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International remittances during the COVID-19 pandemic
Investigating the dynamics of international remittances in India and the Philippines during a global crisis

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Abstract

International remittances play an important role in the context of migration for low- and middle-income countries. These stable financial flows benefit the economy and households of remittance-receiving countries. It is important to note that these financial flows have remained significant in times of global crises, despite being impacted. The COVID-19 is no exception. In view of the recent nature of the pandemic, it is appropriate to investigate the extent to which international remittances are affected by the pandemic. This thesis conducts a systematic literature review to examine the dynamics of international remittances in India and the Philippines during the COVID-19 pandemic, in a time of advanced globalization and increased international and regional migration. This thesis also discusses recommendations for policy measures. The results indicate two specific aspects that are attributed to the COVID-19 pandemic. First, official channels were increasingly used due to travel restrictions and lockdowns. Secondly, despite the loss of jobs due to the pandemic, savings were sent to the migrants' home countries. Nevertheless, common patterns with past global crises were also identified. Remittances tend to decrease at the beginning of a crisis; however, they recover quickly within a year and, therefore, serve as a stable source of income. The significant factors that contribute to an effective use of international remittances in the home countries, particularly during challenging times, include a wide distribution of migrant workers around the world, the use of remittances as an ex-ante management strategy, wide access to basic financial products and a well-developed banking system. Experts recommend policy measures, such as reducing transaction fees and providing tax incentives for remittance recipients. Further research needs to be done to gain a better understanding of the dynamics of international remittances during and after the COVID-19 pandemic as the pandemic is a relatively current event, in which its impacts and ramifications can only be observed in the upcoming years.

Kurzfassung

Internationale Geldüberweisungen spielen im Kontext der Migration für Länder mit niedrigem und mittlerem Einkommen eine wichtige Rolle. Diese finanziellen Transfers helfen den Empfängerländern, insbesondere der Wirtschaft und den Haushalten in ihrem Heimatland. Obwohl internationale Geldüberweisungen in globalen Krisenzeiten stark betroffen waren, sind sie dennoch von großer Bedeutung für diese Länder. Auch die COVID-19 Pandemie bildet hier keine Ausnahme. Da es sich bei der Pandemie noch um ein eher aktuelles Ereignis handelt, ist es angebracht zu untersuchen, inwiefern internationale Geldüberweisungen von der Pandemie betroffen sind. Die vorliegende Arbeit untersucht mithilfe einer Systematic Literature Review die Dynamik internationaler Geldüberweisungen in Indien und auf den Philippinen, während der COVID-19 Pandemie. Es wird untersucht, welche Muster erkennbar sind, insbesondere vor dem Hintergrund einer fortgeschrittenen Globalisierung und vermehrten internationalen und regionalen Migration. Darüber hinaus werden empfohlene Maßnahmen aus den Studien herausgearbeitet. Die Ergebnisse zeigen, dass zwei Aspekte speziell auf die COVID-19 Pandemie zurückzuführen sind. Erstens wurden vermehrt offizielle Kanäle genutzt aufgrund der Reisebeschränkungen und Lockdowns. Zweitens wurden trotz der durch die Pandemie bedingten Verluste von Arbeitsplätzen Ersparnisse in die Heimatländer gesendet. Dennoch lassen sich Parallelen zu vergangenen globalen Krisen erkennen. Zu Beginn einer Krise nehmen Geldüberweisungen tendenziell ab. Innerhalb eines Jahres erholen sie sich jedoch schnell und dienen daher als stabile Einkommensquelle. Eine effektive Nutzung internationaler Überweisungen im Heimatland wird durch verschiedene Faktoren begünstigt. Dazu gehören eine breite Verteilung von Wanderarbeitnehmern weltweit, die Nutzung von Überweisungen als Ex-ante-Managementstrategie, ein breiter Zugang zu grundlegenden Finanzprodukten sowie ein gut entwickeltes Bankensystem. Expertinnen und Experten empfehlen Maßnahmen, wie die Reduzierung der Transaktionskosten und Steuerbegünstigungen für Empfängerinnen und Empfänger von internationalen Geldüberweisungen. Da die Auswirkungen der Pandemie erst in den kommenden Jahren spürbar sein werden, sind weitere Untersuchungen notwendig, um einen besseren Einblick in die Dynamik der internationalen Rücküberweisungen während und nach der COVID-19-Pandemie zu gewinnen.

Table of contents

List of figures and tables

Figures

Tables

Appendix table

1. Introduction

International remittances play a significant role in low- and middle-income countries (LMIC). These financial flows, sent by migrants and foreign migrant workers based in either developed countries or countries that heavily rely on migrant workers, provide a stable source of income to families and contribute to the recipient countries' economies.

The World Bank Group estimates officially recorded international remittances to have been sent to low- and middle-income countries at around 647 billion U.S. dollars in 2022 (RATHA et al. 2023: 1). Top remittances countries for remittances in 2022 include India (111 billion U.S. dollars), Mexico (61 billion U.S. dollars), China (51 billion U.S. dollars), the Philippines (38 billion U.S. dollars), and Pakistan (30 billion U.S. dollars) (RATHA et al. 2023: 2). While these countries are top remittance countries in absolute figures, some countries in the world heavily rely on remittances, as these financial flows comprise a large share of the country's Gross Domestic Product (GDP). For example, in 2022, remittances sent to Tajikistan make up over 51 percent of the country's GDP, followed by Tonga (44 percent), Lebanon (35 percent), Samoa and (34 percent), and the Kyrgyz Republic (33 percent) (RATHA et al. 2023: 2).

Exceeding foreign direct investments (FDI) and official development assistance (ODA), international financial remittances demonstrate a key importance for remittance-receiving countries. Not only do remittances benefit national economic growth, households receiving remittances are also able to improve their livelihoods by spending the money on basic necessities as well as investing into human capital, health, education, or housing. "Remittances can provide a significant contribution to poverty reduction and local development" (MASHAYEKHI 2013: 9). However, remittances are susceptible to the economic performance of the host country as well as the home country and are sensitive to all situations affecting the local and global contexts such as financial crisis and their consequences. For instance, "during the global financial crisis, remittance flows to low- and middle-income countries declined by five percent in 2009" (RATHA et al. 2020a: 7).

The COVID-19 pandemic, caused by the SARS-CoV-2 coronavirus, emerged in late 2019 in China, which quickly developed into a global health crisis. Like many other sectors, remittances to low- and middle-income countries were significantly impacted by the COVID-19 pandemic.

While remittances have been impacted by previous global crises before, the pandemic is an unprecedent event as the global crisis occurred during an era with advanced globalization and increased international and regional migration. Therefore, a comparison with past global crises contributes to understand whether, on the one hand, the nature of the crisis is a significant factor, or whether, on the other hand, similar developments can be observed regardless of the nature of the crisis. Being an unprecedented crisis, the COVID-19 pandemic can give an insight into the dynamics of remittances during an unparalleled crisis. This is relevant as remittance-receiving countries in particular could react accordingly and introduce policies to make effective use of remittances.

This thesis, thus, provides first an overview of the literature that deals with the relationship between remittances and crises in general. Then a systematic literature review will be carried out by explicitly investigating the dynamics of remittances during the pandemic. This will then be followed by identifying commonalities and contrasts between the pandemic and previous global crises. India and the Philippines have been chosen as case studies as both countries are among the top remittance receiving countries not only within Asia but also on a global scale. This thesis aims to answer the following core research question:

RQ: To what extent have international remittance flows been impacted by the COVID-19 pandemic compared to previous global crises?

This overarching question will be sub-divided into two sub-questions:

SRQ1: According to the literature, what are key similarities and differences in the pandemic and past global crises on international remittances in India and the Philippines?

SRQ2: Does the literature describe what policy measures for remittances in response to the COVID-19 pandemic have been suggested and implemented?

Followed by this introductory chapter, chapter 2 discusses the theoretical framework of this thesis by examining the definition of “remittances” and significant aspects on the impacts and importance of remittances. The same section reviews past global crises and how remittances have been impacted by the global crises, added by giving a general overview of the COVID-19 pandemic, and how the pandemic has affected international work migrants in the Philippines and India in general. This will be followed by explaining the methodological process and data collection in chapter 3 and a brief description on the characteristics of the collected data in chapter 4. Chapter 5 will present the key findings of the data. Followed by that is the discussion that will answer the research question in chapter 6. The final two chapters (7 and 8) will explain the limitations encountered during the research process and summarize the key conclusions of the work.

2. Theoretical framework

2.1. Defining remittances

What is widely debated in the scientific community is how to stay consistent when using the term “remittances” in scientific publications. Since not every country providing data on remittances follow a common definition, it can be challenging to draw comparisons on remittance data among the countries.

Remittances are defined as “money and goods that transmitted to households by migrant workers working outside of their origin communities, either in urban areas or abroad” (ADAMS 2011: 809). Remittances therefore encompass not only financial transfers but also nonmonetary exchanges, such as material goods. However, in this thesis, I will focus only on the role of financial flows.

Another aspect that this definition mentions is that the transfers do not only entail flows across borders but within borders as well. This means that financial transfers can be divided into two types: domestic and international remittances. Domestic remittances refer to money transfer that take place within one country, for the reason “when migration from rural to urban areas within a country occur” (WORLD BANK 2007: 6). For this thesis, the focus will be placed on international remittances as “most attention at the moment is paid to international remittances of money” (PAGE 2009: 329).

A more fitting definition can be used by the International Fund for Agricultural Development (IFAD) and the World Bank, where remittances are defined as follows:

> “cross-border, person-to-person payments of a relatively low value. The transfers are typically recurrent payments by migrant workers to their relatives in their home countries. Remittances are – first and foremost – a private flows of funds between family members” (IFAD & WORLD BANK 2015: 7)

COHEN and SIRKECI (2012) explain that “remittances are generally defined as economic transfers that follow unidirectional paths from an immigrant worker to his or her sending country and households” (COHEN and SIRKECI 2012: 15). With this definition, the authors emphasize that the financial flows are unidirectional, meaning that financial flows through remittances are one-way. However, what could be problematic with this definition is that remittances according to COHEN and SIRKECI (2012) is restricted to immigrant workers. It should be pointed out that former immigrants and naturalized citizens contribute significantly to the monetary flows to the sending countries.

Therefore, I use the definition by the World Bank, which is widely used by official reports and journal articles that discuss remittances as they gather reliable data from the International Monetary Fund (IMF) Balance of Payment Statistics database.

According to the World Bank, remittances can be defined as “the sum of personal transfers and compensation of employees” (WORLD BANK 2022a). The sum of personal transfers “include all current transfers in cash or in kind between resident and nonresident individuals, independent of the source of income of the sender [...] and the relationship between the households” (WORLD BANK 2022a). Compensation of employees “refers to the income of border, seasonal, and other short-term workers who are employed in an economy where they are not resident and of residents employed by nonresident entities” (WORLD BANK 2022a).

It is important to note that the data on remittances provided by the World Bank are based on officially recorded and reported data; hence, it does not capture informal transfers and non-monetary remittances, which is challenging when estimating (KPODAR et al. 2022: 15). The World Bank notes that “the true size of remittances, including flows through informal channels, is significantly larger” (WORLD BANK 2018: 3).

2.2. The developmental impact of remittances in remittance-receiving countries

In general, for many households in remittance-receiving countries, these financial flows function as “an economic hedge, a way to support a household, cover expense, and perhaps invest even as there is an economic decline at the national level” (COHEN and SIRKECI 2012: 17).

Historically, in past global crises, remittances have often acted in a countercyclical manner. This implies that financial flows to remittance-receiving countries tend to surge during their economic downturns (SUGIYARTO and PERNIA 2012: 12-13). One reason for this is that migrant workers show resilience in the face of economic crises and other challenges in the destination countries (SUGIYARTO and PERNIA 2012: 13). They are flexible when it comes to accepting employment that the local population refuses to do (SUGIYARTO and PERNIA 2012: 13). However, a contrasting perspective suggests that migrant workers are more susceptible to job loss of employment and income in their host country during an economic crisis compared to native-born workers (RATHA et al. 2020a: 4). This susceptibility could hinder their ability to send remittances. Nonetheless, the act of remitting money is not solely economic; there is an altruistic dimension as well. For instance, remittance flows often rise following natural disasters in migrant-sending countries, underscoring the emotional bond and commitment migrants have to their homelands (SUGIYARTO and PERNIA 2012: 7). However, it is still important to mention that, for instance, "during the global financial crisis, remittance flows to low- and middle-income countries declined by five percent in 2009 (RATHA et al. 2020a: 7).

Although remittances may serve some of the aforementioned functions, it is important to consider other relevant factors. The remittance behavior of migrants is shaped by their immigration status (COHEN and SIRKECI 2012: 17). A highly skilled migrant may be able to support their families with larger amounts of remittances than lower-skilled or unskilled migrant worker who is likely to send less money home (COHEN and SIRKECI 2012: 17).

Another important factor to consider are fees migrant workers need to pay when sending money to their home country. In fact, high remittance fees may be a financial burden to both senders and recipients (SINGH 2012: 119). Possible reasons for high remittance costs are "a weak competitive environment in the remittance market, lack of access to technology-supporting payment and settlement systems, and burdensome regulatory and compliance requirements" (SINGH 2012: 119). Reducing fees for sending remittances may motivate senders to remit money, leading to an increase in remittances sent through formal channels (SINGH 2012: 119).

While remittances prove to be resilient and provide important income for receiving households, these financial flows do not necessarily "improve the situation and mediate violence for sending households" (COHEN and SIRKECI 2012: 20). The receiving household’s decision on how to spend the remittances “can displace local incomes and increase inequalities, drive consumptive spending, and inflate prices, among other things” (COHEN and SIRKECI 2012: 20).

Important to mention is the crucial role of financial intermediaries, such as banks and other financial institutions. In fact, MUNDACA (2012) explains that financial intermediaries may “stimulate economic growth by accepting these deposits and transform them to make them available for lending to a large number of agents with investment needs” (MUNDACA 2012: 63). This means that during times when individuals face unexpected liquidity needs, remittances can decrease the likelihood of premature liquidation of long-term productive investments and even bank runs in the recipient country (MUNDACA 2012: 64).

2.2.1. Macroeconomic contexts of remittances

On the economic level, remittances can evoke the so-called “Dutch-disease” in some countries receiving the remittances. It “refers broadly to the harmful effects of large increases in a country’s income” (TUANO-AMADOR 2007: 5). In other words, an increase of remittances can be damaging to a country’s economy. An increase in financial flows to the receiving countries, as in the case of the Philippines, may seem beneficial as each unit of foreign currency earned would yield a greater amount of Philippine pesos in remittances (YANG 2008: 596). Yet, an increase in remittances could result in currency appreciation, which could negatively affect the competitiveness of export-oriented industries (BAYANGOS 2012: 3). A study by TUANO-AMADOR et al. (2007) investigated the “Dutch disease” phenomenon in the Philippines and conclude the Philippine peso “has translated into a real appreciation, which indicates some weakening in terms of external price competitiveness” (TUANO-AMADOR 2007: 8). Nevertheless, to prevent a country from contracting the “Dutch disease”, the focus should be put “not so much on the foreign exchange coming in but in directing these private inflows toward productive activities” (TUANO-AMADOR 2007: 8).

