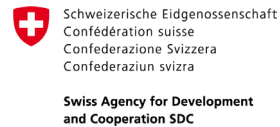


COVID-19 Crisis Through a Migration Lens

Migration and Development Brief 32

April 2020



Migration and Development Brief reports an update 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.

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WORLD BANK GROUP

COVID-19 CRISIS THROUGH A MIGRATION LENS

Migration and Development Brief 32

April 2020

Migration and Remittances Team
Social Protection and Jobs
World Bank



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Summary

The economic crisis induced by COVID-19 could be long, deep, and pervasive when viewed through a migration lens. Lockdowns, travel bans, and social distancing have brought global economic activities to a near standstill. Host countries face additional challenges in many sectors, such as health and agriculture, that depend on the availability of migrant workers. Migrants face the risk of contagion and also the possible loss of employment, wages, and health insurance coverage. This Migration and Development Brief provides a prognosis of how these events might affect global trends in international economic migration and remittances in 2020 and 2021.

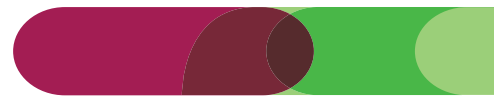
Considering that migrants tend to be concentrated in urban economic centers (cities), and are vulnerable to infection by the coronavirus, there is a need to include migrants in efforts to fight the coronavirus. Migrant remittances provide an economic lifeline to poor households in many countries; a reduction in remittance flows could increase poverty and reduce households' access to much-needed health services. The crisis could exacerbate xenophobic, discriminatory treatment of migrants, which calls for greater vigilance against such practices.

This Brief is largely focused on international migrants, but governments should not ignore the plight of internal migrants. The magnitude of internal migration is about two-and-a-half times that of international migration. Lockdowns, loss of employment, and social distancing prompted a chaotic and painful process of mass return for internal migrants in India and many countries in Latin America. Thus, the COVID-19 containment measures might

have contributed to spreading the epidemic. Governments need to address the challenges facing internal migrants by including them in health services and cash transfer and other social programs, and protecting them from discrimination.

Migration flows are likely to fall, but the stock of international migrants may not decrease immediately, since migrants cannot return to their countries due to travel bans and disruption to transportation services. Migrant workers tend to be vulnerable to the loss of employment and wages during an economic crisis in their host country, more so than native-born workers. Lockdowns in labor camps and dormitories can also increase the risk of contagion among migrant workers. Many migrants have been stranded due to the suspension of transport services. Some host countries have granted visa extensions and temporary amnesty to migrant workers, and some have suspended the involuntary return of migrants.

In 2020, remittance flows to low- and middle-income countries are expected to drop by around 20 percent to \$445 billion, from \$554 billion in 2019. In the midst of this sharp decline, the relative importance of remittance flows as a source of external financing for low- and middle-income countries is expected to rise. This is because foreign direct investment is expected to decline by even more, due to travel bans, disruption of international trade, and wealth effects of declines in the stock prices of multinational companies. This Brief estimates that it could fall by more than 35 percent. Private portfolio flows through stock and bond markets could fall by over 80 percent.



The global average cost of remittances declined to 6.8 percent in the first quarter of 2020, from 6.9 percent a year previous. This remains far above the Sustainable Development Goal target of 3 percent. Remittance service providers have been affected by lockdowns, shorter business hours, and social distancing. This has increased the relative importance of electronic transfers, since some cash-based services and remittance operators have been closed or impacted negatively by the crisis. Although the use of digital payment instruments for sending remittances is increasing, poorer and irregular migrants often lack access to online services. They require the origination and distribution of funds through banks, payment cards, or mobile money. Online transactions (like cash-based services) require remittance service providers to exercise vigilance against fraud and financial crime, to comply with anti-money laundering and countering the financing of terrorism (AML/CFT) regulations. However, such due diligence has become difficult amid staff shortages.

So far, government policy responses to the COVID-19 crisis have largely excluded migrants and their families back home. But there is a strong case for including migrants in the near-term health strategies of all countries, given the externalities associated with the health status of an entire population in the face of a highly contagious pandemic. Also, governments would do well to consider short-, medium-, and long-term interventions to support: (i) stranded migrants; (ii) the remittance infrastructure; (iii) loss of subsistence income for families back home; and (iv) access to health, housing, education, and jobs for migrant workers in host/transit countries and their families back home. The pandemic has also highlighted the global shortage of health professionals and an urgent need for global cooperation and long-term investments in medical training.

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1. Viewing COVID-19 Crisis Through a Migration Lens: Remittance Flows are Expected to Decline by 20 Percent in 2020

The economic crisis induced by COVID-19 is deeper and more pervasive than any other pandemic-induced crisis since the 1900s. Table 1.1 briefly compares a few well-documented crises. Most pandemics have affected a few countries and a small share of the world population.

The exception is the so-called Spanish flu of 1918–20, which was global. It infected around 500 million people (one-third of the world population at the time) and resulted in 17–50 million deaths between March 1918 and March 1920, in three recurrent phases

Table 1.1 Comparison of Covid-19 with Other Pandemics and the Global Financial Crisis

	Cases (thousands)	Cases as % of world Population	Deaths (thousands)	Case Fatality Rate (%)	Most Affected Countries	Cases as % of population of most affected countries	Average change in GDP growth in the most affected countries
SPANISH FLU (1918–20)*	500,000	~25%	17,400–50,000	2.7%–10%	China, India, Indonesia, Russia, United States of America (global pandemic impacting many countries)	~28%	0.82%
SARS (2002–2004)	8	Negligible	0.7	9.56%	Canada; China; Hong Kong SAR, China; Singapore	0.01%	3.25%
H1N1 (Swine Flu) (2009–10)**	762,630*	11%	284	0.04%	Australia, China, Mexico, Thailand, United States	0.06%	-2.64%
MERS (2012)	2.5	Negligible	0.8	34.38%	Islamic Republic of Iran, Jordan, Republic of Korea, Saudi Arabia, United Arab Emirates	0.001%	-3.69%
Ebola (2014–16)	28.7	Negligible	11	39.52%	Guinea, Liberia, Sierra Leone	0.16%	-8.14%
COVID-19 (2019–20)	2,019	.03%	119	5.92%	France, Germany, Italy, Spain, United States (global pandemic impacting 210 countries)***	0.22%	-8.74%
<i>Memo: global financial crisis (2008–2009)</i>					<i>Countries of all income levels</i>		<i>High-income countries: -3.3%; LMICs: +2.3%</i>

Sources: KNOMAD website; WDI, CBC, and WHO estimates; Johns Hopkins website; Lancet; IMF 2020; UN Population data; Maddison Historical Statistics.

Note: The average share of deaths and changes in GDP growth attributed to Spanish flu is listed for only India, Indonesia, and the United States, countries for which GDP data are available. GDP = gross domestic product; LMICs = low- and middle-income countries; MERS = Middle East respiratory syndrome; SARS = severe acute respiratory syndrome.

*WHO and CDC estimates of cases. The number of Spanish flu cases is from <https://ourworldindata.org/spanish-flu-largest-influenza-pandemic-in-history>; case percentages of population are broad approximations, and period economic data are from the Maddison Historical Statistics.

**The H1N1 swine flu outbreak occurred in the midst of the 2008–09 global financial crisis, thereby making it difficult to determine the real economic effects of the pandemic.

***Top five countries by case number as of April 13, 2020.

COVID-19 is now a global pandemic impacting 213 countries, areas or territories per the World Health Organization.

(figure 1.1). If that pattern were to be repeated, the COVID-19 crisis could last longer than currently projected by many governments, with several recurrences over the next 24 months.

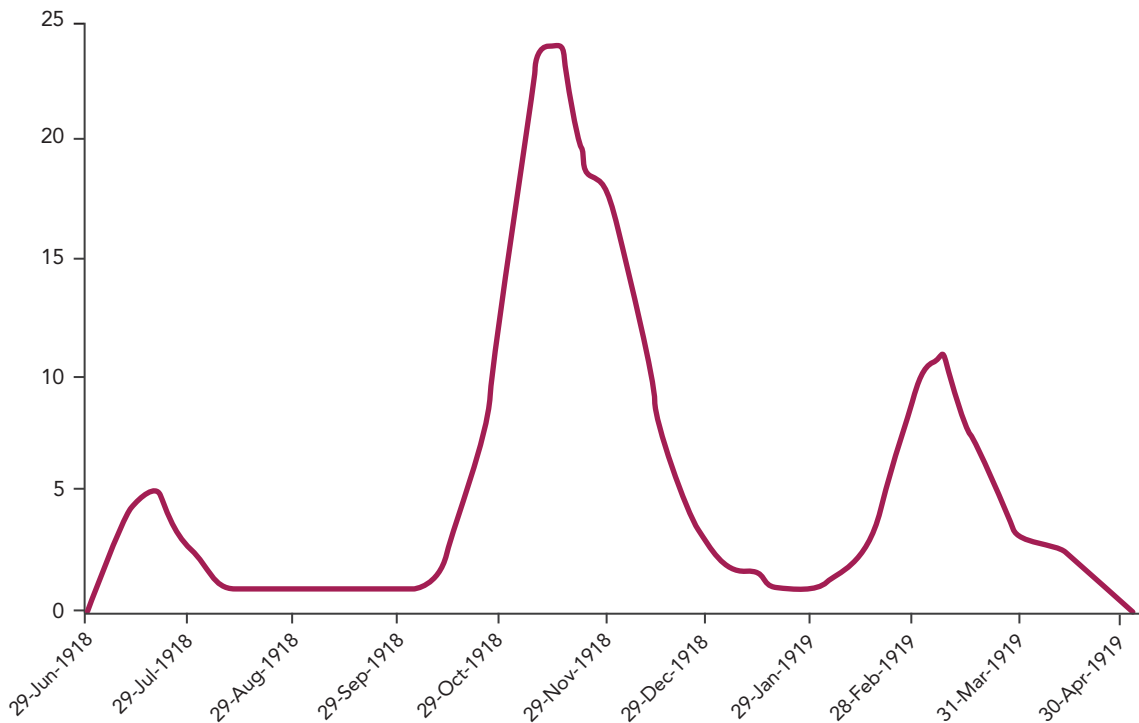
Fast-spreading contagion, high case fatality rates, inadequate medical facilities, and a lack of vaccine cure (so far) have prompted societies to lock down, reduced business hours and practice social distancing. A response to the coronavirus outbreak in China in December 2019 was the imposition of a ban on international travel and quarantines for international arrivals. Subsequently, most countries have imposed a ban on the arrival of not only foreigners but also of returning nationals.

1.1 Impacts On Employment Of Foreign Workers And Their Earnings

These measures have brought global economic activities to a near standstill. Such simultaneous suspension of activities in all parts of the world is unprecedented in history. Worldwide, many businesses, especially small and medium enterprises and informal businesses, have closed. According to the International Monetary Fund (IMF), the world economy is expected to contract by 3 percent in 2020 in the baseline scenario, a change of nearly 6 percent compared with 2019. Advanced economies are projected to decline by 6.1 percent and emerging market and developing economies by 1.0–2.2 percent in 2020. Also, there is substantial risk of continued economic recession well into 2021. The worst case scenario anticipates

Figure 1.1 Three Phases of the Spanish Flu, 1918–19

(Deaths per 1000 persons, United Kingdom)



Source: Data are based on Taubenberger and Morens (2006: 15).

even lower growth (IMF 2020).¹ According to the latest regional economic updates published by the World Bank, real economic growth could fall to -0.5 percent in the East Asia and Pacific region, 4.4 percent in Europe and Central Asia, -4.6 percent in Latin America and the Caribbean (LAC), 1.8 percent in the Middle East and North Africa (MENA), -2.8 percent in South Asia, and -5.1 percent in Sub-Saharan Africa (Arezki et al. 2020; Calderon et al. 2020; World Bank 2020a–d).

When viewed through a migration lens, the economic crisis induced by COVID-19 could be even longer, deeper, and more pervasive than these estimates imply. In host countries, the COVID-19 crisis has created additional challenges in sectors that depend on the availability of migrant workers. The crisis has disproportionately impacted food and hospitality, retail and wholesale, tourism and transport, and manufacturing. As the farming season begins in many countries, there are emerging signs of labor shortages in the agriculture sector of industrial countries that rely on migrant workers. Given the seasonality of agriculture, worker shortages have given rise to concerns about food security later in the year.

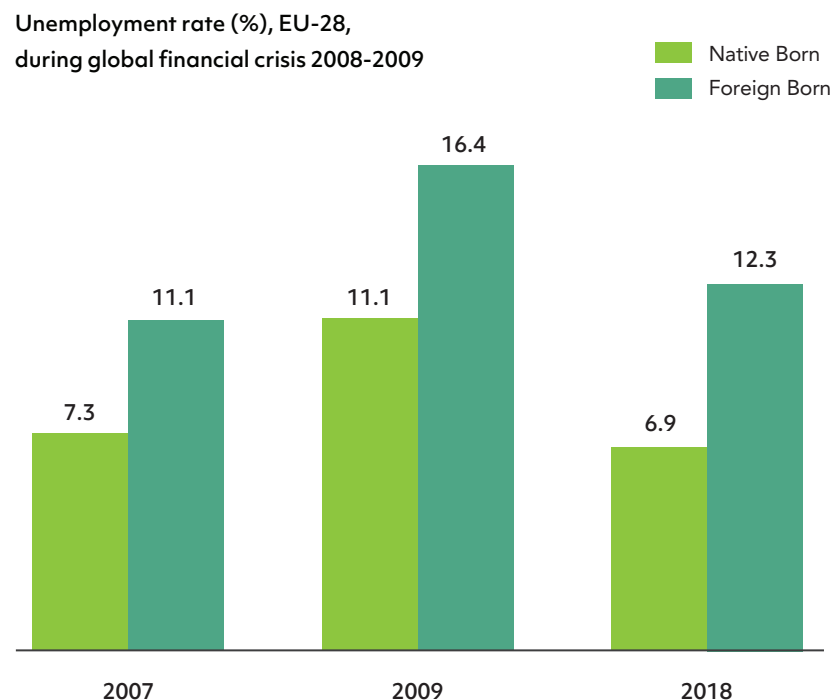
The crisis has presented a challenge for the cross-sectoral mobility of workers, which could be particularly hard for lower-skilled migrant workers, especially informal and undocumented workers. During the global financial crisis in 2009, many migrant workers moved from construction to agriculture and retail. Such intersectoral movement may be difficult at this time because the sectors that need more workers—such as health and information technology—require specific skills and prior training.

