



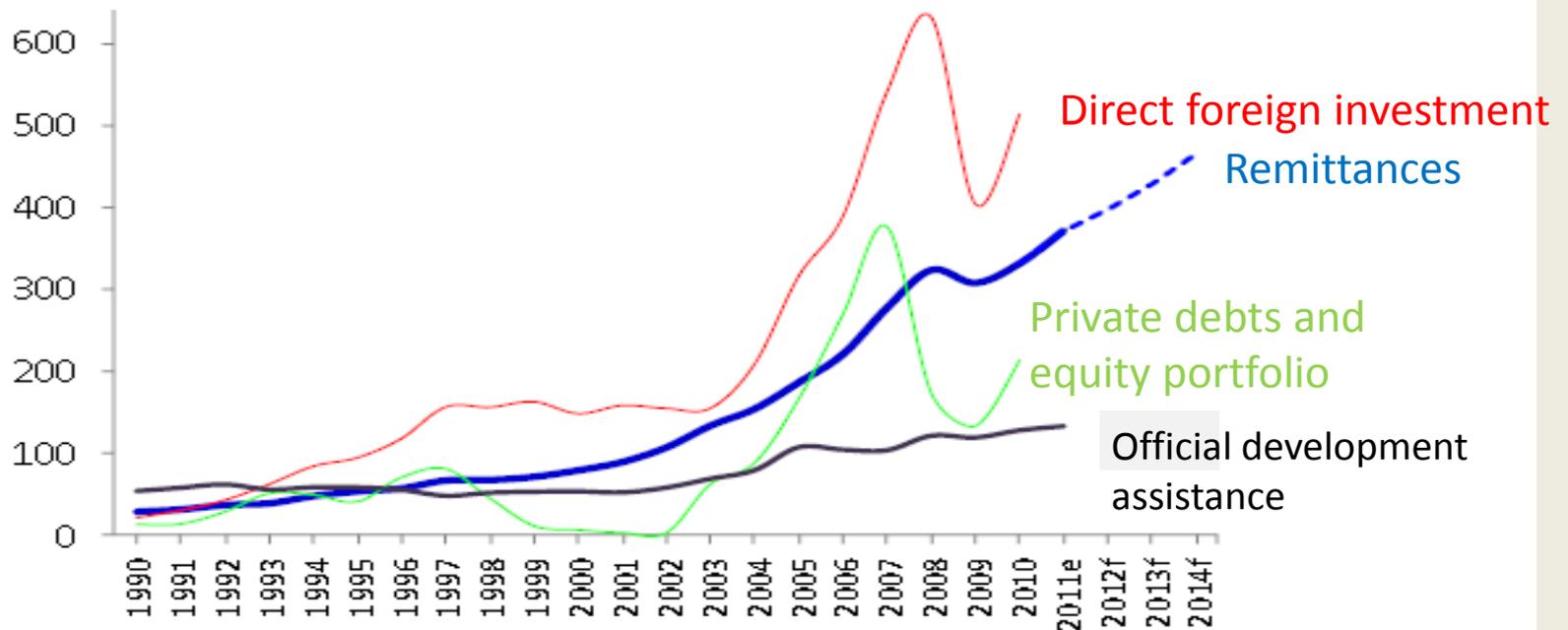
Impact of Remittances on the Polish Economy between 1992-2012

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Remittances in the global economy

