THE IMPACT OF THE COVID-19 PANDEMIC ON MIGRATION FLOWS AND REMITTANCES: EFFECTS AND CONSEQUENCES

Marina POPA*, Cristina TOMȘA**

Abstract
The world is in constant motion, both in terms of evolution and change of territory. Migration flows have existed since the appearance of humans on earth, even though the majority of the population considers it as a recent phenomenon. Humans have always migrated in groups and as individuals to seek freedom from war and conflict, to escape hunger and poverty, to find new economic opportunities and employment, to flee from religious intolerance or political repression, or even to trade and to travel to new places. However, the continuous increase of migration flows throughout history has had certain stagnation, caused by massive events, as in the case of our research, COVID-19. The main purpose of this paper is to analyze the impact of COVID-19 on migration flows. The relevance of the topic is due to the fact that the world is going through the biggest pandemic in the history, and analyzing all the consequences and effects during its evolution, can help us determine opportunities how to improve the negative impact on the economy, society and politics. As follows, the main purpose of this paper is to emphasize the effects and consequences of COVID-19 upon the migration flows and remittances, by analyzing the 2000-2020 period with the intention to understand and evaluate the affected subjects and consequences on the global economy.

Keywords: migration flows, remittances, Covid-19, weak economy, stranded migrants.

1. Introduction
Migration plays a key role in the development of the world economy by raising world GDP, in particular by raising productivity. Average per capita incomes of natives increase as their skills are complemented with those of migrants. Remittances from abroad lift income per capita in the origin countries, helping to offset the potentially negative effects of emigration. A remittance represents a payment of money that is transferred to another party (in regard to our topic it refers to describe a sum of money sent by someone working abroad to his or her family back home). Over the decades the importance of the migration and remittances increased in such a way that made most of the world countries dependent on those human “activity”. Even though in the COVID-19 pandemic the number of migrant populations slowed down, which means that the number continued to increase but not fast as in the previous years, remittance flows have proved to be resilient during a crisis; the same thing was observed, for example, in the aftermath of the global financial crisis.

* Marina POPA is Associated Professor at the Academy of Economic Studies of Moldova, Chisinau, Republic of Moldova E-mail: popa.marina.vasile@ase.md
**Cristina TOMȘA is student at the Academy of Economic Studies of Moldova, Chisinau, Republic of Moldova E-mail: cristinatomsa.tomsa@gmail.com
In fact, remittances often rise in times of financial crisis or natural disasters in the recipient country (Ratha 2009; World Bank 2010). Even during a crisis in the host country, migrants may try to reduce consumption (or rent payments) and draw on their savings to continue to send money home [1].

“During the COVID-19 crisis, the need for financial support for families back home has risen, for essential goods and services including health care. Remittances have provided a lifeline for families back home struggling with loss of income and pandemic-induced economic slowdown. Unable and perhaps unwilling to take the risk of traveling to home countries, migrants have tried to send as much money home as they can. Remittances have therefore become an important consumption smoothing mechanism for the recipient households and, as such, they form an increasingly important (private) element of global social protection systems.” (World Bank Group-KNOMAD, 2021, p.20)

2. Evolution of the international migration in the period of 2000-2020

The estimated number of international migrants has increased over the past five decades (see figure 1). The total estimated 272 million people living in a country other than their countries of birth in 2019 was 119 million more than in 1990 (when it was 153 million), and over three times the estimated number in 1970 (84 million) [16]. While the proportion of international migrants globally has also increased over this period, it is evident that the vast majority of people continue to live in the countries in which they were born. Even though the international migrant population has increased in size, it remained relatively stable as a proportion of the world population.

In 2019, most international migrants (around 74%) were of working age (20 to 64 years of age), with a slight decrease in migrants younger than 20 years old from 2000 to 2019 (from 16.4% to 14%), and a constant share (around 12%) of international migrants 65 years of age and older since 2000.
While the COVID-19 pandemic caused major disruptions to migration flows in 2020, the number of international migrants has grown robustly over the past two decades (see figure 2). The number of persons living outside of their country of origin reached 281 million in 2020; roughly equal to the size of the entire population of Indonesia, the world’s fourth most populous country. Between 2000 and 2010, the number of international migrants increased by nearly 57 million globally, with another 32 million added between 2010 and 2020. Much of this increase was due to labour or family migration (OECD, 2020). Humanitarian crises in different parts of the world also contributed, with an increase of 17 million refugees and asylum seekers between 2000 and 2020. In 2020, the number of persons forcibly displaced across national borders worldwide stood at 34 million; double the number in 2000 (UNHCR, 2020). While the numbers of refugees and asylum seekers have grown rapidly in the past two decades, they account for a relatively small share, 12 per cent, of the total number of international migrants globally. In turn, international migrants represent less than 4 per cent of the world’s total population, a proportion that, although small, has been increasing steadily over the past two decades [19].

