The Broader Look

Mysteries shroud higher 'migra-dollars' to major remittance-receiving countries

By JEREMAIAH M. OPINIANO MARCH 11, 2021

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SOME call it olfactory memory. It's what Rodel Guco, standing near where water burbles on one of the shores of the seaport city of Valetta, Malta, says what his nose remembers after briefly taking off his face mask.

Guco (not his real name), also remembers the pungent smell of money, something his nose also missed when he arrived in Malta late-February, 2020, from the United Arab Emirates.

That scent, however, wafted to hundreds of millions of families of migrant workers as, to the surprise of many, central banks of major origin countries relying o
reported receiving higher dollar inflows in pandemic-hit 2020.

Indeed, it was a welcome surprise.

This pandemic era pushed to the limits the world's over-250 milli
residing in countries with millions to hundred thousand-and-ten
CoV-2 caseloads. Economists fretted over concerns that migrants a
from work, and will therefore remit lesser amounts to their beleag

Countries plunged into recession, and the might of the foreign remittance to save the day may have been hindered by government attempts to stem the spread of the virus.

Virus, job loss

GUCO clearly remembers that the blue waters of the Grand Harbor and the grandeur of Malta's cities and three major island groups had magnetized him.

This native of Leyte considered himself lucky after landing a job as a barista. His luck changed a week later, however: Malta locked down after a first reported Covid-19 case from a 12-year-old Italian girl.

Masks led him to lose the experience of breathing in the salty fresh air from the calm seas. He also lost his job.

For three months, Guco said he lived on the 400 euros received from a generous employer and in an apartment he shared with fellow jobless overseas Filipino workers (OFWs).

News — filtering through audio and video mobile applications — that his family back in the Philippines was doing fine eased his worries like the waters lapping on the shores of Grand Harbor.

When he was down to his last euros, however, it was only the waters where he found solace.

Anxiety, misunderstanding

"I can't remit money because we in Malta got locked down," Rodel said.

"No work, no pay for us. I want to make them realize that Malta also reels from this crisis. Malta relies on tourists, and there are no arrivals and, thus, no income."

Misunderstandings followed and anxiety increased. But Guco said he accepted these as "parts of life."

Mobility restrictions eased in Malta around July. The "odd" jobs in
became a construction worker, a part-time masseuse and a waiter
reopened.

He was now able to send home money; sometimes P2,000 (nearly
(nearly 87 euros).

Sometimes, he said, he sends money more than once a month.

Guco, like other migrant workers, says whatever he earns “is not enough.”

For remittance-receiving countries like the Bangladesh, Mexico and Sri Lanka, they were enough.

Country flow

MAJOR remittance-receiving countries in Asia, Africa and Latin America got more of those green bucks last year than in 2019. However, it was a trend the Philippines didn’t enjoy.

Increased remittances by Mexico, Pakistan, Sri Lanka, El Salvador, Dominican Republic and Kenya got a push from their currencies, which depreciated versus the US dollar last year and from migrants wiring more incomes for loved ones living in quarantined areas.

What these countries’ remittance levels reached negated country-level and regional-level projections from multilateral organizations in April last year that the economic and health impacts of the Covid-19 pandemic will pull down remittance inflows.

Full-year 2020 data from various central or federal reserve banks showed that year-on-year remittance inflows were higher by 11.44 percent in Mexico (an additional $4.16 billion); 17.37 percent in Pakistan (+$3.84 billion); 5.77 percent in Sri Lanka (+$387.32 million); 4.77 percent in El Salvador (+$269.65 million); 3.67 percent in the Dominican Republic (+$259.9 million); and, 10.64 percent in Nigeria (+$297.67 million).

Bangladesh got some $3.409 billion more last year than in 2019, for an 18.6-percent increase.

Comparative data

THE Philippines, Nigeria and the Kyrgyz Republic received lesser remittance inflows in 2020 at $230.05 million, $13.65 billion and $126.75 million, respectively.

According to end-2019 data from the World Bank, Mexico (third), the Philippines (fourth), Nigeria (seventh), Pakistan (eighth) and Bangladesh (ninth) landed in the world’s top 10 remittance-receiving countries. Meanwhile, in terms of the share
domestic product (GDP), the Kyrgyz Republic is fourth (36 percent
percent) worldwide even if their actual dollar amounts are smaller

Remittance totals for Mexico ($40.606 billion), Pakistan ($25.967
($21.741 billion) in 2020 were even historic highs for these countri

part, got $29.903 billion last year (some 0.76 percent less) from its army of land-based and sea-based OFWs, estimated to be some 10.3 million.

Inoculation rate

CAREGIVER Daphne Lagut and husband Miko beamed happily as they got the vaccination jabs recently. Malta leads the entire European Union in terms of the rate of inoculations, using the vaccines developed by Pfizer Inc. with BioNTech SE and Moderna Inc.

Vaccination matters if economic life were to go back to normal, Lagut said. She said the ordinary Maltese fears SARS-CoV-2, follows the wearing of masks and physical distancing diligently and scolds those who do not follow these rules.