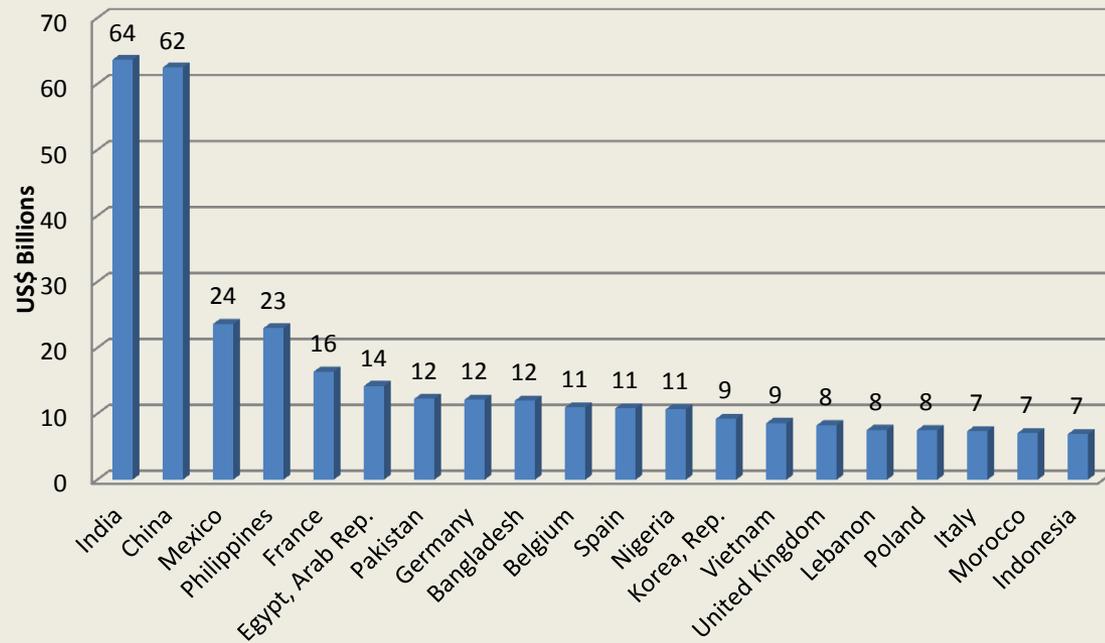
Remittances in the global economy – inflows to developing countries

