

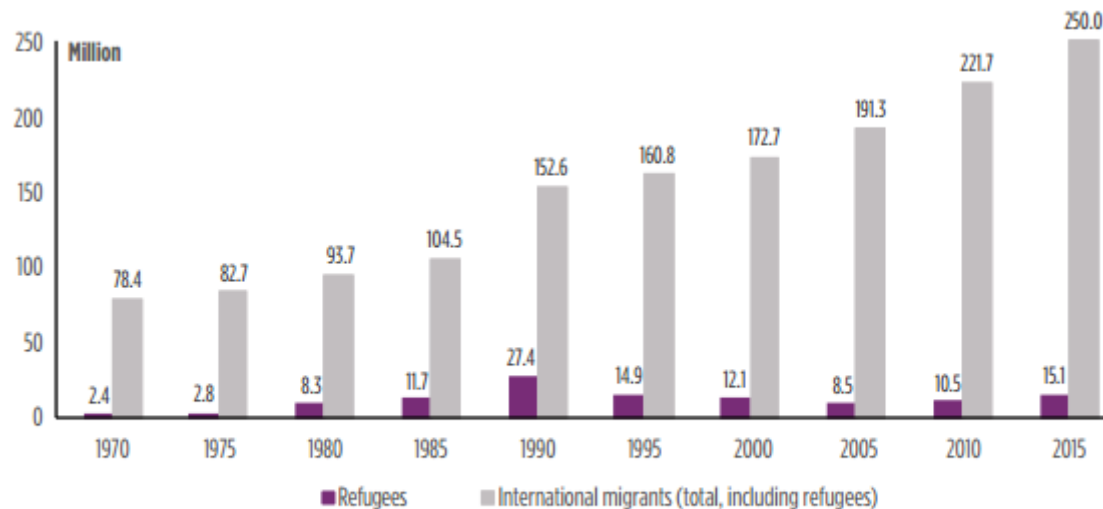
Remittance in Asia: Key Issues and Policy Challenges

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Latest issue ...putting the refugee crisis in the context..

Refugees and International Migrants stocks



Source: UNPD 2015, World Bank 2015, World Development Indicators, UNHCR. Refugee data are as of June 2015; they exclude Palestinian refugees numbering 5.1 million.

The refugee crises worldwide: The conflict in Syria has increased the number of refugees in the neighboring countries of Turkey, Lebanon and Jordan, and more recently in Europe.

- The Sustainable Development Goals (SDGs) include ensuring safe, orderly, and regular migration; limiting exploitation and abuse of migrants; reducing the costs of recruitment and remittances; and improving data.

Migration-Related Targets and Indicators in the Sustainable Development Goals

Gender equality and empowerment

Target 5.2

Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation

Indicator

5.2.1 Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner, in the previous 12 months, by form of violence and by age

5.2.2 Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner, in the previous 12 months, by age and place of occurrence

Economic growth and decent work

Target 8.7

Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

Indicator

8.7.1 Proportion and number of children aged 5–17 years engaged in child labour, by sex and age

Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Indicator

8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status

8.8.2 Increase in national compliance of labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status

Migration-Related Targets and Indicators in SDGs

Lowering inequalities

Target 10.7

Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

Indicator

10.7.1 Recruitment cost borne by employee as a proportion of yearly income earned in country of destination

10.7.2 Number of countries that have implemented well-managed migration policies

Target 10c

By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

Indicator

10.c.1 Remittance costs as a proportion of the amount remitted

Migration-Related Targets and Indicators in SDGs

Promote peaceful and inclusive societies

Target 16.2

End abuse, exploitation, trafficking and all forms of violence against and torture of children

Indicator

16.2.1 Proportion of children aged 1–17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month

16.2.2 Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation

16.2.3 Proportion of young women and men aged 18–29 years who experienced sexual violence by age 18

Data, monitoring and accountability

Target 17.18

By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts

Indicator

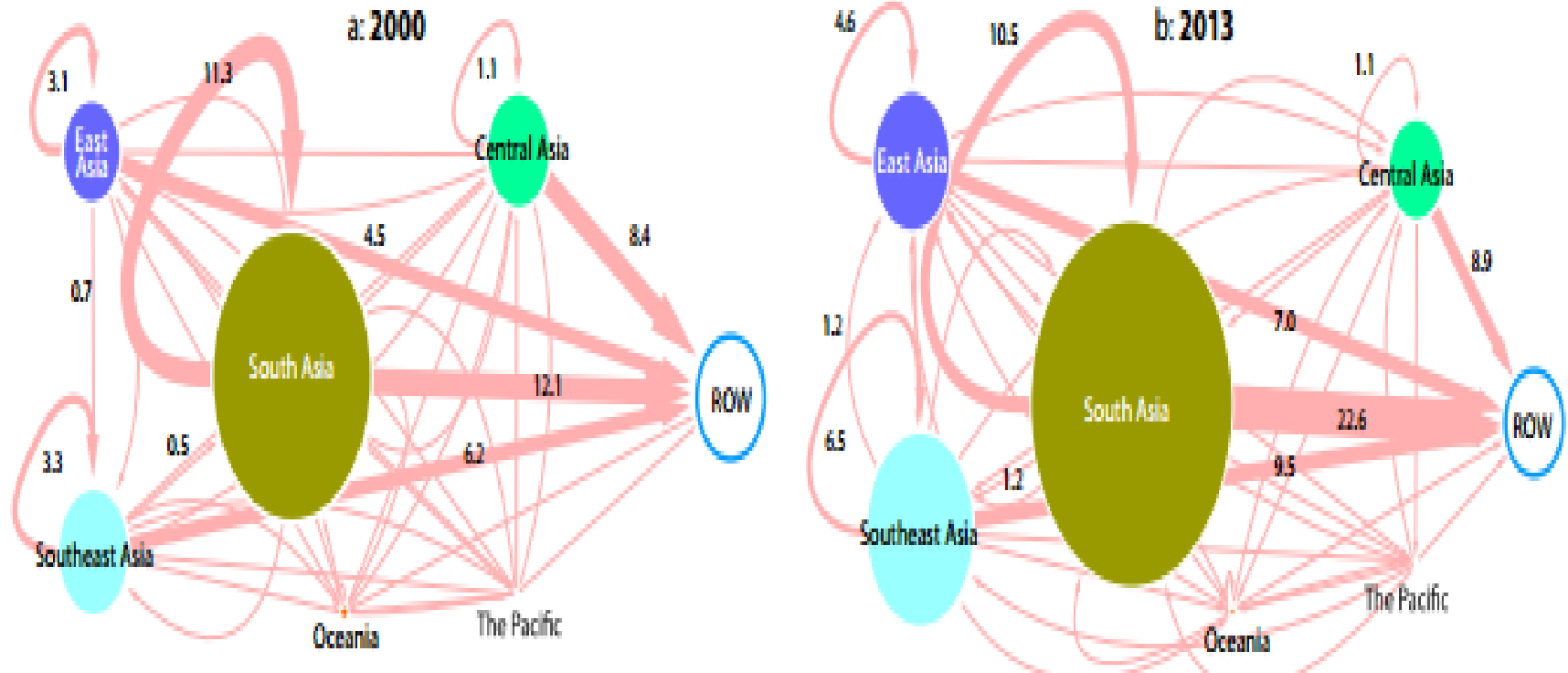
17.18.1 Proportion of sustainable development indicators produced at the national level with full disaggregation when relevant to the target, in accordance with the Fundamental Principles of Official Statistics

17.18.2 Number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics

17.18.3 Number of countries with a National Statistical Plan that is fully funded and under implementation, by source of funding

Source: Report of the Inter-agency and Expert Group on Sustainable Development Goal Indicators. Statistical Commission.

