THE WORLD BANK

Migration and Development Brief 23

Migration and Remittances Team, Development Prospects Group

October 6, 2014

Migration and Remittances: Recent Developments and Outlook*
Special Topic: Forced Migration

Key Messages

- Remittances to developing countries are projected to grow by 5.0 percent to reach US$435 billion in 2014 (accelerating from the 3.4 percent expansion of 2013), and rise further by 4.4 percent to US$454 billion in 2015. In 2013, remittances were more than three times larger than ODA and, excluding China, significantly exceeded foreign direct investment flows to developing countries. Growth of remittances in 2014 is being led by three regions: East Asia and the Pacific, South Asia, and Latin America and the Caribbean.
- The global average cost of sending remittances continued its downward trend in the third quarter of 2014, falling to 7.9 percent of the value sent, compared to 8.9 percent a year earlier. Competition and the expansion of mobile-phone and internet-based technologies hold much potential to continue driving down fees. Risk-based approaches to the application of anti-money laundering regulations to remittance operators and international banks hosting their bank accounts will be important to ensuring that compliance does not result in undue costs, which could slow the fall in remittance costs and leave substantial flows underground.
- Forced migration due to conflict is at its highest level since World War II, affecting more than 51 million people. In addition, forced migration driven by natural disasters affects another 22 million people, bringing the total to at least 73 million. Forced displacement is typically viewed as a humanitarian issue, but given that it has impacts on growth, employment, and public spending for countries of both origin and destination, it is also a major development issue.
- Nine out of ten refugees were being hosted in developing countries at the end of 2013, with Pakistan and Iran the largest of these hosts. Many refugees and internally displaced people are living in protracted situations of displacement; in 2013, an estimated two-thirds of the world's refugees had been in exile for more than five years, and half of them were children.

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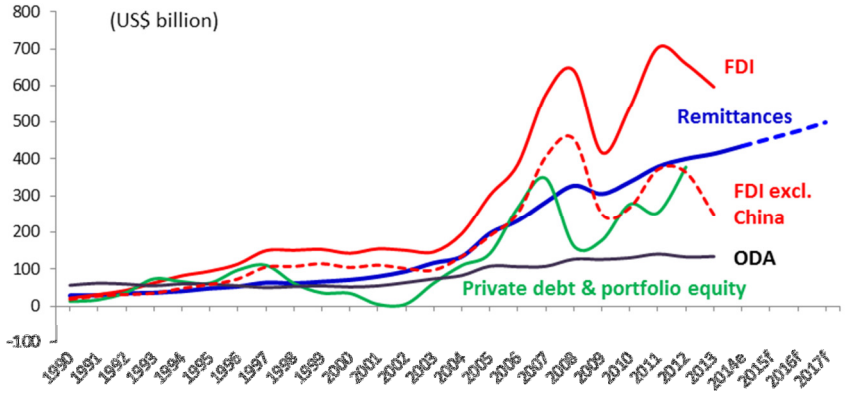
1.1 Global remittance trends and outlook

Officially recorded remittance flows to developing countries are projected to reach US$435 billion in 2014, 5.0 percent higher than last year (Figure 1.1 and Table 1.1). The growth in remittances is expected to moderate to 4.4 percent in 2015, raising flows to US$454 billion. This outlook is based largely on lower projected GDP growth rates in key remittance-sending countries (see Annex on methodology). Global remittance flows, including flows to higher-income countries, are expected to follow a similar pattern, rising from US$582 billion in 2014 to US$608 billion in 2015.

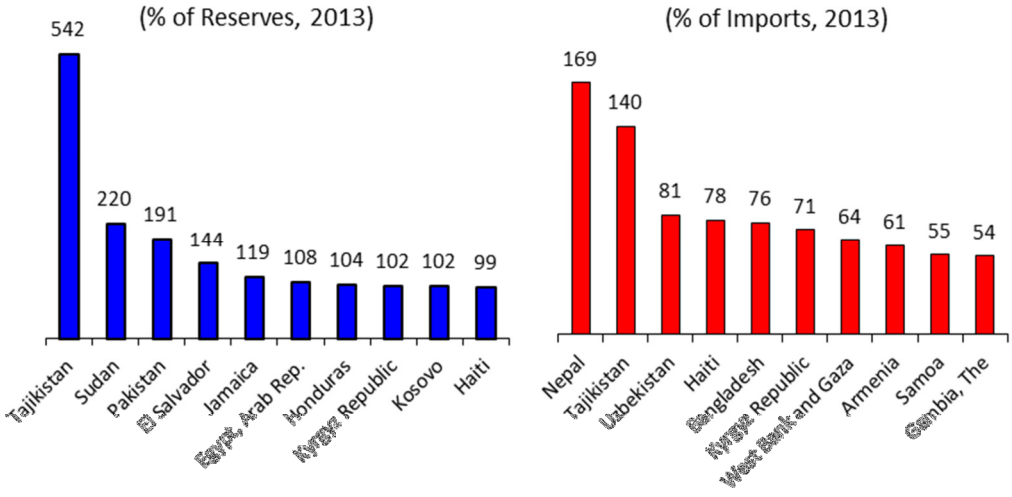
Remittances are an essential source of external funds for developing countries. These flows were three times larger than official development assistance in 2013, and are steadier than both private debt and portfolio equity flows (Figure 1.1). Remittance flows are significantly larger than total foreign direct investment to developing countries, excluding China. They are also a more stable component of receipts in the current account, reliably bringing in foreign currency that helps sustain the balance of payments and dampen gyrations (Figure 1.2).

Figure 1.1: Remittance flows are large, and growing



Sources: World Development Indicators and World Bank Development Prospects Group

Figure 1.2: Remittances exceed forex reserves … and cover much of the import bill in many countries



Sources: IMF, World Bank World Development Indicators, and staff estimates

Table 1.1: Estimates and projections for remittance flows to developing countries

	2012	2013	2014f	2015f	2016f	2017f
			(Growth rate, percent)			
World	**3.9**	**3.8**	**5.7**	**4.4**	**4.6**	**4.8**
Low-income countries	13.3	3.8	7.4	5.5	6.2	6.3
Middle-income	5.0	3.3	4.7	4.3	4.6	4.8
High income	-1.3	5.0	7.7	4.4	4.3	4.6
Developing countries	**5.7**	**3.4**	**5.0**	**4.4**	**4.8**	**4.9**
East Asia and Pacific	0.4	5.6	7.0	4.9	5.0	5.2
Europe and Central Asia	5.8	7.5	2.2	2.7	4.0	3.7
Latin America and Caribbean	1.0	1.0	5.0	4.3	4.6	4.6
Middle-East and North Africa	16.5	0.6	2.9	4.0	4.3	4.7
South Asia	11.2	2.7	5.5	4.8	5.0	5.3
Sub-Saharan Africa	0.9	1.2	3.2	5.0	5.0	5.4
			(US$ billions)			
World	**531**	**551**	**582**	**608**	**636**	**667**
Low-income countries	33	34	37	39	41	44
Middle-income	367	380	398	415	434	455
High income	131	137	148	154	161	168
Developing countries	**400**	**414**	**435**	**454**	**475**	**499**
East Asia and Pacific	108	114	122	127	134	141
Europe and Central Asia	44	48	49	50	52	54
Latin America and Caribbean	60	61	64	67	70	73
Middle-East and North Africa	49	49	51	53	55	58
South Asia	108	111	117	123	129	136
Sub-Saharan Africa	31	32	33	34	36	38

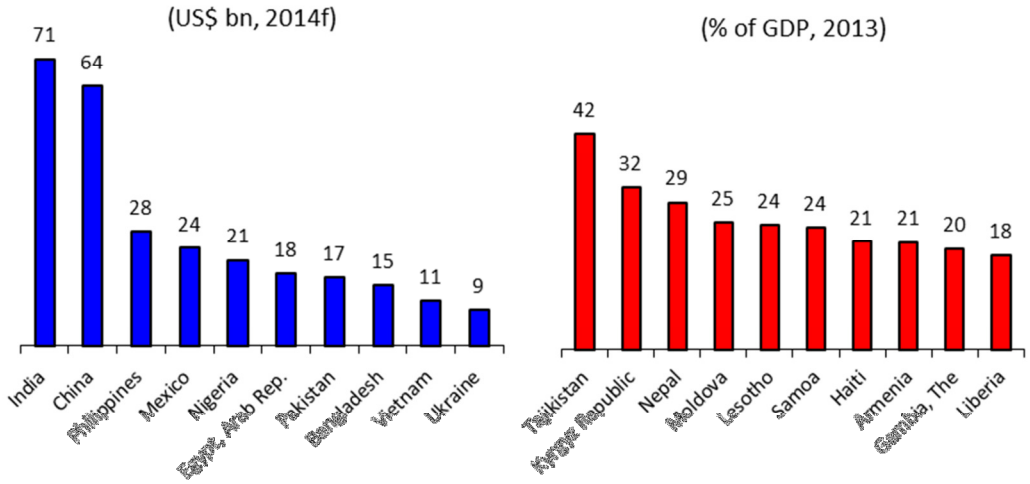
Sources: World Bank staff calculations based on data from IMF Balance of Payments Statistics, and data releases from central banks, national statistical agencies, and World Bank country desks. See Annex for more detail on the forecast methodology. Following IMF Balance of Payments Manual 6, remittances are defined as personal transfers and compensation of employees. The dataset for all countries is available at www.worldbank.org/migration.

With over 14 million people born in India living abroad in 2013 (estimated to be the largest emigrant stock in the world), India is projected to remain the largest recipient of officially recorded remittance inflows, which may reach US$71 billion in 2014. Other countries expected to receive large remittances in 2014 (Figure 1.3) include China (US$64 billion), the Philippines (US$28 billion), Mexico (US$24 billion), Nigeria (US$21 billion), and Egypt (US$18 billion). Despite the huge sums flowing into large countries, in many instances they are a relatively small share of GDP. For example, remittance flows to India amounted to only 3.7 percent of GDP in 2013. By contrast, many smaller countries are far more dependent on remittance inflows. For example, remittances as share of GDP amounted to 42 percent in Tajikistan, 32 percent in the Kyrgyz Republic, and 29 percent in Nepal.