![Figure 2. Number of international migrants, by World Bank income group at destination, from 2000 to 2020](https://www.un.org/development/desa/pd/content/international-migrant-stock)[visited on 30.05.2021]

Between 2000 and 2020, Europe and Northern Africa and Western Asia added the largest number of migrants (30 and 29 million, respectively), while Northern America added around 18 million. Of the 29 million migrants added in Northern Africa and Western Asia during that period, around 9 million were refugees or asylum seekers (see figure 3). If current trends continue, Northern Africa and Western Asia is likely to overtake Northern America as the region with the second largest number of migrants in the world within the next decades. This shift, hard to foresee twenty years ago, reflects the increasing diversification of economic opportunities available to migrant workers, and foretells the greater competition that destination countries will likely face in the future to attract migrants, especially highly skilled migrants (Boeri and others, 2012; Czaika and Parsons, 2017). In addition to Europe and Northern Africa and Western Asia, several other regions experienced a marked increase in the size of their migrant populations over the past two decades. Sub-Saharan Africa, Eastern and South-Eastern Asia, and Latin America and the Caribbean each added over 8 million migrants during that period. Latin America and the
Caribbean saw the size to its migrant population more than double between 2000 and 2020, driven in part by the inflow of large numbers of displaced people from the Bolivarian Republic of Venezuela. Among the eight regions considered in the present analysis, Central and Southern Asia is the only one to have registered a decline in the number of migrants between 2000 and 2020. The age distribution of migrants living in the region, many of whom are above the age of 75, contributed to this decline [19].

![Figure 3. Change in the number of international migrants, by region of destination, 2000 to 2020](https://www.un.org/development/desa/pd/content/international-migrant-stock)

Change in the number of international migrants, by World Bank income group at destination, 2000 to 2020 (see figure 4), shows that while high-income countries attracted the largest number of migrants between 2000 and 2020, low- and middle-income countries absorbed the majority of people displaced across national borders due to conflict, persecution, violence or human rights violations. Low- and middle-income countries hosted over four fifths of the world’s refugees and asylum seekers in 2020. Furthermore, refugees and asylum seekers comprised around half or more of all the migrants added in those countries between 2000 and 2020. By contrast, in high-income countries, most of the growth in the total migrant population during the past two decades was driven by other types of migration, including for labour, family reunification and education (OECD, 2020). In 2020, refugees and asylum seekers comprised around 3 per cent of all migrants in high-income countries compared to 25 per cent in middle-income countries and 50 per cent in low-income countries. None of the 22 countries where at least half of all migrants in 2020 were refugees or asylum seekers were high-income countries. The COVID-19 pandemic slowed the growth in the stock of migrants across all income groups [19].
To better assess the situation of migration flows, we will analyse the migration trends in Europe and Central Asia. According to data released by European Asylum Support Office (EASO), the number of first-time asylum seekers to the 27 European Union countries (EU-27) in 2020 was 417,180; this is 34 percent less than in 2019 and a sharp drop from over 1 million asylum seekers in 2015 and 2016 [7]. The number of asylum applicants decreased in all EU countries, with France being the country with the largest decrease in the number of first-time applicants (23,400 fewer), followed by Spain (21,000 fewer) and Germany (18,900 fewer). Reduced migrant arrivals via irregular means in the European Union are also reflected in data from the UN High Commissioner for Refugees (UNHCR), which showed a decline of 59 percent in the second quarter of 2020 from a year previous [16].

In the wake of a global pandemic, many migrants have returned to their home countries. As example, the Ukrainian government claimed in April that two million Ukrainian working abroad had returned to the country due to the pandemic (this situation may include returning students). The government has temporarily prevented migrant workers from leaving the country during the lockdown period. Tajikistan also reported that the number of returning migrant workers rose sharply in February and March from Kazakhstan and Russia, which account for more than 90 percent of its migrants abroad.

