

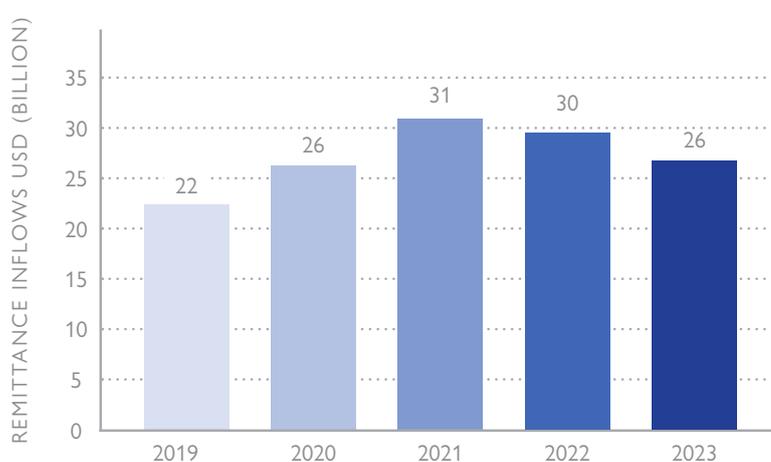
The Pakistani diaspora, dispersed globally, has significantly contributed to the nation’s economy through the remittances they send, thereby enhancing livelihoods and alleviating economic pressures during crises such as energy shortages, food insecurity, and heightened foreign debt repayments (Ahmed, 2021). Despite initial concerns, recent studies, as highlighted by the International Organization for Migration (IOM, 2020), demonstrated the resilience of remittance inflows to Pakistan during the COVID-19 pandemic, surpassing earlier predictions. Positioned among the leading recipients of remittances (World Bank, 2021), Pakistan secured the fifth rank for remittance inflows, amounting to USD 30 billion in 2022 (World Bank, 2023b). Nevertheless, Pakistan has been through a demanding economic period - a challenging external and fiscal environment and destructive floods in the summer of 2022 have resulted in significant fiscal and external deficits, escalating inflation and diminished reserve buffers in 2023 - which has also impacted remittance inflows (World Bank, 2023a; International Monetary Fund (IMF), 2023).

PART 1: OVERVIEW OF REMITTANCE INFLOWS TO PAKISTAN 2019-2023

1.1 ANNUAL TRENDS

Based on recent data from the State Bank of Pakistan, remittance inflows rose by 40 per cent from USD 22.1 billion in 2019 to 31 billion in 2021. However, between 2021 and 2022 official remittance growth slowed (Asian Development Bank, 2023) and yearly remittance inflows declined by 3.9 per cent in 2022, with an inflow of USD 29.8 billion. Remittance inflows of 26.3 billion in 2023 marked a downward 11.7 per cent yearly change (see Figure 1). This decline can be attributed to an economic downturn in Saudi Arabia and Kuwait in 2023, as well as to the substantial reduction in growth in other Gulf Cooperation Council (GCC) economies due to falling oil prices (World Bank, 2023c). The unfavourable balance-of-payments situation and restrictions on currency exchange in Pakistan have led to a transition in remittance channels to informal money transfer methods and parallel exchange markets (World Bank, 2023b). These factors may have all contributed to the slowdown in official remittance flows to Pakistan.

Figure 1: Total remittance inflows (January 2019 – December 2023)

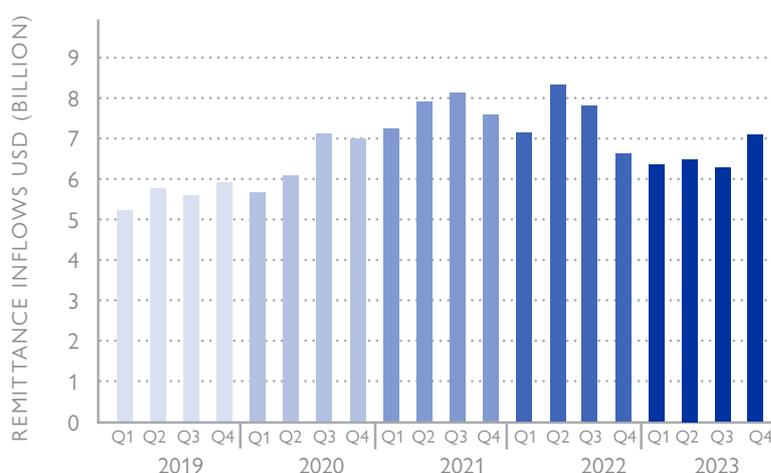


Source: Compiled from the State Bank of Pakistan Core Statistics Department (2023).