The main drivers of remittances are migrant stocks and economic conditions in remittance-sending countries. With the exception of rapid deportations, the stock of migrants is comparatively stable. Still, more needs to be done to reduce the costs of migration, including recruitment and passport costs.[1] Remittance flows from major oil producing countries track closely with oil prices, as do other factors affecting migrant employment opportunities. For example, oil prices are an important factor in remittance flows from Russia. Climbing migrant employment in the US is boosting remittances to Latin

America and the Caribbean, while continued high unemployment in Spain is weakening flows to countries in the region whose migrants are predominantly in Spain.

Figure 1.3: Large countries receive more remittances, but small countries are often more dependent



Sources: IMF, World Bank World Development Indicators, and staff estimates

Exchange rates and the cost of sending remittances are also important determinants. Appreciation of the remittance source country's currency against that of the recipient country boosts flows (note that changes in the exchange rate between the currency of the remittance source country and the US dollar also affect remittance flows when expressed in US dollars). Similarly, the falling costs and increasing convenience of sending money (discussed in greater detail below) are helping lift remittance flows, especially through formal remittance channels. Conversely, compliance with international anti-money laundering and counter financing of terrorism regulations may be a significant cost factor putting upward pressure on prices, which may in turn leave substantial flows in underground channels (see Box 2.2 further below). In addition, exchange controls in countries such as Argentina and Venezuela are also causing flows to shift underground.

An important feature of remittance flows is how they respond to natural disasters. There is substantial evidence that the humanitarian impulse is a powerful motivator of remittances. For example, the devastating earthquake that struck Haiti in 2010 spurred remittance flows to that country, with further encouragement from money transfer companies committing to transfer remittances free of charge. A similar pattern was observed in Pakistan after the widespread floods in August 2010; remittances jumped 19 percent during the remainder of 2010 compared with the previous year, and 27 percent in 2011. While flooding in Pakistan this year was more limited than in 2010, it still caused massive damage and again may be motivating a rise in remittances; they are projected to rise by 16.6 percent in 2014. Recovery from the super typhoon that struck the Philippines in 2013 brought an 8.5 percent increase in remittances that year, again helped by money transfer companies agreeing to zero fees for making remittances. These observations suggest that remittances are not only a lifeline sustaining consumption in some of the poorest parts of the world, but they also tend to serve as insurance against key risks confronting the poor and help mitigate vulnerability.

With the outlook for GDP growth in major remittance source countries somewhat weaker than previously projected, growth in global remittance flows is also expected to moderate, especially to developing countries in Europe and Central Asia.

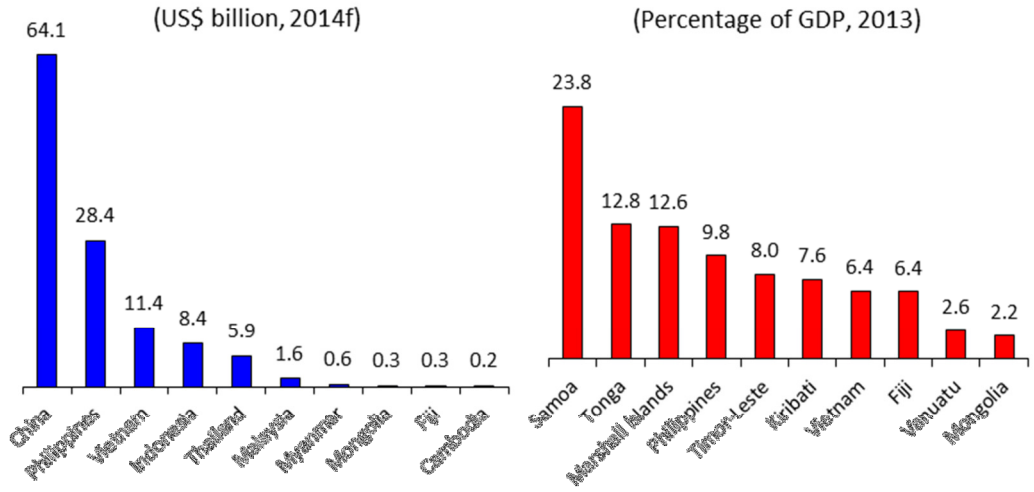
1.2 Regional remittance trends and outlook

So far this year, remittance flows at the regional level are growing fastest in three development regions: East Asia and the Pacific (EAP), South Asia region (SAR), and Latin America and the Caribbean (LAC). Flows to the Middle East and North Africa (MENA) are rebounding from weaker performance in 2013. In Europe and Central Asia (ECA), flows are decelerating, in part due to the weakening economic outlook in Russia. Remittances to several small states such as Guyana and Lesotho fell significantly in 2013—a concern, as these are typically more dependent.

Remittances to East Asia and the Pacific remain buoyant

Strong growth in remittances continues to support macroeconomic stability and economic growth in the EAP region. Remittances are projected to increase by 7.0 percent to US$122 billion, faster than in any other region in 2014. China and the Philippines are the region's largest recipients, but smaller Pacific island countries are the most dependent on the funds, as indicated by their remittance shares relative to GDP (Figure 1.4).

Figure 1.4: Remittances are a substantial share of GDP, even among some larger recipients



Sources: IMF, World Bank World Development Indicators, and staff estimates

In the Philippines, remittances expanded by 6.3 percent in the first half of 2014 compared with the same period the previous year, pushing the current account balance into surplus and supporting domestic consumption—a key driver of growth. In Thailand, remittances finance the primary income account deficits. In Vietnam, they offset deficits on services trade, generate business, and boost the real estate market.[2] Pacific Island countries, which are highly dependent on remittance flows, saw a decline in remittances, though small in terms of its share of the region's total flows. For instance, remittances to Samoa, where they account for a quarter of GDP, fell by 17.5 percent in the first five months of 2014 compared to the same period in 2013, which may dampen growth prospects (IMF 2014).

Overall, the outlook for remittances to the EAP region are favorable (as indicated by a growing deployment of workers abroad), and may grow by 4.9 percent per year to reach US$127 billion in 2015. The Pacific Islands are also likely to see a rebound owing to improved economic conditions in the US and increases in New Zealand's annual limit of seasonal workers from the Pacific Islands.

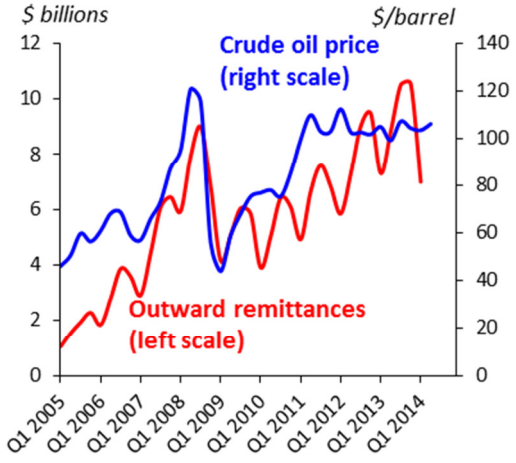
Remittances to Europe and Central Asia are easing in 2014, after strong growth in 2013

Remittances to ECA developing countries grew by 7.5 percent in 2013 to US$48 billion.[3] Various factors are combining to slow remittances' growth to a projected 2.2 percent for 2014. The economic recovery in ECA is projected to be modest (2.4 percent), as the region faces headwinds from uncertainty caused by the conflict in Ukraine and the associated sanctions by Western countries against Russia. Weaker growth will lessen job opportunities for migrant workers from ECA. The strong depreciation of the ruble against the US dollar, 14 percent down since the beginning of 2014, will further reduce the value of remittances measured in US dollars. Due to the embargo, food prices in ECA countries are expected to rise, hurting lower-income groups disproportionately, and lowering the amounts migrants will be able to send home. Through trade with Russia and remittances sent by migrants working in Russia, several ECA countries are heavily influenced by the economic climate in Russia, where GDP growth is projected to be a sluggish 0.5 percent in 2014. Ukraine is ECA's largest remittance-receiving country. Remittance-dependency is high in several ECA countries, particularly in Tajikistan, Kyrgyz Republic, and Moldova.

Outward remittances from Russia to ECA countries are also affected by crude oil prices: remittances increased with oil prices from 2005 to 2008, and then dropped substantially when the oil price fell from over US$120 to nearly US$40 in the third quarter of 2008. Since then, remittances have climbed again, but remain more volatile than oil prices (Figure 1.5).

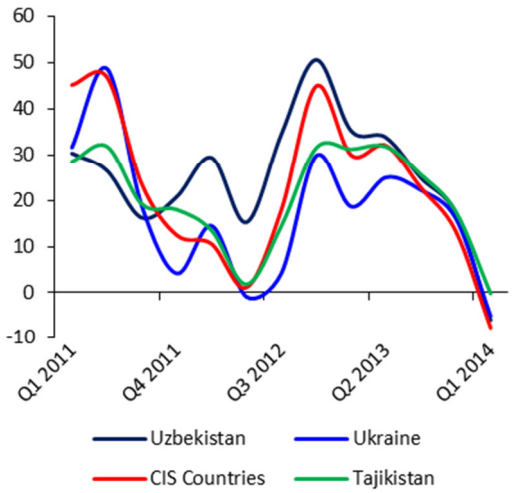
Inflows from Russia to the Commonwealth of Independent States (CIS) countries grew substantially during the last three years, with peaks in the second quarter of 2011 (up 35 percent) and the fourth quarter of 2012 (up 39 percent). In the first quarter of 2014, however, remittances to CIS countries fell by 3 percent, due mainly to the slowing of the Russian economy so far this year (Figure 1.6).

