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Remittances Flow and Economic Growth during the Pandemic: A Conceptual Review

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Abstract

This study is based on an empirical overview of recent published papers during the period (2020 – 2022). Therefore, this paper uses Scopus data base to investigate the potential impact of the effect that COVID-19 have on several macroeconomic indicators. This collection of articles examines the effects of the pandemic on the economic growth and the remittance flows in various countries and regions around the world, including Albania, Mexico, Zimbabwe, South America, Burkina Faso, Ukraine, India, and Kosovo. The studies explore the impact of the pandemic on household welfare, expenditure, and economic growth, as well as the resilience and countercyclical nature of remittance flows. The findings highlight the necessity for creative and robust policy responses to maintain the developmental consequences of remittance flow and to improve the stability and resilience of remittance-dependent families and economies, in addition to emphasize the relevance of remittances as a source of external finance for developing nations.

Keywords: *COVID - 19, Economic Growth, Remittances, Macroeconomics*

Introduction

The COVID-19 pandemic has had a significant impact on all the economic aspects[3], in particular the flow of remittances from overseas to low- and middle-income countries. This collection of articles examines the effects of the pandemic on the economic growth and the remittance flows in various countries and regions around the world, including Albania, Mexico, Zimbabwe, South America, Burkina Faso, Ukraine, India, and Kosovo. The studies explore the impact of the pandemic on household welfare, expenditure, and economic growth, as well as the resilience and countercyclical nature of remittance flows. The findings highlight the need for policies that improve the stability and resilience of remittance-dependent families and economies, and emphasize the relevance of remittances as a source of external finance for developing nations.

This articles provide new insight into the economic growth factors and determinants of remittance

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flows during the pandemic, underscoring the importance of mitigating the negative effects of the crisis on family welfare in remittance-dependent countries. The articles also highlight the urgent need for policymakers to address the underlying structural problems with migration and remittances in these regions, and to devise effective macroeconomic policies to mitigate the adverse effects of the pandemic on vulnerable communities. With the pandemic-induced recession in advanced and oil-producing countries, the World Bank predicts a sharp drop in global remittances (World Bank, 2021), which may have serious social and economic repercussions. Therefore, the possible contribution of international financial institutions in addressing the economic consequences of the pandemic is also examined.

Methodology

This study is based on an empirical overview of recent published papers during the period (2020 – 2022). Therefore, this paper uses Scopus data base to investigate the potential impact of the effect that COVID-19 have on several macroeconomic indicators. The chosen 26 studies were chose as they contains "remittances, economic growth and COVID-19" in their titles (table 1). The review searched relevant studies and filtered out the duplication ones. The first step was screening the titles, abstracts, and keywords to assess their relevancy to the main purpose of this study and if article idea was unclear from the titles and abstracts, then the full text was reviewed for further illustration.

Table 1: Search terms used in the research process.

Keywords	Operator	Keyword grouping
COVID - 19	AND	Remittances
COVID - 19	AND	Economic Growth

