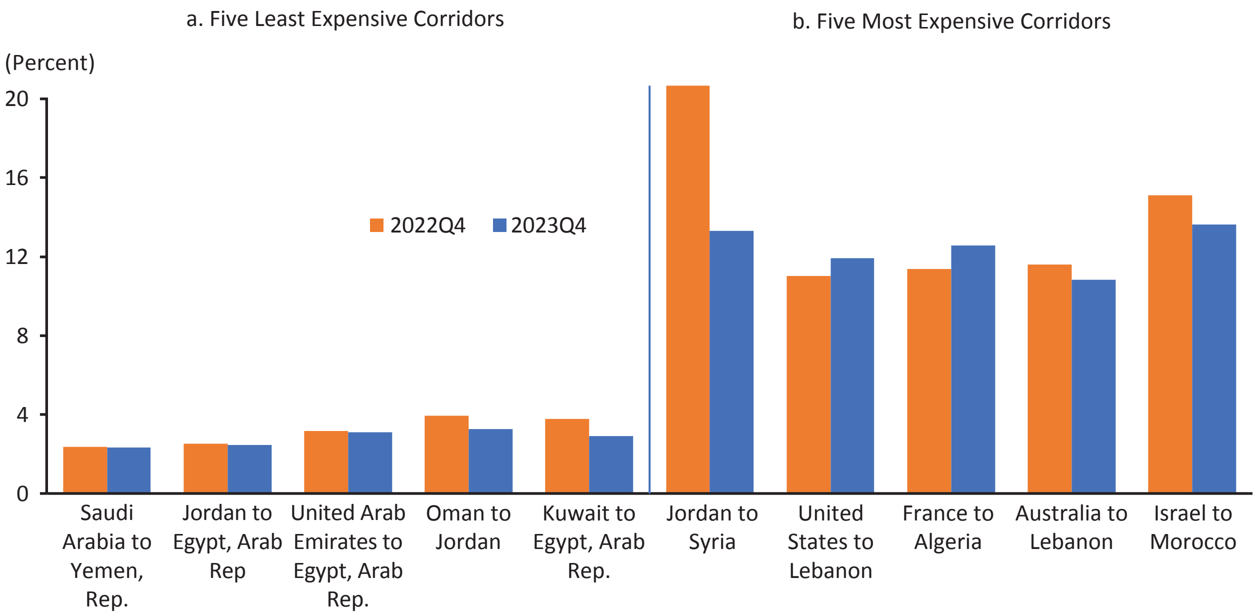


Source: World Bank/KNOMAD staff estimates and projections.
Note: MENA = Middle East and North Africa.

Remittance costs. The cost of sending $200 in remittances to the Middle East and North Africa eased to an average 5.9 percent in 2023Q4 from 6.7 percent a year earlier, reflecting a 73-basis point decline. However, costs vary greatly across corridors. The cost of sending money within the region (including GCC countries) remains low, ranging below 3 percent in some corridors (figure A.4.4, panel a) while the cost of sending money from high-income OECD countries to the Middle East and North Africa remains high and in double digits (figure A.4.4, panel b).

Migration trends. According to the UNHCR, as of April 2024, Egypt hosted 575,000 registered refugees and asylum seekers from 61 countries, nearly double the number from a year previous, due to major conflicts across its borders. The main countries of origin for migrants in Egypt are Sudan, the Syrian Arab Republic, the Republic of Yemen, and Libya, reflecting political crises in the Middle East and North Africa. Refugees in Egypt live in urban areas of Cairo and the North Coast, with most new arrivals coming from Sudan. More than 500,000 Sudanese and third-country nationals forced to flee the Sudanese crisis have entered Egypt since fighting broke out in April 2023. Since the onset of the conflict in Sudan last year, UNHCR has observed a fivefold increase in Sudanese individuals registering as refugees, mainly women and children. The UN expects this number to increase due to the escalating violence in Sudan in recent months and the limited prospects of a near-term ceasefire. In response to the Sudanese crisis, the UNHCR is scaling up the delivery of cash assistance and registration to address the urgent needs of the most vulnerable.

Figure A.4.4 Sending Money within the Region is Less Expensive than Sending Money from Outside



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

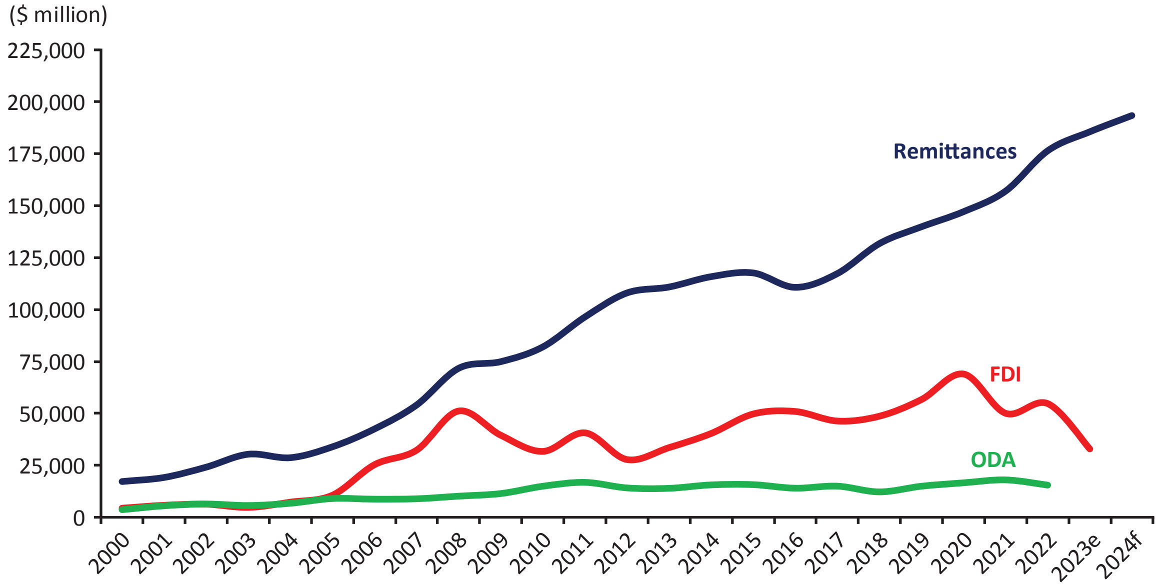
A.5 South Asia

Remittance trends. In 2023, the South Asia region, home to three out of the top remittance receiving countries in the world, was once again the leading remittance recipient. However, reflecting the unwinding of the post-COVID-19 rebound, remittances grew at 5.2 percent in 2023, reaching US$186 billion, down from the more than 12 percent growth achieved in 2022.