Figure 1.5: Outward remittances from Russia follow oil prices



Source: IMF Balance of Payments

Figure 1.6: Growth in remittances from Russia decelerate



Source: Bank of Russia

Remittances to Latin America and the Caribbean are recovering but mixed

Officially recorded remittance flows to LAC are expected to increase by 5.0 percent to US$64 billion in 2014 and by 4.3 percent to US$67 billion in 2015. Economic growth in the US is having a positive impact on the outlook for remittance flows to Mexico and Central America. The high unemployment rate in Spain will continue to dampen remittances to Bolivia, Colombia, Paraguay, and Peru.[4]

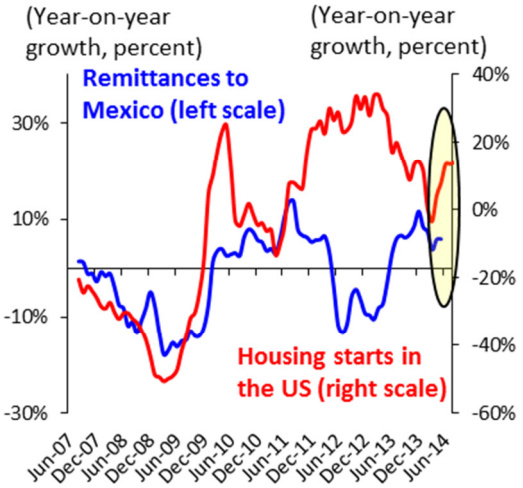
Growth in flows to LAC resumed in 2014, after remaining almost flat in 2013. Data for Mexico, El Salvador, and Guatemala—which together account for more than half of remittances to the region—show that remittance inflows grew by more than 6 percent in the first eight months of 2014 compared with the same period the previous year. Remittances to Nicaragua rose by 4 percent over the same period. Despite the increase in the number of deportations from the US back to Mexico, El Salvador, Honduras, and Guatemala, remittances received by these countries continue to rise.[5]

The pace of growth in the rest of Latin American has been slow and uneven, especially for Argentina, Bolivia, Brazil, Paraguay and Peru. Remittances from Chile are continuing on an upward trend. Remittances from Chile to Colombia grew by more than 20 percent during the first half of 2014 compared with the same period the previous year.

New housing construction in the US, traditionally a large employer of migrants, appears to be recovering (Figure 1.7). The number of housing starts for new privately-owned homes grew by 8 percent in August 2014 from a year earlier, and the US construction sector has added about 19,000 jobs per month over the past year. Reflecting this increase, remittances to Mexico have had twelve consecutive months of growth.

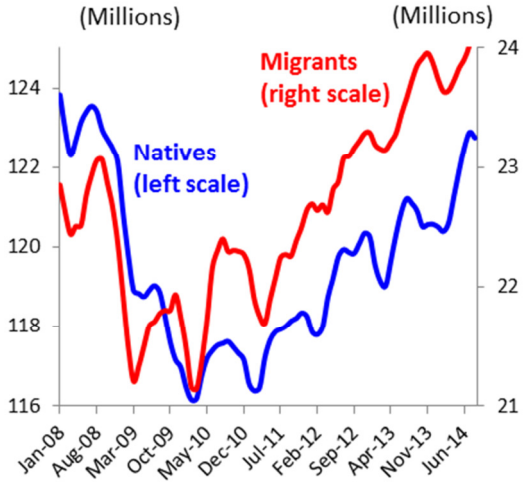
In the US, the unemployment rate of Hispanics declined from 10.1 in August 2012 to 7.5 in August 2014. Employment of foreign-born workers overall remains more responsive than native-born workers. Employment rates for both groups fell during the crisis in 2009, but since early 2011, employment of migrants has recovered faster than the employment of native workers (Figure 1.8). In contrast, slow growth and high unemployment in Spain, which hosts about one-tenth of all migrants from Latin America, has been reflected in the negative or flat growth in outward remittances. Many migrants are returning to their countries of origin in LAC.[6]

Figure 1.7: US housing starts and remittances to Mexico re-coupling?



Source: World Bank staff estimates (remittances are lagged 3 months); US Bureau of Labor Statistics

Figure 1.8: US employment is recovering for natives and foreign workers



Source: US Current Population Survey (3 month moving averages)

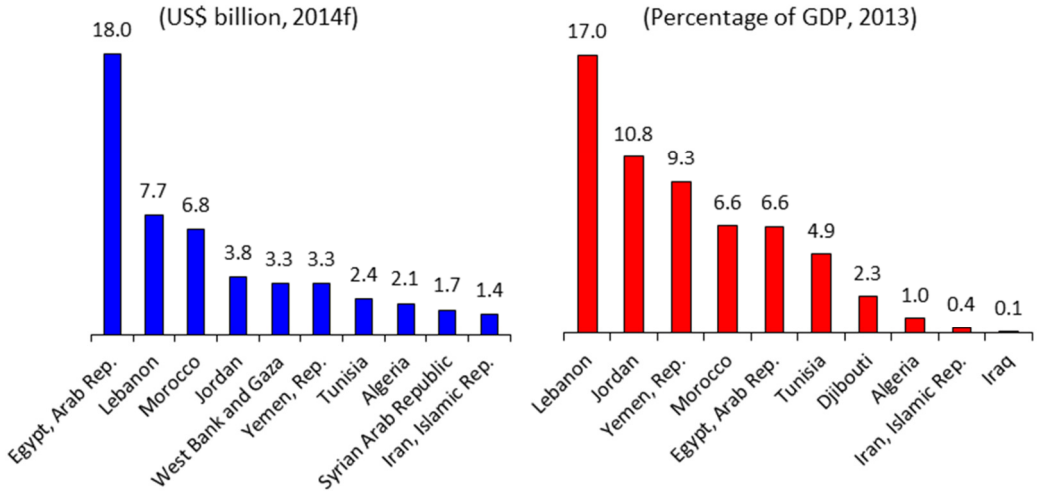
Foreign exchange controls in Argentina and Venezuela are also impacting remittances to Bolivia, Colombia, Paraguay and Peru. Venezuela banned outward remittances starting in February 2014, and flows to Colombia, for example, fell steeply from US$44.6 million in the first trimester (which already was half of the amount received in the same period in 2013), to only US$0.5 million in the second trimester.[7] These restrictions are pushing remittance flows towards informal channels. At the same time,

remittances sent to Venezuela through formal channels have also become prohibitively expensive—sending US$200 through formal channels yields the recipient less than US$30 worth of bolivars through the official exchange rate.

Remittances to the Middle East and North Africa declined in 2013 due to a fall-off in Egypt

After three years of strong growth, officially recorded remittances to the MENA region rose by only 0.6 percent in 2013, due mainly to a 7.3 percent decline in remittances to Egypt, which is the biggest recipient in the region (Figure 1.9) and 6th worldwide. Remittances to Egypt are expected to stabilize in 2014, attracted in part by the issuance of investment certificates for the planned expansion of the Suez Canal. Overall, remittances to the region are expected to grow moderately by 2.9 percent this year to reach US$51 billion. Egyptian and Tunisian migrant workers have been returning from Libya in 2014 due to the deteriorating security situation, but in smaller numbers compared to 2011. Remittances to Morocco are likely to remain weak this year, due to continuing high unemployment rates in Europe, where 80 percent of Moroccan migrants reside.

Figure 1.9: Remittances as a share of GDP are substantial, even among large MENA recipients



Sources: IMF, World Bank World Development Indicators, and staff estimates

The enforcement of more restrictive labor laws in Saudi Arabia and deportations are expected to reduce remittances from Saudi Arabia to Yemen in 2014.[8] From June 2013 to July 2014, more than 485,000 Yemeni migrants returned from Saudi Arabia through the main crossing point, according to the International Organization for Migration. In addition, many Yemenis remaining in Saudi Arabia are having to stop working while waiting for legalization of status.

It is worth noting that despite the volatility in remittances to key MENA countries, they are substantially larger and more stable than other sources of external resources. Indeed, inflows of foreign direct investment to MENA fell by over 4 percent in 2013 compared with the previous year. Several countries in the region are highly dependent on remittances. In Egypt, they are now three times higher than the foreign exchange revenue from the Suez Canal or tourism, and substantially higher than foreign direct investment. As a percentage of GDP, Lebanon, Jordan, and Yemen are more dependent on remittances.

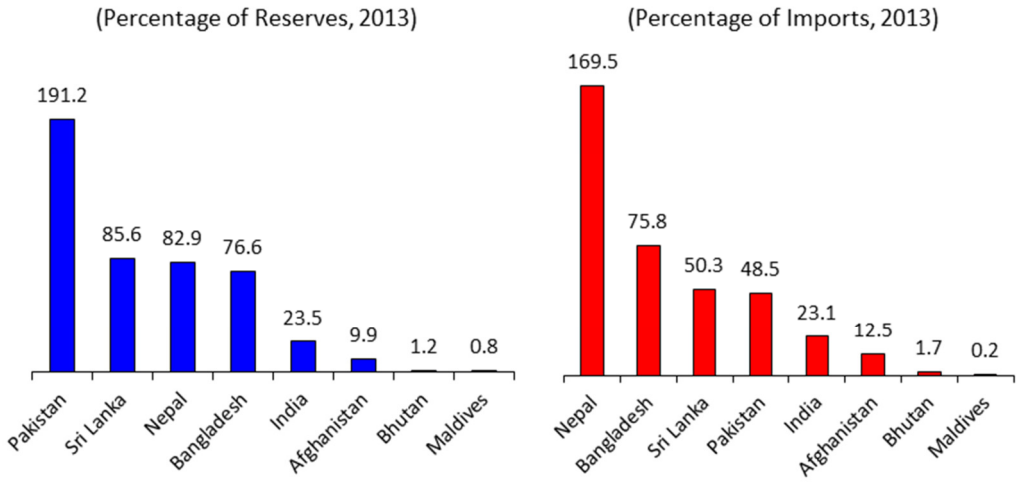
Remittances to South Asia are rebounding strongly in 2014

Officially recorded remittances to SAR are expected to grow by 5.5 percent to over US$117 billion in 2014, accelerating from the moderate growth in 2013. Remittances to India, the world's largest recipient, are likely to expand by only 1.5 percent in 2014 to US$71 billion, partly as a result of firming exchange rates (reflected also in a dampening of NRI deposit flows so far this year). However, partial-year data for this year points to very strong growth in Pakistan (16.6 percent), Nepal (12.2 percent), and Sri Lanka (12.1 percent). The large remittance flows to Pakistan are crucial to sustaining the balance of payments, covering almost half of imports and equivalent to 190 percent of reserves (Figure 1.10). Growth in remittances to Pakistan may also be motivated on humanitarian grounds following the floods in mid-2014. The expansion is being led by flows from the Gulf Cooperation Council (GCC) countries, where the number of skilled workers has increased, and unskilled migrants are also again finding opportunities (as new migrants take the places of deportees). In Nepal, the outflow of migrant workers rose 16 percent in fiscal 2013-14 compared with a year earlier, supporting robust growth in remittances that have been expanding at double-digit rates since 2010.