The crisis has greatly increased the demand for health care services, and a global competition has already begun with many developed countries announcing incentives to recruit doctors and nurses from abroad. There is a global need to train more health professionals and provide recognition of skills in host countries in the long term.

Migrant workers tend to be particularly vulnerable, more than native-born workers, to losses of employment and wages during an economic crisis in their host country. During the global financial crisis, the average unemployment rate for foreign-born workers in the EU-28 countries rose from 11.1 percent in 2007 to 16.4 percent in 2009, significantly higher than the increase among native-born workers. Even a decade later, in 2018, the unemployment rate remained high for foreign-born workers, while it had fallen below the pre-crisis rate for native-born workers. The unemployment rate for foreign-born workers is especially high in Italy and Spain, which have been hit hard by the coronavirus.

Migration flows are likely to fall, but the stock of international migrants may not decrease immediately. In 2019, there were around 272 million international migrants (including 26 million refugees). Under normal circumstances, migrants losing jobs would consider returning home. However, that has become nearly impossible because of travel bans and the suspension of transportation services. As a result, the rate of voluntary return migration is likely to fall, except in the case of a few cross-border migration corridors in the South (such as Venezuela–Colombia, Nepal–India, Zimbabwe–South Africa, Myanmar–Thailand).² In other words, more people will stay on in their host country than is typical.

Figure 1.2 Migrant Workers Are More Vulnerable to Risks of Unemployment During an Economic Crisis



Source: Eurostat data.
Note: EU = European Union.

In the long term, income gaps between countries constitute the most important driver of migration pressure. The average per capita income in high-income countries was 54 times that in low-income countries, according to the World Bank (2019). The present crisis will not lower the income gap sufficiently to reduce migration pressures. On the contrary, income inequality between the low-skilled and high-skilled is likely to increase due to the crisis.

1.2 Impacts on Internal Migration

The number of internal migrants is about two-and-a-half times that of international migrants. China and India each have over 100 million internal migrants. For the poorer sections of the population, especially from under-developed rural areas, migration to urban economic centers provides an escape from poverty and unemployment. Remittances from these migrants, typically smaller amounts than

those from international migrants, serve as a lifeline and insurance for families left behind.

The COVID-19 outbreak has placed many internal migrant workers in dire conditions, many losing their (mostly informal) jobs and unable to return home due to disruption to public transport services and movement restrictions. This is the reality for most migrant workers, especially those working in the informal sector and living in overcrowded slums.

Lockdowns, travel bans, and social distancing measures in response to the crisis have disproportionately affected internal migrant workers, who found themselves stranded, unable to return either to their places of work or their communities of origin. Without adequate access to housing, basic water and sanitation, health facilities, or social safety nets to help them survive such restrictions, these migrants have become even more vulnerable to conta-

gion risks. If discrimination and xenophobic attitudes affected migrants before, the current crisis has exacerbated such social tensions. The crisis has created a chaotic and painful process of mass return for internal migrants in India and many countries in Latin America. As a result, the COVID-19 containment measures might even have contributed to spreading the epidemic. The loss of jobs and livelihood has also ruptured an important lifeline to rural households in many countries.

Governments need to address the challenges facing internal migrants by including them in programs that provide health services and cash transfer and other social programs, and by protecting them from discrimination. Some governments are already providing some assistance to these vulnerable groups who are at risk of spreading the virus. For instance, in India, the government has now set up camps with

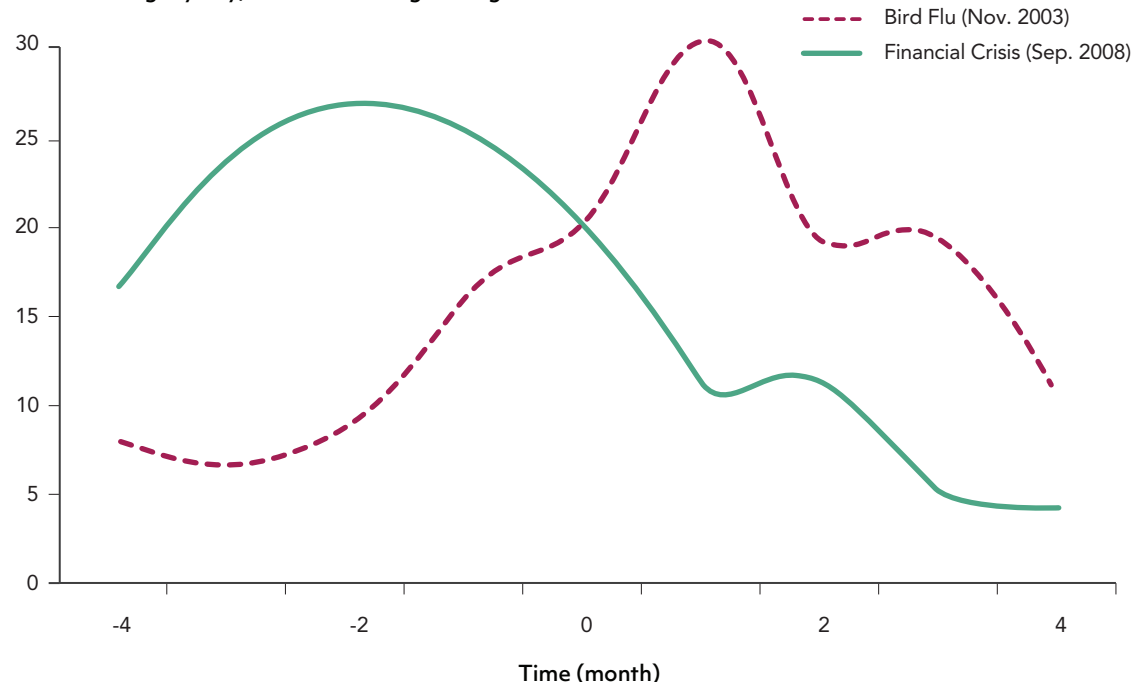
basic provisions to provide shelter to stranded migrants in cities and districts of destination, transit, and origin. Some countries are providing cash support to affected and vulnerable groups with a specific allocation for internal migrants and returned migrant workers (World Food Program 2020).

1.3 Remittance Flows to Decline in 2020

The persistence of the stock of international migrants over an economic cycle or a crisis is an important factor in the persistence or resilience of remittances. Not only do new migrants send money home but also those migrants who arrived a long time ago. Indeed, migrants new and old increase the amounts they send home during times of crisis and hardship in their country of origin, a phenomenon noted in the literature as the countercyclicality of remittances. Remittances (as a share of GDP) tend to be

Figure 1.3 Event Study: Remittances to the Philippines Increased During the Bird Flu, but Decreased During the Global Financial Crisis

Percent change (y-o-y, 3-month moving average)



Data Source: World Bank-KNOMAD remittance inflows dataset.
 Note: t = 0 November 2003 and September 2008. It represents the month at which the outbreak reported.

largest in poor countries (8.9 percent in 2019), small island developing states (7.7 percent), and those in fragile and conflict-affected situations (9.2 percent).³ During a crisis in the host country, however, remittances can decline. For instance, during the global financial crisis, remittance flows to low- and middle-income countries (LMICs) declined by 5 percent in 2009. Similarly, the event study in figure 1.3 shows the countercyclical increase in remittance flows to the Philippines during the bird flu pandemic in November 2003, and a procyclical decline in response to the global financial crisis starting in September 2008.

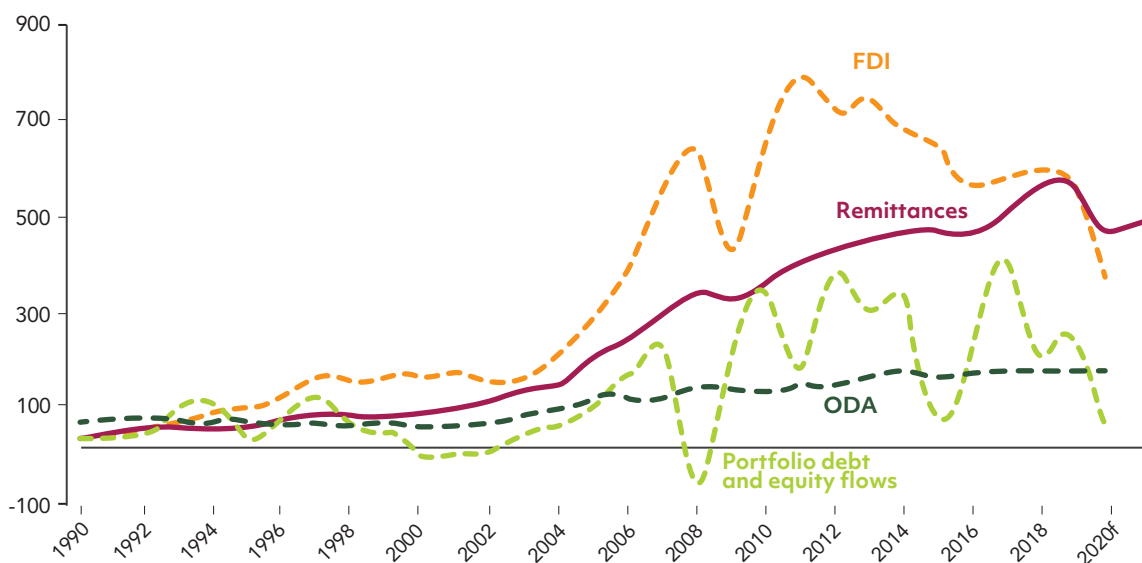
In 2019, remittance flows to LMICs became larger than foreign direct investment (FDI), an important milestone for monitoring resource flows to these countries. Recent data reveal that in 2019, remittance flows to LMICs reached \$554 billion, slightly higher than our earlier projection (\$551 billion) published in October 2019.⁴ Remittance flows to LAC and

South Asia turned out to be larger than expected in the second half of 2019.

In 2020, remittance flows to LMICs are expected to decline by around 20 percent, marking the sharpest decline in recent history (table 1.2 and figure 1.4). This is not so much due to a decline in the stock of international migrants, but largely due to a fall in wages and the employment of migrant workers in host nations due to COVID-19 (see appendix for the methodology behind this projection). The decline in remittance flows is expected to be sharpest in Europe and Central Asia, South Asia, and Sub-Saharan Africa. These regional patterns are affected by COVID-19 and also a fall in the price of oil, which affects the economies of Russia and the Gulf Cooperation Council (GCC) countries in particular. Russia is the most important source of remittances to Central Asia; outbound remittances from Russia, as expressed in U.S. dollars, would also be impacted by the weakening of the ruble

Figure 1.4 Remittance Flows to Low- and Middle-Income Countries Expected to Decline in 2020

(\$ billion)



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics.

Note: See appendix A in World Bank (2017) for data and forecast methods. FDI = foreign direct investment; ODA = official development assistance.

against the dollar. Such valuation effects would also be felt in outbound remittance flows from Europe through the weakening of the euro against the U.S. dollar.⁵ Outbound remittances from the GCC countries would be impacted by the recession induced by the coronavirus as well as a fall in oil prices. Remittance flows to South Asia, East Asia, and the MENA countries would be impacted as well (see section 2 for regional trends).

Despite the decline, however, remittance flows are expected to become even more important as a source of external financing for LMICs (figure 1.4). In 2020, FDI is expected to decline by over 35 percent due to travel bans, disrup-

tion of international trade, and wealth effects of declines in the stock prices of multinational companies; private portfolio flows through stock and bond markets may decline by about 80 percent.⁶

Medium-term downside risks dominate the remittance outlook for 2021. The recovery from the crisis is likely to be prolonged and arduous. Global and regional growth in 2021 is likely to remain subdued. Given these global trends, remittances to LMICs are expected to grow at about 5.6 percent in 2021 to \$460 billion, well below the 2017 level of \$487 billion and far from the recent records of 2019 (table 1.2).

Table 1.2 Estimates and Projections of Remittance Flows to Low- and Middle-Income Regions

Region	2009	2016	2017	2018	2019e	2020f	2021f
(\$ billion)							
Low and Middle Income	307	446	487	531	554	445	470
East Asia and Pacific	80	128	134	143	147	128	138
Europe and Central Asia	36	46	55	61	65	47	49
Latin America and the Caribbean	55	73	81	89	96	77	82
Middle-East and North Africa	33	51	57	58	59	47	48
South Asia	75	111	118	132	140	109	115
Sub-Saharan Africa	29	39	42	48	48	37	38
World	437	597	643	694	714	572	602
(Growth rate, percent)							
Low and Middle Income	-5.0	-1.5	9.1	9.0	4.4	-19.7	5.6
East Asia and Pacific	-4.8	-0.5	5.1	6.8	2.6	-13.0	7.5
Europe and Central Asia	-14.7	-0.3	20	10.9	6.6	-27.5	5.0
Latin America and the Caribbean	-11.3	7.4	11	9.9	7.4	-19.3	5.9
Middle-East and North Africa	-6.2	-1.2	12.1	1.4	2.6	-19.6	1.6
South Asia	4.5	-5.9	6.2	12.1	6.1	-22.1	5.8
Sub-Saharan Africa	-0.2	-8.3	9.3	13.7	-0.5	-23.1	4.0
World	-5.1	-0.9	7.7	8.0	2.8	-19.9	5.2

Source: World Bank–KNOMAD.

