

# MIGRATION AND REMITTANCES

Recent Developments and Outlook

## TRANSIT MIGRATION

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Migration and Development Brief reports an update on migration and remittance flows as well as salient policy developments in the area of international migration and development.

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Special Topic: Transit Migration



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# Summary

**T**his Migration and Development Brief reports global trends in migration and remittance flows, as well as developments related to the Global Compact on Migration (GCM), and the Sustainable Development Goal (SDG) indicators for volume of remittances as percentage of gross domestic product (GDP) (SDG indicator 17.3.2), reducing remittance costs (SDG indicator 10.c.1) and recruitment costs (SDG indicator 10.7.1). This Brief has a special focus on transit migration.

*Migration.* According to the United Nations, in 2017, the global stock of international migrants (including refugees) was an estimated 258 million. An augmented dataset, including new data from several countries as well as data from the Organisation for Economic Co-operation and Development (OECD) and the World Bank's Factbook, puts this estimate at 266 million.

In mid-2017, the number of refugees worldwide reached 18.5 million (about 7 percent of international migrants). While the European migration crisis appears to be past its peak, low- and middle-income countries (LMICs) continue to bear the brunt of forced displacement. Major receiving countries of refugees during the first six months of 2017 included Uganda, Turkey, Germany, Sudan, the Democratic Republic of Congo, and Ethiopia. In Sub-Saharan Africa, major refugee and internal displacement hotspots included the Central African Republic, the Democratic Republic of Congo, South Sudan, and Nigeria. Bangladesh has emerged as a new hotspot owing to an influx of nearly a million Rohingya refugees. Economic distress migration from Venezuela is overwhelming Brazil and Colombia, as well as other countries in Latin America.

*Remittance trends.* After two consecutive years of decline, remittance flows to LMICs increased in 2017 by 8.5 percent, rising to \$466 billion. Globally, remittances reached

\$613 billion. Remittance flows rebounded in all regions in 2017: in Europe and Central Asia by 20.9 percent, in Sub-Saharan Africa by 11.4 percent, in the Middle East and North Africa by 9.3 percent, in Latin America and the Caribbean by 8.7 percent, in East Asia and the Pacific by 5.8 percent, and in South Asia by 5.8 percent. The trend is expected to continue in 2018, with remittance flows to LMICs growing an estimated 4.1 percent to reach \$485 billion.

The rebound of remittance flows is driven by economic growth in the European Union (EU), the Russian Federation, and the United States, alongside a firming up of oil prices and (the valuation effects of) a strengthening of the euro and the ruble against the U.S. dollar. However, long-term risks remain. In many remittance-source countries, antiimmigration sentiments are on the rise. Immigration policies are becoming stricter. Also, structural constraints, such as the de-risking behavior of international correspondent banks and increased regulatory burdens on money transfer operators, continue to hinder the growth of formal remittances.

*Remittance costs.* The global average cost of sending remittances has remained nearly stagnant, standing at 7.1 percent in the first quarter of 2018, more than twice the SDG target of 3 percent. Factors contributing to high costs include de-risking measures taken by commercial banks and exclusive partnerships between national post office systems and a single money transfer operator. These factors are constraining the introduction of cheaper and more efficient technologies—such as Internet and smartphone apps, and blockchain—in remittance services. In two recent reports, the Financial Stability Board (FSB) found that banks still perceive the remittance sector as high risk, and that the closing of bank accounts continued into the first half of 2017. The reports recommended (i) better dialogue between stakeholders and better practices in the remittance sector; (ii) improved implementation of international standards and

oversight of the remittance sector; (iii) use of innovation to facilitate remittance firms' access to banking services; and (iv) technical assistance related to remittances.

*Recruitment costs.* Analysis of migration cost surveys carried out jointly by the Global Knowledge Partnership on Migration and Development (KNOMAD) and the International Labour Organization (ILO) shows that the recruitment cost indicator (RCI)—that is, the recruitment fees that workers pay to secure an overseas job, expressed as a multiple of monthly foreign earnings—tends to be higher for relatively low-income migrant workers. Also, migrants incurring a high RCI receive less income than what was contractually promised, are more likely to be paid irregularly, and are less likely to be compensated when injured on the job. Thus, vulnerable migrants experience both higher costs and more adverse working conditions. Efforts to reduce recruitment costs would require better monitoring of recruitment agents (and subagents) and facilitating direct recruitment by certified, bona fide overseas employers.

*Transit migration.* The major transit routes in the world appear to be (i) Sub-Saharan Africa to North Africa to Europe; (ii) West Asia/South Asia to Turkey to Europe; (iii) Central America to Mexico to the United States; and (iv) West Asia-Thailand/Malaysia/Indonesia to Australia. Not all migrants and asylum seekers desire to go to Europe or North America or Australia. Transit migration is driven by the same drivers of voluntary or forced migration; only, transit migrants must transit through third countries because of immigration and border controls in the final destination country. The transit country is chosen based on the relative ease of entering the country and securing passage to the final destination.

Transit migration has limited positive impacts and creates few winners. It can benefit those transit migrants escaping from poverty or persecution, and it can benefit local economies, but transit migrants generally do not have the means to send remittances back home. They may compete for jobs and access to health and public services in the transit country. From the perspective of the final destination country, transit migration may slow down the arrival of migrants, but can also erode that country's ability to control its national borders at significant financial and reputational costs. From the perspective of the transit country—almost always an LMIC—transit migration puts pressure on already limited public resources.

Addressing the adverse drivers of transit migration would involve policy efforts to create economic opportunities and reduce conflict and fragility in migrants' countries of origin. Opening more legal channels for migration to destination countries would also help reduce transit migration. Collaborative efforts among the origin country, the transit country, and the final destination country to control transit migration, however, should not violate free (intra-regional) movement of people under regional protocols. Respecting the human rights of transit migrants remains a policy priority. In situations where transit migrants stay on for protracted periods, there may be a need to provide access to education and health services, as well as to labor markets. For their part, origin countries need to empower embassies in transit countries to assist their nationals. Multilateral agencies can help the global community through the collection of data and also analytical and technical assistance in addressing the drivers of transit migration. They can also act as honest brokers to facilitate collaboration among the concerned parties. Multilateral development banks can also provide innovative financing solutions to transit countries.

*Global Compact on Migration.* The Global Compact on Migration (GCM)—a global agreement being negotiated by over 200 countries—lists 22 objectives to promote safe, orderly, and regular migration. Notably, the GCM also covers migration induced by environmental change, especially displacement due to natural disasters. But it will need to address the challenges that migration poses to nonmigrants: maintaining national identity in the face of large immigration flows, perceived (and actual) job competition impacting native workers in host countries, and the difficulties faced by family members of migrants who are left behind in the country of origin.

Currently, under negotiation for final adoption in December 2018, the global compact proposes three International Migration Review Forums in 2022, 2026, and 2030. The World Bank Group stands ready to contribute to the review, evaluation, and formulation of relevant policies, and to associated data collection and knowledge sharing efforts. The GCM's chances of success would improve if its objectives were formalized on the basis of existing international, regional, and bilateral agreements. A stocktaking of such agreements for each of the GCM objectives is an essential next step. Operationalization of the GCM will also involve a mapping



of institutions and their missions and capabilities. A high probability of larger than anticipated movements of people in the coming decades lends a greater sense of urgency to member states to adopt and implement the GCM.

\* \* \*

This Brief was prepared by Dilip Ratha, Supriyo De, Kirsten Schuettler, Ganesh Seshan, and Nadege Desiree Yameogo of the Migration and Remittances Unit of the Jobs Group, Social Protection, and Jobs Global Practice; Sonia Plaza of the Finance, Competitiveness, and Innovation Global Practice; and Eung Ju Kim of the Development Prospects Group of the World Bank. Inputs on transit migration were provided by Maria Davalos and Mohammed Abdel Jelil of the Poverty Global Practice, World Bank. Ismael Issifou and

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# Migration and Remittances: Recent Developments and Outlook



# 1. Trends in Global Remittance Flows

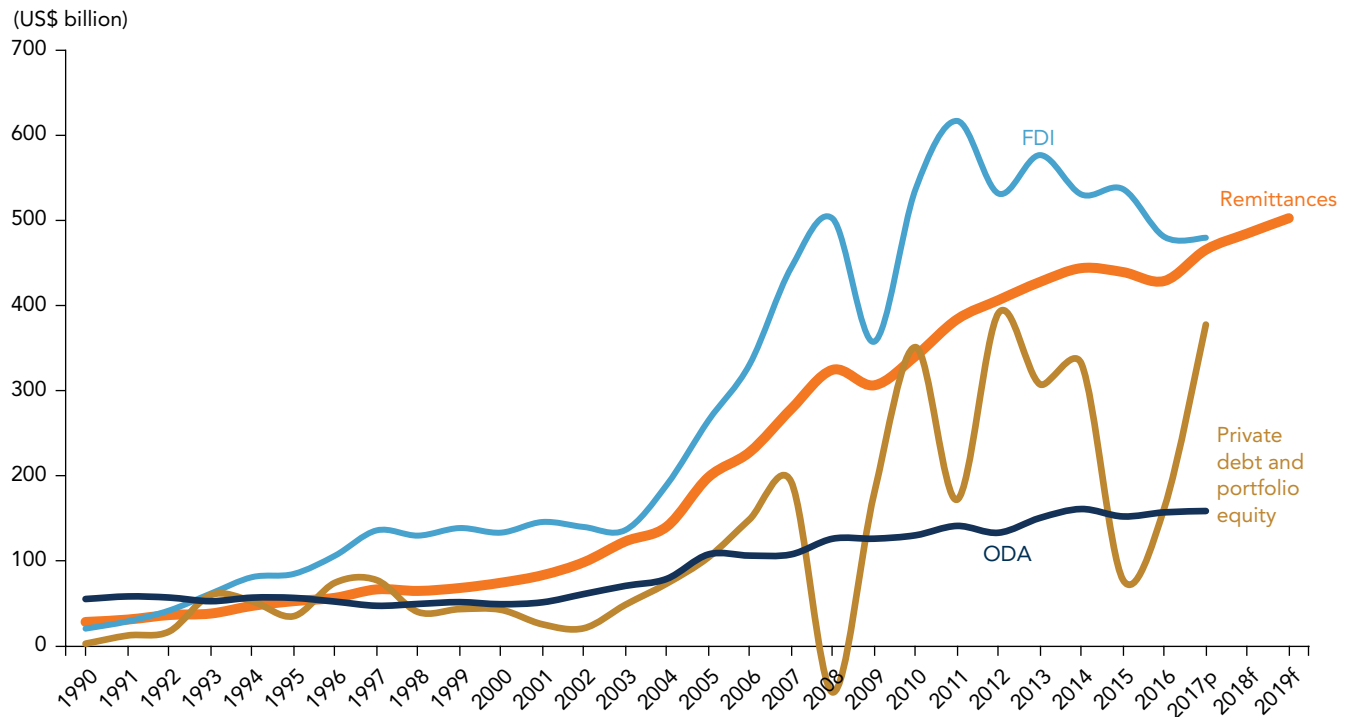
## 1.1 Remittances Rebounded to a Record Level in 2017

After two consecutive years of decline, remittance flows to low- and middle-income countries (LMICs) increased by an estimated 8.5 percent in 2017, to reach \$466 billion, a new record (table 1.1). Remittances are now more than three times the size of official development assistance (figure 1.1). Excluding China, remittance flows are also significantly larger than foreign direct investment (FDI) in LMICs. Remittances are relatively more stable than cyclical private debt and

equity flows. These figures reflect only officially recorded data; the true size of remittances, including flows through informal channels, is significantly larger.

The recovery of remittance flows in 2017 is significantly stronger than the expectations set out six months ago in the *Migration and Development Brief 28*. Remittances were larger than expected in Europe and Central Asia, Sub-Saharan Africa, and the Middle East and North Africa, driven by a cyclical economic upturn observed in Europe, the Russian Federation, and the United States,<sup>1</sup> and related to exchange rate movements. The valuation effects of a

**FIGURE 1.1** Remittance flows to low- and middle-income countries are larger than official development assistance and more stable than private capital flows, 1990–2019



Sources: World Bank staff estimates; World Development Indicators.

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

**TABLE 1.1** Estimates and projections of remittance flows to low- and middle-income regions

	2010	2014	2015	2016	2017p	2018f	2019f
	(\$ billions)						
<b>Low and middle income</b>	<b>341</b>	<b>444</b>	<b>440</b>	<b>429</b>	<b>466</b>	<b>485</b>	<b>503</b>
East Asia and Pacific	96	121	126	123	130	135	140
Europe and Central Asia	38	52	41	40	48	51	53
Latin America and Caribbean	57	65	68	74	80	83	87
Middle-East and North Africa	39	54	51	49	53	56	57
South Asia	82	116	118	110	117	120	123
Sub-Saharan Africa	30	37	36	34	38	41	43
<b>World</b>	<b>468</b>	<b>598</b>	<b>582</b>	<b>573</b>	<b>613</b>	<b>642</b>	<b>667</b>
<i>Memo item:</i>							
Developing countries (FY 2016 income classification)*	335	436	432	422	457	475	493
	(Growth rate, percent)						
<b>Low and middle income</b>	<b>11.2</b>	<b>3.8</b>	<b>-1.0</b>	<b>-2.4</b>	<b>8.5</b>	<b>4.1</b>	<b>3.7</b>
East Asia and Pacific	19.4	4.9	3.9	-2.6	5.8	3.8	3.6
Europe and Central Asia	4.9	-5.2	-21.6	-2.4	20.9	6.0	4.8
Latin America and Caribbean	2.6	4.9	6.1	7.5	8.7	4.3	4.2
Middle-East and North Africa	18.2	7.2	-5.3	-4.8	9.3	4.4	3.3
South Asia	9.4	4.5	1.5	-6.1	5.8	2.5	2.6
Sub-Saharan Africa	9.7	5.0	-2.5	-4.6	11.4	7.0	5.6
<b>World</b>	<b>8.4</b>	<b>3.7</b>	<b>-2.6</b>	<b>-1.5</b>	<b>7.0</b>	<b>4.6</b>	<b>3.9</b>

Source: World Bank. See appendix A in World Bank (2017b) for data and forecast methods.

Note: p = provisional; f = forecast.

\* *Previous income classification:* This group excludes Equatorial Guinea; the Russian Federation; República Bolivariana de Venezuela; and Argentina, which were classified as high-income countries earlier. These countries are included in the group of low- and middle-income countries in the table. See appendix A in World Bank 2017b for data and forecast methods.

stronger euro and a stronger ruble against the U.S. dollar further accentuated the growth of remittances in U.S. dollar terms. These effects more than compensated for the dampening of outbound remittance flows from the Gulf Cooperation Council (GCC) countries, in particular Saudi Arabia, due to fiscal tightening and policies discouraging the recruitment of foreign workers. (Greater details are given in the later section, Regional Trends in Migration and Remittance Flows.)

Provisional estimates indicate that remittance flows to Europe and Central Asia grew by 20.9 percent in 2017 (in U.S. dollar terms), after three consecutive years of decline. Compared with 2016, in the first three quarters of 2017, the Russian ruble appreciated against the U.S. dollar (from Rub 68 to Rub 58 per dollar). As a result, outbound remittances from Russia (the main source of remittances to Central Asian countries) increased by 5 percent in ruble terms, and 21 percent in U.S. dollar terms (figure 1.2). The inverse relationship between a depreciation of the ruble against the

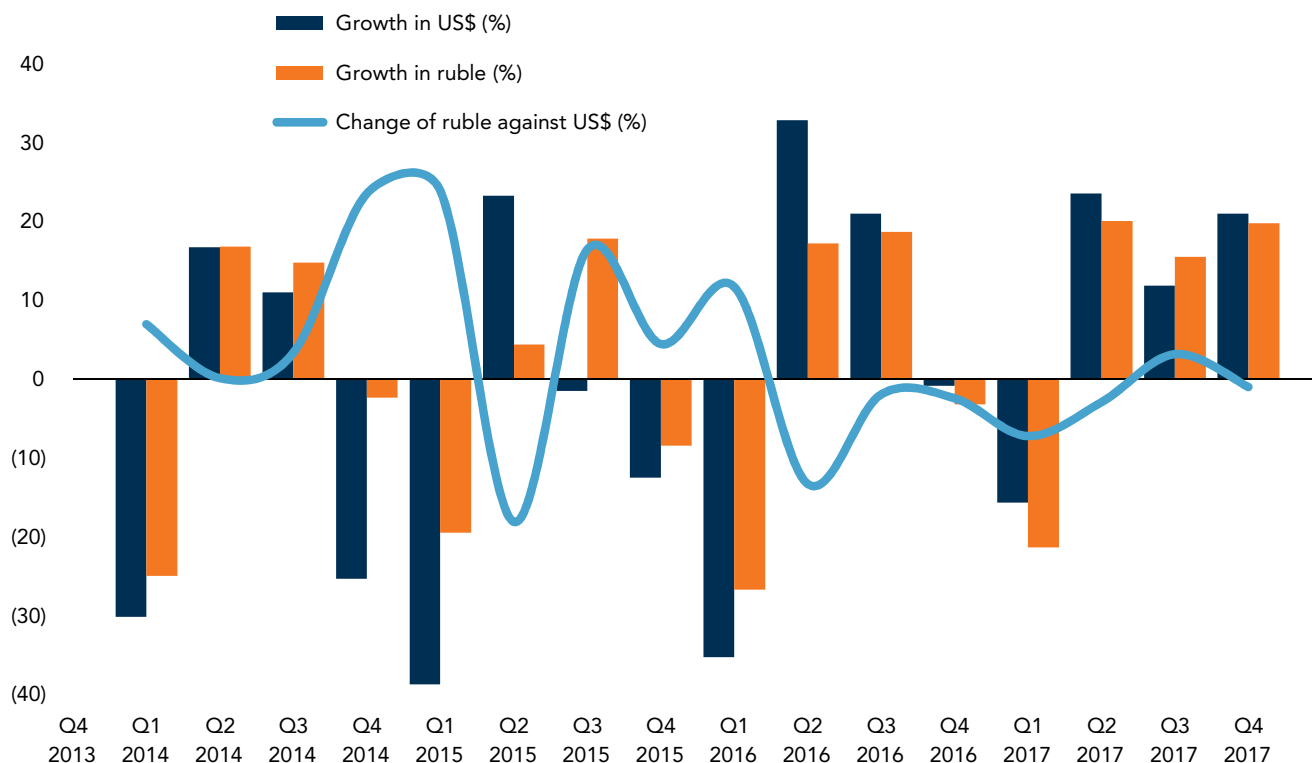
U.S. dollar and the difference between U.S. dollar- and ruble-denominated remittances is evident in the quarterly data since 2010.

In 2017, the top remittance receiving countries—in dollar terms—were India, China, the Philippines, Mexico, Nigeria, and Egypt (figure 1.3). As a share of gross domestic product (GDP) for 2017, the top recipients were smaller countries—the Kyrgyz Republic, Tonga, Tajikistan, Haiti, Nepal, and Liberia.

