

Data notes

The reader is advised to note the pitfalls of using the data on international migration and remittances, which are often missing, lagging, or lacking in cross-country comparability. Capturing data on irregular movements of migrants and remittances remain a big challenge.

Data on Migration

According to the Recommendations on Statistics of International Migration by the United Nations, *long-term migrants* are persons who move to a country other than that of his or her usual residence for a period of at least a year, so that the country of destination effectively becomes his or her new country of usual residence. And *short-term migrants* are persons who move to a country other than that of their usual residence for a period of at least 3 months but less than a year except in cases where the movement to that country is for purposes of recreation, holiday, visits to friends and relatives, business, medical treatment or religious pilgrimage (UN Statistics Division 1998).

The UNPD database is the most comprehensive source of information on international migrant stock for the period 1960-2005 (UNPD 2005). For 165 countries the data are based on foreign-born statistics, and for 50 countries on foreign nationality. For Cote d'Ivoire and the Democratic Republic of Congo, a combination of the two types of data is used. For 13 countries, migrant stock data are estimated indirectly using various assumptions. Time series data on migrant stocks are generated assuming certain growth rates.

The duration threshold that identifies migrants varies across countries (Lemaitre and others 2006). For example, under the UN definition, international students who study in the receiving country for more than a year would be considered as migrants. The International Migration Outlook (OECD 2006) made a first attempt to characterize migrants by "reasons for movement" and to harmonize statistics among OECD countries.

Data on bilateral migrant stock are available for only a few selected OECD countries. For the vast majority of countries, bilateral migration data do not exist. Preliminary efforts to estimate bilateral migration data include Harrison and others (2004), the University of Sussex data originally constructed for GTAP trade modeling, and the Development Prospects Group, World Bank data used for estimating South-South migration and remittance flows (Ratha and Shaw 2007). The quality of data on bilateral migration are as good (or poor) as the quality of the population censuses of different countries, but in a significant number of countries, they are plain missing.

Data on Remittances¹

Migrant remittances are defined as the sum of workers' remittances, compensation of employees, and migrants' transfers.

Workers' remittances, as defined in the IMF Balance of Payments manual, are current private transfers from migrant workers who are considered residents of the host country to recipients in their country of origin². If the migrants live in the host country for a year or longer, they are considered residents, regardless of their immigration status. If the migrants have lived in the host country for less than a year, their entire income in the host country should be classified as compensation of employees.

¹ This part is excerpted from the *Global Economic Prospects 2006*.

² Official statistics on remittances tend to underestimate the size of remittance flows. Following a request from the G7 nations in June 2004, the World Bank together with the IMF and the UN led an international working group to improve remittance statistics. This working group, now functioning as the "Luxembourg Group", has recommended that three new items – personal remittances, total remittances, and total remittances and transfers to nonprofit institutions serving households – be added to the Balance of Payments Manual, 6th Edition.

Although the residence guideline in the manual is clear, this rule is often not followed for various reasons. Many countries compile data based on the citizenship of the migrant worker rather than on their residency status. Further, data are shown entirely as either compensation of employees or as worker remittances, although they should be split between the two categories if the guidelines were correctly followed.³ The distinction between these two categories appears to be entirely arbitrary, depending on country preference, convenience, and tax laws or data availability.⁴

Migrants' transfers are the net worth of migrants that are transferred from one country to another at the time of migration (for a period of at least one year). As the number of temporary workers increases, the importance of migrants' transfers may increase. Therefore, in order to get a complete picture of the resource flow, one has to consider these three items together.

Many countries do not report data on remittances in the IMF BoP statistics, even though it is known that emigration from those countries took place. Several developing countries (for example, Lebanon) do not report to the IMF. Some high-income countries (notably Canada, Singapore, and United Arab Emirates) also do not report remittance data. A survey of central banks reveals widespread problems with remittance data collection methodology (de Luna Martinez 2005). Most of the central banks use remittance data reported by commercial banks, but leave out flows through money transfer operators and informal channels. Even when data are available and properly classified, in many cases, these data are often weak or out of date. Also the methodology for preparing estimates is not the same in all countries, and it is not always described in the country notes in the publicly available balance of payments data. It is hoped that the increased awareness about the importance of remittances and the shortcomings in both the remittance and migrant workers' data will result in efforts to improve the data transmission.

Perhaps the most difficult aspect of remittance data is estimating informal flows. One way to estimate the true size of remittances is to undertake surveys of remittance senders and recipients. Unless new, adequately randomized and representative surveys of recipients and senders are carried out, evidence from existing household surveys would only be indicative rather than comprehensive.

Sources of Data

Data on immigration and emigration are from UNPD (2005) and Ratha and Shaw (2007). Data on emigration rate of tertiary educated are from Docquier and Marfouk (2004). Data on emigration of physicians and nurses are from Docquier and Bhargava (2006), while supplementary data from Clemens and Pettersson (2006) are used for Sub-Saharan African countries. Remittances data are from IMF (2007).

Data on the following variables are from World Bank (2007): Population, Population growth, Population density, Labor force, Urban population, Age dependency ratio, Surface area, GNI, GNI per capita, GDP growth, and Poverty headcount ratio at national poverty line.

³ For example, India shows very little compensation of employees, but large workers' remittances, although it is well known that India supplies a large number of temporary IT workers to the United States and European countries. On the other hand, the Philippines shows large compensation of employees and very few migrants' transfers.

⁴ Due to the difficulty in classifications, countries have often classified workers' remittances either as other current transfers or as transfers from other sectors. In some countries, notably China, remittances may have been misclassified as FDI. In the case of India and many other countries, remittances may have been classified as nonresident deposits, especially those in local currency terms.

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Migration and Remittances Factbook is compiled by Dilip Ratha and Zhimei Xu, Migration and Remittances Team, Development Prospects Group, World Bank. More information on other countries and regions are available at www.worldbank.org/prospects/migrationandremittances.