2.2.2. The link between remittances, poverty, and inequality

Another important factor to consider is the link between remittances and the reduction of poverty. Studies have shown that an increase in remittances would lead to a decrease in the share of people living in poverty. ADAMS et al. (2008) examined the impact of remittances on poverty and inequality in Ghana using a nationally representative household survey from 2005/06. The authors used a "two-stage multinomial logit selection model [...] (with) an instrumental variables approach, focusing on variations in migration networks and remittances among various ethno-religious groups in Ghana" (ADAMS et al. 2008: 4). They then continued to "estimate an expenditure model that allows us to determine the impact of internal and international remittances on poverty and inequality in Ghana" (ADAMS et al. 2008: 4). The findings of the authors indicate that both domestic and international remittances contribute to a reduction in the extent, intensity, and severity of poverty in Ghana (ADAMS et al. 2008: 23). They explain that international remittances result in an 88.1 percent reduction in poverty, whereas domestic remittances contribute to a 69.4. percent reduction (ADAMS et al. 2008: 24), meaning that international remittances have a greater impact on poverty reduction than domestic remittances.

ACHARYA and LEON-GONZALEZ (2012) investigated similarly the impact of remittance on poverty and inequality in Nepal. Using a nationally representative panel from the living standards measurement survey of Nepal and simulating the impacts of remittances on poverty and inequality, the results indicate that in case household would not receive any remittances, the incidence of poverty (P0), measured by the poverty line, could have risen by at least 4.6% and at most 7.6% in 2004 (ACHARYA and LEON-GONZALEZ 2012: 16).

CAPISTRANO and STA MARIA (2007) investigated the link between poverty and remittances in the Philippines using a Panel Data Regression Approach with longitudinal data from 16 regions on, 1997, 2000, and 2003. The data is based on the annual Survey on Overseas Filipino Workers. However, the authors note that the data has limitations as it only includes OFWs (excluding Overseas Filipinos) and has a six-month time reference. The authors measured three poverty indices and compared the results. They concluded that in remittances reduced the incidence, depth, and severity of poverty in all three measures CAPISTRANO and STA MARIA 2007: 28). The study estimated that a 10 percent increase in per capita remittance leads to a 0.42 percent decrease in proportion of families below the poverty line, using the headcount index (CAPISTRANO and STA MARIA 2007: 34). This index measures "the share of the population whose consumption is below the poverty line, [...] that cannot afford to buy a basic basket of goods" (COUDOUEL et al. 2002: 34). The poverty gap ratio is calculated to determine "how far off households are from the poverty line” (COUDOUEL et al. 2002: 34). It was found that a ten percent increase in remittances results in an approximate 0.2 percent reduction in severity of poverty (CAPISTRANO and STA MARIA 2007: 27). The squared poverty gap “takes into account [...] the inequality among the poor” (COUDOUEL et al. 2002: 35). The poverty gap ratios demonstrate similar results. According to CAPISTRANO and STA MARIA (2007), a ten percent increase in remittances results in a 0.11 percent decline in the welfare of people living far below the poverty line (CAPISTRANO and STA MARIA 2007: 34).

DEY (2015) investigated the impact of remittances on poverty in India using data from the National Sample Survey Office (NSSO) that carried out a survey on migration in 2007-2008. The findings of the study revealed that both domestic and international remittance flows effectively reduce poverty rates in rural households, with international remittances having a more pronounced impact on poverty alleviation (DEY 2015). By implication, this means that if an increase of remittances contributes to the poverty reduction, a decrease in remittances leads to an increase in the share of people living in poverty.

While the previously mentioned studies indicate a poverty reduction with an increase in monetary remittance flows, the issue of inequality needs to be pointed out as “it is rarely the poorest who migrate” (DE HAAS 2005: 1271). Migration is a selective process and “the direct benefits of remittances are also selective and do not tend to flow to the poorest members of communities, nor the poorest countries” (DE HAAS 2005: 1278), which in turn may not necessarily lead to development and economic growth in countries from which migrants originate (DE HAAS 2005: 1278).

According to the findings in the study conducted by ADAMS et al. (2008) on remittances in Ghana, the inclusion of internal remittances increases income inequality by 4 percent, while the impact of international remittances is notably higher at 17.4 percent (ADAMS et al. 2008: 24). As international remittances in Ghana may have greater benefits on reducing the poverty in the country, it contributes to “a more negative impact on income distribution because households receiving international remittances are not poor in the first place, and [...] they tend to improve their expenditure status much more dramatically” (ADAMS et al. 2008: 24).

In the study by ACHARYA and LEON-GONZALEZ (2012), the authors explain that "the overall effect of remittances on income equality is negative but this adverse effect has decreased over time" (ACHARYA and LEON-GONZALEZ 2012: 17).

CAPISTRANO and STA MARIA (2007) revealed in their study that "a positive coefficient of the Gini index suggests that greater income inequality is associated with higher poverty" (CAPISTRANO and STA MARIA (2007: 26). This implies that an increase in inequality and poverty may be associated by higher income generated through remittances; therefore, making remittances the cause for the rise in poverty rather than a decline.

2.2.3. The use of remittances and spending behavior of remittance-receiving households

What many studies agree on is that remittances should be directed towards the development of working capital, which includes both physical and human capital as such investments promote productivity and sustainable economic growth in the respective countries (MUNDACA 2012: 63).

Physical capital refers to "tangible assets that are used or inputs that are used to support the production of goods and services" (CORPORATE FINANCIAL INSTITUTE 2023).

Human capital can be defined as "the knowledge, skills, and health that people accumulate over their lives" (WORLD BANK 2020: 1). As investing remittances in human capital can be "associated with higher earnings for people, higher income for countries, and stronger cohesion in societies" (WORLD BANK 2020: 1), it contributes to be "a central driver of sustainable growth and poverty reduction" (WORLD BANK 2020: 1).

Human capital encompasses education, and investing remittances into education significantly contributes to "improvements in well-being and human capital [...] increasing productivity, freedom of choice and the capacity to participate in a public debate" (DE HAAS 2005: 1274). Higher education is associated with higher income. GORODEISKY and SEMYONOV (2013) examined the impact of sociodemographic characteristics and occupational position on the earnings of Filipinos. Their results demonstrate that income levels typically increase in correlation with educational attainment (GORODEISKY and SEMYONOV 2013: 83).

UDAH (2011) examined the channels by which remittances impact on economic performance in Nigeria. Using the Ordinal Least Squares estimation technique with annual time series data from 1970 - 2008 retrieved from the Central Bank of Nigeria Statistical Bulletin, the World Bank Africa Database and COMTRADE, their results indicate that human capital positively influences the economic performance with a 1 percent increase in human capital leading to an approximate 2.6 percent increase in real output (UDAH 2011: 112).

ZIESEMER explains that “investments and literacy [...] enhance the level and the growth rate of the GDP per capita” (ZIESEMER 2009: 766). However, this needs to be viewed with caution. SENBETA (2013) examined the effects of remittances on economic growth and the sources of growth, namely capital accumulation, and Total Factor Productivity (TFP) growth, with the focus put on the transmission mechanism instead of the impact of remittances on economic growth. The findings of the study indicate that there is indeed “a statistically significant positive effect of workers’ remittances in capital accumulation [...] (but) no significant impact on TFP growth” (SENBETA 2013: 579). MORTON et al. (2010) point out that country specific factors are crucial in determining whether remittances contribute to the growth and development process of a country (MORTON 2010: 390). Examining the top 20 remittance receiving countries in 2008, the authors come to rather mixed results, with two outliers, namely Nepal and Moldova. Despite substantial financial flows, Nepal experienced limited economic growth and deteriorating wealth gap, whereas Moldova, in contrast, registered high remittances and notable growth, coupled with improvements in income equality and poverty reduction (MORTON et al. 2010: 399). Therefore, remittances were to be found “positively correlated to GDP growth in Moldova and negatively correlated to growth in Nepal” (MORTON et al. 2010: 399). Still, the authors mention that other factors were significant as “Moldova had a lower level of corruption, a significantly higher literacy rate, a higher rate of capital formation and lower population growth in Nepal” (MORTON et al. 2010: 399). All of these factors may be the essential complementary components for remittances to play a significant role in development (MORTON et al. 2010: 399).

This demonstrates that investing in both physical and human capital can contribute to a country's sustainable economic growth. However, it is important to keep in mind that this is not necessarily an automatic mechanism, as other important factors also play a role. These include the political landscape, policies and legislation, investment sources and methods, and the quantity and accessibility of remittances.

2.3. The significance of remittances pre-COVID-19 in numbers

To understand the importance of remittances in low- and middle-income countries (LMICs), it is necessary to demonstrate the figures of remittances before the COVID-19 crisis hit. According to the World Bank, $554 billion of remittance flows were recorded in 2019, surpassing the foreign direct investments (FDIs) for the first time in almost two decades (RATHA et al. 2020a: 7). To illustrate this, a visual overview by the World Bank has been provided.

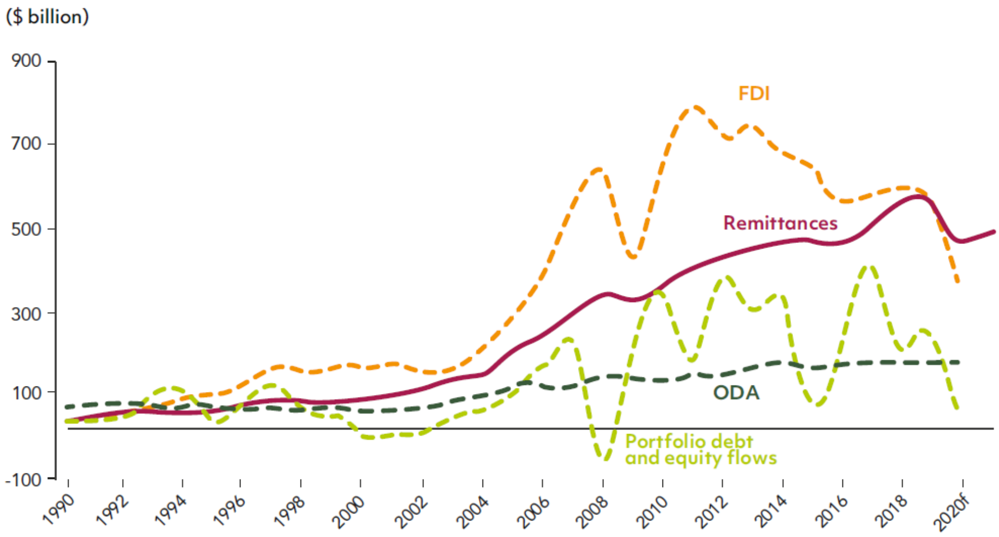

Figure 1: Remittance flows to Low- and Middle-Income countries, 1990 – 2020 (Source: RATHA et al. 2020a: 7)

Countries are classified by the World Bank according to their gross national income per capita, using the World Bank Atlas method (WORLD BANK 2022b). The World Bank uses the so-called Atlas conversion factor, which “is the average of a country’s exchange rate for that year and its exchange rates for the two preceding years, adjusted for the difference between the rate of inflation in the country and international inflation” (WORLD BANK 2022c).

According to the World Bank, “low-income economies are defined as those with a GIN per capita, calculated using the World Bank Atlas method, of $1,135 or less in 2022, lower-income economies are those with a GNI per capita between $1,136 and $4,465; upper middle-income economies are those with a GNI per capita between $4,466 and $13,845” (WORLD BANK 2023). By this definition, India and the Philippines are considered as lower-middle income economies.

2.4. Current significance of remittances in numbers (2022)

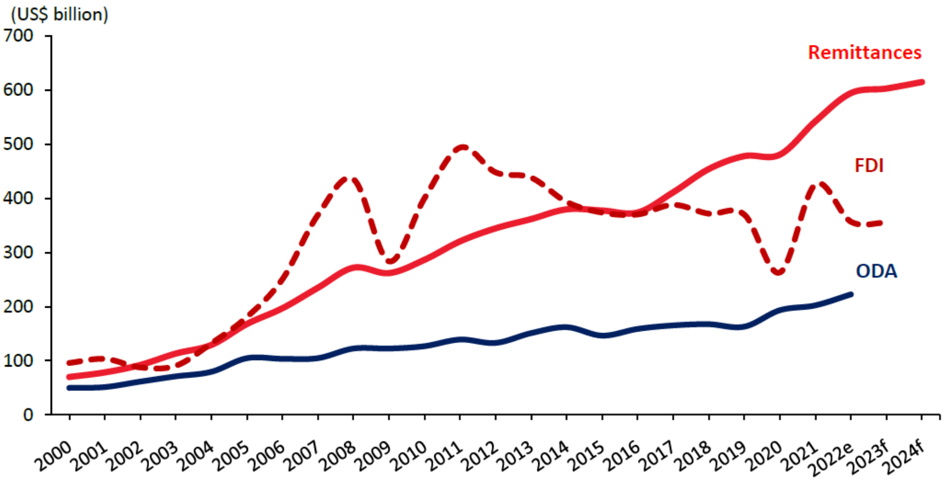

Figure 2: Remittances, FDI, and ODA flows to low- and middle-income countries, 2000-2024f (Source: RATHA et al. 2023: 2).

As can be seen from above, remittances have consistently been a more significant financial resource than FDI and ODA since 2017. According to the data by the World Bank, remittance flows reached $647 billion in 2022, expected to grow to $656 billion in 2023 and $840 billion in 2024.

The figures below provide an overview of the top countries receiving remittances in 2022 and the financial impact of remittances on the countries' GDP.

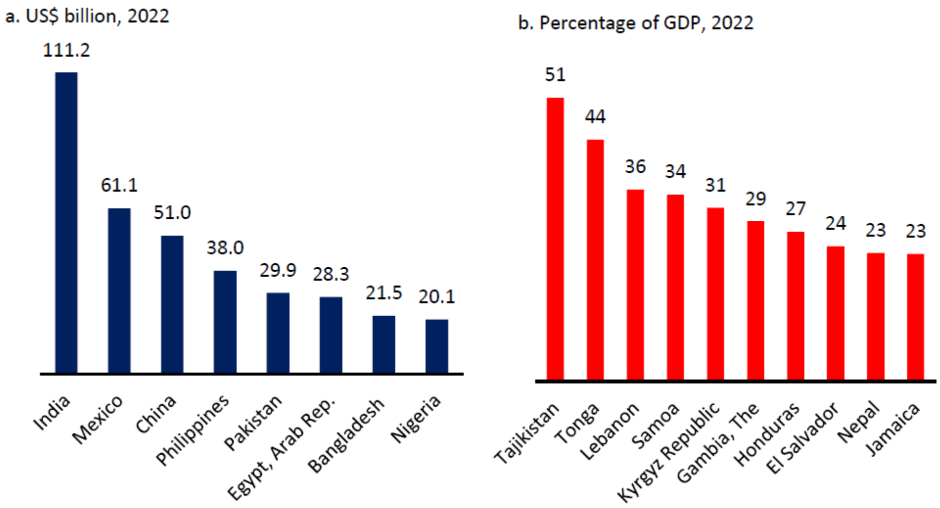

Figure 3: Top Recipients of remittances among low- and middle –income countries, 2022 (Source: RATHA et al. 2023: 3)

As can be seen from above, India, Mexico, and China are the top three remittance receiving countries in the world. To add, a major part of a country's GDP is generated by remittances. This can be assessed "by the gross volume of remittance inflows and remittance-to-ratio, which in turn measures the economy's reliance on foreign remittances" (IFAD and WORLD BANK 2015: 14). In 2022, between 31 and 51 percent of the GDP of the Krygyz Republic, Samoa, Lebanon, Tonga, and Tajikistan were generated from remittances. As mentioned before, these figures need to be viewed with caution. The data on remittances provided by the World Bank are based on officially recorded and reported data and "therefore does not consider informal transfers and in-kind remittances, which are difficult to estimate" (KPODAR et al. 2022: 15). The World Bank notes that "the true size of remittances, including flows through informal channels, is significantly larger" (WORLD BANK 2018: 3).