## 1.2 Outlook for Remittances, 2018–20

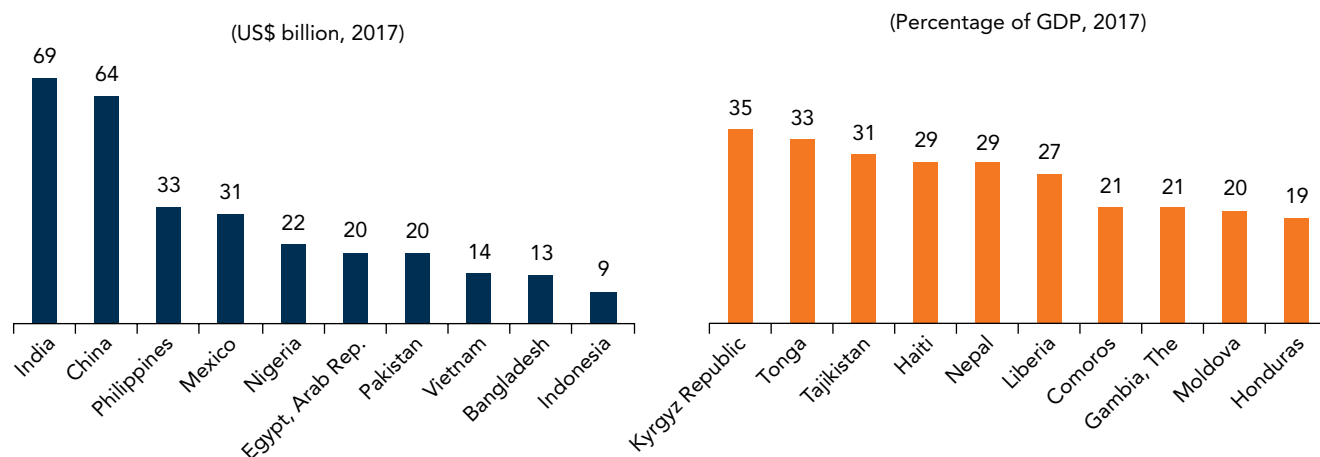
The methodology used here to forecast remittance flows—a process that is largely dependent on the global economic outlook—is outlined elsewhere (see World Bank 2017b, appendix A). It is worth noting that economic growth in remittance-source countries of the global South (for

**FIGURE 1.2** Exchange rate effects: outbound remittances from the Russian Federation, 2014–17



Source: IMF International Financial Statistics and Balance of Payments; World Bank staff estimates based on data from the Central Bank of the Russian Federation.

**FIGURE 1.3** Top remittance receivers in 2017



Sources: International Monetary Fund; World Development Indicators; World Bank staff estimates.

Note: The top recipient countries include several high-income countries such as France and Germany (not shown in the figure), but as a share of GDP, remittance flows to these countries are negligible. GDP = gross domestic product.

example, Côte d'Ivoire, India, Malaysia, Russia, South Africa) impacts the flow of remittances, as does the growth of top migrant destinations in the global North.

The current, accelerated pace of global economic growth may continue due to a cyclical recovery in global manufacturing and investment, propelled by trade in goods. This is likely to hold if commodity prices remain steady, and global financial conditions remain supportive despite some tightening in monetary policy (World Bank, 2018a). The growth of advanced economies in 2018 is likely to continue at the same accelerated pace experienced in 2017. Growth picked up in the United States in 2017, helped by the broad-based strength of domestic demand, and the solid advance is expected to continue into 2018. In the euro area, growth picked up as well in 2017 and has remained strong thus far into 2018, supported by robust consumer demand, strengthening investment, and improved flow of bank credit. Russia's growth recovered in 2017. Growth in the Europe and Central Asia region, as a whole, continues to benefit from better-than-expected growth in the euro area. Growth in the Middle East and North Africa is likely to advance, thanks to an easing fiscal stance and stronger non-oil sector momentum. Latin America saw a pickup in growth supported by a cyclical recovery in Brazil and improving conditions in Chile, Colombia, and Peru. Developing East Asian countries' growth is set to moderate in 2018 after accelerating in 2017, supported by robust domestic demand. Robust growth in South Asia mainly reflects strengthening growth in India as the effects of temporary policy driven disruptions (demonetization and a new tax on goods and services) fade. Regional growth in Sub-Saharan Africa is also expected to increase in 2018, reflecting continued recovery in Nigeria and South Africa and steady growth in the rest of the region.

Consistent with this global growth pattern, remittances to LMICs are expected to grow at about 4.1 percent in 2018, to \$485 billion (table 1.1). However, there are *downside risks* to this outlook. Policy uncertainty and geopolitical risk, increased restrictions on trade, and a sharper than expected slowdown in potential growth may derail global growth. Moreover, no solutions are yet in sight for the difficulties posed by the de-risking practices of correspondent banks. Also, remittance flows are vulnerable to downside risks from spreading anti-migration sentiments and restrictive migration policies in most of the remittance-source countries in North America, Europe, Russia, and the GCC. The United States, for example, has announced a termination of the Temporary Protected Status (TPS) for migrants from El Salvador, Haiti,

and Nicaragua, which over time would reduce remittance flows from the United States to these countries (Smith 2018; CMS 2017). Some countries (for example, Kuwait) are considering a tax on outbound remittances, which could not only dampen remittance flows, but also encourage flows through informal channels.<sup>2</sup>

### 1.3 Trends in the Costs of Remittances (SDG Indicator 10.c.1)

According to the World Bank's Remittance Prices Worldwide Database, the cost of sending money to LMICs remained flat at 7.1 percent in the first quarter of 2018 (figure 1.4). This is well above the Sustainable Development Goal target of 3 percent sought to be attained by 2030 (SDG 10.c). The cost in South Asia was the lowest, at 5.2 percent, while Sub-Saharan Africa continued to have the highest average cost, at 9.4 percent (figure 1.5; see World Bank [2018b] for details). Remittance costs across many African corridors and small islands in the Pacific remain above 10 percent, because of the low volumes of formal flows, inadequate penetration of new technologies, and lack of a competitive market environment.

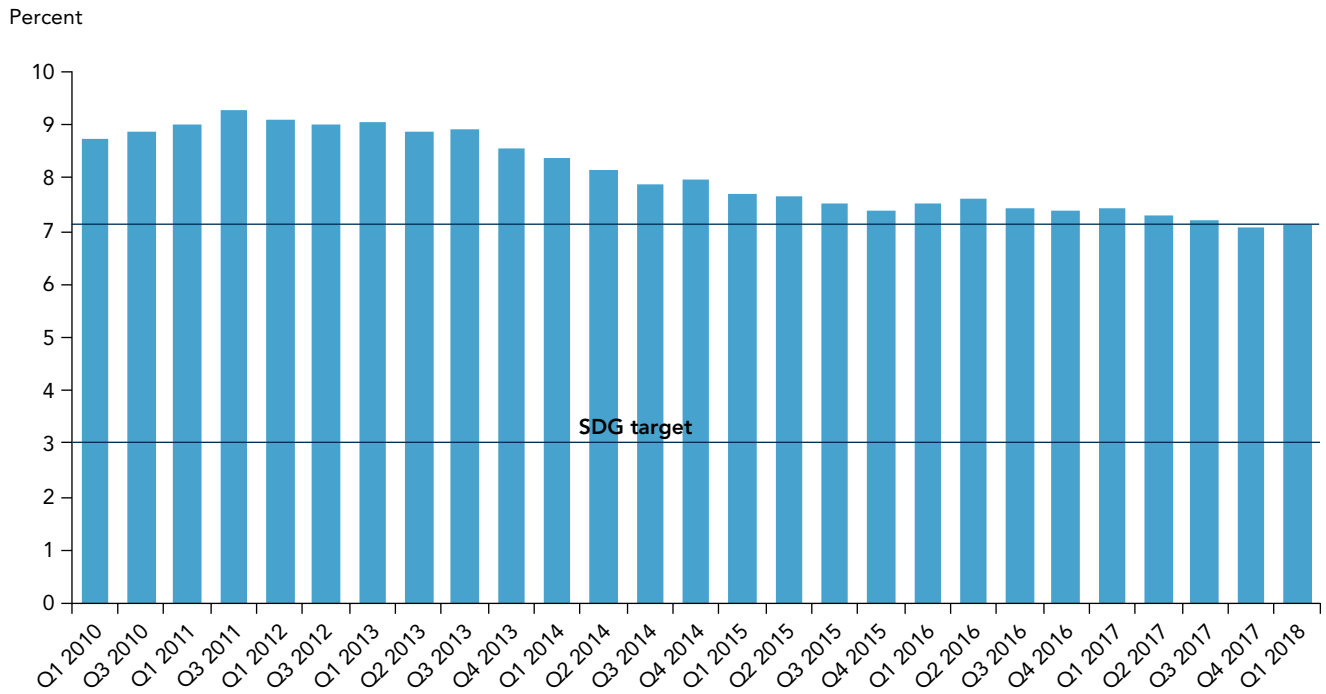
### 1.4 De-risking by Commercial Banks Continues to Impact Remittance Costs

During the past four years, commercial banks have been "de-risking," and this includes closing the bank accounts of customers in countries or sectors deemed to pose a high risk of money laundering or terrorist financing. In response to increasing international concern regarding the effects of de-risking on remittance flows, the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system, coordinated a four-point action plan on correspondent banking. The FSB presented two reports at the March 2018 G-20 Finance Ministers and Central Bank Governors meeting (FSB 2018a, 2018b), and outlined the following points.

*Risk factors.* Banks still perceive the remittance sector as high risk. The risk factors of remittance service providers (RSPs) include that the majority of operations are cash transactions; destinations include high-risk jurisdictions (where there is violent conflict, including terrorism, and/or government



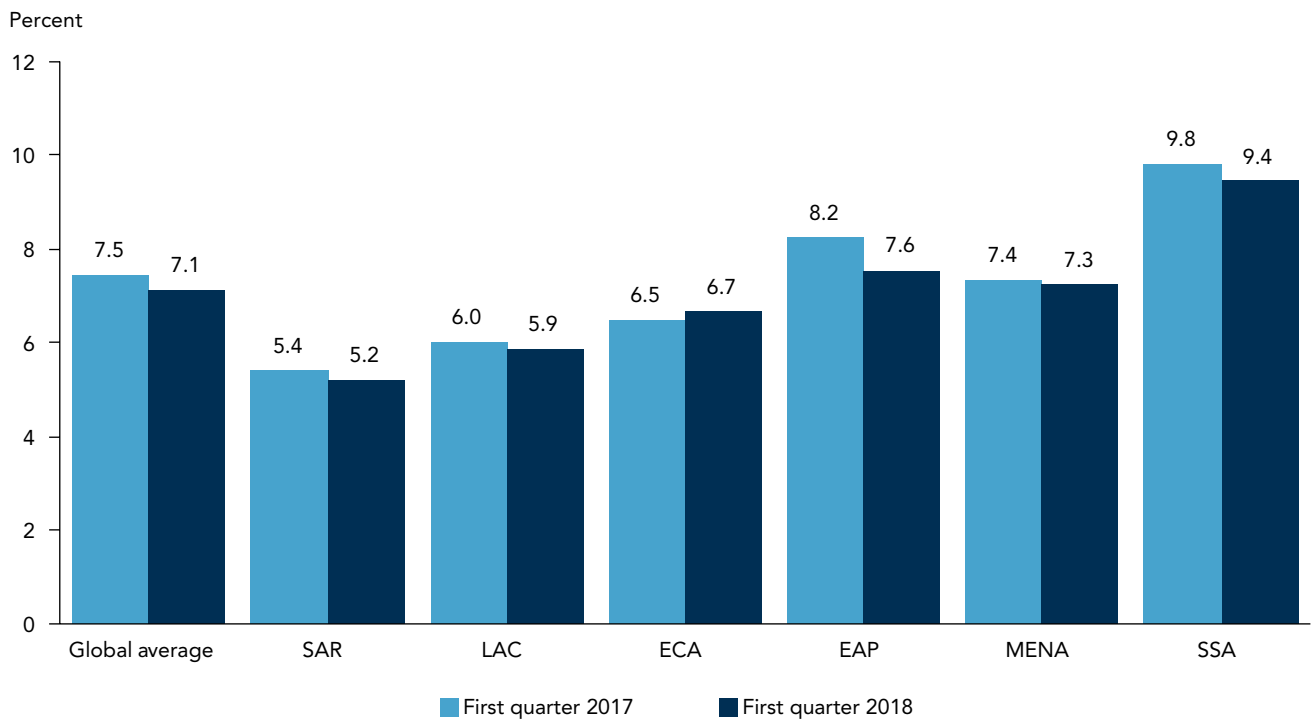
**FIGURE 1.4** The cost of sending \$200



Source: World Bank 2018b.

Note: SDG = Sustainable Development Goal.

**FIGURE 1.5** How much does it cost to send \$200? A comparison of global regions in 2017 and 2018



Source: World Bank 2018b.

Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

oversight is weak or lacking); and operations are conducted through agents (which makes it difficult to implement the “know your customer” norms). In general, banks consider RSPs as entities that do not have adequate controls, do not implement the adequate customer due diligence, and lack the capacity to comply with AML/CFT regulations. But, importantly, the banking sector applies risk-based approach to the entire remittance sector and does not differentiate individual remittance service providers. As a result, RSPs who have good control systems may not get access to correspondent banking.

*Supervision and compliance.* While many countries have the basic legal framework for RSPs, the supervision of RSPs (and in particular, of agents) remains weak. For example, the implementation of the framework and data collection is frequently lacking. Many jurisdictions appear to have taken few or no enforcement actions against noncompliant providers or agents, and some do not examine RSPs for compliance. Also, licensing and registration processes require improvement, as do the data collection efforts that would enable monitoring.

The progress report on correspondent banking highlights that the average number of active corridors per country (that is, of direct transfers to and from other countries, measured by the flow of Society for Worldwide Interbank Financial Telecommunication [SWIFT] messages) increased in the first half of 2017 in Oceania, Eastern Europe, and North America, while it declined in the rest of Europe and Asia, and in all other major world regions.<sup>3</sup>

The report includes 19 recommendations related to the following topics: (i) promoting dialogue and communication between the banking and remittance sectors, (ii) international standards and oversight of the remittance sector,<sup>4</sup> (iii) the use of innovation, and (iv) technical assistance in remittance-related efforts.

## 1.5 Cryptocurrencies and Blockchain

Even as cross-border money transfers are dominated by cash transactions, the use of the Internet and mobile phone technology has grown in recent years.<sup>5</sup> More recently, remittance market players have shown growing interest in exploring the use of cryptocurrency (CC) and blockchain technologies (hereafter, simply *blockchain*) for value transfers and customer ID verification.

Cryptocurrencies are digital or virtual currencies that use an open, decentralized cryptography system to control the creation of additional units and to secure and verify their transactions. Cryptocurrencies can be used as a medium of exchange to purchase certain goods and services or as an investment. Bitcoin, launched in early 2009, is the first and largest cryptocurrency, with a market capitalization of \$115 billion—representing about 44 percent of the total market—and about 17 million units in circulation (capped at 21 million). Since then, numerous other cryptocurrencies have been created (over 1,500) with market capitalizations reaching approximately \$258 billion (table 1.2) in April 2018. The pace of cryptocurrency development was especially rapid in 2017, when more than \$2 billion was raised through initial coin offerings (ICOs)—that is, the public sale of an initial batch of cryptographic tokens—representing a huge increase from the \$295 million raised in 2014–16.<sup>6</sup> About 50 ICOs took place each month in 2017, fueling the general enthusiasm around cryptocurrencies.

The majority of cryptocurrencies have been used for investing or speculating, with transactions being dominated by individuals.<sup>7</sup> However, initiatives to accept cryptocurrency in the real (as against the virtual) economy are still nascent, due mainly to the units’ high volatility as currency measures. The year 2017 also saw a drastic increase in cryptocurrency prices,

**TABLE 1.2** Top 10 cryptocurrencies by market capitalization

Rank	Cryptocurrency name	Market capitalization (\$ billion)	Share of total market capitalization (%)
1	Bitcoin	114.6	44
2	Ethereum	39.2	15
3	Ripple	19.0	7
4	Bitcoin cash	10.9	4
5	Litecoin	6.4	2
6	Cardano	4.6	2
7	NEO	3.9	2
8	Stellar	3.6	1
9	IOATA	3.3	1
10	Monero	2.7	1
	Total market capitalization of all cryptocurrencies	258.0	100

Source: CoinMarketCap.  
Note: As of April 9, 2018.

led by Bitcoin and Ethereum, driven by increased retail investor interest in Asian countries such as Japan and the Republic of Korea as well as in the United States growing public and media interest and increased institutional involvement that included the launch of Bitcoin derivative trading, among others.

Blockchain is the underlying technology behind the majority of cryptocurrencies, most notably Bitcoin. It is a digital, distributed ledger database comprising a series of blocks that contain records of all transactions that have ever occurred in a given network. Each block within the system is generated once multiple nodes reach a consensus and validate the transactions. Given the distributed element of the blockchain, multiple copies of data exist across multiple systems, which together create a peer-to-peer network. Thus, rather than a single, centralized database, the blockchain captures an entire decentralized network of systems, with each one functioning as a node within that specific network. This could

reduce the need for central authorities such as banks, clearinghouses, or other intermediaries—and improve efficiency and perhaps security.

Although global banks have had limited direct involvement in cryptocurrencies, the industry has been very active in pursuing initiatives around the blockchain technology that underpins most cryptocurrencies. The opportunity set around direct cryptocurrency trading seems rather limited in the face of anti-money laundering and know-your-customer concerns. Meanwhile, the blockchain is not yet industrial grade in the view of many in the banking sector. In the near to medium term, the technology may be applied to reduce infrastructure costs attributable to securities trading, cross-border payments, and regulatory compliance (Khanna 2018). Smart contracts in the blockchain can help create a streamlined payment system by eliminating physical documentation and automating contract execution. This has the potential to significantly reduce remittance costs.



## 2. Migration Flows

### 2.1 International Migration Data and Estimates

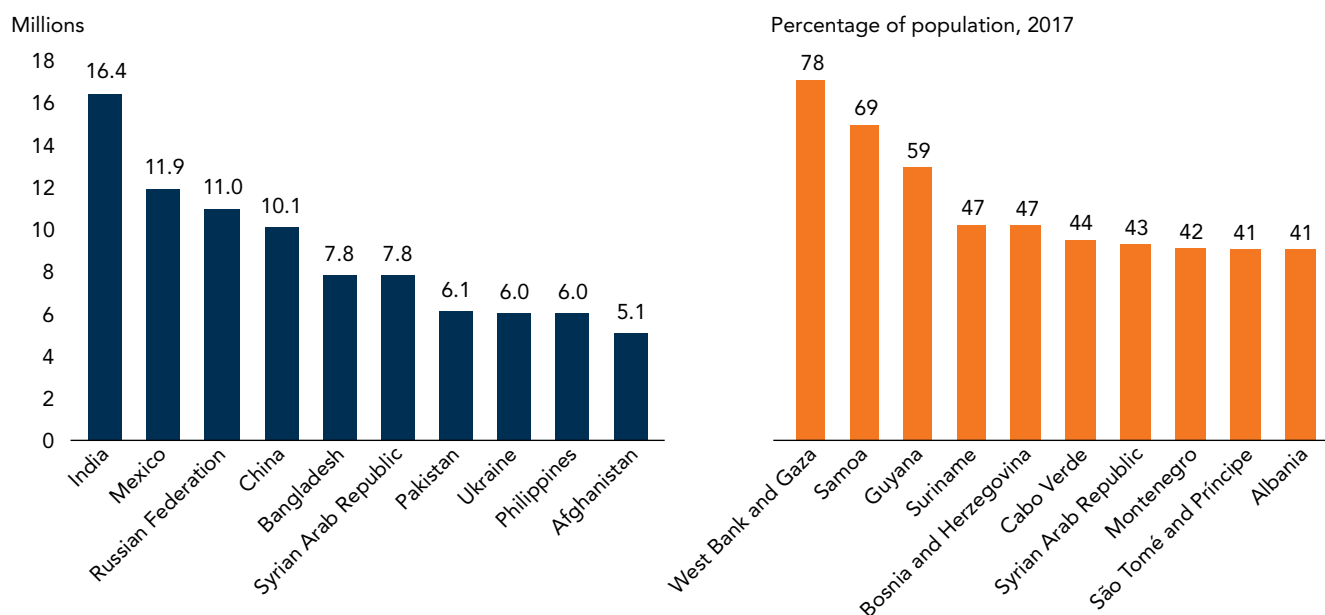
According to a new report from the United Nations Department for Economic and Social Affairs (UNDESA 2017), the worldwide number of international migrants (including refugees) rose to 258 million in 2017, from 172 million in 2000. The share of international migrants in the world's total population increased modestly, from 2.8 to 3.4 percent, in the same period. Three-quarters of the increased migration during 2000–17 was to high-income countries, where the share of international migrants among the population increased to 14 percent from 9.6 percent.