US\$ billion



Biggest recipients

Fig. 2: Top Remittance Recipients



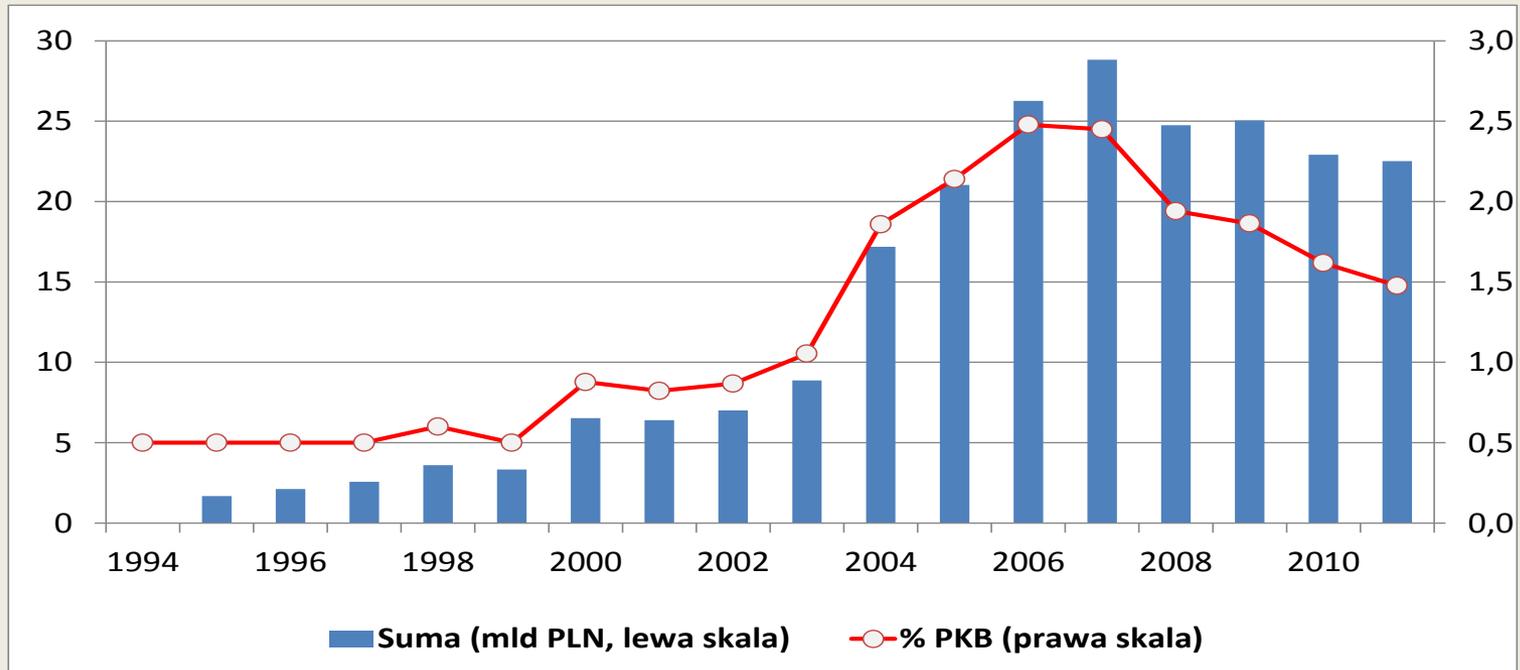
Largest recipients - % of GDP

Fig. 3 - Remittance Recipients, Percent of GDP



Remittances to Poland macro approach

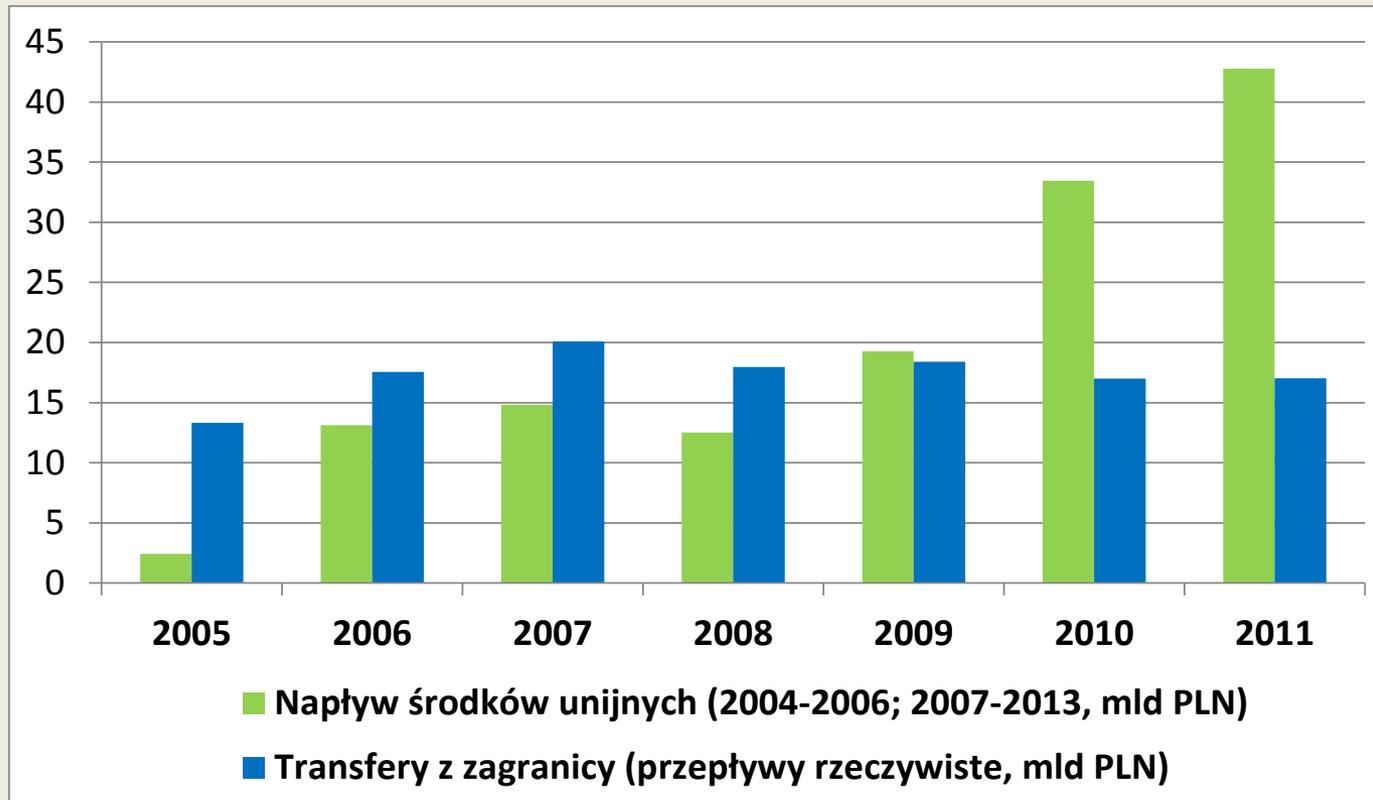
Transfers to Poland – macro approach



☉ Total compensation of employees (gross) for work in other countries in the period <1 year

☉ Remittances (net excl. expenses abroad) - part of remuneration for work during > 1 year