The primacy of remittances as the leading capital flow to South Asia relative to FDI and ODA in 2023 was intact (figure A.5.1), underscoring their critical role in augmenting the incomes of a large proportion of poorer households, as well as serving as a source of foreign exchange for migrants' countries of origin. In 2023, at US$186 billion, remittances to South Asia measured more than 5.6 times as much as FDI (US$33 billion), compared with only 2.5 times in 2019. This trend is explained by several factors that are critical for sustaining an increasing flow of remittances to the region. The acceleration in remittance growth is related to strong demand in migrants' destination countries and global market conditions, but this trend is easily reversed by large external shocks as happened during the COVID-19 pandemic. Stability and growth in remittances is tied to job security that is usually related to migrants' human capital/skills, as evident from the generally sustained remittance flows from technically skilled South Asian migrants in the United States and other OECD countries. In addition to rapid growth, the dominance of remittances in South Asia is also explained by declining FDI flows, signaling distortions in the investment climate that point to a critical and outstanding policy reform agenda that South Asian governments need to address. The recent economic crises in Pakistan, Bangladesh, and Sri Lanka demonstrated that reform delays were not only a deterrent to FDI, but also equally penalized formal remittance flows to these countries until their governments undertook corrective actions.[14]

Growing at 7.5 percent, remittance flows to India touched US$120 billion in 2023, reflecting the benefits of a deceleration in inflation and strong labor markets in the United States, the largest destination for India's skilled migrants, and other OECD destinations,[15] as well as positive demand for skilled and less-skilled workers in the GCC countries (which, together, are the second largest destination for Indian migrants).[16] While the

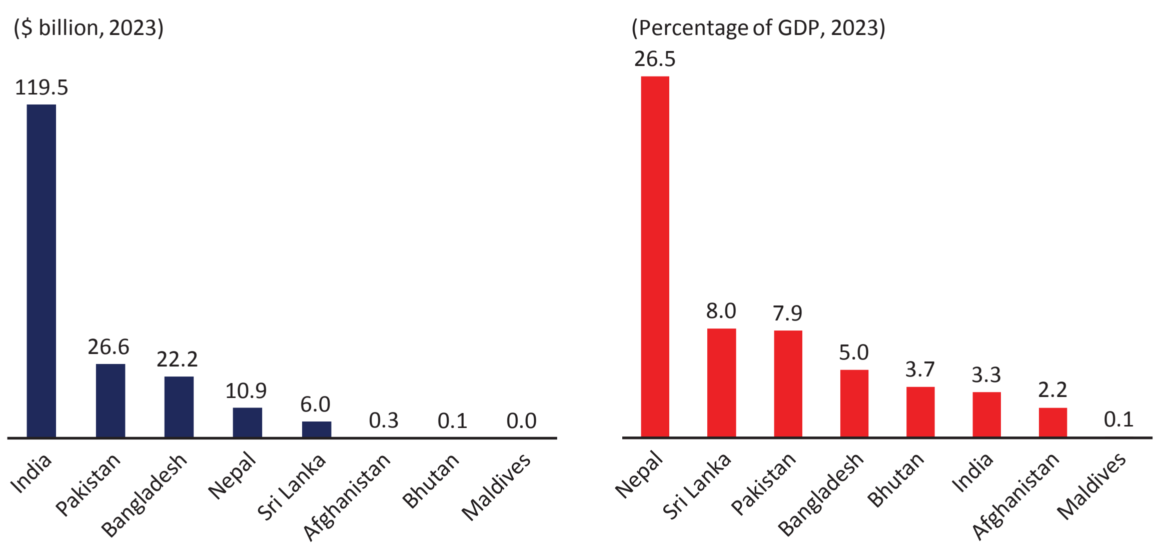
Figure A.5.1 Resource Flows to South Asia, 2000–24f



Sources: World Bank/KNOMAD staff estimates; World Development Indicators; IMF Balance of Payments Statistics. See appendix to the *Migration and Development Brief 32* for forecasting methods (World Bank/KNOMAD 2020).
Note: e = estimate; f = forecast; FDI = foreign direct investment; ODA = official development assistance.

same external demand conditions could have favored remittance flows to Pakistan, weak internal conditions due to a balance of payments crisis and economic difficulties triggered remittances to plummet 12 percent to US$27 billion in 2023 compared with more than US$30 billion in 2022 (figure A.5.2, panel a). Considering robust labor market conditions in destination countries, it is likely that a significant share of remittances flowed to Pakistan through informal channels in 2023, leading to the drop in formal remittances.[17] Formal remittance flows to Bangladesh grew modestly at 3 percent to US$22 billion in 2023, underpinned by financial and balance of payments related concerns stoked by insufficient exchange rate depreciation and other reforms.

Figure A.5.2 Top Remittance Recipients in South Asia, 2023



Sources: World Bank/KNOMAD staff and International Monetary Fund's *World Economic Outlook April 2024.*
Note: GDP = gross domestic product.