Bangladesh is also seeing a rebound in remittances so far this year, mainly from the GCC. A recent survey indicates that average remittances to receiving households in Bangladesh are worth twice per capita income and equivalent to almost 80 percent of receiving household's income.[9] The importance of remittances to Bangladesh is further underscored by their explicit inclusion in assessments by credit ratings agencies.

The outlook for remittances in SAR is favorable, with some acceleration in growth expected in India, and continued expansions in Nepal and Bangladesh in 2015. Remittances remain the largest source of external resource flows in SAR, covering imports and boosting foreign exchange reserves.

Figure 1.10: Remittances to SAR are a key part of the external sector



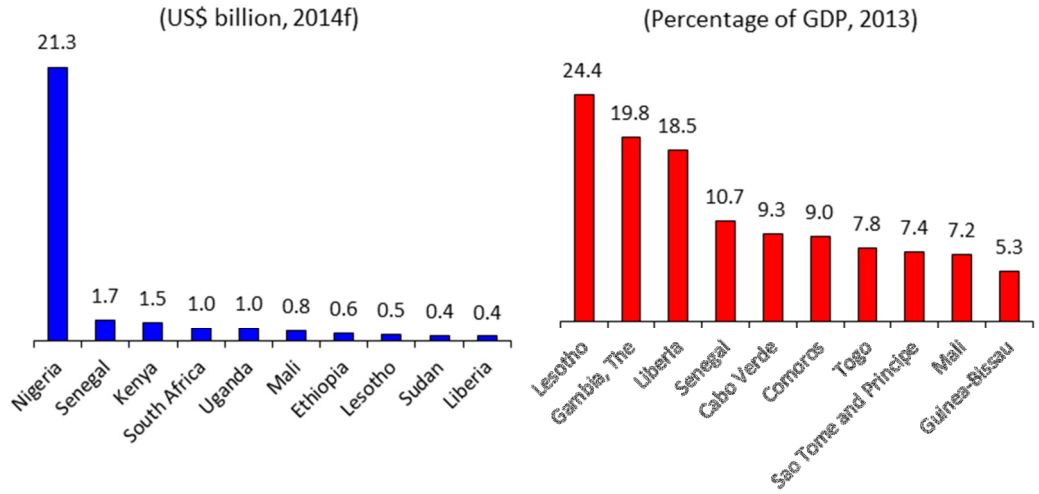
Sources: IMF, World Bank World Development Indicators, and staff estimates

Growth in remittances to Sub-Saharan Africa slowed 2013, but is picking up in 2014

Remittances to Sub-Saharan Africa (SSA) are expected to rise 3.2 percent to around US$33 billion in 2014 from US$32 billion in 2013—a significant acceleration from the modest growth of the preceding two years. Nigeria is the largest recipient in SSA, with US$22.3 billion in 2014, up 1.9 percent from 2013 (Figure 1.11).

The importance of remittances varies greatly across SSA. Among countries for which 2013 data is available, remittances as shares of GDP were most significant for Lesotho (24 percent), the Gambia (20 percent), Liberia (19 percent), Senegal (11 percent), and Cabo Verde (9 percent). As shares of reserves, remittance flows to Sudan are very high (220 percent), and significant for Senegal (72 percent), Togo (66 percent), Mali (60 percent), and Cabo Verde (37 percent). Consequently, remittances are of great importance to these countries for maintaining external-sector balances and macroeconomic stability.

Figure 1.11: Remittances to SSA are dominated by Nigeria, but small countries are most dependent



Sources: IMF, World Bank World Development Indicators, and staff estimates

2 Remittance Costs

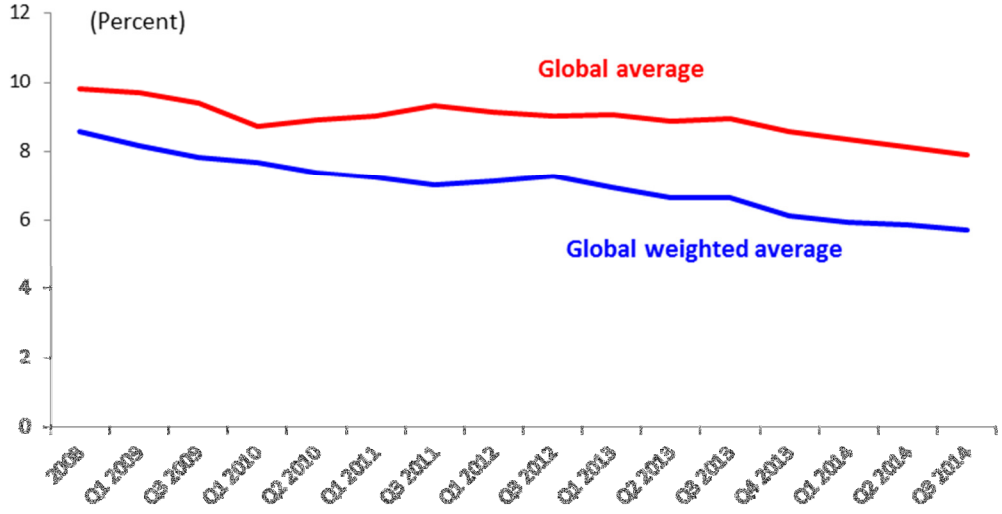
2.1 Global trends and outlook of remittance costs

The cost of sending money continued to fall in the first three quarters of 2014.[10] The global average total cost of sending about US$200 fell from 8.9 percent in the third quarter of 2013 to 7.9 percent in the third quarter of this year (Figure 2.1). The average weighted by the size of bilateral remittance flows also fell, from 6.6 percent in the third quarter of 2013 to 5.7 percent in the same period this year. The slight narrowing of the spread between the global average total cost and the global weighted average suggests that even smaller remittance markets are becoming increasingly contested, as mobile operators enter the market and new online services are being offered.

While cash products remain the most widely available, more account-based services are entering the market; cash-to-account remains the lowest-cost method for making remittances among account types. Online services are also expanding, now comprising 23 percent of the sample surveyed by the Remittance Prices Worldwide (RPW) database of the World Bank Payment Systems Development Group. These services offer various ways of paying for a transaction (from bank accounts, bank wires, credit cards, and debit cards), and receiving funds (in beneficiary bank accounts, or in cash through a local agent). The cash-to-account channel averaged 5.4 percent in the third quarter of 2014.

The global outlook for remittance costs appears to be heading downward, especially with the entrance of new players in the market, the use of technologies supporting digital payments, and progress with expanding financial inclusion (Box 2.1). Still, there are concerns about the growing cost for banks and money transfer operators of meeting AML-CFT regulations (see Box 2.2 on the case of Somalia). The imposition of additional fees, such as those levied for using credit cards to make remittances (treated as a cash advance), may also be may be slowing price reductions.

Figure 2.1: Total cost of sending US$200 equivalent continues to fall*



*Includes fees and exchange rate margins
Source: Remittance Prices Worldwide, the World Bank

Box 2.1: Digital payments are supporting remittances and financial inclusion

The number of electronic payment service providers that offer over-the-counter-payments, mobile money payment and payment cards have increased rapidly. In 2008, there were only 16 money services mainly in Sub-Saharan Africa and in East Asia and the Pacific. The deployments of mobile money services reached 219 mobile money services in 84 countries in 2013 (GSMA 2014).[11] The number of registered mobile money accounts globally surpassed 200 million in June 2013, compared with 108 million the previous year. Robust growth creates new opportunities to expand financial inclusion. For example, Cameroon, the Democratic Republic of Congo, Gabon, Kenya, Madagascar, Tanzania, Uganda, Zambia and Zimbabwe now have more mobile money accounts than bank accounts.

Mobile money transfer services have also transformed the landscape for domestic remittances in several African countries (Ratha et al. 2011). M-Pesa mobile money service was the first to operate in Sub-Saharan Africa, and since then there has been an explosion in the use of mobile money services. The greater availability of mobile money transfer agents has enabled recipients to send smaller amounts of money more often in Kenya. The average size of transactions through M-Pesa decreased from KSh 2,983 (about US$48 at prevailing exchange rates) in 2007 to KSh 2,594 (about US$29) in 2013. The digitization of domestic remittances has reduced the costs of sending remittances to rural areas. For example, these costs have declined by 20 percent in Cameroon (World Bank 2014).

Although the establishment of digital payments for remittances instead of cash is of enormous benefit to poor people in emerging markets, it presents some challenges from both the supply and demand sides. They include safety and reliability safeguards, interoperability of bank and nonbank financial service providers, adequate physical infrastructure to offer digital payments, availability of cash out points, stability of prices, and sequencing in the adoption of digital payments and mobile money.

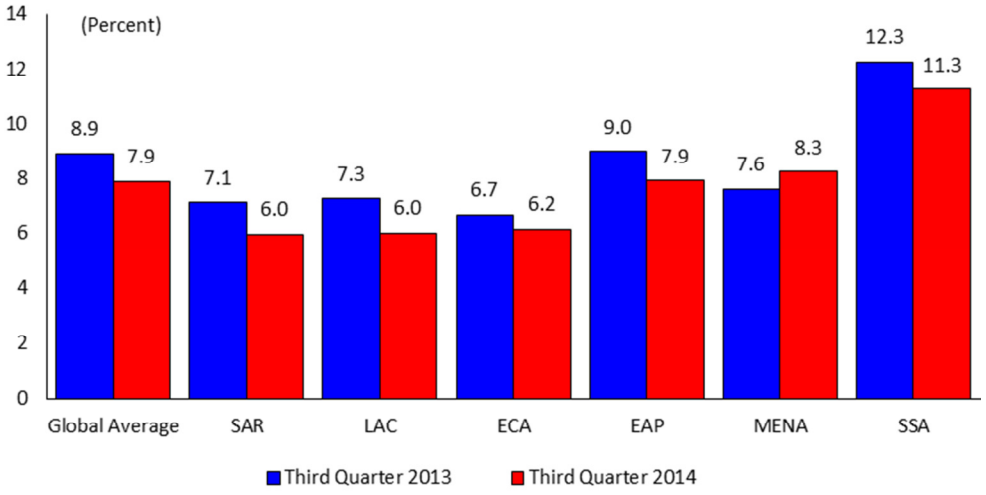
The use of mobile money technologies in cross-border transactions, however, remains limited. The value of international remittances through mobile phones accounted for less than 2 percent (US$10 billion) of global remittance flows (US$542 billion) in 2013.[12] International interoperability of mobile systems and AML-CFT regulations still create barriers. The regulatory framework needs to foster competition, simplify the AML-CFT regulations for low-value transfers, and ensure that there are no exclusive partnerships between telecom companies and international money transfer operators.