1.2 QUARTERLY TRENDS

Quarterly remittance inflows remained stable throughout 2023, though at a lower level than the years prior. Between Q1 2019 and Q3 2021, quarterly remittance inflows fluctuated, but showed an overall positive trend. The largest increase (16.7%) was observed between Q2 and Q3 2020. Benefitting from elevated oil prices and food price controls within the GCC economies (World Bank, 2022), remittance inflows reached their provisional peak in Q2 2022 at USD 8.26 billion. However, in 2022, the largest decline (15.7%) was observed between Q3 and Q4 2022. Inflation, an imminent balance of payment crisis and a widening parallel exchange rate gap led to a loss of confidence among migrants, contributing to a shift towards informal money channels (World Bank, 2022a, Chandra 2023).

Figure 2: Quarterly remittance inflows (Q1 2019 – Q4 2023)



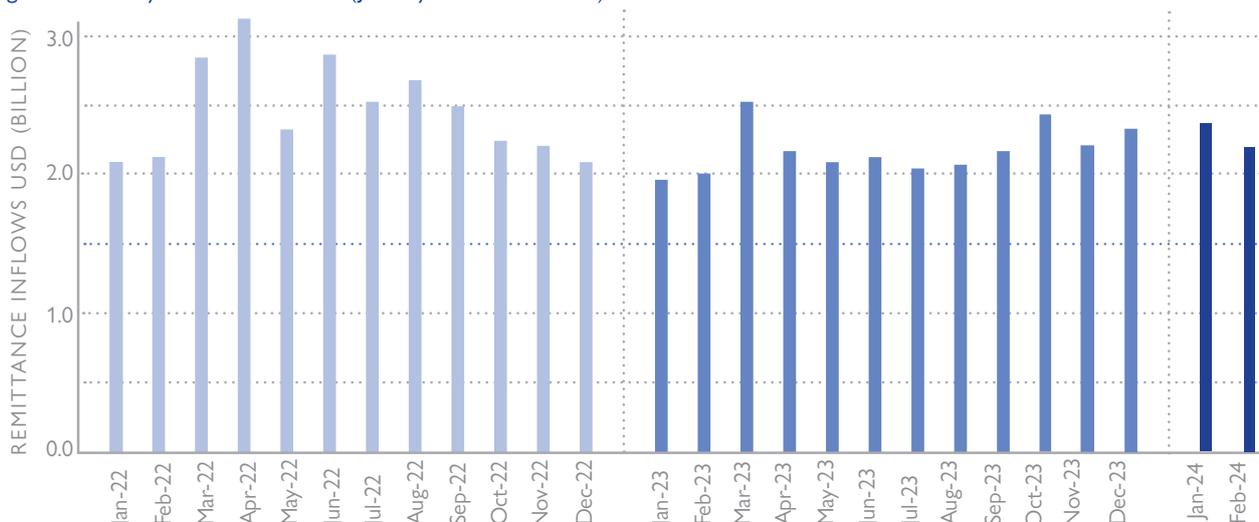
Source: Compiled from the State Bank of Pakistan Core Statistics Department (2023).

1.3 MONTHLY TRENDS

Monthly data shows the fluctuations in remittance inflows to Pakistan in 2023 in more detail (see Figure 3). Remittance inflows increased in response to the 2022 floods throughout the country ([Ministry of Planning Development & Special Initiatives, 2022](#)), as shown by a 18.9 per cent increase in remittance inflows in June 2022 compared to May 2022, as well as a 7.9 per cent increase in August 2022 compared to the previous month. The year 2023 marked the first notable decline in remittances after three years - resembling the same levels of remittances as in 2020. Nevertheless, a distinctive trend, which has been observed in previous years, persisted, with remittances surging during festive seasons. April 2022 showed the highest influx of remittances throughout the year (USD 3.1 billion). March 2023 (USD 2.54 billion) displays the most significant rise in remittances in 2023, with a sharp increase of 27.5 per cent in comparison to the previous month. This spike can be attributed to migrants sending more money during the month of Ramadan ([Profit Report, 2023](#)). Furthermore, the removal of the informal exchange rate cap in January 2023 may have contributed to migrants shifting their remittance-sending to formal channels by reducing the gap between informal exchange rates and formal market rates ([World Bank, 2023a](#)).