As in Pakistan, it is possible that there was also a diversion of remittances from formal to informal channels in Bangladesh. In a renewed vote of confidence in Sri Lanka's economic recovery—following ongoing reforms in the areas of debt, fiscal management, monetary policy, exchange rate, trade, investment, and state-owned enterprises in response to the acute balance of payments and fiscal crisis in 2022—formal remittance flows to Sri Lanka rebounded sharply by 57 percent to US$6 billion in 2023, inching closer to pre-COVID levels.

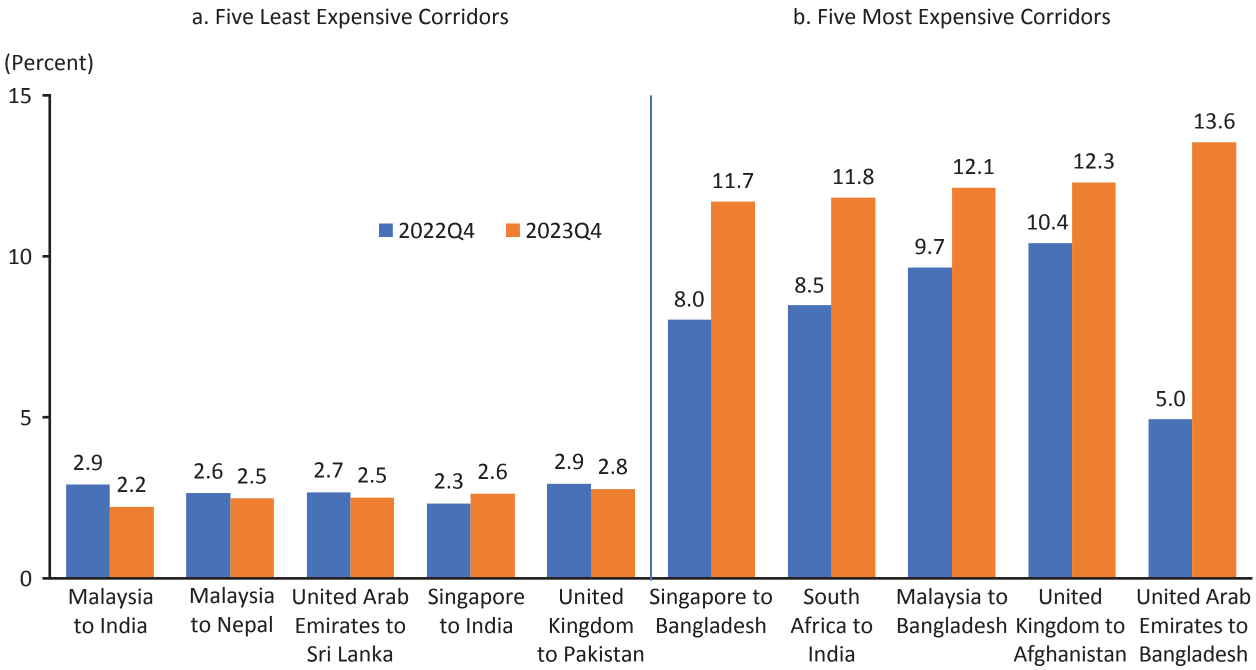
Inward remittances grew at 17 percent to US$10.8 billion in Nepal, where jobs overseas that fetch three times as much income as a domestic job remain the preferred option for most Nepalis. Nepali migrants also benefited from strong labor markets in the GCC countries, which together compose their primary destination. In Bhutan, remittances grew at over 12 percent to US$108 million, reflecting the benefits of record emigration to India and Australia amid limited domestic employment opportunities despite robust economic growth. Remittance flows to the Maldives declined marginally to US$5 million in 2023.

In 2023, with a share of 26.5 percent of GDP, Nepal was ranked as the country that is most dependent on remittances in South Asia (figure A.5.2, panel b). Nepal's overt dependence on remittances has been a true lifeline for its citizens. The sustained share of remittances, at around 25 percent of GDP for over a decade, contributed to an estimated 32 percent reduction in poverty (World Bank 2024). Nepal was also the sixth most dependent country globally (figure 1.2). With a share of 8 percent of GDP, Sri Lanka and Pakistan tied for the second position in South Asia, with Bangladesh following at third place with a share of remittances at 5 percent of GDP. Remittances as a share of GDP scored significantly lower in the remaining South Asian countries, including India with a share of 3.3 percent.

Remittance costs. In 2023Q4, South Asia could still boast the lowest remittance costs of all regions in the world. However, relative to 2022Q4, the cost of remitting $200 to South Asia increased substantially by 158 basis points in 2023Q4 (figure 1.7). In 2022Q4, it cost 4.2 percent to send $200 to South Asia but in 2023Q4, the cost had risen and was only slightly less than the global average of 6.4 percent. The cost of sending $200 to South Asia was nearly two times higher than the SDG target of 3 percent (figure 1.7). Among the five lowest-cost corridors, the costs declined marginally in four. Malaysia to India remained the cheapest corridor, clocking in 2.2 percent in 2023Q4 relative to 2.9 percent in 2022Q4 (figure A.5.3). However, the cost of sending $200 in 2023Q4 relative to 2022Q4 increased significantly in all five most expensive corridors, ranging between 11.7 and 13.6 percent. The sharpest increase was along the United Arab Emirates to Bangladesh corridor, where the cost increased by 172 percent, from 5 percent in 2022Q4 to 13.6 percent in 2023Q4. During the same period, the cost of remitting increased by 18 percent along the United Kingdom to Afghanistan corridor and by 46 percent along the Singapore to Bangladesh corridor.