2.2 Regional trends in remittance costs

With the exception of the Middle East and North Africa, all regions benefitted from falling remittance costs in the year to the third quarter of 2014, especially Latin America and the Caribbean (Figure 2.2). In contrast, the cost of sending money to Africa remained stubbornly high, above 11 percent, due to a lack of competition and regulatory constraints on cross-border remittances. New entrants to the market are increasing competition, helping to cut substantially the cost of sending remittances to Latin America and the Caribbean, where it fell to an average of 6.0 percent in the third quarter of 2014, compared with 7.3 percent in the same period last year.

Overall, the increased use of technology is improving efficiency, but the cost to remit US$200 to the East Asia and Pacific region remained close to 8 percent in the third quarter of 2014. Money Transfer Operators (MTOs) have demonstrated that the costs of online money transfers can be lower than 1 percent—sending US$200 to the Philippines from Singapore (or Australia) through an MTO can cost as little as US$0.62. Although cash transfers remain among the cheapest products, it appears that cash-to-cash transfers attract higher remittance costs, while cash-to-account remittances cost less in this region. This highlights the importance of deepening financial inclusion among migrant families in remittance-receiving countries.

Figure 2.2: Sub-Saharan Africa is the costliest region to which to send remittances*



*Total average cost of sending about US$200 equivalent
Source: Remittance Prices Worldwide, World Bank.

Box 2.2: Closing of bank accounts is impacting the operations of money transfer companies in Somalia

During the past 12 months, there have been increasing concerns that cross border transfers, including remittances, are being affected by enhanced enforcement actions concerning AML-CFT regulations. Penalties imposed on several banks in the US and in the UK are moving banks to close the accounts of several money services businesses.[13] This could have major effects on money transfers to Somalia.[14] Some remittance providers have, however, been able to find alternative banking relationships.

Given the economic and humanitarian importance of remittances to Somalia, the UK and USA are trying to find a balanced approach for sending to that country,[15] preserving legitimate cross-border transfers and ensuring integrity. In early January 2014, the UK government announced the creation of the Action Group on Cross Border Remittances. It focuses on three issues to: (i) improve guidance on regulatory compliance by the UK remittance sector; (ii) improve understanding of money-laundering risks; and (iii) develop a "Temporary Safer Corridor" pilot for UK-Somali remittances while the Somali AML/CFT regime is being developed. This pilot, led by UK Department for International Development (DfID) with the assistance of the World Bank, is focusing only on the UK/Somalia remittances corridor. It is preparing proposals for improving customer due diligence and developing a "trusted third party" (TTP) in Somalia, and to provide independent third-party oversight of money service businesses (progress updates of the six months of operation).[16] In essence, the TTP could for a limited time perform the role of a regulator of money transfer operators in Somalia, while the receiving country develops its capacity to do so.

Disrupting the flows of remittances could severely impact a critical lifeline to the people, especially in small countries and fragile and conflict-affected states like Somalia. In addition, the absence of formal channels will likely encourage Somalis to use alternative methods to transfer remittances, which could ultimately increase rather than decrease money-laundering and terrorism-financing risks in the Horn of Africa.

Prices for sending remittances of about US$200 equivalent to the MENA region rose by 0.7 percentage points to 8.3 percent in the third quarter of 2014, compared to 7.6 percent in the same period in 2013, due to the addition to the database of high-cost remittances corridors from Canada and Australia to Lebanon. Sending remittances from the UAE and Saudi Arabia are the least costly due to high competition between MTOs.

The price of remitting to Sub-Saharan Africa remains above global levels (11.3 percent for sending the equivalent of US$200, versus the global average of 7.9 percent). Nine out of the 10 most expensive

corridors in the world are to countries in the region, with prices ranging from 18 percent to 22 percent. The high prices in these corridors are due to a lack of competition among service providers, exclusive partnerships between national post offices and money transfer operators, as well as between money transfer operators and banks, and the application of AML-CFT regulations (Box 2.2 above).

3 Special Topic: Forced Migration

3.1 Definition, size and location of forced migrants, development impacts, and key policy issues

In 2013, forced migration affected more than 73 million people around the world, according to the UNHCR and the Internal Displacement Monitoring Centre (IDMC). More than two-thirds were displaced within their own country. While data have been collected more comprehensively only since 1989, forced displacement caused by conflict, at 51 million, is the highest on record in the post-World War Two era.

This section seeks to highlight the growing scale of the issue, noting the challenges of defining forced migration, underscoring estimates of various forms of forced migration, connecting forced migration with development, identifying critical policy issues, and reviewing regional perspectives on forced migration.

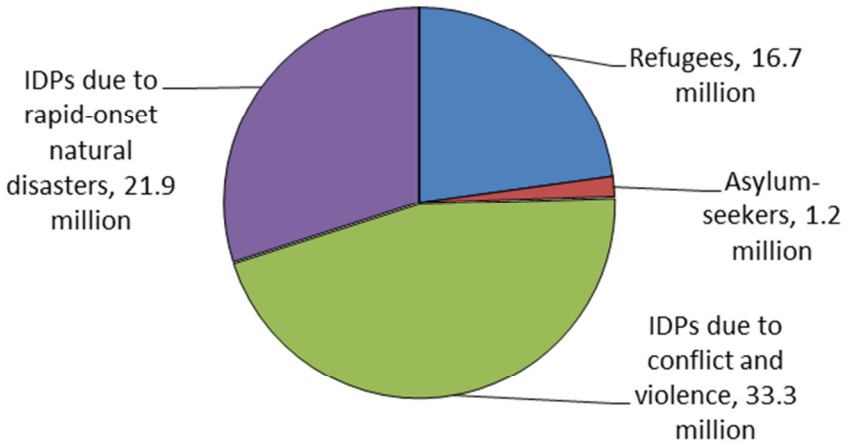
What is forced migration?

Besides those displaced due to persecution, armed conflict, generalized violence (communal, ethnic, political, and criminal violence) or human rights violations, forced migrants are displaced also by natural or environmental disasters, human-made chemical or nuclear disasters, famine, and/or development projects.[17] In a broader sense, the notion of forced migration includes also those trafficked and deported (Gibney 2013). It should be noted that in many instances it is very difficult to identify a single reason for moving and to determine whether movement is voluntary or forced. Forced migrants change from one type of displacement to another, and in some instances flows are mixed. This complicates efforts to gather reliable data, especially in slow-onset situations.

How many are considered forced migrants? Where were they born? Where are they residing?

At least 73 million people were affected by forced migration in 2013. This includes those in protracted situations and those forced to leave their homes but who may have returned. While comprehensive data are lacking, this information forms a baseline about the refugees, asylum seekers, and internally displaced people (IDPs) affected by forced migration (Figure 3.1).

Figure 3.1: Forced migration affects at least 73.1 million people



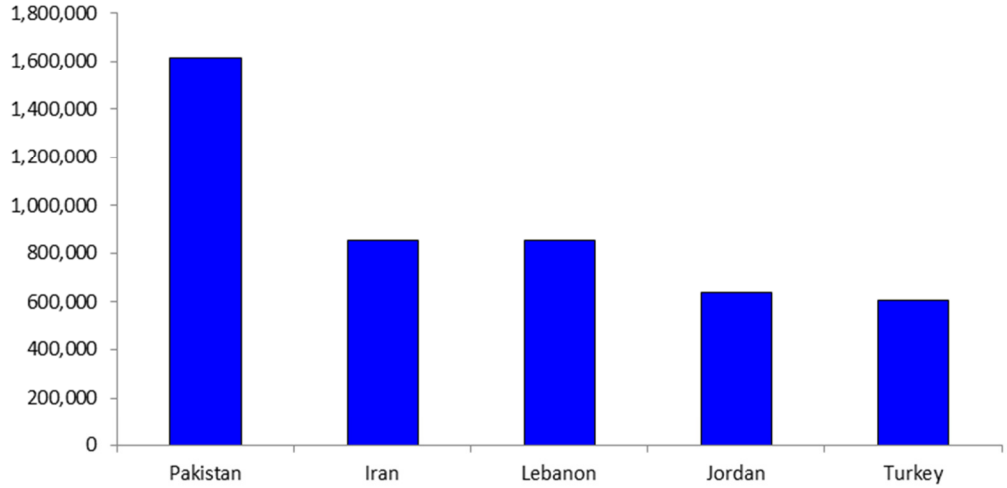
Sources: UNHCR, IDMC

Most forced displacement is driven by conflict, generalized violence or human rights violations. The UNHCR and IDMC estimate that the number of people forced to migrate by conflict reached a total of 51.3 million in 2013, a net increase of 6 million over those in 2012.[18] Of this total, 33.3 million were internally displaced within their own countries, 16.7 million were seeking protection as refugees across international borders, and 1.2 million sought asylum but their claims for refugee status had not yet been determined.