The pressure of illegal border crossings weakened as well. The number of illegal crossings of the European Union’s external borders in January–November 2020 fell to a six-year low of 114,300, a drop of 10 percent from the same period in 2019.

In terms of economic contributions, there is a very substantial and growing body of evidence on the centrality of migrants’ remittances to support families and local communities in origin countries (Beaton, Catão and Koczan, 2018). International remittances – in contrast to overseas development assistance and, to a lesser extent, direct foreign investment – are localized
contributions made through personal transactions, typically helping families to meet basic household needs (such as food and shelter) and alleviate poverty (UNDP, 2011).

3. Remittances flows during the pandemic period

Remittances include the monetary transfers that migrants send to their families and communities. In 2019, remittances to low- and middle-income countries reached a record $548 billion (World Bank, 2020b). Research and analysis conducted at the beginning of the pandemic situation suggested that at least for some migration corridors, remittance flows, which tend to be counter-cyclical—increasing during economic downturns or after natural disasters (Ratha, 2005)—may have risen (Kalantaryan and McMahon, 2020). On the other hand, flows of remittances to low- and middle-income countries are projected to decline 14 per cent by 2021 compared to pre-COVID-19 levels (World Bank, 2020b). For many countries, the reduction of remittances due to the COVID-19 pandemic would mean to have devastating financial and social impacts, requiring national strategies and international cooperation to mitigate them (Breisinger and others, 2020; Diao and Wang, 2020; Karim, Islam and Talukder, 2020). From the other point of view, the loss of remittances due to COVID-19 could lead to increased poverty, more limited access to services, including health care and education and, as a result, negatively impact the achievement of the Sustainable Development Goals for millions of families. The COVID-19 pandemic may also affect the global average cost of sending remittances. Reducing the transaction costs of remittances is one of the targets of the 2030 Agenda for Sustainable Development (World Bank, 2020a) [4].

Remittance flows to low- and middle-income countries (LMICs) are expected to register a decline of 7.2 percent to $508 billion in 2020, followed by a further decline of 7.5 percent to $470 billion in 2021. The projected decline in remittances will be the steepest in recent history, certainly steeper than the decline (less than 5 percent) recorded during the global recession of 2009. This outlook for remittances indicates a more gradual but more prolonged decline (continuing into 2021) than our April outlook, which forecasted a sharper decline in 2020 followed by a modest recovery in 2021.10 Despite the projected decline, the importance of remittances as a source of external financing for LMICs is expected to increase further in 2020. Remittance flows to LMICs touched a record high of $548 billion in 2019, larger than foreign direct investment (FDI) flows ($534 billion) and overseas development assistance (ODA, around $166 billion). The gap between remittances and FDI is expected to widen further as the decline in FDI is expected to be sharper. According to these projections, in 2020, in current US dollar terms, the top remittance recipient countries are expected to be India, China, Mexico, the Philippines, and Egypt, unchanged from 2019 [5].
Also, the methods by which remittances were and continue to be transferred during the pandemic changed radically, which means that starting June 2020, remittance flows through digital channels increased, especially for migrants with access to bank accounts and credit cards. Many leading money transfer operators reported double-digit growth in their digital services, in sharp contrast to a fall in their cash remittance services. The switch from cash to digital channels seems to have continued throughout 2020. Recent data showed that cross-border remittances processed via mobile money increased by 65 percent in 2020 (from $7.7 billion in 2019 to $12 billion in 2020), reaching over $1 billion in transactions sent and received each month (Andersson and Naghavi 2021, GSMA). This switch is considered to be a shift in flows from informal to formal channels in 2020 [15], more specifically there are less remittances transferred by cash (especially those carried by hand or sent through other informal channels) and more by digital channels, which record and track all the remittances that came from abroad. This represent a positive impact on the national economy of the countries, due to the fact that all the official data is recorder, even though it may be less (due to the taxes that are subject in the process of transferring them).