Remittance outlook. While South Asia's remittance growth outlook for 2024–25 is still well above the forecast for all other regions, significant downside risks point to a slowdown as strong labor market conditions in key migrant destinations stabilize after a peak in 2023. The downside risks hinge on forecasts of subdued GDP growth, persistence of high commodity prices, and risk of a conflict-driven persistence in inflation, especially related to elevated food prices. Besides external factors, the domestic economy conditions prevailing in South Asia's three largest recipients—India, Pakistan, and Bangladesh, that collectively receive 91 percent of the total remittance flows to South Asia—will play a fundamental role in driving remittance growth. The single most important risk on the downside is from a weak economic recovery from the recent crises in Pakistan and Bangladesh that would motivate migrants to opt for informal over formal money transfer channels, resulting in lower remittance growth. Remittance growth in Bangladesh, Nepal, Bhutan, and the Maldives has also been associated with large-scale emigration of less-skilled economic migrants in the recent past. This trend is unlikely to continue unabated as South Asian migrants compete for the same jobs as climate-change-affected and economic migrants from other migrant-sending countries. Unbounded and illegal emigration from South Asia is already encountering resistance at the United States' southern border and in Europe.

Figure A.5.3 The Cost of Sending Remittances to South Asia Increased Sharply for the Most Expensive Corridors between 2022Q4 and 2023Q4



Sources: World Bank/KNOMAD staff calculations and Remittance Prices Worldwide.
Note: Cost of sending $200 or equivalent.

The 2024 outlook for remittance growth in South Asia is 4.2 percent, driving remittances to US$193 billion. By 2025, remittances are expected to reach over $200 billion. Remittances to India are forecasted to grow at 3.7 percent to $124 billion in 2024, and at 4 percent to reach $129 billion in 2025. India's efforts to link its Unified Payments Interface with source countries such as the United Arab Emirates and Singapore are expected to reduce costs and speed up remittances. Most importantly, the diversification of India's migrant pool between a large share of highly skilled migrants employed mostly in high-income OECD markets and the less-skilled migrants employed in the GCC markets is likely to lend stability to migrants' remittances in the event of external shocks.

Remittance flows to Pakistan are forecasted to recover and grow at about 7 percent to reach $28 billion in 2024 and increase at 4 percent to about $30 billion in 2025. In addition to the favorable external environment, this forecast assumes that the government will successfully implement the IMF's Stand-By Arrangement, exercise fiscal restraint, and obtain external financing.

The outlook for remittances in Bangladesh faces considerable downside risks, muting remittance growth at less than 3 percent to under $23 billion in 2024. Remittances are forecasted to recover marginally to $23.5 billion in 2025, growing at just over 3 percent. Despite ongoing reforms, there is a risk that the pace of the monetary and exchange rate reforms may not be sufficient to motivate migrants to channel remittances through formal channels.

Remittance growth in Sri Lanka is expected to settle at close to 7 percent in 2024, with remittance levels reaching $6.4 billion. In 2025, remittances are forecasted to grow at 8 percent to $7 billion. This outlook is predicated on solid progress in the ongoing macroeconomic reforms including fiscal reforms and debt restructuring and structural reforms in 2024–25, notwithstanding the upcoming elections.

Remittance growth in Nepal is forecasted to grow between 4.6 and 5 percent in 2024 to reach $11.4 billion and around $12 billion in 2025. Given Nepal's overt dependence on remittances as a lifeline for a large proportion of households, the downside risks are mostly from changes in labor demand conditions in migrants' destination countries, and natural disaster-related risks. Growth in remittance flows to Bhutan is expected to slow to between 2.7 and 3 percent, with remittances reaching $111 million in 2024 and $114 million in 2025. Considering the country's small population size, the emigration of skilled migrants takes a toll on Bhutan's development prospects. Improvements in domestic employment opportunities due to new hydropower projects, a pickup in tourism, and a special economic zone known as the Gelephu megacity project (intended to attract FDI) are expected to ease the pressure on Bhutanese workers to emigrate in search of livelihoods. Remittance growth in the Maldives is expected to maintain remittances at around $5 million in 2024–25. Any deterioration in the domestic economy could trigger macro instability with its attendant impact on remittances.

A.6 Sub-Saharan Africa

Remittance trends. Remittance flows to Sub-Saharan Africa reached $54 billion in 2023, a slight decrease of -0.3 percent from the previous year. Remittance flows to the region are projected to rise by 1.3 percent in 2024. The projected moderate growth in remittances reflects the expected slower growth in the United States while a feeble rebound is expected for Europe. Overall, the economic growth rate in Canada, Europe, and the United States, where large shares of remittance senders live, will decrease from 1.6 percent in 2023 to 1.5 percent in 2024.

The increase in remittance flows to the region supported the current accounts of several African countries that were dealing with food insecurity, drought, supply chain disruptions, floods, and debt-servicing difficulties. For example, in Ghana, the current account recorded a surplus in 2023Q3 due in part to strong growth in remittances. Most of these factors were intensified following the Russian invasion of Ukraine and the Israel-Gaza conflict.[18] Sub-Saharan Africa is facing a funding squeeze that it is amplified by a reduction of ODA as a percentage of GDP.

Remittance flows to Sub-Saharan Africa were nearly 1.5 times the size of FDI flows in 2023, and relatively more stable (figure A.6.1). FDI flows to the region reached $38.6 billion in 2023, driven primarily by greenfield project announcements in Kenya and Nigeria (UNCTAD 2024).