Note: See appendix A in World Bank (2017) for data and forecast methods. Projections for 2020 and 2021 are based on methods described in the appendix to this Brief. e = estimate; f = forecast.

1.4 Slower Progress in Reducing Remittance Costs and other Migration-related Development Goals

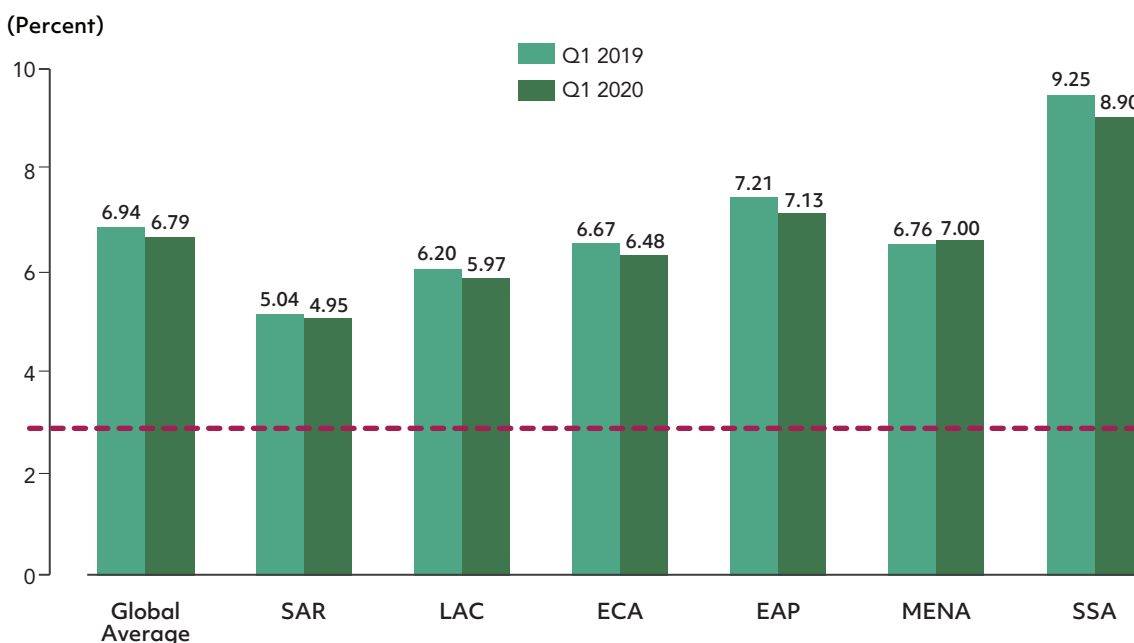
The World Bank closely monitors three Sustainable Development Goal (SDG) indicators for which it is a custodian: increasing the volume of remittances as a percentage of gross domestic product (GDP) (SDG indicator 17.3.2), reducing remittance costs (SDG indicator 10.c.1), and reducing recruitment costs paid by migrant workers (SDG indicator 10.7.1).⁷ Progress on all three indicators is projected to slow in 2020, although initial data shows that remittance costs through digital channels are decreasing.

Remittance costs remained above the SDG target and may increase due to disruptions to remittance services, though there are countervailing forces such as the growing use of digital services, increased competition for business,

and government policies in receiving countries. According to the Remittance Prices Worldwide database, the average cost of sending \$200 to LMICs was 6.8 percent in the first quarter (Q1) of 2020, slightly below the cost one year earlier (figure 1.5).⁸ The global average cost of remittances declined from 6.9 percent in 2019 Q1 to 6.8 percent in 2020 Q1. This is still more than double the SDG target (10.c) of 3 percent by 2030.⁹ Sub-Saharan Africa continued to have the highest average cost, at about 9 percent. Remittance costs across many African corridors and small islands in the Pacific remained above 10 percent. Intraregional migrants in Sub-Saharan Africa comprised over two-thirds of all international migration from the region. Yet intraregional remittance costs are very high in the region (figure 2.12 in section 2).

Brick-and-mortar remittance service providers (RSPs) have been affected by lockdowns, reduced business hours, and social distancing.

Figure 1.5 Remittance Costs Remain High



Sources: World Bank Remittance Prices Worldwide database.

Note: Red dotted line represents the Sustainable Development Goal 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; SSA = Sub-Saharan Africa.

There is less disruption and perhaps a relative increase in remittances sent via digital payment instruments. However, poor and irregular migrants have lower or no access to digital payment instruments—such as bank accounts, payment cards, or mobile wallets—to fund or disburse remittance transactions. Many poor households in LMICs also lack access to transaction accounts to receive remittances. Online transactions also require RSPs to be able to remotely collect and verify identity documents and exercise additional vigilance against higher risks of fraud and financial crime, to comply with anti-money laundering and countering of financing of terrorism (AML/CFT) regulations.¹⁰ However, such due diligence has become difficult amid staff shortages.¹¹ The disruption of formal remittance services and a lack of access to banking or online services may shift remittances to informal channels.

Some RSPs have temporarily waived the fees for sending money home, but such waivers are not sustainable. To encourage RSPs to facilitate remittance inflows, some governments (notably that of Pakistan) have announced tax incentives equivalent to the remittance fees waived.

1.5 Policy Responses Should Be Inclusive of Migrants and Their Remittances

Lockdowns and travel bans directly affect the employment and wages of foreign workers. Lockdowns in labor camps and dormitories can increase the risk of contagion among migrant workers. Many migrants have been stranded due to the suspension of transport services. Lockdowns have also closed the offices of RSPs, some of whom are also grappling with employees who have fallen sick, thus affecting the flow of remittances.

To address shortages of workers in agriculture and health sectors, some countries have granted visas to attract agricultural workers, even chartering flights to bring them in. Many coun-

tries have announced incentives or relaxed visa restrictions to recruit health professionals from foreign countries.

In general, most countries use residency criteria to determine whether foreigners are entitled to public health care services (box 1). So far, government policy responses have mostly excluded migrants. There is a strong argument for including migrants in the near-term health strategies of all countries, recognizing the positive externalities associated with health, or conversely, the negative externalities associated with pandemics.

Table 1.3 summarizes short-, medium-, and long-term interventions that could be considered by the World Bank Group. Specifically, operational interventions could be considered to support: (i) stranded migrants; (ii) access to health care, housing, education, and jobs for migrant workers in host/transit countries and their families back home; and (iii) remittance infrastructure.

Keeping remittances flowing

The World Bank has initiated a weekly survey of remittance costs in several important corridors to assess the effects of the COVID-19 crisis on the remittances sector. Initial findings show that authorities in many sending and receiving countries observed a decline in remittance flows and expect this trend to continue. RSPs are not classified as essential services. As such, their services have been interrupted or their working hours reduced. The use of digital channels for sending money is increasing due to the closure of brick-and-mortar services.¹² Meanwhile, a large percentage of migrant workers and their families back home are unbanked or under-banked, and are facing challenges in meeting the due diligence requirements of digital channels. In the short run, the services that remain available are in general priced lower than those that preceded the COVID-19 measures, according to

Box 1. A Comparison of National Policies Regarding Migrant Workers' Access to Health Care

According to the forthcoming *Migration and the Law Database*, economic migrants¹³ enjoy full access to public health care in 80 out of a total of 132 sampled countries, provided that general requirements for participation in the respective scheme are fulfilled.¹⁴ Another 40 countries allow migrants access to health care conditionally, while 12 countries (most of which are located in South Asia and the Middle East and North Africa regions) completely exclude migrants from their health care systems.

Many countries use residency to determine whether foreigners are entitled to public health care services. The national laws and regulations of Portugal and Dominican Republic link health entitlements to the residency status rather than nationality of a person. In Croatia, Bulgaria, Czech Republic, the United States of America, and Singapore, a person needs to obtain permanent residency status first in order to enjoy health care protection on par with citizens. Under Turkish laws and regulations, foreigners may benefit from general health insurance schemes provided that they have resided in Turkey more than a year. Other national laws delegate the role of protecting migrants' health to employers. In the United Arab Emirates and Kuwait, employers are required to cover the costs of health insurance for migrant workers or face penalties for noncompliance.

Access to health care for economic migrants can be restricted to emergency life-saving care or infectious disease prevention. Economic migrants in Kazakhstan have the right to receive free medical care only for acute diseases that are dangerous to others. The list of such diseases is determined and updated by a regulatory health authority.

Health services for migrants tend to be associated with higher costs to varying degrees. In Qatar, migrants seeking to obtain a health card that grants access to a subsidized public health system pay only a slightly higher fee than do GCC nationals.¹⁵ In Malaysia, foreigners using the public health system are charged significantly higher fees than are citizens.

In response to the COVID-19 crisis, several host countries have temporarily introduced new policies or relaxed requirements to facilitate migrant workers' access to health care protection. Examples include the following:

- The Portuguese government announced that all immigrants with pending residence applications will be treated as permanent residents until July 1, 2020, due to COVID-19. This measure will allow migrants access to public social security system, including health care.
- The Malaysian Ministry of Health announced that foreigners will be exempted from registration, examination, treatment, and hospitalization fees related to the treatment of COVID-19.
- The UK government announced that no charges will be made in the diagnosis or treatment of COVID-19 for all people, regardless of their residency/immigration status.
- The Qatari government is providing free health care to migrant workers affected by the COVID-19 virus in the Doha Industrial Area.

Source: *Migration and the Law Database*, World Bank (2020).

data collected in 2020 Q1.¹⁶ Some RSPs have removed their fees and have been using social media to raise awareness of digital payment instruments (where applicable).

It would be important for RSPs and authorities to work together to mitigate the effects of the crisis and encourage the adoption of digital payments, greater use of regulated channels, and wider availability of cost-efficient services. In the meantime, the World Bank will continue to monitor and report on the availability of remittance services worldwide, and work with stakeholders to improve the transparency and efficiency of the remittances market toward a reduction of the still high cost of remitting money internationally, guided by the CPSS-World Bank General Principles for International Remittances (CPSS-WB 2007). The World Bank has issued a call to action to support the remittances sector (see table 1.3).

Table 1.3 Possible World Bank Interventions Addressing COVID-19's Effects on Migration and Remittances

Supporting stranded migrants	Supporting access to social services for migrants and their families	Supporting remittance infrastructure
SHORT TERM		
<ul style="list-style-type: none"> • Evacuation of stranded migrants. • Granting temporary protected status to foreign nationals with expired visas. • Health awareness campaigns and provision of treatment to migrants. • Identifying options to serve stranded migrants (including internal and international migrants, informal workers, and those without proper documentation). • Supporting informal businesses that are likely to employ migrants, conditional on keeping migrants on the payroll. 	<ul style="list-style-type: none"> • Set up grants to improve access to basic health services, education, and housing for host and migrant communities. • Extend cash transfer programs to support internal and international migrants, especially those who have lost their jobs in host cities/countries. • Support social services and provide cash transfers to families left behind. • Facilitate the provision of remote mentoring and medical advice by diaspora doctors, and the temporary return of such professionals. • Include migrants in programs that provide a temporary moratorium on debt service in countries of origin (including loans taken out for paying recruitment costs) and rent payments in host countries. 	<ul style="list-style-type: none"> • Remittance service providers (RSPs) have been facing store closures and disruption of remittance services. • Support could be provided to RSPs to be declared as essential services. • Incentives (such as subsidies) could be offered to RSPs to reduce the cost of remittance services. For example, RSPs could claim a tax credit for waiving remittance fees paid by remitters. • Certain AML/CFT requirements could be temporarily simplified to incentivize online and mobile money transfers, following a risk-based approach. • Public authorities would do well to identify, remove, or mitigate factors that prevent customers or providers from leveraging digital payment instruments for remittances.
MEDIUM TERM		
	<ul style="list-style-type: none"> • Revisit insurance regulations that may constrain migrants from buying medical insurance for families back home. • Make medical insurance benefits offered by host countries portable to origin countries. • Expand origin countries' social-welfare schemes to migrants abroad (i.e., to address unemployment spells). • Facilitate the recognition of skills of migrants and refugees in host countries to help with the shortage of skills. 	<ul style="list-style-type: none"> • Support countries in improving data on migration and remittances. • Support efforts to reduce remittance costs. • Facilitate emerging remittance models using digital means. • Achieve universal financial access in receiving and sending countries. • Enhance domestic retail payment systems and grant RSPs access. • Promote interoperability. • Enhance AML/CFT compliance and use of digital ID solutions. • Support cross-border payment solutions for remittances.

Supporting stranded migrants	Supporting access to social services for migrants and their families	Supporting remittance infrastructure
LONG TERM		
<ul style="list-style-type: none">• Support safe and regular migration programs.• Support national strategies (on a demand basis) to increase the share of regular migrants in the total migrant population in host countries.	<ul style="list-style-type: none">• Set up twinning arrangements to train more doctors and nurses in low- and middle-income countries in collaboration with medical schools in high-income countries.• Support efforts to reduce recruitment costs.• Establish universal health programs that include migrants irrespective of their legal status.	<ul style="list-style-type: none">• Support efforts to reduce remittance costs.



