

ERF Policy Brief

International Migration during Economic Crisis in Egypt

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About the authors

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In a nutshell

- International emigration has been a key aspect of Egyptian economy since the 1970s.
- Since March 2022, Egypt has faced a major economic crisis, leading to severe impacts on food inflation and thus on living standards.
- This recent economic crisis has driven more Egyptians to emigrate, and fewer emigrants to return.
- The profile of migrants has also changed, with an increasing share of migrants with no or low education and a significant rise in those with precarious labor market statuses prior to migration.
- The share of households receiving remittances increased in 2023 compared to in 2018. However, there was a substantial decline in the use of banks and official channels for sending money, with only 52 percent of remittances sent through these official channels in 2023, down from 68 percent in 2018, and a larger share of remittances were sent through friends and family.

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The role of international migration

International emigration has been a key aspect of Egyptian economy since the 1970s. Large numbers of Egyptian workers have migrated temporarily to other Arab countries for employment. This migration has acted as a safety valve during periods when job creation could not keep pace with labor supply growth. More importantly, it has resulted in substantial remittance flows, making Egypt the fifth-largest recipient of remittances over the past decade and contributing up to 10 percent of GDP at its peak in 2017-2018 (World Bank, 2024). Since March 2022, Egypt has faced a major economic crisis, leading to severe impacts on food inflation and living standards. This crisis, compounded by the global effects of the COVID-19 pandemic, has prompted many Egyptians to turn to international migration and remittances as coping mechanisms to diversify their income. This policy brief assesses the role of international migration as a livelihood strategy during this economic downturn by comparing 2018 pre-COVID-19 to 2023 post COVID-19 and during the economic crisis in Egypt.

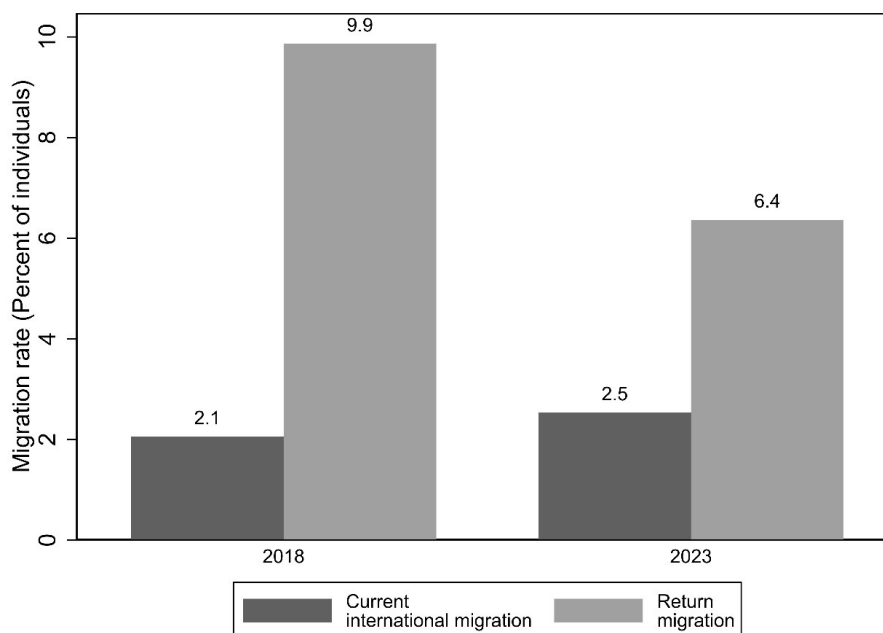
Patterns and trends of international migration

International migration in Egypt remains important, with Figure 1 indicating an increase in migration rates. In 2023, current international migrants accounted for 2.5 percent of all Egyptian individuals aged 15 to 59,

up from 2.1 percent in 2018. Meanwhile, the share of returnees has declined, dropping from 9.9 percent in 2018 to 6.4 percent in 2023. This suggests that there has been a change in the pattern of international migration in Egypt with a higher current emigration rate and lower return migration rate in 2023 compared to 2018. This pattern is also observed when considering households rather than individuals: while the overall share of households exposed to international migration was lower (11.3 percent) than in 2018 (14.4 percent), this decline is due to reduced return migration rates (10.4 percent vs 6.1 percent), as the share of current international migrants increased during this period (from 4.2 percent to 5.5 percent). This trend suggests that the recent economic crisis might have driven more Egyptians to emigrate, while fewer emigrants are returning.