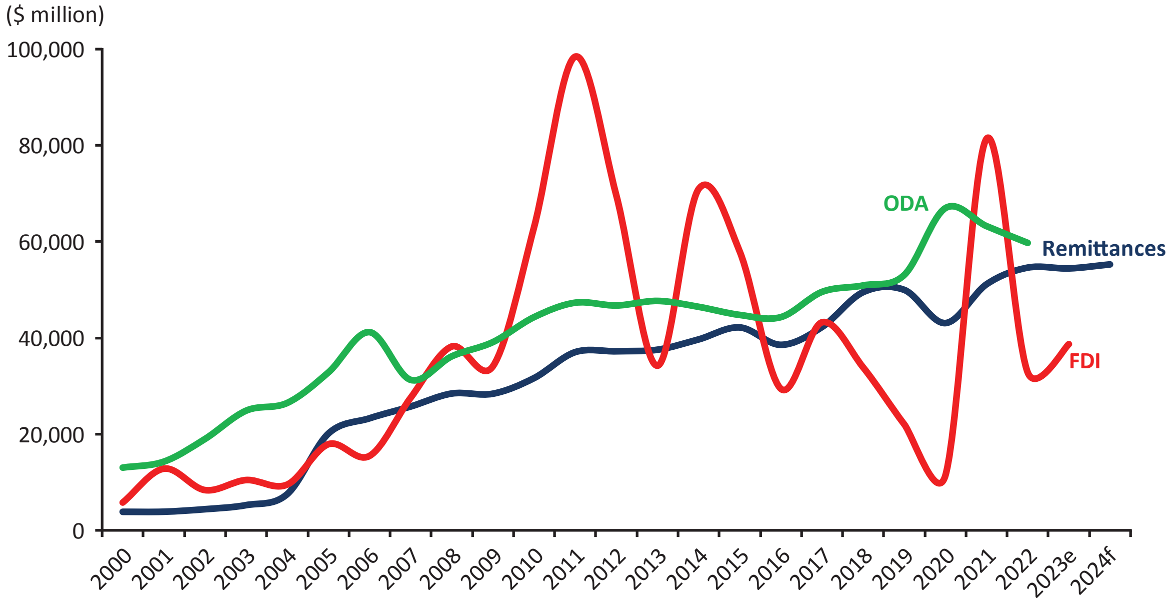
The largest recipients of remittances in the region during 2023—measured in US dollar terms—include Nigeria, Ghana, Kenya, and Zimbabwe (figure A.6.2, panel a). Remittances have become the most important foreign exchange earner in several countries. For example, for Kenya remittances are larger than the country's key exports, including tourism, tea, coffee, and horticulture.[19] Countries more dependent on receipts as a proportion of GDP include the Gambia, Lesotho, Comoros, Liberia, and Cabo Verde (figure A.6.2, panel b), with remittances contributing more than a fifth of GDP in the first three countries.

The regional growth in remittances in 2023 was largely driven by strong remittance growth in Uganda (15 percent to $1.4 billion), Rwanda (9.3 percent to $0.5 billion), Kenya (2.6 percent to $4.2 billion), and Tanzania (4 percent to $0.7 billion). Remittances to Nigeria, accounting for around 35 percent of total remittance inflows to the region, decreased by 2.9 percent to $19.5 billion.

High-frequency remittance data for the first four months of 2024 in Kenya show an increase of 21 percent in remittance growth compared with the same period in 2023. The largest inflows are from the United States and Canada as well as from the United Kingdom, Switzerland, and Italy.

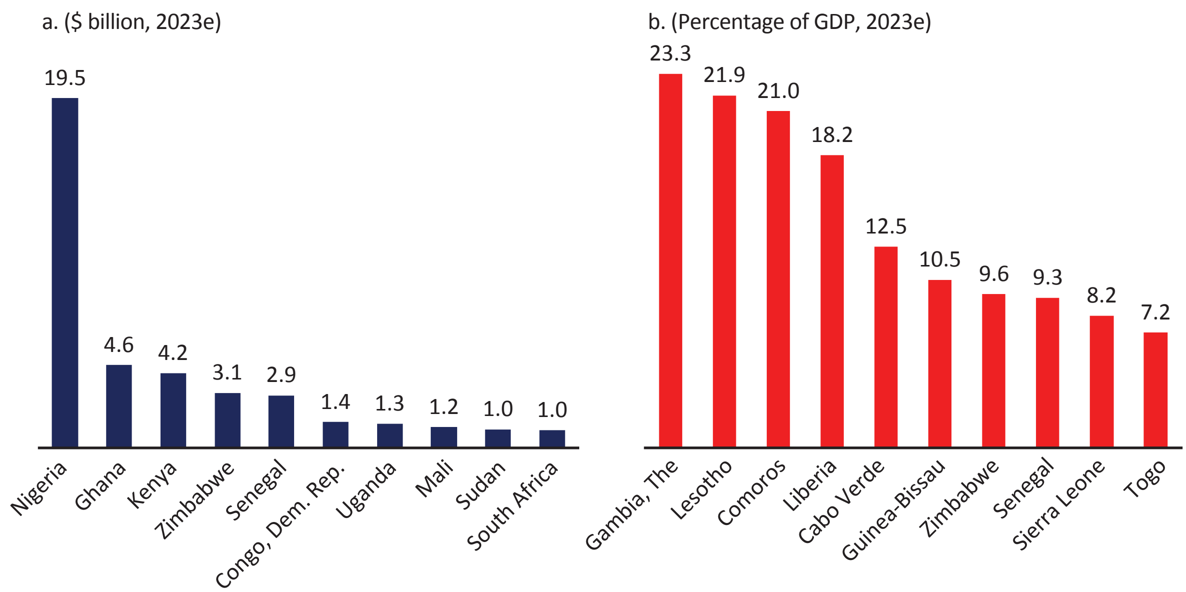
Fixed exchange rates and capital controls continue to have an impact on foreign exchange markets and channels of remittance flows. The Central Bank of Nigeria (CBN) has started to unify the foreign exchange

Figure A.6.1 Resource Flows to Sub-Saharan Africa, 2000–24f



Sources: World Bank/KNOMAD staff estimates; World Development Indicators; IMF Balance of Payments Statistics. See the appendix to *Migration and Development Brief 32* for forecasting methods (World Bank/KNOMAD 2020).
Note: FDI = foreign direct investment; ODA = official development assistance; e = estimate; f = forecast.