2. Regional Trends in Migration and Remittance Flows

The outlook for remittances for 2020 remains as uncertain as the impact of COVID-19 on global growth and may depend to a large extent on the measures taken to restrain the spread of the disease. In the past, remittances have been countercyclical during times of disaster in the recipient economy. This time, however, the pandemic has affected all countries, and the economic fallout is likely to vary due to country-specific characteristics.

2.1 East Asia and the Pacific

Remittance trends. Remittance flows to the East Asia and Pacific region grew by 2.6 percent in 2019, about 4.3 percentage points lower than the growth rate in 2018. In 2020, remittance flows are expected to decline by 13 percent due to the impact of COVID-19. The slowdown is expected to be driven by declining inflows from the United States, the largest source of remittances to the East Asia and Pacific region, and from Hong Kong SAR, China. Several remittance-dependent coun-

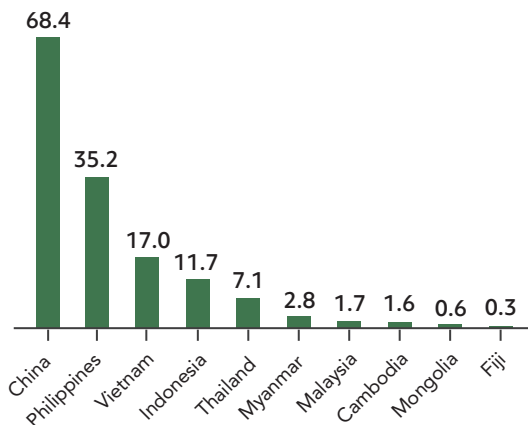
tries such as those in the Pacific Islands could see households at risk as remittance incomes decline over this period (World Bank 2020a). A recovery of 7.5 percent growth for the region is anticipated in 2021.

Remittances to the Philippines rose by 4 percent in 2019, to reach \$35.2 billion, up from the 3 percent growth seen in 2018 (figure 2.1). Year-on-year growth in remittances for January 2020 was 6.6 percent but this likely reflects a period prior to widespread COVID-19 measures being adopted in host countries. Remittances to Indonesia returned to a single-digit annual growth of 4 percent in 2019 after experiencing double-digit growth in 2018, the latter due to an expansion in remittance flows from the Middle East (particularly Saudi Arabia). By contrast, remittances from the Middle East shrank in 2019 while growth remained in the double digits from Asia, particularly in Hong Kong SAR, China; and Taiwan, China.

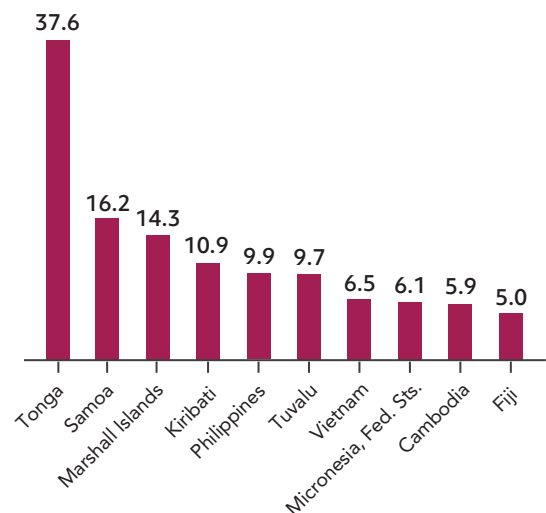
Remittance costs. The average cost of sending \$200 in remittances to the East Asia and

Figure 2.1 Top Remittance Recipients in the East Asia and Pacific Region, 2019

(\$ billion, 2019)

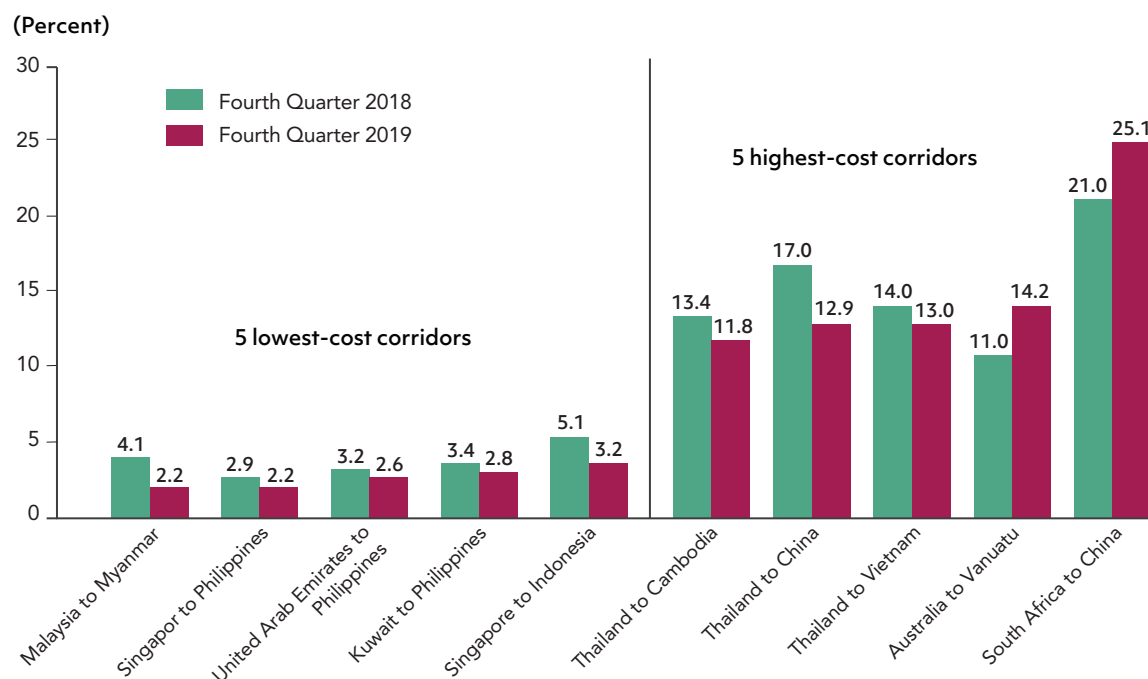


(Percentage of GDP, 2019)



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics. Note: GDP = gross domestic product.

Figure 2.2 Remittance Fees to the Philippines Are Among the Lowest in the East Asia and Pacific Region



Sources: Remittance Prices Worldwide database, World Bank. Average cost of sending \$200.

Pacific region dropped to 7.13 percent in 2020 Q1, compared with 7.21 percent in 2019 Q1. The five lowest-cost corridors in the region averaged 2.6 percent while the five highest-cost corridors averaged 15.4 percent as of 2019 Q4. Money transfer costs from Thailand to neighboring countries in Southeast Asia were among the highest, averaging 12.1 percent in the last quarter of 2019.

Migration trends. The Philippine government’s efforts to halt the spread of the coronavirus by banning travel to several countries—including Taiwan, China; Macau; Hong Kong SAR, China; and South Korea—was short lived amid resistance from overseas Filipino workers concerned about potential job losses if they were unable to travel back to their host countries after home visits. The government announced that new deployment to these countries and mainland China would be scaled down while deployment to the GCC countries

was expected to fall amid travel bans imposed by the GCC.¹⁷ As of April 30, 2020, 1677 overseas Filipino workers had tested positive for COVID-19, of which 451 had recovered and 201 had died. Only workers barred from travelling to China were entitled to a subsidy of 10,000 pesos (about \$198), which had not been extended to those affected by travel bans, particularly in Qatar and Kuwait.

Over 60,000 migrant workers from Myanmar, Cambodia, and the Lao People’s Democratic Republic fled Thailand, defying requests by officials to remain in the country to help contain the virus and raising fears of cross-border infections. Elsewhere, Singapore, which appeared to have early success in containing the coronavirus among its residents, was seeing a new surge in cases from a previously overlooked source. Over three-quarters of these new cases were related to low-skilled migrant workers housed in dormitories. There were

more than 200,000 migrant workers from Asia residing in a total of 43 dormitories in the country.

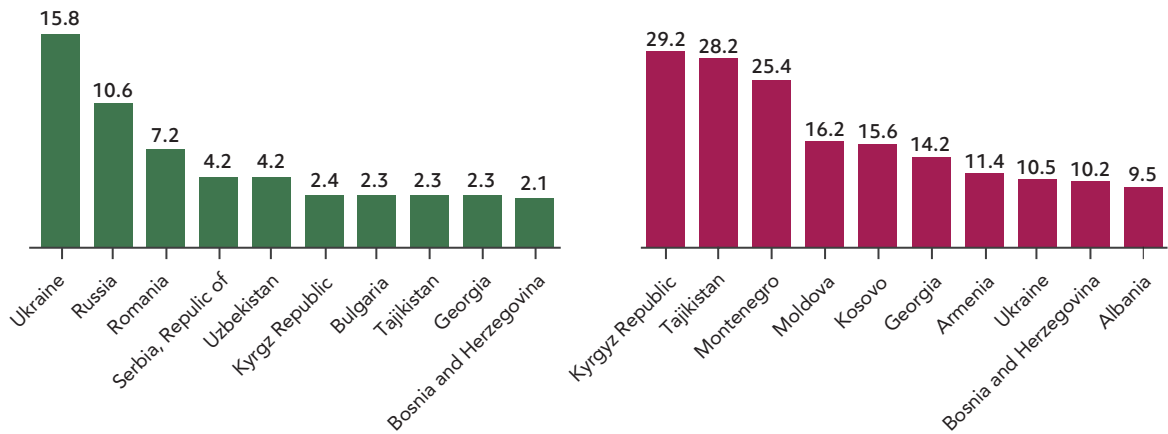
A lockdown in Malaysia was causing hardship for foreign workers, particular daily casual workers. The Indonesian Ministry of Foreign Affairs (MOFA) indicated that it had sent more than 3,000 aid packages to its citizens in Malaysia and was preparing an additional 3,000 more.¹⁸ Malaysia is the main destination for Indonesian workers, hosting half of Indonesia's estimated 3.7 million workers abroad in 2019.¹⁹

Undocumented migrant workers in host Southeast Asian countries risked detention and deportation by visiting health centers to be checked or treated for the coronavirus. The Ministry of Labor in Taiwan, China, planned to inspect the documentation of migrant caregivers. A civic group called for granting amnesty to the estimated 50,000 undocumented workers in the economy, citing these workers' fear of coming forward to report COVID-19 symptoms. In Malaysia, civic groups similarly called on the government to impose a moratorium on

the arrest and deportation of undocumented migrants in order to facilitate their testing and treatment for the coronavirus.

Throughout the East Asia and Pacific region, migrant workers were left out of financial support from host governments to counter the economic fallout from containing the coronavirus pandemic, and were at times being told to simply return home—though many were unable to travel due to travel bans or flight cancellations. A recent survey of migrant workers in New South Wales, Australia, found that half had lost their jobs and one-fifth had seen their work hours reduced while none would be eligible for government assistance. A plan to pay employers A\$1,500 (around US\$950) every two weeks per employee did not extend to those employing temporary migrant workers (except New Zealanders). While the Singaporean government waived the monthly levy of S\$750 (about US\$530) for foreign workers required of employers and committed to providing the latter a rebate, contract workers did not expect to receive any financial support.

Figure 2.3 Remittance Inflows to Europe and Central Asia Remained Strong in 2019
(\$ billion, 2019e) (Percentage of GDP, 2019e)



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics.
Note: GDP = gross domestic product; 2019e = estimated for 2019.

2.2 Europe and Central Asia

Remittance trends. Remittances to Europe and Central Asia remained strong in 2019, growing by about 6 percent to \$65 billion in 2019. Ukraine remained the largest recipient of remittances in the region, receiving a record high of nearly \$16 billion in 2019 (figure 2.3), with the lion's share of remittances coming from Poland (about two-thirds of the total), followed by the Czech Republic, Russia, the United States, and the United Kingdom. Smaller remittance-dependent economies in the region, such as the Kyrgyz Republic, Tajikistan, and Uzbekistan, particularly benefited from a rebound of economic activity in Russia.

In 2020, the growth of remittance flows to the region is estimated to fall significantly, by about 28 percent, due to the combined effect of the global coronavirus pandemic and tumbling oil prices. Azerbaijan, Kazakhstan, and Russia, the region's largest oil producers, are expected to suffer budget shortfalls, mounting pressure on their currencies, and possible recessions. Notably, the high dependence on remittances from Russia is likely to increase the impact of negative external shocks on the Central Asian economies of the Kyrgyz Republic, Tajikistan, and Uzbekistan. Remittances sent home by millions of expatriate workers in Russia, most of them employed in the construction sector, account for about two-thirds of GDP in both the Kyrgyz Republic and Tajikistan. (Outward remittance flows from Russia, as expressed in U.S. dollars, would be lower due to the valuation effect of a weaker ruble against the U.S. dollar.) Indeed, the Kyrgyz Republic saw remittances fall 9 percent in the first two months of 2020 compared with the same period the previous year.