Updating the UNDESA dataset with recent data from Australia, Germany, the United Kingdom, and the United States

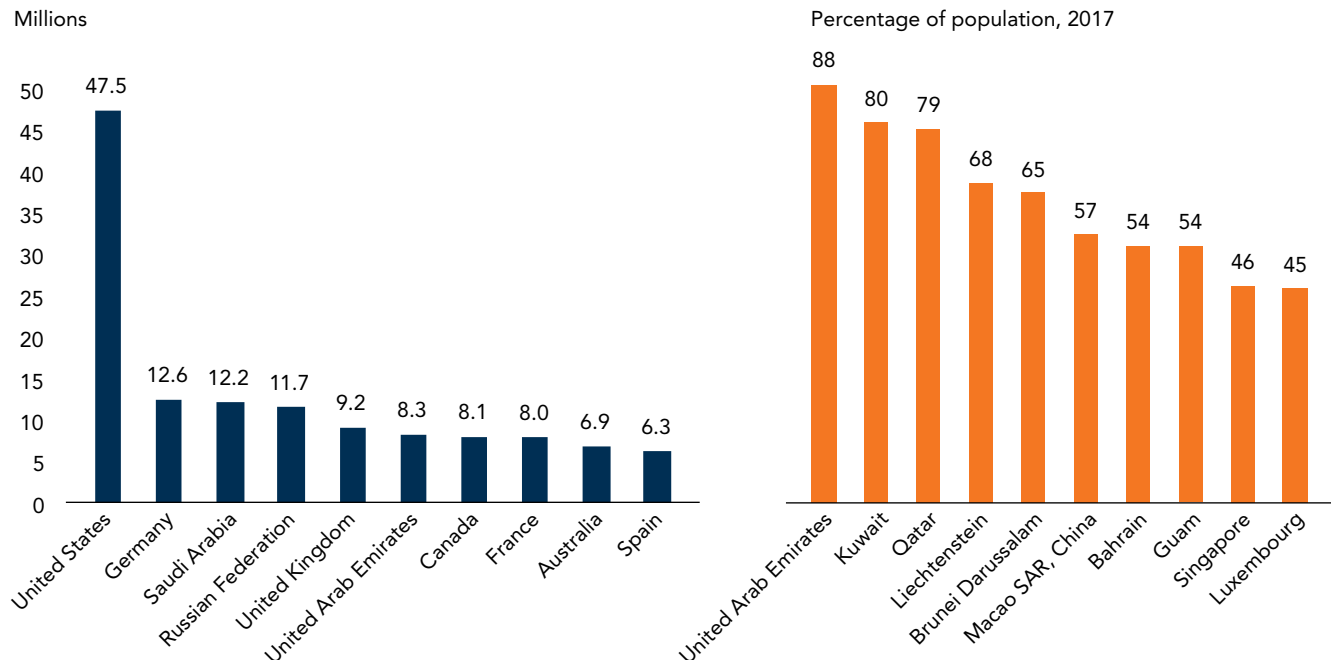
and then comparing this against migration data published by the Organisation for Economic Co-operation and Development (OECD) and corridor-specific data collected from past national censuses by the World Bank, it appears that the 2017 stock of international migrants (including refugees) could be as high as 266 million.

Syria is the new entry into the top ten origin country list (figure 2.1). Based on comparisons of revised estimates against those presented in the Migration and Remittances Factbook (World Bank 2016a), of the top ten destinations, the United States is still at the top; Germany (host to recent refugee arrivals) takes second place, while Saudi Arabia (where there have been policy driven returns of migrants in recent months) takes third. The Russian Federation is fourth, followed by the United Kingdom. Controlling for the size of population, smaller countries dominate the list of top origin

**FIGURE 2.1** Top ten origin countries of international migrants, 2017



Sources: World Bank staff estimates based on UN Population Division (2017) and OECD (2017), the Australian Bureau of Statistics, the German Federal Statistical Office, the UK Office of National Statistics, and the US Census Bureau. See World Bank (2016a) for definitions, data sources, and 2013 estimates.

**FIGURE 2.2** Top ten destination countries for international migrants, 2017

Sources: World Bank staff estimates based on UN Population Division (2017) and OECD (2017), the Australian Bureau Statistics, the German Federal Statistical Office, the UK Office of National Statistics, and the US Census Bureau. See World Bank (2016a) for definitions, data sources, and 2013 estimates.

and destination countries. When migrants are measured as a share of the population, the top three destinations are the United Arab Emirates, Kuwait, and Qatar; in these countries, for every adult native person, there are more than eight migrant workers (figure 2.2).

The data also show a decline of Mexican emigrants. The number of Mexicans abroad fell from 13.2 million in 2013 to around 11.9 million in 2017, mostly due to the voluntary return of Mexicans from the United States. According to the Pew Hispanic Center, migration from Mexico to the United States between 2009 and 2014 averaged 870,000 annually—a number smaller than returns, which averaged about a million per year (Gonzalez-Barrera 2015). The apprehension rate at the United States' southern border, an indicator of undocumented border crossings, reached a record low in 2016, considering data going back to the 1970s (Gonzalez-Barrera 2016).

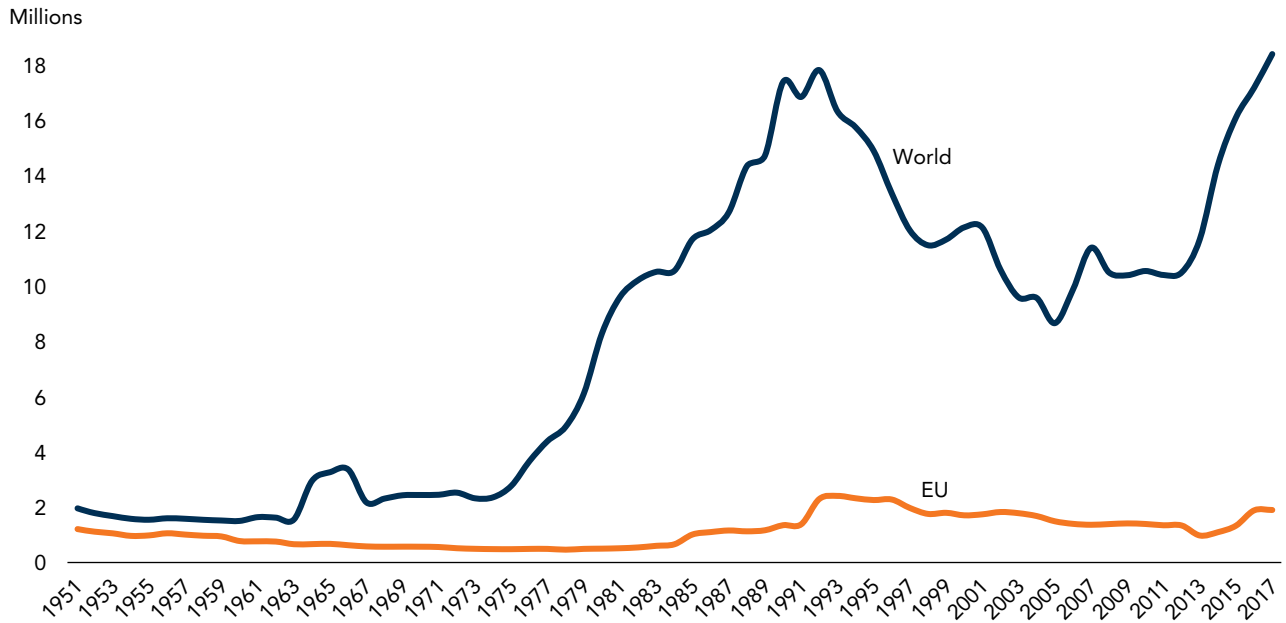
## 2.2 Refugee Movements and Forced Displacements

By mid-2017, the global stock of refugees recorded by the United Nations High Commissioner for Refugees (UNHCR)

reached 18.5 million, surpassing the previous peak of 1992 (figure 2.3). (This figure does not include 5.3 million Palestinian refugees registered by the United Nations Relief and Works Agency.) Low- and middle-income countries (LMICs) continued to be the top hosts of refugees in mid-2017. The stock of refugees in EU-28 stabilized at around 1.9 million in 2017. The number of first-time asylum seekers in EU-28 continued to drop, leading a moderate decline in the number of pending asylum applications (figure 2.4).

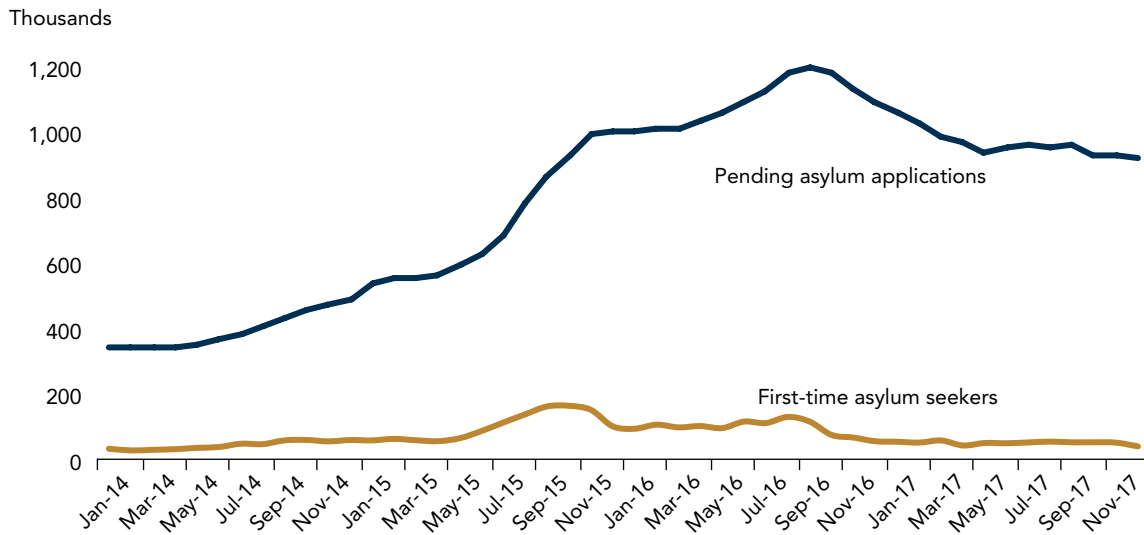
As of mid-2017, the top host countries for refugees included Turkey (3.2 million), Pakistan (1.4 million), Uganda (1.3 million), Lebanon (1 million), and Iran (1 million). The top refugee origin countries were Syria (6 million), Afghanistan (2.6 million), South Sudan (2 million), Somalia (1 million), and Sudan (0.7 million) (as per UNHCR data). According to UNHCR, during the first six months of 2017, a significant increase in refugees was observed in several source countries that included South Sudan (521,967), Syria (468,524), Central African Republic (77,045), Afghanistan (60,204) and the Democratic Republic of Congo (49,394). The countries that received significantly higher numbers of refugees during the same period included Uganda (354,209), Turkey (344,627), Germany (196,791), Sudan (112,637), the Democratic Republic of Congo (81,847), and Ethiopia (61,262).

**FIGURE 2.3** Refugee stock worldwide and in EU-28, 1951–2017



Source: UNHCR 2017.  
 Note: EU = European Union.

**FIGURE 2.4** First-time and pending asylum applications in the EU-28, 2014–2017



Source: Eurostat.

In South Asia, Bangladesh is facing a rapidly growing Rohingya refugee crisis. A Joint Response Plan (JRP) for the Rohingya Humanitarian Crisis was launched by the International Organization for Migration (IOM) to assist 884,000 Rohingya refugees (and 336,000 host community members).<sup>8</sup>

In Latin America, there is a significant flow of Venezuelans into Brazil, Colombia, Peru, and other countries. According

to the UNHCR, since 2014, nearly 150,000 Venezuelans have applied for asylum in other countries. A number of countries in the region have made arrangements outside the asylum system for Venezuelans to reside for an extended period (one to two years), with access to work and social services. These arrangements include temporary residence permits, labor migration visas, humanitarian visas, and regional visa agreements.

**TABLE 2.1** Recent forced displacements in Sub-Saharan Africa

Region/country	New displacements	Total forced displacements	Main reason
<b>Central Africa</b>			
Congo, Dem. Rep.	46,000		Conflicts/insecurity
Central African Republic	113,000	4,250,000	Conflicts/insecurity
Chad	121,325		Conflicts/insecurity
Cameroon	342,416		Conflicts/insecurity
<b>West Africa</b>			
Nigeria	..	1,782,490	Boko Haram
Mali	47,706		Conflicts/insecurity
<b>Eastern and Southern Africa</b>			
South Sudan	..	2,441,244	Conflicts
Burundi	175,936		Disasters, political instability
Ethiopia	..	1,078,429	Conflicts
		528,658	Climate events
Mozambique	102,200		Climate events
Madagascar	35,000		Climate events
Mauritius	3,600		Climate events

Source: Data from IOM and UNHCR for December 2017 and January 2018.

In 2017, internal displacement increased due to conflict, violent extremism, and climate change–related disasters. In Sub-Saharan Africa, the major hotspots included the Central African Republic, the Democratic Republic of Congo, South Sudan, and Nigeria (table 2.1). In West Africa, Nigeria saw forced displacements due to insecurity from Boko Haram and clashes over scarce water resources used by farmers and herders. Eastern and southern Africa have also witnessed forced displacements due to climate events such as droughts, tropical depressions, cyclones, and heavy rains. Mozambique, Burundi, Mauritius, and Madagascar were particularly affected by climate disaster events in the past few months.

A new report from the World Bank, *Groundswell—Preparing for Internal Climate Migration*, warns that over 100 million people in Sub-Saharan Africa, South Asia, and Latin America could be forced to move within their own countries to escape water scarcity, crop failures, a rise in sea levels, and storm surges (World Bank 2018c). Possible ways to stem the crisis include cutting greenhouse gas emissions and embedding migration into development planning.

### 2.3 Recruitment Costs Paid by Low-Skilled Migrant Workers (SDG Indicator 10.7.1)

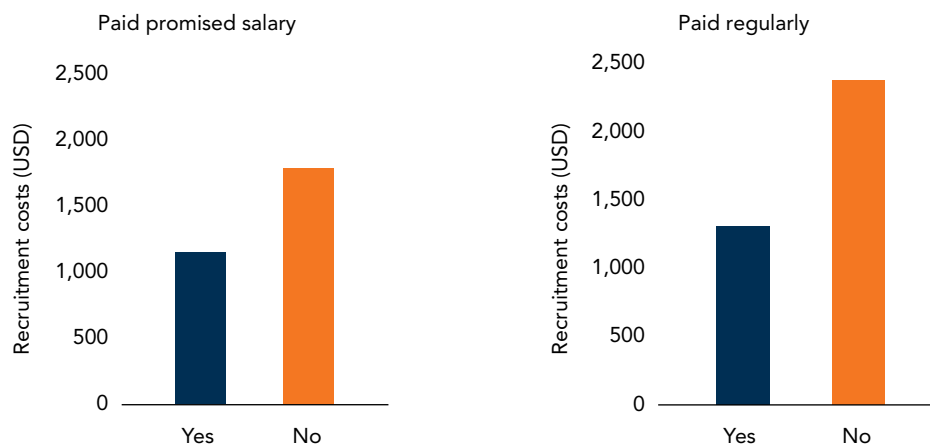
Reducing the recruitment costs borne by employees, SDG indicator 10.7.1, is an important measure of progress toward

the global goal of promoting safe, orderly, and regular migration. Recently, the Global Knowledge Partnership on Migration and Development (KNOMAD) released datasets for the KNOMAD-ILO Migration Costs Surveys (MCS), conducted in partnership with the International Labor Organization (ILO). Over 5,500 migrants from 19 bilateral corridors were interviewed between 2015 and 2017 to systematically document the costs incurred by workers seeking jobs abroad and their working conditions in the destination countries.<sup>9</sup>

The survey data show that the recruitment cost indicator (RCI)—that is, the worker-paid recruitment costs of securing an overseas job, expressed as a multiple of monthly foreign earnings—varies greatly both within and across migration corridors (see World Bank 2017b). The RCI is particularly high for low-income migrant workers and for those recruited by brokers. Also, migrants utilizing broker services tend to bear additional expenses—equivalent to over a month’s worth of income earned while abroad. All else equal, migrants incurring higher recruitment costs receive less income than what was contractually promised, are more likely to be paid irregularly, and are less likely to be compensated when injured on the job (figure 2.5).

While these results are tentative, they suggest a plausible pattern of exploitation whereby vulnerable migrants experience both higher costs and more adverse working conditions. Efforts to reduce recruitment costs would require



**FIGURE 2.5** Migrant workers who pay high recruitment costs are also likely to be paid irregularly and less than promised

Source: World Bank staff estimates using KNOMAD-ILO Migration Costs Surveys (2015–16).

better monitoring of recruitment agents (or subagents) and allowing direct recruitment by certified, bona fide overseas employers.

## 2.4 Global Compact on Migration

Negotiations on the Global Compact on Migration (GCM) are in full swing, with a third round concluded on April 6, 2018. Negotiations will continue until July 2018. The Intergovernmental Conference to Adopt the Global Compact for Safe, Orderly, and Regular Migration will be held in Morocco on December 10 and 11, 2018.

Building on the New York Declaration for Refugees and Migrants, and extensive consultations with all stakeholders, the GCM lists 22 objectives for the achievement of safe, orderly, and regular migration along the migration cycle (box 2.1).<sup>10</sup> These objectives are comprehensive in their coverage of the range of issues and stakeholders involved: focusing on migrants' well-being, progressing toward the migration-related SDGs of reducing remittance and recruitment costs, and improving policies and public perceptions based on data analysis, addressing adverse drivers of migration, and improving migration's impacts on both host and origin countries. The GCM also considers migration induced by environmental change, especially displacement due to natural disasters.

Many of these objectives—such as those to collect data and shape policy based on evidence and the evaluation of past policy—are noncontroversial; the main challenges would relate to collecting relevant and reliable data, creating

knowledge by analyzing data, and then building capacity, both financial and technical. Some others—such as those related to migrant rights and return migration—will be debated. In particular, many countries may hesitate to cooperate with host countries in the return, readmission, and reintegration of migrants.

Missing from the GCM—perhaps because they relate to nonmigrants—are three themes that are critical to successful migration policy making. These are, in descending order of difficulty, the challenges of maintaining national identity in the face of large immigration flows, perceived (or actual) job competition impacting native workers in host countries, and the difficulties faced by migrants' family members left behind in countries of origin (Ratha 2017). There are no simple answers, but these challenges should be acknowledged in the GCM, especially considering that they are likely to become even more difficult in the coming decades.

In terms of implementation, the GCM proposes to repurpose and rename the High-Level Dialogue on International Migration and Development as the International Migration Review Forum (IMRF). The IMRF would convene in 2022, 2026, and 2030. Various existing global and regional forums and processes would contribute to the preparation of the IMRF. The GCM calls on the IOM and various international agencies within and outside the UN to contribute data and knowledge to shape the IMRF.

The IMRF would benefit from establishing a formal review mechanism similar to the G-20 Mutual Assessment Process (MAP). Through this process, G-20 countries identify objectives for the global economy, the policies needed to reach

**BOX 2.1** Objectives for safe, orderly, and regular migration

- Collect and utilize accurate and disaggregated data as a basis for evidence-based policies
- Minimize the adverse drivers and structural factors that compel people to leave their country of origin
- Provide adequate and timely information at all stages of migration
- Provide all migrants with proof of legal identity, and proper identification and documentation
- Enhance availability and flexibility of pathways for regular migration
- Facilitate fair and ethical recruitment and safeguard conditions that ensure decent work
- Address and reduce vulnerabilities in migration
- Save lives and establish coordinated international efforts on missing migrants
- Strengthen the transnational response to smuggling of migrants
- Prevent and combat trafficking of persons in the context of international migration
- Manage borders in an integrated, secure, and coordinated manner
- Strengthen certainty and predictability in migration procedures
- Use migration detention only as a measure of last resort and work toward alternatives
- Enhance consular protection, assistance, and cooperation throughout the migration cycle
- Provide access to basic services for migrants
- Empower migrants and societies to realize full inclusion and social cohesion
- Eliminate all forms of discrimination and promote fact-based public discourse to shape perceptions of migration
- Invest in skills development and facilitate recognition of skills, qualifications, and competences
- Create conditions for migrants and diasporas to fully contribute to sustainable development in all countries
- Promote faster, safer, and cheaper transfer of remittances and foster financial inclusion of migrants
- Cooperate in facilitating dignified and sustainable return, readmission, and reintegration
- Establish mechanisms for the portability of social security entitlements and earned benefits

Source: Global Compact on Migration, revised draft March 26, 2018.

these shared objectives, and progress toward the objectives.<sup>11</sup> At the request of the G-20, the International Monetary Fund (in collaboration with the World Bank) provides technical analysis to evaluate key imbalances and how members' policies fit together—and whether, collectively, they can achieve the G-20 goals.