Patterns of Asian Migration (million)

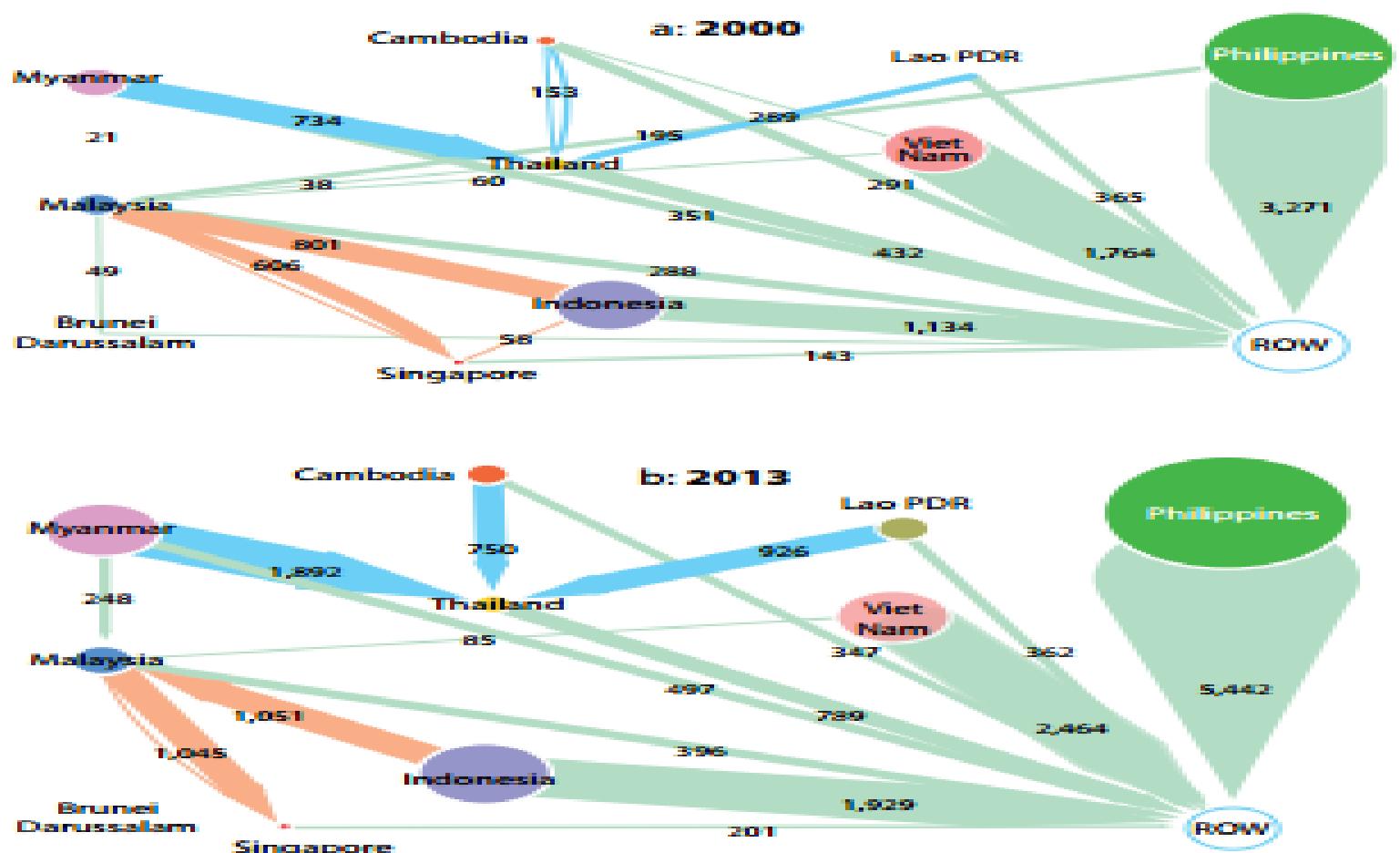


ROW = rest of the world.

Note: Rendered in Cytoscape 3.2.1.

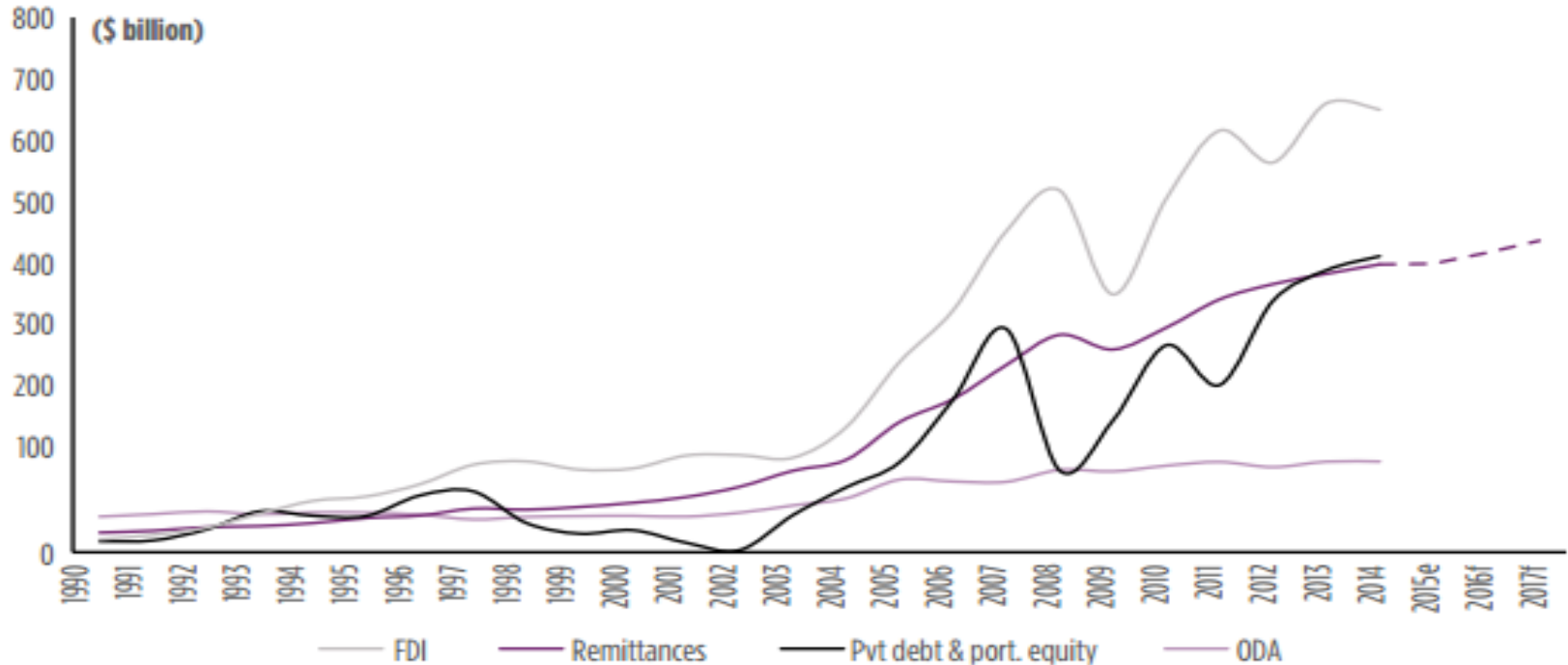
Source: ADB calculations using data from *Trends in International Migrant Stock*, United Nations Department of Economic and Social Affairs.

