The Impact of Covid-19 on Migrants' Remittances in the Mediterranean – Evidence from Libya and Tunisia

Liz Griesmer
Displacement Tracking Matrix Associate
International Organization for Migration (IOM)

Flannery Dyon
4mi Project Manager – North Africa
Mixed Migration Centre, Danish Refugee Council

Joris Jourdain
Data and Research Officer (Labour Migration and Human Development)
International Organization for Migration (IOM)
Libya

Ahmed Aziz Dabboussi
Information Management Officer
Mixed Migration Centre, Danish Refugee Council

Raffaele Bertini
Data and Statistics Officer, ad-interim Coordinator of the Regional Data Hub
Regional Office for the Middle East and North Africa
International Organization for Migration (IOM)

Despite representing a private, largely uncoordinated transfer of income across countries, international remittances can be a lifeline for families, communities and countries of origin. At the household level, migration and remittance-sending can act as a form of insurance, allowing members to weather labour, currency and capital market shocks by spreading risk across diverse economic contexts (De Hass, 2007). Under the right conditions, remittance inflows can also support development at the country level (De Hass, 2007). Given their frequent function as a risk diversification strategy, remittances take on renewed importance in times of crisis and often respond countercyclically to economic trends in sending countries (De Hass, 2007).[1] However, the global reach of the Covid-19 pandemic has raised questions as to the viability of this strategy, due to widespread economic impacts in both sending and receiving countries. Initial predictions of a large drop in remittances have since been revised to reflect a more moderate decline, supporting the view of remittances as countercyclical (World Bank, 2021). Nevertheless, by disaggregating survey data of migrants along key demographic, socioeconomic and migration-related variables, this paper highlights the wide range of consequences of and responses to the Covid-19 pandemic as related to remittance outflows from two Mediterranean countries: Libya and Tunisia. While confirming the moderate decline in remittances observed at the regional and global levels, this paper finds that variables such as length of stay, reason for migrating and region of origin all influenced the likelihood of continued remittance-sending during the pandemic, as well as the likelihood of migrants receiving "reverse remittances" from kin in their country of origin.

Background on Libya and Tunisia

Migrant Profiles

Despite the fragile security situation in Libya, the country continues to serve as a destination for migrants, hosting more than 630,000 as of January 2022. More than half of this population originates from sub-Saharan Africa, particularly Niger (25%) and Chad (13%), while just over a third hail from North African countries like Egypt (18%) and Sudan (18%) (IOM Libya, 2022). The international migrant caseload can be broken down into long-term migrants, short-term migrants, seasonal migrant workers, migrants in transit and displaced populations, including asylum seekers and refugees (Darme & Benattia, 2017).[1]

As per 2020 official estimates, Tunisia hosts around 48,000 officially registered migrants.Top nationalities among the regular migrant stock include other Maghreb countries such as Algeria (23%), Libya (20%) and Morocco (13%), as well as France (19%) (UN Population Division, 2020). However, this figure does not account for irregular migrants in the country, reflecting an information gap on the nationalities and volume of non-registered migrants in Tunisia.

Remittance Patterns

Limited data on remittance outflows impede a full understanding of Covid-19-related effects. In 2020, remittances from Tunisia fell 12 percent to 22.9 million USD (KNOMAD, 2020). While no data are available for Libya for 2019 and 2020, analysis of outflows over the last decade indicates a highly volatile trend, reflecting developments in the civil war (KNOMAD, 2020). Nevertheless, remittance outflows from Libya have exceeded those from Tunisia by at least 20-fold in the last 10 years (KNOMAD, 2020).

Since the start of the pandemic, studies focusing on the impact of Covid-19 on migrants' remittances in North Africa focus on a single country. (IOM Libya &Voluntās, 2021), (IOM & WFP, 2021) (IOM Libya, 2021). To the authors' knowledge, this paper is the first to compare remittance outflows among Maghreb countries during the pandemic. This comparison allows findings generated from IOM Libya's previous study on remittances to be reconsidered with a focus on the pandemic.

