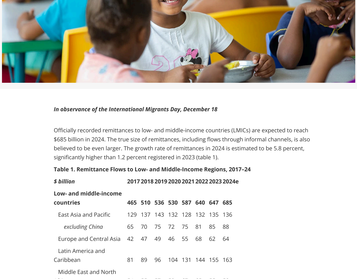
In 2024, remittance flows to low- and middle-income countries are expected to reach $685 billion, larger than FDI and ODA combined

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In observance of the International Migrants Day, December 18

Officially recorded remittances to low- and middle-income countries (LMICs) are expected to reach $685 billion in 2024. The true size of remittances, including flows through informal channels, is also believed to be even larger. The growth rate of remittances in 2024 is estimated to be 5.8 percent, significantly higher than 1.2 percent registered in 2023 (table 1).

Table 1. Remittance Flows to Low- and Middle-Income Regions, 2017–24

$ billion	2017	2018	2019	2020	2021	2022	2023e	2024e
Low- and middle-income countries	**465**	**510**	**536**	**530**	**587**	**640**	**647**	**685**
East Asia and Pacific	129	137	143	132	128	132	135	136
excluding China	65	70	75	72	75	81	85	88
Europe and Central Asia	42	47	49	46	55	68	62	64
Latin America and Caribbean	81	89	96	104	131	144	155	163
Middle East and North Africa	54	55	57	59	67	65	55	58
South Asia	117	132	140	147	157	177	185	207
Sub-Saharan Africa	42	49	50	43	49	54	55	56
High-income countries	**179**	**189**	**193**	**191**	**208**	**205**	**218**	**219**
World	**644**	**699**	**729**	**721**	**795**	**844**	**865**	**905**
Growth rate (percent)								
Low- and middle-income countries	***8.9***	***9.7***	***5.0***	***-0.9***	***10.6***	***9.0***	***1.2***	***5.8***
East Asia and Pacific	*5.3*	*7.0*	*4.0*	*-8.0*	*-2.5*	*2.8*	*2.0*	*1.0*
excluding China	*5.8*	*8.4*	*6.4*	*-3.4*	*4.5*	*7.4*	*5.2*	*3.3*
Europe and Central Asia	*20.1*	*13.1*	*4.2*	*-7.2*	*20.2*	*24.1*	*-8.7*	*3.0*
Latin America and Caribbean	*10.9*	*9.9*	*8.2*	*7.4*	*26.2*	*10.4*	*7.5*	*5.5*
Middle East and North Africa	*13.4*	*1.8*	*3.9*	*4.1*	*12.8*	*-3.2*	*-14.6*	*5.4*
South Asia	*6.0*	*12.3*	*6.1*	*5.2*	*6.7*	*12.4*	*5.1*	*11.8*
Sub-Saharan Africa	*9.6*	*17.1*	*0.9*	*-13.8*	*13.6*	*10.3*	*1.0*	*2.4*
High-income countries	***7.0***	***5.8***	***2.3***	***-1.4***	***8.9***	***-1.5***	***6.6***	***0.7***
World	***8.4***	***8.6***	***4.2***	***-1.1***	***10.2***	***6.3***	***2.5***	***4.2***

Source: Authors' estimates.

Notes: e = estimate; LMICs = low- and middle-income countries

The top five recipient countries for remittances in 2024 are India, with an estimated inflow of $129 billion, followed by Mexico ($68 billion), China ($48 billion), the Philippines ($40 billion), and Pakistan ($33 billion) (figure 1). In smaller economies, remittance inflows represent very large shares of gross domestic product (GDP), highlighting the importance of remittances for funding the current account and fiscal shortfalls. Topping the list is Tajikistan (45 percent of GDP), followed by Tonga (38 percent), Nicaragua (27 percent), Lebanon (27 percent), and Samoa (26 percent) (figure 2).