2.5. Overview of global and regional crises and their impact on remittance flows

As previously explained, remittances are significant financial inflows in remittance-receiving countries. However, special attention is given to remittances, particularly during periods of crisis. In such times, remittances serve as an economic buffer, preventing remittance-receiving countries from facing an economic collapse. Consequently, households receiving remittances are less severely impacted by a major crisis because the financial helps to maintain consumer spending. Therefore, the following subchapters will examine various crises and detail the significant role of remittances in crisis mitigation.

2.5.1. Asian financial crisis 1997

The Asian financial crisis was a period of severe financial and economic turmoil that began in July 1997 in Thailand and quickly spread to other Asian countries such as Indonesia, South Korea, Malaysia, and the Philippines. Unfortunately, available research on remittances linked to the Asian financial crisis in 1997 is very limited. The OECD has the only published article on remittances in connection the Asian financial crisis 1997 that is relevant to this thesis.

The economic downturn that followed resulted in high unemployment rates, bankruptcies, and high levels of poverty (OECD 2000). The crisis was caused by multiple factors, including the devaluation of the Thai baht, high levels of foreign debt, a large current account deficit, and a reliance on short-term borrowing (OECD 2000). This had a major impact particularly on foreign workers. In fact, "the deeper sectoral contractions occurred in construction and manufacturing, where the greatest weight of foreign labour was employed" (OECD 2000: 10). For this reason, "unskilled foreign workers bore the brunt of retrenchments" (OECD 2000: 10). The OECD, however, points out the following:

> "The impact on the employment of foreigners does, however, appear to have differed markedly across the region according to the nature of the economies, the varying extent of the economic impacts, and most important, the differing approaches to labour market intervention, in particular with regards to the employment of foreign workers" (OECD 2000: 10)

In other words, there is no common pattern to be observed among the countries. The implications of the crisis on affected countries vary depending on factors such as their economic system and approach to the labor market and foreign employees.

The decline of the volume of remittances turned out be a favorable effect for remittance-receiving countries. In the case of the Philippines, during the initial ten months of 1998, remittance inflows to the Philippines experienced a significant decline of more than 12 percent in comparison to the same period in 1997 (OECD 2000: 13). It is important to point out that "the decline in remittances was more significant for land-based workers than for seamen" (OECD 2000: 192). While remittances to the Philippines declined significantly, it is important to mention that on the macroeconomic level, the reduced financial flows prevented the Philippine economy from collapsing. In fact, in the first nine months of 1998, the economy experienced a growth of 0.8%, in which workers' remittances made a contribution of 0.6% to the overall economic growth (OECD 2000: 192). This demonstrates that remittances in the Philippines can be considered "as important safety nets cushioning the impact of the economic crisis" (OECD 2000: 192). In response to the crisis, the Philippines implemented measures to continue to facilitate financial flows from migrant workers to the country and support those who have lost their jobs as a result of the Asian financial crisis. In 1998, the Philippine Central Bank issued a "US$1.3 billion of tax-exempt bonds and treasury bills aimed at overseas workers" (OECD 2000: 1992). The government also assisted displaced workers by reintegrating them into the labor market of their home country (OECD 2000: 192). In the case of Thailand, remittances were used "to improve the balance of payment and support the [...] account deficit" (OECD 2000: 221).

To conclude, there is limited literature available on the impact of the Asian financial crisis on remittances in general. Most of the available literature deal with the Philippines and its impact on the macroeconomic level. How households were affected by the decline of remittances is scarcely discussed. This is perhaps due to the reason that only a few countries were economically affected by the Asian financial crisis, and the Philippines is considered to be the top labor exporting country. To gain a better insight on the impact of a global financial crisis on remittances, the following section will, therefore, discuss the global financial crisis of 2008/09, which originated in the host countries of labor migrants from developing countries. This severely affected both host countries and home countries of labor migrants that were economically closely tied.

2.5.2. Global financial crisis 2008/09

In 2008/09, the world experienced a significant financial crisis that originated in the United States, which in turn had major economic implications for other countries globally. The cause of the financial crisis was the bursting of the U.S. housing bubble, which was exacerbated by several factors, including loose lending practices, low interest rates and the securitization of mortgages. It led to significant losses for financial institutions and decline in lending activity that impacted businesses and individuals. Consequently, a decline in economic activity, job losses, and a contraction in global trade could be seen. In fact, the International Monetary Fund reported for 2009 “a year-on-year decline of 11 percent, which represent a drop of about 16 percent relative to what was predicted for 2009 even as late as mid-2008” (GREEN and WINTERS 2012: 36).

The global financial crisis of 2008/09 had a significant impact on international labor migration, affecting both the number of migrants and the dynamics of labor markets. The data indicates that the inflow of migrants decreased. In the United States, “international emigration from Mexico fell from 1 million between February 2006 and February 2007 to just over 800,000 for the same period one year later” (GREEN and WINTERS 2012: 47). In the United Kingdom, inward migration “fell by 54 percent between the first quarter of 2008 and the same period a year later” (GREEN and WINTERS 2012: 47). And in Australia, “applications for temporary skilled migration to Australia were 11 percent lower in February 2009 in the same period the year before” (GREEN and WINTERS 2012: 47). However, it should be mentioned that the decline in inward migration cannot be generalized for all countries but highly depends on the sectors where migrants work since emigration from certain countries does not appear to have substantially impacted by the economic decline (GREEN and WINTERS 2012: 48). Indonesia, one major labor exporting country, experienced a slight increase in the number of care workers working abroad in the first quarter of 2009 (GREEN and WINTERS 2012: 48). Also, official statistical data from the Philippines indicate that labor emigration showed no signs of deceleration as of spring 2009 (GREEN and WINTERS 2012: 48).

One reason that the number of migrants decreased is due to tightened immigration policies implemented by some destination countries. For instance, the United Kingdom has made its Points-Based System more stringent, raising the criteria related to skills and income levels (GREEN and WINTERS 2012: 50). In the U.S., the fiscal stimulus package introduced measures that impose challenges for firms seeking to employ highly skilled foreign workers. (GREEN and WINTERS 2012: 51). Also, Malaysia revoked work permits for Bangladeshi laborers and instructed employers to terminate foreign employees before local workers (GREEN and WINTERS 2012: 51). Still, as mentioned above, this does not mean that all countries tightened their immigration policies. In fact, Canada and several European countries generally upheld their immigration policies (GREEN and WINTERS 2012: 52).

Particularly workers employed in highly cyclical jobs within highly volatile industries faced significant challenges (JHA et al. 2009: 2). These jobs include occupations in construction, domestic services, manufacturing, hospitality, and tourism. What makes the situation even more difficult for such workers is the fact that deteriorating economic circumstances in their home countries, together with the financial and social expenses associated with returning and remigrating, may compel many migrants to remain in their home countries (JHA et al. 2009: 2).

It can be observed that remittances decreased following the financial crisis in 2008. On a global scale, remittances decreased from approximately 460 billion U.S. dollars in 2008 to around 434 billion U.S. dollars, which is a decrease of around 7.8 percent (RATHA et al. 2023: 2). Looking into low- and middle-income countries, remittances sent decreased from around 320 billion U.S. dollars in 2008 to around 304 billion U.S. dollars, which is a decrease of 5 percent, lower than the global average (RATHA et al. 2023: 2). However, by 2010 financial transfers recovered. Remittances on a global scale increased in 2010 to around 472 billion U.S. dollars, while remittances to low- and middle-income countries increased to almost 440 billion U.S. dollars, surpassing the numbers from 2008. This implies that remittances are a stable financial source, as they recover quickly and even increase within a short period of time in some countries, despite decreasing during a crisis.

In the example of Nepal, a country where remittances play a significant role of external finance for its economy, the increase of remittances to Nepal decelerated significantly in 2009; however, it quickly recovered, achieving a growth rate of 28 percent in 2010 (MOHAPATRA et al. 2012a: 125-126). In El Salvador, officially recorded remittances registered a decline in 2009 (ACOSTA et al. 2012: 188). Nonetheless, according to the Central Bank of El Salvador, the real growth in remittances again increased by 10 percent by April of 2010 (ACOSTA et al. 2012: 187). The Middle East and North Africa (MENA) region was also hit hard by the global financial crisis in 2008/09. While the MENA region experienced a growth in remittances up until 2008, it contracted by 6.3 percent in 2009; however, signs of recovery can be observed, recording a growth rate of 5.3 percent in 2010 (GHOBRIL 2012: 366). In India, remittances remained stable with almost 50 billion U.S. dollars in 2008 and a slight decrease to 49 billion U.S. dollars in 2009, experiencing a strong increase to almost 54 billion U.S. dollars in 2010 (RATHA et al. 2023: 2). In case of the Philippines, remittances did not experience a decrease but a continuous increase between 2008 and 2010. According to the World Bank, officially transferred remittances in 2008 were at around 19 billion U.S. dollars; in 2009 at around 20 billion U.S. dollars, and in 2010 over 21 billion U.S. dollars (RATHA et al. 2023: 2).

This demonstrates that remittances provide stable financial flows even during times of crisis. In fact, the World Bank states that "migrant remittances are one of the least volatile sources of foreign exchange earnings for developing countries" (RATHA 2003 in GHOBRIL 2012: 366). Even though capital flows typically increase during periods of economic prosperity and decline during downturns, remittances appear to demonstrate a notable consistency over time (GHOBRIL 2012: 366). In fact, family members often seek assistance from their relatives abroad, who are inclined to increase their remittances, potentially at the expense of their own expenditures (OROZCO 2009 in RIESTER 2012: 144).

High remittance fees have been a long-standing concern in the world of international finance as these fees often discourage senders from using formal channels and push them towards informal, sometimes unregulated methods. ACOSTA et al. (2012) examined remittance flows in El Salvador during the financial crisis and recommended a reduction in fees. This recommendation is supported by findings indicating that even a $1 reduction in fees could encourage migrants to send an additional $25 in remittances per month (AYICINENA et al. 2009 in ACOSTA et al. 2012: 190). Similarly, SINGH 's analysis (2012) of remittance flows to India during the 2008/09 financial crisis emphasized that high transaction costs burden both senders and recipients. SINGH suggests that lowering these costs could stimulate the frequency and volume of formal remittances. Likewise, MOHAPATRA et al.'s study (2012a) on remittances in Nepal arrived at the same conclusion: there is a pressing need to reduce remittance costs. Drawing from these studies, there is a clear consensus regarding the benefits of addressing the issue of high remittance fees.

To add, the lack of financial access forces senders to resort to informal channels. MOHAPATRA et al. (2012a) explain that in the context of Nepal, increasing the presence of Nepalese banks and money transfer operators (MTOs) in destination countries would facilitate the use of formal channels (MOHAPATRA et al. 2012a: 129). This, in turn, offers advantages such as enhancing data collection for remittances and promoting awareness of formal remittance channels (MOHAPATRA et al. 2012a: 129). It also strikes a balance between addressing concerns related to anti-money laundering and the financing of terrorism, while also expanding access to financial transfers, thereby leveraging Nepa's substantial remittance inflows to improve its access to international capital markets (MOHAPATRA et al. 2012a: 129). ACOSTA et al. (2012) point out that a well-developed financial sector or entity, whether public or private, that effectively manages the inflows of remittances can improve both the security and efficiency of financial transactions (ACOSTA et al. 2012: 190).

The global financial crisis had a significant impact on international migration and remittances, leading to a decline in the number of international migrants, particularly those in vulnerable sectors. Certain destination countries enforced stricter immigration policies while others maintained their existing regulations. Initially, the global financial crisis led to a substantial reduction in remittances; nonetheless, international financial flows recovered quickly in subsequent years, underscoring the stability of remittances even during crises. Altruistic motives among migrants also contributed to the steady financial flows to their home country. To fully utilize international remittances, particularly during times of crises, studies recommend reducing remittance fees, improving access to financial services, and developing a functional financial sector.

2.5.3. Natural disasters

Aside from major economic global crises, remittances serve as stable financial flows following natural disasters as well. In general, remittances tend to increase after a natural disaster. DAVID (2011) investigated the response of international financial flows, including migrant remittances, development aid, equity flows, and bank lending flows, to natural disasters using a multivariate dynamic panel analysis. The findings of the study suggest that remittances from international migrants to developing countries increase significantly in response to both climatic and geological disasters (DAVID 2011: 29). This implies that remittances have a compensatory nature that serves to mitigate the impact of such shocks (DAVID 2011: 12). Similarly, BRAGG et al. (2018) examined remittances after major sudden-onset natural disasters in twelve countries: Colombia (2010), El Salvador (2009 and 2011), Guatemala (2005 and 2011), Haiti (2010), Honduras (2008 and 2011), Mozambique (2007 and 2013), Nicaragua (2007 and 2011), Pakistan (2005 and 2008), Peru (2007), Philippines (2013), Sri Lanka (2004), and Uganda (2007). Out of the 18 case studies, ten countries experienced a significantly larger increase in remittances than the average quarterly rise, including Guatemala, Haiti, Pakistan, and the Philippines (BRAGG et al. 2018: 10). However, in the remaining countries, remittances sent during the quarter of the disaster occurring were less than the average quarterly increase (BRAGG et al. 2018: 10). It is important to note that although there is an increase in all countries, it is "followed immediately by a decrease in the subsequent quarter, and then by smaller increases in the next to quarters" (BRAGG et al. 2018: 10). Additionally, CLARKE and WALLSTEN (2013) investigated the relationship between migrant flows and natural disaster hurricane Gilbert in 1989 at the country level, using data from the Jamaica Survey of Living Conditions (JSLC). Their results suggest that remittances may function as a form of insurance, increasing in response to aggregate shocks (CLARKE and WALLSTEN 2013: 12). According to their calculations based on panel data, households receive approximately 23 cents in remittances for every dollar of hurricane damage, indicating that more severe damage results in higher remittance amounts (CLARKE and WALLSTEN 2013: 19). However, the authors do note that there is a limit as migrants may find hurricane-related losses too substantial to fully compensate for, resulting in only partial coverage (CLARKE and WALLSTEN 2013: 22).