In April 2023, remittance growth dwindled by 13.3 per cent compared to the previous month, followed by a slight recovery with a positive four per cent remittance growth in June, and a negative growth of 7.2 per cent in July 2023, after which there was a period of stable growth until October 2023. This development might be attributed to the International Monetary Fund’s (IMF) USD 3 billion stand-by arrangement in July 2023 leading to increased confidence in a stabilized economic environment ([IMF, 2023](#)). Furthermore, in September 2023, a new incentive scheme for the marketing of home remittances through formal channels was launched by the Government of Pakistan, which grants a performance based incentive to financial institutions whose remittance mobilization efforts result in increased home remittances compared to the previous financial year ([State Bank of Pakistan, 2023a](#)). Nevertheless, November 2023 showed a negative growth of 8.3 percent compared to October 2023, followed by a slight increase in remittances in December 2023 (5.5%) and January 2024 (0.6%).

Figure 3: Monthly remittance inflows (January 2022 – Feb 2024)



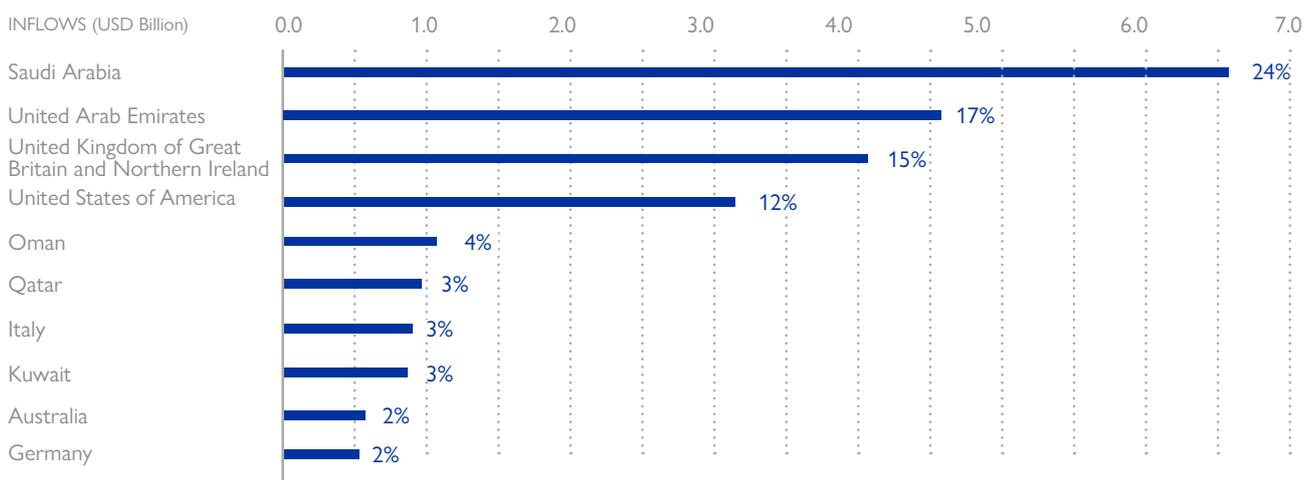
Source: Compiled from the [State Bank of Pakistan Statistics - Workers’ Remittances Database \(2023\)](#).

