Outlook for migration and remittances 2012-14

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After a modest decline in 2009, remittances have grown steadily, to reach $351 bn. in 2011.

Source: Migration and Development Brief 17
Resilience of remittances across all regions

Source: Migration and Development Brief 17
## Remittance flows to developing countries

<table>
<thead>
<tr>
<th>$ billion</th>
<th>2010</th>
<th>2011e</th>
<th>2012f</th>
<th>2013f</th>
<th>2014f</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Developing countries</strong></td>
<td>325</td>
<td>351</td>
<td>377</td>
<td>406</td>
<td>441</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>94</td>
<td>101</td>
<td>109</td>
<td>117</td>
<td>127</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>36</td>
<td>40</td>
<td>44</td>
<td>48</td>
<td>53</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>57</td>
<td>61</td>
<td>66</td>
<td>71</td>
<td>77</td>
</tr>
<tr>
<td>Middle-East and North Africa</td>
<td>35</td>
<td>36</td>
<td>37</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td>South Asia</td>
<td>82</td>
<td>90</td>
<td>97</td>
<td>105</td>
<td>114</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>21</td>
<td>23</td>
<td>24</td>
<td>26</td>
<td>28</td>
</tr>
</tbody>
</table>

### Growth rate (%)

| **Developing countries** | 6.0% | 8.0% | 7.3% | 7.9% | 8.4% |
| East Asia and Pacific | 10.2% | 7.6% | 7.3% | 8.0% | 8.7% |
| Europe and Central Asia | -0.1% | 11.0% | 8.8% | 10.1% | 11.4% |
| Latin America and Caribbean | 1.2% | 7.0% | 7.6% | 7.9% | 8.1% |
| Middle-East and North Africa | 3.3% | 2.6% | 5.0% | 5.3% | 5.5% |
| South Asia | 9.5% | 10.1% | 7.4% | 7.9% | 8.4% |
| Sub-Saharan Africa | 4.5% | 7.4% | 6.3% | 6.8% | 7.3% |
Outlook for remittances

• Remittances to developing countries $351 bn. In 2011 (8% increase over 2010)

• Growth in all six developing regions in 2011 after global financial crisis (MENA, LAC slower growth)

• Forecasts: 7-8 percent growth in 2012-14

• Economic crisis in Europe, high unemployment rates and restrictive immigration policies are affecting migration and remittances

• Gulf countries and oil exporters (Russia) are providing a cushion for remittances to Asia
Top remittance recipients in 2011

($millions), 2011e

As % of GDP, 2010

India  China  Mexico  Philippines  Pakistan  Bangladesh  Nigeria  Vietnam  Egypt  Lebanon

Tajikistan  Lesotho  Samoa  Kyrgyz Rep.  Nepal  Tonga  Lebanon  Kosovo  El Salvador

58  57  24  23  12  12  11  9  8  8

31  29  25  23  21  20  20  20  17  16
Oil prices continue to provide a cushion for remittances to Asia

Exchange rate depreciation has created additional incentives to send remittances.
Risks to the outlook

- Global economic crisis in the US and Europe
- Anti-immigration policies in other destination countries
- Uncertain currency and oil price movements
First mile issues in remittance-source countries

- Onerous AML/CFT regulations
- Exclusivity agreements between MTOs and post offices
- Migrants do not have adequate access to banks
- EU Payment Services Directive (PSD) and efforts in US to improve transparency in pricing of remittance services
Cost of sending remittances to developing regions is high

Average cost of sending $200 to developing regions

- SSA: $24.8
- EAP: $19.6
- ECA*: $17.4
- MNA: $16.3
- LAC: $15.4
- South Asia: $12.3

ECA excludes Russian Federation; Source: World Bank Remittances Prices Worldwide database (Sept. 2011)
Remittance costs are falling

Data on market size a key driver of market competition
South-South remittance costs are higher than North-South remittance costs

Average cost of sending $200 within Africa (US$)

- Burkina Faso - Ghana: $32
- Ghana-Nigeria*: $32
- Nigeria - Ghana: $25
- Nigeria - Benin: $21
- Kenya - Uganda*: $19
- Burkina Faso - Cote d'Ivoire: $18
- Senegal - Mali: $18
- Uganda - Kenya: $17
- Kenya - Tanzania: $17
- Uganda - Rwanda: $13
- Uganda - Tanzania: $12

Excludes FX commissions and bank account maintenance fees for inter-bank transfers

*Remittance prices worldwide database (Sep 2011)
Source: Surveys of remittance service providers;
1. Monitoring, analysis, projection
   - Size, corridors, channels
   - Counter-cyclicality
   - Effects on poverty, education, health, investment
   - Policy (costs, competition, exchange controls)

2. Retail payment systems
   - Payment platforms/instruments
   - Regulation (clearing and settlement, capital adequacy, exchange controls, disclosure, cross-border arbitration)
   - Anti-money laundering/Countering financing of terrorism (AML/CFT)

3. Financial access
   - Deposit and saving products
   - Loan products (mortgages, consumer loans, microfinance)
   - Credit history for MFI clients
   - Insurance products

4. Capital market access
   - Private banks and corporations (securitization)
   - Governments (diaspora bonds)
   - Sovereign credit rating

International Remittances Agenda
HLD 2013 – Actions to consider in the area of remittances

- Improvement of data on remittances, especially corridor-specific market size
- Leveraging remittances for capital market access and creditworthiness: How to support countries?
- Mobilizing diaspora investments via diaspora bonds
The wealth of the diaspora can be mobilized through diaspora bonds

<table>
<thead>
<tr>
<th>Developing countries</th>
<th>Diaspora size (millions)</th>
<th>Estimated savings ($ billions, 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing countries</td>
<td>161.5</td>
<td>397.5</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>21.7</td>
<td>83.9</td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>43.0</td>
<td>72.9</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>30.2</td>
<td>116.0</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>18.0</td>
<td>41.2</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>21.8</td>
<td>30.4</td>
</tr>
<tr>
<td>South Asia</td>
<td>26.7</td>
<td>53.2</td>
</tr>
</tbody>
</table>

The World Bank has set up a Task Force on Diaspora Bonds

*Source: Ratha and Mohapatra 2011.*
Data and other resources are available at

www.worldbank.org/migration
Global Knowledge Partnership on Migration and Development
Objectives

• An open, multidisciplinary platform
• Generate a menu of policy choices based on evidence and peer-review
• Pilot policy operations and capacity building efforts
Thematic areas
1. Monitoring, analysis, projection
- Size, corridors, channels
- Counter-cyclicality
- Effects on poverty, education, health, investment
- Policy (costs, competition, exchange controls)

2. Retail payment systems
- Payment platforms/instruments
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Proposed structure

Steering Committee

10 multidisciplinary experts

Thematic working groups

Volunteer researchers

Secretariat

Donor Community

World Bank Migration and Remittances Unit, GMG member staff (up to 11), Policy outreach officers (3), Admin and web staff (3)
External partnerships

• International and regional agencies

• Research networks
  – Migrating out of Poverty, Africa Economic Research Consortium, CEMLA, other research institutes, universities, and think-tanks

• Civil Society
Outputs of Migration Knowledge Platform

- Analytical research products
- Operational toolkits, fact books
- Web-based anthologies, archives, blogs
- Best practices: *A menu of policy choices for the policy makers*
- Few pilot projects and capacity building activities
Monitoring & evaluation

- Workshops and annual conference feedback
- Web traffic and use of tools
- Impact on policy debate
- Changes in access to information available to migrants, policy makers and researchers
- Requests for pilot projects and capacity building
Data and other resources are available at

www.worldbank.org/migration