Remittances in relation to inflow of EU funds



By 2008 - transfers larger than the EU funds

After large budget for 2007-2013 - a clear advantage of EU funds in 2010

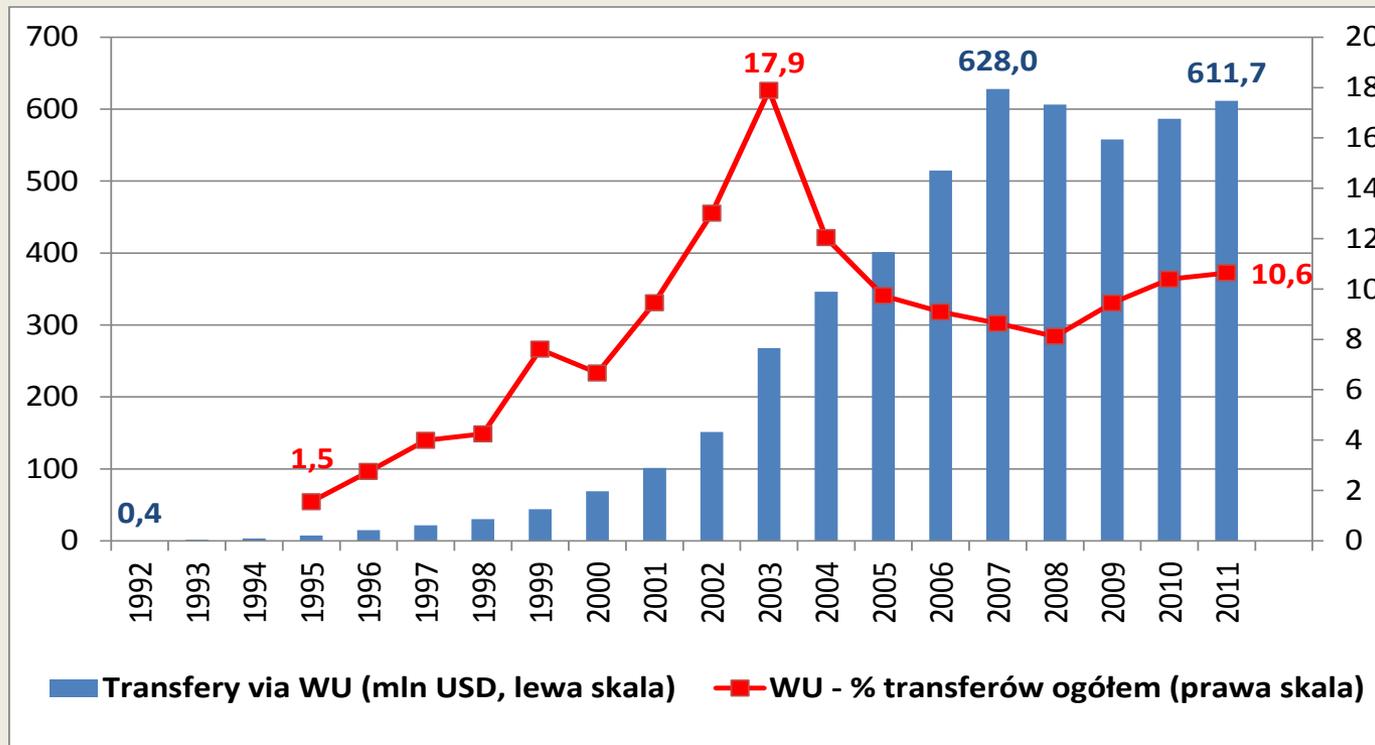
Remittances – Contribution to Growth

	Disposable Income			Household Consumption		GDP	
	actual		No-Remittance Scenario	actual	No-Remittance Scenario	actual	No-Remittance Scenario
		o/w, remittances					
	Real growth (%)			Real growth (%)		Real growth (%)	
1995-2011	56,8	436,2	53,8	94,0	90,4	98,9	96,9
Avg. growth	2,9	14,2	2,7	4,2	4,1	4,4	4,3

Source: CAS Macro Model

-  In the No-Remittance scenario, the average annual growth of real income is lower by 0.2 percent, and household consumption and GDP - by 0.1 points percent.

Transfers via Western Union 1992 – 2011; in relation to all transfers



- WU transfers through the years 1992-2011 amounted to almost \$ 5 billion
- Until 2003, growth rate higher than of total transfers (increase of up to 18%); then increasing role of other forms of transfer ("in pocket") => decline of WU share to 11% in 2011

Remittances to Poland- Conclusions

- Remittances have played an important role in the Polish economy (rising between 1995-2011 from 0.3 to 177% of GDP), but not as spectacular as in countries with very strong emigration. Until the launch of large EU budget 2007-13 (i.e. until 2009) they were higher than the EU funds.
- The absolute value and share in GDP of remittances rose significantly after Polish accession to the EU and the opening of the most European labor markets to Polish workers. This very dynamic growth was hampered by the financial crisis of 2008-2009

Remittances to Poland-conclusions

- The simulations for scenario "Polish economy WITHOUT remittance" show that the remittances increased the average annual growth of real disposable income by 0.2 percentage points (from 2.7% to 2.9%), which in turn resulted in a higher average annual rate of households' consumption by 0.1 percent (from 4.1% to 4.2% in real terms) and higher annual GDP growth by 0.1 percentage point. (from 4.3% to 4.4%).
- Thus, the Polish economy without remittances would have developed more slowly; we estimate that the level of GDP in 2011 was about US\$7 billion higher than in a case where remittances had not taken off.

