



**MIDDLE EAST
AND CENTRAL ASIA
DEPARTMENT**



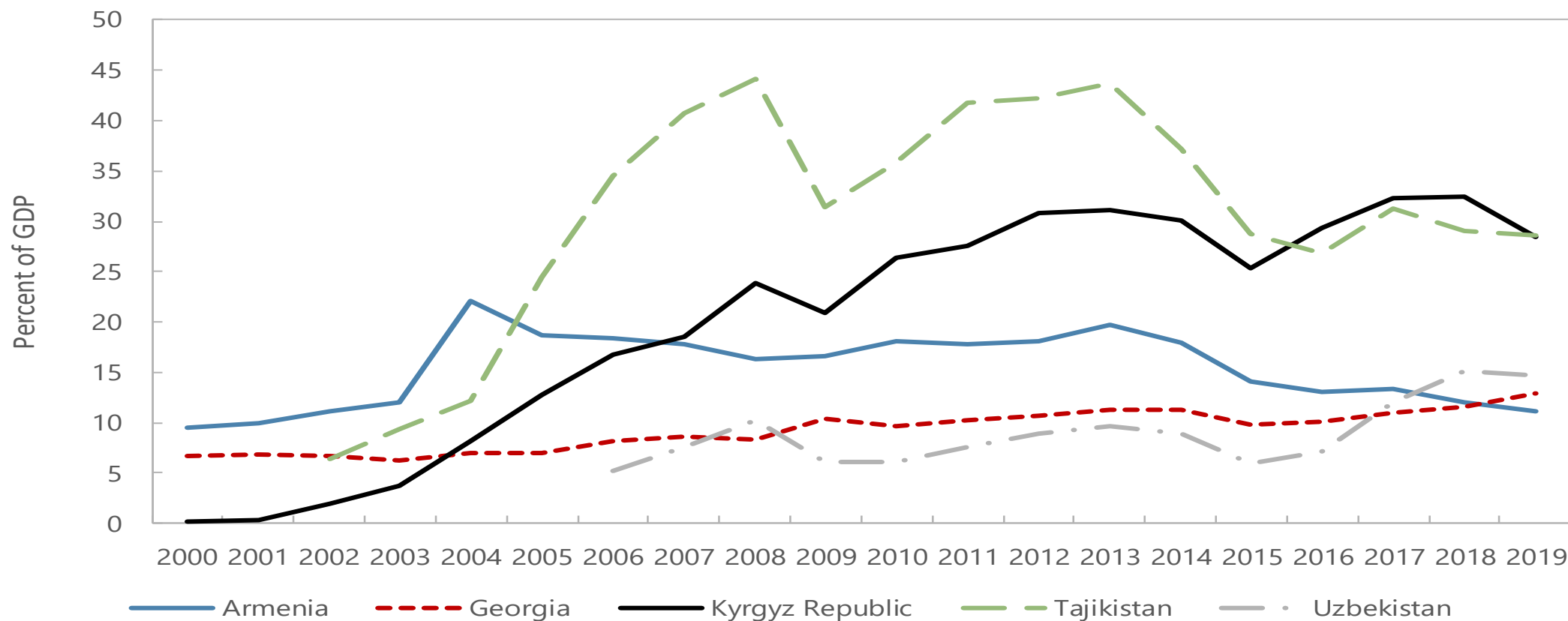
The COVID Shock and Remittances in the Caucasus and Central Asia

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Significant dependence on remittances