The World Bank Group, through KNOMAD and the Global Remittances Working Group (GRWG), stands ready, on a demand basis, to contribute data and knowledge to the IMRF, as well as support the review, evaluation, and formulation of policy.<sup>12</sup> Even though the GCM is nonbinding, its chances of success would improve if its objectives were formalized on the basis of existing international, regional, and bilateral agreements. Taking stock of such agreements

and categorizing them by their relevance to each GCM objective is an essential next step. Operationalizing the GCM will also involve mapping institutions and their missions and capabilities. The Experts Meeting on the Global Compact on Migration, convened by KNOMAD in June 2017, made a small contribution on this front (box 2.2). Currently, the UN Special Representative of the Secretary-General (SRSG) is undertaking an exercise to map the missions and capabilities of Global Migration Group agencies.

The GCM does not clearly mention how its implementation would be financed. Many countries hosting migrants are likely to welcome financial assistance through a mechanism similar to the Global Concessional Financing Facility created to assist countries hosting refugees.<sup>13</sup> However, such

### BOX 2.2 KNOMAD experts meeting on the Global Compact on Migration, 2017

Published in April 2017, the *Migration and Development Brief 27* suggested that, in light of negotiations on the Global Compact on Migration (GCM), the global community needs to:

- Identify thematic priorities;
- Suggest an institutional architecture to support the GCM, by mapping the current institutional arrangements and clarifying the missions of key organizations and how their work programs and budget allocations are aligned with those missions; and
- Develop a normative framework, or guidelines, for governments and international organizations, building on existing global conventions and regional and bilateral agreements that address migration (see World Bank 2017a).

In June 2017, KNOMAD brought together a small group of global migration experts to provide a concrete vision for the GCM from a global development perspective. Notes and papers prepared by experts addressed specific policy priorities; examined existing conventions, guidelines, practices, and databases; and identified gaps. They also addressed questions regarding operational architecture: Which actors must be strengthened to take responsibility for safe, orderly, regular, and responsible migration and mobility—and at which levels (global, regional, national, or subnational)? What kind of administrative structure is needed (linked to the question of leadership and lead organization)? What kind of technical capacity building might be needed to achieve safe, orderly, and regular migration and mobility? How can/should institutions and activities be financed? How should commitments under the GCM be monitored? Finally, these notes attempt to explore any overlap between the GCM and the Global Compact on Refugees in the context of mixed flows of refugees and migrants.

Sources: World Bank (2017a); KNOMAD (2017).

financing should be additional, not a diversion from existing development programs. A controversial question, not explicitly mentioned but indirectly implied in the GCM, relates to the concept of achieving codevelopment (that is, the mutual benefit of both migrant-sending and -receiving nations) through “conditionalities.” As mentioned earlier, a cooperation framework that links readmission and reintegration of return migrants to aid, trade, and investment policies may not be sustainable in countries with high unemployment.

The working-age population in LMICs is projected to increase by over 2 billion by 2050 (according to UN population projections), while employment levels (according to ILO projections) are likely to fall short of this number by over 800 million (see World Bank 2016b). This shortfall is an indicator of growing migration pressures in the next three decades. If the GCM were to acknowledge the possibility that the flow of migration could accelerate by a significantly higher rate than currently anticipated, this would allow some contingency framework for response, and also spur a search for innovative solutions to the challenge of managing large and unexpected movements of people. At the very least, to acknowledge the enormity of the risk would lend a greater sense of urgency to member states’ adoption and implementation of the GCM.

## 2.5 Global Compact on Refugees

Formal consultations on the draft of the Global Compact on Refugees (GCR) are taking place between February and July 2018. The final draft will be included in the High Commissioner’s 2018 annual report to the General Assembly.<sup>14</sup> Unlike the GCM, the GCR has standards, foundations, legal frameworks, operational knowledge, and a lead implementing agency (the UNHCR) already in place. The GCR, as developed in consultation with governments and stakeholders, will consist of two parts: the Comprehensive Refugee Response Framework (CRRF), and a Program of Action.<sup>15</sup> The CRRF will have four pillars: (i) reception and admission, (ii) support for immediate and ongoing needs, (iii) support for host countries and communities, and (iv) durable solutions. The Program of Action will provide mechanisms for accomplishing the CRRF’s goals; it will not impose any new obligations on states.

The GCR proposes the establishment of stronger mechanisms for burden and responsibility sharing, including global summits at which states will make formal commitments and global support platforms for specific refugee situations. The UNHCR-World Bank Group Joint Data Center could undertake the measurement of the costs and impacts of hosting

refugees to inform such mechanisms. The GCR will be governed by the 1951 Geneva Convention, its 1967 Protocol, regional instruments, the principle of non-refoulement, and article 14 of the Universal Declaration of Human Rights. The implementation of the GCR will include the specification of measures to accomplish key objectives related to refugees' reception and admission, and international financial assistance to hosting states (particularly in the areas of education, health, and livelihoods). The GCR will focus on prevention, including ways to address the root causes of refugee movements.

While the specific refugee focus of well-established norms and governance mechanisms has many benefits, the rather strict separation of the GCR from the GCM leaves a gap in addressing the complex reality of mixed migration. A more comprehensive approach could include addressing the adverse drivers of migration; integrated border management; the special needs of vulnerable groups, such as women and children during journeys over sea or land; and reception and integration issues (World Bank 2017a).

## 3. Special Topic: Transit Migration

### 3.1 Not All Transit Migrants Want to Migrate to Europe or the United States

Transit migration—the temporary stay of migrants in a country that is not their final, intended destination (and distinct from stopovers during personal or business travel)—is a little understood element of the migration cycle. Yet the recent refugee and migrant crisis in Europe drew increased policy attention to the topic. Many asylum seekers and migrants seeking entry into Europe, North America, or Australia do not arrive directly from their home countries; they transit through other countries (for example, Costa Rica, Ethiopia, Indonesia, Libya, Mexico, Morocco, Niger, Panama, Sudan, and Turkey). Basic data on transit migration are not easily available, and, consequently, policy formulation remains ad hoc. The objective of this section is to briefly survey the literature and available data to offer a basic overview of the drivers and impacts of transit migration, along with preliminary policy options. It covers migrants, asylum seekers, and refugees who transit, and implications for countries of transit, origin, and final destination.

Of the scarce data available on transit migrants, that of border control agencies, such as Frontex, collected from an enforcement perspective, lack the details needed for the analysis of drivers and impacts. Importantly, border control agencies tend to focus on routes of undocumented migration, and as such, their data could lead to a mistaken inference that most transit migrants are undocumented. Frontex data show that during 2009–17, undocumented transit migrants constituted only around 6 percent of all migrants coming into Europe. But the share of transit migrants among the undocumented migrants detected is 95 percent on average and as high as 99.6 percent for the Eastern Mediterranean route. Static surveys of migrants at strategic points along known migratory routes are better at avoiding such mistakes and providing more analytical details, but few such surveys exist. A less onerous alternative is flow monitoring data that use short questionnaires to collect data along

routes to track movements, estimate numbers, and collect impressions.<sup>16</sup>

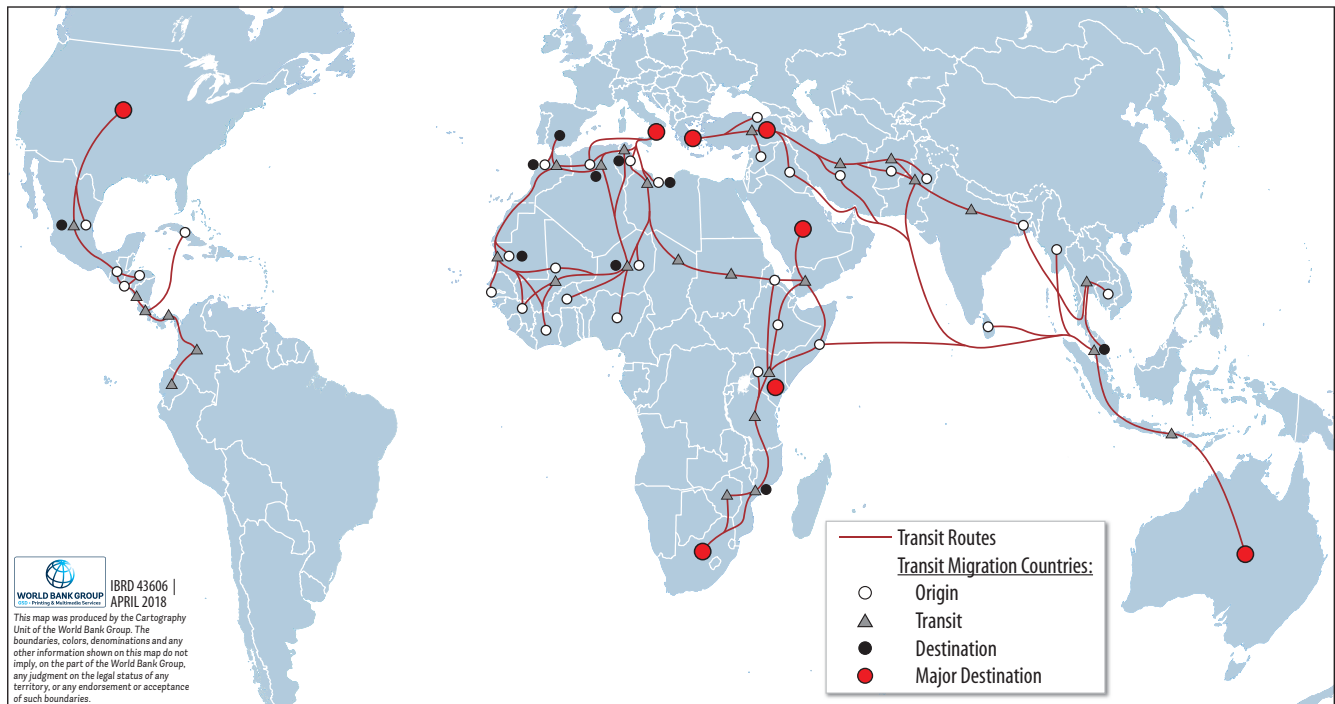
Available data and reports indicate that the major transit routes in the world are Sub-Saharan Africa–North Africa–Europe; West Asia/South Asia–Turkey–Europe; Central America–Mexico–United States; West Asia–Thailand/Malaysia/–Indonesia–Australia (figure 3.1).

There is a common perception that most trans-Saharan migrants in the Maghreb (comprising the North African nations of Algeria, Libya, Mauritania, Morocco, and Tunisia) are in transit to Europe (IOM 2006, 2016; Smith 2014; Molenaar and Kamouni-Janssen 2017). However, according to Molenaar and Kamouni-Janssen (2017), the majority of migrants traveling the trans-Saharan route report Algeria or Libya as their final destination. This may carry an element of truth, because, for almost half a century, people could travel freely from Sub-Saharan Africa to the Maghreb (see box 4.1) (Brachet 2018; De Haas 2006). According to Smith (2014), in recent years, greater numbers of West African migrants appear to be seeking opportunities in emerging economies on the continent (such as in Angola, Equatorial Guinea, and Côte d'Ivoire) rather than taking the risk of crossing to Europe.

According to a survey of temporary refugees from South Sudan, Somalia, Eritrea, and Sudan living in Sub-Saharan Africa, only a quarter desired to go to Europe or the United States. About 46 percent wanted to stay in their current country of refuge, and about 28 percent sought to return to their country of origin (figure 3.2). In recent International Organization for Migration (IOM) and United Nations High Commissioner for Refugees (UNHCR) surveys, too, only about 20–35 percent of Sub-Saharan African migrants named Europe as their final destination.

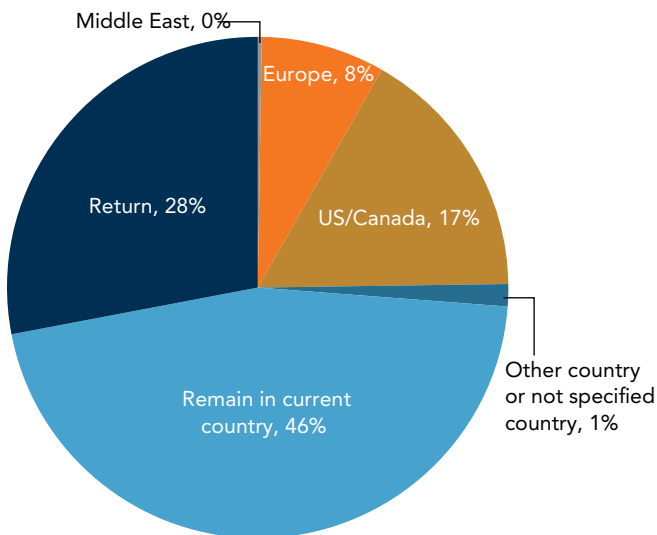
In the survey of temporary refugees mentioned earlier, the percentage of those wanting to move to North America and Europe varied by country of origin. Two-thirds of refugees

**FIGURE 3.1** Major transit migration routes, 2014–17



Source: World Bank staff compilation based on data and surveys from Frontex, IOM, and the Mixed Migration Monitoring Mechanism Initiative (4Mi), supplemented by information from academic sources mentioned in the text.

**FIGURE 3.2** The intended next moves of temporary refugees in Sub-Saharan Africa



Source: World Bank staff estimates using survey data from Sub-Saharan Africa.

and migrants from Eritrea wanted to move to the United States, Canada, and Europe and only 6 percent eventually hoped to return to their country of origin. By contrast, only one in ten respondents from South Sudan wanted to go to the United States, Canada, and Europe, while 29 percent wanted to return. The desire to move to a new country (from the transit country) and not return home was linked to conflict and fragility back home. Persons from states where fragility and governance and human rights issues had persisted over time were more likely to have a faraway destination than those displaced by short-term events.<sup>17</sup>

Transit migration is not a new phenomenon in Latin America, although it has become more prominent in public debates since 2013 when large inflows of unaccompanied children arrived in the United States through Mexico. In South Asia, Pakistan is a major transit country for Afghans. Both Afghan and Pakistani transit migrants tend to stop in Turkey on their way to Europe (IOM 2016). In the East Asia and Pacific region, Indonesia, Thailand, and Malaysia are hosts to significant

numbers of transit migrants. Thailand and Malaysia are also important destination countries.<sup>18</sup>

The costs of transit migration can be very high for migrants, especially those who employ the services of human smugglers. About 80 percent of recent crossings of the Mediterranean Sea from Africa were facilitated by smugglers (Reitano et al. 2014). Criminal networks involved in migrant smuggling to and within the European Union are estimated to have had a turnover of €3–6 billion in 2015 alone (Europol 2016). A World Bank survey found that asylum seekers in Italy and Greece traveled through one of three main migration corridors, going through, on average, three transit points, and spending roughly 26 days in each (World Bank 2018d).<sup>19</sup> They paid a median amount of \$1,863 per person (figure 3.3). A significant share—43 percent—of those who travelled to Italy and 17 percent of those who travelled to Greece also worked during transit. Many (for example, along the Tripoli/Agadez route) did unpaid work. The asylum seekers, particularly West Africans, endured other, nonmonetary costs: 46 percent of survey respondents in Italy reported experiencing violence during the journey. Anecdotally, asylum seekers pay between \$5,000 to \$10,000 to smugglers to facilitate entry into Indonesia, en route to Australia (Hugo et al. 2014).

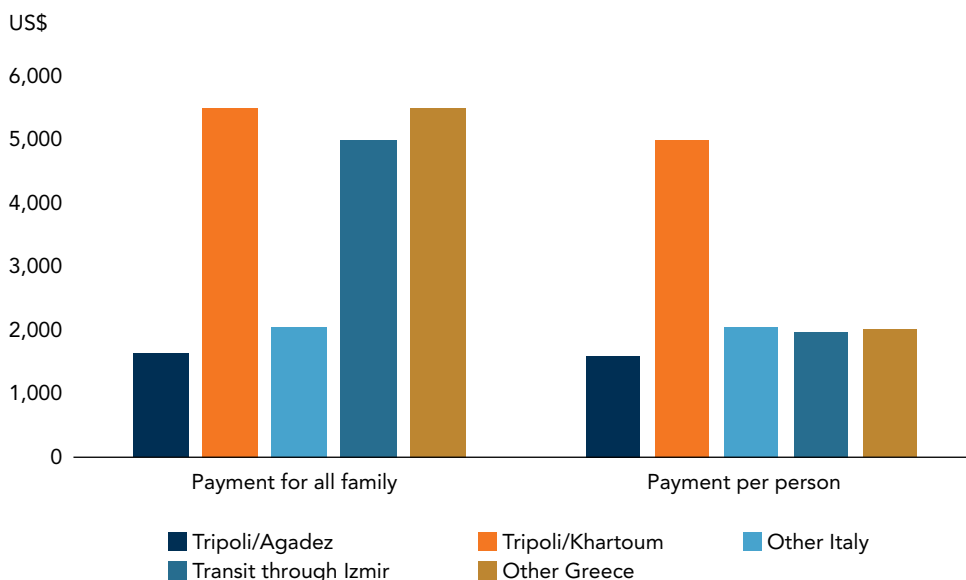
Migrants from Central America crossing to Mexico face similar challenges. In 2014, the program Frontera Sur started

to enforce border controls and the return and deportation of transit migrants, with increased coordination between Mexico and Central American governments (Animal Político 2014; Hiskey et al. 2016).<sup>20</sup> This was followed by a drop in the numbers of Central American migrants crossing the U.S.-Mexico border. Instead of helping to manage migration, however, this regulation has encouraged smuggling, trafficking, and the exploitation of migrant farmers (Rojas 2017). It has also meant that many transit migrants remain in Mexico for longer than they otherwise intended.

### 3.2 Drivers: Transit, Because Direct Passage to Final Destination Is Not Possible

Transit migration is driven by the same push and pull factors that drive voluntary or forced migration. Only, transit migrants must journey through intermediary countries—and possibly stop in them, if blocked or slowed by immigration and border controls in the final destination country. The increase in, for example, the transit migration of North Africans to Europe can be traced to the imposition of visa restrictions in some European countries in the early 1990s. Maghrebians who were once welcomed by European labor recruiters continued to seek entry into Europe, but now by

**FIGURE 3.3** Payment for the journey by route (in U.S. dollar terms)



Source: World Bank 2018d.

Note: The data were collected through a World Bank–led individual-level survey covering a representative sample of the adult population in asylum centers in Italy and Greece between January and May 2017. Through a two-stage stratified sample, the survey collected information from 2,446 (2,070 males and 287 females) respondents in Italy from the top nationalities of arrival at the time: Nigeria, the Gambia, Senegal, Eritrea, Mali, Côte d'Ivoire, Guinea, Somalia, and Sudan. Similarly, for Greece, it included 1,681 (1,101 males and 579 females) asylum seekers from Syria, Afghanistan, and Iraq.

illegally crossing the Mediterranean Sea (IOM 2006). Their numbers grew as unemployment in North Africa increased. Since about 2000, Sub-Saharan African migrants have been using the route, too, and in growing numbers. Countries surrounding the European Union have become transit points amid decreasing possibilities for the legal immigration of low-skilled workers to Europe. Before joining the European Union, the Czech Republic, Poland, and Hungary were important transit countries. Today, Turkey, Ukraine, and Moldova are important transit countries for migrants from the east and Morocco, Libya, and Egypt for migrants from the south (Djajić 2017). Similarly, in 2014 Mexico started enforcing border controls through the program Frontera Sur to manage migration from Central America (Hiskey et al., 2016). Costa Rica, Peru, Ecuador, Bolivia, and Panama have recently emerged as transit countries. An Australian crackdown appears to have led to growing numbers of refugees and asylum seekers in Indonesia.<sup>21</sup>

The transit country is often chosen based on the relative ease of entering the country legally or illegally, and the ease of crossing the border to the final destination country by obtaining a proper visa (“document shopping”) or illegally with the help of smugglers. The latter is easier in countries suffering from conflict or weak governance.