Migration Trends in Southeast Asia (thousands)



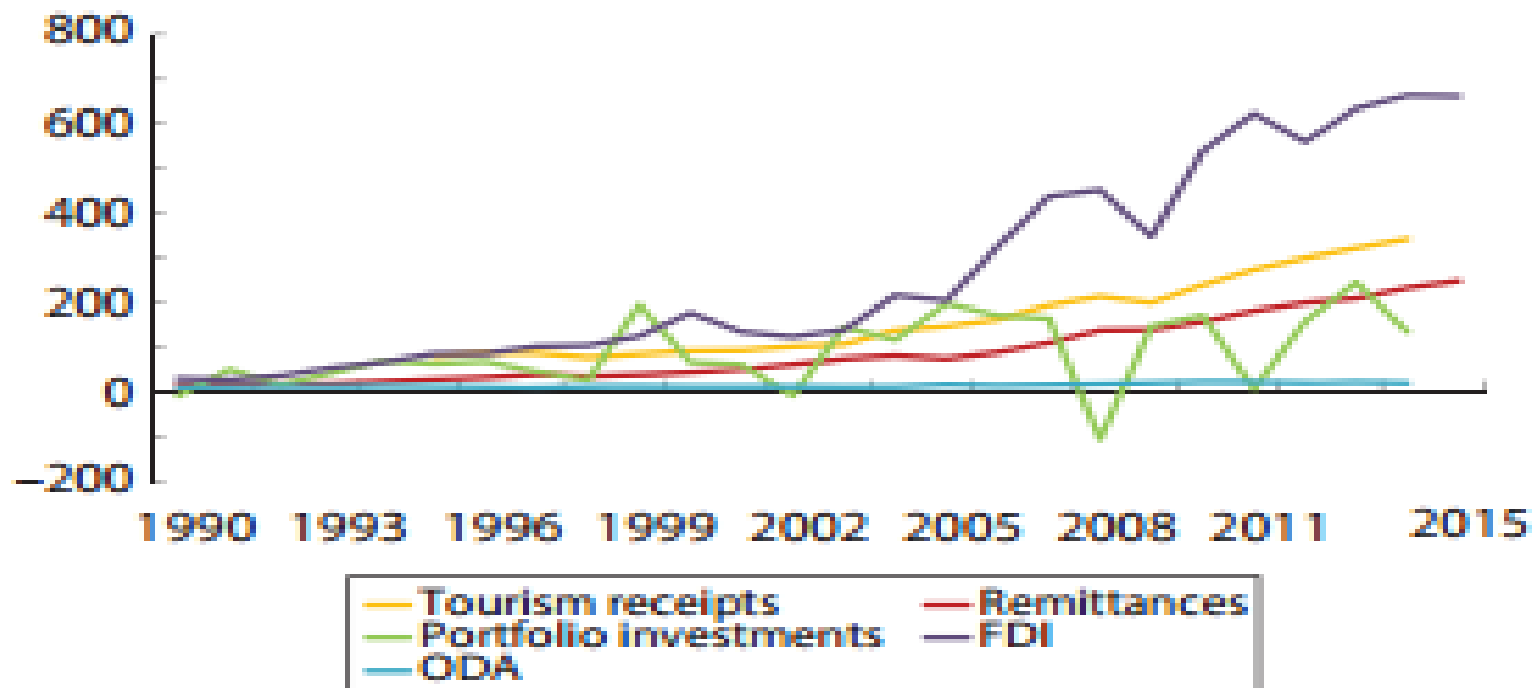
ROW = rest of the world.
 Note: Includes only migration stock greater than 20,000. Rendered in Cytoscape 3.2.1.
 Source: ADB calculations using data from Trends in International Migrant Stock, United Nations Department of Economic and Social Affairs.

Remittance Flows to DCs: Larger than ODA and More Stable than Private Capital Flows



Sources: World Bank Staff calculations, World Development Indicators, OECD. Private debt includes international bonds and borrowing through commercial banks.

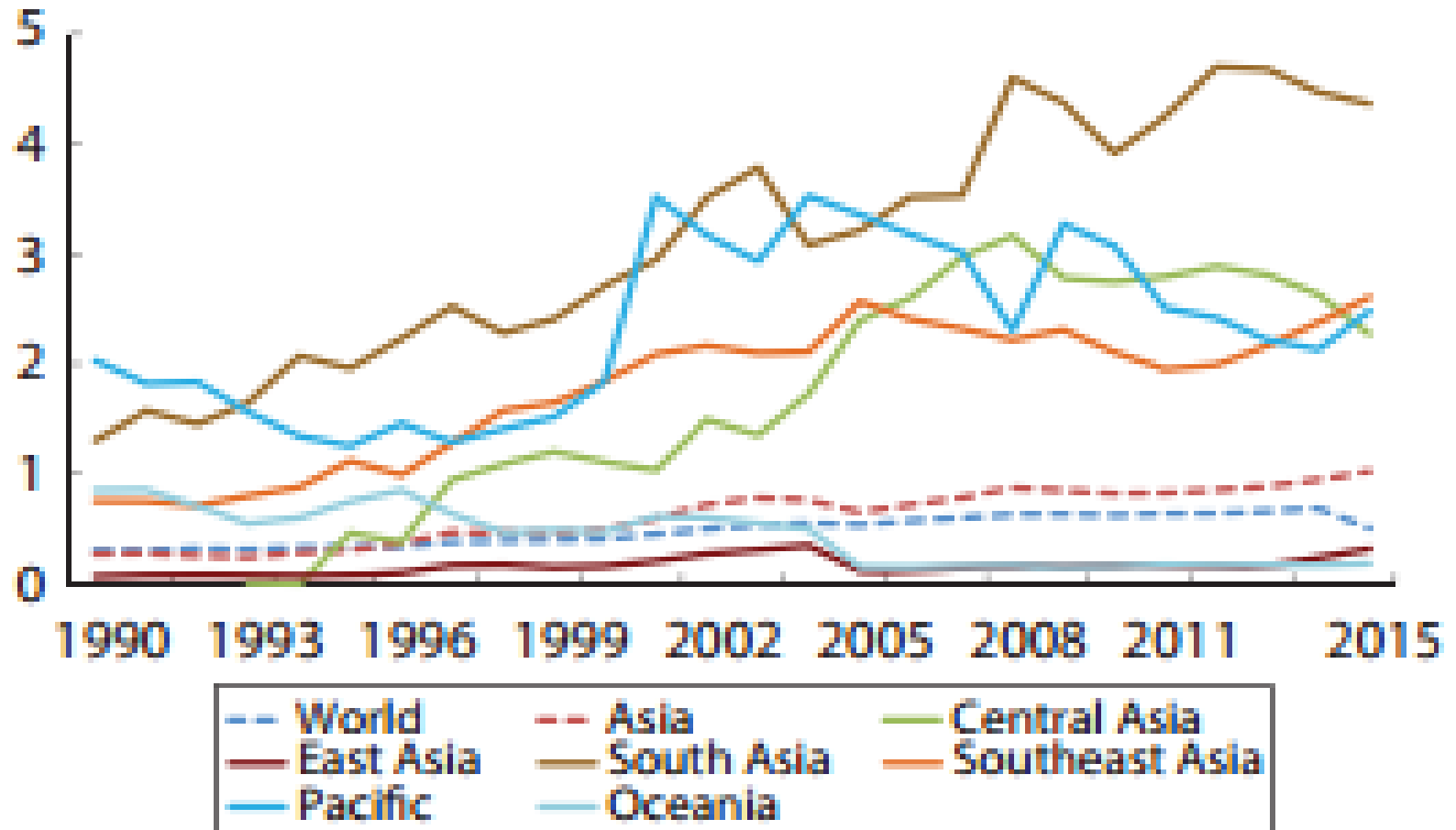
Remittance and other Financial Inflows to Asia (\$ billion)