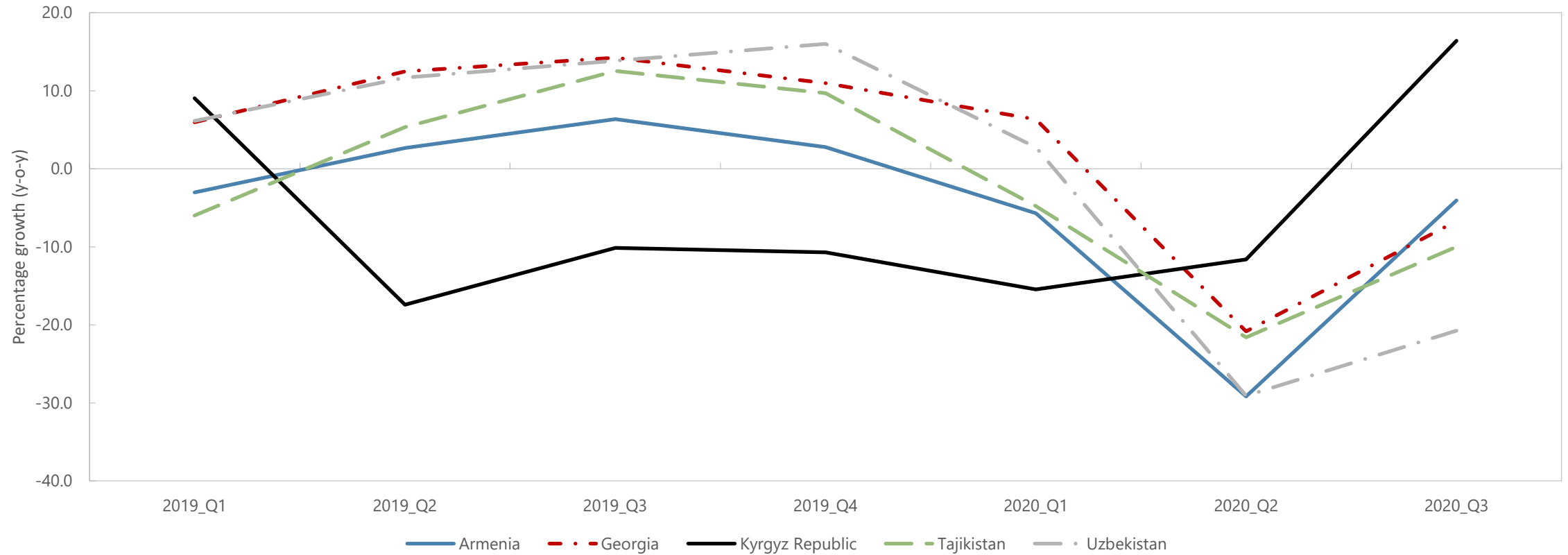
Gross remittances received in selected CCA countries
(annual, percent of GDP)



Source: World Development Indicators, World Bank.

Remittances took a dip in Q2-2020...