Compared to 2018, the destinations for Egyptian migrants were slightly more diverse in 2023. Saudi Arabia continues to be the top destination, attracting 44.7 percent of current international migrants in 2023, up from 40.7 percent in 2018. However, the proportion of migrants in Kuwait dropped from 24.2 percent to 16.2 percent during this period. The share of migrants in Jordan also declined, from 10.5 percent in 2018 to 10.0 percent in 2023, while the UAE saw an increase, rising from 8.0 percent to 9.4 percent. Notably, the share of Egyptian migrants in Libya surged from 3.3 percent in 2018 to 10.7 percent in 2023. There was also growth in migration to non-OECD countries (2.5 percent in 2023

Figure 1: Return and current international migration rates (percentage of individuals) in 2018, and 2023 (ages 15-59)



Source: Authors' calculations based on ELMPS 2018-2023.



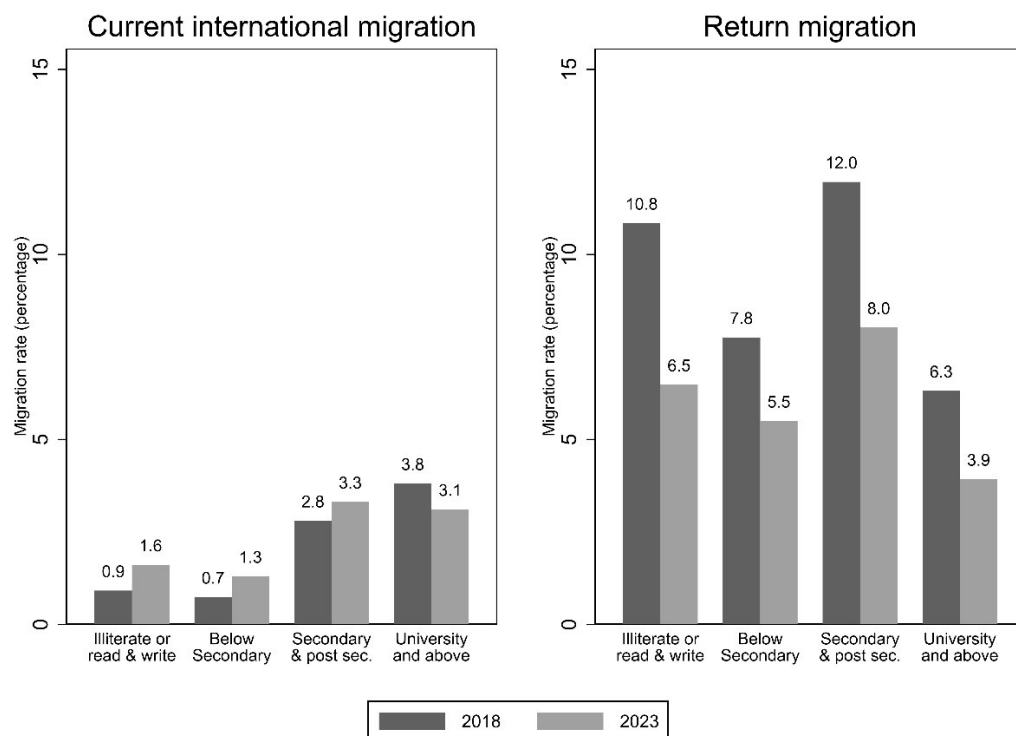
compared to 1.7 percent in 2018) and the EU (2.7 percent in 2023 vs. 2.6 percent in 2018). Though these numbers remain relatively small compared to migration to Gulf countries, migration to the EU and OECD countries often involves entire households moving and therefore would not be captured in Egypt. Overall, Egyptian migration in 2023 remained dominated by temporary migration to Arab countries, particularly Saudi Arabia, which accounted for nearly half of all current migrants.