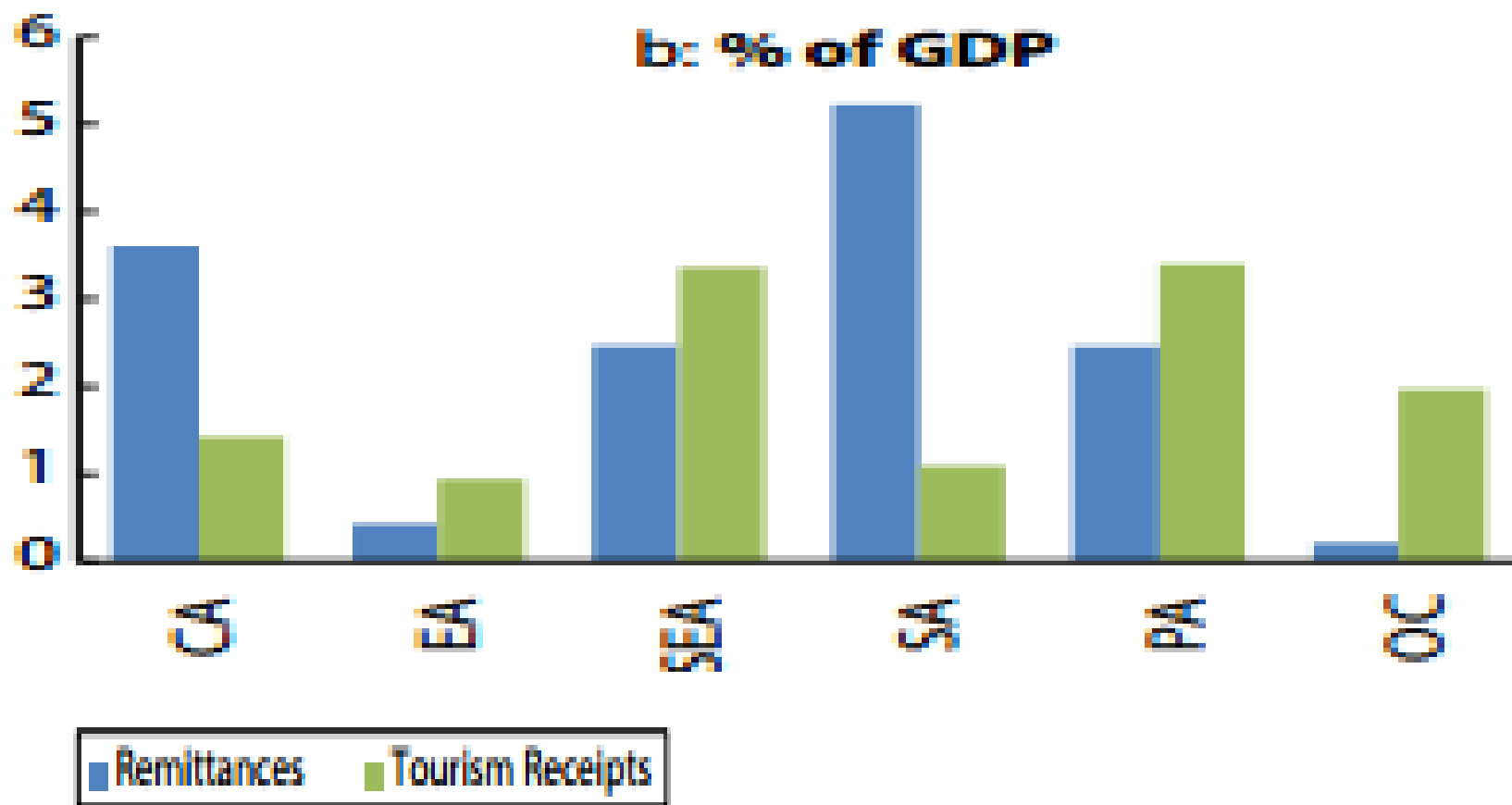
FDI = foreign direct investment; ODA = official development assistance.

Source: ADB calculations using data from World Bank, World Development Indicators. <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators> (accessed July 2016).

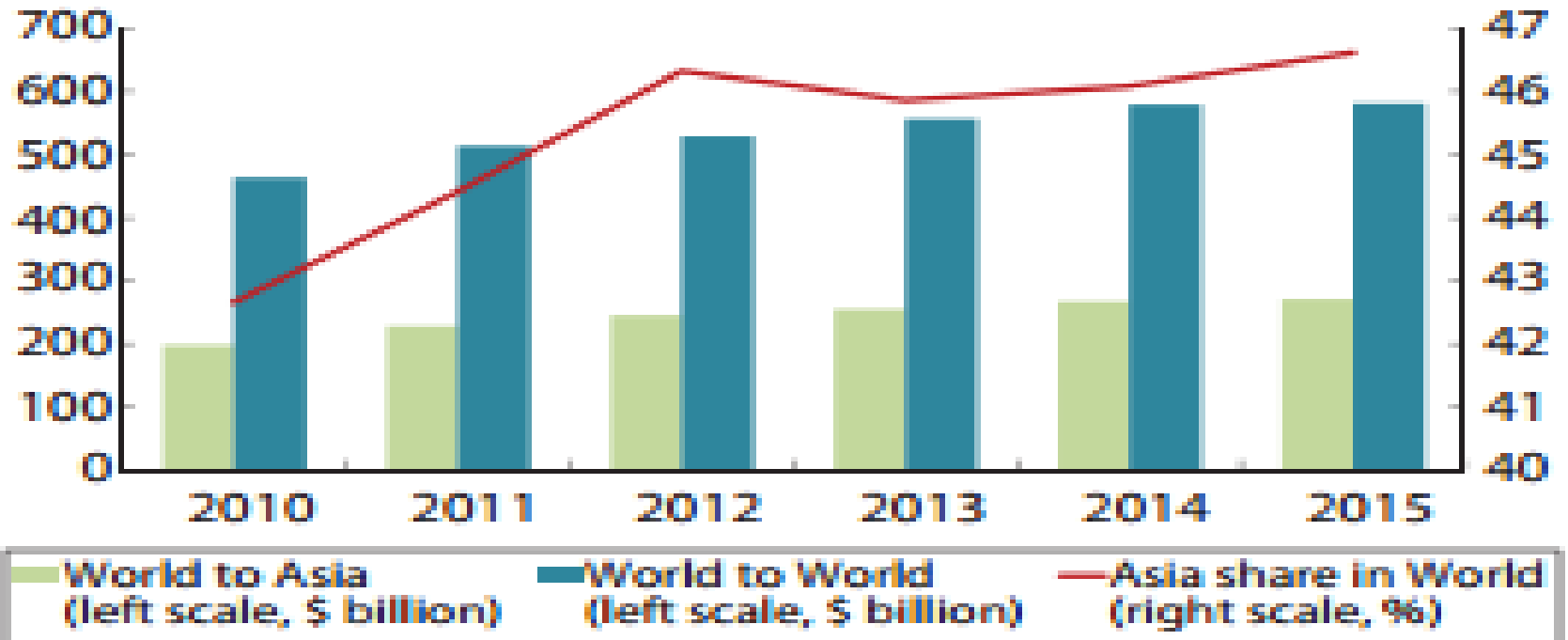
Remittance Inflows as % of GDP by regions