Literature Review

This article looks at the impact that remittances have on the standard of living in Tajikistan, one of the most remittance-dependent nations worldwide. The article confirms a positive association between remittance receipt and household welfare, especially in homes where the head is male, older, and/or less educated, using an instrumental variable estimating strategy applied to a nationally representative panel dataset. The paper also analyzes how the COVID-19 outbreak would reduce remittance inflows, which will have a negative impact on household expenditure per capita. The article emphasizes the need to lessen the blow of the COVID-19 epidemic on family welfare in remittance-dependent nations like Tajikistan and draws attention to the relevance of remittances as a source of external finance for developing nations. (Yamada et al., 2022), while this paper goal was how remittances to Zimbabwe increased during the COVID-19 pandemic, despite widespread fears that the country would see a sharp decrease in such payments as a result of the outbreak. This article examines the nature, reasons, and goals of remittances sent by Zimbabweans living in the UK during the epidemic, with the use of survey data. The study's findings, that the diaspora increased remittances while experiencing financial strain, demonstrate the countercyclical character of these transfers. The article stresses the need of more localized research on the effects of remittance flows on development policy in various settings. This article helps us comprehend how the COVID-19 epidemic affected remittances and how expatriate groups were able to remain strong in times of crisis back home, (Mbiba & Mupfumira, 2022). The effect of economic and containment measures on remittances to South America in the next year has been analyzed by Cardozo Silva et al., (2022). Findings from the study, which employs a gravity model estimated with the Poisson pseudo-maximum likelihood estimator (PPML), indicate that containment measures in receiving countries are primarily responsible for the decline in remittance flows during the first half of 2020, while the effect of economic support measures is not robust. The economic cycle and the real exchange rate in recipient countries are two of the most conventional explanations for the eventual rebound of remittances in the second half of 2020. It underlines the need for policies that enhance the stability and resilience of remittance-dependent families and economies in Latin America, and emphasize the relevance of government responses to the COVID-19 epidemic in determining remittance flows.

Moreover, this study highlights how the COVID-19 epidemic has affected the income of Burkina Faso families and the money sent home by migrants. Using information gathered from a migration survey, the authors found that families headed by migrants or who received remittances were less likely to say the pandemic had a negative impact on their standard of living. More specifically, the article reveals that families are less likely to have a negative influence on their livelihood if remittances supplied by migrants stayed the same or rose over the epidemic. The article uses variables that capture xenophobia and possession of identification documents as instruments for remittances inside a recursive bivariate probit model with a two-stage residual inclusion estimator. It underlines the need for policies that improve the stability and resilience of remittance flows in developing nations, and emphasizes the relevance of remittances in sustaining people' livelihoods in times of crisis, (Tapsoba, 2022). Similarly, the case of Ukraine are examined in this article through the effects of the COVID-19 epidemic on household spending, with special attention paid to the influence of changes in remittances from migrants. Estimates of household spending out to the year 2026 are provided using data collected by the Ukrainian Ministry of Finance, the World Bank, and the Ukrainian State Statistical Service, and analyzed using the Dickey-Fuller Test Unit Root and the ARIMA model. Expenditures in all categories, but especially transportation, were shown to be affected by shifts in migrant remittances, confirming that the COVID-19 epidemic altered the spending habits of Ukrainian households. The article emphasizes the necessity for policies that improve the stability and resilience of remittance flows during times of crisis and highlights the relevance of remittances from migrants as a primary engine for enhancing household well-being in developing nations. This article helps shed light on how the EV-D68 epidemic affected household spending and how remittances from outside helped to maintain family well-being, (Zhang et al., 2022). Besides, using a recently built monthly remittance dataset for a sample of 52 countries, of which 16 countries have bilateral remittance data, this study gives an early evaluation of the dynamics and determinants of remittances during the COVID-19 epidemic. Notwithstanding the extraordinary worldwide recession precipitated by the epidemic, the article reveals considerable resilience in remittance flows. The article uses a local projection method to show that remittances are a major automatic stabilizer in countries of origin for migrants, with a positive response on COVID-19 infection rates. Inadvertently, however, tougher containment measures reduce remittances, and it seems that travel limitations also play a part in the increase in official remittance routes. Since the fiscal reaction mitigated the economic effect of the pandemic, the analysis demonstrates the favorable link between the magnitude of the fiscal stimulus in the host nation and remittance flows to the home countries of the migrants. The paper provides new insight into the stability of remittance-dependent families and economies and highlights the need of policies that promote such stability and resilience, (Kpodar et al., 2022)