One distinct factor that can help households cope with natural disasters is the ex-ante management strategy of remittances. This means that households that are highly dependent on remittances and consistently receive those financial flows prior a natural disaster are better off dealing with the aftermath of a natural disaster compared to those households not receiving any remittances. To some extent, remittances act as a form of insurance for a household. MOHAPATRA et al. (2012b) examined remittances following natural disasters using a large sample of developing countries and across income groups and geographical regions, focusing on household survey data for Burkina Faso, Ghana, Bangladesh, and Ethiopia. The study found a favorable and significant influence of remittances on per capita monthly household consumption in Bangladesh following a severe flood in 1998 (MOHAPATRA et al. 2012b: 374). Additionally, households in Ghana and Burkina Faso receiving remittances before natural disasters occurred were better prepared to cope with such events, resulting in improved housing and communication amenities (MOHAPATRA et al. 2012b: 376). However, it was mentioned that the source of international remittances played a role in household outcomes, with remittances from certain countries having differing effects (MOHAPATRA et al. 2012b: 376). Households in Ethiopia, a country with extreme poverty and high vulnerability to droughts, floods, and other natural disasters, reported experiencing fewer shocks related to food shortages, illnesses, and drought when reliant on international remittances (MOHAPATRA et al. 2012b: 377). These results imply that the origin of the international remittances and the consistency of receiving remittances before any natural disasters are significant factors whether households are able to cope with the aftermath of any natural disaster. It, therefore, "indicates a positive role of remittances in preparing for and in coping with the consequences of natural disasters" (MOHAPATRA et al. 2012b: 378).

In line with their findings, the research conducted by BETTIN and ZAZZARO (2018) on the impact of natural disasters on remittance flows towards low- and middle-income countries, using a panel of 98 countries over the period 1990-2010, affirmed the robust role of remittances as a component of pre-disaster risk management strategies across various specifications (BETTIN and ZAZZARO 2018: 490). The study observed that remittances tend to increase with the economic development of the recipient country and play a role in post-disaster reconstruction efforts, although this effect diminished over time (BETTIN and ZAZZARO 2018: 488). Noteworthy to mention is that remittances act as a substitute for underdeveloped financial systems in response to natural disasters in the recipient country (BETTIN and ZAZZARO 2018: 491). If the local banking sector is unable to offer emergency loans due to lending restrictions resulting from natural disasters, the increased demand for financial resources is likely to be met through international remittance transfers (BETTIN and ZAZZARO 2018: 491). These results demonstrate that remittances function as an informal insurance mechanism, helping households in better cope with natural disasters.

To sum up, natural disasters often result in increased international remittance flows from migrants. The prior adoption of remittances as an ex-ante risk management strategy significantly contributes to a household's improved resilience during a natural disaster. This entails households that heavily rely on remittances and consistently receive such financial support before a natural disaster being better at handling with the aftermath of natural disasters compared to those without remittance support. Remittances, therefore, serve as a type of financial insurance for households. The presence of a well-developed financial system in the recipient country is also significant. A country with a well-developed financial system relies less on remittances since affected individuals can access financial assistance products, reducing their dependence on international remittances from migrant workers.

2.5.4. Armed conflicts

Another subject of interest is the link between wars and remittances, as particularly countries in conflicts or transition from war to peace rely heavily on remittances from migrant workers. Studies argue that sending remittances to war-affected countries contribute significantly to the prevention of the outbreak of war or conflict, as well as to peacebuilding in times of conflict of crisis. REGAN and FRANK (2014) examine the link between migrant remittances and the onset of civil war by using World Bank remittance data of 152 countries from 1980 to 2005 combined with the UCDP/PRIO Armed Conflict Dataset. The authors argue that both political and economic crises can lead to the development of an armed conflict; at the same time, however, migrant remittances have the potential to mitigate the inclination toward rebellion REGAN and FRANK 2014: 512). They elaborate that remittances can help alleviate the burden of social welfare demands on the state, thereby easing government pressures and reducing the likelihood of violence (REGAN and FRANK 2014: 512). Similarly, Fagan & Bump 2006 explain that because affected countries may lack the economic resources necessary to rebuild livelihoods during and after a conflict, family remittances play a crucial role in alleviating severe poverty for these individuals (FAGEN and BUMP 2006: 8). The case of Somalia was investigated in the study, in which the authors conclude that private sector investments through remittances has contributed significantly to the establishment of institutional mechanisms and services for sustainable post-conflict reconstruction and the reintegration of war-affected populations (FAGEN and BUMP 2006: 8). What the authors note is the importance of migrant diasporas. Such migrant communities

> "make it possible for remittances to reach people who have remained in their countries of origin during war or crisis, as well as to forced migrants – refugees and internally displaced – whose safety depends on remaining outside of their countries of origin" (AL-SHARMANI 2004 in FAGEN and BUMP 2006: 6).

However, it needs to be viewed with caution, as promoting the development-oriented use of remittances in war-affected countries or regions can be challenging due to the lack of availability of financial institutions, investment opportunities, and functioning governments (FAGEN and BUMP 2006: 16). In fact, remittances are highly dependent on the political situation in the destination country and the extent to which the home country is politically associated. FOAD (2009) analyzed the effects of the Gulf War (1990-1991) on migration and remittances particularly in the labor exporting countries, using "a panel VAR analysis which relates growth in GDP, total trade, the real exchange rate, and remittances across a sample of eighteen countries representing the key labor exporters in the region over the period 1977 – 2008" (FOAD 2009: 4-5). The eighteen countries include: Algeria, Bangladesh, Egypt, India, Indonesia, Lebanon, Malaysia, Morocco, Pakistan, the Philippines, Sri Lanka, Sudan, Syria, Thailand, Tunisia, Turkey, and Yemen. As many migrants were forced to flee or return home due to their home country's political stance in the Gulf War either in support of Iraq or Kuwait, countries including Jordan and Yemen struggled to cope with the large numbers of returnees and immigrants since countries such as Saudi Arabia, imposed stricter migrant laws for these nationals. This not only led to a significant reduction of remittances in the home country but also created labor market constraints and increased pressure on an already strained public sector (FOAD 2009: 9). In fact, the decline in remittance inflows during the Gulf War caused economic recessions in these countries (FOAD 2009: 16). It is noteworthy that the Gulf War triggered a shift in the composition of migrants, away from migrants originating from the Middle East and North Africa (MENA) and towards migrants from Asia (FOAD 2009: 10). This shift is attributed to the fact that Asian migrants were more likely to be temporary migrants, considered politically compliant, and were given preferential treatment in migration policies (FOAD 2009: 10).

Remittances play a significant role in averting breakouts of war or conflict, as well as contributing to peacebuilding and the reconstruction of war-affected communities. Nonetheless, a solid political and economic relationship between the sending and receiving country, a stable financial infrastructure, and a functioning government in the receiving country are critical factors in realizing the potential of remittances.

2.5.5. Health crises

As discussed in the previous section on remittances during armed conflicts, similar significant patterns and factors can be observed in remittances during health crises. These include the economic stability of the host country, the altruistic motives of the senders, the stability of the financial infrastructure in the home country, and the economic ties between host and home countries. SHASTRI (2022) investigated the impact of infectious diseases on remittance inflows to India using a dataset constructed for 99 destination countries for the period 2000 – 2018. The dataset is combined "with the data on prevalence of infectious diseases (namely, MERS Cov, SARS, Ebola, Meningitis and Nipah Virus) in the host countries to assess the [...] impact in the inflows of remittances to India" (SHASTRI 2021: 84). This means that the study focuses on the outbreak of infectious diseases in the host countries and not in India. The results of the study indicate that the size of the host country's economy has a positive impact on remittance inflows, suggesting that larger countries tend to send more remittances to India (SHASTRI 2021: 89). Additionally, the findings demonstrate a countercyclical pattern in remittances, meaning that Indian workers tend to send during periods of economic hardship in their home country (SHASTRI 2021: 90). Notably, the study highlights the positive and significant impact of domestic financial development on remittances, which contributes to an increase in remittance inflows (SHASTRI 2021: 90). Furthermore, the study emphasizes the importance of the level of integration between a remittance-receiving country and the economic conditions of the host country. Given India's diversity migration destinations, the macroeconomic factors of a single host country do not exert a significant influence on remittance flows (SHASTRI 2021: 91). This demonstrates the dominance of altruistic motives, strengthening the role of remittances as a reliable source of financing for India in times of crisis (SHASTRI 2021: 92).

What is noteworthy is that health crises reveal characteristics of remittance-receiving households. Despite the fact that remittances contribute to poverty alleviation, it is not necessarily the poorest of a country that have migrants in their households and that receive remittances. HIMELEIN et al. (2015) examined the socioeconomic impact of Ebola in Sierra Leone by conducting “mobile phone surveys with the aim of capturing the key socio-economic effects of the virus” (HIMELEIN et al. 2015: 3). Given the fact that the households surveyed were contacted through mobile phones, it can be inferred that the respondents are likely to belong to more affluent households. The authors of the study acknowledged that the results from rural areas in particular, should be viewed as informative rather than representative (HIMELEIN et al. 2015: 6). Aside from investigating the impact of Ebola on employment, health, food security, and agriculture, the study also explored its effects on remittances. The findings suggest that remittances were primarily directed to wealthier households (HIMELEIN et al. 2015: 18).

Drawing comparisons between the impact of the 2003 SARS epidemics on international remittances and the COVID-19 pandemic appears to be difficult, as there is hardly any scientific literature available in terms of international remittances and the SARS epidemics in 2003. Only POSSO (2021) used data from the 2003 SARS epidemic “to shed light on how a global pandemic can affect labour supply and remittances in ASEAN economies” (POSSO 2021: 1). The findings imply a stable and resilient nature of international remittances throughout a crisis as well as after that. In fact, countries dealing with the SARS epidemic did not exhibit a higher or lower likelihood of experiencing a change in remittances (POSSO 2021: 22). The impact on remittances, both in the short and long term, was statistically insignificant (POSSO 2021: 22). Nonetheless, the study identified a positive effect in the medium term, specifically 6-8 years following the epidemic, possible due to households using remittances during the economic recovery phase at the conclusion of the pandemic (POSSO 2021: 23).

To conclude, there is hardly any literature available on certain health crises prior to COVID-19 that addresses the impact on international remittances. The findings of the previously mentioned studies indicate that a significant factor in the impact of remittances is whether the migrants’ home country is strongly tied with the host country.

Also, a health crisis does not necessarily result in negative effects on remittances, which tend to remain stable throughout and after the crisis, mainly due to altruistic motives. In addition, remittances tend to benefit those who are already in a relatively favorable economic position, rather than the poorest households.

2.6. Patterns observed in terms of international remittances during periods of crises

The previous sections have discussed how various global crises have affected remittance flows in low- and middle-income countries. Table 1 on page 27 provides a visual overview of the impacts and patterns of remittances during times of crises. It can be observed that remittances flows tend to decrease in the first year of a crisis, particularly when an economic and financial crisis originates in the destination or host country. During the Asian financial crisis in 1997, high unemployment rates and bankruptcies, where foreign workers were particularly hit, led to a reduced flow of remittances. Similarly, in the case of the global financial crisis in 2008/09, affecting both host countries and sending countries, remittance-receiving countries experienced a decline in remittance flows in 2009. It needs to be pointed out, however, that remittances did not continue to decline during the Asian financial crisis and the global financial crisis. After a year of decline in remittance flows, remittances recovered and grew again in most countries. El Salvador's remittances fell by around 8 percent in 2009 and increased again by 10 percent in 2010 (ACOSTA et al. 2012). The MENA region experienced a decrease of 6 percent in 2009 but grew again by 5 percent in 2010 (GHOBRIL 2012). In Nepal, the growth of remittances decelerated in 2009 but grew by 28 percent in 2010 (MOHAPATRA et al. 2012a). In the case of the Philippines, remittances did not decline but continued to increase throughout the global financial crisis in 2008/09. This implies that remittances are stable financial flows even during economic downturns. The reasons for this are varied. Skilled workers, such as those in the health care sector, were not hit by the financial crises, and were therefore able to continue sending money home, which was also altruistically motivated. Unskilled workers who have lost their jobs sent their available money or attempted to find employment in another company as returning home was associated with high costs.

The aforementioned altruistic motivation can also be recognized in other types of crises, particularly in low- and middle-income countries. Remittances increased after countries were hit by natural disasters. However, it needs to be mentioned that whether households are able to cope with the aftermath of a natural disasters depends heavily on significant factors such as the origin of the international remittances as well as to whether households have been receiving remittances consistently before a natural disaster (MOHAPATRA 2012b); therefore, acting as an informal insurance (BETTIN and ZAZZARO 2018). During armed conflicts, remittances tend to increase in remittance-receiving countries in order to support individuals and families who are unable to leave the country. However, when armed conflicts occur in a remittance-receiving country, remittances tend to decrease due to the tightened labor market. There is hardly any literature on the impact of past health crises on international remittance flows. SHASTRI (2021) explains that the political and economic tie between the migrants' home country and the host country is a significant factor affecting remittances. Furthermore, a health crisis does not necessarily result in a decline in remittances; instead, they tend to remain stable during and after the crisis due to altruistic motives. It is noteworthy that remittances tend to benefit households that are already financially secure, rather than reaching the poorest.

Nature of the crisis	Scale of impact	Type of crisis	Impacts and patterns on remittances	Repercussions and other relevant impacts
Economic	Regional	Asian financial crisis 1997	• Decrease in the beginning, then increase after a month into the crisis	• High employment rates, bankruptcies, high levels of poverty • Increase helped the recovery of economy, e.g. the Philippines and Thailand • Measures implemented: tax exempt (OECD 2000)
Economic	Global	Global financial crisis 2008/09	• Decrease of remittances in the beginning (IMF 2009) • Increase in remittance the following year, stable financial source (RATHA et al. 2023; MOHAPATRA et al. 2012a; ACOSTA et al. 2012; GHOBRIL 2012)	• Inflows of migrants decreased, tightened immigration policies (GREEN & WINTERS 2012) • High cyclical jobs hard hit (JHA et al. 2009) • Poverty increase (GEDESHI & DE ZWAGER 2012) • Policy recommendations: ○ Lower the cost of remitting (ACOSTA et al. 2012; SINGH 2012; MOHAPATRA et al. 2012a) ○ Facilitate financial access (MOHAPATRA et al. 2012a)
Natural disasters	Regional	Haiti earthquake (2010) Typhoon Haiyan Philippines (2013)	• Increase in remittances after climatic and geological shocks (DAVID 2011; BRAGG et al. 2018; CLARKE & WALLSTEN 2013; MOHAPATRA et al. 2012b)	• Function as ex ante risk management strategy; households with remittances better prepared when crisis hit (BETTIN & ZAZZARO: 2018) • Substitutes for less developed financial systems (BETTIN & ZAZZARO 2018)
Health crises	Regional	SARS 2003 Ebola	• Increase in remittances; however size of host economy significant, larger economies remit more (SHASTRI 2021) • SARS 2003: no significant changes (POSSO 2021)	• Despite poverty alleviation, remittances tend to go to households which are better off (HIMELEIN et al. 2015)
Armed Conflicts	Regional	Gulf War 1990-91 Armed conflicts in Somalia	• Drop in remittances (FOAD 2009)	• Gulf War: stricter migrant laws and high numbers of returnees (FOAD 2009) • Can significantly contribute to lessen the chance for a war or conflict to break out and to the process of peacebuilding; migrant diaspora significant (FAGAN & BUMP 2006) • Can assist to offset social welfare demands (REGAN & FRANK 2014)

Table 1: Overview of past and regional crises and its repercussions

2.7. The nature of the crisis does matter to some extent

Some common patterns among the past global crises have been observed, which raises the question of whether the nature of the crisis matters. While there is no straightforward answer that can be given, a number of factors do play a significant role.

