

Remittances

- broadly, transfers from one country to households and charities in another country
- any country can give and receive
- commonly used term, rarely defined
- typically, migrant worker in host economy sends funds back to family in the home economy
- major source of international development aid together with FDI and ODA
- but poorly measured: low priority, informal methods of transfer
- within Balance of Payments statistical framework

Movement of persons

- most remittances (but not all) related to movement of persons
 - migration
 - seasonal, cross-border workers
- remittances can be sent by non-migrant households
 - regular or irregular gifts from non-family (e.g. adopt a child scheme)
 - alimony payments
 - pensions
- rationalise various terms: residents, workers, migrants, citizens, non-nationals, temporary/non-permanent
- GATS Mode 4: supply of services in a country through a non-resident; person does not stay in country, does not seek employment, employed by a foreign service supplier or self-employed
 - included in Trade in Services statistics

Development of a statistical framework

- measure economic impact of the movement of persons
- based on concept of resident, not migrant
 - one year rule, predominant centre of economic interest
- consistent with BPM, SNA
- supplementary analyses of main BoP components, satellite accounts
- meet different needs, including statistics on remittances

Remittances: current BPM5 definitions

- Workers' remittances: transfers by migrant workers, considered resident, often involves related person
- Other current transfers: to relieve hardship, gifts, lotteries, social benefits (could be to households or NPISHs)
- Compensation of employees: wages earned by non-resident workers (<1 year rule applies)
 - gross or net of taxes, travel and transportation costs of non-resident workers abroad
- Migrant transfers: imputed flow of net worth at time of migration
- Other capital transfers (to h/holds or NPISHs)

Personal Remittances: proposed changes

- Personal transfers: to replace Workers' remittances
= all Current transfers between resident households and non-resident households
- Memorandum item: Personal Remittances (1) = net compensation of employees + social benefits + personal transfers
- identify Capital transfers to households:
= remittances used for household capital formation
- Supplementary item: Personal remittances (2) = Personal remittances (1) + Capital transfers to h/holds
- Personal remittances cover transfers to households
- exclude Migrant transfers

Total Remittances: proposed changes

- Identify Current and Capital transfers to NPISH
- Memorandum item: Total remittances (1) = personal remittances (1) + current transfers to NPISH
- Supplementary item: Total remittances (2) = personal remittances (2) + current transfers to NPISH + capital transfers to NPISHs
- Total remittances cover transfers to h/holds and NPISHs
- excludes "official" aid/transfers

Presentation of statistics on remittances

- supplementary items to main BoP components
 - personal and total remittances
 - remittances of resident employees (= workers' remittances in BPM5): part of Personal transfers
- satellite accounts
 - detailed geographical analysis (giving and receiving countries)
 - purpose/use of transfers, method of transfer, demographic analysis, average amounts, frequency
 - migration statistics

Remittances statistics: practical issues

- consistent terminology across all the manuals, guidance, specifications
- consistent definitions: distinguishing current and capital transfers
- symmetrical estimation by giving and receiving countries
- no single source for all the data
 - various formal/informal methods for transfer
- no universal “best” methodology
- national aggregates needed for BoP: detailed qualitative information for specific communities needed for policy purposes
- extra funding and resources needed: no country compiles high quality statistics on remittances

Methodologies to collect the data: 1

- collect data from formal banking systems
 - good coverage of transfers made via banks: need to estimate all other transfers, or gross up
 - available if BoP is compiled from an ITRS
 - geographic breakdown available, but other detailed information unlikely for each transfer
- collect data from money transfer companies
 - quality may be doubtful, but aggregates should be good
 - need regular, consistent data supply

Methodologies to collect the data: 2

- collect data directly from households
 - regular national surveys from population register
 - average amounts and detailed supporting information
 - large scale random survey, or target in communities
 - supported by small-scale qualitative research
 - likely to be expensive, need careful pilot surveys
- use migration statistics for the base numbers to estimate personal transfers and remittances

Methodologies to collect the data: 3

- total remittances
 - data on government transfers should be available
 - need to collect data from NPISH: formal surveys or informal contact
 - add questions to national accounts business surveys
- use statistics which are updated regularly, or start with a base year and apply appropriate indices
- statistical models, regression analysis
- use partner country
 - to fill in gaps
 - ensures symmetry

Compilation guidance

- no “best” methodology for every country
 - depends on data sources, statistical infrastructure and practice, funding and resources, expertise/experience
- large variation in country practices
- aiming for a “City Group” to put together descriptions of the different approaches, and practical guidance on compilation