



# Remittances Statistics: **First Meeting of the Luxembourg Group**

June 2006

**The views expressed in this paper are those of the author(s) only, and the presence of them, or of links to them, on the IMF website does not imply that the IMF, its Executive Board, or its management endorses or shares the views expressed in the paper.**

# Improving Data on Remittances

Neil Fantom  
Development Data Group  
World Bank

# Outline

- International Working Group on Improving Remittance Data
- World Bank use of aggregate flow data; problems encountered
- Use of household surveys to obtain remittance data

# Recap: International Working Group (IWG)

- Request of G8 Heads of State and G7 Finance Ministers (2004)
- International meeting in Jan 2005
- Importance relates to development policy, need for:
  - better estimates of aggregate and bilateral flows from BOP
  - better household survey data (for research)

# Key problems identified

- Definitions and concepts
  - Inconsistently applied by countries
- Data collection may be incomplete
  - High reporting thresholds for banks
  - Informal flows difficult to capture
- Low priority given to data improvements
  - Large outflows from countries where remittances are relatively small in balance of payments
- Capacity constraints
  - Countries with important inflows may have difficulties collecting data

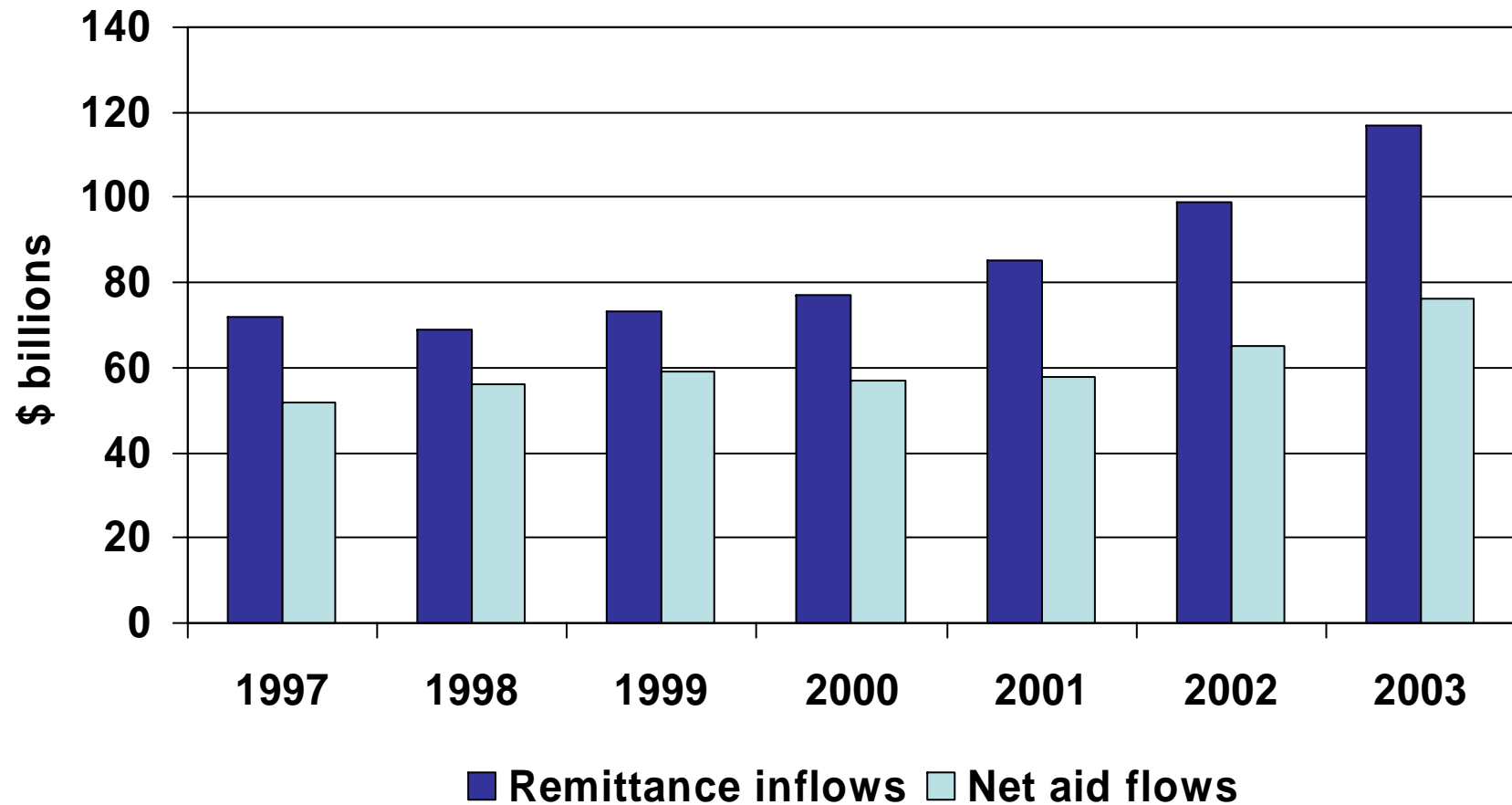
# Mechanisms of IWG

- WB, IMF and UNSD working together
- Use of existing TSG for improving definitions
- Better compilation methods through a new UN Statistical “City Group”
- Input from work of CEMLA and others
- Reports:
  - Interim report in November 2005
  - Final report due in September 2006

# World Bank use of remittance data from BOP

- Remittances are an important source of income for the poor
  - Larger than official aid, according to WB estimates (for 2004, almost double)
  - Household survey evidence that remittances are associated with declines in poverty incidence
  - Government policy can affect development impact (fees for sending remittances, access to financial services)

# Receipts by developing countries: remittances vs net aid flows



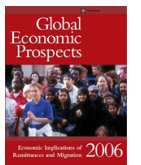
Source: 2005 World Development Indicators database, World Bank



# World Bank estimates of remittance inflows to developing countries



Global Development Finance 2003



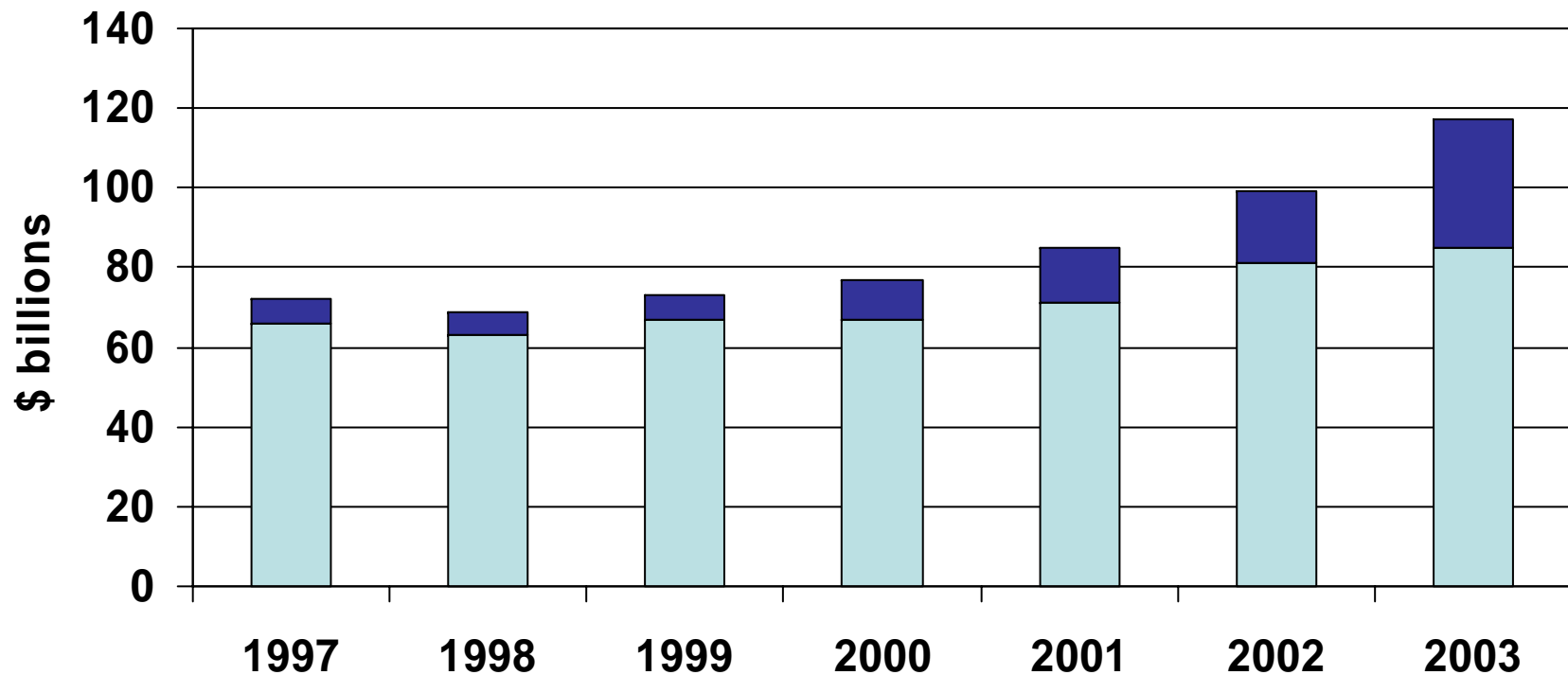
Global Economic Prospects 2005 (key themes: migration and remittances)