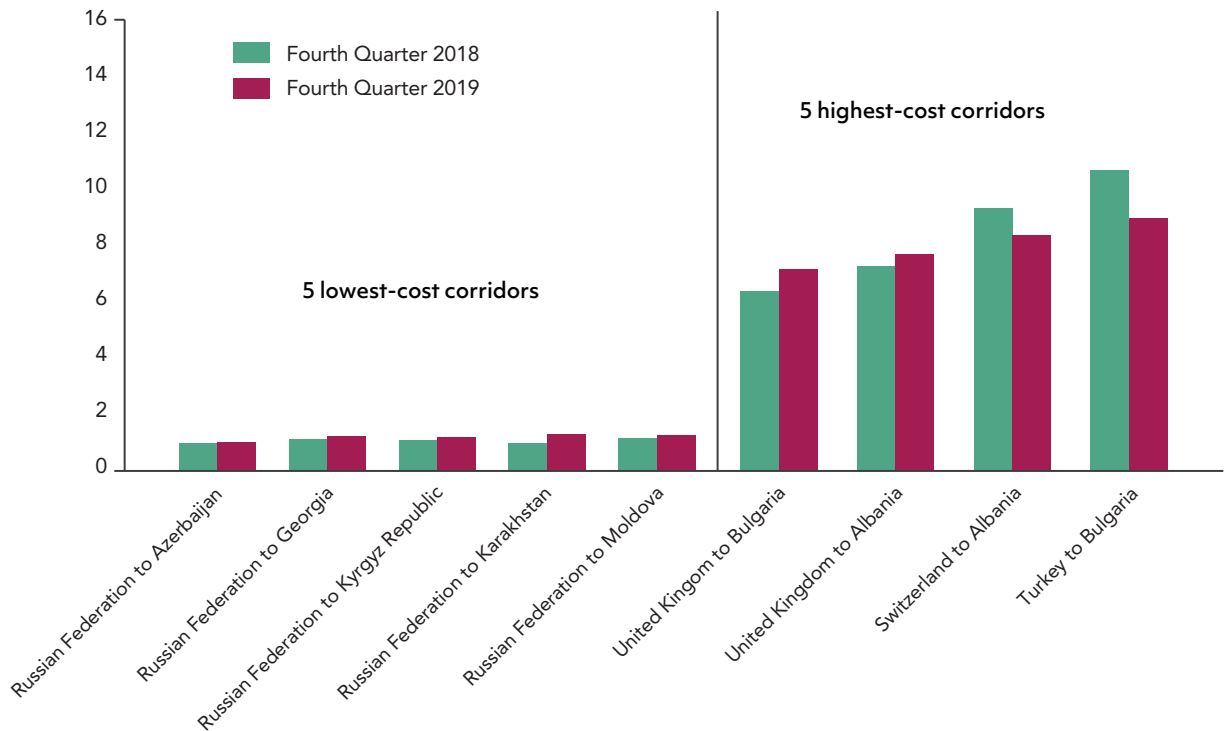
Remittance costs. The average cost of sending \$200 to the Europe and Central Asia region declined modestly to 6.48 percent in 2020 Q1 from 6.67 percent a year earlier. Without

Russia, the average cost was higher, declining from 7.44 percent to 6.94 percent in the same period. The cost of sending \$200 from Russia remained the lowest globally, though it rose from 1.9 percent to 2.1 percent, mainly due to a cost increase for the Russia-Ukraine corridor. The differences in costs across corridors in the region are substantial; the highest average cost for sending \$200 in remittances was from Turkey to Bulgaria, while the lowest average cost was from Russia to Azerbaijan (figure 2.4).

Migration trends. According to data from the United Nations High Commissioner for Refugees (UNHCR), 124,000 irregular migrants arrived in the European Union (EU) in 2019, down sharply from a peak of more than 1 million in 2015. The Central Mediterranean route, used by about half of all irregular migrants to the European Union in 2016, accounted for only 9 percent of irregular travel, while the pace of arrivals through the Eastern Mediterranean route surged in mid-2019, with Greece accounting for 59 percent of arrivals. While overall migration numbers fell in 2019, Greece, Spain, and Italy still received the most irregular migrants among the EU countries. Greece displaced Italy as the most popular arrival point for irregular migrants, with 74,600 arrivals in 2019. Only 11,000 irregular migrants landed in Italy in 2019, down sharply from a peak of 181,000 arrivals in 2016.²⁰

Afghans accounted for 19 percent of irregular migrants to the European Union and 40 percent of those travelling by the Eastern Mediterranean route in 2019, representing the single-largest nationality. This was well above the number of Syrians, who accounted for 13 percent of total arrivals. Nigerian migrants, who were the single-largest nationality along the Central Mediterranean route in 2016–17, had all but disappeared as a major group. Meanwhile, Tunisians became the largest group arriving in Italy in 2019, with 2,700 arrivals.

Figure 2.4 Russia Continued to Be the Least Expensive Country from Which to Send Money (Percent)



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

Amid the COVID-19 pandemic, many Ukrainians working abroad, estimated at some 3–4 million, were having a difficult time finding employment as tightened border controls blocked many temporary and seasonal workers from moving throughout Europe, including within neighboring countries. Some of them returned to Ukraine, though many were stranded abroad. It was reported that many short-term Ukrainian workers in Italy, the third-most popular destination (with 11 percent of Ukrainian migrant workers) after Poland (40 percent) and Russia (25 percent), were trapped behind a nationwide lockdown, unable to return home despite having expired visas.

Even borders that are usually open, such as between Russia and Central Asia, hardened as COVID-19 spread through the region. Hundreds of migrant workers from Central Asian countries were stranded at various airports

after Russia and other neighboring countries closed borders and grounded flights to the Kyrgyz Republic, Uzbekistan, and Tajikistan, forcing them to camp out at the terminals for weeks until the issue was resolved by their respective governments. Adding to the bottleneck at airports, the travel bans coincided with spring celebrations in Central Asia when many migrant workers return home after laboring through the winter. The COVID-19 crisis also transformed the discussion on migration as travel restrictions or border closings highlighted the vulnerability of stranded migrant workers exposed to unhygienic conditions in crowded airports, unable to self-quarantine and with limited or no access to medical services.

2.3 Latin America and the Caribbean

Remittance trends. Remittances to the LAC region increased by 7.4 percent in 2019, reaching

\$96 billion. Remittance inflows were bolstered by a low foreign-born unemployment rate of 3.1 percent in the United States. In particular, year-on-year employment for February increased by 211,000 in the construction sector, where a large number of migrants work.

Nonetheless, growth in remittance inflows for 2019 was uneven across countries in the region. Brazil, Guatemala, and Honduras saw a rise in remittances of more than 12 percent in 2019. Colombia, Ecuador, Nicaragua, and Panama saw an increase of more than 6 percent, while remittance growth in Bolivia and Paraguay declined by -3.8 percent and -2.2 percent, respectively.²¹ Remittances are particularly important to some of the smaller regional economies. Haiti's remittances equal 37 percent of GDP, the largest ratio in the LAC region followed by Honduras and El Salvador (figure 2.5).

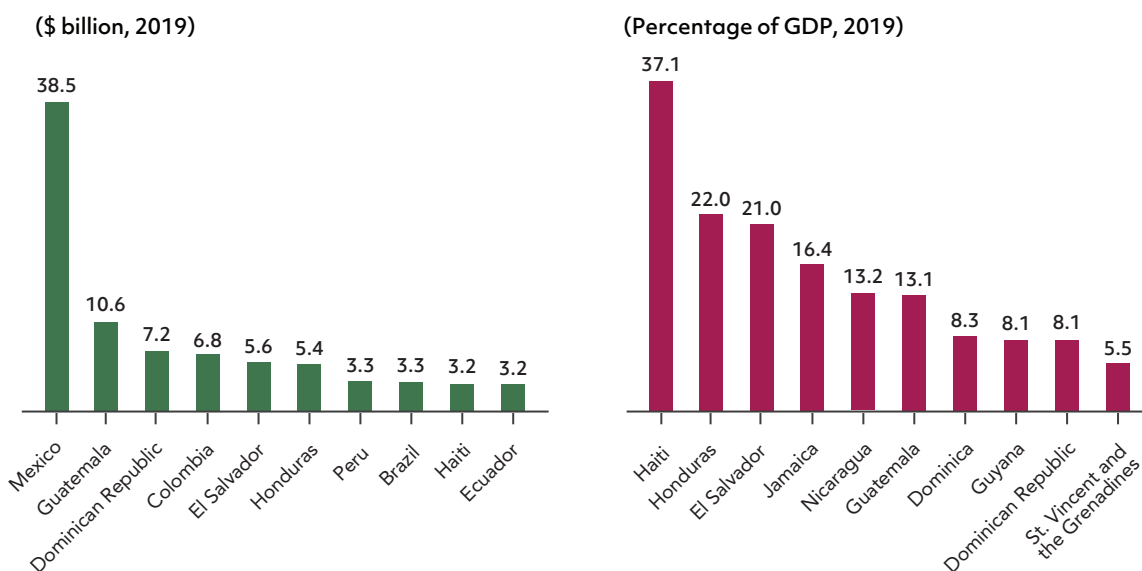
2.3.1 Remittances to LAC in 2020 Will Be Highly Impacted by COVID-19

In 2020, remittance flows to the LAC region are expected to fall by 19.3 percent. These

projected growth rates are lower than the decrease of 12.3 percent during the global financial crisis of 2009. The anticipated drop in remittances is likely to be sharper for LAC than other regions. This is because Italy, Spain, and the United States, which are the region's main remittance-source countries, have been hit hard by the pandemic. Some corridors that are highly dependent on remittances from these countries, such as those involving Ecuador and Colombia, are likely to register larger declines. Prevailing high unemployment rates in Italy and Spain are likely to be exacerbated by the economic impact of the COVID-19 crisis, further constraining remittance flows to Bolivia, Ecuador, Colombia, Paraguay, and Peru.

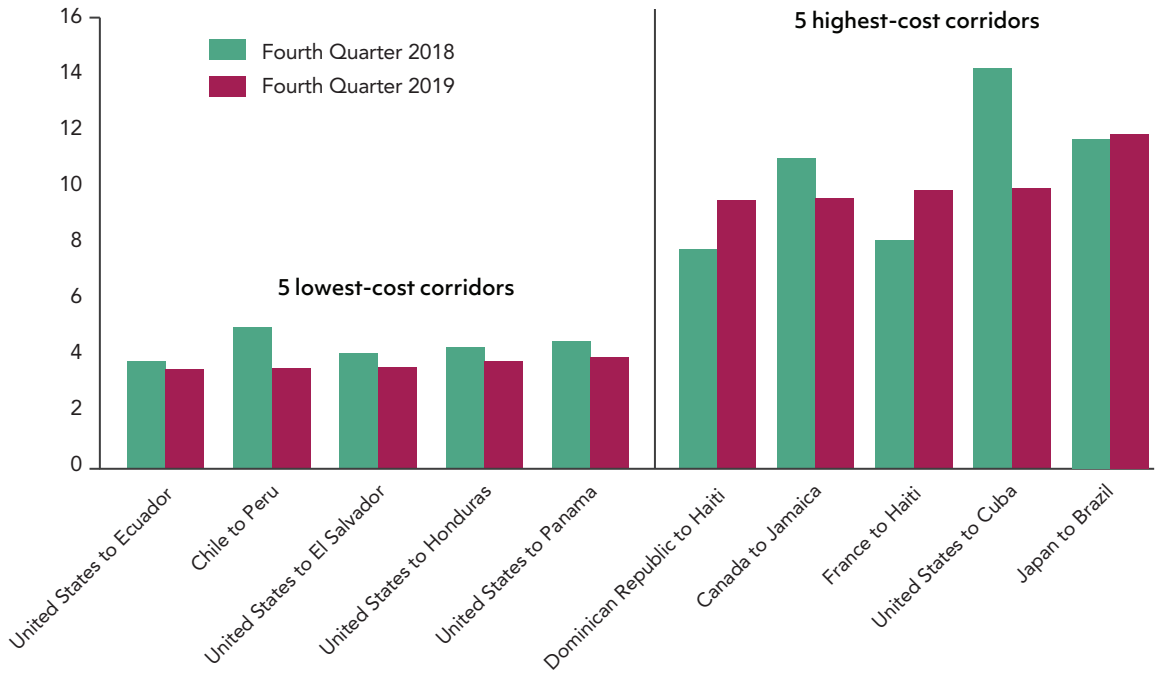
Remittance costs. The average cost of sending \$200 to LAC was 5.97 percent in 2020 Q1, according to the Remittance Prices Worldwide database. In 2019 Q4 the average cost of sending \$200 from the United States, where most LAC migrants reside, was below the global average of 6.8 percent but well above the SDG target of 3 percent. The cost of sending money to LAC has stayed stagnant over the past few years. Notably, the cost of sending

Figure 2.5 Remittances Represent a Large Share of Foreign Income in Latin America



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics.
 Note: GDP = gross domestic product.

Figure 2.6 Cost of Sending Money to Latin America and the Caribbean, 2018 and 2019 (Percent)



Sources: World Bank Remittance Prices Worldwide database.
 Note: Average cost of sending \$200 or equivalent.

money from Canada to the Caribbean countries, from Japan to Brazil, and from the United States to Cuba remains above 9 percent. Amid the COVID-19 crisis, the costs of transferring remittances to the region could increase due to operational challenges being faced by RSPs (closures of agents and offices, access to cash, foreign exchange, security) and compliance with AML/CFT regulations.

New trends affecting migrants from LAC.

According to the U.S. Bureau of Labor Statistics (2020), in March 2020 the overall unemployment rate in the United States rose to 4.4 percent, and to 6.3 percent for the nation’s Hispanic population. The impact of social distancing guidelines and stay-at-home orders had severely impacted jobs in retail, hospitality, and services, in which a large percentage of Latin American migrants were employed.