Palestinian refugees continue to comprise the biggest refugee group worldwide. The other major source countries for refugees in 2013 were Afghanistan, Syria, Somalia, Sudan, the Democratic Republic of the Congo, and the Central African Republic. Syria, Colombia, Nigeria, the Democratic Republic of the Congo, and Sudan have the largest numbers of IDPs. In 2014, further displacements are expected, including those affected by conflicts in Iraq and Ukraine.[19]

Whereas in the late 1980s the vast majority of the world's refugees were residing in developed countries, at the end of 2013 more than 86 percent were being hosted in developing countries. Pakistan and Iran are the largest of those hosts (Figure 3.2), accommodating large numbers of refugees from Afghanistan, among other nations. Many refugees and IDPs are in protracted situations—it is estimated that two-thirds of refugees have been in exile for more than five years.[20] Half of the world's refugees in 2013 were children, according to UNHCR.[21]

Figure 3.2: The largest refugee populations in 2013 were hosted by developing countries



Source: UNHCR 2014

Disasters induced by natural hazards are also a major source of forced migration, both temporary and longer-term; the IDMC estimates that there were 21.9 million IDPs in at least 119 countries newly affected by forced displacement due to natural disasters throughout 2013.[22] About 94 percent of these flows were caused by rapid-onset weather-related hazards (such as floods, storms, and wildfires), and only 6 percent were due to geophysical disasters (such as earthquakes and volcanic eruptions). Over a period of six years, from 2008 to 2013, around 165 million people were forced to leave their homes each year, 97 percent of them in developing countries. The cumulative number is unknown, even though many face protracted displacement. More than 80 percent of displacement between 2008 and 2013 took place in Asia. The Philippines, China, India, Bangladesh, and Vietnam had the highest number of people affected in 2013.

Most people displaced by disasters do not move across borders, although good data on cross-border migration due to natural hazards is lacking (IDMC 2013, 10). Measurement challenges also mean that those displaced by slow-onset natural hazards are often not counted.

How does forced migration impact development?

While forced displacement is typically viewed as a humanitarian issue, it also has important economic, social, political, and environmental impacts on the places of origin and destination. The economic impacts of voluntary labor migration have been widely explored, but the literature on the development impacts of forced migration needs to be deepened (World Bank 2009).

In host countries, the influx of displaced persons impacts growth, public expenditure, and poverty. The effects of increased labor supply on wages depend on whether the forced migrants complement or substitute the skills of local workers. Growth is enhanced if migrants bring new skills and additional sources of financing, and increase trade and domestic demand.[23] In some instances, host communities also benefit from additional aid flows that may be received to help countries care for refugees.

By driving up prices and possibly causing food and housing shortages, at least in the short-term, the influx of forced migrants can have negative effects on the poor. It can also place additional strain on the environment and natural resources, as well as social services, such as education and health, social safety nets, and social infrastructure (water and sanitation, waste management, electricity, communications, transportation, and the like). To counterbalance these effects, host countries need to increase public expenditure. The influx of displaced persons can also undermine social cohesion and broaden the scope for conflict and insecurity.

In the countries of origin, forced migration impacts development through remittances and the role of the diaspora.[24] During conflict and disasters, remittances play an important role in securing the livelihoods of those left behind and helping prevent further forced migration. Sending remittances through formal channels, however, becomes more difficult. While ongoing conflict limits the potential development impact of remittances, these can play an important role in recovery. Assessments of the loss of human capital for the country of origin through forced migration should be mindful of the extent to which potential talents would have been realized had the migrants stayed. Further impacts on development occur through return and reintegration of refugees, as well as the resettlement of IDPs.

For the forced migrants, displacement has development-relevant impacts on their human and social capital, income and employment, assets, access to natural resources, health, security, fertility, and gender relations. Only in recent years has research begun to focus on refugees as economic actors (Jacobsen 2005). The loss of assets differentiates forced migrants from economic migrants (Ibañez and Moya 2009; Fiala 2009). Displaced persons not only send but also receive remittances (Dick 2002, Jacobsen, Ayoub and Johnson 2013). The labor market outcomes of refugee immigrants can change with time and even surpass those of economic immigrants in the long term (Cortes 2004). A lack of educational and economic opportunities for displaced children and youth can have strong negative development impacts in future years.

It would be beneficial to regard forced migration as central to the migration and development agenda. While useful case studies have been undertaken, methodologies to assess comprehensively the positive and negative impacts of forced migration on development have only recently been developed.[25] Research is also needed on the impact of host country policies towards refugees (such as the freedom to move, work, and access land).

What are key policy issues and research questions?

There is growing recognition that refugees can have positive development impacts on host countries, and efforts are underway to highlight these impacts as factors that could help encourage the acceptance of refugees. The key challenge is to find durable solutions to the increasing number of refugees in protracted displacement situations, and this has raised a number of key policy issues and research questions (Fiddian-Qasmiyeh et al. 2014; Chatty and Marfleet 2013).

How can self-reliance be enhanced for those affected by forced migration, especially in protracted situations? This implies looking not only at their vulnerabilities, but also at ways to enable such migrants to make the most of their education, skills, and assets. On an operational level, socio-economic profiles of refugees and returnees can be prepared, helping tailor education and skills development programs that could be undertaken together with members of the host communities.

Could solutions to protracted refugee situations be promoted through enhanced local integration? This could take the form of ensuring the right to work and set up businesses, as well as integrating refugees into existing health and education systems. A recent study in Uganda, where refugees are able to work and have significant freedom of movement, has highlighted their positive contributions to the national economy (Betts et al. 2014). In addition to identifying broader development impacts from such policies for host countries, there is a need for research into how the possibility of even de facto local integration might affect the willingness of forced migrants to return, as many in host countries believe that it discourages return.

What are the costs and benefits of encampment versus taking up more regular residence in host communities? Whereas humanitarian assistance and research in the past have focused mainly on refugees and IDPs in camps, there has been a shift in recent years towards focusing on refugees and IDPs in urban areas, where more than 50 percent live today. Due to the protracted nature of most refugee situations, there is a growing consensus within the research and the international community (including the UNHCR) that non-encampment is preferable, as it enables refugees to live more normal lives. Host countries, however, often prefer camps in the belief that these help to emphasize the expected temporary nature of forced displacement, as well as helping to show a need for continued foreign aid.

How can new partners and resources be leveraged? Efforts have been stepped up to bridge the gap between humanitarian assistance and development cooperation, deploy development tools for displacement situations, and integrate displacement more systematically into development planning.[26] Leveraging remittances and diaspora engagement are key areas where forced migrants can play an important role in boosting development in their countries of origin. Where an established diaspora exists abroad (as they do from Somalia, Liberia, and Syria, for example) they can also assist in supporting displaced persons. New technologies can help provide secure funds transfers and savings where forced migrants cannot access formal banking systems.

Is there scope for global and regional burden sharing when there are gaps in protection and humanitarian assistance for forced migrants? While legal and institutional frameworks are in place to protect forced migrants due to conflict, more needs to be done on behalf of cross-border movements due to other causes.[27] Some new forms of burden sharing have drawn criticism from human rights activists—for example, Australia's recent offers of development assistance to Cambodia and Papua New Guinea in exchange for their agreeing to accept asylum seekers.

3.2 Regional perspectives on forced migration

In ECA, one million people in Ukraine have been forcibly displaced

During three weeks in August 2014, at least 260,000 persons were displaced inside Ukraine.[28] The escalating conflict in eastern Ukraine also led 814,000 persons, mainly ethnic Russians, to move from Ukraine to Russia.[29] In total, more than one million, or about three percent of Ukraine's total population, had to flee because of the conflict. Most of the other 2.2 million IDPs in ECA, or 5 percent of all IDPs worldwide, had already fled their countries some 20 years ago (UNHCR 2014, IDMC 2014). The highest numbers of IDPs are recorded in Turkey (953,700), Azerbaijan (609,029), Georgia (257,611), Cyprus (212,400), Serbia (227,495), and Bosnia-Herzegovina (103,400).

Since 2009, applications for asylum in ECA and other European countries have increased by 68 percent, reaching 484,560 in 2013. This is the highest level since the turn of the millennium, though it is lower than in 1992 when asylum applications in the EU-15 peaked at 670,000.[30] The highest number of applications for asylum per 1,000 inhabitants for the period 2009 to 2013 was registered in Malta (20), Sweden (19), Liechtenstein (17), Luxemburg (12), and Switzerland (12). In absolute terms, the countries which received the highest number of applications in 2013 were Germany (109,580), France (60,100), Sweden (54,260), Turkey (44,810), and the UK (29,190). Sweden, followed by Germany and Italy, leads the group of European countries which took the highest number of positive decisions on asylum applications.

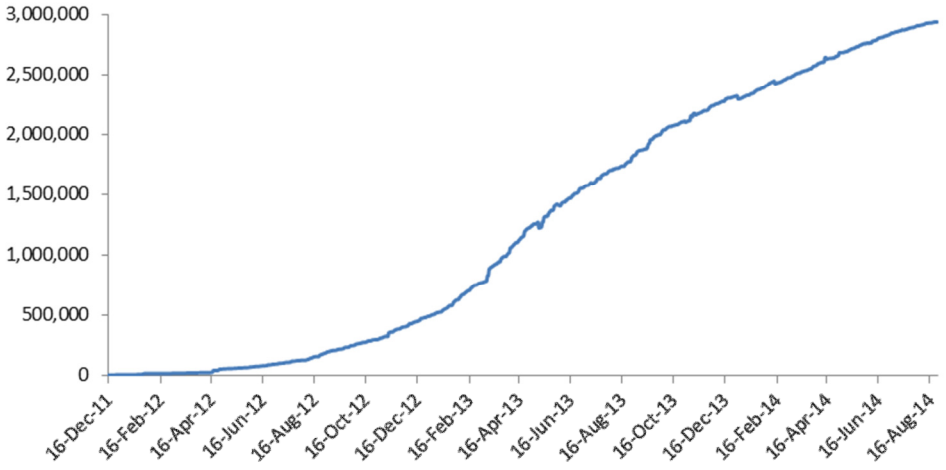
All ECA and other European countries together were hosting 1.8 million refugees at the end of 2013. Most of the refugees in ECA/Europe live in Turkey (609,900), followed by France (232,500) and Germany (187,600). ECA/Europe hosts 16 percent of all refugees worldwide, only slightly more than Pakistan alone, which is the largest refugee-hosting country. Nevertheless, several European countries are having difficulty managing the large recent increases in asylum applications.

The crisis of forced migration in MENA is becoming worse

Nearly half of the Syrian population is currently displaced, with more than 3 million recorded refugees and 6.5 million internally displaced, according to the UNHCR (Figure 3.3). Over half of these are children.[31] This is currently the largest IDP crisis worldwide. In 2014, Syrian refugees also became the second-largest refugee group worldwide, outnumbered only by Palestinian refugees. Among them are Iraqi and Palestinian refugees in Syria who have also been forced to move. Over 50 percent of Palestinian refugees in Syria are estimated to have been displaced within Syria or to neighboring countries.[32] While Syria was the world's second-largest refugee-receiving country five years ago, in 2014 it has overtaken Afghanistan as the second-largest source country (a position held by Afghanistan for over 30 years) (UNHCR 2014).