In this regard, nonlinear analysis is used in this article to look at how remittances (REM) have different impacts on India's GDP per capita in different directions. Given projections that REM worldwide would reduce by 20 percent in 2021 and to South Asia in particular would decrease by 25 percent owing to the Covid-19 epidemic, this paper examines the effect of decreased remittances on per capita GDP growth. As shown in the article, the negative partial sum decomposition of REM has a bigger influence on per capita GDP growth than the positive partial sum decomposition of REM, indicating a more negative impact of diminishing remittances on economic growth. This article sheds insight on the significance of policies that impact economic development through the interplay of remittances, ICT, and financial markets. This article sheds light on the effects of dwindling remittances on economic growth and highlights the necessity for measures that strengthen economies relying on such transfers, (Jayaraman & Makun, 2022). Again, the same authors investigate how the COVID-19 pandemic affected three ASEAN countries in transition: Cambodia, Laos, and Vietnam. This research adopts nonlinear analysis to investigate the nonlinear impact of remittances on economic development, using a panel data of the three nations from 2000-2017. Although the research reveals that remittances contribute favorably to long-term economic development, it also finds that remittance inflows have an unbalanced impact on per capita GDP, with the effect of negative partial sum decomposition being larger than that of positive partial sum decomposition. The article also shows that remittances and information and communication technology (ICT) both contribute to economic development in these developing nations. The World Bank predicts a sharp drop in global remittances as a result of the negative economic effect of the COVID-19 pandemic-induced recession in advanced and oil-producing nations, which will have a significant impact on economies in transition, (Makun & Jayaraman, 2021)

Furthermore, this study determines at how remittances fared in South Asia during the recent COVID-19 epidemic. Based on data gathered from 1980 to 2019, the authors use a Box-Jenkins ARIMA-based model to project the outflow of remittances in the area, which includes India, Pakistan, Sri Lanka, Bangladesh, Nepal, Bhutan, and Afghanistan. The average percentage of GDP contributed by remittances was 2.28 percent in 1980, according to the report, and it had increased to 4.70 percent by 2013. As a percentage of GDP, they are forecasted to stay relatively stable at 3.79 percent from 2020 to 2030, demonstrating the robustness of remittance inflows in the area throughout the aforementioned time frame. Given that remittances are recognized to benefit receivers and help to attaining sustainable development objectives, the research advises governments incorporate this resilience in future planning to accomplish sustainable development goals, (Khan & Akhtar, 2022) Kosovo is a developing economy that relies significantly on migration and remittances; this article assesses the effect of diaspora remittances during the COVID-19 epidemic. The authors use subjective research procedures, including SPSS for descriptive analysis, crosstab, and Chi-square tests on both primary and secondary data. According to the findings, remittances from the diaspora have a crucial role in boosting the economy and improving the standard of living for residents. Based on the data, it seems that remittances are one of Kosovo's most valuable and reliable sources of foreign money. For many people, remittances were essential throughout the epidemic era, and the writers recognize this fact. This article discusses the social and economic effects of diaspora remittances sent during the epidemic and provides recommendations for policymakers, (Hoti & Kurhasku, 2022). Additionally, Correa-Quezadaz et al., (2022) examines the impact that remittances had in different parts of Ecuador during the 2009 COVID-19 outbreak. Remittances from overseas grew in Ecuador despite early fears of a decline owing to the epidemic. The research examines the impact of remittances in various areas of Ecuador and their contribution to countercyclical mechanisms during the crisis of 2020 using a quarterly approach and a quadrant diagram. Based on the findings, remittances are likely to play a significant role in the economy of particular regions in Ecuador, and their contribution should be taken into account during times of crisis. More investigation into the causes and effects of remittance flows on regional development policies is encouraged by the study's findings.