The main differences between current migrants in 2018 and 2023 are seen in education and labor market outcomes. In 2023, current migrants were notably less educated, with the percentage of those having university or above education dropping by nearly 7 percentage points and those with below secondary education increasing by 4 percentage points compared to 2018. Additionally, a much higher share of current migrants were unemployed before migration (41 percent in 2023, up from 30 percent in 2018), and only half were employed prior to emigrating in 2023 (52 percent compared to 66 percent in 2018). This suggests that the lack of suitable job opportunities played an important role in driving current migrants in 2023 to migrate.

Emigration rates by educational level

It is important to examine not only the characteristics of current migrants but also the trends in emigration by educational level. Figure 2 presents migration rates by education for both international migration (emigration rates based on current migrants) and return migration in 2018 and 2023, highlighting a shift in emigration patterns by 2023. Interestingly, emigration rates increased for all educational groups except for the highest educated (university and above). Those with secondary and post-secondary degree managed to catch up with the university educated in emigration rates. Although the emigration rate for those with university education or above slightly decreased from 3.8 percent in 2018 to 3.1 percent in 2023, this group still had two or three times the emigration rate of those with low education. Interestingly, the emigration rates for individuals with no education (illiterate or read and write) and those with less than secondary education increased between 2018 and 2023, confirming our previous findings. The rate for those with no education rose from 0.9 percent to 1.6 percent, while for those with a below secondary degree, grew from 0.7 percent to 1.3 percent. Overall, this suggests that the global pandemic

Figure 2: Migration rates by education (ages 15-59) and type of migration in 2018 and 2023 (percentage)



Source: Authors' calculations based on ELMPS 2018-2023.



and economic crisis in Egypt has pushed more lower educated individuals to emigrate.

Return migration rates declined across all educational groups, particularly for individuals with no education (illiterate or read and write) from 10.8 percent to 6.5 percent and those with below secondary (from 7.8 percent to 5.5 percent), but those with secondary degree and post-secondary have experienced the biggest drop from 12 percent to 5 percent between 2018 and 2023. For these groups, the return migration rate remained much higher than the current migration rate, consistent with previous trends and the temporary nature of migration in Egypt (Figure 2). Yet, those with university degrees had the lowest return migration rate despite having high emigration rate.