Figure A.6.2 Top Remittance Recipients in Sub-Saharan Africa, 2023

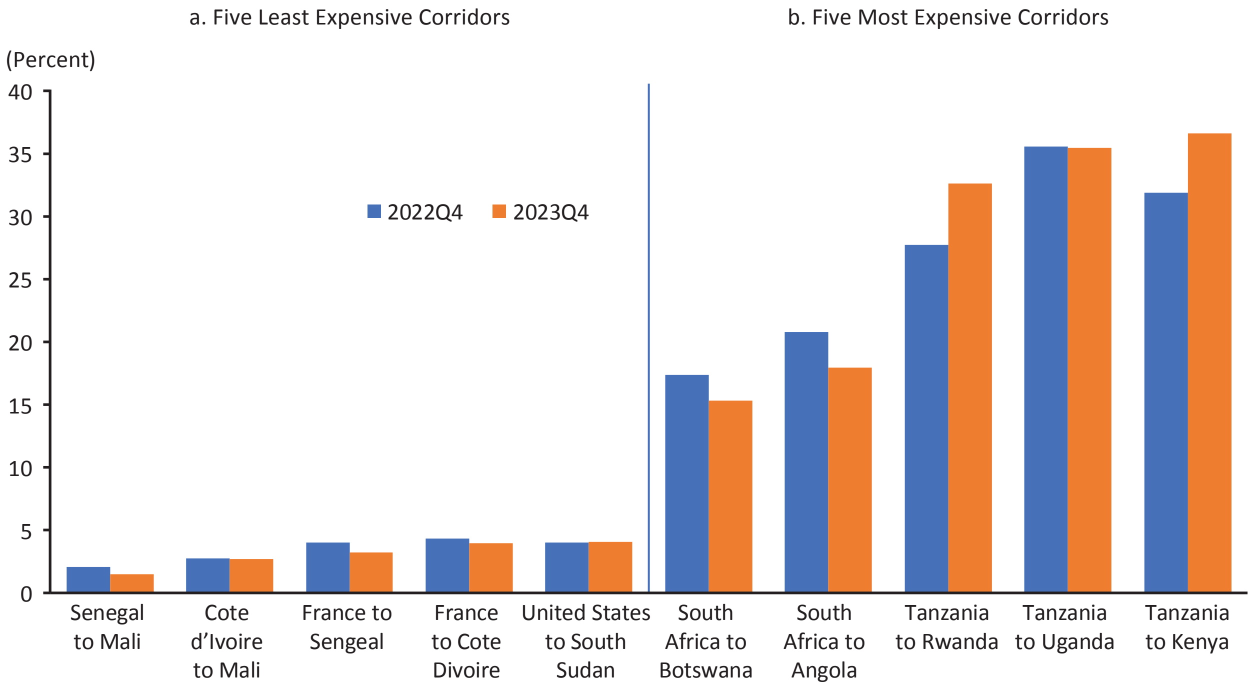


Sources: World Bank/KNOMAD staff; World Development Indicators; IMF Balance of Payments Statistics.
Note: GDP = gross domestic product.
*South Sudan is excluded due to issues related to data validity.

market windows by introducing operational changes in the Nigerian Foreign Exchange Market. The CBN has also outlined new operational modalities for commercial banks, Bureau de Change operators, and international money transfer operators. The CBN just licensed 14 such operators to increase competition in remittance transactions.

Remittance costs. Sub-Saharan Africa remains the region with the highest remittance costs. Senders had to pay an average of 7.9 percent to send $200 to African countries during 2023Q4, compared with 7.4 percent in 2022Q4. Costs vary substantially across the region, ranging from 2.1–4.0 percent in the lowest-cost corridors to 18–36 percent in the highest (figure A.6.3). Intraregional remittances costs are still very high. For example, sending $200 in remittances from Tanzania to neighboring Kenya, Uganda, and Rwanda cost a migrant more than 33 percent in 2023Q4.

Figure A.6.3 The Costs of Sending Remittances to African Countries Vary Widely across Corridors



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

Banks charge the highest costs, underlining the importance of cross-border mobile money transactions. In Kenya, Rwanda, Tanzania, and Uganda, such transactions are constrained by limited interoperability among telecommunications and money transfer operators. Welcome developments include an agreement signed in April 2024 between M-PESA and Onafriq, Africa's largest digital payments network, which operates in 40 countries; this will facilitate remittances to Ethiopia.

Remittance outlook. Growth of remittances to Sub-Saharan Africa is projected to recover slightly from negative growth of –0.3 percent in 2023 to +1.5 percent in 2024. Risks to the outlook include lower-than-expected growth in developed countries that will lead to a decline in remittances sent by the African diaspora; an escalation of the conflict in Israel-Gaza that could disrupt the supply chain; security risks in Burkina Faso, Chad, the Democratic Republic of Congo, Mali, Mozambique, and Nigeria; and climate risks including a pronounced drought in southern Africa.

Migration trends. Conflicts in the region have increased cross-border movements. The conflict in Sudan created a large flow of cross-border population movements. The country is host to 6.8 million internally displaced persons and 1.9 million forcibly displaced in neighboring countries.[20] Several Sudanese refugees are moving to neighboring countries that are already hosting a large number of refugees (UNHCR 2024a). The latest numbers reported by the United Nations High Commissioner for Refugees on May 26, 2024, indicate large numbers of new arrivals in South Sudan (675,169), Chad (595,346), Egypt (500,000), the Central African Republic (30,108), and Ethiopia (54,688). These include refugees from Sudan, among other nations.

The Maghreb countries and Niger have become transit countries for many migrants and refugees from Sub-Saharan Africa. The reopening of Agadez (Niger) after the abrogation of the law of 2015, which criminalized migrant transport from Agadez to Libya, has increased migration departures. About 5,000 migrants have passed through the city on their way to Libya and Algeria, and migrant convoys are departing the city without hiding (Douce 2024; Africa News 2024). However, several migrants are deported daily from Algeria.

Since the Libyan revolution in 2011, Tunisia has also become a transit country for many African migrants en route to Europe. To reduce the number of irregular migrants, the government of Tunisia continues to enforce deportation of undocumented migrants and is sending migrants in buses to the Algerian border (Al Jazeera 2024). According to the Tunisian coast guard, about 21,500 migrants were intercepted and rescued trying to reach Italy during the first four months of 2024 (InfoMigrants 2024).