Remittances and Tourism Receipts (2013)



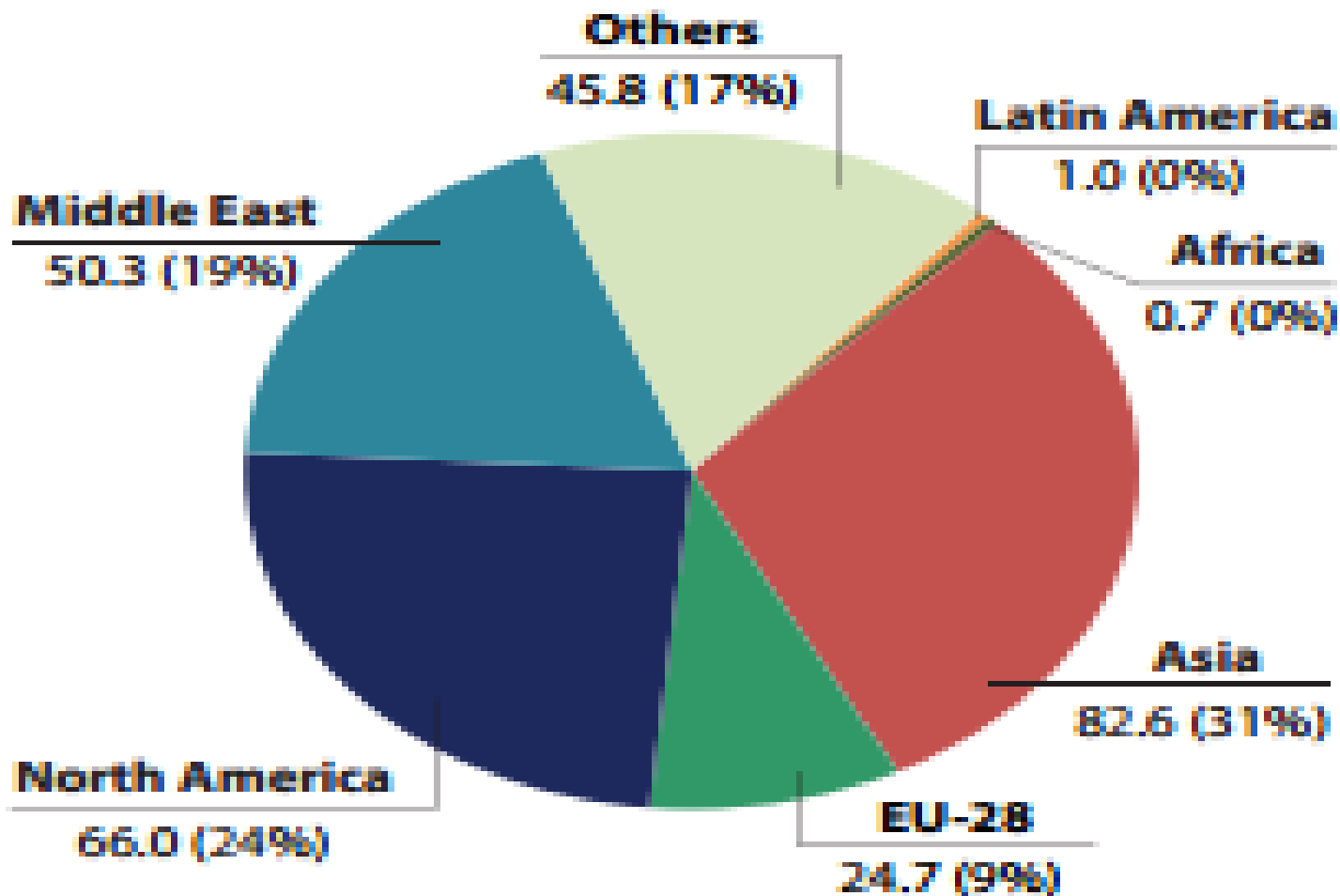
Remittance Inflows: Asia and World



Note: % share = (remittances inflows from world to Asia / total global remittances inflows) × 100

Source: ADB calculations using data from World Bank. World Bank Migration and Remittances Data. <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data> (accessed July 2016).

Remittance Inflows to Asia in 2015 by Source (\$ billion, % share)



Remittance Outlook

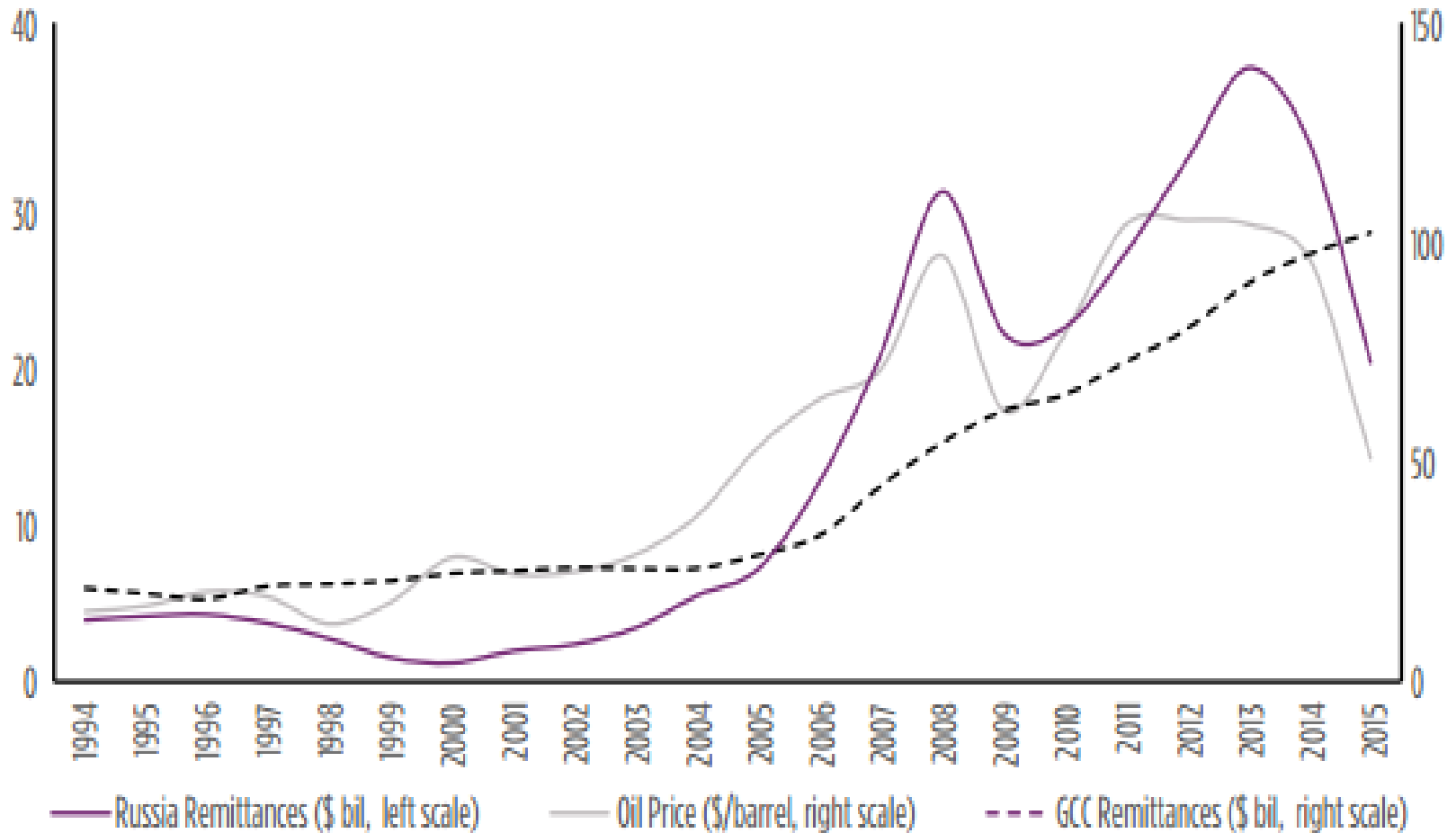
- Global remittances to all countries contracted by 1.7% in 2015.
- But remittances to DCs grew by 0.4 percent - the slowest since the global financial crisis.
- The flows to Europe and Central Asia contracted by 20% (struggling Russian economy and depreciation of the ruble).