On the other hand, Article focuses on how COVID-19 has affected money sent back home to countries in South Asia, including India, Nepal, and Sri Lanka. According to the authors, low-income families' welfare is in jeopardy since the pandemic has slowed the flow of overseas remittances. This might lead to a decline in foreign currency earnings and worsen structural unemployment. According to the authors, this "remittance shock" presents a major obstacle for the migration-development nexus in the area. They assess the three economies' reactions to the crisis and provide policy recommendations, calling attention to the need to rebalance development policies to rely less on migration and remittances. The paper emphasizes the need to address the underlying structural problems with migration and remittances in the area, rather than just using band-aid solutions, (Withers et al., 2022). Globally this study searches how the global spread of the COVID-19 virus has changed the notion of "social remittances," or the international movement of ideas, customs, and norms. The authors suggest that the global response to the epidemic has resulted in a "new ordinary" marked by unprecedented constraints, necessitating a reevaluation of social remittances in the midst of a disaster. The research examines the experiences of transnational families that include migrants from Russia, the Czech Republic, and Belarus. The research, which is based on 13 in-depth interviews, reveals that the dissemination of security guidelines and "good practices" actively impacts the routine actions of migrants and their families. The research indicates that the "new ordinary" behaviors of migrants and their families for dealing with the epidemic have been reshaped and renegotiated due to cross-border exchanges of norms, practices, and ideas. This widespread phenomena has been dubbed "transnationalism" by the writers. (Galstyan & Galstyan, 2021)

To help policymakers create and execute effective macroeconomic policies to alleviate poverty in the area after COVID-19, this article examines the influence of foreign remittances and financial development on poverty reduction in 44 sub-Saharan African nations from 2010 to 2019. Results from the study's application of the instrumental variable generalized method of moment methodology show that emigration and remittances worsen poverty, whereas financial progress helps alleviate it. The results also reveal that remittances raise poverty rates for both men and women, but financial progress greatly decreases poverty levels for both sexes. Although government spending and foreign assistance are shown to raise poverty rates in the area, economic development, FDI, and trade openness are proven to be key factors leading to poverty reduction. Implications for macroeconomic strategies in post-COVID-19 sub-Saharan Africa are discussed, (Acheampong et al., 2021). Also, the effects of the COVID-19 epidemic on Chinese immigration, money sent home, and poverty are examined. The authors used a microsimulation model and a nationally representative household dataset to determine that during the pandemic lockdown period, 70% of migrant workers experienced a loss of wage income, with the greatest impact felt by rural migrants employed by SMEs. This resulted to a reduction of more than 45% in the average income of remittance-receiving families, with roughly 50% of such households being impacted negatively by declining remittances. The research also found that 4% of remittance-receiving families would be affected by an increase in the poverty rate if roughly 13% of formerly non-poor remittance-receiving households fell into poverty. The results show that social protection initiatives targeting vulnerable migrants and their families at home are vital to minimize the harmful impacts of the pandemic on remittances and poverty. (Zhang et al., 2021)

The article studies the effect of COVID-19-induced lockout on income and remittances of inter-state migratory workers from Assam, India. The research acquired primary data using a telephonic-based survey of 451 workers between May-June 2020. The data indicated that on average, workers stayed unemployed for over two months, had an income loss of INR 28,955, and failed to submit remittances of INR 12,215 during the reference period. The revenue loss and remittances unsent amount were greater among senior workers employed in occupations that were non-operational throughout the lockdown period. Further days of joblessness enhanced their suffering in terms of income and remittances. The report underlines the need for policies to boost agricultural and associated activities, encourage small and medium-sized firms, impart skill training for the jobless and reverse migratory workers, and give financial help for self-employment. Coordination of monetary and fiscal policy is also essential to minimize unemployment arising from the recessionary tendency of the economy in the long term. (Guha et al., 2021)