The foremost factors driving the decline in remittances in 2020 and 2021 are weak economic growth and uncertainties around jobs in several high-income migrant-hosting countries such as the United States and European countries. Uncertainty around work in high-income countries will continue to dampen employment and earning prospects for migrant workers and therefore remittance flows to LMICs. A second factor affecting remittance flows is the weak oil price. The economies of GCC countries and Russia—major sources of remittances to South Asia, Southeast Asia, and Central Asia—are highly dependent on the oil price. Outward remittances from Russia seem to have a direct correlation with cyclical movements in oil price. A third factor affecting the flow of remittances is the exchange rate (vis-à-vis the US dollar) of source currencies for remittances. The weakening of the ruble against the US dollar, by over 26 percent...
since the beginning of 2020, has reduced remittances from Russia in US dollar terms. Remittances to Central Asia have therefore declined significantly.

Among global regions, Europe and Central Asia and Sub-Saharan Africa is expected to register the sharpest decline, by 9.7 percent and respectively by 12.5 percent 2020 (see figure 6). The weakening of the euro and other currencies against the US dollar will also reduce remittances originating from Europe and other high-income, migrant-hosting countries. Remittance flows to Latin America and the Caribbean are expected to decline by 0.2 percent in 2020, but still maintaining a positive flow of remittances.

![Figure 6. Projected Growth of Remittances by Region, 2020](https://www.knomad.org/sites/default/files/2021-05/Migration%20and%20Development%20Brief%2034_1.pdf)

In parallel with the migration trend, remittances to the ECA region fell by about 9.7 percent to $56 billion in 2020 as the global pandemic and weak oil prices had a significant impact on migrant workers across the region. The economic crisis of 2020 was not unprecedented compared to the past crises of 2009 and 2015, which saw remittances to the region fall by 11 percent and 15 percent. The ECA region was the second most affected by the COVID-19 pandemic among low- and middle-income regions, with nearly all of the countries in the region experiencing declines of remittances in 2020.

Ukraine represents the ECA’s largest recipient of remittances, which received $15 billion in 2020 (figure 7), and compared with 2019, it represents 4.6 percent less than the previous year, with a sharp drop in remittances from the Czech Republic, Russian Federation, and Poland offsetting an increase in those from the United Kingdom, the United States, and Germany (figure 8). The Russian Federation, the second largest remittance-recipient of the region, received about $10 billion in remittances with a negative growth rate of about 6 percent. Smaller remittance-dependent economies in the region, such as the Kyrgyz Republic, Tajikistan, and Uzbekistan, were particularly hit hard from the economic crisis of 2020 (figure 7 and 8), worsening the living standards of people dependent on remittances. A few countries (for example Azerbaijan, Kosovo,
Montenegro, and North Macedonia, not shown in the figure) saw positive growths in remittances, even though the impact of COVID-19.

Figure 7. Top Remittance Recipients in Europe and Central Asia ($ billion), 2020
Source: elaborated by the author based on the World Bank-KNOMAD staff; International Monetary Fund (IMF), World Economic Outlook [visited on 03.06.2021]

Figure 8. Top Remittance Recipients in Europe and Central Asia (percentage of the GDP), 2020
Source: elaborated by the author based on the World Bank-KNOMAD staff; International Monetary Fund (IMF), World Economic Outlook [visited on 03.06.2021]

According To the World Bank, 34 Brief on Migration and Development, the outflow of money from Russia to some Central Asian countries that rely on the economy of Russia declined sharply in 2020 amid the COVID-19 travel restrictions. Money being sent to Tajikistan and the Kyrgyz Republic, for example, dropped by 37 percent and 17 percent respectively in 2020 (figure 7). The fall in income of Central Asian workers in Russia appear directly linked to the lockdown measures to curb the spread of COVID-19. The decline was expected due to a wave of returning Central Asian migrant laborers from Russia, but it was also a reminder of the additional problems faced by countries whose economies are highly dependent on remittances.
Looking forward, remittance flows to low- and middle-income countries are expected to increase by 2.6 percent per year, to $553 billion in 2021 and by 2.2 percent to $565 billion in 2022, according to the World Bank KNOMAD staff estimates. Remittances are expected to grow twice as fast in Latin America and the Caribbean and in South Asia, but they are expected to decline further in Europe and Central Asia, and remain flat in Sub-Saharan Africa.


The impact of the COVID-19 pandemic on global health and mobility is historically unprecedented in size and scope.

The United Nations Recommendations on Statistics of International Migration defines an “international migrant” as any person who has changed his or her country of usual residence, distinguishing between “short-term migrants” (those who have changed their countries of usual residence for at least three months, but less than one year) and “long-term migrants” (those who have done so for at least one year). However, not all countries use this definition in practice [6].