Figure 1. Top Recipients of Remittances among Low- and Middle-Income Countries in volume, 2024e

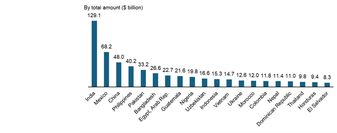
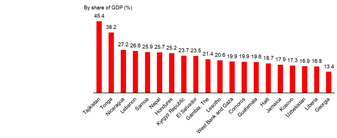


Figure 2. Top Recipients of Remittances among Low- and Middle-Income Countries in % of GDP, 2024e



Source: Authors' estimates. Note: GDP = gross domestic product; e = estimate; Yemen, Somalia and South Sudan figures are not included due to data validity.

The recovery of the job markets in the high-income countries of the Organization for Economic Co-operation and Development (OECD), following the onset of the COVID-19 pandemic, has been the key driver of remittances. This is especially true for the United States where the employment of foreign-born workers has recovered steadily and is 11 percent higher than the pre-pandemic level seen in February 2020 (see figure 3). By contrast, the employment level of native-born workers has recovered to the same level as before the pandemic. A similar pattern is seen in the case of Hispanic workers, which is a key factor for the strength of remittance flows to the Latin America and the Caribbean region.

Figure 3. Employment Levels of Foreign and Native Born in the United States



Source: US Bureau of Labor Statistics.

By region, remittance flows to South Asia is expected to register the highest increase in 2024, at 11.8 percent (figure 4), driven mainly by continued strong flows to India, Pakistan, and Bangladesh. Remittances to the Middle East and Africa is estimated to have increased 5.4 percent, primarily due to rebounded flows to Egypt, compared with a 14.6 percent decline in 2023.

In other regions, remittance growth to Latin America and the Caribbean is projected to slow to 5.5 percent in 2024, from 7.5 percent a year ago. Remittances to Mexico is expected to reach about $68 billion in 2024, an increase of 3 percent. Mexico receives the most remittances in the region by far and is the world's second-largest recipient of remittances. Guatemala is the second largest recipient of remittances in the LAC region.

Besides the strong job market in the United States, remittances will continue to flow to Mexico and Guatemala in part due to the considerable number of transit migrants passing through these countries (notably from Cuba, China, Ecuador, Haiti, India, Nicaragua, and Venezuela, according to data from the US Customs, Border and Protection). Border Patrol apprehended fewer migrants at the border in November 2024 than any month since July 2020 while the number of migrants at the Southern border of Mexico seems to be increasing.

Remittances to Europe and Central Asia are also expected to increase by 3 percent, bouncing back from an 8.7 percent decline last year. Normalization of remittance flows to Central Asian countries mostly from Russia have offset the lingering weakness in flows to Ukraine. Growth in remittance flows in 2024 is estimated at 3.3 percent for East Asia and the Pacific (excluding China) and 2.4 percent for Sub-Saharan Africa.

Figure 4. Aggregate and regional growth patterns for remittance flows in 2023 & 2024



Source: Authors' estimates.

Note: LMICs = low- and middle-income countries (Bulgaria, Palau, and Russia moved to the high-income category for FY25); e = estimate

It is notable that remittances have continued to outpace other types of external financial flows to low- and middle-income countries. Remittances have even surpassed FDI significantly (figure 5). The gap between remittances and FDI is expected to widen further in 2024. During the past decade, remittances increased by 57 percent, while FDI declined by 41 percent. Remittances will likely continue to increase because of enormous migration pressures driven by demographic trends, income gaps, and climate change. Therefore, countries need to take note of the size and resilience of remittances and find ways to leverage these flows for poverty reduction, financing health and education, financial inclusion of households, and improving access to capital markets for state and nonstate enterprises.

Figure 5. Remittances continued to outpace FDI and ODA combined



Source: Authors' estimates, World Development Indicators, IMF Balance of Payments Statistics
Note: FDI = foreign direct investment; ODA = official development assistance

Historical datasets on remittance flows for all countries can be found here.

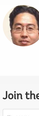
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