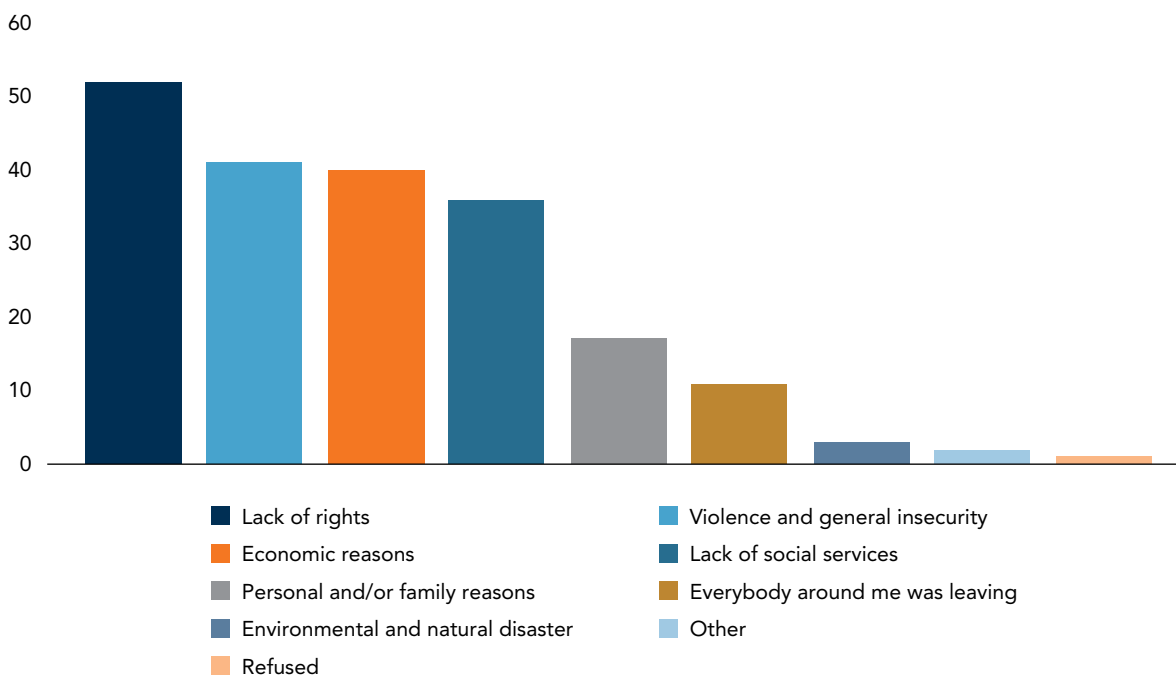
Transit migration is driven by the same push factors that drive most migration in general: poverty and unemployment, inequality, conflict, violence and general insecurity, environmental degradation, and natural disasters. Data gathered from the Horn of Africa by the 4Mi initiative indicate that lack of rights and violence are greater push factors than economic reasons (figure 3.4). Among pull factors, better living standards and employment are significant but so is freedom from oppression (figure 3.5). Similar findings are evident from other surveys including those analyzed in IOM (2018a) and World Bank (2018d).

### 3.3 Impacts: A Global Loss

The literature is silent on the impacts of transit migration on the migrants themselves; the families they leave behind; and the origin, transit, and final destination countries. Arguably, transit migration creates a few winners, largely brokers and smugglers. For the migrant, transit migration may provide the opportunity to escape poverty, conflict, or persecution. Sometimes, the migrant may work in the transit country to pay for onward travel. However, any protracted transit through a third country can only increase costs and suffering,

**FIGURE 3.4** Push factors driving transit migrants from origin countries

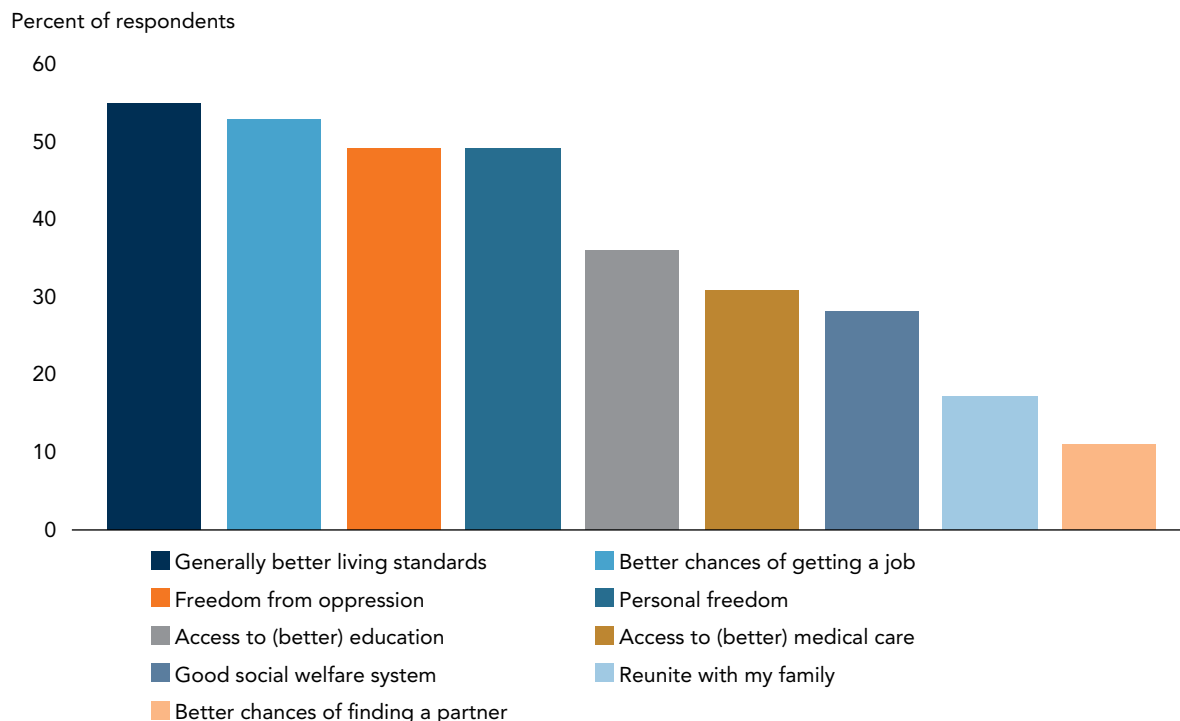
Percent of respondents



Source: Mixed Migration Monitoring Mechanism Initiative (4Mi) data (<http://4mi.regionalmms.org>).

Note: “Refused” indicates surveys respondents’ refusal to respond.



**FIGURE 3.5** Pull factors that attract transit migrants to intended destinations

Source: Mixed Migration Monitoring Mechanism Initiative (4Mi) data (<http://4mi.regionalmms.org>).

Note: "Refused" indicates surveys respondents' refusal to respond.

compared with the alternative of migrating directly to the final destination. And if the transit countries include unsafe territories, migrants are left vulnerable to theft, sexual and economic exploitation, slavery, and violence.<sup>22</sup>

Transit migrants generally do not send remittances home; instead, they may seek financial help from home, receiving remittances instead.<sup>23</sup> Local economies in the transit country may benefit from selling services to migrants. But local workers may also face competition for (low-skilled) jobs. Unlawful activities, including those perpetrated by human smugglers and traffickers, may increase. The transit country may sometimes negotiate financial assistance from the final destination countries (e.g., the agreement between Turkey and the EU) to control the onward migration of third country nationals, but it is unlikely that the financial assistance fully compensates for the full cost of providing health and public services to transit migrants. Thus, from the perspective of the transit country, transit migration puts pressure on already limited public resources and may put stress on its relations with neighboring and other countries. From the perspective of the final destination country, transit migration might slow down the arrival, but can also erode that country's ability to control its national borders, at significant financial and reputational costs.

### 3.4 Policy Responses: Respect the Human Rights of Transit Migrants

Addressing the adverse drivers of transit migration would involve policy efforts to create economic opportunities and reduce conflict and fragility in the origin countries. Also, opening more legal channels for migration to destination countries would help reduce stays in transit countries. Efforts to control transit migration are likely to be most effective when they involve collaboration among the origin country, the transit country, and the final destination country.

At times, however, such collaborations can lead to unanticipated consequences. Among members of the Economic Community of West African States (ECOWAS) for instance, an EU action to control migration from transit countries is undermining an ECOWAS free movement protocol.<sup>24</sup> It is necessary to harmonize interventions in transit countries with existing regional protocols on the free movement of people across countries, and make a clear distinction between intra-regional migration and migration to other places.

The criminalization of transit migrants may not only lead to incarceration or exploitation by officials, employers, and

smugglers, but also to the prolonged stay of migrants. Algeria and Tunisia, for example, criminalize irregular entry, stay, and exit. Tunisia imposes a fine of 20 Tunisian dinars (around \$8) to be paid for every week of illegal stay.<sup>25</sup> The fine may prevent migrants who cannot pay from leaving Tunisia (Terre d'Asile Tunisie 2016).

Respecting the human rights of transit migrants remains a policy priority. In situations where transit migrants stay on for protracted periods, there may be a need to provide access to education and health services, as well as to labor markets. From time to time, there may be a need for the regularization of irregular migrants. (For instance, Morocco recently conducted its second such regularization campaign.)<sup>26</sup>

For their part, origin countries need to empower embassies/consulates in transit countries to deal with the issues of providing identification and protection to nationals, and allowing their organized return. Multilateral agencies can help the global community through the collection of data and also analytical and technical assistance. They can act as honest brokers to facilitate collaboration among all concerned parties. Importantly, multilateral development banks can provide concessional financing to transit countries through innovative financing solutions, such as the Global Concessional Financing Facility for refugees (mentioned earlier). They can also help address adverse drivers of transit migration through diagnostics and financial assistance.

## 4. Regional Trends in Migration and Remittance Flows

### 4.1 Remittances to East Asia and the Pacific Rebounded in 2017

*Remittance trends.* Formal remittances to the East Asia and Pacific region rebounded by a healthy 5.8 percent in 2017, reversing their decline of 2.6 percent in 2016. In 2018 and 2019, growth of 3.8 percent and 3.6 percent is expected, respectively.

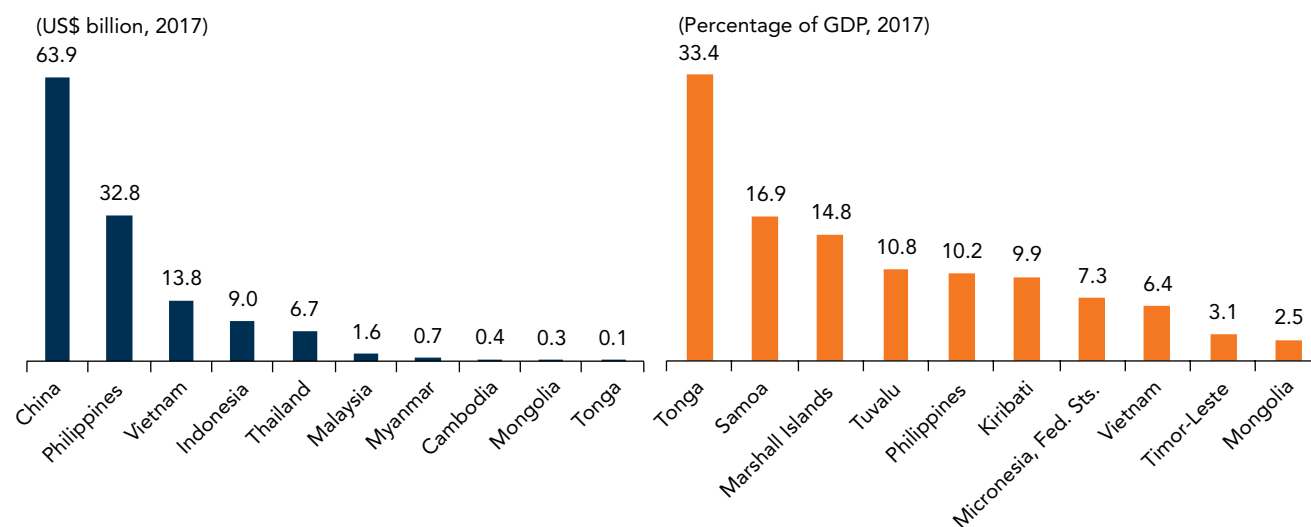
Remittances to the Philippines are expected to grow by 5.3 percent between 2016 and 2017, to reach \$32.6 billion, up from the 4.5 percent growth seen between 2015 and 2016. The impact on remittance inflows of a recent ban on deploying Filipino workers to Kuwait is likely to be muted, given the country's relatively small exposure to the Gulf Cooperation Council (GCC) country. After falling by almost 8.0 percent in 2016, remittance flows to Indonesia remained largely flat in 2017, at around \$9 billion, growing at an annual rate of 1.2 percent. Stronger growth in personal transfers from South-east Asian countries helped offset declining remittance flows

from other key migrant destinations, particularly the United States and countries in the Middle East.

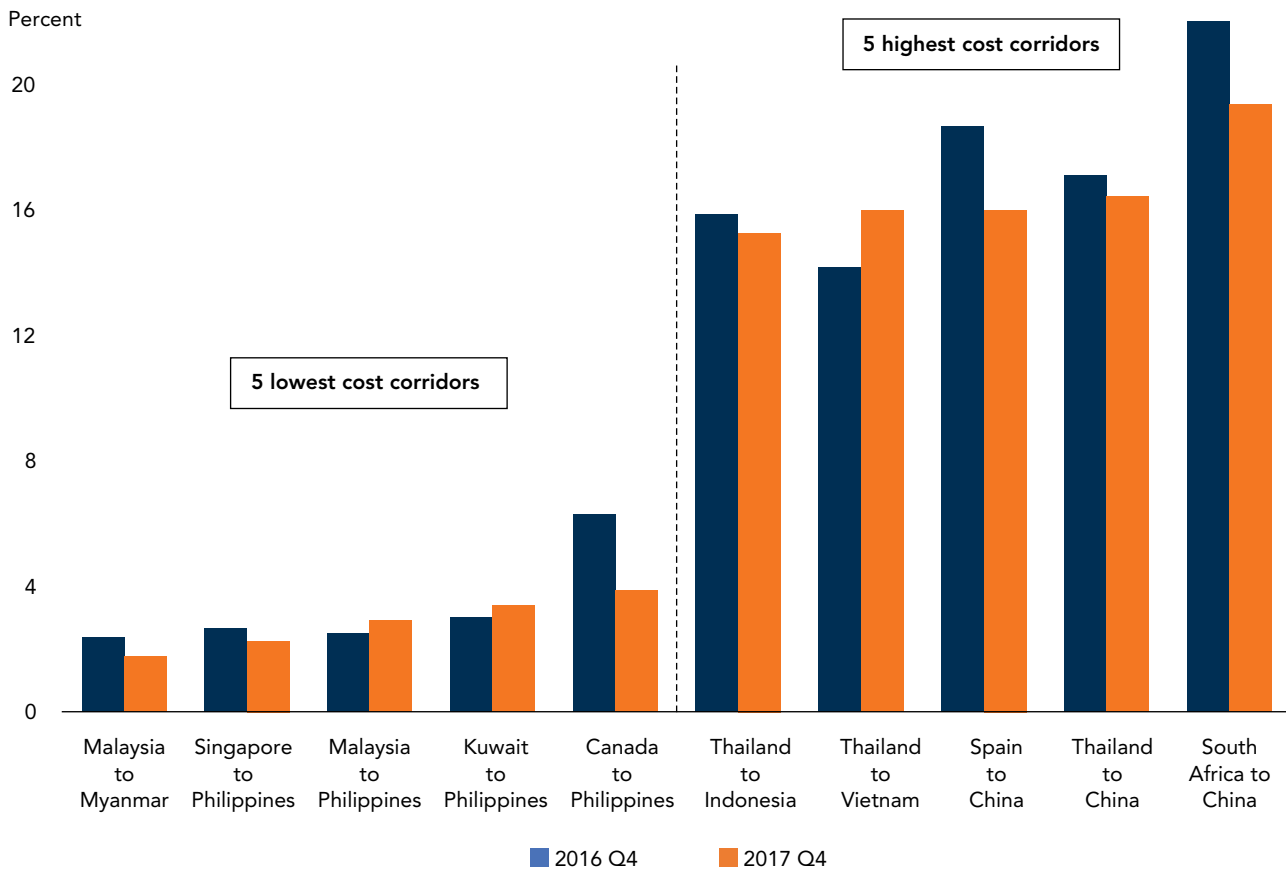
*Remittance costs.* The costs of sending remittances to the East Asia and Pacific region fell in the first quarter of 2018 to the lowest level documented over the past four years. The cost of sending \$200 averaged 7.6 percent in the first quarter of 2018. Remittance costs to the Pacific Islands averaged in the double digits, particularly for transfers from Australian and New Zealand banks. A World Bank report on Australia's Seasonal Worker Programme for Pacific Island nationals found that nearly all workers in the program relied on Western Union to remit, despite large cost differences between it and the lowest cost option.<sup>27</sup> The five lowest cost corridors in the region averaged 2.8 percent while the five highest cost corridors averaged 16.6 percent as of the fourth quarter of 2017.

*Migration trends.* A recent crackdown on illegal migrant workers in Thailand and Malaysia, initiated in 2017, has left local employers feeling the pinch.<sup>28</sup> Thailand extended a January

**FIGURE 4.1** China stands out as the top remittance recipient in the East Asia and Pacific region, 2017



Sources: IMF; World Development Indicators; World Bank staff estimates.

**FIGURE 4.2** There is considerable variation in the costs of sending remittances to the East Asia and Pacific region

Source: World Bank staff estimates using the Remittance Price Worldwide Database.

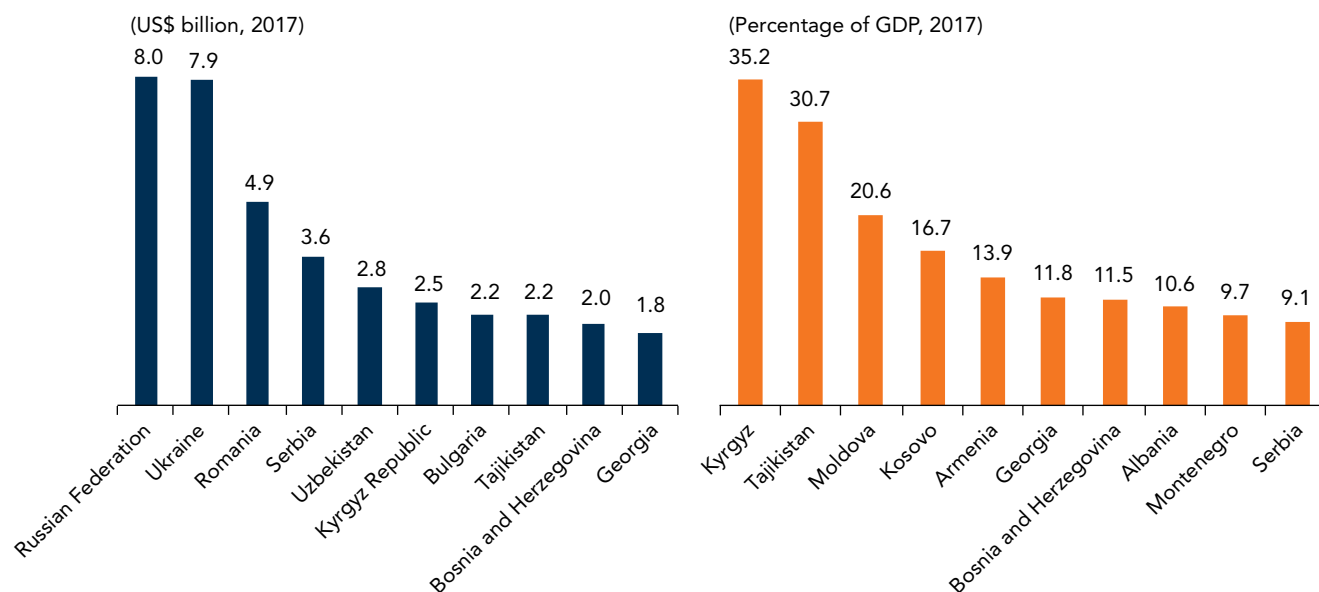
2018 deadline to register undocumented migrant workers—under a controversial new law enacted in June 2017—to the end of June 2018. The cabinet is also softening its stance by drafting an amendment to reduce the law’s harsh penalties for employers and illegal workers.<sup>29</sup> The 2017 annual report of Malaysia’s central bank supported the reimposition of a foreign worker levy on employers (starting January 2018) and called for additional reforms to the levy system to reduce native–foreign wage gaps, and endorsed higher levies for industries more dependent on foreign workers.