Remittances

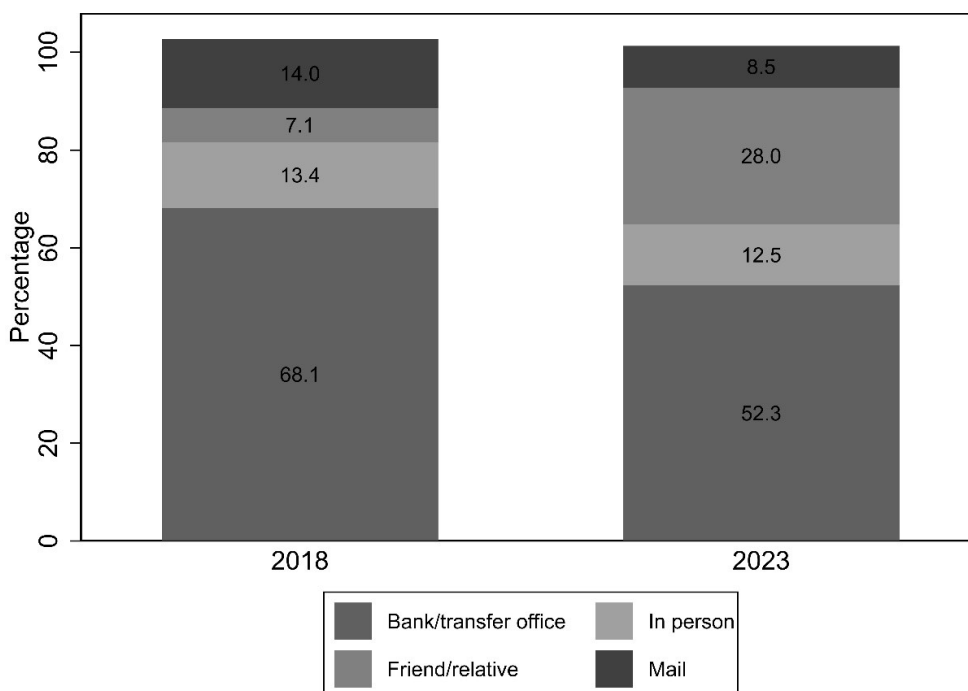
Remittances have been an important source of foreign currency for Egypt. Just before COVID-19, in 2019, Egypt was the fifth highest recipient of remittances in the world, reaching \$26.8 billion (World Bank, 2020). During the period of economic crisis during and post COVID-19, the share of households receiving remittances increased from 2.3 percent in 2018 to 2.9 percent in 2023, reflecting the role of remittances as a source of income. However, there was a substantial decline in the use of banks and official channels for

sending money, with only 52 percent of remittances sent through these means in 2023, down from 68 percent in 2018 (Figure 3). Instead, a larger share of money was sent informally through friends and family (28 percent in 2023, up from 7 percent in 2018) due to the large divergence between official and parallel foreign exchange rates in Egypt in 2022 and 2023 (Ratha et al. (2024)). This underscores the crucial role that the macroeconomy and exchange rates play in influencing the flow of remittances through the banking system. Also, remittances were received by households across the whole wealth distribution, though over half of households receiving remittances were in the lowest three wealth quintiles.

Conclusion

A comparison between 2018 and 2023 reveals that the current international migration rate has risen, while the return migration rate has declined. The profile of migrants has also changed, with an increasing share of individuals with no or low education and a significant rise in those with precarious labor market statuses, such as being unemployed or not working prior to migration. Additionally, by 2023, those with low education had a higher emigration rate compared to 2018 suggesting that the recent economic crisis in Egypt has led to more low educated migrating.

Figure 3. Means of sending among those who receive remittances in 2018 and 2023 (percentage)



Source: Authors' calculations based on ELMPS 2018 and 2023.



Furthermore, the share of households receiving remittances increased, particularly among less wealthy households, indicating that international migration has been used as a coping strategy during the economic crisis. However, this rise in remittances was dampened by Egypt's challenging macroeconomic conditions. As a result, ensuring that the gap between the official and unofficial exchange rate is reduced would facilitate the official transfer of remittances. In addition, removing restrictions on access and withdrawal of foreign currency from domestic banks in Egypt is needed to encourage more official remittances which would in turn enable the Egyptian economy to better benefit from those financial flows.

Overall, these findings suggest that recent economic conditions in Egypt may be reshaping the dynamics of Egyptian migration. Hence it is important to better understand the implications of the changing patterns in international migration for the economy and the extent to which international migration is used by households as a coping mechanism. Collecting regular and systematic data on international migration is thus essential in measuring the role of international migration in Egypt.

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ERF at a Glance: *The Economic Research Forum (ERF) is a regional network dedicated to promoting high-quality economic research for sustainable development in the Arab countries, Iran and Turkey. Established in 1993, ERF's core objectives are to build a strong research capacity in the region; to encourage the production of independent, high-quality research; and to disseminate research output to a wide and diverse audience. To achieve these objectives, ERF's portfolio of activities includes managing carefully selected regional research initiatives; providing training and mentoring to junior researchers; and disseminating the research findings through seminars, conferences and a variety of publications. The network is headquartered in Egypt but its affiliates come primarily from different countries in the region.*

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