Methodology

This paper draws on data collected by IOM and the Mixed Migration Centre (MMC). As part of a Covid-19 socioeconomic impact assessment, IOM Tunisia surveyed 466 migrant beneficiaries in Tunis, Sfax and Zarzis in March 2022. Nationals of West and Central African countries feature more prominently compared to the regular migrant caseload, with Côte d'Ivoire (38%), Guinea (15%), Cameroon (8%) representing the largest shares. IOM Libya data are derived from the report *Labour Migration to Libya – Remittances Amidst Conflict and Pandemic* (IOM Libya, 2021). 13,404 migrants were surveyed in 2019 and 2020 and 334 migrants completed in-depth interviews as part of this study.

Despite representing a private, largely uncoordinated transfer of income across countries, international remittances can be a lifeline for families, communities and countries of origin

MMC collects data through its 4Mi project, which administers a globally standardized survey tool, the 4Mi, with refugees and migrants on the move.[2] The 4Mi survey was adapted in July 2020 to focus on the impact of Covid-19 on refugees and migrants, including on their socioeconomic wellbeing. 2,887 migrants were surveyed in Tunisia and 2,416 in Libya across multiple locations in each country from July 2020 to February 2021.[3] Respondents in Tunisia came primarily from West, Central and North African countries, such as Côte d'Ivoire (17%), Cameroon (8%), Guinea (8%), Eritrea (8%) and Sudan (8%). In Libya, respondents mainly originated from West, Central and Northern African countries such as Nigeria (26%), Sudan (12%), Ghana (9%), Niger (7%) and Cameroon (6%).

The Covid-19 Pandemic Coincides with a Decrease in Remittances Sent by Migrants in Libya and Tunisia

Data collected both by IOM and MMC confirm a decrease in remittances from migrants and refugees in

[1] For all the terms in this sentence (i.e. long-term migrant; short-term migrant etc.) we have used the IOM International Migration Law Glossary on Migration (2019). Accessed 24 May 2022, https://publications.iom.int/system/files/pdf/iml_34_glossary.pdf

[2] MMC, 4Mi FAQ, https://mixedmigration.org/4mi/4mi_faq/

[3] The sample excludes children, migrants returning to their country of origin and migrants who have resided in the country of interview for more than two years to capture people on the move.

Tunisia and Libya in relation to Covid-19, with a more significant decrease reported by those in Libya. MMC data indicate that 38 percent of all respondents experienced reduced income due to job loss, and among those with lower income, 14 percent stopped paying or paid less in remittances.[4] In Libya, the share was 21 percent and in Tunisia, 9 percent. IOM data similarly suggests a greater drop in remittance-sending from Libya compared to Tunisia following the onset of Covid-19. The pandemic caused 16 percent of respondents in Tunisia to stop sending remittances. In Libya, the share of migrants sending remittances fell 52 percent between January 2019 and July 2020 due to the dual crises of conflict and the pandemic. Among those who continued to send remittances from Libya, the monthly amount sent dropped 15 percent during this period. Although the decrease in remittances was greater in Libya than Tunisia, this likely reflects longer-term instability in Libya as well as the Covid-19 pandemic. Additionally, the larger decline reported in Libya may be partially attributable to the greater share of migrants remitting from Libya prior to the pandemic than from Tunisia. Furthermore, limitations to certain datasets impede our ability to distinguish between those who stopped sending remittances and those who did not send them at all, potentially overstating the effect observed.

Data collected confirm a decrease in remittances from migrants and refugees in Tunisia and Libya in relation to Covid-19, with a more significant decrease reported by those in Libya

Migrants in North Africa are not only sending remittances, but are also recipients of financial support from their families in locations of origin or in third countries – known as "reverse remittances." While generally underexplored, those flows were also impacted by Covid-19. MMC data show that 15 percent of respondents across Libya and Tunisia lost financial support from their family due to coronavirus restrictions.

Migrants' Region of Origin Is a Key Determinant of Remittance Patterns during Covid-19

MMC data show that West and Central Africans were more likely to have lower income from Covid-19-related job loss (39% of Central Africans and 49% of West Africans, compared to 22% of East Africans). However, the group who most stopped sending remittances due to reduced income were East Africans (43%, vs. 12% of West Africans and 7% of Central Africans).

