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| **Remitting through the pandemic** Activity sheet 3 |

**What do we know about remittances in crisis situations?**

It is now widely claimed that remittances are ‘a financial lifeline for a developing world at risk’ (Ratha et al. 2022, 8). International development organisations have increasingly called attention to the comparative stability of remittances during crisis situations, when other external financial flows are disrupted, and government support is often limited or absent. Economic theories of migration have suggested that remittances may operate as a kind of insurance mechanism for families. Sociological work highlights how some people understand and talk about remittances as insurance. A range of studies have documented migrants’ remittances increasing during particular economic crises, environmental disasters and political conflicts in origin countries.

At the same time, the idea that remittances rush in at times of crisis has been questioned. For instance, Carlos Vargas-Silva and Isabel Ruiz’s review of macroeconomic studies of remittances with respect to the home-country economic cycles found that there is variation: remittances are sometimes counter-cyclical (i.e. increases when other economic indicators are deteriorating), other times pro-cyclical (Increases when other economic indicators are improving).

Moreover, what happens when the crisis is happening at both ends of the migration/remittances ‘corridor’? While one might expect crises affecting migrants’ countries of residence to impact remittances negatively, the limited evidence on this is also mixed. For instance, in the Global Financial Crisis, which affected many migrant destination economies, recorded remittances to low- and middle-income countries only declined by 5%.

**The Covid-19 pandemic and its impact on international migration and migrants**

COVID-19 is an infectious disease known by the scientific name of SARs-CoV-2. It was first detected in the Chinese city of Wuhan in the winter of 2019 and quickly spread across the world. The disease causes mild to severe respiratory problems. It was officially recognised as a pandemic by the WHO on 11 March 2020. This pandemic and the radical response measures that followed put a massive strain on government finances, health systems, labour markets and livelihoods, and pervaded many different fields of people’s lives.

In the UK, the pandemic led to three prolonged lockdowns, significantly disrupting mobility and economic activity. Data from the Organisation for Economic Cooperation and Development suggest that movements of foreign-born people to the UK declined by around one third in 2020 (although other factors including Brexit may also have contributed to this). However, numbers of foreign-born people residing in the UK remained at around 14% of the population.

This highlights how demand for the labour of migrants is structural - not something that can simply be turned off in a crisis. Indeed the government and employers intensified efforts to recruit migrants to work in particular sectors of the economy, such as care and agricultural work. Many migrants are also integrated into families and communities with strong social connections to the UK. Moreover, often people with less secure immigration status have often invested heavily in migrating and preferred to ‘bunker down’, rather than return to countries of origin which were also under pressure.

Migrants were over-represented in some of the sectors hit hardest by the pandemic (for example, hospitality) and many were on temporary and less secure contacts. As a result, nationally, there was a greater increase in unemployment among migrant workers compared with the UK-born. The *Connecting During Covid* project surveyed 356 people of Brazilian, Indian and Somali family backgrounds living in the UK (for more information on the methods, please see [Remitting Through Crisis](https://www.qmul.ac.uk/geog/media/geography/docs/332_23-Remittances-Crisis-Report-v3.pdf)). Around half experienced reductions in both individual work earnings and overall household income. A third of participants were struggling to cover essential costs like food, energy and housing in 2020. Some people could not access government support due to their immigration status or work situation. Many were obliged to be creative and adaptive, working long hours and second jobs.

At the same time, migrants are also employed in the National Health Service, information technology, care and cleaning sectors, food preparation, retail and delivery (where demand for their labour increased because of the pandemic and the associated lockdowns). These are often ‘close-contact’ occupations (from nurses to supermarket workers) where virus exposure was high.

**Global remittance trends and the pandemic**

At the start of the pandemic, analysts predicted that an unprecedented degree of travel restriction and economic upheaval in destination economies would lead to a sharp decline in global remittances to low- and middle-income countries. This did not happen. World Bank data suggests that in 2020 recorded flows to LMICs declined by only 1.1% to US$542 billion. Then in 2021 remittances grew by 11%, and in 2022 grew by 8% to $647 billion. Remittances to low- and middle-income countries (excluding China) were already exceeding Foreign Direct Investment, which itself decreased significantly during the global economic slowdown of 2020, also experiencing a rebound in 2021 but remaining relatively volatile.

It is important, however, to bear in mind that there are issues with remittance data, including the fact that pandemic lockdowns may have further boosted digital sending, instead of more informal methods including hand-carrying, which are not captured in official remittance estimates. Also, resilience is a popular but rather vague ‘buzzword’: closer analysis of how diasporas maintained global remittance levels through this difficult period is important. Moreover, the initial alarm bells prompted some policy interventions aiming at keeping remittances flowing, which may have mitigated the original forecast.

**UK evidence**

In 2020, the official estimate of UK remittance outflows dropped by 9% compared with 2019 but quickly recovered, growing by 9% in 2021. To contextualise, outflows estimates have varied quite a lot but stayed within the range of US$9-11.5 billion since 2005. In 2009, there was a larger drop of 17% in the wake of the Global Financial Crisis.