The latest U.S. data on total nonfarm payroll employment reported a sharp decline of

701,000 individuals, reflecting the impact of COVID-19 during the first two weeks of March 2020. About two-thirds of the drop was reported in leisure and hospitality, mainly in venues serving food and alcoholic beverages.²² These sectors are typically the largest nonfarm employers of Mexican and Central American migrants. Similarly, Spain lost more than 800,000 jobs in March, led by the services sector, followed by the construction and agriculture sectors. More unemployment is expected in developed and developing countries for April and the coming months. According to some estimates, in the United States, a record 20 million persons sought unemployment benefits, implying an unemployment rate of around 15 percent, in April 2020.²³

COVID-19 could impact migrants’ health and mortality since they are particularly vulnerable to the disease. Many migrants do not have access to health insurance and social security. They have scarce resources to afford medical

treatment if infected. According to the mayor of New York City, 34 percent of people who had died from the disease in the city through the first week in April were from the Hispanic community (NBC 2020). This is in part due to the precarious condition of urban immigrants, congested living conditions, and prevailing health conditions that make them vulnerable to the illness.

Amid the lockdown in the United States, migration processes and asylum cases have been postponed, and more restrictive measures are being implemented. For example, the U.S. Centers for Disease Control and Prevention issued an order to turn away any people who cross the southwestern border illegally instead of taking them to a detention center where they can ask for asylum in the United States. According to the U.S. Customs and Border Protection (2020), 80 percent of people coming to the border after this order were being returned to their country within two hours.

The closure of borders has created a pool of migrants, including return migrants, stranded

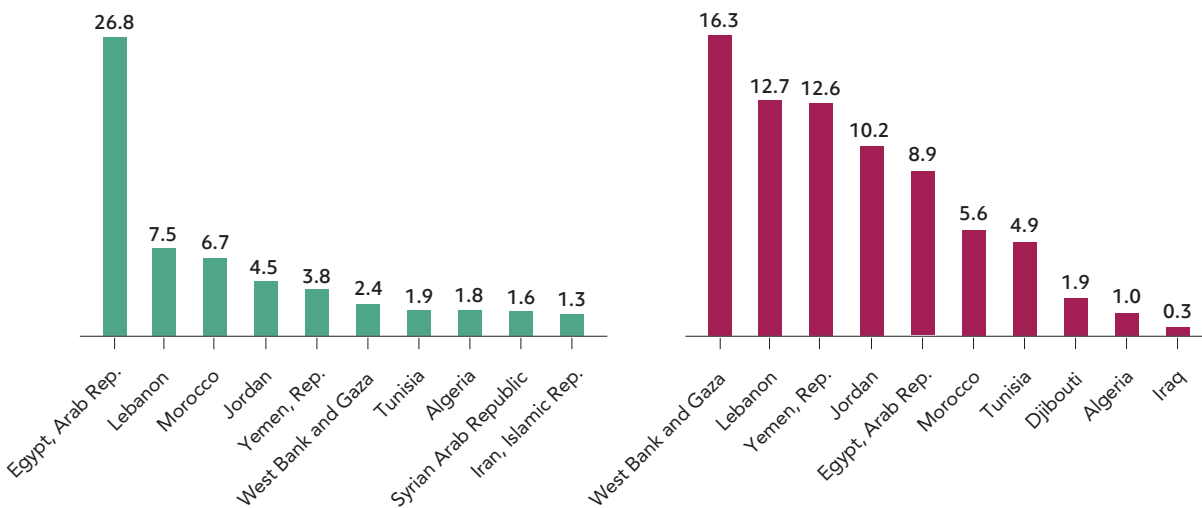
in various countries. In Mexico, Central American migrants waiting for their applications to be processed under the “Remain in Mexico” program were uncertain as to whether their cases would be reprogrammed. Many Venezuelan migrants were returning home from Chile, Colombia, Ecuador, and Peru after losing their means of subsistence due to lockdown measures. Social tensions have flared in some host countries due to competing needs to support vulnerable host and migrant populations. It is still too early to know the impacts of COVID-19 on migratory flows, since these will depend on how long the restrictions to contain the disease remain in place.

Detained migrants awaiting deportation or resolution of asylum claims are also at greater risk of becoming infected due to the confined nature of detention areas. Spain has released some of its detainees. El Salvador and Guatemala have requested the United States to postpone deportations to avoid the risk of exporting the virus from the United States or to limit its deportations to 25 people per plane (Al Jazeera 2020).

Figure 2.7 Remittance Inflows to the Middle East and North Africa in 2019

(\$ billion, 2019)

(Percentage of GDP, 2019)



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics.
 Note: GDP = gross domestic product.

Domestic migrants have been impacted by the COVID-19 containment. Quarantines have forced many to return to their villages as a way to regain some livelihood. In Peru, after one month of lockdown measures, many migrants are returning, sometimes walking, home.

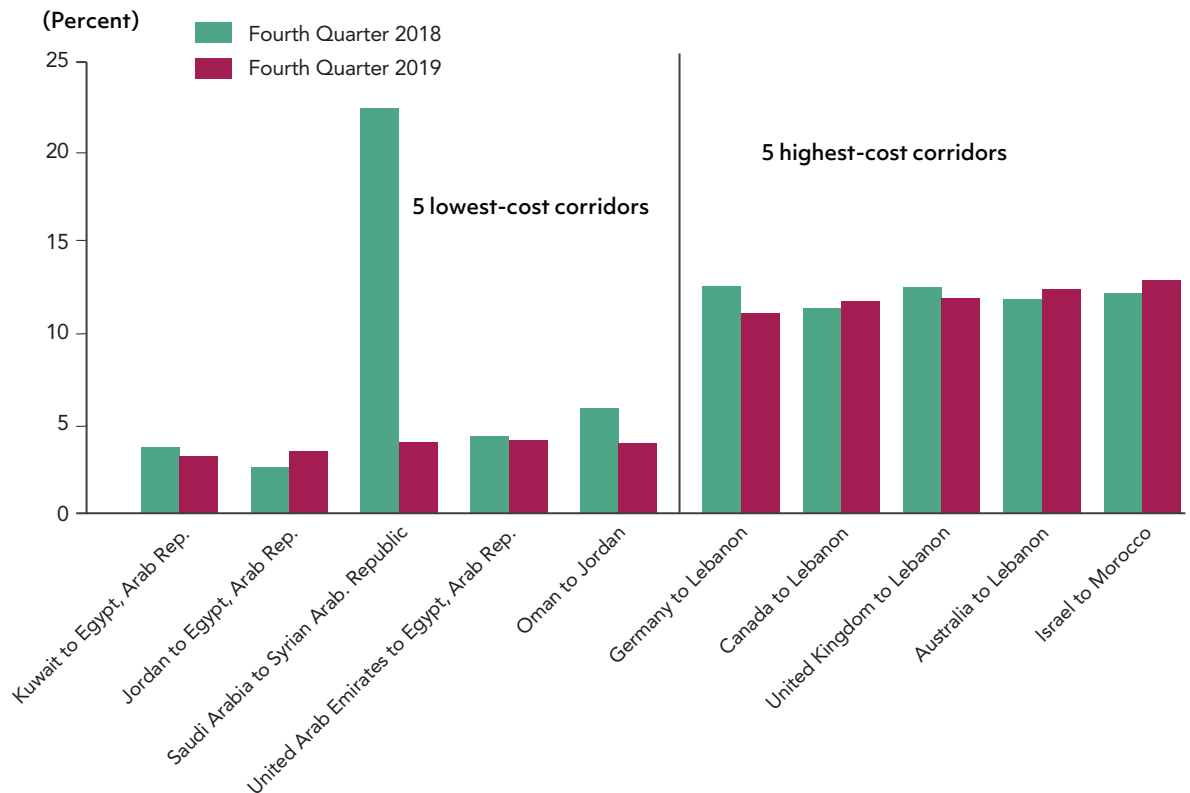
2.4 Middle East and North Africa

Remittance trends. Remittances to the MENA region are projected to fall by about 20 percent in 2020, following a rise of 2.6 percent in 2019 (figure 2.7). The anticipated decline in remittances to the region can be attributed to the global slowdown due to coronavirus and also the impact of lower oil prices in GCC countries. All major remittance-receiving countries will likely see a collapse of remittances.²⁴ Remittances from the euro area would be additional-

ly impacted by the pre-COVID economic slowdown in the area and the depreciation of the euro against the U.S. dollar. This would particularly affect Morocco and Tunisia (projected to have remittance declines of around 17–18 percent). In 2021, the growth of remittances to the MENA region is expected to recover, albeit at a slow pace of around 1.6 percent due to moderate growth in the euro area and weak GCC outflows.

Remittance costs. The cost of sending \$200 to the MENA region increased only slightly in 2020 Q1, to 7 percent, compared with 6.76 percent in same quarter of the previous year. This is close to the global average for 2020 Q1, which was 6.79 percent. Costs vary greatly across corridors: the cost of sending money from high-income countries of the Organisa-

Figure 2.8 Sending \$200 within the Middle East and North Africa Is Less Expensive Than Sending \$200 from Outside the Region



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

tion for Economic Co-operation and Development to Lebanon continues to be in the double digits. On the other hand, sending money from GCC countries to Egypt and Jordan costs between 3 and 5 percent in some corridors (figure 2.8). The Saudi Arabia–Syria corridor has experienced a dramatic fall in costs as the civil war in Syria has receded.

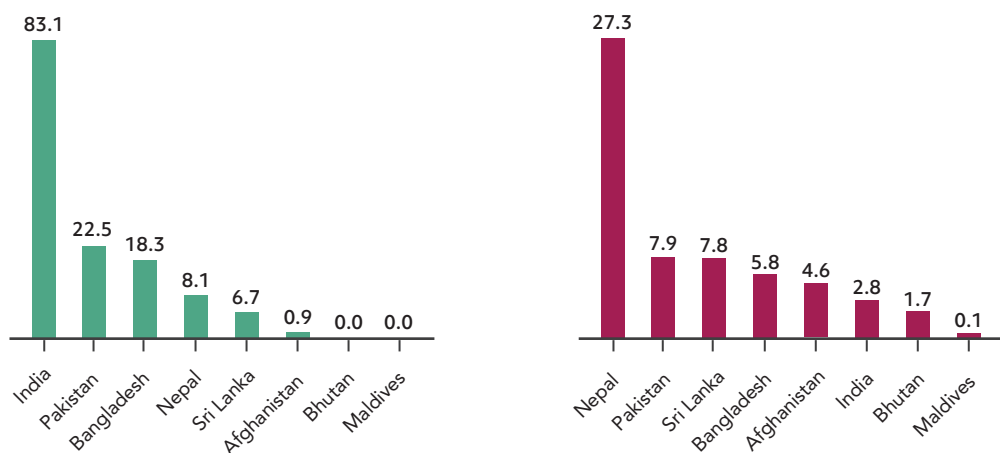
Displaced populations. While the coronavirus crisis ravages many countries, the MENA region continues to bear the burden of widespread forced displacement due to conflicts in Syria, Iraq, and Yemen. In response, UNHCR²⁵ has formulated a COVID-19 Emergency Response. It focuses on (i) continuing, adapting, and delivering protection and assistance to the most vulnerable; (ii) advocating for the inclusion of refugees, internally displaced persons (IDPs), and other marginalized groups in national public health and other responses; (iii) prioritizing immediate interventions to prevent infections; (iv) strengthening communication with communities; and (v) empowering individuals and families to make the best decisions on how to care for themselves, through cash-based assistance (UNHCR 2020). As of April

2020, UNHCR recorded 5.6 million persons of concern from Syria (including asylum seekers, refugees, and IDPs). There were about 3.6 million Syrian refugees or asylum seekers in Turkey, 0.9 million in Lebanon, 0.7 million in Jordan, and 0.2 million in Iraq. According to UNHCR, as of March 2020, Iraq itself had huge numbers of IDPs: about 300,000 in formal camps and another 150,000 in informal settlements. Also, about 190,000 persons had fled Yemen into countries in the region (mainly Oman, Saudi Arabia, Somalia, and Djibouti).

2.5 South Asia

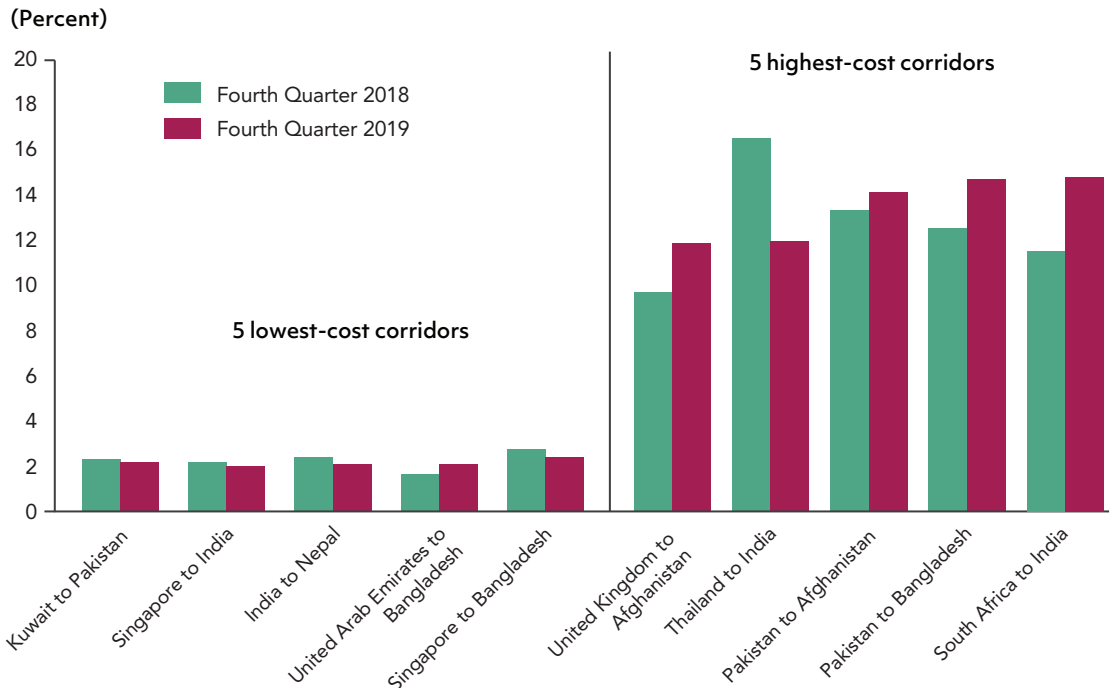
Remittance trends. Remittances to South Asia are projected to decline sharply by 22 percent to \$109 billion in 2020. This is a significant and unprecedented deceleration compared with the growth of 6.1 percent seen in 2019. The deceleration in remittances to the South Asian region in 2020 is driven by the global economic slowdown due to the coronavirus outbreak as well as oil price declines. The economic slowdown is likely to directly affect remittance outflows from the United States, the United

Figure 2.9 Top Remittance Recipients in South Asia in 2019
(\$ billion, 2019) (Percentage of GDP, 2019)



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics.
Note: GDP = gross domestic product.