Foreign Direct Investment, remittances, and assistance for Nepal have been effect by COVID-19. The research team looked at reports from the media as well as statistics from institutions like the World Bank and the International Monetary Fund. The effects of the epidemic on nations with low and moderate incomes are discussed, as is Nepal's response to the problem. The report draws attention to the difficulties Nepal has in maintaining its economic stability in the face of declining foreign direct investments (FDIs), foreign aid, and remittances. The writers analyze the government budget for 2020 and draw the conclusion that political instability and geopolitical issues are preventing the efficient execution of plans and programs. The report concludes that Nepal has to take action to counteract the effects of the epidemic on its economy and guarantee the successful execution of measures meant to prop it up, (Bhattarai and Subedi, 2021). The COVID-19 lockdowns in India have affected the finances of low-income families in a rural area of India that relies significantly on money sent back by workers who have left the area. The paper evaluates the effects of India's COVID-19 lockout on family income, food security, wellbeing, and access to local lending markets using weekly financial transaction data obtained from families. According to the data, local weekly family income in India dropped by INR 1,022 (US$13.5), or 88%, compared to the long-term average, while remittances dropped by a further 63%. After suffering such a severe financial blow, many families cut down on food consumption and lowered their meal sizes significantly. The research concludes that the effects were varied and that families in the lower income quantiles lost a greater proportion of income and expenditures than those in the higher quantiles, but that government food help significantly cushioned the blow. The findings are immediately relevant for politicians debating whether to institute more lockdowns as the COVID-19 epidemic resurges throughout the world, and for governments planning responses to potential future pandemics, (Gupta et al., 2021). Correspondingly, Central American countries have explored through how the COVID-19 epidemic has affected the distribution of income in, where remittances have become a substantial source of income for many families. In order to quantify the effects of the shift in remittances, the research draws on information from the US labor market and economic indicators from both the US and the receiving nations. Findings indicate a 14% drop in remittances to the area by 2020, with El Salvador and Nicaragua bearing the brunt of the decline compared to Panama. The study finds that different countries will experience different increases in poverty as a result of the shift in remittances, with El Salvador being hit the hardest (with a projected increase in poverty rates of 6%) and Guatemala experiencing a smaller (but still significant) increase (a rise of 1%). The report asks on policymakers to address the variability of the affects of COVID-19 on various countries and families when devising measures to alleviate the effects of the pandemic, (Caruso et al., 2021). Also this article examines the effects of the COVID-19 epidemic on domestic remittance arrangements among migrant construction workers from West Bengal in Kerala, India. Contrary to the findings of several micro-studies, which found that informal routes played the primary role in domestic remittances, the study indicates that these employees had been learning to remit via official channels before the epidemic. Due to the state's relatively high wages, these employees were able to send home sizable sums, which they put to good use in both economic and social endeavors. But, because to the epidemic, remittances have been dramatically halted, leading to serious concerns about the way forward. There have been substantial changes in domestic remittance arrangements before to the pandemic, which are highlighted in this article. Using data collected in the field and in-depth interviews, this research sheds light on how the pandemic has altered India's domestic remittance systems, (Reja & Das, 2021)

As the pandemic is expected to have a negative effect on the flow of remittances into Africa, this paper investigates the possible impact of COVID-19 on remittances to the continent. The purpose of this research is to evaluate the potential pandemic effects on African remittances and to identify the most important continental reactions. The study compiles data from a wide range of sources, including databases, news sources, and publications. According to the data, the global economy in destination nations has been severely impacted by the spread of COVID-19, and remittance-dependent African countries have felt the effects via limitations on travel and increased expenses associated with sending remittances. Because of this, governments in Africa will likely implement extensive relief measures, monetary and fiscal policies, and recovery programs to counteract the predicted drop in remittances. To counteract the predicted drop in remittance inflows to Africa owing to the COVID-19 epidemic, the paper recommends adaptable joint initiatives at the national and regional levels, (Kassegn, 2021). Besides, this paper empirically analyzed how the COVID-19 outbreak has affected workers' ability to relocate for work and how much money they've been able to send home. Labor migrants are heavily engaged in critical European Union (EU) vocations that are important in the battle against COVID-19, according to the study's analysis of labor migration volume in 2020. In spite of rigorous quarantine measures and poor economic development, Ukraine has risen to the top of the European rankings in terms of both the number of resident permits issued and the amount of remittances received. Possibilities for Ukrainians to migrate for work to European nations are also identified. Data is analyzed using a mix of qualitative and quantitative techniques, as well as comparative, analytical, graphical, and critical thinking. Insights into the pandemic's effect on labor migration and remittances are provided, as are shifts in patterns attributed to the COVID-19 problem. (Podra et al., 2021)