One significant factor in this context is the location of the crisis. For instance, a crisis happening in the host country that affects the country's economic performance has repercussions on the dynamics of remittances. Migrant workers particularly those in highly cyclical jobs are more vulnerable to job loss in difficult economic times, resulting in lower remittances sent back to their home countries. In addition, the introduction of tighter immigration policies in some destination countries made it more difficult for migrant workers to find employment, forcing these workers to either stay unemployed in the destination country or remain in their home countries (JHA et al. 2009: 2).

Nevertheless, it should be mentioned that crises have demonstrated the resilience of remittances during such times. This can be attributed to migrants working in stable sectors, such as health care, who continue to send money, often more than usual due to altruistic reasons (SHASTRI 2021: 92; SUGIYARTO and PERNIA 2012: 7).

Crises occurring in the home country also matter. The previously explained crises have shown that crises in the home country, such as natural disasters, wars, or health crises, lead to increased remittance flows, which explains the countercyclical development of remittances during difficult periods in the home country (SHASTRI 2021: 90; SUGIYARTO and PERNIA 2012: 12-13). In this case, the altruistic motives of migrant workers and naturalized citizens of destination countries contribute to this development.

While these factors appear to be significant, certain conditions are crucial for the effective use of remittances during crises. First, it depends on whether there are well-established political and economic ties between the receiving and sending countries, as is the case between the Philippines and the United States or India and the United Kingdom. The stability of the financial infrastructure in the home country should also be considered. Lastly, an effective and functioning government in the home country is crucial.

While the global crises discussed previously were events that occurred either in the home or the host country, it would be interesting to examine whether a crisis that severely affected both the home and the destination countries is decisive in determining the nature of a crisis as a significant factor in the dynamics of remittances. The COVID-19 pandemic, therefore, serves as a suitable example to examine an unprecedented crisis that has affected all countries worldwide.

2.8. The COVID-19 pandemic

The COVID-19 pandemic, caused by the coronavirus SARS-CoV-2, emerged in China in late 2019 and quickly developed into a global health crisis. The highly infectious virus spread rapidly across international borders, leading to widespread infection and unprecedented disruption of various aspects of life. The outbreak of the virus "was declared as a Public Health Emergency of International Concern on 30 January 2020 by WHO" (OVALLATH 2020: 2). Symptoms after exposure of the virus include flu like features such as "fever, dry cough, [...], loss of smell, loss of taste, [...] and fatigue" (OVALLATH 2020: 4). The initial measures to contain virus included

> "the importance of hand hygiene, frequent handwashing with soap and water, cough etiquette, social distancing, importance of using masks, avoid touching the fact, staying at home, isolation of positive cases as well as cases with contact history [...]" (OVALLATH 2020: 6).

The pandemic has impacted "day to day life, businesses, disrupted the world trade and movement" (HALEEM et al. 2020: 1), which forced governments to implement measures, such as lockdowns, travel restrictions, and social distancing protocols, which, in turn, triggered significant economic consequences (WORLD BANK 2020). International movement, particularly for migrant workers, was no exception. In fact, "most countries have imposed ban on the arrival of not only foreigners but also of returning nationals" (RATHA et al. 2020b: 3). In their Migration & Development Brief 33 (2020), the World Bank explained the situation of migrants as follows:

> "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. In times of crisis, migrants tend to be more vulnerable to risks unemployment than native-born workers" (RATHA et al. 2020b: 3).

2.8.1. Impact of the pandemic on migrant workers in India and the Philippines

Globally known as migrant-sending countries, India and the Philippines are no exception to being affected by the pandemic, particularly in the context of international migration. As a result, numerous migrant workers experienced the loss of employment, social support systems, and housing alternatives due to the direct and indirect consequences of the COVID-19 pandemic (FASSANI and MAZZA 2020 in: MARTIN and BERGMANN 2021: 672). Consequently, repatriations organized by the governments increased (MARTIN and BERGMANN 2021: 671). In fact, one of India's migrant-sending states, Kerala experienced a return of 400,000 migrants in the year of 2020 (RATHA et al. 2020b: 33). By October 2021, a total number of over nine million Indian nationals were repatriated home (ASIAN DEVELOPMENT BANK INSTITUTE et al. 2022: 69) In the case of the Philippines, according to the Philippine Overseas Labor Office, "over 230,000 OFWs were repatriated to the Philippines as of October 2020, representing almost 50 percent of workers who lost their jobs" (RATHA et al. 2020b: 24). By December 2021, the number of OFWs repatriated home increased to nearly 1.5 million (ASIAN DEVELOPMENT BANK INSTITUTE et al. 2022: 69).

Most of these returnees worked either in the domestic service sector as domestic helpers or in other highly cyclical jobs, such as in the construction or hospitality sector. Both countries, therefore, faced some challenges in integrating the large number of returning workers into the labor market and society. To address these challenges, initiatives were launched by the Indian and Philippine government. These include financial assistance, job matching, and skills recognition and development (ASIAN DEVELOPMENT BANK INSTITUTE et al. 2022: 88).

Due to the nature of the crisis, the global demand for workers in the healthcare sector became high. This, in turn, means that healthcare workers were not severely affected in the context of international movement. Recruitment of Indian nurses increased in 2020 and 2021 (CHANDNA 2021 in ASIAN DEVELOPMENT BANK INSTITUTE et al. 2022: 18). The Philippines

> "imposed a moratorium of deployment of health care workers [...] (and) lifted the suspension of deployment of new healthcare workers but instituted an annual cap [...] to avoid problems meeting any potential pandemic-related domestic demand" (ASIAN DEVELOPMENT BANK INSTITUTE et al. 2022: 18).

These changes in the dynamics of international movements have had significant implications for remittances sent to India and the Philippines, which will be elaborated in more detail in the following.

3. Methodology

To gain insight into how the recent global health crisis impacted the various dimensions of remittance flows to India and the Philippines, a systematic literature review is conducted. The review attempts to draw comparisons between the existing literature on remittance flows in India and the Philippines during the pandemic and the available literature on remittance flows in past global and regional crises. The impact on remittances have been observed before and the results of this review will provide an insight whether the COVID-19 pandemic is a unique phenomenon and whether the nature of a crisis plays a significant role. The theoretical framework introduced in the past section served as a lens for the data collection and analysis. India and the Philippines were chosen, as these countries are top remittance-receiving countries in the world. A considerable amount of research on remittances exists with the respect to these two countries.

Since the pandemic is a relatively recent event, data were collected by reviewing quantitative and qualitative literature, including systematic reviews, journal articles, discussion papers, working papers, and World Bank and the International Monetary Fund (IMF) reports in the English language published from the beginning of the pandemic (February 2020) to the time of data (December 2022).

The keywords 'Remittances', 'COVID-19 pandemic', 'Philippines', 'India' were entered into the databases in the following way:

- Remittances AND COVID-19 pandemic AND Philippines
- Remittances AND COVID-19 pandemic AND India.

The following inclusion criteria were determined to identify studies relevant to this review:

- English
- Published between 2020 and 2022
- Must discuss the impact of the COVID-19 pandemic on specific aspects in India and the Philippines
- Must be of high quality with the help of qualitative assessment

To provide an informative literature review on the impact of the COVID-19 on remittances, studies had to be in English and published between 2020 and 2022. Furthermore, the published papers had to discuss specific effects on remittances in India and the Philippines.

The selected databases include Web of Science, Science Direct, the search engine of the Vienna University Library, the websites of the World Bank, the Asian Development Bank and the Central Bank of the Philippines. While Google Scholar is a helpful literature source for literature retrieval, it was not used entirely but rather in conjunction with the other databases as entering the keywords led to over 4000 initial results, including not only journal articles, but also other types of literature that are not peer-reviewed, such as online newspaper articles or blogs. Putting the keywords into brackets or using "allintitle" led to no results. The difficulty in achieving precision and the absence of advanced search functionalities appear to be challenging, which hinders the use of Google Scholar as an exclusive tool for research purposes such as systematic reviews (HALEVI et al. 2017: 827).

In terms of the website by the World Bank, the reports on migration and remittances, titled "Migration and Development Brief", were chosen. In order to capture official figures related to the pandemic, reports from 2020-2022 were selected. Despite not fulfilling one inclusion criteria, the report published in 2023 was included in the data selection, as this report contains official figures from 2022 and thus provides an insight into the development of remittance flows in the selected period from 2020 to 2022.

Another website that served as a database is that of the Asian Development Bank as this Philippine institution publishes regular and up-to-date reports on migration and remittances globally. In contrast to the keyword strategy explained before, only two key words were entered in the search field, namely 'COVID-19 pandemic' and 'remittances'. After that, the years 2020, 2021, 2022 as well as the countries India and Philippines were activated in the search filter to simplify the search. Other than that, the same keyword strategy was followed.

The studies needed to meet certain criteria in order to be considered high quality. For this, the quality of the papers was assessed by following the rapid evidence assessment (REA) procedure in the study by CUMMINGS et al. (2016). Since the pandemic is a fairly recent event, the REA approach is appropriate for this thesis "due to the limited available evidence on the current crisis and the importance of verifying the quality of existing information" (CUMMINGS et al. 2015: 12). It is a practical approach to review the current knowledge on a topic, to assess its quality, and to identify questions for further research (CUMMINGS et al. 2015: 12). Any of the papers found during the literature search process that did not meet certain criteria were not included in the data collection.

At first, the keywords were entered into the selected databases, which led to the following results: Web of Science 25, Science Direct 271, usearch 102, adb 154, World Bank 7. Since usearch is a search engine, which also shows results on newspaper and magazine articles, the search filter on the sidebar "articles" and "reports" were selected, which reduced the results to 57. Followed by that, the initial results databases were then collected from all the selected databases. Then, it was checked whether there were any overlaps in the results across all databases, considering the possibility of the same paper appearing in multiple databases. In the next step, papers appearing in multiple databases were considered as a single result from all the databases. This resulted in a total number of 407 papers.

	Remittances AND COVID-19 Pandemic AND Philippines	Remittances AND COVID-19 Pandemic AND India
Web of Science	5	15
Science Direct	74	197
usearch	21 8 (Filter – Article) -2 Web of Science	81 49 (Filter – Article) -12 Web of Science -4 Science Direct
adb	112	42
World Bank	7	
Total	407	

Table 2: Process of entering key words in the selected databases

In the next step, papers were selected based on reading the title. The title had to contain at least one of the keywords that were entered into the databases during the search process. This resulted in 226 papers. With the predetermined inclusion and exclusion criteria, in which studies have to be in the English language, published between 2020 and 2022, and need to discuss the impact of the COVID-19 pandemic on specific aspects in India and the Philippines, the abstracts were read and reviewed to identify papers that were outside the scope of the research questions or lacked relevance to this study. This process further reduced the number of papers occurred, resulting in 70 papers for further review. Followed by that, the papers were read thoroughly with consideration of the same inclusion and exclusion criteria in the selection process when reading through the abstracts, which resulted in 32 papers that were potentially relevant to the research question. These studies were assessed according to seven questions, which are shown in the table below with the corresponding scores. The scoring for this thesis is slightly modified since CUMMINGS et al. considered a study with six points both of medium and high quality. To have proper assessment, studies that scored less than four points were excluded. When four or five points were achieved, the study was considered to be of medium quality. Studies scoring six to eight points were considered high-quality papers. As pointed out by CUMMINGS et al. (2015: 13), this seemed somewhat problematic since "assessing the validity [...] relied on each researcher's own judgment". Therefore, it was important to assess the validity in a consistent manner (CUMMINGS et al. 2015: 13).

Principle	Questions	Scoring
Conceptual framing	a) Does the study have a conceptual framework and clear research question? b) Does the study appear to draw conclusions based on its results rather than theory or policy?	0 Neither 1 One 2 Both
Methodological transparency	a) Does the study explain its research design and data collection methods? b) Does the study present or link to data sources?	0 Neither 1 One 2 Both
Internal and external validity[10]	a) Is the study internally valid? Or, are alternative causes of impact or the study's limitations considered? b) Is the study externally valid? Or, can findings be generalised to other contexts and populations?	0 Neither 1 One 2 Both
Journalistic	a) How relevant is the study to the research topic?	1 Partially 2 Directly
Score (Sum)		0-8

Table 3: Quality assessment procedure

An overview of the type of evidence received is provided in the following table:

Quality	Number of studies
High	19
Medium	2
Total	21

Table 4: Results of assessment

A total of 21 studies were selected that were of relevance for the purpose of this thesis. All the 21 studies met the inclusion criteria and were assessed following a slightly modified procedure of CUMMINGS et al. (2015) for the assessment of their studies. The detailed assessment of the collected data, along with the table recording the quality of the retrieved sources can be found in the appendix. It is important to note that all the selected studies are primary sources, indicated as p in the quality assessment table.