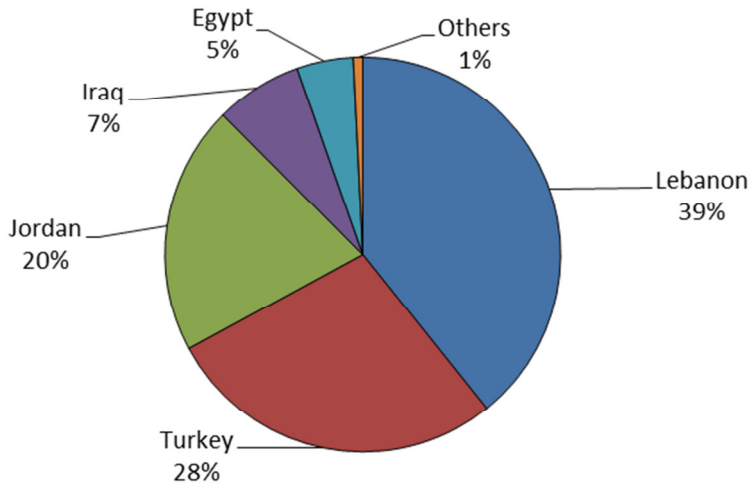
Most of the refugees from Syria have fled to neighboring Lebanon (1.1 million), Turkey (815,000), and Jordan (600,000) (Figure 3.4). Receiving countries are struggling to deal with this massive influx of refugees, with millions of Palestinian and Iraqi refugees already hosted within the region.[33] At the same time, they have to deal with other spillovers from the Syrian crisis. A World Bank (2014) study expects the conflict to cut GDP growth in Lebanon by 2.9 percentage points each year between 2012 and 2014, and bring an additional fiscal burden of about US$2.6 billion. Besides the need to provide immediate humanitarian relief, there is a need for new, sustainable solutions as the situation for the Syrian refugees is likely to become protracted.

Figure 3.3: The number of registered Syrian refugees continues to rise



Source: UNHCR

Figure 3.4: Lebanon and Turkey host the most Syrian refugees



Source: UNHCR, August 2014

It will also be important to improve access to payment systems and remittances. Over US$1.6 billion in remittances were sent to Syria in 2010, the last year for which data are available. However, part of the remittances that were sent to Syria before will now need to be sent to Syrian refugees in their host countries. Anecdotal evidence also suggests that remittances are sent to these neighboring countries, and then transported over the border to Syria, as sending remittances directly to Syria is becoming increasingly difficult. Banks in Syria are no longer allowed to receive remittances from certain Gulf countries, and sending remittances out of Syria is blocked by currency controls. Overall, remittances to Syria are expected to grow modestly. Remittances to host countries Lebanon, Jordan, and Turkey are likely to continue rising.

The regional displacement crisis in the Middle East has been aggravated by the situation in Iraq, where more than 1.7 million internally displaced have fled from the movement calling itself Islamic State (IS) since the beginning of the year.[34] Over 600,000 people were displaced in August 2014 alone. Many refugees across MENA are undertaking risky journeys to Europe across the Mediterranean (Box 3.1).

Box 3.1 - Hazardous crossings of the Mediterranean by boat are increasing sharply

Due to the deteriorating security situation in Libya and the increasing numbers of refugees from the Middle East and Sub-Saharan Africa, the number of crossings of the Mediterranean has risen sharply to over 130,000 (so far) in 2014 according to UNHCR, up more than five-fold from 22,500 in all of 2012. In 2011, the year of the Arab Spring, 69,000 people arrived in Europe after crossing the Mediterranean Sea. The number of arrivals through the Mediterranean is likely to decline after October due to weather conditions, but a total of more than 140,000 is expected for 2014.

So far, Italy has received the greatest number of arrivals (90 percent), followed by Greece, and, on a smaller scale, Spain and Malta. The majority of the arrivals have come from Eritrea, Syria, and Mali, mainly via Libya. Their number includes more than 10,000 children, two-thirds of them unaccompanied or separated from their families.

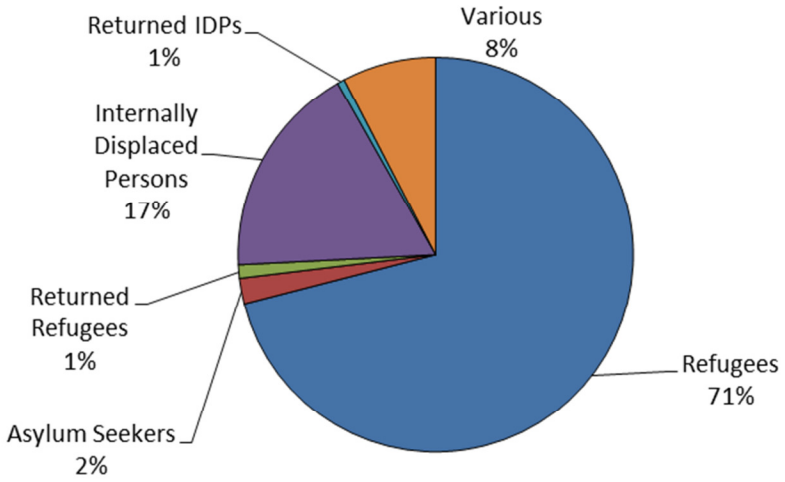
Over 3,000 people have died in attempting to cross the Mediterranean Sea to Europe as of September 2014, compared to a total 600 deaths in 2013, 500 in 2012 and 1,500 in 2011, according to the UNHCR and IOM. The Mare Nostrum search and rescue mission, set up by Italy after the tragic Lampedusa disaster, has rescued more than 115,000 people since the start of the year. The European Union has announced that it will take over this mission under the joint operation Triton from November 2014.

The number of mixed flows to Europe is expected to grow significantly in the coming years, fuelled by instability in Libya and rising numbers of refugees in the Middle East. The large stock of displaced persons in Sub-Saharan Africa and continuing conflicts and economic distress in parts of that region are also contributing to the buildup of pressure.

Forced migration in South Asia: Afghanistan at a crossroads?

More than 35 years of conflict have left millions of Afghans forcibly displaced, with the UNHCR identifying 3.6 million as the total population of concern in 2014.[35] Refugees comprise the largest category, followed by internally displaced persons (Figure 3.5). Afghanistan is the second-largest source country for refugees in the world, and people fleeing conflict in Afghanistan have made Pakistan and Iran the largest refugee-hosting countries in the world. The departure of external military personnel in 2014 may signal progress towards a key political and economic transition, but many challenges remain.

Figure 3.5: Refugees are the largest grouping of the total Afghan population of concern



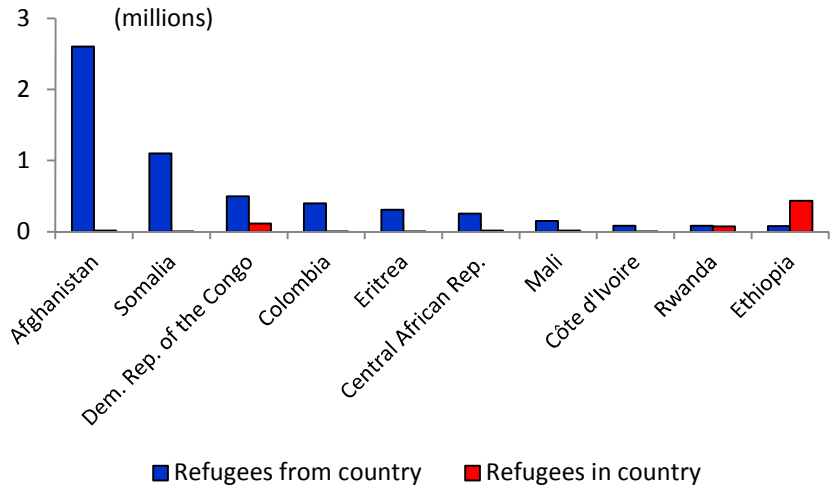
Source: UNHCR, January 2014

While an estimated 5.7 million refugees have returned to Afghanistan in the past decade (the largest refugee repatriation effort in the world), large numbers remain forcibly displaced.[36] Returning migrants are increasingly avoiding the rural areas of their origins and moving to urban areas, especially Kabul, in search of security and livelihoods. Effective reintegration and sustainable economic engagement will depend on whether political settlements can be reached with all stakeholders, ensuring the delivery of public services, and generating economic opportunities.

The forced migration challenge in Sub-Saharan Africa

The past year for Sub-Saharan Africa has been one of stark contrasts. The region has been experiencing robust economic growth. Yet, internal conflict (including renewed instability in South Sudan and Boko Haram activities in Nigeria) and the drought in the Horn of Africa have created humanitarian crises in several countries. Much of this is reflected in the unprecedented levels of forced migration in the region. Of the top 10 refugee-originating countries, eight are in SSA (Figure 3.6). Furthermore, some countries, such as Ethiopia, are also home to a large number of refugees.

Figure 3.6: Eight of the top ten countries by refugee origin are in SSA



Data: UNHCR Global Trends 2013

This puts a huge burden on the economic and social infrastructure of the affected countries. Some already-impoverished countries face the added burden of hosting incoming refugees while contending with a large number of IDPs. The economic burden is particularly high for Ethiopia, Kenya, Chad, South Sudan, DR Congo, and Uganda. A metric for assessing this is the number of refugees per US$1 of GDP (PPP) per capita, which provides a comparator for assessing the burden of hosting refugees relative to a country's economic capacity. With refugees to GDP (PPP) per capita exceeding 150, the top six SSA countries rank 2nd to 7th in global terms according to this criterion (Table 3.1). In terms of demographic pressure, the number of refugees per 1,000 indicates that Chad, Sudan, and Liberia face particular challenges.