The share of the working-age population with jobs fell by 4.0 percentage points, to 64.8 percent, in Q2 2020, the lowest figure since Q4 2010 (OECD 2020a). More recently, however, return migration has been reported in all parts of the world. Many international migrants, especially from the GCC countries, returned to countries such as India, Pakistan, and Bangladesh.

The COVID-19 mobility policies and measures – comprise from various travel restrictions, health requirements and measures to full border closures and nation-wide and/or localized lockdowns – have, in some cases, created new challenges for migrants so that in parallel exacerbated their existing vulnerabilities [8]. “The imposition of border closures and travel bans have left a significant number of migrants stranded, including seasonal workers, temporary residence holders, international students, migrants that travelled for medical treatment abroad, beneficiaries of Assisted Voluntary Return and Reintegration (AVRR), seafarers and many others” (IOM, 2020).

Migrants and refugees are among the social groups most impacted by the COVID-19 crisis, and are suffering disproportionately from its social and economic consequences. They are at the forefront of the pandemic, providing essential services, including health, cleaning, domestic work, agriculture and food production, and ensuring the continuity of supply chains and they become stranded migrants (individuals outside of their country of habitual residence, wishing to return home but are unable to do so due to mobility restrictions related to COVID-19). Other main social groups that are affected by the COVID-19 pandemic are:

- Destitute migrants are individuals who have lost their means of support and are unable to meet their basic needs;
- Evicted migrants represented by the individuals who have lost access to safe shelter due to COVID-19;
- Returning migrants are previously stranded individuals who have returned to their country of origin/resident country (irrespective of the modalities of the return);
- Migrants in camps, detention centres or camp-like settings are populations who have been residing in transit centres, detention centres or camp/camp-like settings that have been affected by the COVID-19 outbreak;
• Migrants that are in humanitarian/conflict settings, are those individuals living in countries/areas affected by conflict and/or humanitarian crisis (outside of camp and camp-like settings) and which communities have been affected by COVID-19;

• Migrant workers (both in the formal and informal sectors) facing additional hardship: individuals in work and living conditions that expose migrants to contracting COVID-19;

• Migrants at sea, which are individuals who experience different and/or new sets of challenges while at sea, including seafarers and marine personnel as well as migrants who embark on journeys at sea despite COVID-19 containment measures and who face new difficulties as a result [7, 8, 12].

After presenting all the groups exposed to the Covid-19 pandemic, we can assume that the most important factors affecting those groups of migrants, are: travel restrictions, lockdowns, and social distancing measures imposed in response to COVID-19 have inflicted enormous adverse effects on lives and livelihoods, an estimated 88–115 million persons are thrown back into severe poverty as a result of the economic crisis. The adverse effects of the crisis in terms of loss of jobs and earnings, and exposure to and infection with COVID-19, have been disproportionately high for migrants, especially for those in informal sectors and relatively low-skilled jobs. Even as new migration flows and refugee movements have declined, the crisis has led to an increase in return migration.

5. Conclusions

Migration has been a vital source of economic growth, development and power realised from distance. The migration has intensified with the beginning of the 21st century, by creating the necessary conditions for travel, such as the creation of the Schengen areas, various integrationist groups, etc. However, the year 2020 was a turning point in the history of migration flows. Due to the restrictions imposed by the pandemic situation, such as: travel restrictions, lockdowns, and social distancing measures, most of the population faced various problems. Migration has slowed to increase, but has not decreased compared to the previous year (year 2019- 272 million people migrated, year 2020- 281 million people migrated). Various groups of migrants faced problems in coming home, access to a safe shelter, staying trapped in camps, detentions or zones with a conflict/humanitarian crisis.

Remittances, which for the middle- and low- income countries represent a source of wealth, during the pandemic situation it had decreased, due to the loss of jobs for those that work abroad, and the shift from informal to formal channels (even though it was not an obligatory change, but imposed by the pandemic, due to the low movement of the road transportation).

In conclusion, I can say with certainty that the COVID-19 pandemic has drastically affected migration flows, both in terms of population and economy, by declining remittances.

However, in this context, we can look at the situation as a possibility of re-orienting the dependence on remittances on other sources of income for the country, taking into account the fact that a large part of the migrant population returns to the country of origin.

References