In Taiwan, China, in 2017, the number of undocumented migrant workers reached a low of 18,209, or 2.7 percent of the migrant worker population. The economy’s Ministry of Labor attributes this fall—unprecedented since 2003—to an amendment of the Employment Services Act that removed a requirement that workers leave the territory every three years, as well as government efforts to go after undocumented workers. The Republic of Korea plans to admit 56,000 low-skilled foreign workers on a temporary basis under the Employment Permit System (EPS) in 2018. Over three-quarters of those admitted will be deployed in the

manufacturing sector, with the rest in the farming, fishing, construction, and service sectors. Demand for migrant workers continues to increase, especially from small and medium enterprises (SMEs). The country’s rapidly aging population and labor shortages have contributed to the growing demand for foreign workers. Yet, public opinion of the admission of low-skilled migrant workers has become more negative in recent years amid concerns over workers’ living and workplace conditions, and possible overstays.<sup>30</sup> In response, the Korean government has rolled out plans to improve the enforcement of regulations and enhance services for EPS workers, including those that facilitate their timely departure.

## 4.2 Remittances to Europe and Central Asia Grew Rapidly in 2017

*Remittance trends.* After three consecutive years of decline, remittances sent to Europe and Central Asia (ECA) are estimated to rise by 20.9 percent in 2017 compared with 2016.

**FIGURE 4.3** Remittances to Europe and Central Asia bounced back in 2017

Sources: IMF; World Development Indicators; World Bank staff estimates.

The two largest remittance recipients in the ECA region in 2017, Ukraine and the Russian Federation, saw robust growth in remittance inflows (28 percent and 20 percent, respectively, in 2017 over 2016). Key reasons are the appreciation of the euro and ruble against the dollar as well as a low base following a nearly 22 percent decline in 2015 alone. Additional factors are stronger growth and employment prospects in source countries: output expanded by 1.7 percent and inflation declined notably in Russia, while recovery in Kazakhstan continued, and growth and employment picked up in the euro area economies since late 2016. Some ECA countries are strongly dependent on remittances, which make up over 100 percent of international reserves in Tajikistan, the Kyrgyz Republic, and Kosovo (figure 4.3).

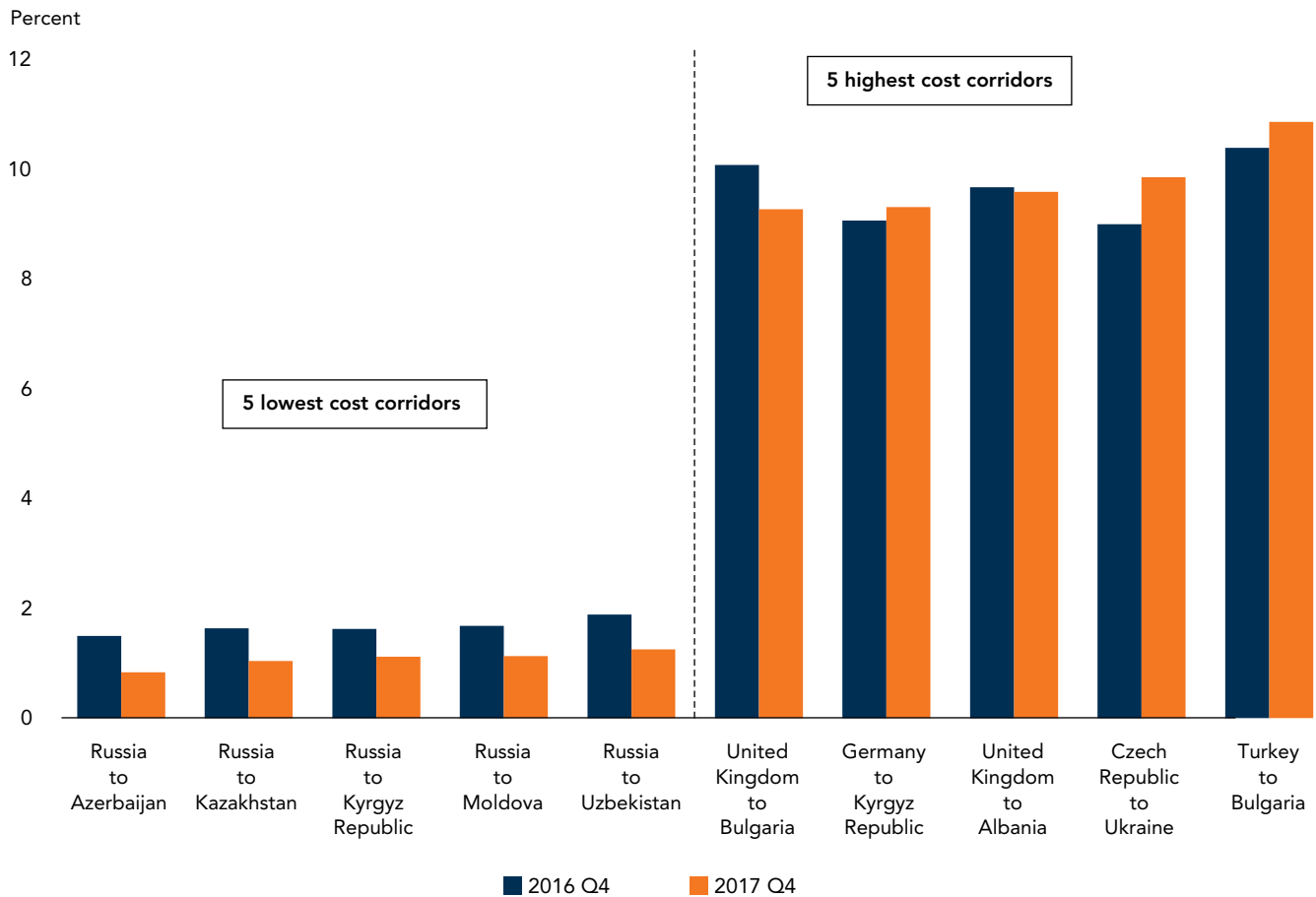
The outlook for 2018–19 is positive, but remittance growth is projected to be moderate due to stable gross domestic product (GDP) growth in the euro area, Russia, and Kazakhstan. The ruble-dollar exchange rate remains a crucial factor influencing the outlook.

**Remittance costs.** The average cost of sending \$200 to the ECA region increased slightly to 6.6 percent in the last quarter of 2017, while the global average declined to 7.1 percent. If Russia is excluded, sending money to ECA costs 7.2 percent of the amount sent, somewhat above the global

average. The average costs of sending remittances from Russia decreased from 2.1 to 1.7 percent in the fourth quarter of 2017 (both notably lower than the Sustainable Development Goal (SDG) target of 3 percent). Russia is the least expensive G-8 and G-20 sending country and features in all the lowest cost corridors in the ECA region (see figure 4.4).

**Migration trends.** Until September 2017, net migration to the United Kingdom from other EU countries declined to 90,000 (putting it under 100,000 for the first time since 2013, according to the Office for National Statistics), while non-EU net migration increased to 205,000, mainly due to an increase in students from Asia.<sup>31</sup>

The number of illegal border crossings into the European Union continued to decline in 2017 to 204,734, a significant drop from the 282,933 crossings registered in 2014. This is mainly due to a reduction in crossings along the Eastern Mediterranean via Greece and the Western Balkan routes, and also into Italy. Arrivals in Spain, however, more than doubled in 2017, reaching 23,564, but remained low compared with arrivals in Italy (118,962) and Greece (42,319). Discussions within the European Union about responsibility and burden sharing for refugees and an overhaul of the Dublin system are ongoing.<sup>32</sup>

**FIGURE 4.4** Russia is the least expensive country from which to send money in ECA

Source: World Bank staff estimates using the Remittance Price Worldwide Database.

### 4.3 Remittances Flows into Latin America and the Caribbean Are Strong and Continue to Rise

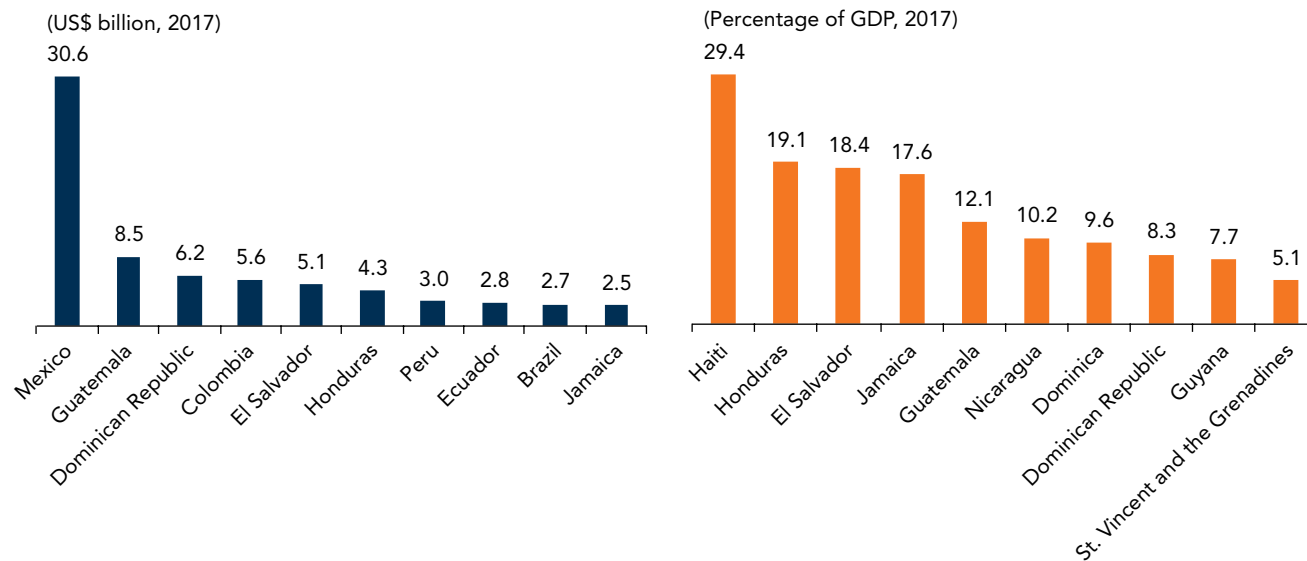
*Remittance trends.* Remittance flows into Latin American and the Caribbean (LAC) increased by 8.6 percent in 2017, reaching a record high of \$80 billion. Recent trends in the United States and the world economy were good news, and it is expected the momentum will continue in 2018. Growth is expected to decelerate somewhat in 2019 owing to changes in migration policies in the United States.

There are several specific factors behind the increase in remittances to LAC in 2017; these include (i) positive economic growth in the United States; (ii) a 17-year low unemployment rate in that country, at 4.1 percent for all Americans and 4.9 percent for specifically Hispanics; and (iii) tighter enforcement of immigration rules in the United States, which prompted migrants to send home their savings in anticipation of deportation.

The robust growth of remittance flows to Latin America in 2017 was observed across the region, including in Mexico (6.6 percent), El Salvador (9.7 percent), Colombia (15 percent), Guatemala (14.3), Honduras (12), Nicaragua (10 percent), and the Dominican Republic (12.4 percent).<sup>33</sup> The pickup in growth was broad based, with a notable increase in remittances from the United States and Spain. Many countries in Central America, near the Andean region, and in the Caribbean would have suffered a current account deficit were it not for remittance inflows.

In 2017, intra-regional remittances also grew in the region. Outward remittance flows from Argentina (to Bolivia, Paraguay, and Peru), Chile (to Bolivia and Peru), Costa Rica (to Nicaragua), and Ecuador (to Colombia and Peru) increased. Remittance flows from Argentina to Paraguay surpassed flows from the United States due to the elimination of foreign exchange controls.

In 2018, higher growth in the United States will most likely continue to have a positive impact on remittance flows

**FIGURE 4.5** Remittance inflows to Latin America and the Caribbean showed robust growth in 2017

Sources: IMF; World Development Indicators; World Bank staff estimates.

to Mexico, Central America, and South America. This is reflected in the H1-B visa applications for FY19, which reached the 65,000 global cap, including the 20,000 cap for master's degree holders by April 6, 2018.<sup>34</sup> Growth in the U.S. labor market will also continue to support remittance inflows, as will forecasted growth in Italy and Spain, which are also major sources of remittances to LAC.

**Remittance costs.** The average cost of sending money to LAC was 5.9 percent in the first quarter of 2018, up from 5.8 percent recorded in the previous quarter, according to Remittance Prices Worldwide (RPW) data. The average cost of sending money from the United States, where most LAC migrants reside, was 5.8 percent in the fourth quarter, significantly below the global average of 7.1 percent but well above the SDG target of 3 percent. The cost of sending money to LAC has stayed stagnant over the past few years. However, sending money from Canada to the Caribbean countries, from Japan to Brazil, and from the United States to Cuba is above 10 percent. Despite the technological advances, remittances remain expensive, especially for countries in the Caribbean. This is due to de-risking and the closing of correspondent bank accounts and anti-money laundering and countering the financing of terrorism (AML/CFT) regulations that are impacting remittance service providers. Also, continued de-risking in the banking sector could reverse the region's downward trend in transfer costs.

**Migration trends.** New international migration patterns are emerging in LAC; these include (i) return migration to

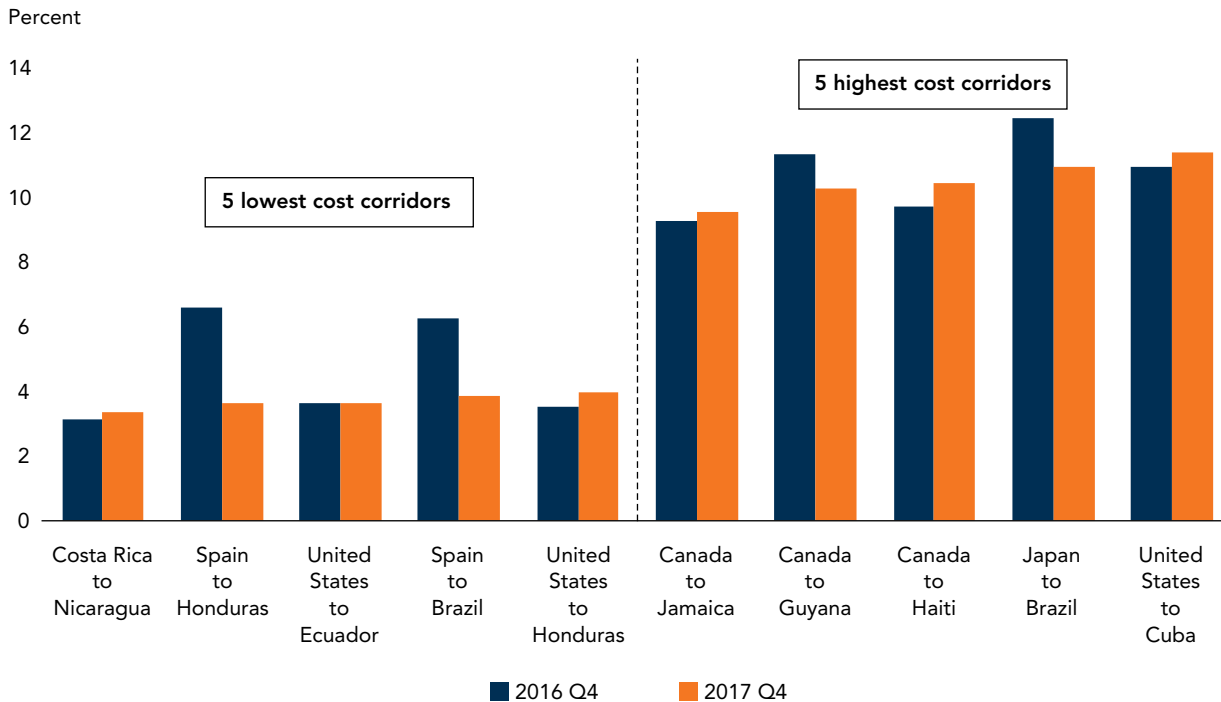
Mexico and Central America (partly due to the increased U.S. immigration enforcement mentioned earlier); (ii) large flows of Venezuelans into neighboring countries; and (iii) increasing flows of migrants from Haiti and the Dominican Republic into Chile.

Given the large flow of Venezuelans crossing into Brazil and Colombia, both countries have implemented new measures to ensure more orderly migration from Venezuela.<sup>35</sup> In February, Colombia introduced a special passport for Venezuelans, who may register for a special residency permit (Permiso Especial de Permanencia).<sup>36</sup> Peru provides Venezuelans with a Temporary Permit of Residency that allows them to work and pay taxes.<sup>37</sup>

The number of visas requested by Haitians for entry into Chile more than tripled from 8,419 in 2015 to 35,277 in 2016.<sup>38</sup> Since 2010, Chile has also become the third largest country of destination for labor migrants from the Dominican Republic, after the United States and Spain.<sup>39</sup>

#### 4.4 Remittances to the Middle East and North Africa Bounced Back in 2017

**Remittance trends.** Remittances to the Middle East and North Africa (MENA) region are estimated to have grown by about 9 percent in 2017, after two years of decline. The high growth rate is driven by a rapid increase in remittances to

**FIGURE 4.6** The five most and least expensive remittance corridors in North America and LAC

Source: World Bank staff estimates using the Remittance Price Worldwide Database.

Note: LAC = Latin America and the Caribbean.

Egypt. After Egypt floated its currency in November 2016, exchange rate expectations became more stable, the official exchange rate converged with that of the informal market, and the Central Bank hiked interest rates twice in 2017. Improved economic and employment growth in Europe, as well as the depreciation of the dollar against the euro, increased remittances to the Maghreb in 2017 (Morocco by 5 percent until November 2017, Tunisia by 3 percent year-on-year). Remittances to Jordan grew by 1 percent in the first three quarters of 2017 and remittances to Lebanon remained flat in the first part of 2017, as remittance outflows from Saudi Arabia declined, but those from the United Arab Emirates increased.