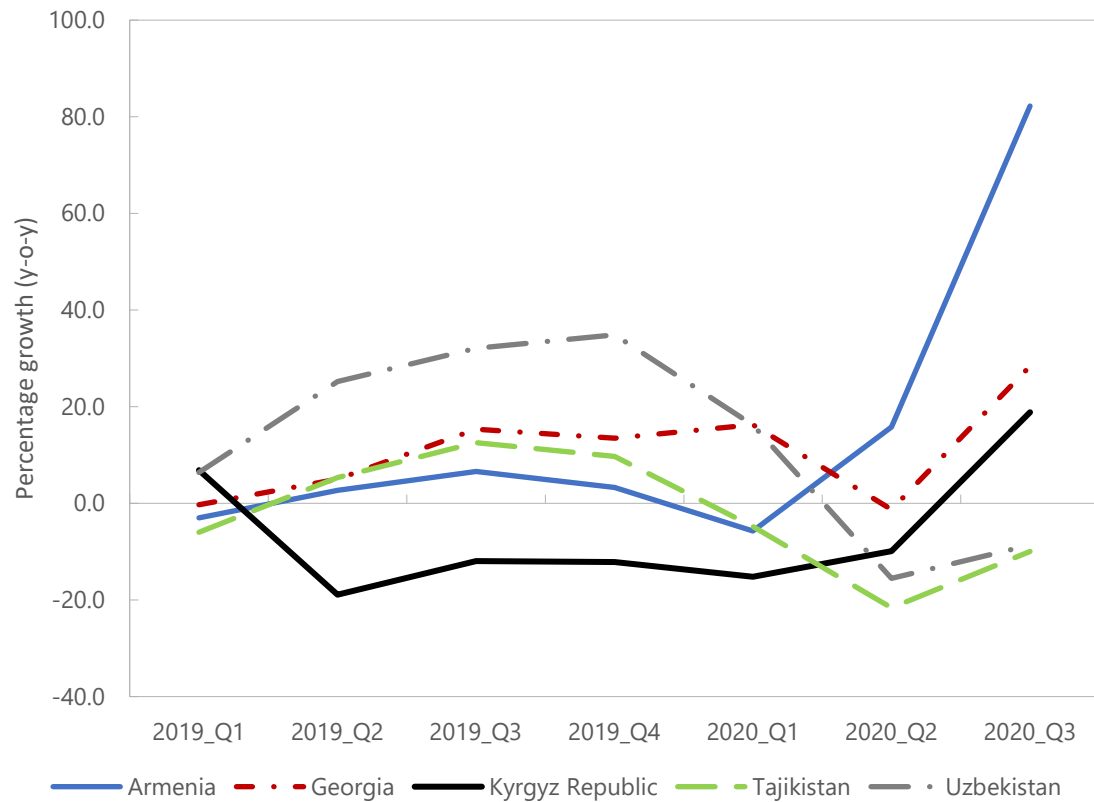
Gross remittances received in selected CCA countries
(quarterly, percentage growth)



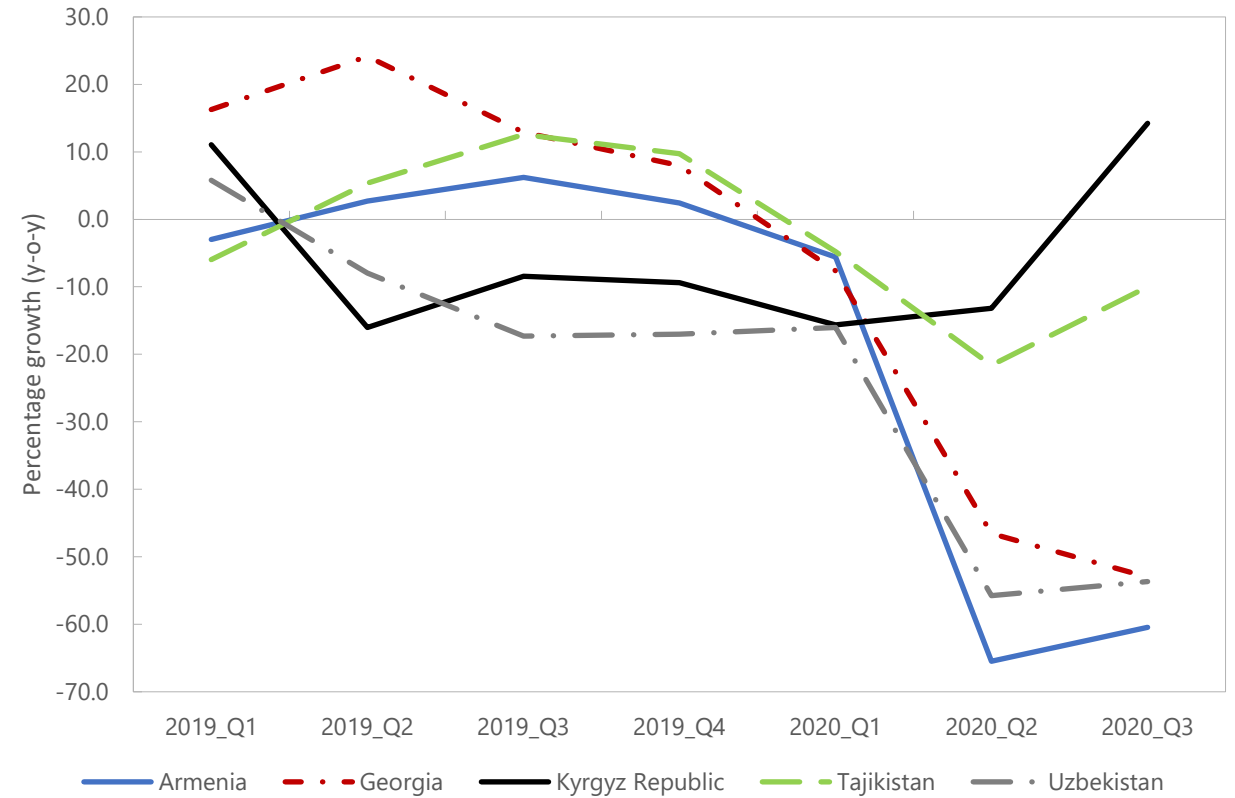
Source: WEO; and IMF Staff Calculations.