PART 2: DISAGGREGATION OF REMITTANCE INFLOWS IN 2023 BY ORIGIN COUNTRY OR REGION – EXPLORING THE LINK WITH MIGRATION AND DIASPORA

Remittances sent by millions of Pakistani emigrants and labour migrants continue to represent one of the primary sources of income in the country. In 2022, personal remittances made up eight per cent of the GDP (World Bank, 2024), compared to sectoral shares of 22 per cent for agriculture ([World Bank, 2024a](#)), 20 per cent for the industrial sector ([World Bank, 2024b](#)) and 52 per cent for the services sector ([World Bank, 2024c](#)). The substantial share of remittances highlights the importance of the Pakistani migrant community abroad in the economic development and stability of the country. This section focuses on such economic outcomes by exploring the volume of remittance inflows and the Pakistani diaspora worldwide, based on the latest data on key remitting countries and main destinations for Pakistani emigrants.

According to the latest data from the State Bank of Pakistan ([2023](#)), remittance inflows to Pakistan came mainly from the Gulf region and the United States, as well as the United Kingdom of Great Britain and Northern Ireland (UK) throughout the financial years of 2023 and 2024. At the country level, Saudi Arabia has remained the primary source of remittance inflows, sending around USD 4.4 billion – representing almost a quarter (24%) of the total volume of remittances. The United Arab Emirates (UAE) and the UK ranked second and third, respectively, remitting USD 3.1 billion (17%) and 2.7 billion (15%) to Pakistan in the from July to February of the Financial Year 2024. The correlation between the origin of remittance inflows and the scale of diasporas is evident in Figure 5, where six of the top 10 countries hosting Pakistani workers in 2023 also ranked among the top 10 primary source countries of remittance inflows (as presented in Figure 4).

Figure 4: Top 10 source countries of remittance inflows to Pakistan (July 2022 – March 2023, Fiscal Year 2023)

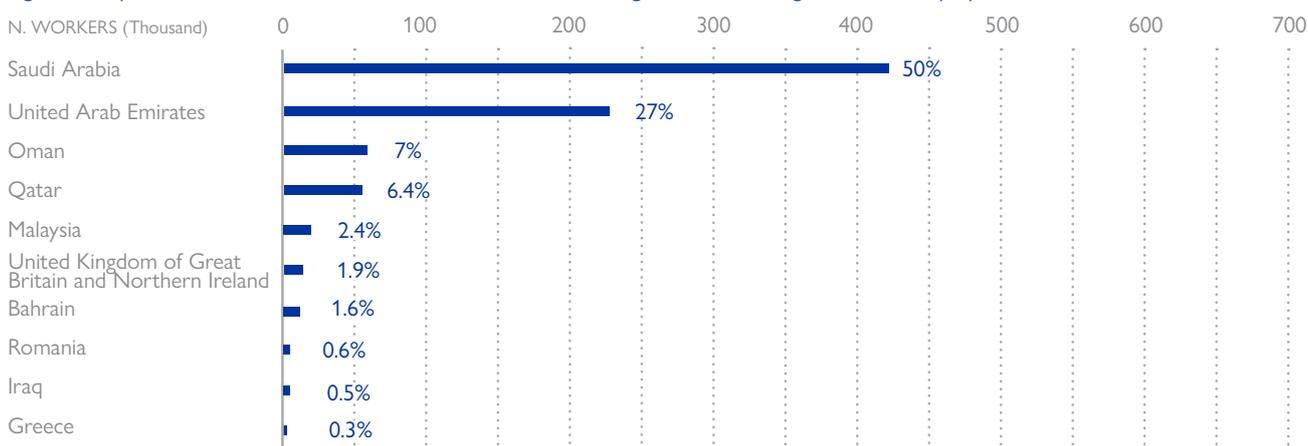


Source: Compiled from the [State Bank of Pakistan Core Statistics Department - Country-wise workers remittances \(2024\)](#)

Note: The numbers cited in Figure 4 do not represent the entire fiscal year of 2023, but rather the inflows for July - March in Fiscal year 2023

Five of the top 10 countries of destination for Pakistani workers in 2023, such as Saudi Arabia, the UAE, Oman, Qatar and the UK were among the top 10 source countries of remittance flows to Pakistan (Figure 5). This shows the strong geographic distribution of Pakistani workers and emigrants to the Middle East, as well as continued remittance sending from countries such as the UK.

