

THE CHANGING IMPACT OF MACROECONOMIC ENVIRONMENT ON REMITTANCE INFLOWS IN SUB-SAHARAN AFRICA

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Abstract

This paper identifies the core macroeconomic factors responsible for explaining the changing levels in international remittances received by SSA countries. A set of annual panel data on 36 SSA countries, covering 1980-2009, was used in a 'system' Generalised Method of Moments following Blundell and Bond (1998) dynamic panel-data estimation technique. In order to provide a more detailed insight into the possible dynamics of varying impact of macroeconomic variables that explain remittances received in SSA, decade-based (1980-89, 1990-99, and 2000-09), as well as an overall study period, 1980-2009, estimations were carried out. It was found that both migrant home-country and host-country macroeconomic environment impact on remittance inflows in SSA with a varying impact overtime. In absolute terms, generally, whilst the impact of real exchange rate, migrant income, and institutional quality has been increasing on remittances overtime, the effects of family income and the rate of inflation has be decreasing overtime.

Keywords: Migrant, Remittances, Macroeconomic Policy, system Dynamic GMM Panel Estimation.

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