Figure 2.10 Remittance Costs in South Asia Vary Widely between the Highest- and Lowest-Cost Corridors



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

Kingdom, and EU countries to South Asia. Falling oil prices will affect remittance outflows from GCC countries and Malaysia.

In India, remittances are projected to fall by about 23 percent in 2020, to \$64 billion—a striking contrast with the growth of 5.5 percent and receipts of \$83 billion seen in 2019. In Pakistan, the projected decline is also about 23 percent, totaling about \$17 billion, compared with a total of \$22.5 billion in 2019, when remittances grew by 6.2 percent. In Bangladesh, remittances are projected at \$14 billion for 2020, a likely fall of about 22 percent. Remittances to Nepal and Sri Lanka are expected to decline by 14 percent and 19 percent, respectively, in 2020. The coronavirus-related global slowdown and travel restrictions will also affect migratory movements, and this is likely to keep remittances subdued even in 2021. The projected remittance growth of 5.8 percent in 2021 will keep total regional flows at about \$115 billion.

Remittance costs. South Asia was the least costly region to send \$200 to (at 4.95 percent) in 2020 Q1. Some of the lowest-cost corridors—including those originating in the GCC countries and Singapore, and the India-Nepal corridor—had costs below the SDG target of 3 percent. This is probably due to high volumes, competitive markets, and deployment of technology (figure 2.10). But costs are well over 10 percent in the highest-cost corridors (UK to Afghanistan, Thailand to India, Pakistan to Afghanistan, Pakistan to Bangladesh, South Africa to India) due to low volumes, little competition, and regulatory concerns. LMIC senders such as South Africa and Thailand also had high costs. Banking regulations (related to AML/CFT) raise the risk profile of RSPs, and thereby increase costs for some receiving countries such as Afghanistan and sending countries such as Pakistan.

Migration trends. The coronavirus crisis has affected both international and internal migration in the South Asia region. As the early phases of the crisis unfolded, many international migrants, especially from the GCC countries, returned to countries such as India, Pakistan, and Bangladesh—until travel restrictions halted these flows. Some migrants had to be evacuated by governments, such as those of China and Iran. Afghanistan also saw large flows of returnees from Iran (150,000) and Pakistan (60,000) (BBC News 2020). The lockdown in India has impacted the livelihoods of a large proportion of the country’s nearly 40 million internal migrants. Around 50,000–60,000 moved from urban centers to rural areas of origin in the span of a few days. The government set up camps with basic provisions to provide shelter to these migrants in cities and districts of destination, transit, and origin (Bindra and Sharma 2020). As of March 2020, 859,161 Rohingya refugees remained in crowded camp conditions in Bangladesh.

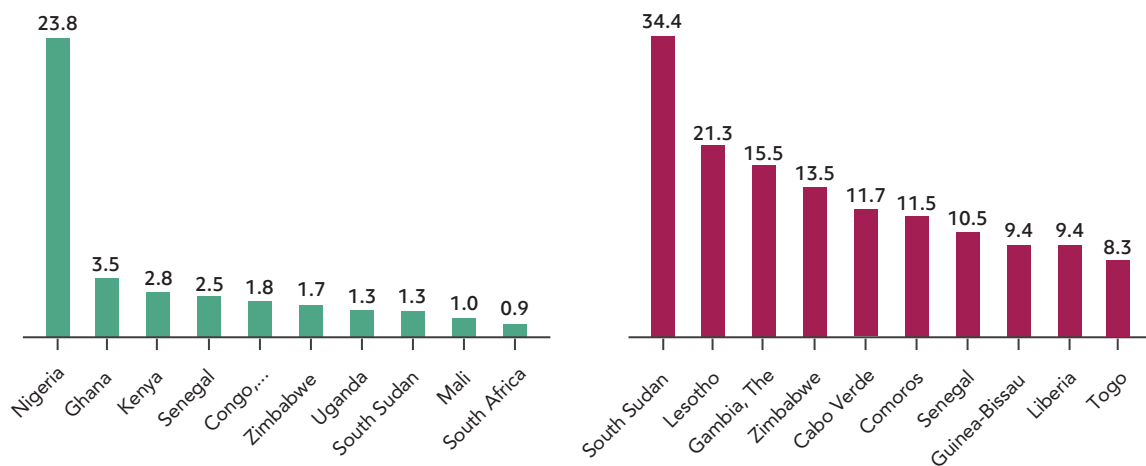
Before the coronavirus crisis, migrant outflows from the region were robust. The number of recorded, primarily low-skilled emigrants from

India and Pakistan rose in 2019 relative to the prior year but is expected to decline in 2020 due to the pandemic and oil price declines impacting the GCC countries. In India, the number of low-skilled emigrants seeking mandatory clearance for emigration rose slightly by 8 percent to 368,048 in 2019 (Ministry of External Affairs, India). In Pakistan, the number of emigrants jumped 63 percent to 625,203 in 2019 (Bureau of Emigration & Overseas Employment, Pakistan), largely due to a doubling of emigration to Saudi Arabia.

2.6 Sub-Saharan Africa

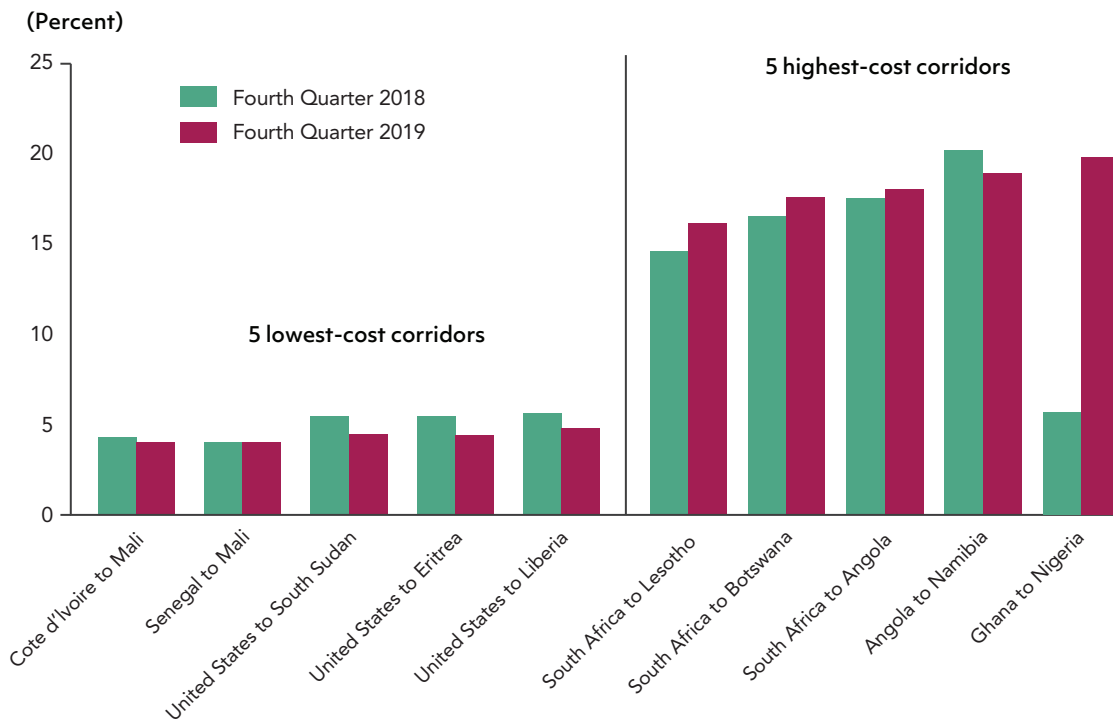
Remittance trends. Remittances to Sub-Saharan Africa decreased slightly, by 0.5 percent, between 2018 and 2019 to remain close to \$48 billion. Due to the COVID-19 crisis, remittances are expected to decline by 23.1 percent in 2020 to reach \$37 billion, while a recovery of 4.0 percent is expected in 2021. As many Sub-Saharan migrants are losing their jobs due to an almost complete shutdown of economic activities—especially in the construction, hospitality, and other service sectors—remittances are expected to decline in the coming months.²⁶

Figure 2.11 Top Remittance Recipients in Sub-Saharan Africa in 2019
(\$ billion, 2019e) (Percentage of GDP, 2019)



Sources: World Bank staff estimates, World Development Indicators, and IMF Balance of Payments statistics.
Note: GDP = gross domestic product; 2019e = estimated for 2019.

Figure 2.12 Remittance Costs in Sub-Saharan Africa Vary Considerably



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

The anticipated decline can be attributed to a combination of factors driven by the coronavirus outbreak in key destinations where African migrants reside, including in the European Union (i.e., France, Italy, Spain), the United Kingdom, the United States, the Middle East, and China. These large economies host a large share of Sub-Saharan migrants and are a source of close to one-quarter of total remittances sent to the region, leaving Sub-Saharan Africa highly vulnerable to any shocks occurring in these countries, and especially the COVID-19 pandemic. Remittances are the main source of foreign exchange revenue for the region, and they serve as an important channel for risk sharing in the developing world. But with a covariate shock such as COVID 19 that affects both the recipient and source country, the loss of this important channel will probably lead to further poverty and deprivation. In addition, as of April 2020, many countries in the Eastern Africa region were experiencing the worst desert locust outbreak

in decades. City-sized locust swarms were attacking crops and threatening the food supply of millions of people in the region.

Nigeria remains the largest recipient of remittances in the region, and is the sixth-largest recipient among LMICs, with an estimated amount of \$23.8 billion received in 2019, an increase of more than half a billion compared with 2018 (figure 2.11). Ghana and Kenya are ranked a distant second and third in the region, with \$3.5 billion and \$2.8 billion received, respectively. South Sudan has recently started reporting remittances in the IMF Balance of Payments statistics; in 2019 it had the region's highest share of remittances, as a percentage of national GDP, at more than 34 percent. For these countries where remittances account for a large share of GDP, a sharp decline is expected for 2020 as many migrant workers have seen their income plummet, especially in member countries of the Organisation for Economic Co-operation and Development.

Remittance costs. Sending \$200 in remittances to Sub-Saharan Africa cost 8.9 percent on average in 2020 Q1. This is a modest decrease compared with the average cost of 9.25 percent a year before. Sub-Saharan Africa is the most costly region to send remittances to, but there is heterogeneity across the region. The most expensive corridors are observed mainly in the Southern African region, where the South Africa–Swatini corridor is the costliest, at an average of 20 percent in 2019 Q2, an increase of 3 percent compared with the previous year's quarter.²⁷ In 2019 Q4, the Ghana-to-Nigeria corridor became the most expensive corridor. The cheapest corridors include those of Côte d'Ivoire to Mali and Senegal to Mali, at an average cost of less than 3.6 percent. The COVID-19 pandemic has made it more difficult for migrants to remit money to Sub-Saharan Africa as most payments are still in cash and some money transfer operators are closed due to the crisis. The promotion of digital technology combined with a regulatory environment that promotes competition in the remittances market, and relaxing money-laundering regulations, are essential for Sub-Saharan African countries to achieve the SDG target of 3 percent by 2030.

Promoting the use of mobile money. The COVID-19 crisis has demonstrated the need for Sub-Saharan African countries to promote procedures and regulations based on mobile and electronic payments and transfers. In Kenya, the Central Bank of Kenya announced seven emergency measures to encourage the use of mobile money technology (as opposed to cash) to curb the spread of COVID-19. All charges for transfers between mobile money wallets and bank accounts were eliminated, transaction limits were raised, and charges for mobile money transactions were waived for amounts up to K Sh 1,000 (approximately U\$10). MTN in Uganda also waived fees on mobile money transfers for 30 days from March 20 to promote the use of cashless payments to contain the virus. In other countries (Ghana, Senegal, South

Africa, and Zimbabwe), money transfer operators or cash pickup services were either closed or had reduced their hours.

Displaced populations. The COVID-19 pandemic is sweeping across Africa at the same time the continent is facing record numbers of forcibly displaced people. Due to conflicts or insecurity, Africa has registered more than 25 million forcibly displaced people who are either IDPs or refugees. The majority of these displaced people originate from the following countries: the Democratic Republic of Congo, South Sudan, Somalia, Ethiopia, Sudan, Nigeria, the Central African Republic, and Cameroon. Many find themselves in informal settlements and managed camps hosting tens to hundreds of thousands of people.²⁸ High densities of forcibly displaced populations and the mobility of migrants make both groups highly vulnerable to contagion, and therefore a priority in efforts to mitigate the spread of the coronavirus in Africa.