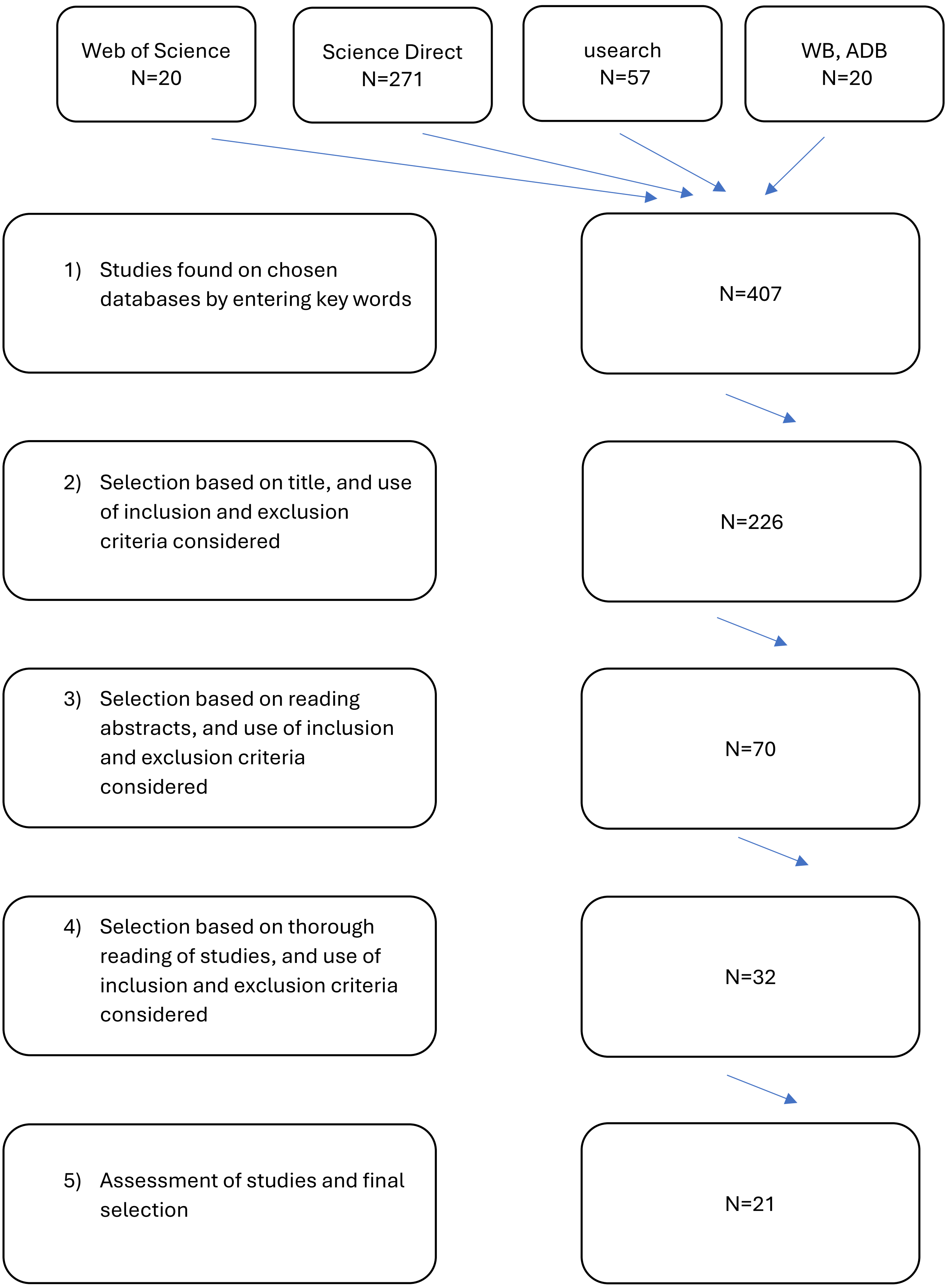

Figure 4: Keyword Strategy

4. Characteristics of the selected studies

4.1. Geographical scope

The seven reports selected from the World Bank provide a comprehensive examination of migration and remittances at the global level (RATHA et al. 2020a; RATHA et al. 2020b; RATHA et al. 2021a; RATHA et al. 2021b; RATHA et al. 2022a; RATHA et al. 2022b; RATHA et al. 2023). Published twice a year through their "Migration and Development Brief", these reports present the latest data on migration and remittance trends, mainly focusing on low- and middle-income countries that are highly dependent on remittance flows from remittance-sending countries. Additionally, six studies (KHAN and AKHTAR 2021; KIKKAWA et al. 2021; KIM et al. 2022; RASUL et al. 2021; SAWADA and SUMULONG 2021; TAKENAKA et al. 2020) adopt a continental perspective, looking at regions such as Asia, South Asia, and the Pacific, with extensive discussion on India and/or Philippines. Five studies (COOK 2020; MURAKAMI et al. 2020a; MURAKAMI et al. 2020b; TUANO-AMADOR et al. 2022; YAMADA et al. 2021), examining remittances during the COVID-19 pandemic, focused specifically on the Philippines. Only one study (SHASTRI 2021) conducted research exclusively on India, while another one (EMARA and ZHANG 2021) focused on the dynamics within the BRICS states (Brazil, Russia, India, China, and South Africa). Finally, one study (WITHERS et al. 2021) discussed the COVID-19 pandemic and remittances in India, Nepal, and Sri Lanka.

4.2. Types of methods used

The majority of the selected studies applied quantitative research methodologies, with 18 studies using calculations with metrics such as remittance figures, GDP, and other World Development Indicators (WDI), including inflation and account balances. Two studies adopted qualitative research approaches through surveys, while on study employed a mixed-methods approach combining both quantitative and qualitative methods. This demonstrates the prevailing reliance on quantitative data on research. It is notable that in this case research grounded in qualitative data, such as surveys or interviews, is rather scarce as the government-imposed travel restrictions during the COVID-19 pandemic made some field research impossible.

4.3. Data used

14 studies used the latest data from the World Bank at the time of their publication, with most of them relying on data from 2020, the initial year of the COVID-19 pandemic. As the World Bank's data are derived from remittance data provided by the central banks of the respective countries, the World Bank has privileged access to current data and is often used as a reliable source for research. In contrast, eight studies used pre-pandemic data; therefore, making their findings speculative and suggestive of possible implications.

4.4. Types of studies

Among the 21 selected studies, seven are reports from the World Bank, notably under the series titled "Migration and Development Brief". These comprehensive reports are globally recognized for their regular analysis of migration flows and key policy developments in the field of international migration and development. Published by the Global Knowledge Partnership on Migration and Development (KNOMAD), an initiative of the World Bank, the publications are funded by various institutions, such as the European Commission, the Deutsche Gesellschaft für Internationale Zusammenarbeit, and the Swiss Agency for Development and Cooperation (RATHA et al. 2020b).

Two other reports are from the Asian Development Bank, a development bank based in Manila, Philippines that aims to assist countries in Asia and the Pacific "by providing loans, technical assistance, grants, and equity investments to promote social and economic development" (ASIAN DEVELOPMENT BANK 2024). Nine studies are peer-reviewed articles published in scientific journals. The Asian Development Bank contributes two more studies in the form of working papers, while the remaining working paper is published as a discussion paper by the Central Bank of the Philippines. Notably, India does not have any official publications by government and financial institutions that publish official reports on remittance data.

Table 5: List of selected studies

No.	Author's name (Year of Publication)	Key topics	Methods	Area	data based on the year	data used	Sample Size	Data Source	Type of Paper
1	COOK M. (2020)	COVID-19 pandemic, Philippines, economic impact	quantitative	Philippines	2020	GDP, remittances figures		Philippine Central Bank	Journal Article
2	EMARA N. and ZHANG Y. (2021)	COVID-19, remittances, impact of digitization,policies	quantitative	BRICS States	2004-2018	World Development Indicators		World Bank	Journal Article
3	KHAN I. and AKHTAR M.A. (2022)	COVID-19, remittances, resiliency	quantitative	South Asia	1980-2019	GDP World Development Indicators		World Bank	Journal Article
4	KIKKAWA et al. (2021)	COVID-19, remittances, labor mobility	quantitative	South Asia and Pacific	2020	remittance figures, GDP		ADB, World Bank	Reports
5	KIM et al. (2022)	COVID-19, remittances, countercyclicality	quantitative	Asia and the Pacific	2010-2018	remittance data from 213 source and receiving countries		World Bank and KNOMAD	Working Paper
6	MURAKAMI et al. (2020a)	COVID-19, effects on households	qualitative	Philippines	2016-2017	survey	834/669	JICA	Journal Article
7	MURAKAMI et al. (2020b)	COVID-19, potential impact on households	qualitative	Philippines	2016-2017	survey		JICA	Journal Article
8	RASUL et al. (2021)	COVID-19, socio-economic implications, policy	quantitative	South Asia	2020	GDP, inflation, account balance		World Bank, IMF	Journal Article
9	RATHA et al. (2020a)	COVID-19, remittances, migration	quantitative	global	2020	remittances figures		World Bank	Reports
10	RATHA et al. (2020b)	COVID-19, remittances, migration	quantitative	global	2020	remittances figures		World Bank	Reports
No.	Author's name (Year of Publication)	Key topics	Methods	Area	data based on the year	data used	Sample Size	Data Source	Type of Paper
11	RATHA et al. (2021a)	COVID-19, remittances, migration	quantitative	global	2020	remittances figures		World Bank	Reports
12	RATHA et al. (2021b)	COVID-19, remittances, migration	quantitative	global	2021	remittances figures		World Bank	Reports
13	RATHA et al. (2022a)	COVID-19, remittances, migration	quantitative	global	2021	remittances figures		World Bank	Reports
14	RATHA et al. (2022b)	COVID-19, remittances, migration	quantitative	global	2022	remittances figures		World Bank	Reports
15	RATHA et al. (2023)	COVID-19, remittances, migration	quantitative	global	2022	remittances figures		World Bank	Reports
16	SAWADA Y. and SUMULONG L.R. (2021)	COVID-19, macroeconomic impact, policy	quantitative	Asia and the Pacific	2020	remittances figures, GDP		ADB, IMF	Working Paper
17	SHASTRI S. (2021)	impact of infectious diseases on remittances	quantitative	India	2000-2018	bilateral remittances dataset		IMF	Journal Article
18	TAKENAKA et al. (2020)	COVID-19, impact on migration, remittances, households	quantitative	Developing Asia	2020	remittances figures, GDP		ADB, World Bank	Reports
19	TUANO-AMADOR et al. (2022)	COVID-19, remittances, policy	quantitative	Philippines	2010-2021	remittances figures, GDP		World Bank, IMF Philippine Central Bank	Working Paper
20	WITHERS et al. (2021)	COVID-19, remittances, economic implications, policy	quantitative	India, Nepal, Sri Lanka	2020	remittances figures		World Bank	Journal Article
21	YAMADA et al. (2021)	COVID-19, remittances, financial inclusion	quantitative qualitative	Philippines	2016-2017	remittances figures, survey		JICA	Journal Article

5. The key evidence

In this section, I present the key insights of the selected reviewed studies. The first part of this section will discuss the major patterns that could be observed during the pandemic; the second part will describe the policy recommendations made by the authors of the selected studies.

5.1. Major patterns observed during the pandemic

5.1.1. Stable financial flows serving as economic buffer

Remittance flows remained stable between 2020 and 2022, contrary to early projections made by the World Bank in 2020, in which remittance flows were expected to decline by approximately 20 percent (RATHA et al. 2020a: 7). The World Bank argued that remittance flows were projected to drop significantly due to the decline in the wages and employment of migrant workers in destination countries resulting from the COVID-19 pandemic (RATHA et al. 2020a: 7). Despite this, officially recorded remittance flows to low- and middle-income countries declined by only 1.6 percent, reaching 540 billion U.S. dollars compared to the 548 billion U.S. dollars recorded in 2019 (RATHA et al. 2021a: x). Both India and the Philippines experienced a slight drop by 0.21 percent, and 0.7 percent respectively, in 2020 (RATHA et al. 2021a: 20). Following the slim declines in 2020, remittance flows increased significantly India (2021: 7.5% - $89.93 billion; 2022: 24.4% - $111 billion) and the Philippines (2021: 5.19% - $36.69 billion; 2022: 4% - $38 billion) (RATHA et al. 2022b; RATHA et al. 2023).

Remittances in the Philippines remained resilient during the COVID-19 pandemic, functioning as an economic buffer, especially considering the significant and prolonged decline in trade and private capital investment (COOK 2021: 237). In fact, during the initial three quarters of 2020, there was a notable decline in gross formation by 38.3 percent, a 23 percent decrease in imports, and an 18.7 percent reduction in exports (COOK 2021: 240). These are all notable statistics, as these key indicators all experienced good growth in the previous year.

While the COVID-19, contrary to what had been predicted, did not have a significant impact on remittances to countries in South Asia, KHAN and AKHTAR (2022) attempted to examine in the South Asian context comprising India, Pakistan, Sri Lanka, Bangladesh, Nepal, Bhutan, and Afghanistan “the resilience of remittance in the future using a time series analysis” (KHAN and AKHTAR 2022: 3) to provide recommendations to policymakers. KHAN AND AKHTAR used a Box Jenkins ARIMA Analysis to make projections on the inflow of remittances in the South Asian region during the period from 2020 to 2030 (KHAN and AKHTAR 2022: 6-7). Their findings imply that remittance inflows are more likely "to depict a stable trend [...] indicating that remittances received by the region are resilient to the economic crisis caused by the ongoing pandemic" (KHAN and AKHTAR 2022: 16). The paper points out that there is still a lack of available literature that examines the resilience of remittance recipients within the South Asian region (KHAN and AKHTAR 2022: 16).

5.1.2. Possible reasons contributing to the stable flows

5.1.2.1. Shift from informal to formal channels

The World Bank identified key pandemic-specific factors that contributed to this resilience. Stringent border closures and lockdown measures, which resulted in significant travel restrictions, forced remittance senders to use formal (mainly digital) channels to send money to their home countries. This facilitated a significant shift from informal and unrecorded channels to formal and documented ones (RATHA et al. 2020b: 12).

5.1.2.2. Altruistic motivation among overseas Filipinos

Another key factor is the altruistic motivation, in which Filipinos living and working abroad sent higher amounts of money to their home country, fulfilling the traditional function of remittances as an economic buffer (COOK 2021: 240). In fact, even though a large number of overseas Filipinos lost their jobs due to the COVID-19 pandemic, they "sent all or a large share of their overseas savings back to the Philippines to prepare for their return home" (RATHA et al. 2020b: 12; COOK 2021: 240).

5.1.2.3. Global spread of overseas Filipinos

The fact that overseas Filipinos are globally spread may also have contributed to the economic buffer (COOK 2021: 240). Coupled with the fact that Filipinos are globally spread, the patterns of cash remittances demonstrated significant variations among regions and among major national sources of remittances (COOK 2021: 240). The Philippines experienced a growth of remittance inflows from countries in East Asia, such as Singapore and Taiwan, the former with an increase of 11.8 percent and the latter with an increase of 14.9 percent over the period in 2019 (COOK 2021: 240). Remittances, however, from Japan declined by 6.8 percent (COOK 2020: 240).

Sharp declines in remittance inflows to the Philippines came from Europe and the Middle East. Remittances from Europe declined significantly by 10.4 percent, with those from Germany falling by 26.4 percent and those from the Netherlands (a maritime shipping hub) by 47.1 percent (COOK 2021: 240). In the Middle East, remittances fell by 11.6 percent as Gulf States were faced major economic challenges during the pandemic, with remittances from Kuwait falling by 23.8 percent and those from the United Arab Emirates by 22.5 percent" (COOK 2021: 240).

The United States is an important partner of the Philippines through economic and historical ties, and remittances are no exception. The United States accounts for 40 percent of the overall cash remittances sent to the Philippines (COOK 2020: 240). Despite the circumstances of the COVID-19 pandemic in the U.S., "remittances from there grew by 5.9 percent in year-on-year terms from January to November 2020" (COOK 2021: 240), contributing to the slight drop of total remittances to the Philippines by offsetting the declines of remittances from Europe and the Middle East. COOK's argument that a country's management of the pandemic (number of cases, hospitalizations, job losses) plays a significant role in the dynamics of remittance flows cannot be generalized. In the case of the United States, for instance, high case numbers were recorded and its management of the pandemic was viewed negatively, yet remittance flows to the Philippines actually increased.

5.1.3. Occupational sector of overseas workers is significant

The study by TUANO-AMADOR et al. (2022) investigated the impact of the COVID-19 pandemic on the remittances of overseas Filipino remittances and the spillover effects of a remittance shock on the monetary, financial, and labor markets. The authors agree with COOK 2020 that the spread of Filipino around the world is considered a "strength of remittance flows to the Philippines during the pandemic" (TUANO-AMADOR et al. 2022: 13). Still, it needs to be mentioned that "their motivations, willingness and capability to send remittances are varied" (TUANO-AMADOR et al. 2022: 13). Overseas Filipinos who are considered essential workers maintain more stable sources of income, with minimal disruption to their typical work arrangements during the pandemic and are likely to continue their consistent remittance patterns as prior to the outbreak (TUANO-AMADOR et al. 2022: 13). On the other hand, with overseas Filipino working in jobs, particularly hit by the pandemic, remittances dropped (TUANO-AMADOR et al. 2022: 13).