Figure 5: Top 10 destination countries for outflow of Pakistani migrant workers registered for employment abroad in 2023

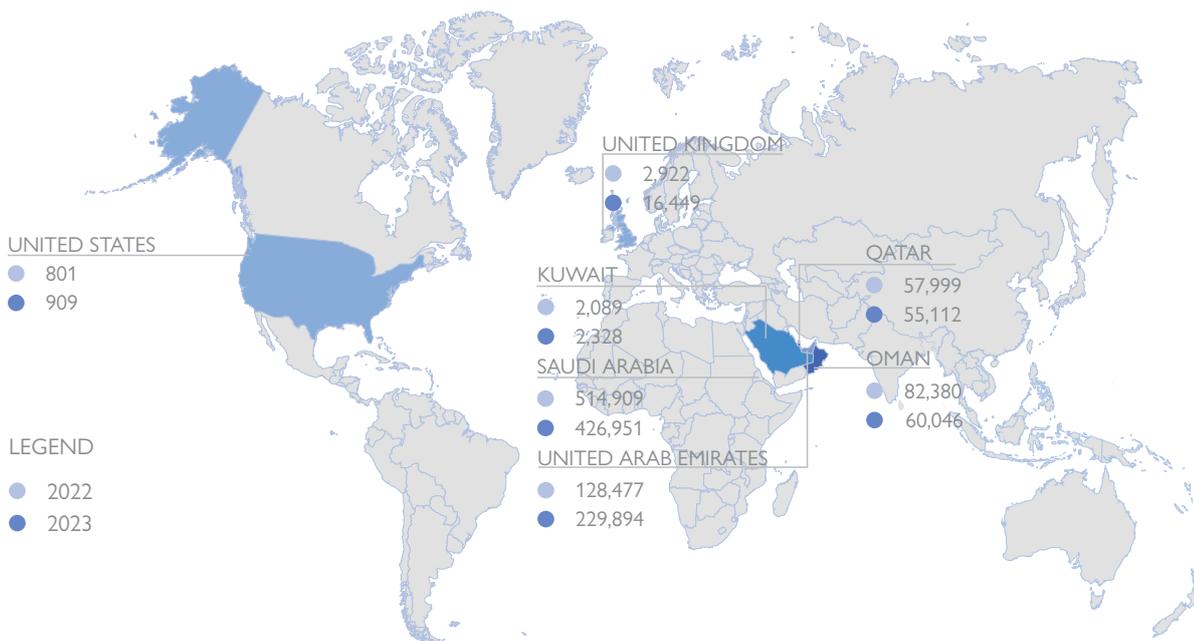


Source: Compiled from the [Bureau of Emigration and Overseas Employment Country Wise Emigration Database \(2023\)](#).

According to the Bureau of Emigration and Overseas Employment (BEOE), Saudi Arabia does not only stand as the primary contributor to remittance inflows (50%) to Pakistan, it also continues to serve as the main destination for Pakistani workers registered for overseas employment in 2023 ([BEOE, 2024](#)). In 2023, Saudi Arabia hosted 50 per cent of the overall registered outflow of Pakistani workers, totaling almost 427,000 individuals. The UAE, accounting for 17 per cent of overall remittance inflows, accommodated approximately 230,000 (27%) Pakistani migrant workers in 2023. This number octupled between 2021 (27,442 Pakistani migrant workers) and 2023 ([ibid.](#)). Consequently, the observed remittance volume from Saudi Arabia and the UAE mirrors the scale of the Pakistani diaspora in the countries. However, the BEOE data only includes the outflow of registered Pakistani migrant workers in 2023, which does not account for the entire diaspora.

The third largest share of remittance inflows (USD 4.1 billion) was sent from the UK. However, the third largest outflow of Pakistani overseas workers (60,000, or 7%) was registered in Oman in 2023 (see Figure 5). This shows that - as in recent years - in 2023, a large majority of all outflowing registered labour migrants from Pakistan went to the Middle East and specifically to GCC countries, predominantly Saudi Arabia, the UAE, Oman, Qatar and Bahrain ([BEOE, 2024](#); Ahmad, 2022). This divergence can be attributed to the fact that migration histories differ. The large Pakistani diaspora in Western countries such as the UK is long-established and historically grown (Niaz & Nasir, 2018; Cheema et al., 2023) whereas Pakistani migration to GCC countries is more recent and consists mostly of migrants employed in low-skilled occupations (Shah & Rehman, 2022). In 2023, the majority (46%) of the outflowing Pakistani migrant workers registered abroad were un-skilled and employed as labourers (45%), 37 per cent were skilled and employed in occupations such as drivers (23%), technicians (3%) or masons (3%), 10 per cent were considered as semi-skilled, employed as managers (5%) or salesmen (3%). Five per cent of Pakistani migrant workers registered abroad were highly skilled and three per cent were considered highly qualified ([BEOE, 2024b](#); [BEOE, 2024c](#)).