One possible interpretation of this outcome may be that East Africans face greater challenges accessing labour markets in Tunisia and Libya, and are therefore highly vulnerable to economic shocks. In turn, the pandemic may have created particular hardship for this group and affected their ability to send remittances.

With respect to remittance inflows, IOM Tunisia indicates Southern Africans as the group most likely to rely on reverse remittances as part of their income (28% vs 22% from Middle East and North African countries and 28% from West and Central African countries). Nationals from southern African countries were also far more likely to report Covid-19-related challenges receiving remittances due to the loss of a job or business.

Length of Stay in the Country of Interview Also Influences Remittance Patterns

Among migrants who lost income during the pandemic, those who had resided longer in the country of interview were less able to continue paying remittances (20% of those in the country between 19 and 24 months who had lost income vs. 5% of those in the country less than six months, among MMC respondents). This reflects the time necessary for mi-

[4] The MMC Covid-19 survey asked respondents "Have you lost income due to coronavirus restrictions?". Respondents could provide multiple responses from "Yes, I have lost income from loss of work," "No, I had no income," "No, I have continued to receive the same income," "Yes, I have lost financial support from family," "Other" and "Refused." Among those having lost income (either from loss of work or loss of family support), the survey probed what was the impact of the loss of income, including "I have stopped paying or am paying less in remittances."

grants and refugees to access work opportunities and build the capacity to send remittances, which contributed to a greater drop following the onset of the Covid-19 pandemic.

As with remittance outflows, MMC data indicate that length of stay is linked with reverse remittances, as 15 percent of those in the country for less than six months lost financial support from their family, vs. 13 percent of those in the country for 19 to 24 months. Strikingly, 31 percent of those in the country for less than a month lost financial support from family due to Covid-19 restrictions. Overall, this suggests that length of stay is negatively correlated with the likelihood of receiving remittances and positively correlated with the likelihood of sending remittances. Newly arrived migrants appear to be more vulnerable to the socioeconomic impacts of Covid-19, due to the difficulties of finding job opportunities without contextual knowledge or networks and the challenges of maintaining reverse remittances.

However, data from IOM suggest conditions in countries of destination influence this effect. Among those interviewed in Tunisia, those who had spent the better part of the pandemic in Libya and thus are presumed to be more recently arrived were more likely to send remittances than those who spent the pandemic in Tunisia. On the other hand, migrants interviewed in Tunisia who spent the pandemic in Libya were also more likely to receive reverse remittances than migrants who spent it in Tunisia (23% vs. 18%). This suggests that at least a portion of migrants who spent the pandemic in Libya were more resilient to the impact of Covid-19, as evidenced by their continued ability to send remittances, despite having arrived in Tunisia more recently.

Intentions in Countries of Destination Are Also Key Determinants.

According to IOM Tunisia data, those who migrated for permanent settlement or education were less likely to remit money home. This can be explained by the fact that students are less likely to work and have disposable income, while those permanently settled may have weakened ties to their country of origin compared to other migrant groups and thus have reduced incentives to remit. However, respondents who migrated for temporary employment were more likely to stop sending remittances due to the pandemic than those seeking permanent employment, reflecting the precarity of this form of work as well as temporary workers' vulnerability to economic shocks.

> Newly arrived migrants appear to be more vulnerable to the socioeconomic impacts of Covid-19, due to the difficulties of finding job opportunities without contextual knowledge or networks

Conclusion

Data confirm that the Covid-19 pandemic had an impact on migrants' ability to send remittances in Libya and Tunisia. In particular, the paper finds that key variables such as regions of origin, length of stay and intentions for migration influenced the likelihood of continued remittance-sending during the pandemic, as well as the likelihood of migrants' receiving "reverse remittances" from kin in their country of origin. Future research should investigate into how migrants were able to send remittances in the face of Covid-19-related shocks, including through the adoption of coping mechanisms. Additionally, the social and emotional dimensions of remittances during Covid-19 should be further explored, considering these transfers often occur among kin.

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