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Developing countries to receive over $350 billion in remittances in 2011, says World Bank report

Geneva, December 1, 2011 (Washington DC, November 30, 2011 8pm) – Remittance flows to developing countries are expected to total $351 billion this year, and worldwide remittances, including those to high-income countries, will reach $406 billion for the current calendar year, according to a newly updated World Bank brief on global migration and remittances.

The top recipients of officially recorded remittances, estimated for 2011, are India ($58 billion), China ($57 billion), Mexico ($24 billion), and the Philippines ($23 billion). Other large recipients include Pakistan, Bangladesh, Nigeria, Vietnam, Egypt and Lebanon.

While the economic slowdown is dampening employment prospects for migrant workers in some high-income countries, global remittances, nevertheless, are expected to stay on a growth path and, by 2014, are forecast to reach $515 billion. Of that, $441 billion will flow to developing countries, according to the latest issue of the Bank's Migration and Development Brief, released today at the fifth meeting of the Global Forum on Migration and Development in Geneva.

"Despite the global economic crisis that has impacted private capital flows, remittance flows to developing countries have remained resilient, posting an estimated growth of 8% in 2011," said ***Hans Timmer****, Director of the Bank's Development Prospects Group*. *"Remittance flows to all developing regions have grown this year, for the first time since the financial crisis."*

High oil prices have helped provide a cushion for remittances to Central Asia from Russia and to South and East Asia from the Gulf Cooperation Council (GCC) countries. Also, a depreciation of currencies of some large migrant-exporting countries (including Mexico, India and Bangladesh) created additional incentives for remittances as goods and services in these countries became cheaper in U.S. dollar terms.

Remittance flows to four of the six World Bank-designated developing regions grew faster than expected --- by 11 percent to Eastern Europe and Central Asia, 10.1 percent to South Asia, 7.6 percent to East Asia and Pacific and 7.4 percent to Sub-Saharan Africa, despite the difficult economic conditions in Europe and other destinations of African migrants.

In contrast, growth in remittance flows to Latin America and the Caribbean, at 7 percent, was lower than expected due to continuing weakness in the U.S. economy, while the Middle East and North Africa, affected by civil conflict and unrest related to the "Arab Spring", registered the slowest growth (2.6 percent) among developing regions.

The Bank expects continued growth in remittance flows going forward, by 7.3 percent in 2012, 7.9% in 2013 and 8.4% in 2014.

There are, however, some serious downside risks to the Bank's outlook for international remittance and migration flows. Persistent unemployment in Europe and the U.S. is affecting employment prospects of existing migrants and hardening political attitudes toward new immigration. Volatile exchange rates and uncertainty about the direction of oil prices also present further risks to the outlook for remittances.

More recently, some of the GCC countries, which are critically dependent on migrant workers, are considering tighter quotas for migrant workers to protect jobs for their own citizens.

"Such policies may impact remittance flows to developing countries in the longer term," said ***Dilip Ratha****, Manager of the Bank's Migration and Remittances Unit and a co-author of the Migration and Development Brief. "But in the medium-term the risk of disruption to these flows is relatively low."*

Remittance flows would receive a further boost if the global development community achieves the agreed objective of reducing global average remittance costs by 5 percentage points in 5 years (the '5 by 5' objective of the G8 and the G20).

Remittance costs have fallen steadily from 8.8 percent in 2008 to 7.3 percent in the third quarter of 2011 due to increasing competition in large volume remittance corridors such as UK-Nigeria and UAE-India. However, remittance costs continue to remain high, especially in Africa and in small nations where remittances provide a life line to the poor.

"In addition to streamlining regulations governing remittance service providers, there is a pressing need to improve data on remittance market size at the national and bilateral corridor level," said ***Ratha.*** *"That will stimulate market competition and also help in more accurate monitoring of progress towards the '5 by 5' objective."*

The World Bank has made considerable strides in developing financing instruments for leveraging migration and remittances for national development purposes. Diaspora bonds can be a powerful financial instrument for mobilizing diaspora savings to finance specific public and private sector projects, as well as to help improve the debt profile of the destination country. The Bank has established a Task Force on the Implementation of Diaspora Bonds to facilitate the provision of technical assistance to developing country governments.

"The Bank now houses considerable expertise in this area and we look forward to working with client governments in developing alternative sources of financing for development projects," said ***Ratha****.*

The full report and the latest migration and remittances data are available at www.worldbank.org/migration

Interact with migration experts at http://blogs.worldbank.org/peoplemove/

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