Beyond 2017, the growth of remittances to the MENA region is expected to continue, albeit at a slower pace. A pickup in growth in the GCC countries is expected from 2018 on, due to a more relaxed fiscal stance, more infrastructure investments, and reforms to promote non-oil private sector growth. Remittance outflows will be dampened by Saudi nationalization policies, notably in sectors banning foreign workers as of 2018. Starting in June 2018, when women will be allowed to drive in Saudi Arabia, the need for foreign drivers might decrease. The Financial and Economic Affairs Committee of Kuwait's National Assembly just approved a

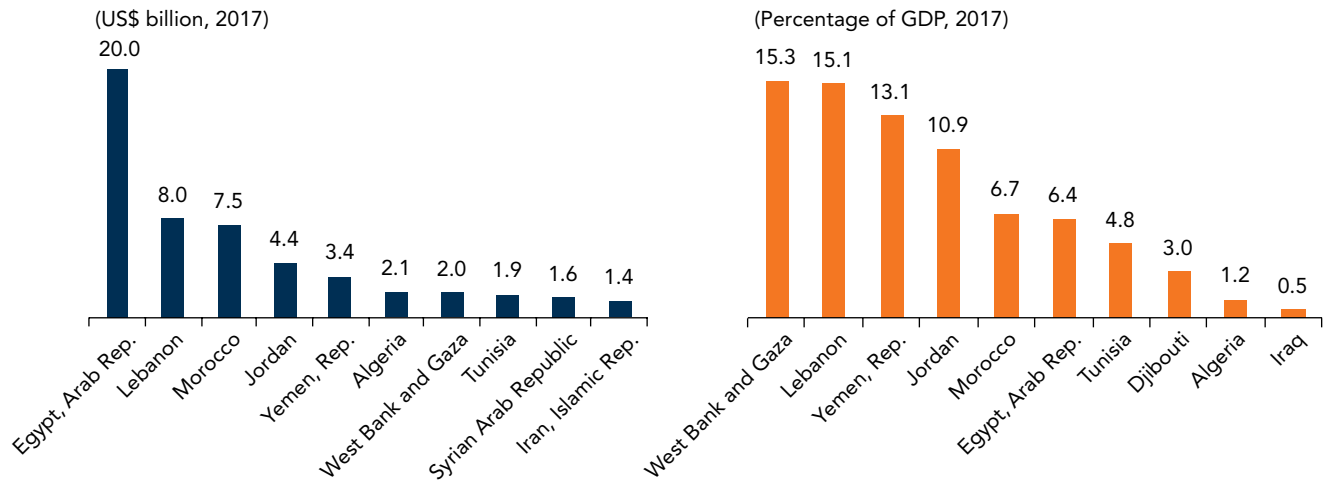
draft law to impose taxes on the remittances of foreigners living in Kuwait. Cuts in subsidies, increases in various fees, and the introduction of a value added tax (VAT) of 5 percent in Saudi Arabia and the United Arab Emirates also increased the cost of living for expatriate workers. This may dampen remittances.

*Remittance costs.* The cost of sending \$200 to the MENA region remained broadly stable in 2017; in the fourth quarter of the year, it was about 7.4 percent of the total amount. This is still a little higher than the global average, which declined to 7.1 percent in the same quarter. Costs, however, vary greatly across corridors: the cost of sending money from countries in the Organisation for Economic Co-operation and Development (OECD) to Lebanon continues to be in the double digits, while sending money from the GCC countries cost below 5 percent in some corridors. The cost in Saudi Arabia is the third least expensive in the G-20, at 5.5 percent.

*Migration trends.* There is an increase in arrivals to the European Union from the Maghreb over the Mediterranean. Tunisians were the second largest group of migrants detected on the Central Mediterranean route in the first two months of 2018; Moroccans were the second largest group on the Western Mediterranean route. In 2017, Moroccans were

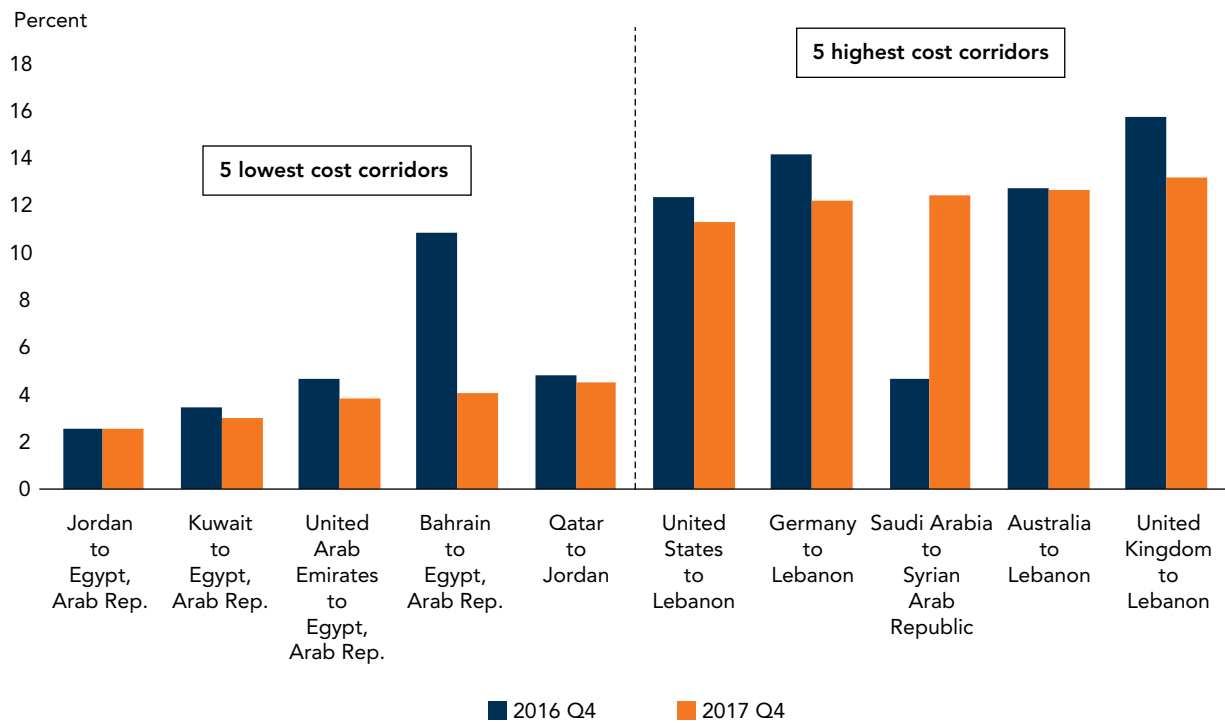


**FIGURE 4.7** Remittance inflows to the Middle East and North Africa grew rapidly in 2017



Source: IMF; World Development Indicators; World Bank staff estimates.  
 Note: Estimates for Syria and Yemen based on latest available data.

**FIGURE 4.8** Sending money within the MENA region is less expensive than sending money from outside



Source: World Bank staff estimates using the Remittance Price Worldwide Database.

among the top five nationalities to make an irregular border crossing into the EU. As their asylum claims are mostly rejected, many remain in an irregular situation in Europe.<sup>40</sup> Readmission agreements have been signed between the EU and Maghreb countries, but returns are still low. Around 10,000 migrants were returned to Morocco in 2016, less than

5,000 to Algeria, and even less to Tunisia. These three nationalities are also among the top 20 nationalities deported from the European Union.<sup>41</sup>

In March 2017, the Saudi Ministry of Interior launched a campaign called “A Nation without Violations,” giving migrant

workers 90 days to regularize their status or leave the country without penalties. Since November 2017, there has been an increase in deportations from Saudi Arabia as part of a crackdown on irregular migrant workers. As of March 2018, over 670,000 people had been arrested and over 160,000 deported.<sup>42</sup> According to statistics from the Ministry of Interior, 65 percent of those deported were Yemeni.<sup>43</sup>

## 4.5 Remittances to South Asia Grew Moderately in 2017

Remittances to South Asia increased by 5.8 percent in 2017 after a slowdown of  $-6.1$  percent in 2016. In India, after a steep decline in 2016 ( $-8.9$  percent), the remittance growth rate picked up briskly to 9.9 percent in 2017 with total remittances of around \$69 billion (up from \$62.7 billion in 2016). The upsurge is likely to continue into 2018 on the back of stronger economic conditions in advanced economies (particularly the United States) and an increase in oil prices that should have a positive impact on the GCC countries.

In Pakistan, after slow growth in 2016 (2.4 percent), remittances remained nearly flat in 2017 largely due to significant declines in inflows from Saudi Arabia (the largest remittance source) toward the end of the year. This may be due to labor market nationalization policies in Saudi Arabia. This trend continued into early 2018, but remittance flows from the United Arab Emirates, the United Kingdom, and the United States accelerated. In Bangladesh, after a steep decline in 2016 ( $-11.5$  percent), remittances were flat in 2017. They now show a promising uptick, driven by strong inflows from the

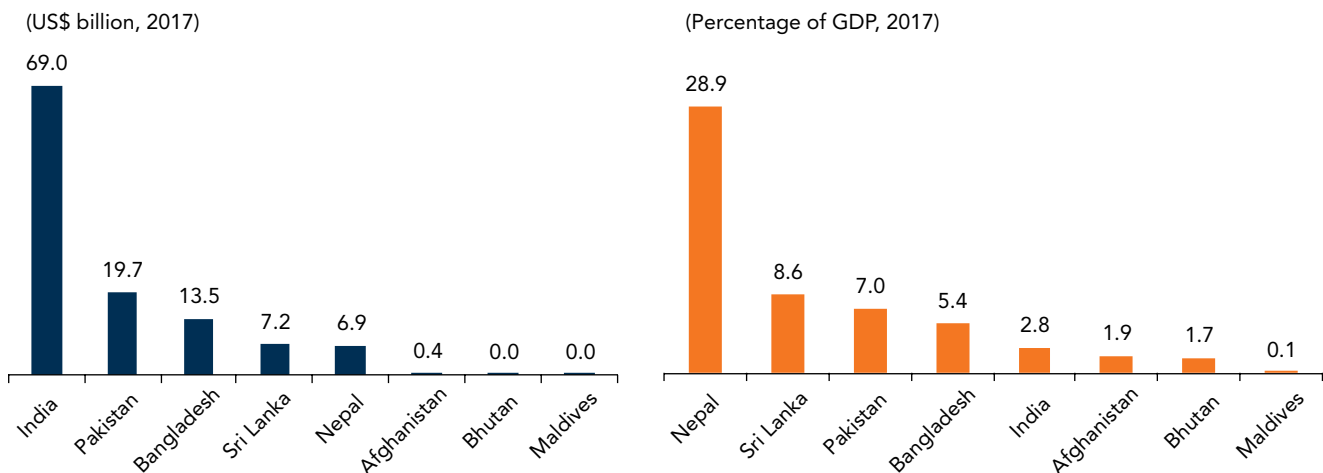
main source countries—Saudi Arabia, the United Arab Emirates, the United States, Kuwait, and Malaysia. Sri Lanka, in contrast, saw a slowdown of  $-0.9$  percent in 2017.

*Remittance costs.* South Asia had the lowest average remittance costs of any world region (at 5.2 percent) in the first quarter of 2018. Some of the lowest cost corridors (in 2017), originating in the GCC and the Association of Southeast Asian Nations (ASEAN) countries, had costs below the SDG target of 3 percent. But these rose to well over 10 percent in the highest cost corridors. Banking regulations (related to AML/CFT) raise the risk profile of remittance service providers and thereby increase the costs of sending to countries such as Afghanistan. A market environment where competition is hampered by the slow adoption and diffusion of new technologies also fosters high costs.

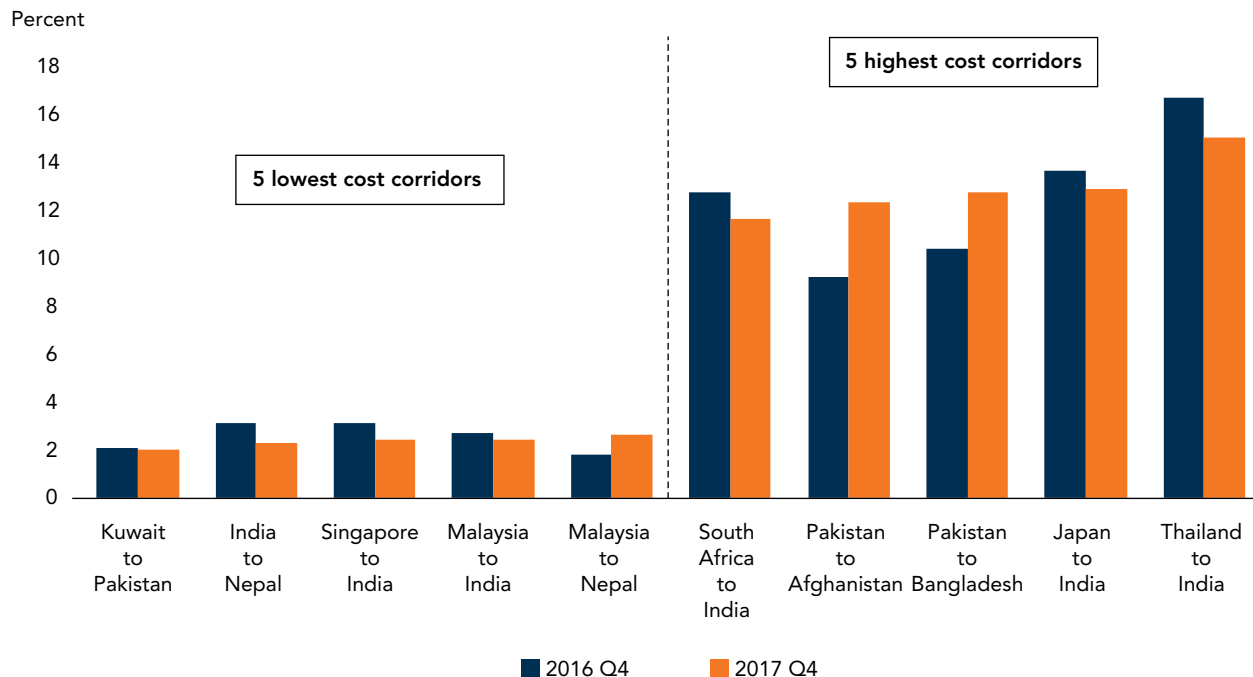
*Migration trends.* India's Union Cabinet approved a proposal to extend proxy voting to nonresident Indians (NRIs) by amending electoral laws. NRIs and overseas Indians can already vote in constituencies where they are registered, but they will now also be able to use a proxy, a privilege once available to only service personnel.<sup>44</sup>

Bangladesh may have avoided the impact of the Saudi labor market's nationalization in 2017 due to an earlier agreement to send 400,000 workers (half of them female). But, the pace of migrant worker deployments from Bangladesh slowed in February 2018, due to lower outflows to Saudi Arabia. Only about 59,382 workers went abroad that month, against 85,038 in the corresponding month in 2017. A similar trend was observed in Pakistan in the previous year. Deployments of Pakistani workers to Saudi Arabia in the first six months of

**FIGURE 4.9** Remittance inflows to South Asia grew moderately in 2017



Sources: IMF; World Development Indicators; World Bank staff estimates.

**FIGURE 4.10** The costs of sending remittances to South Asia varied widely across corridors

Source: World Bank staff estimates using the Remittance Price Worldwide Database.

2017 was just 17 percent of the total workers who went to the kingdom in 2016 (77,600 in January–June 2017 vs. 462,598 in 2016).<sup>45</sup> The Kingdom recently placed restrictions on the recruitment of 12 categories of foreign workers.<sup>46</sup>

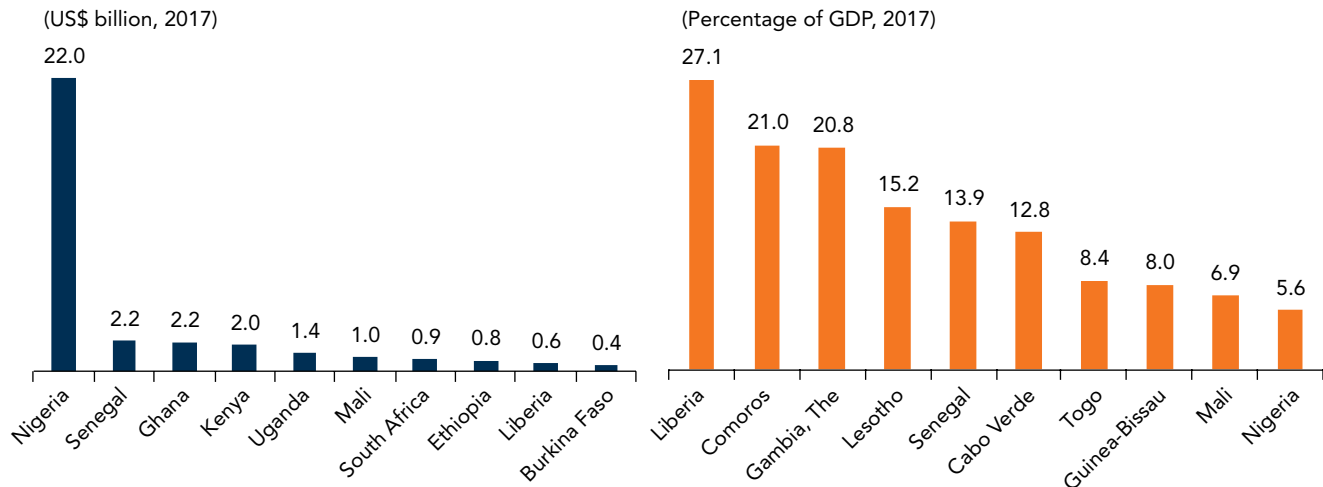
Bangladesh will send caregivers to 12 countries as part of efforts to promote skilled migration. The state-run Bureau of Manpower Employment and Training signed a memorandum of understanding with the Universal Medical and Technical Training Institute to train caregivers in needed skills.<sup>47</sup>

## 4.6 Remittances to Sub-Saharan Africa Accelerated in 2017

*Remittance trends.* Remittances to Sub-Saharan Africa grew from \$34 billion in 2016 to \$38 billion in 2017, and is expected to continue to grow into 2019. This increase is partly backed by a pickup in global economic growth, especially in the high-income OECD countries. Also, a rebound in oil prices since July 2017 boosted economic activities in oil-producing countries. Both OECD and oil-producing countries host many Sub-Saharan African migrants.

The largest remittance recipients in Sub-Saharan Africa in 2017 included Nigeria (\$22 billion), Senegal (\$2.2 billion), Ghana (\$2.2 billion), Kenya (\$2.0 billion), Uganda (\$1.4 billion), and Mali (\$1.0 billion). These countries will likely remain the largest recipients in the region in 2018 and 2019. Remittances represent a particularly large share of the GDP of Liberia (27 percent), Comoros (21 percent), the Gambia (21 percent), Lesotho (15 percent), Senegal (14 percent), and Cabo Verde (13 percent).

In many Sub-Saharan African economies, formal remittance inflows are large when considered as a share of GDP, exports, and reserves—but even these figures probably underestimate the total amount received, since informal remittances are rarely included in official remittance data. In Nigeria, for instance, because of exchange rate fluctuations and the existence of competitive options in the informal market, migrants have more incentives to use informal channels to remit money back home. Improving central banks' collection of data on formal and informal remittances will improve estimates of actual flows that Sub-Saharan Africa receives from its emigrants.

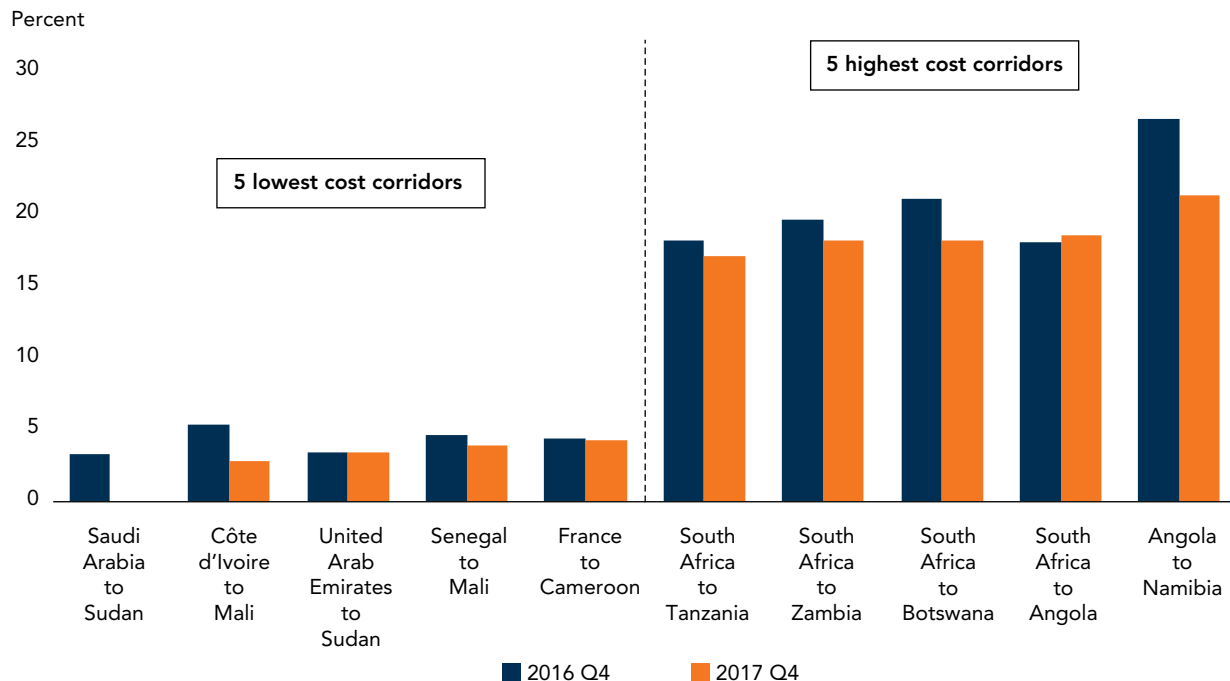
**FIGURE 4.11** Remittances to Sub-Saharan Africa rose in 2017, led by Nigeria

Sources: IMF; World Development Indicators; World Bank staff estimates.