Fruits, right diet and vitamins keep us "safeguarded," Lagut said.

A year prior to the pandemic, the Laguts send home P40,000 (nearly 693 euros) monthly, especially since their child (being taken care of by doting grandparents) was unable to join them in the trip to Malta. Since the couple are essential workers, these caregivers for an elderly care facility still managed to send the same amount to loved ones in Bayugan City, Agusan del Sur.

"Family is always our first priority," Daphne said.

The Filipinos in Malta sent $54.861 million last year, a staggering 38.1-percent increase from the $39.713 million remitted in 2019. That is, even if the global total of Filipino remittances year-on-year was just under a shade of being in positive territory (minus-0.76).

Since countries instituted months-long lockdowns in the early days of the pandemic, development analysts became watchful of month-on-month remittance inflows after June 2020.

Notably surprising

SENIOR economist Juan José Li Ng of the Banco Bilbao Vizcaya Argentaria (BBVA) noted the surprising increases of Mexican migrants' remittances from the US after the second quarter of last year. Ng's October 6 report for BBVA saw July remittances grov

January-to-June 2020 data from the Banco de México saw remitta
percent compared to the same six-month period in 2019.

In a September 22 report by S&P (Standard & Poors) Global Market Intelligence, Ng was quoted as saying that cross-border Mexican migrants and commuters sent more money through formal banking channels "rather than delivering them directly" by crossing the US-Mexico border.

Sensing the surprising trends, economists Laura Caron and Erwin Tiongson wrote for "The Conversation" on October 22 that immigrants are sending more money home despite job losses in host countries, notably the US and Middle East countries.

Both economists saw the 8-month surges of remittances in Mexico and Pakistan while those foreign funds flowing to Vietnam and the Philippines "have held steady."

Earning income

THE tales of Guco and the Laguts show their efforts to remain steady and healthy. They illustrate how migrants worldwide try to keep themselves at bay, remain at work, stay healthy and send money home.

Caron and Tiongson proferred five reasons for the steady increase in remittances.

For one, migrant workers continue to earn income, getting employed in "essential businesses" and essential sectors in host countries while migrant-receiving countries have offered work, temporary residence and even social services to foreigners, including irregular migrants and asylum seekers.

A third reason would be stimulus spending by host countries, which Caron and Tiongson said also benefited foreigners, including permanent residents and naturalized citizens.

Sending incomes saved abroad as unemployed migrants anticipate returning to home countries was the fourth reason. Fifth, there was an increase in digital transfers that shifted previous remittance transactions through informal remittance channels.

Flow alternative

ECONOMIST Bilesha Weeraratne of the Institute of Policy Studies of Sri Lanka credited the rise of remittances in her country to remitted savings before return mi

considered migrants' receipt of incomes "as terminal employment

She added that migrants switched to banking channels instead of s *hawala* (trust) and *undial* informal remittance networks (these being popular for irregular migrants).

At the same time, different types of Sri Lankan migrants coped with the economic impacts of Covid-19 differently. Weeraratne said skilled migrants were able to find new jobs or were able to sustain their stays abroad until new jobs came.

But lower-skilled migrants who lost jobs "were affected more adversely," Weeraratne said.

Odd, puzzling

POLITICAL Scientist Tasneem Siddiqui of the Refugee and Migratory Movements Research (RMMRU) in Bangladesh was "quite puzzled" at the remittance upsurge in her country. Siddiqui told a February 9 webinar organized by the nonprofit Migrant Forum in Asia (MFA) that a survey she did revealed that 60 percent of migrant households did not receive money from June to August.

Those who were sending money were mostly women, with men getting displaced from work.

Saying also that informal remittances went to formal banking channels, Siddiqui said Covid-19 "may have exposed certain elements" in the country's remittance industry and even some issues facing Bangladeshi migrant workers.

An example she gave is that Bangladeshi migrants spend $3,000 on average for "visa purchases" for them to go to Middle East and Southeast Asian destination countries. That leads to some $1.74 billion of visa fees that recruitment agencies in Bangladesh "did not have to pay to purchase the visa," Siddiqui said.

Remittance transactions

ASIAN Development Bank (ADB) Analysts Aiko Takenaka, Kijin Kim and Raymond Gasper noted that nine countries in Asia and the Pacific registered increases in 9-month remittances year-on-year.

The ADB economists concurred with Caron, Tiongson, Weeraratne and Siddiqui on increased transactions using migrants' savings and in preparing for returns [...]
remittance transactions.

There are three other reasons, the ADB analysts add. One is that th[...]
workers resumed in some countries (e.g., Thailand allowing migra[...]
Democratic Republic, Myanmar and Viet Nam to return if they hav[...]
Another is that migrants needed to send more incomes home give[...]
families at home.

Some origin countries also offered incentives to their migrants at least a year prior to the pandemic, such as cash rebates for telegraphic transfers (Pakistan) and a cash incentive if migrants send home at least $1,500 so as to get a 2-percent incentive (Bangladesh).