... driven by a decline in the compensation of employees ...

Gross Personal Transfers (quarterly, percentage growth)



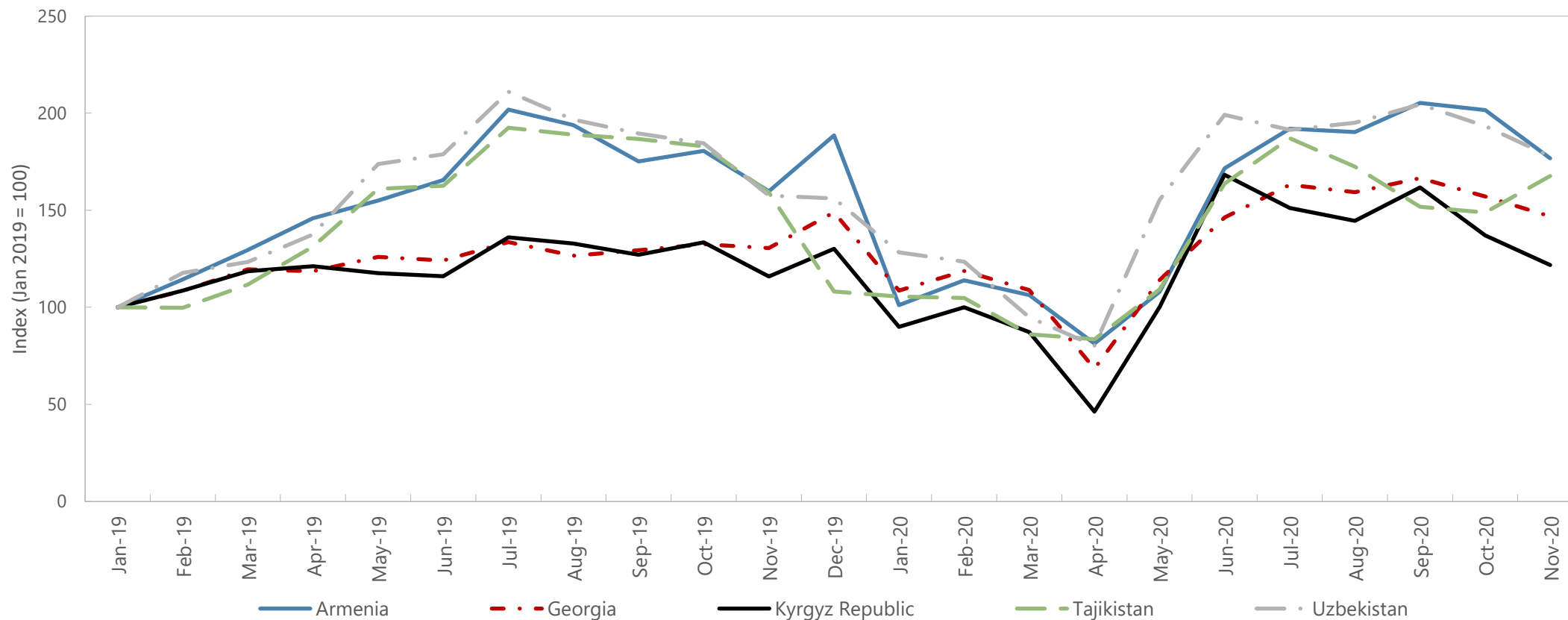
Gross Compensation of Employees (quarterly, percentage growth)



Source: WEO; and IMF Staff Calculations.