Moving to the micro-level, Table 1 shows the remittance practices of the *Connecting During Covid* survey participants in the year prior to the pandemic, and in 2020. Overall, a slim majority did not send money to family and friends abroad for their use – not having contacts abroad, or not having contacts who needed help, or being unable to send to contacts because of financial constraints in the UK. However, the proportion of participants sending increased somewhat for all communities between 2019 and 2020: it increased most among people of Brazilian origin/heritage, held steady for Indians, and increased from already high rates for Somalis. At the same time, the average (mean) amounts remitted decreased noticeably in 2020, by nearly a quarter for Brazilian and Indian remitters, and somewhat less for Somali remitters. Thus, among these research participants, at least, somewhat *more people* were remitting somewhat *less money each*. This tends to suggest that there was some resilience at the *community level*.

**Table 1. Remittance practices: *Connecting During Covid* survey participants**

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| Family background | 2019 | 2020 |
| Proportion of participants remitting | Average (mean) remittance amount | Proportion of participants remitting | Average (mean) remittance amount |
| All groups | 39% | £2,549 | 47% | £1,994 |
| Brazilian | 27% | £1,918 | 39% | £1,470 |
| Indian  | 29% | £3,843 | 30% | £2,772 |
| Somali | 59% | £2,347 | 70% | £2,025 |

Source: Lindley *et al*. 2023. N = 356.

Many people already remitting money on a regular basis prior to the pandemic spoke of how they felt the support needs of family members, particularly elderly parents, more acutely. Some were actually able to remit more because daily travel and holiday expenditure reduced while they were forced to work from home. As the pandemic led to the deterioration of conditions in particular parts of the world, some migrants found they were sending money to meet more basic needs than previously, and people were also being contacted by new people in need. Often non-monetary forms of care were important – such as moral support, helping relatives manage bill payments remotely, or access services that they needed.

Many people derive a real sense of meaning and connection from being able to remit, which was intensified by the fact that for long periods they were not only physically isolated from their local communities in the UK, but also unable to visit family and friends in their country of origin. However, these positive feelings about remittances were also sometimes mixed with stress (and even sometimes shame) when people struggled to send or were unable to send money. Digital communication with relatives abroad during the pandemic could be complex. People said how they were often aware that family members were hiding their difficulties and how they themselves did not always share their own challenges with family, particularly if they felt their relatives had a romanticised image of life in the UK.

The celebration of remittance resilience should not ignore the inequalities and injustices that have pervaded the global migration and remittance landscape, before, during and after the pandemic.

**Further reading**

* Chase, Elaine, Kavita Datta, Laura Hammond, Anna Lindley, Kaltun Fadal, Saliha Majeed-Hajaj and Gabriela Loureiro (2021) Access to Care and Support During Covid-19. Connecting During Covid-19, Research Briefing No.1. London: Queen Mary’s University, <https://www.qmul.ac.uk/geog/media/geography/images/research/connecting-during-covid/14_22-Connecting-during-Covid-policy-brief_v3.pdf>
* Lindley, Anna, Kavita Datta, Elaine Chase, Laura Hammond, Kaltun Fadal, Iris Lim, Gabriela Loureiro and Saliha Majeed-Hajaj (2023) 'Remitting Through Crisis: Experiences of Migrant and Diaspora Communities in the UK.' Connecting During Covid-19 Research Briefing No. 2. London: Queen Mary University of London. <https://www.qmul.ac.uk/geog/media/geography/docs/332_23-Remittances-Crisis-Report-v3.pdf>
* Organisation for Economic Co-Operation and Development (2021) *International Migration Outlook 2021*. Paris: OECD. <https://doi.org/10.1787/29f23e9d-en>
* Ratha, Dilip, Sonia Plaza, Eung Ju Kim, Vandana Chandra, Nyasha Kurasha, and Baran Pradhan. 2023. Migration and Development Brief 38: Remittances Remain Resilient But Are Slowing. KNOMAD–World Bank, Washington, DC.” License: Creative Commons Attribution CC BY 3.0 IGO. <https://www.knomad.org/sites/default/files/publication-doc/migration_development_brief_38_june_2023_0.pdf>
* Swiss Confederation and UK Government (2021) Remittances in Crisis: How to Keep Them Flowing Advancing the Development Case from the Lessons of the Pandemic. <https://www.knomad.org/covid-19-remittances-call-to-action/documents/call_to_action_stocktaking_report.pdf>
* Vargas-Silva, Carlos (2014) Remittances and the Business Cycle: A Reliable Relationship? Centre on Migration, Policy and Society Blog. Oxford: Oxford University. <https://www.compas.ox.ac.uk/2014/remittances-and-the-business-cycle-a-reliable-relationship/>
* World Bank Remittances data page <https://www.knomad.org/data/remittances>