Moreover, this analysis presents how the COVID-19 epidemic has affected remittances and how it has affected Albania's economy and society. Albania's economy has relied heavily on money brought home by Albanians working abroad, but the epidemic may drastically alter the country's financial landscape. It would be great if remittances had a more beneficial influence on the country's growth, but there aren't enough institutions, rules, or recovery routes in place to make that happen. The study recommends creating public-private partnerships, reducing expenses, and investing remittances in business rather than spending them on personal needs as means of encouraging and facilitating remittances. After the epidemic, the research predicts that remittances to Albania would increase. In order to guarantee the stability of remittance families in Albania, the article emphasizes the need of collecting statistics on remittances and their administration, (Barjaba, 2021). In the same way, this article analyzes the countercyclical impacts of COVID-19 on regional remittances in Mexico in 2020. This research uses quadrants and macro-regional simulations to examine how the epidemic affected remittances. The findings point to remittances as a counter-cyclical mechanism that will help the Mexican economy weather the current economic storm. Although remittances will help some areas make up for lost employment and family income, their impact will be uneven and likely fall short in others. In locations where emigration has been common in the past, remittances will have a more pronounced countercyclical impact. The data show that remittance inflows in Mexico have been influenced by the COVID-19 outbreak, and that the effects will vary greatly from one area to the next. Policymakers in Mexico may use the study's findings to shape policies and countermeasures that lessen the pandemic's impact on local businesses. (López et al., 2021)

In another way, this article takes a look at the ways in which the spread of COVID-19 might affect the money people send back home to their family and communities, as well as the effects this could have on national economies. There may be a major drop in international (labor) migration as a result of border closures enacted during and after the pandemic, as suggested by the authors. This may have far-reaching macroeconomic consequences for the world economy. To illustrate how intertwined the "global economy of labor" is and how unfavorable developments for migrants in one area may have far-reaching effects for the rest of the globe, they provide a chord diagram that visualizes the newest inter-regional global statistics on international remittances. Authors stress the significance of remittances for many nations, especially those in the developing world, and imply that a decrease in remittance flows might have serious social and economic repercussions. (Abel & Gietel-Basten, 2020).

Finally, the negative economic consequences of the spread of COVID-19 in countries that receive remittances and assesses the possible contribution that international financial institutions may make in addressing these consequences have been examined here. Economic sectors that rely heavily on migrant labor have been affected particularly hard by the epidemic, leading to a rise in migrant unemployment and a drop in remittances. This has resulted in increased poverty and a drag on the economic development, foreign exchange reserves, and government spending of nations that are net remittance receivers. This research assesses how the epidemic has affected yearly remittance inflows to recipient countries, pointing out that emergency finance provided by the IMF and the World Bank only accounts for a fraction of the total amount. The article argues that projections of GDP growth may be erroneous because international financial institutions give inadequate financial assistance, (Bondarenko, 2020).

Discussions

Several studies have revealed that many low-income families in developing nations have seen their incomes drop due to the pandemic's effect on remittances (Acheampong et al., 2021). A few studies show that remittances have been more robust than feared and have even had a countercyclical effect during the pandemic (Kpodar et al., 2022). Several studies have shown remittances have a significant effect in alleviating poverty and fostering economic growth in developing nations (Acheampong et al., 2021).