...but recovered in the second half of 2020

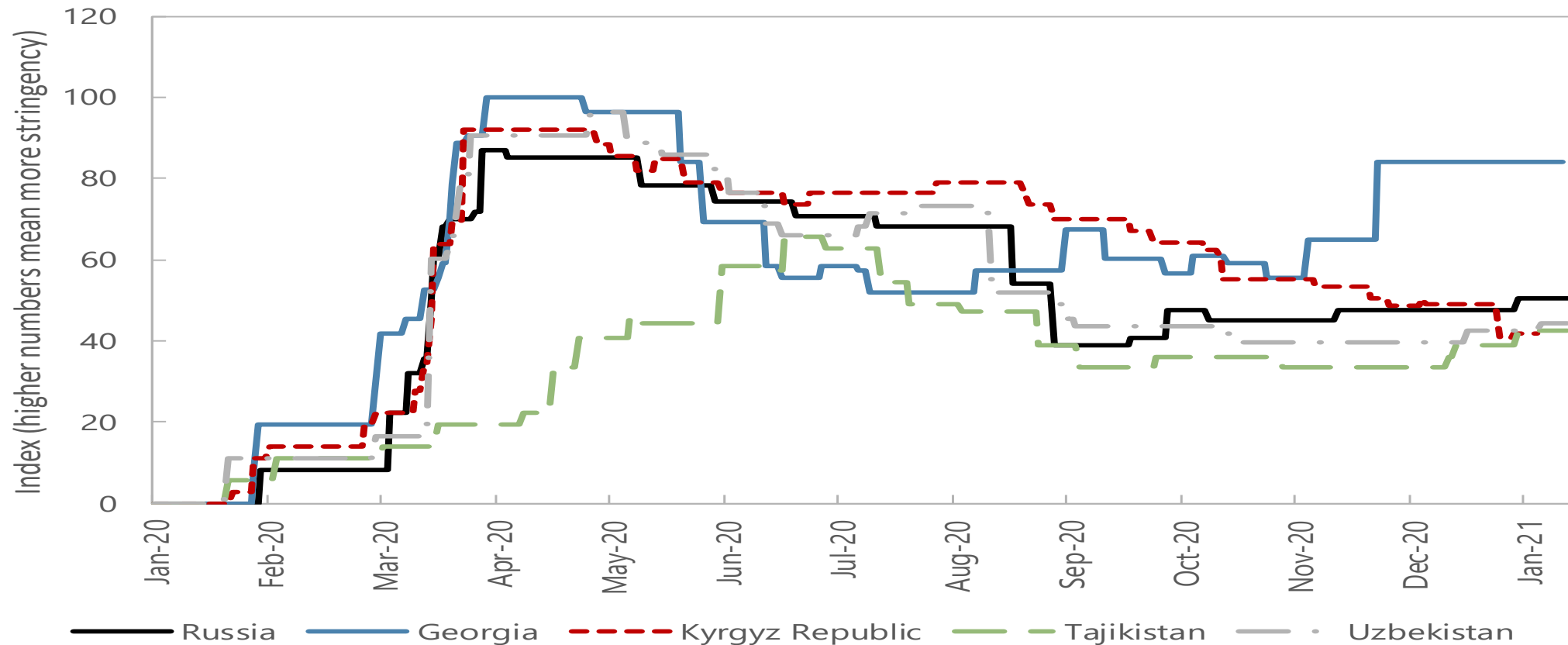
Cross-border gross individual transfers
(Index, Jan 2019 = 100)



Source: Desk survey, based on national statistics; and IMF Staff Calculations.