Against the dollar

BUT these analysts overlooked the role of foreign exchange rates. In the Philippines, for example, economist Alvin P. Ang of Ateneo de Manila University said currency appreciation contributed to lesser remittance flows.

This, Ang says, sees the links of remittances to what economists call the "Dutch disease." Economists refer to the Dutch disease as a situation of growth in one economic sector and a decline in another sector, with this trend occurring under conditions of currency appreciation.

As for remittances, it is said that depreciating currencies motivate migrants to send more or equal amounts of money so that their families in home countries enjoy more incomes. If foreign exchange rates appreciate, the tendency is for migrants abroad to send more so that they catch up on the "high" foreign exchange rates they previously enjoyed.

Against the greenbuck, and citing end-2020 data from central banks, the Pakistani and Sri Lankan rupees weakened by some 3.17 and 3.27 percent, respectively. The Mexican and Dominican pesos depreciated by 4.57 and 9.68 percent, respectively. The Kenyan shilling also weakened by some 7.73 percent.

Little pressure

THE Philippine peso (5.33 percent), Nigerian naira (24.12) and Kyrgz som (9.77) appreciated against the US dollar last year. The Bangladeshi Taka ended 2020 appreciating versus the US tender by some 0.12 percent.

Nigeria's sharp decline last year revealed the practice that migrants do not send through formal channels. They bring money home and exchange dollars with unregulated money changers market for higher exchange rates. At the same time, increased demand for foreign currency had put pressure on the naira (the Nigerian currency) as
Nigeria when the pandemic triggered fluctuating global oil prices.

So just last December, the Central Bank of Nigeria shuttered naira-
told money transfer organizations to pay remittance recipients in
naira. These measures, central bank officials hope, may direct mor
formal financial channels.

Like before

GUCO now works for a factory in Valetta. He went back to sending money regularly, just like when he worked in Dubai, UAE as a barista.

During the lockdown, it was a "shot in the moon" to receive help from Maltese and fellow Filipinos.

"Our compatriots gave us food and groceries," Gruco said.

The Laguts held on to work in the elderly care center. The money they sent remained the same or slightly higher today.

It is this resilience by migrants that development analysts are banking on. Historical data show that migrants send more money amid economic crises in either home or host countries, or both.

As early as 2003, when the World Bank first saw this trend, a metaphor was given: countercyclicality. Remittances became countercyclical during the 2008-2009 global economic crisis.

Today, analysts and some central bankers are banking on migrants' resiliency amid job displacements, diminished incomes, repatriations and/or deportations and return migrations in 2020.

No crystal ball

GIVEN the Covid-19 pandemic, the World Bank initially predicted 2020 remittances to low-income and middle-income countries (LMICs) to contract by 19.7 percent ($445 billion) versus 2019 levels. The prediction changed to 7.2 percent ($508 billion) in an updated forecast last October, the bank said.

The World Bank releases end-year remittances data every April when it releases its "Migration and Development Brief." The bank cites data from countries' balance of payments or BoP (a summary of a country's financial transactions with the rest of the
the International Monetary Fund (IMF).

Projections keep changing, said World Bank Economist Sonia Plaza

"Nobody has a crystal ball with this pandemic. It will be very diffic
country by country," Plaza said in the same February 9 webinar by

Despite the extra efforts by overseas migrants from major remittai
send more in 2020, the World Bank projected a 7-5 percent decline ($470 billion) this 2021.

Other realities

SOME analysts believe that economic- and migration-related realities that the pandemic dragged this year will lead to lesser remittances for countries that got higher remittances last year.

Caron and Tiongson noted return migrations will disable migrants from earning extra incomes and sending more remittances. The Philippines, for example, repatriated and assisted some 327,511 land-based and sea-based migrant workers last year. Estimates from Sri Lanka show about 60,000 migrants returned in 2020.

Weeraratne also doubts 2021 remittances will be more than last year for Sri Lanka. She noted this may be due to lower migrant worker departures, as current and returned migrants displaced from their jobs "have sent most savings and terminal (employment) benefits."

Takenaka and her ADB colleagues recommended that migrants' origin-country governments should further help returned migrants and their households receive remittances. Displaced migrant workers and departing migrants stranded at home, the ADB analysts add, can be assisted through job referrals, skills training and entrepreneurship assistance.

In the long run, Takenaka and colleagues said, financial education and skills training can help migrants "improve their capabilities as well as their resilience to (economic) shocks."

Water's scent

GUCO said that just like the Covid-19 virus, the experiences of 2020 have brought unseen scars and pain from invisible wounds.

He said when the lockdown on Valetta was lifted, he immediately went to the Grand Harbor to remember the scent the sea water brings.

This, he said, is one of the memories of the prelockdown period he
anxieties the mobility restrictions brought.

No matter how one explains things to family members, they may r

"They believe that since I live in Europe, I earn big time," Guco sai
me; but during those times, I cannot give any. There will be mome
keep things to yourself. Hence, he says, he tries to fill his lungs wit
as the scent of money has become a faint memory for his olfactory

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