The Impact of Covid-19 on Remittances

Correspondingly, Gupta et al. (2021) discovered that families' livelihoods were impacted by the drop in remittances due to the lockdown in India, one of the main beneficiaries of remittances. Foreign direct investment, remittances, and foreign assistance in Nepal have all been negatively impacted due to the pandemic, as have financial development and poverty reduction in Sub-Saharan Africa (Acheampong et al., 2021). The pandemic negatively impacted the distributional effects of remittances in Central America, leading to higher poverty rates (Caruso et al., 2021). López et al. (2021), discovered that remittance flows to Mexico surged during the pandemic, having countercyclical impacts on regional economies.

Moreover, many families in underdeveloped nations depend heavily on remittances, which the outbreak adversely hit (Kpodar et al., 2022). The decline in remittances had unequal effects on families, particularly those with lower incomes (Caruso et al., 2021). Countries that rely on remittances have seen their economies suffer due to the pandemic. The pandemic devastated the economies of Sub-Saharan Africa, leading to a drop in remittances (Acheampong et al., 2021). Reduced remittances have worsened an already dire situation (Kassegn, 2021).

On the other hand, during the pandemic, the Albanian government enacted initiatives as a part of the government policies including lower transaction costs and expanded access to banking institutions to increase the flow of remittances (Barjaba, 2021). The government of Nepal offered incentives to migrant workers so that they would keep paying remittances despite the difficulties posed by the pandemic (Bhattarai & Subedi, 2021). Several measures, however, have also affected remittances. As migrant workers in India lost their jobs due to the government's crackdown, they remitted less money to their families (Reja & Das, 2021).

The Impact of Covid-19 on Consumption

The lower family income, decreased consumer confidence, and more uncertainty about the future all contributed to a fall in consumer spending due to the pandemic (Acheampong et al., 2021). Several studies concluded that the pandemic impacted remittances, a crucial source of income for many families (Hoti & Kurhasku, 2022). The pandemic hit tourism, a further crucial area that contributes heavily to consumer expenditure (Kpodar et al., 2022).

Customers shifted their spending habits in response to the pandemic, preferring instead to shop online and have their purchases delivered to their homes and to buy more of the products and services they considered absolutely necessary (Van Der Wielen et al., 2021). There was a decline in spending on non-essential goods and services, such as entertainment, travel, and hospitality (Gupta et al., 2021). The pandemic caused a decline in consumer confidence, which caused people to save money and cut down on discretionary purchases (Kassegn, 2021).

The Impact of Covid-19 on GDP

Many African nations, including Ghana and Burkina Faso, demonstrated a drop in GDP under imposed curfews (Tapsoba, 2022). Similar research in Nepal and China has shown that the pandemic has lowered the GDP there (Bhattarai & Subedi, 2021). Several nations that depend on remittances have seen a significant drop in GDP due to the pandemic. According to recent studies, Albania, South American nations, and Zimbabwe have all seen their GDPs fall due to decreased remittances (Cardozo Silva et al., 2022). The tourist industry, a significant driver of GDP in many nations, severely hit by the pandemic. Economic output in South Asia dropped because of a drop in tourism caused by the pandemic (Withers et al., 2022).

The Impact of Covid-19 on Foreign Direct Investment

Several nations have seen a decline in foreign direct investment and assistance since the pandemic began (Bhattarai & Subedi, 2021). With the implementation of lockdown policies by several nations, exports and imports of commodities and services have dropped drastically (Jayaraman & Makun, 2022). Other sources suggest that the currency rate's depreciation as a result of the pandemic contributed to a rise in exports and a fall in imports in certain nations (Mckibbin & Fernando, 2020).

Conclusion

As a result of the pandemic, fewer dollars are being sent home to families in many developing nations, negatively impacting their living standard and attempting to alleviate poverty. It is no secret that the global pandemic caused several problems, including the loss of jobs and a drop in remittances. Accordingly, remittances have changed their makeup and focus, moving more toward social rather than financial or commercial uses. The pandemic also highlighted the necessity for creative and robust policy responses to maintain the developmental consequences of remittance flows.

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