*Remittance costs.* In the first quarter of 2018, the average cost of remittance services in Sub-Saharan Africa declined compared with a year earlier, from 9.8 to 9.4 percent. This is a declining trend compared with previous years. Yet, in Sub-Saharan Africa, remittance services remain the costliest in world, at 29 percent above the world average in 2017. Intra-regional corridors are the most expensive; the corridor connecting Angola to Namibia remained the costliest in 2016 and 2017 (at 26.7 percent and 21.4 percent, respectively). The cheapest intra-regional corridor in 2017 was Côte d'Ivoire to Mali, at 2.9 percent. This suggests that achieving the SDG target (10.c) of lowering remittance costs by 3 percent by 2030 is a possibility for the rest of the region's corridors, but significant efforts are needed to bring the costs down.

*Migration trends.* Inside the region, hundreds of thousands have been forcibly internally displaced either due to conflicts or climate-related disasters. The Central African Republic registered about 113,000 new displacements between December 1, 2017, and January 9, 2018, and the total number of refugees was 567,886 in February 2018.

The Democratic Republic of Congo registered 46,000 new displacements due to conflicts and insecurity.<sup>48</sup> Chad had about 121,325 internally displaced persons (IDPs) between November 2017 and January 2018, and 15,131 returnees from third countries. In Cameroon, 342,416 IDPs were registered in December 2017, and close to 90 percent were due to conflicts and insecurity. In West Africa, Nigeria is the most affected by forced displacements.<sup>49</sup> Conflicts in northern Mali resulted in 47,706 IDPs being registered in January 2018 in the region of Tombouctou. South Sudanese refugees and asylum seekers numbered about 2,441,244 by the end of February 2018. In January 2018, about 175,936 new IDPs were registered in Burundi compared with 179,901 in December 2017 and 187,626 in November 2017.<sup>50</sup> In 2017, large internal displacements were observed in Ethiopia.<sup>51</sup> Mozambique had about 29,000 people forcibly displaced by a tropical depression in the northern provinces of Cabo Delgado and Nampula.<sup>52</sup> In Madagascar, about 35,000 people were displaced during the first half of January due to floods and landslides following the tropical cyclone Ava.

**FIGURE 4.12** The five most and least expensive remittance corridors in Sub-Saharan Africa

Source: World Bank staff estimates using the Remittance Price Worldwide Database.

#### BOX 4.1 Historical and political economy antecedents of transit migration in Sub-Saharan Africa

Throughout history, people crossed the Sahara Desert for the purposes of trans-Saharan (caravan) trade, conquest, pilgrimage, and religious education (De Haas 2006). The advent of colonialism drew borders to create modern states that did not exist before, leading to the collapse of the trans-Saharan mobility of goods and people. But soon after these states' independence, the foundations for contemporary trans-Saharan migration were laid out. In the 1970s and 1980s, the forced and voluntary settlement of nomads, wars in the Sahel, and droughts provoked migration and settlement in towns and cities in Libya, Algeria, Mauritania, and Egypt. Sub-Saharan African migrants were tacitly welcome in these countries, where they helped address local labor shortages. After the oil crisis in 1973, Libya and Algeria witnessed an increase of migrant workers in the oil fields, most of them Egyptians and Sudanese, and this set the stage for more large-scale trans-Saharan migration after 1990. The UN embargo imposed on Libya between 1992 and 2000 played a decisive role by increasing contemporaneous trans-Saharan migration flows and consolidating migration routes and networks. All these developments contributed to making the Maghreb region a destination for Sub-Saharan African migrants.

Following visa restrictions in some European countries in the early 1990s, Maghrebians started crossing the Mediterranean Sea without required papers (IOM 2006). Since 2000, Sub-Saharan African migrants have joined North Africans in these undocumented crossings and have overtaken them as the largest regional source of irregular migrants on Mediterranean routes. The social and political instability in Libya following the Arab Spring, war and conflicts, and droughts in the Sahel region have pushed more and more Sub-Saharan and North African migrants to embark on these perilous journeys.



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## Endnotes

1. See World Bank, *Global Economic Prospects*, January 2018, for a global growth outlook.
2. In early April, the Financial and Economic Affairs Committee of Kuwait's National Assembly approved a draft law to impose taxes on remittances (ranging 1–5 percent, depending on the amount) sent by foreigners living in Kuwait. The draft law needs to be approved by the National Assembly and accepted by the government before it becomes legislation.
3. <http://www.fsb.org/wp-content/uploads/P160318-2.pdf>.
4. The report mentions the development of technical solutions for KYC ("know your customer"), including the use of the Wolfsberg Correspondent Banking Due Diligence Questionnaire for discussions with industry.
5. According to the GSM Association (GSMA 2018), mobile money transactions exceeded a billion dollars a day in 2017, covering 690 million registered accounts in over 90 countries. Mobile money is widely used in China, Sub-Saharan Africa, and South Asia. For the most part, mobile money is used for domestic payments. The share of mobile money used for cross-border remittances is small, but growing.
6. Investors in integrated community organization (ICOs) pay in cryptocurrencies, such as Bitcoin and Ethereum.
7. Cryptocurrencies are also used for cross-border wire transactions. In 2016, it is estimated that as much as 20 percent of remittances from the Republic of Korea to the Philippines were via Bitcoin.
8. "The Joint Response Plan for Rohingya Humanitarian Crisis: An Appeal for \$951 million to Assist 1.3 million people," *New Vision*, March 17, 2018.
9. The datasets and accompanying documentation can be accessed at <https://www.knomad.org/data/recruitment-costs>.
10. See the revised draft of the GCM released on March 26, 2018, at [https://refugeemigrants.un.org/sites/default/files/180326\\_draft\\_rev1\\_final.pdf](https://refugeemigrants.un.org/sites/default/files/180326_draft_rev1_final.pdf).
11. <https://www.imf.org/external/np/exr/facts/pdf/g20map.pdf>.
12. The World Bank and KNOMAD could be mentioned in the GCM in paragraph 16 on data, and paragraph 48 on implementation. The World Bank and the GRWG should be mentioned in paragraph 35 as a lead actor for reducing remittance costs.
13. <https://globalcfc.org/>.
14. <http://www.unhcr.org/en-us/events/conferences/5aabe59b7/draft-1-global-compact-refugees-9-march-2018-unofficial-spanish-version.html>.
15. <http://www.unhcr.org/58e625aa7>.
16. Such as those collected by the IOM's displacement tracking matrix and flow monitoring (see data details at: <https://emergencymanual.iom.int/entry/24861/flow-monitoring>) and those of the Mixed Migration Monitoring Mechanism Initiative (4Mi) (<http://www.westafrica.regionalmms.org/index.php/4mi-page>).
17. Report of the Commission of Inquiry on Human Rights in Eritrea, <http://www.ohchr.org/EN/HRBodies/HRC/ColEritrea/Pages/ReportColEritrea.aspx>.
18. Several transit routes have been identified in the literature. Bangladeshi migrant workers use the services of brokers to illegally enter Malaysia by transiting through Thailand (Ahsan Ullah 2013). Cambodians, mostly from the ethnic Cham group, enter Malaysia via Thailand, though the majority end up remaining in Thailand for an extended period. Indonesia is widely regarded as a transit country for refugees, asylum seekers, and irregular migrants. The number of asylum seekers and refugees registered with the UNHCR in Indonesia expanded exponentially from 353 asylum seekers and 369 refugees in mid-2008 to 6,539 asylum seekers and 7,819 refugees as of June 2016 (UNHCR website).
19. West Africans (Nigerians, Gambians, Senegalese, Malians, Ivoirians, Guineans, and others), who composed about 39 percent of individuals who had arrived in Italy, transited through Agadez, Niger, and Tripoli, Libya, before embarking on the Mediterranean Sea crossing to Italy. East Africans (Eritreans, Somalians, Sudanese, Ethiopians), who composed 18 percent of individuals who had arrived in Italy, tended to transit through Khartoum, Sudan, and Tripoli. The rest of the population arriving in Italy transited through other cities such as Bamako, Gao, and Cairo. Afghans, Iraqis, and Syrians typically travelled to Izmir, Turkey, where they boarded boats to Greece. Those of Afghan origin usually took a route through Iran, but 30 percent of these had settled in Iran two years or more prior to their migration to Greece.
20. First, Cubans entered Costa Rica with the objective of going to the United States. Immigrants from different African, Asian, and Latin American countries also entered Costa Rica and stayed there for a certain period. Peru is a transit country for Venezuelan migrants going to Argentina and Chile. Peru and Bolivia are also transit countries for Haitians on their way to Chile. Panama recently became a country of transit for Cubans. Ecuador has also become a transit country for Colombians and immigrants who have gone to Brazil (including Haitians and Africans) and want to go to the United States. Nationals from most countries do not require a visa to enter Ecuador. In addition, the Human Mobility Act (Ley de Movilidad Humana) was signed into law on January 28, 2017. These new regulations have attracted immigrants from different countries that pass through Ecuador as a transit country on their way mainly to the United States. Haitians go through Panama or Colombia, Ecuador, and Peru before reaching Brazil.
21. The number of asylum seekers and refugees registered with UNHCR in Indonesia expanded exponentially from 353 asylum seekers and 369 refugees in mid-2008 to 6,539 asylum seekers and 7,819 refugees as of June 2016 (UNHCR website).
22. During their migration journey, Sub-Saharan African irregular transit migrants are at risk of being exploited, facing corruption and human rights abuse, and living in precarious conditions (OHCHR 2016). Some even lose their lives: from May to June 2017, more than 50 migrants died in the Sahara Desert during their transit to North Africa.
23. See for example, Jacobsen et al. (2012) on the remittance behavior of Sudanese refugees and migrants transiting in Egypt. From a sample of 404 Sudanese residing in Cairo, the authors found more than a third (37.8 percent) received remittances from Sudan or abroad while only 10 percent reported sending remittances.
24. According to the European Commission (2007), from 2002 to 2013, the European Union spent about €500 million to ensure the better management of migration flows in third countries, and to fight against illegal migration (Brachet 2018). As a result, ECOWAS has changed its orientation from facilitating the free movement of persons within the region to controlling its external borders (Brachet 2018). For the first time in the Sahel's history, irregular migration in the Sahel has become a political issue at both the national/state and ECOWAS levels (Kabbanji 2011). This shift is also motivated by the aid and foreign direct investment (FDI) conditionality imposed by several European countries.
25. See Centre de Ressources sur la Migration: <http://www.centresmigrants.tn/fr/vivre-en-tant-que-migrant-en-tunisie/les-penalites-de-depassement-de-sejour> and <http://www.legislation.tn/sites/default/files/news/tf201710613.pdf>.
26. A new anti-trafficking law has been enacted, and two draft bills regarding immigration and asylum have been elaborated to replace the immigration law of 2003; 28,400 applications for status regularization from 113 nationalities were submitted between December 15, 2016, and December 31, 2017.

- See also <http://blogs.worldbank.org/peoplemove/second-regularization-campaign-irregular-immigrants-morocco-when-emigration-countries-become>.
27. For example, a World Bank report titled *Maximizing the Development Impacts from Temporary Migration: Recommendation for Australia's Seasonal Worker Program* found a 11.5 percentage point difference in remitting A\$500 using Western Union or KlickEx in Tonga.
  28. Reported shortages of foreign manpower in the manufacturing and plantation sector in Malaysia are stifling expansion plans and causing wage increases. In Thailand's Samut Sakhon Province, a major fishing hub, less than 500 applications were received for 5,000 openings following the announcement of tighter government regulations that prompted many undocumented migrants to leave.
  29. The proposed amendment reduces employer fines per undocumented worker from between 400,000 baht (\$12,747) and a maximum of 800,000 baht (\$25,493) to between 10,000 baht (\$319) and 100,000 baht (\$3,190), and eliminates workers' jail terms. An estimated 700,000 undocumented workers have yet to register, raising concerns that the process will not be completed by the new deadline. A total of 988,798 workers have registered since last year, which permits them to stay in the country for another two years.
  30. A survey of 820 residents in the Republic of Korea's seven largest cities, conducted in August 2017, found 61.1 percent of the respondents agreeing that "it is hard to accept" foreign workers as members of Korean society. This was up 3.6 percentage points from a 2013 survey.
  31. See <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/february2018>.
  32. See, for example, <http://www.europarl.europa.eu/news/en/press-room/20171115IPR88120/ep-ready-to-start-talks-with-eu-governments-on-overhaul-of-dublin-system>.
  33. An estimated 1.5 million Guatemalans reside and work in the United States and send back the equivalent of over 12 percent of Guatemalan GDP in remittances. Remittances are even more crucial for El Salvador (about 17 percent of GDP) and Honduras (about 18 percent of GDP), with 2017 flows rising by 9.6 percent and 12.5 percent, respectively.
  34. <https://www.uscis.gov/news/alerts/uscis-reaches-fy-2019-h-1b-cap>.
  35. Brazil doubled the number of troops at the borders and relocated migrant Venezuelans to the interior of the country (<https://www.aljazeera.com/news/2018/02/colombia-brazil-tighten-venezuela-border-control-180209081826179.html>). Some 40,000 refugees are reported to be in the Brazilian city of Boa Vista alone. Colombia is to stop issuing migration cards to Venezuelans, and only existing card or passport holders will be able to cross the border legally. Some 96,000 Venezuelans are reported to have crossed the border legally in November alone. Meanwhile, Argentina granted residency to over 31,000 Venezuelans in 2017, while Peru reported about 68,000 Venezuelan migrants in the first 11 months of 2017.
  36. More than 100,000 Venezuelans have applied to obtain this permit: <http://www.semana.com/nacion/articulo/cuantos-venezolanos-entran-a-diario-al-pais-colombia/559438>.
  37. There are more than 115,000 Venezuelans in Peru and only 31,000 have requested the temporary permit: [http://www.el-nacional.com/noticias/mundo/peru-hay-mas-115000-venezolanos-31000-con-permiso-temporal\\_226145](http://www.el-nacional.com/noticias/mundo/peru-hay-mas-115000-venezolanos-31000-con-permiso-temporal_226145).
  38. This new flow started in 2011 after the earthquake and has accelerated in recent years. New arrivals are coming directly from Haiti or from Brazil, their initial destination. According to the Policy of Investigation (PDI), from January 1 to March 4, 2018, 28,038 passengers from Haiti crossed borders into Chile while in 2017 about 111,746 Haitians entered the country (about 9,312 per month) ([http://www.extranjeria.gob.cl/media/2017/09/RM\\_PoblacionMigranteChile1.pdf](http://www.extranjeria.gob.cl/media/2017/09/RM_PoblacionMigranteChile1.pdf); <http://www.ahoranoticias.cl/noticias/nacional/217995-pdi-ingreso-de-haitianos-a-chile-aumenta-cerca-de-un-50-en-2018.html>).
  39. In 2012, Chile requested that migrants from the Dominican Republic get a visa. Since then the number has increased from 560 visas in 2009 to 4,390 visas in 2012 (the peak). The number of visas then decreased to 1,931 while the number of irregular crossings increased. According to the National Institute of Migration of the Dominican Republic, there are 25,000 Dominicans residing in Chile out of the 1.8 million living abroad (<http://hoy.com.do/chile-el-nuevo-destino-escogido-por-dominicanos/>).
  40. Over the period 2008–16, among the top countries of origin of persons found to be unlawfully present on EU territory, Moroccans ranked fifth (nearly 300,000), Algerians eighth (160,000), and Tunisians thirteenth (134,000). They are similarly ranked among the top nationalities ordered to leave. In 2016, among the top nationalities ordered to leave the European Union, Morocco ranked fourth (with nearly 35,000 cases), Algeria eighth (with over 20,000 cases), and Tunisia thirteenth (with around 10,000 cases). See <https://frontex.europa.eu/media-centre/news-release/migratory-flows-in-february-drop-in-italy-stable-in-greece-and-spain-9OWUge>.
  41. [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Top\\_20\\_citizenships\\_of\\_non-EU\\_citizens\\_returned\\_to\\_their\\_country\\_of\\_origin\\_from\\_the\\_EU,\\_2015-2016.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Top_20_citizenships_of_non-EU_citizens_returned_to_their_country_of_origin_from_the_EU,_2015-2016.png).
  42. <http://regionalmms.org/monthlymaps/RMMS%20Mixed%20Migration%20Monthly%20Map%20February%202018.pdf>.
  43. <http://www.independent.co.uk/news/world/middle-east/yemen-civil-war-saudi-arabia-houthi-yemeni-workers-expel-deport-fighters-recruitment-al-qaeda-a8248506.html>.
  44. <http://www.muscatdaily.com/Archive/Oman/Election-Commission-of-India-launches-portal-for-NRI-voters-52se#ixzz5AR23OeWL>.
  45. <https://www.dawn.com/news/1351745>.
  46. Financial Express, "Feb Overseas Jobs Fall on Lower Saudi Hiring," February 11, 2018.
  47. Financial Express, "Dhaka to Send Caregivers as 12 Countries Free Up Markets," March 9, 2018.
  48. In addition, the country hosts more than 526,000 refugees from other Sub-Saharan African countries, and more than 600,000 refugees from the Democratic Republic of Congo live in other Sub-Saharan African countries.
  49. In January 2018, the country registered a total of 1,782,490 IDPs. The majority of these (about 85 percent) had been displaced by Boko Haram's insurgency. More than 80,000 new displacements were observed in January 2018, as a result of clashes between farmers and herders in the state of Adamawa. In Borno State, more than 4,000 people were displaced due to attacks and military operations.
  50. The decline in IDP numbers is due to the rehabilitation of IDP homes, the achievement of sustainable solutions, the restoration of security in the country, and improved harvests in the communities of origin of IDPs who had fled because of drought during the previous months (IOM 2018c). Between December and January 2018, about 4,270 IDPs returned to their communities of origin as the result of improvement in the sociopolitical conditions. In this country, 70 percent of internal displacements are due to disasters, and the remaining 30 percent due to conflicts and sociopolitical instability.
  51. About 1,078,429 IDPs were displaced by conflict and about 528,658 by climate-related events. According to IOM (2018c), more and more people are being forcibly displaced by conflict, which is the primary cause of internal displacement in the country.
  52. About 73,200 were affected by heavy rains in Nampula Province, where 10 people died and 14,400 houses were damaged. In Cabo Delgado, 1,100 families were affected by heavy rains that destroyed about 15,000 hectares of farm plots.

# MIGRATION AND REMITTANCES

## Recent Developments and Outlook

This Migration and Development Brief reports global trends in migration and remittance flows, as well as developments related to the Global Compact on Migration (GCM), and the Sustainable Development Goal (SDG) indicators for volume of remittances as percentage of GDP (SDG indicator 17.3.2), reducing remittance costs (SDG indicator 10.c.1) and recruitment costs (SDG indicator 10.7.1). This Brief has a special focus on transit migration.