**Questions**

1. Describe how migration and remittances might insure families against economic downturns.
2. Considering the evidence in the ‘What do we know about remittances in crisis situations?’ section, tick which statement is most valid:
* Remittances increase during crises in countries of origin
* Remittances decrease during crises in countries of origin
* There is mixed evidence about how remittances respond to crises in countries of origin
1. Did Covid-19 lead to a mass exodus of migrants from the UK? Explain your answer.
2. In what ways might being a migrant affect a person’s experience of the pandemic?
3. Go to the World Bank Remittances data page <https://www.knomad.org/data/remittances> and download the ‘outward remittances’ excel spread sheet. Create a line chart of outbound remittances from the UK, 2000-2022. Title it appropriately.
4. If you were a policymaker, how might you help remittances to continue to flow during the Covid-19 pandemic?
5. Considering the *Connecting During Covid* survey evidence presented under the section ‘UK evidence’, how did the likelihood of migrants sending family remittances and the average amounts sent change in the first year of the pandemic?
6. Enter the necessary data in Table 1 into an excel spreadsheet, to create a clustered bar chart comparing the proportion of people of different family backgrounds remitting, in 2019 and 2020. Title it appropriately.
7. How do you think sending remittances affects the well-being of people living in the UK?

**Answer guide**

1. **Describe how that migration and remittances might insure families against economic downturns.**

*People may migrate because their family’s livelihood in their country of origin is insecure and vulnerable to shocks (e.g., crop failure, unemployment cycles). If there is a family member working abroad, their livelihood risks are likely to be different from those experienced in the country of origin. Thus, when there are difficult times ‘back home’, they can help out.*

1. **Considering the evidence in the ‘What do we know about remittances in crisis situations?’ section, tick which statement is most valid:**
* *Remittances increase during crises in countries of origin*
* *Remittances decrease during crises in countries of origin*
* *There is mixed evidence about how remittances respond to crises in countries of origin*
1. **Did Covid-19 lead to a mass exodus of migrants from the UK? Explain your answer.**

*No. More detailed answer: There was a decline in fresh movement in 2020, but the percentage of the population who were born abroad remained similar.*

*Reasons:*

* *Many people born abroad have strong social connections and have built a life in the UK, so would be unlikely to leave unless the situation had become significantly worse in the UK compared with their country of origin.*
* *Many migrants were key workers. Many other migrants working in other sectors also kept their jobs, working from home when needed.*
* *Often people having a hard time economically were able to obtain government support to ride out the crisis.*
* *People often felt that overall, the situation was not any better in their country of origin – or indeed that it was worse.*
* *Many migrants pay a lot (visas, travel) to come to the UK in the first place and did not want to lose that investment.*
* *Another motivation to stay was if migrants had people depending on them for remittances.*
1. **In what ways might being a migrant affect a person’s experience of the pandemic?**
* *Higher levels of unemployment among foreign-born workers (more likely to be employed in hard-hit sectors, or to be employed on temporary / insecure / informal basis)*
* *Inability to visit family abroad – longer separation*
* *For people with less secure immigration status – not having access to government support*
1. **Go to the World Bank Remittances data page** [**https://www.knomad.org/data/remittances**](https://www.knomad.org/data/remittances) **and download the ‘outward remittances’ excel spread sheet. Create a line chart of outbound remittances from the UK, 2000-2022. Title it appropriately.**

*Outward remittances from the UK, 2000-2022, US$ million.*

*Source: KNOMAD/World Bank, 2023*

1. **If you were a government policymaker, how might you help remittances to continue to flow during the Covid-19 pandemic?**
* *Ease visa renewal requirements and fees.*
* *Make sure that low-income migrants can access government pandemic supports.*
* *Make sure that high street money transfer agents can stay open as essential financial services.*
* *Make it easier for migrants to open bank accounts and access financial services remotely.*
1. **Considering the *Connecting During Covid* survey evidence presented under the section ‘UK evidence’, how did the likelihood of migrants sending family remittances and the average amounts sent change in the first year of the pandemic?**

*The likelihood of sending increased and the average remittance amount decreased.*

1. **Enter the necessary data in Table 1 into an excel spreadsheet, to create a clustered bar chart comparing the likelihood of people of different family backgrounds remitting, in 2019 and 2020. Title it appropriately.**

*Proportion of participants remitting, by family background*

*Source: Connecting During Covid Survey. N = 356.*

1. **How do you think sending remittances affects the well-being of people living in the UK?**

*Possible answers based on the text (students may have additional valid reflections):*

* *Sense of being connected with family members and friends in countries of origin/heritage.*
* *Sense of doing something purposeful and helpful, accentuated by the uncertainty of the time.*
* *Sense of responsibility which can be something valued or that feels a burden.*
* *Stress about how to meet family needs abroad and in the UK.*
* *Shame about not being able to help or help more.*
* *Feeling of disconnection if family members do not understand struggles in the UK, or if you feel you have to hide those from family.*