The recovery was supported by a gradual relaxation of stringency measures ...

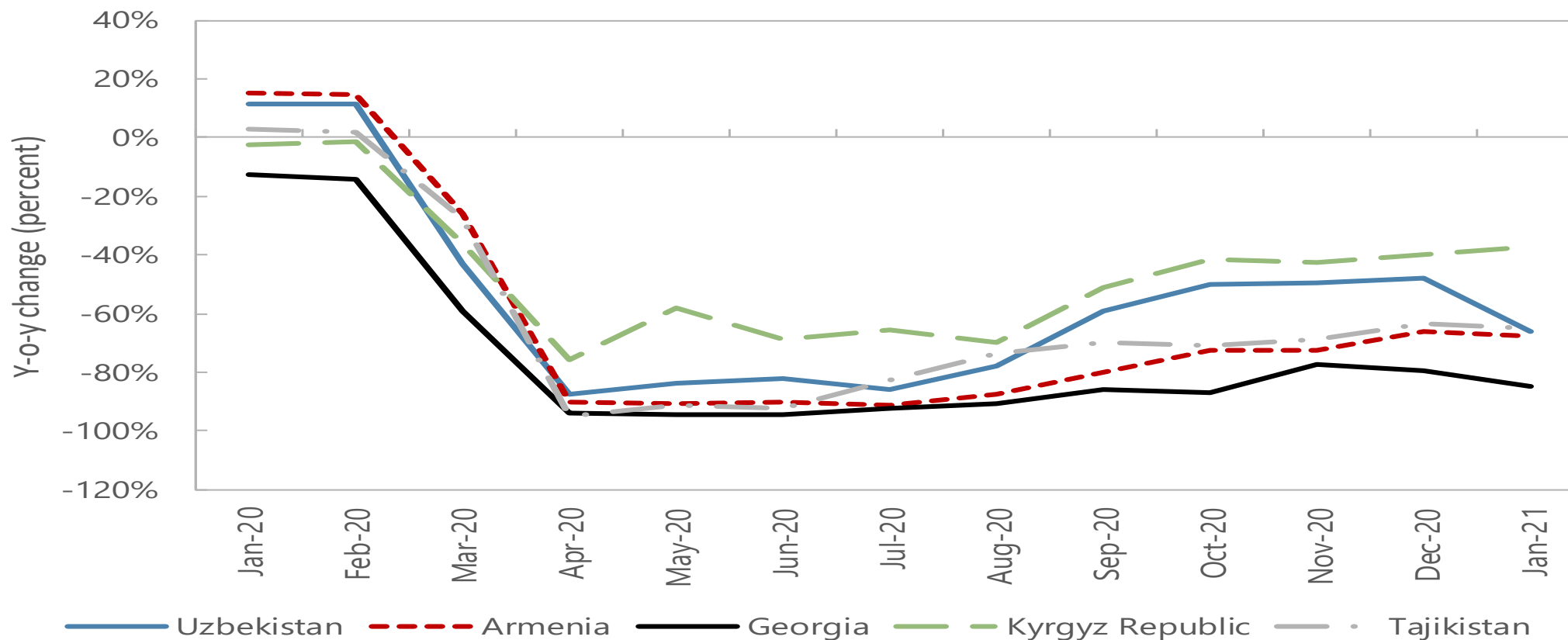
Oxford COVID stringency index



Source: University of Oxford.

... and pick up in international flights ...

Number of International Flight Arrivals



Source: FlightRadar24; and IMF Staff Calculations.

... with some anecdotal evidence

- Shift from informal to formal transfers
- Repatriation of savings
- Cash transfers in host countries

Takeaways: The impact of the COVID shock on remittances

Near-term

Substantial drop initially (*amplification channel*), followed by continued recovery (*stabilization channel*).

Medium-term

Volume of remittances is likely to be lower compared to the pre-COVID projections reflecting scarring.

Thank you!