5.1.4. Close connection between remittances and cyclicality

Remittances and cyclicality are closely connected. While the figures during the COVID-19 demonstrated that remittances acted countercyclical during the pandemic, Tuano-Amador et al. explain that remittances cash remittances from overseas Filipinos in general are "procyclical with the incomes (real GDP) of the host country groups – Asia & the Pacific, the Americas, Europe and the Gulf countries" (TUANO-AMADOR et al. 2022: 18). In other words, when a country performs economically well, remittance inflows to the Philippines increase, which can be well illustrated with the example of the United States, where in favorable economic conditions, better job prospects and higher incomes within the United States enable overseas Filipinos to remit more money to their relatives in the Philippines (TUANO-AMADOR et al. 2022: 23). This may be the reason why projection by the World Bank indicated that remittances would decrease significantly particularly in the beginnings of the pandemic in 2020 as all economies experienced setbacks of a magnitude greater than those observed in previous periods of remittance disruption (TUANO-AMADOR et al. 2022: 19). However, TUANO-AMADOR et al. point out that "Philippine cash and personal remittances are countercyclical with Philippine real consumption spending, an indication of the presence of altruism as another motivation in sending remittances to OFs' beneficiaries in the Philippines" (TUANO-AMADOR et al. 2022: 29-30). To investigate the growth of remittances to the Philippines over the period from January 2009 to December 2021, TUANO-AMADOR et al. (2022) used a reduced-form model to identify the drivers of growth of overseas remittances, including a so-called dummy driver that represents the COVID-19 pandemic. The drivers include "origin/home country's growth, inflation rate, interest rate differential, exchange rate, host country's economic growth, level of financial development" (TUANO-AMADOR et al. 2022: 20).

Based on TUANO-AMADOR et al.'s estimate, it is indicated that the COVID-19 pandemic "has a negative and significant impact on the growth of personal remittances (and) [...] is consistent when we use the monthly growth of the cumulative number of confirmed new COVID-19 cases" (TUANO-AMADOR et al. 2022: 24). They explain:

> "These findings imply that these mobility restrictions in host economies and the Philippines explain the fall in remittance flows, and that once lifted, the recent slowdown in remittances in remittances can be expected temporary.
> (TUANO-AMADOR et al. 2022: 24)

The authors of this study accurately predicted that remittance flows indeed increased again in 2022.

5.1.5. Remittances as a resilient lifeline for remittance-receiving households during the crisis

Apart from the economic level, households were also hit by the pandemic. However, it is important to mention that households continuously receiving remittances were better off than those without financial support. YAMADA et al. (2021) investigated whether the COVID-19 pandemic had a potential impact on household financial inclusion in the Philippines. Financial inclusion of households can be understood as "the availability of a variety of financial products [...] (that) benefits them by mitigating poverty through consumption smoothing, productive investment, and financial risk management" (KARLAN et al. 2016; DEMIRGÜÇ-KUNT et al. 2017 in YAMADA et al. 2021: 19). YAMADA et al. (2021) explain that "remittance-receiving households are more financial included than households that do not receive remittances" (YAMADA et al. 2021: 25). Therefore, it can be said that remittances contribute to the fact that households can take advantage of using financial services that help them improve their quality of life. YAMADA et al. (2021) conducted a survey, titled "Survey on Remittances and Household Finances in the Philippines" that compared overseas migrant households with non-overseas migrant households across the Philippines. The results of the survey indicate a positive correlation between remittances and the promotion of financial inclusion of households in the Philippines. The findings of this study suggest that a significant reduction in remittances caused by the COVID-19 pandemic could potentially hinder financial inclusion, particularly in terms of access and use of formal banking services (YAMADA et al. 2021: 35). This could result in households negatively affected by the pandemic becoming more dependent on informal loans (YAMADA et al. 2021: 37).

Using the same dataset for a different study, Murakami et al. attempt to project the impact of the COVID-19 pandemic on the welfare of remittance-dependent households in municipalities in the rural area of the Philippines. As in the previous study by YAMADA et al. (2021), the data was used "to examine the relationship between overseas remittance and a variety of outcomes on household welfare to gauge the impact of exogenous shocks on the living standards of households in the Philippines" (MURAKAMI et al. 2020b: 191). While it is not explained what household welfare entails, MURAKAMI et al. (2020b) use household expenditure as an attribute of the welfare of households in the Philippines. Based on their calculations, a decrease in the economic performance of the destination country and therefore a reduction of remittance flows "discourages household spending per capita" (MURAKAMI et al. 2020: 196). At the time of the publication of the study, which was at the peak of pandemic in 2020, MURAKAMI et al. (2020) projected a 20 percent decline in remittance flows for 2020, which is in line with projections made by the World Bank. Based on that, the study projected a decline of 2.2 – 3.3 percent in household spending per capita (MURAKAMI et al. 2020: 199).

Another aspect that would have a significant impact on the welfare of households depends on the head of the household. In another publication, the same authors, using the same data, argue that "households with male or low-educated head will further decrease per capital expenditure while female headed households will see more substantial drop in food consumption" (MURAKAMI et al. 2020a: 107-108).

All three publications acknowledge that the limitations include the uncertain development of the COVID-19 pandemic at the time, which in turn means that the projections should be viewed with caution. In addition, the households surveyed for their study came from two municipalities in the rural area in the Philippines; therefore, they cannot be considered representative of remittance-dependent households for the entire country.

With these three studies by Murakami et al., it should be pointed out that their projections and conclusions are based on estimates and calculations conducted during the first year of the pandemic. The COVID-19 pandemic was still ongoing, and it was still uncertain to what extent the pandemic would evolve. While remittance flows to the Philippines were projected to decline significantly, remittance flows proved to be resilient during the pandemic. While figures on remittance flows were available, no further research has been conducted by the authors. A follow-up study would allow for comparisons and provide insight into the extent to which the projections have been accurate. Since the remittance flows did not decline by the projected 20 percent, it can be assumed that household expenditures and financial inclusion were not significantly affected by the COVID-19 pandemic. Perhaps conducting a follow-up survey with the same municipalities may have been difficult in 2021 or 2022 due to lockdowns and travel restrictions.

5.1.6. Reduction in remittances results in a deterioration of living conditions of remittance-receiving households

In the case of India, Rasul et al. discuss the socioeconomic implications of the COVID-19 pandemic in South Asia, looking at emerging risks and growing challenges. While this study, published in early 2021, focuses on the COVID-19 pandemic in general, it briefly mentions the impact of the COVID-19 pandemic in India. The findings of the study suggest that a reduction in remittance inflows could potentially lead to increased indebtedness among recipients, forcing the sale of their productive assets, imposing severe restrictions of poor households' capacity to allocate resources to education, and potentially make compromises on their nutritional well-being (RASUL et al. 2021: 10). Consequently, this could worsen poverty, disparities, and vulnerability within the region (RASUL et al. 2021: 10).

5.1.7. Summarizing the key findings

In terms of economic circumstances, the findings of the studies selected for this thesis indicate a resilience and stability of remittance flows during the COVID-19 pandemic. While India and the Philippines experienced a slight decline in the early phases of the pandemic, remittance flows in both countries recovered quickly and increased significantly. In the case of the Philippines, the resilience of remittances can be explained by several factors: altruistic motives of overseas Filipinos, the use of savings, and the wide distribution of Filipino workers around the world. The global spread contributed to the economic buffer as increased remittance flows from the United States and East Asia compensated the decline of remittances from Europe and the Middle East. While available literature is still limited, remittance flows to India and other South Asian countries remained stable despite the COVID-19 pandemic. In terms of cyclicality, remittance flows and income in host countries are generally procyclical, meaning that there is a tendency for remittances to increase when the host economy is performing well. However, remittance flows and consumer spending of remittance-receiving households are countercyclical, with households receiving more remittances when they are struggling, highlighting the altruistic motivation among migrant workers.

At the household level, households that receive remittances continuously are in a better position in times of crisis. They are more likely to be financially included and have the advantage of using financial services that help them improve their quality of life. As discussed in the previous section, remittance-receiving households tend to spend less money when they receive less remittances due to a decrease in the economic performance of the destination country. This correlates with the procyclical nature of remittances and the economic conditions in the receiving country. The head of the remittance-receiving household also plays a significant role. The decline in remittances could also increase financial debt and restrict households from spending their money on basic expenditures, such as food, or on long-term investments, including education. This in turn could lead to an increase in poverty and inequality. Nonetheless, it needs to be mentioned that the available research is limited, and no further research has been conducted at the time of this data collection. Further investigation would be desirable to compare the initial findings with current data to gain insight into the accuracy of the projections made.

5.2. Policy recommendations

The authors of the empirical studies reviewed have made calls for the implementation of (new) policies in order to make full use of the potential of remittance flows, particularly in times of crisis.

5.2.1. Remittance providers to be recognized as "essential businesses"

The COVID-19 pandemic led to closures of businesses, except those that were considered as essential. Businesses and institutions, such as grocery stores, banks, health care providers, hardware stores, and gas stations, were allowed to remain open. Other types of businesses were forced to close down during government-ordered lockdowns.

The Asian Development Bank suggested in its 2020 publication that in order to continue the flow of remittances, governments should "recognize remittance service providers as one the essential businesses to allow migrants and families to transact without disruption" (TAKENAKA et al. 2020: 11). It should be pointed out that this publication was published in August 2020, in the first year of the pandemic. At that time, remittances were projected to decline significantly by approximately 20 percent. This may explain why it was suggested to keep remittance providers open to avoid a significant drop in remittance flows. While the figures show that remittances remained stable throughout the pandemic and did not significantly drop as projected, this could still be an implication of including remittance providers in the group of essential businesses as remittances may have been higher with remittance providers open during the lockdowns. However, it could also imply that stable remittance flows still continued during the pandemic despite the fact that businesses were forced to close down. Remittance senders and recipients have found alternative ways to send money, such as through official bank transfers.

5.2.2. Costs of remittances to be lowered

What many studies and publications agree on is the fact that the cost of remitting money is too high. According to the World Bank, "the cost of sending money across international borders continued to remain high, around 6.4 percent on average in Q1 2021, or more than double the SDG target of 3 percent" (RATHA et al. 2021b: 28). This may explain the preference of migrant workers to send remittances through informal channels, as the cost of sending remittances could be saved and used by the beneficiaries of the sent remittances. Already in its Migration Development Brief 32 published in the beginnings of the COVID-19 pandemic, the World Bank recommended to "support efforts to reduce remittance cost" (RATHA et al. 2020a: 14).

SHASTRI (2022) investigated the impact of infectious diseases on remittance inflows to India. Based on the results of study, one of the policy recommendations suggested is "that policymakers must focus on lowering transaction cost [...] (that) would increase disposable income of receivers and thereby enhance the benefits for the home country (SHASTRI 2022: 93).

KIM et al. (2022) from the Asian Development Bank who examined the countercyclicality of remittance inflows to Asia and the Pacific in their study concluded with some policy implications, including reducing the fees associated with sending remittances, which can be achieved "through strengthening of digital ecosystems in receiving countries, which will take time and investments" (KIM et al. 2022: 18).

5.2.3. Migrant workers to be supported by the government through improvement of their skill set

Supporting those who have lost their jobs due to the crises and have difficulties in finding alternative employment opportunities is critical to sustaining remittance flows. To ensure the continuation of remittance flows despite local or global crises in either a remittance-sending or a remittance-receiving country, studies suggest that governments should support and invest in migrant workers to reskill or to improve their skill set as well as invest in skills recognition, certification, and training programs to facilitate flexibility among migrant workers after the loss of employment.

KHAN and AKHTAR (2022) examined the resilience of remittances based on the COVID-19 pandemic. The authors attempted to make a prediction of remittance inflows in India, Pakistan, Sri Lanka, Bangladesh, Nepal, Bhutan and Afghanistan from 2020 to 2030 based on data collected between 1980 and 2019. Based on their findings using a Box-Jenkins ARIMA-based model, where "remittances inflow are largely going to depict a stable trend" (KHAN and AKHTAR 2022: 16), they recommend that "authorities and administration in the region must work to improve the skill set of the migrant workers as the majority of migrant workers of the region are involved in unskilled labor activities" (KHAN and AKHTAR 2022: 16). This, in turn, will lead to remittances to "be further boosted if the migrant involvement in white-collar jobs can be improved" (KHAN and AKHTAR 2022: 16).

SAWADA and SUMULONG (2021) of the Asian Development Bank (ADB) examined the macroeconomic impact of COVID-19 in developing Asia. They also argue that "reskilling migrants can help (migrant workers) and their households cope with remittance drop (SAWADA and SUMULONG 2021: 22).

WITHERS et al. (2021) investigated remittances and its economic impact and policy options in South Asia, focusing on India, Nepal and Sri Lanka. As the majority of India's temporary migrant workers are unskilled and "overwhelmingly employed in 'unskilled' or 'semi-skilled' occupations in the Gulf" (INTERNATIONAL LABOUR ORGANISATION 2018; RAJAN and SAXENA 2019 in WITHERS et al. 2021:11), they explain that an investment in "skill recognition, certification, and training programmes for repatriated workers [...] could be coordinated with strategic investments in local industries" (WITHERS 2021: 11). In fact, "mapping the skill profile of returning workers would enable labour-sending states to direct stimulus towards local industries best positioned to absorb [...] labour surpluses" (WITHERS et al. 2021: 11-12). This means that returning migrants can either more easily find employment in their home country using the skills they acquired there. With a broader skill set, migrant workers become more flexible and may have better chances of finding employment in host countries.

5.2.4. Financial access and inclusion of remittance-receiving households

Aside from reskilling migrant workers, the following policy measures have been suggested for financial access and the development of the financial systems. Since government-imposed lockdowns restricted cross-border travel, remittances could not be sent through informal channels. Although the transition to formal channels played a role in maintaining the stability of remittance flows, households lacking access to basic banking services were unable to receive remittances, as they primarily relied on informal channels and did not perceive the need to open a bank account. It is important to recognize that a significant proportion of households face financial constraints that prevent them from affording the costs associated with opening a bank account. In fact, in countries that rely heavily on remittances, only a limited proportion of the population has access to financial services. MOHAPATRA et al. (2012) already proposed after the global financial crisis to facilitate financial access.

Therefore, many studies, e.g. TAKENAKA et. al. 2020 and EMARA and ZHANG 2021, recommend encouraging “the use and the access of electronic banking by consumers, enterprises, and governments” (EMARA and ZHANG 2021: 11), for example, by introducing mobile applications (TAKENAKA et al. 2021: 12).

The financial inclusion of households, the continuous receipt of remittances, and the development of the financial system all play significant roles in optimizing the impact of remittances. The implementation of supportive policies can help ensure the continuity and effectiveness of remittance flows that benefit both individual households and the broader economy.

5.2.5. Financial and digital awareness raising among remittance recipients

What needs to be added is raising awareness among recipients of remittances. What many studies call for is the financial and digital literacy among migrants and their family members. The Asian Development Bank strongly recommends to “promote financial and digital literacy in recipient communities” (TAKENAKA et al. 2020: 12). The use of digital channels for remittance transfers facilitates enhanced accessibility for remittance-receiving households, which enables them to conveniently receive money. This, in turn, could save time and lower the costs incurred when sending money home.

Financial literacy plays a significant role as targeted financial education can enable positive and sustainable financial development for migrant families, which can improve their living conditions and benefit the economy of a country. It is important to provide targeted financial education to achieve these goals. As a result, income generated through remittances can be used for both short-term expenses, such as food, and long-term investments, such as children's education, investments in property, or the establishment of local business to diversify income. This can help reduce the dependence on remittances in the future (KHAN and AKHTAR 2022, 16).