World Development Indicators (table 6.14 in 2006 edition and on-line database)

- Current working definition: Worker's remittances + compensation of employees + migrants' transfers

# World Bank estimates of remittance inflows to developing countries (2)



■ "Gap" estimated by World Bank (2005 World Development Indicators)

■ Inflows to developing countries calculated from IMF statistics (Balance of Payments Yearbook, 2004) (compensation of employees, workers' remittances, migrants' transfers)

# Data problems (1)

- Data from some countries is two or three years old, or more
  - In some cases fresher data are available from other sources
  - Or estimates made on the basis of earlier trends
- Some countries (around 30) do not report data to IMF
  - In some cases, estimates can be obtained from other sources

## Data problems (2)

- Possible misclassification e.g. as other current transfers, or as transfers from other sectors (e.g. Haiti, Kenya, Malaysia)
  - In some cases, use “other sectors” data, or estimates from other sources
- Gap-filling adds around \$39bn to total estimate of aggregate receipts for 2004 (of which China is \$21bn)

# Other problems noted in GEP 2005

- Collection and compilation methods not always described in country notes
- Accuracy of methods based on “propensity to remit” is unclear
- Flows through money transfer operators and informal channels thought to be significantly under-estimated

# Household surveys and remittances

- Keen interest in survey data from researchers and policy makers
- Can yield useful aggregate data and provide parameter estimates for models
- Main options:
  - Add questions to existing national surveys
  - Conduct specialized surveys of:
    - total population
    - remittance senders/receivers
    - sub-groups (e.g. specific nationalities)

# Some issues

- Many surveys; difficulty is obtaining a representative sample where probabilities of selection are known
- Problem of rare occurrence may imply large sample sizes or special designs
- Questions are difficult, as they are related to income
- Undocumented workers/migrants difficult to survey

# Specialized surveys of migrants

- WB-commissioned paper on sampling methods for migrant-destination countries
  - Based on previous Eurostat migration surveys in Italy and Spain (NIDI) (samples of around 1,000 hhs)
- Main technique: disproportionate stratified sampling
  - Households in strata with greater prevalence of migrants over-sampled
  - Requires sampling frame with migrant prevalence
- Other methods possible (e.g. “multiplicity” or “snowball” sampling)



# Ongoing examples (WB)

- Special nationally representative survey in Morocco (income and expenditure)
- Questions in recent Ghana Living Standards Survey
- Special pilot surveys of Nigerian, Senegalese, Congolese living in Belgium
  - Tested questionnaires on pilot basis
  - Used diaspora for sample identification: non-probability/unrepresentative samples
- Special surveys of Japan–Brazil and other corridors

# Reviewing options, producing surveying guidelines

- Possibility to utilize International Household Survey Network (IHSN)
  - IHSN holds inventory of past surveys in developing countries
  - UNSD maintaining inventory of planned surveys
  - Aims to harmonize methods and provide access to guidelines
- Supported by a World Bank Development Grant (\$0.75m per year)
  - ILO working on migration module for Labor Force Surveys, and testing
- What would be useful for the Luxembourg Group?
  - Smaller working group?
  - Technical input from national statistical offices?

Thank you.