Main reasons: low oil prices, economic weakness in the major remittance-sending countries, localization of jobs and other factors.

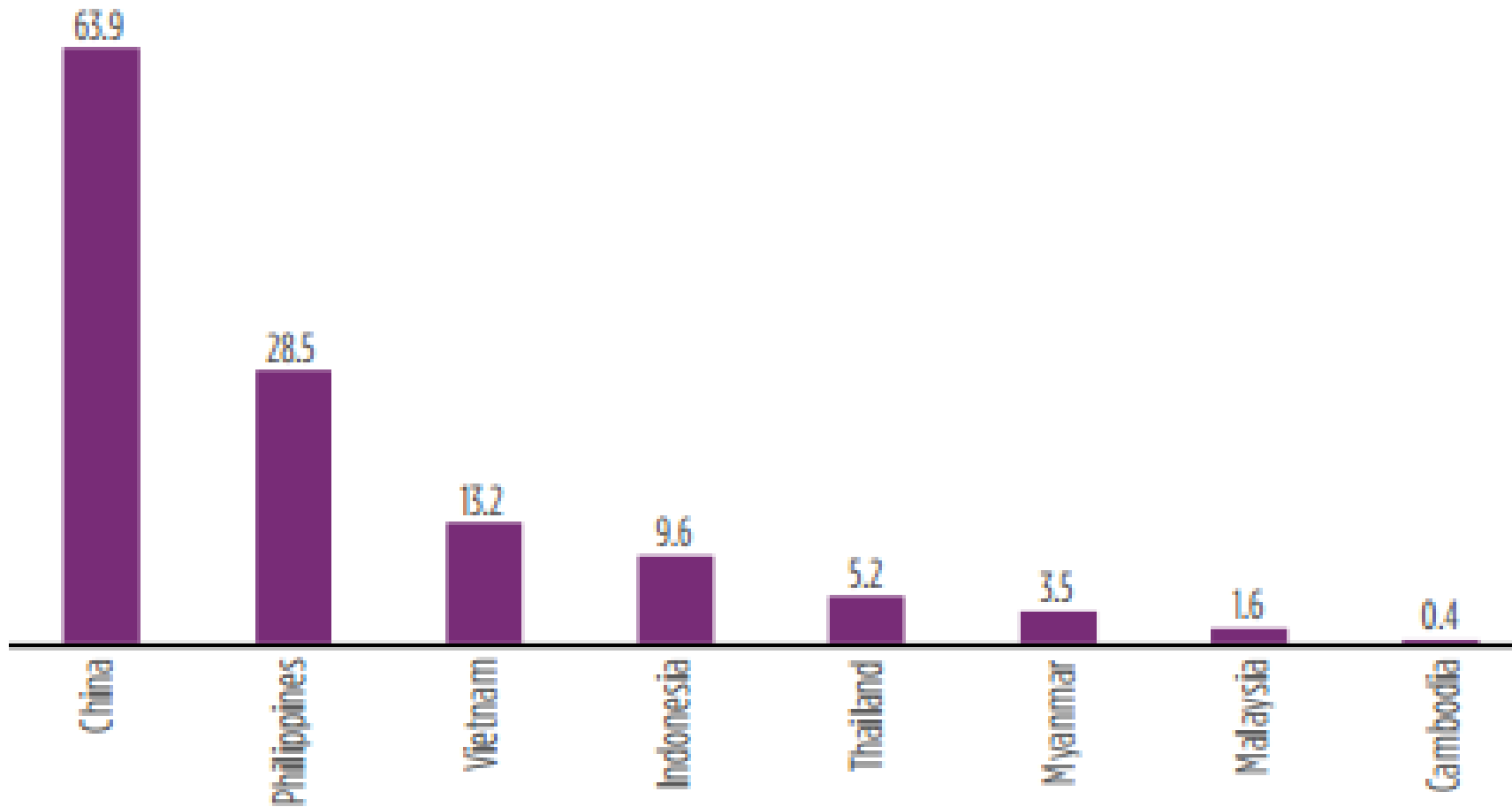
Expectation ...

- Remittance flows are expected to recover due to continued economic recovery in the US and EU, and stabilized oil prices and US dollar exchange rates.
- Low oil price will reduce remittances from Russia and the GCC.

