

These COVID-19 Analytical Snapshots are designed to capture the latest research, information and analysis in a fast-moving environment. Topics will be repeated from time to time as analysis develops. If you have an item to include, please email us at [research@iom.int](mailto:research@iom.int).



### What are international remittances?

Migrant remittances are cash or in-kind transfers made by migrants to relatives in countries of origin. International remittances also include compensation of employees, such as cross border workers.

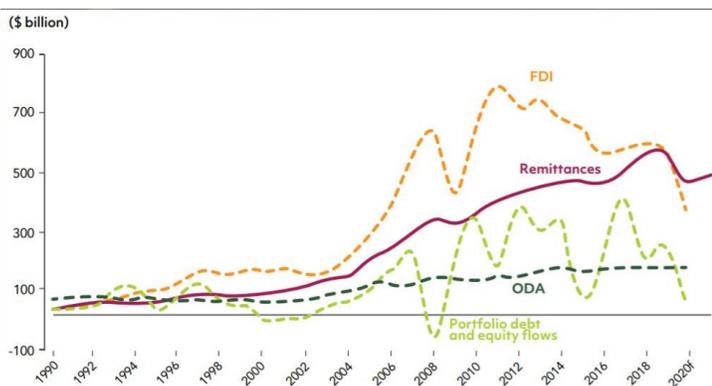
According to the World Bank, global remittance flows totaled \$706 billion in 2019, with \$551 billion flowing to low and middle-income countries. In 2019, India was the top recipient of remittances in US dollar terms (\$82bn), while Tonga was the largest recipient relative to the size of their economy (38% of GDP). The US was the top remittance sending country in 2018 (\$68bn).

### International remittances increasing?

Despite predictions that international remittances will decline globally in 2020 by 20% as a result of the pandemic, we are seeing remittance inflows to some countries increase during COVID19.

- ⇒ Mexico is reporting increases during the pandemic; increases are also occurring in Nepal with July 2020 seeing the largest monthly inflows on record; Zimbabwe, Honduras, Philippines also experienced surges as are many other countries.
- ⇒ Similar upswings in international remittances have occurred in past pandemics, such as MERS.
- ⇒ Migrants will, when they can, send money home to help with household shocks and crises. This can be short-lived, especially during economic downturns, meaning overall declines are still expected.

### International remittances more critical human development over time



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.

Remittances have long outstripped official development assistance (ODA) and are on par with foreign direct investment (FDI). In some regions (eg Africa) remittances have outstripped FDI and ODA for several years.

*Internal* (also called *domestic*) remittances, especially in Africa, are thought to be far greater, but are not well documented or understood. COVID19 recovery will depend in part on increasing and improving remittances flows, internal and international.



## Policy responses to support remittances

Policies and initiatives designed to combat the forecasted fall in remittances are high on the agenda:

- ⇒ The UN's COVID19-related [Remittances in Crisis – How to Keep Them Flowing](#) aims to remove the obstacles that migrants and their families face when sending and receiving money so that they can continue to cover basic needs and services such as food, housing, education and health care.
- ⇒ The Philippines government has initiated measures to [lower the costs of remittances](#) in response to the pandemic, while experiencing a beneficial [surge in digital banking](#) over the last 6 months.
- ⇒ In [Fiji](#), Vodafone committed to making remittances through its M-PAiSA mobile money app fee-free for a period of two months resulting in a surge in inflows. Work is underway to expand the initiative to other countries in the region.
- ⇒ According to the IMF's [COVID-19 Policy Tracker](#), the Sri Lankan government has exempted inward remittance flows from certain regulations and taxes.
- ⇒ In [Zimbabwe](#), money transfer agencies have been allowed to open 3 times a week “to allow for the receipt of foreign currency remittances which cannot be transacted on any digital platform.”

The global average cost of sending \$200 was [6.8%](#) (or \$13.58), well above the [SDG aim](#) of 3% (as at March 2020)



### Can mobile money or digital currency help?

Mobile money apps have made remittance transfers easier, faster and cheaper over the last decade, with the [highest penetration rates](#) in regions with less developed formal banking systems such as Africa.

But what do digital currencies and other initiatives potentially offer, particularly in regions such as Africa? US-based think tank, the Centre for Strategic and International Studies, explored this topic in a recent [webinar](#).

### Understanding remittance inflows in Chad amid COVID-19

To better understand migrants' remittances experiences and behaviors, a new IOM study - the first of its kind in Chad - will [survey the Chadian diaspora](#) in low, middle and high-income countries, and to a larger extent, the role of diaspora in local and national development. The survey results will provide an updated snapshot of the scale of remittances in Chad, as well as the impacts of the COVID-19 pandemic on money transfers into the country.

This COVID-19 Analytical Snapshot has been produced by [IOM Research](#) ([research@iom.int](mailto:research@iom.int)).

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