The immediate migration impact of the Ebola outbreak in West Africa may be muted due to stricter quarantine regulations and border controls. However, in the medium term, the deep economic scars left by the epidemic are likely to increase outward migration. The World Bank projects a substantial deceleration of 2014 growth in the main countries affected, lowering GDP growth by 2.1 percentage points in Guinea (from 4.5 percent to 2.4 percent), 3.4 percentage points in Liberia (from 5.9 percent to

2.5 percent), and 3.3 percentage points in Sierra Leone (from 11.3 percent to 8.0 percent). Food security may also diminish as a result of associated fall-offs in employment opportunities, constricted marketing of agriculture goods, and possible harvest disruptions.

Overall, forced migration represents human suffering and losses on a massive scale. Finding ways to respond more effectively is one of the most important challenges of our time. The international community, and all stakeholders, need to do more to reduce the staggering numbers of people on the move against their will, and to alleviate the huge costs borne by those who have few alternatives.

Table 3.1: Top 10 Sub-Saharan countries by refugees to GDP (PPP) per capita

	Refugees to GDP(PPP) per capita	Refugees to 1,000 inhabitants	Global rank in Refugees to GDP(PPP) per capita	Global rank in Refugees to 1,000 inhabitants
Ethiopia	336.4	4.6	2	32
Kenya	295.1	12.1	3	10
Chad	199.0	33.9	4	3
South Sudan	176.4	20.3	5	7
Dem. Rep. of the Congo	153.4	1.7	6	59
Uganda	151.8	5.9	7	27
Burundi	79.7	4.5	11	36
Liberia	78.9	12.4	12	9
Niger	74.5	3.2	13	44
Sudan	67.1	4.2	15	39

Source: UNHCR Global Trends 2013

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Annex: Forecast Methodology

The use of Bilateral Migration and Remittance Matrices

The forecasts for remittance flows for 2014 and beyond are based on stocks of migrants in different destination countries and estimates of how changes in the income of migrants influence remittances sent by these migrants.[1] Remittance flows are broadly affected by three factors: the migrant stocks in different destination countries, incomes of migrants in the different destination countries, and to some extent incomes in the source country. Remittances received by country i from country j can be expressed as:

$$R_{ij} = R_i \frac{r_{ij} M_{ij}}{\sum_{i=1}^{K} \sum_{j=1}^{K} r_{ij} M_{ij}}$$

where R_i is the total amount of remittances into country i (as reported in the balance of payments), M_{ij} is the stock of migrants from country i in country j, and r_{ij} are the assigned weights to all remittances corridors.[2] The weights r_{ij} are to be understood as remittance intensities for each corridor ij, and these depend on the levels of GNI per capita in migrant-sending countries (y_i) and migrant-receiving countries (y_j):

$$r_{ij} = f(y_i, y_j)$$

The elasticities (ε_j) of total remittance outflows (R_j) are estimated in order to measure the reaction of remittances to the growth of migrant incomes, approximated by economic growth in migrant-receiving countries (Y_j). These remittance elasticities are used to forecast remittance outflows from each migrant-receiving country in 2014 and beyond based on the most recent available forecasts of gross domestic product from the World Bank, using the following formula:

$$R_{j(t+1)} = R_{j(t)} \left(1 + \varepsilon_j \frac{Y_{j(t+1)} - Y_{j(t)}}{Y_{j(t)}} \right)$$

where $Y_{j(t)}$ is the nominal GDP of country in period t. Forecasts of outflows from all countries and estimated remittance intensities are then used to arrive at the estimates of projected inflows for each remittance-receiving country i:

$$R_{i(t)} = \sum_{j=1}^{J} r_{ij} R_{j(t)}$$

[1] For this purpose, the bilateral migration matrix, based mostly on the estimates prepared by the United Nations Population Division (with adjustments were made for three Gulf Cooperation Council countries), is used to provide the most comprehensive estimates of bilateral immigrant stocks worldwide in 2013.

[2] See Ratha and Shaw (2007) for a fuller explanation of the methodologies used to estimate the bilateral remittance matrices.

[1] In response to the recent exodus of Cambodian migrant workers from Thailand, where hundreds of thousands of irregular Cambodian migrants left Thailand fearing a crackdown, the Cambodian authorities cut the passport cost for students and migrant workers dramatically, and opened "one-stop-shops" for easier and faster passport issuance at border towns. The Thai government is also operating temporary centers to expedite work permit issuance. The Cambodian Ministry of Labor and Vocational Training has announced that recruitment agencies would work together with relevant institutions to help Cambodian migrant workers to work legally in Thailand at fixed fees of US$49. Malaysia offers another example of the strain on migrants and the importance of reducing the cost of migration: a recent report by the US Department of State highlights that a complex system of recruitment and contracting fees in Malaysia has placed heavy financial burdens on migrant workers from neighboring countries, ultimately reducing the amount available to remit home. Many low-skilled labor migrants employed on agricultural plantations, construction sites, textile factories, and domestic workplaces are subjected to fraud in wages, according to the report.

[2] In 2013, 70 percent of overseas remittances to Ho Chi Min City went to production and business, and some 20 percent went to the real estate market, according to market observers.

[3] Total remittances are higher than reported in previous M&D briefs because for the first time they include remittances to Turkmenistan (US$40 million in 2013) and Uzbekistan (US$6.7 billion in 2013) which are estimated on the basis of the remittance outflows reported by Russian authorities.

[4] The unemployment rate in Spain was nearly 26 percent in 2013, and is expected to remain above 19 percent through 2017, according to the government's projections. The prospects for reducing unemployment over the medium term are low, according to the IMF. See Spain Article IV Consultation. July 2014.

[5] During the last months of 2013 and in 2014, more than 50,000 unaccompanied children from Central America were apprehended trying to cross the Rio Grande Valley, Texas. Many cite the level of underdevelopment and poverty, the implementation of the Deferred Action for Child Arrivals (DACA), the increase in violence, and the delay of immigration reform in the United States as some of the factors that explain these movements.

[6] In 2013: Ecuador (21,280), Bolivia (19,030), Colombia (16,763), Brazil (13,801), Paraguay (12,342) and Peru (9,542). Estadistica de Migraciones 2013. June 30, 2014

[7] http://latino.foxnews.com/latino/politics/2014/02/10/venezuela-suspends-sending-remittances-to-colombia/

[8] Remittances have fallen by at least 10 percent in the last three months according to workers at exchange offices.

[9] http://blogs.worldbank.org/endpovertyinsouthasia/bangladesh-remittance-story-reaffirmed

[10] Remittance Prices Worldwide, Issue No. 11, September 2014, a product of the Payment Systems Development Group at the Finance and Markets Global Practice of the World Bank Group. RPW now covers 226 country corridors for remittances around the world, involving 32 sending countries and 89 receiving countries.

[11] Groupe Sepciale Mobile Association (2014)
http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2014/03/201402_MMU_State-of-the-industry-presentation-for-MWC-ONLINE.pdf

[12] Mobile Money Transfer & Remittances: Domestic & International Markets 2013-2018. Juniper Research

[13] HSBC was fined US$1.9 billion for not complying with money laundering controls in 2012 and JP Morgan agreed to pay US$1.7 billion for not having effective anti-money laundering controls in 2014. According to a Wall Street Journal report, MoneyGram and Western Union both paid US$100 million and US$94 million respectively in penalties reportedly for failing to maintain effective anti-money laundering measures.

[14] http://dealbook.nytimes.com/2014/07/06/immigrants-from-latin-america-and-africa-squeezed-as-banks-curtail-international-money-transfers/?_php=true&_type=blogs&_r=0

[15] In the United States, President Obama signed into law the Money Remittance Improvement Act that streamlines the regulation of money transmitters, allowing federal authorities to accept state examinations. This law will support money transfer operators to Somalia.

[16] See Action Group on Cross Border Remittances – 6 Month Update,and Safe Corridors for Remittances. April 1, 2014.

[17] Based on the definition of the International Association for the Study of Forced Migration (IASFM). Estimates suggest that an average of 15 million people are displaced each year because of large-scale public and private development projects (Cernea 2008: 20).

[18] These paragraphs are based on UNHCR 2014 and IDMC 2014. The numbers for conflict displacement count new as well as ongoing displacement situations and consider refugee and IDP returns where possible.
[19] In total, more than one million people, or about three percent of Ukraine's total population, have fled because of the conflict. During only three weeks in August 2014, at least 260,000 persons were displaced inside Ukraine. The escalating conflict in eastern Ukraine also led 814,000 persons, mainly ethnic Russians, to move from Ukraine to Russia. Source: UNHCR, September 2, 2014.
[20] Comprising 6.3 million, or 54% of refugees under UNHCR's mandate, and 5.0 million Palestinian refugees registered by UNRWA.
[21] Based on available data for 63% of refugees.
[22] This paragraph is based on IDMC 2014a.
[23] Enghoff et al. (2010) study the impacts of three refugee camps, which accommodate around 270,000 mainly Somali refugees in Kenya's North Eastern Province, and estimated the total economic benefits for host communities at around $1.2 million annually.
[24] With regards to remittances in conflicts and crisis see Savage and Harvey 2007, Weiss Fagen and Bump 2005, Lindley 2009, and the section on AML/CTF in this brief, regarding the role of diaspora in conflict Østergaard-Nielsen 2006.
[25] A literature review on existing case studies for displacement due to conflict and widespread human rights violations as well as "Guidelines for Assessing the Impacts and Costs of Forced Displacement" were developed in 2012 by Roger Zetter and his team for the World Bank.
[26] For a brief historical overview on the cooperation between humanitarian and development actors to find solutions for displaced people see Roundtable on Solutions report (April 2014) on ending displacement.
[27] Existing conventions include: the Geneva Convention (1951), and regional conventions such as the Organization of African Unity Convention (1969), the Cartagena Declaration (1984), and the Kampala Convention (2009).
[28] Source: UNHCR, September 2, 2014.
[29] Source: UNHCR, data provided by Russian authorities.
[30] Source: "Asylum Trends 2013" (UNHCR), and "Asylum Statistics"' (Eurostat).
[31] Regularly updated data on Syrian refugees are compiled by UNHCR.
[32] Forced Migration Review 47 ,p. 1 September 2014.
[33] Migration Policy Center.
[34] See IOM Displacement Tracking Matrix.
[35] Forced Migration Review, May 2014; Conflict-Induced Internal Displacement – Monthly Update, UNHCR Afghanistan December 2013.