Effects of Oil Price on Remittance Outflows: from Russia and GCC Countries



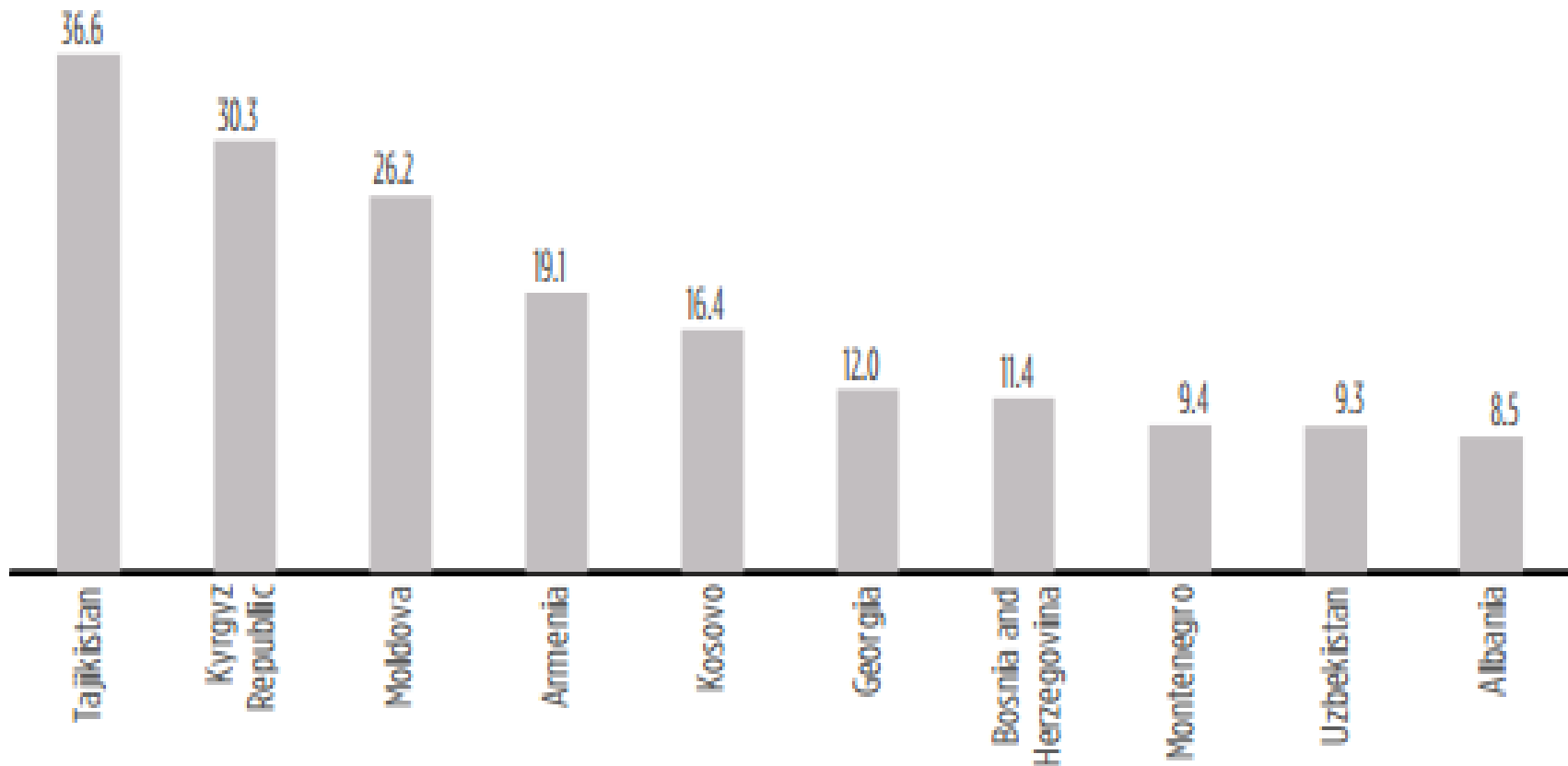
Top Remittances to the EAP Region



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

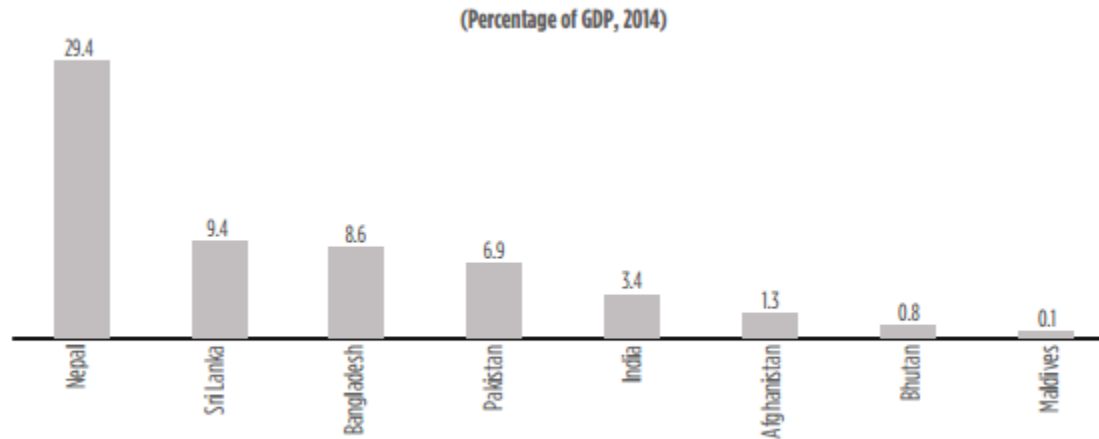
Some EU&CA Countries Depend Strongly on Remittances

(Percentage of GDP, 2014)



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

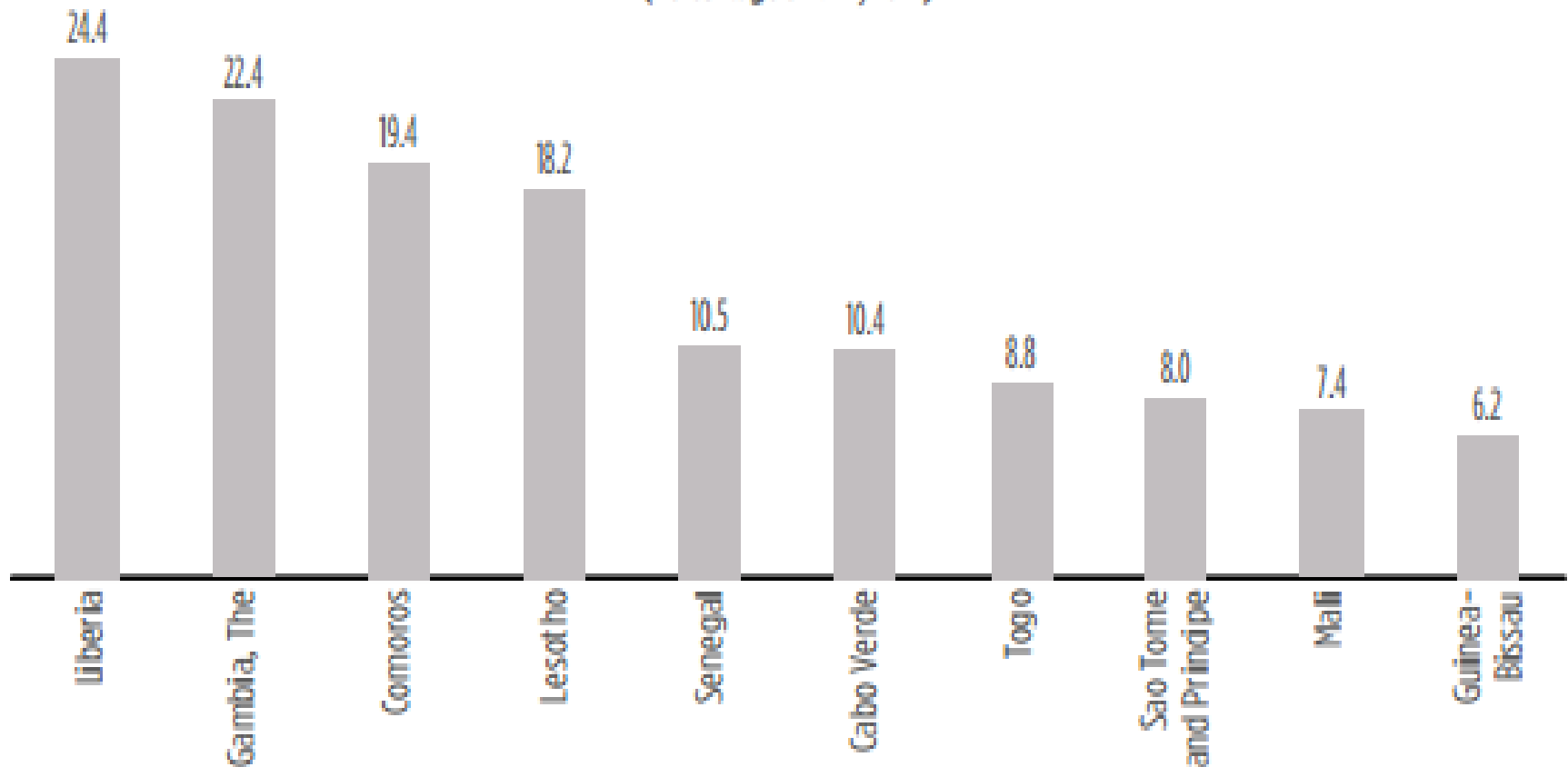
Also in South Asia



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

Some African Countries also Highly Dependent on Remittances

(Percentage of GDP, 2014)