Figure 6: Registrations of Pakistani overseas migrants for employment in destination countries in 2022 and 2023



Source: Compiled from the [Bureau of Emigration and Overseas Employment Country Wise Emigration Database \(2024\)](#).

This map is for illustration purposes. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by IOM. The final status of Jammu and Kashmir has not yet been agreed upon by India and Pakistan. The final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.

Beginning in the 1970s, and corresponding to the oil boom, numerous Pakistani workers have been drawn to GCC economies to work in construction, agriculture and other semi- and low-skilled economic sectors ([BEOE, 2018; 2024](#); Babar, 2022; Shah et al., 2020). Pakistan has since cultivated enduring and close-knit relations with Saudi Arabia and the UAE and cooperated on labour migration policies (Shah et al., 2020). GCC and other Middle Eastern countries have welcomed more than 11 million Pakistani workers between 1971 and 2020 ([BEOE, 2020](#)), and the United Nations Department of Economic and Social Affairs (DESA) estimated that the migration corridor between South Asia and the GCC countries was the largest growing migration corridor between 2000 and 2020, growing by 13 million migrants in this timeframe ([DESA, 2020](#)). Remittances from this region have continued to rise, and have shown to be acyclical with respect to the country of temporary residence and countercyclical against the recipient countries (Mughal & Ahmed, 2014; Kim et al., 2022) - remittances quadrupled between 2000 and 2008, and continued to rise despite financial crises in the Gulf countries (Javed et al., 2020) and the recent COVID-19 health and economic crisis ([IMF, 2021](#)).

The UK stands out among Western nations as a host to a substantial and diverse Pakistani diaspora population, following a long history of migration of Pakistanis to the UK ([Shah et al., 2020](#)). According to official government sources, the Pakistani diaspora in the UK counts almost 1.6 million people, making up 2.7 per cent of the total population ([United Kingdom Government, 2023](#)). While the outflow of Pakistani migrants to the UK today is lower compared to other countries, the existing diaspora continues to contribute significantly to the social, economic, and cultural fabric of the UK, with more than 50 per cent of workers from Pakistan and other South Asian countries being employed in high skilled and medium-high skilled jobs ([Fernández-Reino & Reinzo, 2022](#)), and numerous professionals playing pivotal roles in the National Health Service ([Hunter, 2021](#)).

CONCLUSION

The Pakistani diaspora’s role is reflected in the substantial volume of remittances sent, which witnessed significant remittance growth from 2019 to a peak of USD 30.8 billion in 2021. Despite subsequent challenges, including the COVID-19 pandemic, currency depreciation, and 2022 floods, the diaspora’s resilience defied predictions. Remittances represent the largest source of national foreign exchange ([Ministry of Overseas Pakistani and Human Resource Development, 2021](#)). Quarterly and monthly analyses for 2022 and 2023 unveiled dynamic trends, with a reduction in growth of GCC economies prompted by a drop in oil prices and reduction in output by the Organization of the Petroleum Exporting Countries (OPEC+), as well as a shift to informal channels bringing about the declining trajectory of official remittance flows ([World Bank, 2023c](#)). The Pakistani diaspora continues to represent an important income source for the country’s economy and economic development during a precarious economic situation, low foreign exchange reserves and large fiscal and current account deficits ([World Bank, 2023](#)).

Disaggregating remittances by origin highlighted the Gulf region’s and the UK’s substantial role, emphasizing enduring diaspora connections. Beyond remittances, the diaspora contributes to trade, foreign investment, and knowledge transfer, showcasing adaptability and resilience. As the nation faces economic challenges, ongoing collaboration and support are crucial to harness the diaspora’s full potential in driving economic development.

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