South Africa recently published amendments to its immigration regulations, which went into effect on May 20, 2024. Some of the measures include the introduction of a points-based system for the general work visa and for long-term business visas, and a requirement for an applicant to register with an accredited relevant professional body, council, or board recognized by the South Africa Qualification Authority (Ernst and Young 2024).

References

Africa News. 2024. "Niger: Agadez Re-Emerges as Migration Hub to Europe." Africa News, May 1, 2024. https://www.africanews.com/2024/05/01/niger-agadez-re-emerges-as-migration-hub-to-europe//.

Al Jazeera. 2024. "Tunisia: The Migration Trap." Al Jazeera, May 10, 2024.

Beck, Janfils, and Kpodar. 2022. "What Explains Remittance Fees? Panel Evidence." IMF Working Paper No. 2022/063, April 1, 2022. https://ssrn.com/abstract=4092613.

Bettin, Giulia, Andrea F. Presbitero, and Nikola L. Spatafora. 2017. "Remittances and Vulnerability in Developing Countries." *The World Bank Economic Review* 31 (1): 1–23. https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Remittances-and-Vulnerability-in-Developing-Countries-41279.

Camarota, Steven A., and Karen Zeigler. 2024. "Foreign-Born Population Grew by 5.1 million in the Last Two Years." Center for Immigration Studies, May 13, 2024. https://cis.org/Report/ForeignBorn-Population-Grew-51-Million-Last-Two-Years#:~:text=The%20foreign%2Dborn%20or,year%20increase%20in%20American%20history.

CBP (Customs and Border Protection). 2024. "CBP Releases April 2024 Monthly Update." News release, May 15, 2024. https://www.cbp.gov/newsroom/national-media-release/cbp-releases-april-2024-monthly-update.

Douce, Sophie. 2024. "In Post-Coup Niger, Migration Becomes Legal Again." The New Humanitarian, May 6, 2024. https://www.thenewhumanitarian.org/news-feature/2024/05/06/post-coup-niger-migration-becomes-legal-again.

Ernst and Young. 2024. "Global Immigration Alert May 2024."

Homeland Security. 2024a. "Border Crisis: Startling Stats: Encounters of Chinese Nationals Surpass All of Last Fiscal Year at the Southwest Border." April 2024. https://homeland.house.gov/wp-content/uploads/2024/04/March-24-Startling-Stats.pdf.

Homeland Security. 2024b. "Startling Stats Factsheet: Encounters of Chinese Nationals Surpass All Fiscal Year 2023 at the Southwest Border." News release, April 18, 2024. https://homeland.house.gov/2024/04/18/startling-stats-factsheet-encounters-of-chinese-nationals-surpass-all-fiscal-year-2023-at-the-southwest-border/.

IMF (International Monetary Fund). 2009a. *International Transactions in Remittances: Guide for Compilers and Users (RCG)*. Washington, DC: IMF.

IMF. 2009b. *Balance of Payments and International Investment Position Manual, 6th edition (BPM6)*. Washington, DC: IMF.

IMF. 2024. *World Economic Outlook: Steady but Slow: Resilience amid Divergence.* Washington, DC: IMF. https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024.

InfoMigrants. 2024. "Thousands of Sub-Saharan Migrants in Sfax Dream about Europe." InfoMigrants, May 17, 2024. https://www.infomigrants.net/en/post/57163/thousands-of-subsaharan-migrants-in-sfax-dream-about-europe#:~:text=Sfax-,Thousands%20of%20sub%2DSaharan%20migrants%20in%20Sfax%20dream%20about%20Europe,by%20Tunisian%20authorities%20last%20weekend.

IOM (International Organization for Migration). 2024. (Mar 26 2024) DTM Kyrgyzstan—Baseline and Returning Migrant Worker Survey—Round 2 (December 2023). IOM, Kyrgyzstan.

Isacson, Adam. 2024a. “Weekly U.S.-Mexico Border Update: April Dip in Migration, Drug Seizure Data, Investigations Published.” Washington Office on Latin America (WOLA), May 3, 2024. https://www.wola.org/2024/05/weekly-u-s-mexico-border-update-april-dip-in-migration-drug-seizure-data-investigations-published/.

Isacson, Adam. 2024b. “Weekly U.S.-Mexico Border Update: Border Act Fails, Migration Keeps Dropping, Texas Updates.” WOLA, May 24, 2024. https://www.wola.org/2024/05/weekly-u-s-mexico-border-update-border-act-fails-migration-keeps-dropping-texas-updates/.

Mixed Migration Centre. 2024. “Quarterly Mixed Migration Update: Europe, Quarter 1, 2024.” https://mixedmigration.org/resource/quarterly-mixed-migration-update-eu-q1-2024/.

Ratha and Riedberg. 2005. “On Reducing Remittance Costs” (Washington: World Bank).

RBI (Reserve Bank of India). 2022. “Remittance Survey, 2021.” RBI Bulletin. July.

UNCTAD (UN Trade and Development). 2024. “World Investment Report 2024.” June 2024. https://unctad.org/publication/world-investment-report-2024.

UN DESA (United Nations Department of Economic and Social Affairs). 2020. “International Migrant Stock 2020.” https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/files/documents/2021/Jan/undesa_pd_2020_international_migrant_stock_documentation.pdf.

UNHCR (United Nations High Commissioner for Refugees). 2024a. “Sudan Situation.”

UNHCR. 2024b. “Sudan Situation: Regional Displacement Update (as of May 27, 2024).” https://reliefweb.int/map/sudan/sudan-situation-regional-displacement-update-27-may-2024.

UNHCR. 2024c. Global Trends 2023. https://www.unhcr.org/global-trends-report-2023.

United States Census Bureau. 2024. “The Foreign-Born Population in the United States: 2022.” American Community Survey Briefs, April 2024, United States Census Bureau, US Department of Commerce. https://www2.census.gov/library/publications/2024/demo/acsbr-019.pdf.