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

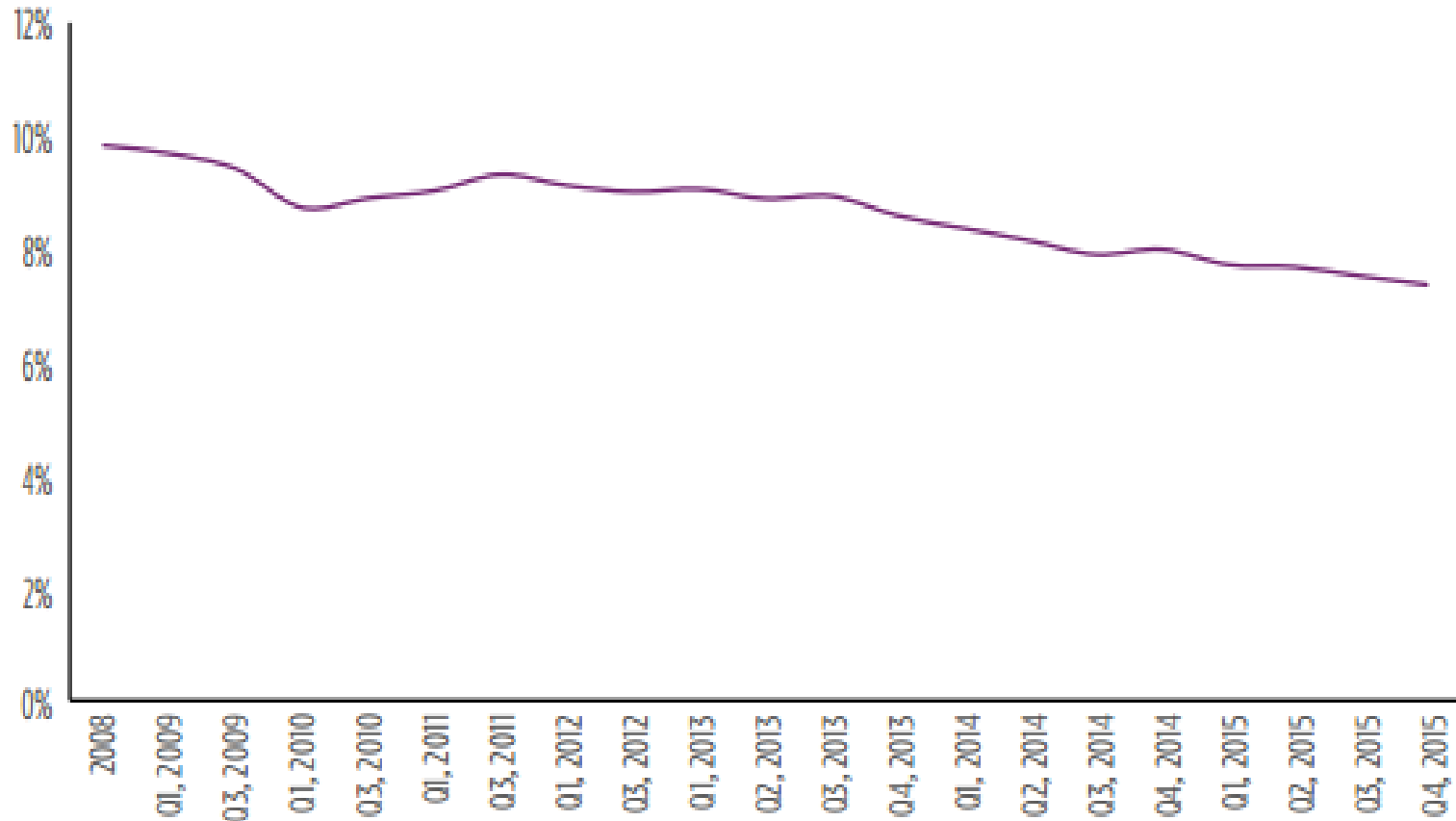
Remitting Patterns...

- The percentage of remitting migrants varies by region and countries (i.e. migrants from industrialized and western countries remit less than those from South East Asia, Russia or the Gulf countries)
- The amount sent also varies depending on income and family needs back home.
- The length of time remitting also varies from one to seven years.
- Migrants are predominantly low income with little access to the banking system, including having bank accounts.
- There is a positive correlation between remitting and owning bank accounts, as well as a correlation with investing in businesses back home.
- Significant share of remittance send through informal channels, which are often related to the infrastructure available to transfer flows to the home country, the regulatory environment in the home country restricting payments only to banking institutions, the amount of transfers, the extent of interdependence between the migrant's home and host countries, and the level of private sector competition across corridors.
- The cost of remitting ranges significantly from 2% to more than 10% depending on countries (Spain, Russia, US, Singapore , Hong Kong China, and Japan)
- Stricter regulation of remitting after September 11, 2001, that increased the cost.
- Percentage of families receiving remittances is higher than the percentage of migrant in the labor force.
- Strong gender dimension in the migration and even more so on the remittance that have gendered policy implications. More women participate in the migration and majority of remittance recipients are women.

Remitting cost...

- The global average cost of sending \$200 was about 7.4% in 2015, still above the earlier target of 5% (by 2015) and far from below 3% by 2030 (SDGs).
- Limiting exposure to money laundering and other financial crimes has made the closing of correspondent banking accounts of money transfer operators (MTO) of major international banks (e.g. over the past two years, 84 accounts of 32 Philippine remittance providers were closed by 33 foreign banks in 13 major remittance-sending countries. See BSP).
- Strict regulations and banking system cause informality of remitting.

Declining Cost of Sending \$200 remittance ...but still above 5% target and high from some countries



Source: Remittance Prices Worldwide, the World Bank.

Roles of Remittances

- Main source of foreign exchange to many developing countries.
- Supports countries' Balance of Payment position (i.e. most migrant sending countries running trade and current account deficits).
- Important and fairly stable source of income for migrants families.
- Increase expenditure on food, health care and education.
- Counter-cyclical and Pro-poor (see ADB Publications on BAN, INO, PAK, PHI, and VIE).

Key Policy Implications...

- Facilitate transparent and safe complete migration.
- Reduce remitting costs to attract more remittance including through formal channel.
- Increase the productive use of remittance.
- Improve domestic investment climate and develop industrialization to provide more domestic job opportunities.

More detailed policy challenges...

- Governments and the private sector should work together to create conducive environment.
- Maintain macroeconomic and overall stability.
- Reduce informality and remitting cost.
- Design financial remittance products that include promoting education and health services for migrants and diaspora as well as their family members.
- Provide technical assistances on financial and remittance literacy for migrants and their family.
- Facilitate financial intermediation projects for migrants and diaspora.
- Engage banking and other financial institutions to provide broad financial services specifically designed for migrants and diaspora.
- Support specific investment projects at home for migrants and diaspora.

Thank You !!!