Stranded migrants. To curb the spread of COVID-19, the Government of Niger has imposed several restrictions including border closures, curfews, and travel bans within the country and a mandatory two-week quarantine for travelers arriving in the country. These restrictions led to a sudden increase of stranded migrants. At the end of March 2020, about 764 migrants were stranded in Assamaka, at Niger's border with Algeria and another 256 at its border with Libya as a result of the border closures (IOM 2020). These migrants usually use irregular channels to migrate to North Africa and then Europe, with the majority of them originating from Niger, Mali, Guinea, Nigeria, Ghana, and Burkina Faso. As these stranded migrants waited to return to their countries of origin through the International Organization for Migration's Assisted Voluntary Return and Reintegration program, tensions at the transit centers were running high.

Appendix: Data Notes and Methodologies for Forecasting Remittances and FDI

A.1 Estimation of Remittance Flows for 2019

The 2019 estimates are based on the Balance of Payment statistics of the International Monetary Fund (IMF), supplemented by data from central banks. Where current data are not yet available, estimates and forecasts are used. For 2019, since only partial data are available for a few countries, estimates of remittance inflows for those are obtained by projecting remittance inflows for the current year based on partial quarterly or monthly year-to-year growth rates (usually based on data from a central bank or national statistical office).

A.2 Methodology for Forecasting Remittances for 2020

The remittance projection model used for 2020 is based on standard remittance estimation models in the literature that posit remittances as a function of income in migrants' countries of destination and origin (Ratha and Shaw

2007, Carling 2008, El-Sakka and McNabb 1999, Adams 2009). The underlying rationale is that remittance inflows are positively linked to migrants' incomes proxied by the nominal per capita incomes of the migrants' countries of destination (remittance-source countries). These are also linked to the income and price level (nominal per capita income) of migrants' countries of origin (remittance-recipient countries).²⁹ The dependent variable is a log of the remittances-to-migrant ratio of the remittance-recipient country. Explanatory variables are the log of nominal per capita income of the suppliers of remittances to the recipient country, weighted by the share of migrant stock, and the log of nominal per capita income of the recipient country. Data are from the World Bank's World Development Indicators. The model uses a panel of 188 countries (of all income levels) over the period 1990–2019. A panel random effects estimator is used. The estimates give an acceptable goodness of fit (overall R-square = 0.36), and all explanatory variables are statistically significant.

A.3 Data on Remittances, Gross Domestic Product, Remittance Prices, Refugees, and Other Variables

The main source for data on remittance inflows and outflows is the IMF's Balance of Payments database, which provides information on

Table A.1 Panel Data Regression Estimates for Remittances

Variables	Coefficient
Dependent variable: log of remittances-to-migrant ratio of remittance-recipient country	
Remittance-source country per capita income weighted by migrant stock	1.353*** (0.066)
Remittance-recipient country per capita income	0.688*** (0.041)
Constant	-12.714*** (0.414)
Observations	4,712
Number of countries	188

Source: World Bank staff estimates based on methods and data as above.
Note: Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

annual and quarterly remittance flows. Many countries are starting to use a new notion of remittances introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6) (IMF 2009). According to the new definition, personal remittances are the sum of two main components: "compensation of employees" and "personal transfers." Secondary sources of remittance data are the websites of countries' central banks or statistical offices, which provide high-frequency (monthly and/or quarterly) data on one or both of the above two categories. An extended discussion of data on migration and remittances is provided in the Migration and Remittances Factbook 2016 and Migration and Development Brief 28 (World Bank 2016 and 2017). Gross domestic product (GDP) forecasts were based on those from World Bank's World Development Indicators data, augmented by growth rates from the IMF World Economic Outlook, World Bank regional forecasts, Consensus Economics, Citibank, Deutsche Bank, Institute of International Finance, and JPMorgan Chase.³⁰ The source of data for monitoring the cost of sending remittances through regulated channels is the Remittance Prices Worldwide database.

A.4 Caveats

Some countries do not report data on remittances in the IMF Balance of Payment statistics. Several low- and middle-income countries (LMICs)—for example, Cuba, Turkmenistan, and Uzbekistan—do not report remittance inflows data to the IMF, although it is known that emigration from those countries takes place. Some high-income countries (such as

the United Arab Emirates) do not report data on remittance outflows, although the countries are important destinations for migrants. Some countries, such as China, 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.

A.5 Methodology for Forecasting Foreign Direct Investment

The foreign direct investment (FDI) projection model used in this report is derived from econometric methods used earlier in the World Bank's Global Development Finance publications (World Bank 2004). The dependent variable is the log of the FDI to nominal GDP ratio. Explanatory variables are the three-year moving average of the nominal GDP growth rate of the top 30 major suppliers of FDI weighted by the share of FDI; the lagged difference between the nominal GDP growth rate of the receiving LMIC and that of the top 30 major suppliers of FDI weighted by the share of FDI (three-year moving average); the lagged exports of goods and services to nominal GDP ratio of the receiving LMIC; the U.S. 10-year T-bill rate; the lagged dependent variable; the price of oil to capture oil-related FDI; and a dummy each for the impacts of the global financial crisis (year 2009) and the Asian crisis (year 1997). The model uses a panel of 114 LMICs over the period 1990–2019. Data are from the World Bank's World Development Indicators. A panel random effects estimator is used. The estimates give a respectable goodness of fit (overall R-square = 0.58), and all explanatory variables are statistically significant.

Forward-looking estimates of explanatory variables used for projections are based on the latest available estimates from major investment banks and international agencies. Export growth is assumed to go down by 30 percent for year 2020 as per the World Trade Organization (WTO) estimates. GDP forecasts were based on those from the World Bank’s World Development Indicators data, augmented by growth rates from IMF’s World Economic Outlook, World Bank regional forecasts, Consen-

sus Economics, Citibank, Deutsche Bank, IIF, and JPMorgan Chase.³¹ Crude oil prices (average of Brent, Dubai, and WTI), were projected based on the World Bank’s (2006) Global Economic Prospects’ annual growth forecasts, and the T-bill average rate of early April 2020 was assumed to be the average for the whole year of 2020. It was assumed that 2020 would see an economic slowdown of the magnitude of the global financial crisis of 2008–09, leading to the dummy taking a value of 1.

Table A.2 Panel Data Regression Estimates of Foreign Direct Investment to Low- and Middle-Income Countries

Variables	Coefficient
Dependent variable: log of FDI to GDP	
FDI source growth rate (3-year moving average)	1.120** (0.480)
Receiving LMIC growth rate - FDI source growth rate (3-year moving average)	0.444*** (0.170)
Lagged export to GDP	0.622*** (0.118)
Lagged log of FDI to GDP	0.517*** (0.016)
U.S. 10-year T-bill rate	0.032** (0.015)
Crude oil price	0.001* (0.001)
Global financial crisis dummy	-0.220*** (0.062)
Asian financial crisis dummy	0.181*** (0.062)
Constant	-2.045*** (0.112)
Observations	1,982
Number of LMICs	114

Source: World Bank staff estimates based on methods and data as above.
 Note: FDI = foreign direct investment; GDP = gross domestic product; LMIC = low- and middle-income country. Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

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Endnotes

¹The IMF's World Economic Outlook, April 2020, examines three scenarios: longer outbreak in 2020, new outbreak in 2021, and a combination of the two (longer outbreak in 2020 plus new outbreak in 2021).

²Many (origin) countries are unwilling to let their own nationals return, and many host countries are also suspending deportations and involuntary return of migrants. Internal migrants, however, are losing jobs and livelihood in urban centers and returning home in large numbers.

³Remittances as share of GDP were 6.4 percent in 2019 in middle-income countries.

⁴See Peoplemove blog (Ratha et al. 2019).

⁵As of April 15, 2020, the euro was down 8 percent against the U.S. dollar and the ruble was down by 16 percent.

⁶The projections for portfolio flows are based on IIF projections.

⁷The objective of SDG indicator 10.7.1 is to monitor the burden of costs incurred by migrant workers in obtaining jobs abroad. The World Bank and the International Labour Organization (ILO) are co-custodians of this indicator. A newly released ILO report (2020) finds that migrant workers from Cambodia, Myanmar, and Lao PDR pay on average the equivalent of 2.3, 1.4, and 2.5 times, respectively, of their monthly foreign earnings to secure a job in Thailand. Several countries are piloting recruitment cost surveys, namely Ghana, Bangladesh, and Indonesia, while Cambodia's Labor Force Survey for 2019 included a module on recruitment costs for the first time.

⁸Data from the World Bank's Remittance Prices Worldwide database. In 2019 Q4, the Global Smart Remitter Target (SmaRT) Average was recorded at 4.37 percent, down nearly 0.19 percentage points from a year earlier. SmaRT is aimed to reflect the cost that a savvy customer with access to sufficiently complete information could pay to transfer remittances in each corridor.

⁹These cost data are simple averages of costs in specific corridors. The weighted average of costs (using remittance volumes from the World Bank's country-level, bilateral remittances matrix as weights) was just over 5 percent in 2020 Q1, closer to the 5X5 remittance cost objective set by G20 in 2009.

¹⁰On April 1, 2020, the Financial Action Task Force (FATF) called for "continued implementation of the FATF Standards to facilitate integrity and security of the global payments system during and after the pandemic through legitimate and transparent channels with appropriate levels of risk-based due diligence."

¹¹On April 1, 2020, the Financial Action Task Force (FATF) called for "continued implementation of the FATF Standards to facilitate integrity and security of the global payments system during and after the pandemic through legitimate and transparent channels with appropriate levels of risk-based due diligence."

¹²Also, digital channels are favored because of avoidance of the usage of cash.

¹³An economic migrant is defined as an individual who: has moved from his/her country of birth or usual residence to the host country for employment purposes, is 18 years or older and is residing in the host country, and currently holds a work permit/work visa that allows him/her to be employed in the host country for 1 year or more with the possibility of renewal. It does not include students, seasonal workers, or individuals traveling for business purposes; anyone who is considered a temporary resident and not a permanent resident; and anyone who is either currently employed in the host country or looking for a job while residing in the host country.

¹⁴In many countries, as long as migrants contribute to the social security system of a host country or pay general taxes, they will be able to participate in the public health care system.

¹⁵Still, employers are not legally obliged to provide health care protection to foreign workers.

¹⁶For example, the average total cost of sending \$200 from the United States to Mexico decreased from 4.04 percent to 3.85 percent in April after measures related to the COVID-19 crisis.

¹⁷Saudi Arabia has exempted Filipinos working in health care in the country from the travel ban.

¹⁸The MOFA plans to reallocate Rupiah 100 billion (about US\$ 6.1 million) from its 2020 budget towards emergency shelters and staple food deliveries for its citizens abroad.

¹⁹Central Bank of Indonesia data (Table 30).

²⁰Irregular migrant arrivals to Spain in 2018 surged by 130 percent to 65,600, but this number fell sharply to 32,500 in 2019, aided by increased cooperation from the Moroccan government.

²¹The economic situation in Argentina and Brazil dampened outward remittances to Bolivia, Paraguay, and Uruguay. Remittance flows from Argentina to Bolivia decreased by 41 percent during the first seven months of 2019, and those to Paraguay decreased by 36 percent during January–November 2019.

²²The numbers showed a decline in food services and bars (-417,000), retail trade (-46,000), construction (-29,000), hospitality (-29,000), health care (-61,000), childcare services (-19,000), temporary help services (-52,000), and personal and laundry services (-13,000).

²³See: https://www.chicagotribune.com/coronavirus/ct-nw-coronavirus-job-losses-federal-report-20200403-cut4xnhiffeinkfbpaxuaxgi2m-story.html?int=lat_digitaladshouse_bx-modal_acquisition-subscriber_ngux_display-ad-interstitial_bx-bonus-story.

²⁴Egypt is projected to see around -21.5 percent growth in 2020 compared with 5 percent in 2019; Lebanon, to see -17 percent in 2020 from around 7 percent in 2019; and Jordan to see -22 percent in 2020 from around 1 percent in 2019.

²⁵UNHCR database: <https://www.unhcr.org/en-us/data.html>.

²⁶World Bank (2020), *Africa's Pulse*, No. 21, Spring 2020: An Analysis of Issues Shaping Africa's Economic Future.

²⁷No recent data were published in 2019 Q3 and 2019 Q4.

²⁸The top five countries hosting most displaced persons, IDPs, and refugees combined include the Democratic Republic of Congo (4.33 million); Ethiopia (3.4 million); Sudan (2.95 million); Somalia (2.65 million); Nigeria (2.61 million); South Sudan (1.96 million); Cameroon (1.39 million); Uganda (1.2 million); Burkina Faso (805,000); and the Central African Republic (690,000) (data from UNHCR and IMO [2020]).

²⁹The link is positive if remittances adjust to the price and income levels of the origin country to reflect the needs of remittance beneficiaries; in other words, countries with lower income would receive less remittances and vice versa. The relationship may be negative if remittances are countercyclical, that is, remittances increase if the economy of the country of origin is adversely impacted.

³⁰For real GDP forecasts of 2020 and 2021, the low-case ones were used among market-sourced forecasts, including those from Consensus Economics, Citibank, Deutsche Bank, IIF, and JPMorgan Chase. Our baseline scenario assumes that the impact of COVID-19 on global growth will be worse than of the 2008 financial crisis, and a meaningful rebound in growth won't take place until the first half of 2020. To calculate the nominal GDP vector for 2020 and 2021, real GDP growth forecasts were combined with the foreign-exchange vector (local currency versus the U.S. dollar) between December 2019 and March 2020 to reflect valuation effects and 2021 Consumer Price Index forecasts. For countries where GDP forecasts were not available from multiple sources, the 2009 growth figure was used as a basis. For countries where the 2009 growth was positive, however, the nominal GDP vector was set as no growth. Population growth rates from the World Development Indicators were used to arrive at nominal per capita incomes.

³¹Ibid.