US Bureau of Labor Statistics. 2024. The Employment Situation May 2024. https://www.bls.gov/news.release/empsit.nr0.htm.

White House, The. 2024. “Fact Sheet: Third Ministerial Meeting on the Los Angeles Declaration on Migration and Protection in Guatemala.” The White House, May 7, 2024. https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/07/fact-sheet-third-ministerial-meeting-on-the-los-angeles-declarationon-migration-and-protection-in-guatemala/.

World Bank. 2019. “Leveraging Economic Migration for Development: A Briefing for the World Bank Board.” World Bank, Washington, DC.

World Bank. 2024. *Macro Poverty Outlook 2024*. Washington, DC: World Bank.

World Bank/KNOMAD (Global Knowledge Partnership on Migration and Development). 2020. “COVID-19 Crisis through a Migration Lens.” Migration and Development Brief 32, World Bank, Washington, DC.

World Bank/KNOMAD. 2022a. "A War in a Pandemic: Implications of the Ukraine Crisis and COVID-19 on Global Governance of Migration and Remittance Flows." Migration and Development Brief 36, World Bank, Washington, DC.

World Bank/KNOMAD. 2022b. "Remittances Brave Global Headwinds: Special Focus: Climate Migration." Migration and Development Brief 37, World Bank, Washington, DC.

World Bank/KNOMAD. 2023a. "Remittances Remain Resilient but Are Slowing." Migration and Development Brief 38, World Bank, Washington, DC.

World Bank/KNOMAD. 2023b. "Leveraging Diaspora Finances for Private Capital Mobilization." Migration and Development Brief 39, World Bank, Washington, DC.

Endnotes

[1] FDI data are taken from IMF BOP data and the World Bank's World Development Indicators. Missing data for 2023 are filled using UNCTAD data. In 2023, according to World Bank staff estimates, FDI flows to LMICs declined by 30 percent. According to UNCTAD (2024), the decline was smaller (8.8 percent).

[2] As highlighted in previous briefs, lack of competition and cross-border interoperability are the main reasons for high costs.

[3] Remittances from South Africa are dominated by commercial banks, which tend to be more expensive than money transfer agents.

[4] This is larger than the previous estimate of 290 million for 2020 published by United Nations Department of Economic and Social Affairs (International Migrant Stock 2020). The UN has not published new data. To obtain new estimates, we used country by country data based on censuses and latest available national statistics when available.

[5] US Current Population Survey.

[6] The World Bank Staff estimates include 1.8 million Puerto Ricans living in the United States.

[7] To be updated on June 13, reflecting new data from UNHCR.

[8] On June 5, 2024, a Presidential Proclamation was issued to temporarily suspend the entry of noncitizens across the southern border. The executive order temporarily suspended the processing of asylum case at the southern US border when the seven-day average of unauthorized crossings surpasses 2,500 migrants.

[9] According to the Caspian Policy Center, a nongovernmental organization in Washington, DC.

[10] However, Tajik migrant workers have faced some difficulties in the wake of the March 2024 terrorist attack in Crocus City Hall, Moscow, including entry denials and deportations by Russian authorities.

[11] Other countries with an increase include Paraguay (25.9 percent), Peru (19.9 percent), Honduras (17.8 percent), Ecuador (14.8 percent), Guatemala (9.7 percent), and Colombia (6.7 percent). Countries experiencing a decline include Brazil (10.9 percent) and Jamaica (3.3 percent).

[12] The growth of remittances to Peru and Ecuador surged to 19.8 and 9.7 percent, respectively, during this period, since migration flows from these countries to Mexico, the United States, and Spain increased, driven by the countries' economic and political situation.

[13] Participants include the Government of the Argentine Republic, Barbados, Belize, the Federative Republic of Brazil, Canada, the Republic of Chile, the Republic of Colombia, the Republic of Costa Rica, the Republic of Ecuador, the Republic of El Salvador, the Republic of Guatemala, the Co-operative Republic of Guyana, the Republic of Haiti, the Republic of Honduras, Jamaica, the United Mexican States, the Republic of Panama, the Republic of Paraguay, the Republic of Peru, the United States of America, and the Oriental Republic of Uruguay.

[14] See the South Asian region section in the *Migration and Development Brief 38* for a discussion of how the parallel market exchange rate premium affects the flow of remittances to Bangladesh and Sri Lanka (World Bank/KNOMAD 2023a).

[15] The United States, United Kingdom, and Singapore, which collectively account for 36 percent of total remittance flows to India (RBI 2022; World Bank/KNOMAD 2022b, box A.1), are the primary destinations for highly skilled Indian migrants in the IT and business services industries.

[16] Remittance flows to India from the United Arab Emirates, which account for 18 percent and are the second largest source of India's remittances after the United States, benefited from the February 2023 agreement. The latter established a framework to promote the use of local currencies for cross-border transactions and cooperation for interlinking payment and messaging systems between India and the United Arab Emirates. The use of dirhams and rupees in cross-border transactions is instrumental in channeling more remittances through formal channels. In addition to the United Arab Emirates, Saudi Arabia, Kuwait, Oman, and Qatar account for 11 percent of India's total remittances (RBI 2022).

[17] See World Bank/KNOMAD (2023a) for a discussion of how the parallel market exchange rate premium affects the flow of remittances to Pakistan.

[18] Over 60 percent of Sub-Saharan African countries stand in "debt distress" or at "high risk" of debt distress—scores resulting from application of the World Bank/IMF Debt Sustainability Analysis (DSA) framework and empirical tool. These circumstances, especially with further deterioration in global economic and financial conditions on the horizon, heighten the risk of default and/or debt workouts for a number of countries.

[19] According to the Central Bank of Kenya, remittances reached $4,027 billion in 2022, while tea exports earned the country $1.2 billion, horticulture $901 million, chemicals $521 million, coffee $301 million, and petroleum products $77 million.

[20] Data updated on April 30, 2024 (UNHCR 2024a, 2024b).