5.2.6. Development of digitization of remittance-receiving countries

Digitization also plays a crucial role in the flow of remittances in Brazil, Russia, India, China and South Africa (BRICS). In their analysis, EMARA and ZHANG (2021) conclude that a strategy focused on the development and improvement of digital infrastructure is likely to ensure a significant increase in the remittance inflow (EMARA and ZHANG 2021: 11). According to EMARA and ZHANG (2021), this digital infrastructure includes:

- Investments in human capital
- Widening the accessibility of internet use in educational establishments
- Increasing the investment in mobile data, digital media, internet access
- Encouraging the use and the access of electronic banking by consumers, enterprises and governments
  (EMARA and ZHANG 2021: 11)

This calls for a policy recommendation "to increase the access adoption, and usage of digitization is urgently needed to recoup the maximum benefits of the digital inflow of remittances" (EMARA and ZHANG 2021: 11). However, this would also require states to allocate financial resources towards their cybersecurity infrastructure and to implement measures to mitigate cyber threats; at the same time, they should foster an environment that supports and incentivizes overseas workers to remit some money (EMARA and ZHANG 2021: 11).

5.2.7. Implementation of incentives by the government

Coupled with financial literacy and the development of a well-functioning financial system is to facilitate appropriate conditions for money transfers. Several studies suggest that incentives, such as tax relief and supporting investments, can encourage remittances to be sent through formal channels.

KIM et al. (2022) suggest that governments should introduce "measures to incentivize and facilitate remittances" (2022: 18). Sri Lanka, for example, established a matching cash incentive program, which is "a scheme of providing matching funds to the remittances sent by Sri Lankans employed overseas through licensed banks" (Kikkawa 2021: 10).

KHAN and AKHTAR (2022) recommend to enhance the incentivization of remittances from migrant workers through the implementation of tax incentives. This could be achieved by providing substantial tax relief to the dependents of migrant workers on the investments made using the remitted funds (KHAN and AKHTAR 2022: 16). Furthermore, facilitating convenient installment arrangements for such investments may contribute to elevating regional consumption levels, thereby achieving a positive influence on the local business cycle (KHAN and AKHTAR 2022: 16). The authors explain that "those migrants who remit on a continuous basis and contribute towards the growth and development of their respective nation must be recognized and felicitated to promote such habits amongst their peers" (KHAN and AKHTAR 2022: 16).

Another significant policy implication put forward by ZHANG et al. (2021) is to keep micro- and small-scale private enterprises "as most important employers of migrant workers [...] in operation to stabilize migrants' employment opportunities and mitigate impacts of COVID-19 on their incomes" (ZHANG 2021: 30).

5.2.8. The effectiveness of the suggested policies

In light of the above-mentioned policy recommendations provided by various studies, it is important to acknowledge that not all policy actions will necessarily have a significant impact on the sending country. This is due to the distinct characteristics of each country. The motivations behind remittance transfers vary among migrant workers, while the living conditions, economic status, political dynamics, and influential stakeholders within recipient families further contribute to this contextual diversity. While remittances have shown to be resilient during the pandemic, the following must be noted, as summarized by KIM et al:

> "It is important to note that the degree of resilience is not uniform across countries and some countries may be less resilient to shocks than others. With remittance inflows being subject to a number of small to large economic shocks in recent years, appropriate action plans should be prepared in advance to deal with potential shocks so that instruments are enacted immediately in times of shock. Such a plan should include a mix of macroeconomic policies to keep the balance of payments in check and social protection policies to strengthen the support system for remittance-receiving families." (KIM et al. 2022: 18)

6. Discussion: Similarities among the patterns with previous global and regional crises

Patterns that were quite specific to the COVID-19 pandemic, namely the shift from informal to formal channels and the use of savings, have rarely been observed in other past global crises. Through the shift to formal channels, the official remittances figures during the pandemic have revealed that a great amount of money has been remitted through informal channels, which indeed had been known but difficult to record. In this way, it implies the extent to which remittances had been sent through informal channels.

Officially recorded remittance flows experienced a slight decrease at the beginning of the pandemic, followed by a quick recovery in the following years. This trend reflects patterns similar to the economic crises in 1997 and 2008/09, where tighter immigration laws in host countries resulted in a reduction in the volume of remittances (ACOSTA et al. 2012; GHOBRIL 2012; MOHAPATRA et al. 2012; OECD 2000; RATHA et al. 2023). These instances demonstrate the significant impact of crises occurring in the host country on the financial flows sent back home. However, it should be noted that this effect is not limited solely to economic crises; armed conflicts in host countries, such as in the Gulf War, also led to the implementation of tighter immigration laws (FOAD 2009). In contrast, natural disasters or health crises occurring the home country tend to increase in remittance flows (DAVID 2011; BRAGG et al. 2018; CLARKE and WALLSTEN 2013; MOHAPATRA et al. 2012).

During crises occurring on a global scale that considerably impact both the home and destination countries, remittances tend to decrease initially but they gradually recover in the following months or, at most, within the following year (RATHA et al. 2020). However, the COVID-19 pandemic has shown specific features that influenced the trajectory of financial flows compared to prior global crises.

One key factor that is attributed to the relatively stable remittance flows during the pandemic were lockdown regulations and travel restrictions implemented by the countries. Because of these measures, senders had no other option but to utilize formal channels, such as banks or financial institutes, instead of informal channels. This shift played a role in mitigating the projected significant decline in remittances initially suggested by the World Bank in 2020.

Furthermore, the pandemic has had a varying impact on occupational sectors. Migrant workers employed in high cyclical sectors, such as construction or hospitality services, encountered difficulties to secure alternative employment opportunities and, as a result, many sent their savings and returned home, which was similarly observed in the global financial crisis 2008/09 (JHA et al. 2009). However, workers in the medical field appeared to be an exception, possibly due to the increased demand for healthcare services during the pandemic.

The altruistic motivation is a primary driver for migrant workers and naturalized citizens when sending money back home to support their families' households, particularly during times of crisis. During such crises, people tend to send more money home than usual, as observed in both the COVID-19 pandemic and in previous health crises, such as in the case in India (SHASTRI 2021). This trend highlights the importance of remittances as a stable source of financial support for the home country during challenging times.

Another additional observation relates to the significance of concentration of migrant workers in a few countries versus their dispersion around the globe. Countries with diasporas, such as India and the Philippines, that are widely distributed across various host countries experience less significant declines in remittances during crises, regardless of whether the crisis occurs in the host or home country. For instance, in the case of the Philippines, the relatively strong economic performance of the United States, Singapore, and Taiwan, combined with generous remittance sending behavior during the COVID-19 pandemic, offset declines in remittances from Europe and the Middle East. Similarly, in India, macroeconomic factors in the host countries have had minimal impact on remittance flows (SHASTRI 2021).

Consequently, it can be argued that countries that rely on migrant workers concentrated solely in a few host countries may experience a sharper decline in remittances if a crisis occurs in the host country. On the contrary, countries with migrant workers distributed widely across the globe may benefit from the broad distribution, which would lead to a more resilient remittance inflows during challenging times.

A rather radical suggestion mentioned WITHERS et al. (2021) is "the need for South Asian economies to transition away and towards locally available decent work" (WICKRAMASEKARA 2016 in WITHERS et al. 2021: 12) but recognize that "a lack of political will and the difficulty of breaking with path dependency have been stubborn deterrents" (WITHERS et al. 2021: 12). In fact, "many labour-sending states have already put the wheels in motion to restart labour migration flows" (WITHERS et al. 2021: 13), which is why the authors suggest the following:

> "[...] South Asian countries of origin should utilize the opportunity for policy rethinking presented by COVID-19 to adopt a phased approached to diversifying the countries of destination that migrant workers travel to, while formulating and implementing policies that accelerate local economic development and employment generation, thereby offering alternatives to foreign employment as a survival strategy" (WITHERS et al. 2021: 13)

As mentioned before, this is already the case for India and the Philippines. Since (temporary) migrant workers from India and the Philippines are distributed globally, the remittance flows during the COVID-19 pandemic have not been significantly impacted. In fact, as previously mentioned, the decline of remittance flows from Europe and the Middle East was compensated by the increased remittance flows from the United States.

Another common pattern to be observed is the financial inclusion of households in their home country, as well as whether households already receive remittances prior to a crisis. Remittance-receiving households typically have a better financial standing compared to those households without remittance income, given the considerable costs associated with the migration process. It is generally not the poorest who engage in migration. However, these households may indirectly benefit from remittances through multiplier effects.

Throughout the pandemic, remittance-receiving households continued to receive money either because migrant workers were employed in essential sectors or, in some cases, even after facing job loss, they sent their savings back home. To add, the altruistic motivation of naturalized citizens also played a significant role in providing financial support to families and households.

As observed in the previously discussed health crises and natural disasters, remittances served as an ex-ante management strategy, acting preventatively for households that had already been receiving remittances before the crisis. These households were better prepared to manage and recover from the crisis more efficiently (BETTIN and ZAZZARO 2018).

Furthermore, the state of financial access and the development of the financial system in the home country play a significant role in the effectiveness of remittances. In countries with underdeveloped financial systems, remittances often serve as substitutes for formal financial products (BETTIN and ZAZZARO 2018). However, studies have shown that a well-developed system, coupled with improved access to banking and finance products contributes to a significant and more effective use of remittances at both the household and macroeconomic level.

To sum up, common patterns can be observed in terms of remittance flows during the COVID-19 pandemic and past global and regional crises. Remittances remain stable throughout a crisis and recover after a short period of time. The altruistic motivation appears to be the primary driver among migrant workers to financially support relatives during a crisis. Whether migrant workers are globally spread or concentrated in a few countries matters. The impact of a crisis on remittance flows is less severe in countries with widely distributed migrants around the world, as declines from certain destination countries are compensated be the increases from others.

Additionally, households receiving remittances on a regular basis are in a better financial position. They use remittances as an ex-ante management strategy and have access to financial services; therefore, making them less likely to be hard hit by a crisis. The level of development of the financial system of a remittance-receiving country needs to be considered as well.

Two factors distinguish the COVID-19 pandemic from previous global and regional crises. Firstly, due to lockdown regulations and travel restrictions, senders were forced to utilize formal channels, which in turn contributed to averting a sharp decline in remittance flows. Secondly, some sectors were particularly vulnerable to the impact of the COVID-19 pandemic, which, coupled with mobility and travel restrictions, resulted in many workers losing their jobs and being unable to find alternative employment opportunities. This, in turn, made unemployed people send their savings, which also contributed to mitigating a significant decline of remittance flows.

7. Limitations encountered

The pandemic being a relatively recent event meant that the availability of research data related to international remittances is limited. Therefore, it is important to acknowledge that the findings presented in this thesis are based on studies published until December

2022. Given the ongoing nature of the pandemic's implications, further time is required for additional research to gain a more comprehensive understanding of this issue. Moreover, it is important to mention that many of the studies reviewed in this thesis rely on estimates and calculations. Consequently, further investigations are necessary to validate the accuracy of these estimates in real-world scenarios. Due to the limited available research, some of the key statements elaborated in the results section are exclusively each from one study, specifically sections 5.1.2.1., 5.1.2.3., 5.1.2., 5.1.4., and 5.1.5. This means that only one perspective could be examined, which in turn means that further research needs to be done to either confirm or challenge these key statements. Additionally, some common patterns and findings were at times inconclusive, as numerous factors in the research design of selected studies varied. Comparing the COVID-19 pandemic to previous global crises appears to be challenging, as the pandemic stands as an unprecedented crisis in the last century, with numerous influential factors at play. Furthermore, the selected studies on international remittances predominantly focus on migrant workers, neglecting consideration of naturalized citizens or subsequent generations of migrants. The data on these groups is difficult to obtain due to the lack of consistency and inclusion in the World Bank's definition of remittances.

It is important to note that these results cannot be generalized as the reviewed studies focused on India and the Philippines. Therefore, more research needs to be done to gain a better image on the dynamics of remittance flows during the COVID-19 pandemic.

8. Conclusion

This thesis reviewed available literature to extract patterns of international remittances during the COVID-19 pandemic and to find common patterns and exceptions from past global crises, such as the Asian financial crisis in 1997 or the global financial crisis in 2008/09 as well as regional crises in the home countries (natural disasters, health crises, armed conflicts). Since it is based on relatively recent research, this thesis could only capture a small part of the true image of the dynamics of international remittances during the pandemic.

Two aspects could be identified that were specifically attributed to the COVID-19 pandemic. Due to travel restrictions and lockdown regulations, formal channels for financial transfers were mainly used, which led to the fact that the World Bank's initial projections did not come into realization. While unofficial financial transfers are difficult to record, the pandemic has revealed the extent to which funds are usually sent through informal channels. Furthermore, savings were sent despite job losses resulting from the circumstances of the pandemic.

Based on the selected reviewed studies, similar patterns to those observed in past global crises were identified. Financial flows tend to decline in the early phases but recover quickly within a year, serving as a stable financial resource. The altruistic motivation of migrant workers and naturalized citizens significantly contributes to the stability of these financial flows, especially when there is a crisis occurring in the home country. The significant factors that contribute to an effective use of international remittances in the home countries, particularly during challenging times, include a wide distribution of migrant workers around the world, the use of remittances as an ex-ante management strategy, wide access to basic financial products and a well-developed banking system. The economic and political ties between the host and home country also play an important role.

Policymakers are advised to lower transaction costs for remittances, to provide incentives and tax reliefs for remittance-receiving households. To add, access to basic financial products and the development of a well-established financial system should be fostered. Reskilling and further training for migrant workers should be supported as well. Since global crises often share common, policies need to be implemented to avoid negative developments in remittance dynamics and to make use of the full potential of remittance flows.

The pandemic is still a relatively recent event, and its impacts and ramifications can only be observed in the upcoming years, which is why more research needs to be done in order to capture a better insight on the dynamics of international remittances during and the time after the COVID-19 pandemic.

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10. Appendix

Author	Year	Type	Quality primary studies							
			Conceptual framing		Methodological transparency		Validity		Relevance	Score
			a	b	a	b	a	b		
COOK	2021	P	0	1	0	1	1	0	2	**5**
EMARA and ZHANG	2021	p	1	1	1	1	1	0	2	**7**
KHAN and AKHTAR	2022	p	1	1	1	1	1	0	2	**7**
KIKKAWA et al.	2021	p	0	1	1	1	1	0	1	**5**
KIM et al.	2022	p	1	1	1	1	1	0	2	**7**
MURAKAMI et al.	2020	p	1	1	1	1	1	0	2	**7**
MURAKAMI et al.	2020	p	1	1	1	1	1	0	2	**7**
RASUL et al.	2021	p	1	1	1	1	1	0	2	**7**
RATHA et al.	2020	p	0	1	1	1	1	0	2	**6**
RATHA et al.	2020	p	0	1	1	1	1	0	2	**6**
RATHA et al.	2021	p	0	1	1	1	1	0	2	**6**
RATHA et al.	2021	p	0	1	1	1	1	0	2	**6**
RATHA et al.	2022	p	0	1	1	1	1	0	2	**6**
RATHA et al.	2022	p	0	1	1	1	1	0	2	**6**
RATHA et al.	2023	p	0	1	1	1	1	0	2	**6**
SAWADA and SUMULONG	2021	p	0	1	1	1	1	0	2	**6**
SHASTRI	2021	p	1	1	1	1	1	0	2	**7**
TAKENAKA et al.	2020	p	0	1	1	1	1	0	2	**6**
TUANO-AMADOR et al.	2022	p	1	1	1	1	1	0	2	**7**
WITHERS et al	2021	p	1	1	1	1	1	0	2	**7**
YAMADA et al.	2021	p	1	1	1	1	1	0	2	**7**

Table A: Quality assessment of the selected studies