Remittances in household budgets

Remittances in households

- Research questions
 - How important is foreign income in the budgets of Polish families?
 - What kind of families usually take advantage of such income
 - Whether and to what extent the inflow of foreign income reduces poverty and impacts material/social status?

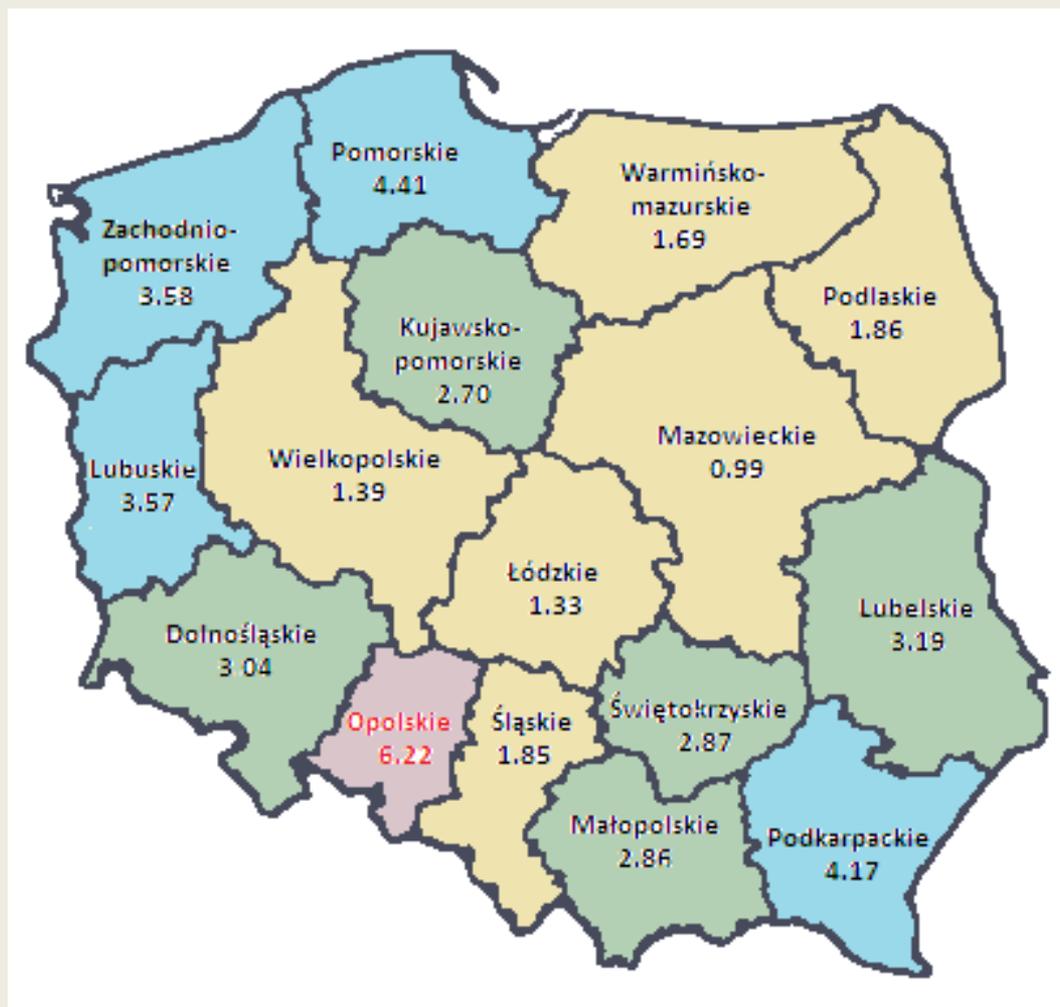
- Source of data
 - Household budgets in 2008 (GUS – Central Statistics Office)

- Definition and classification of foreign income
 - Work
 - Social benefits
 - From other households

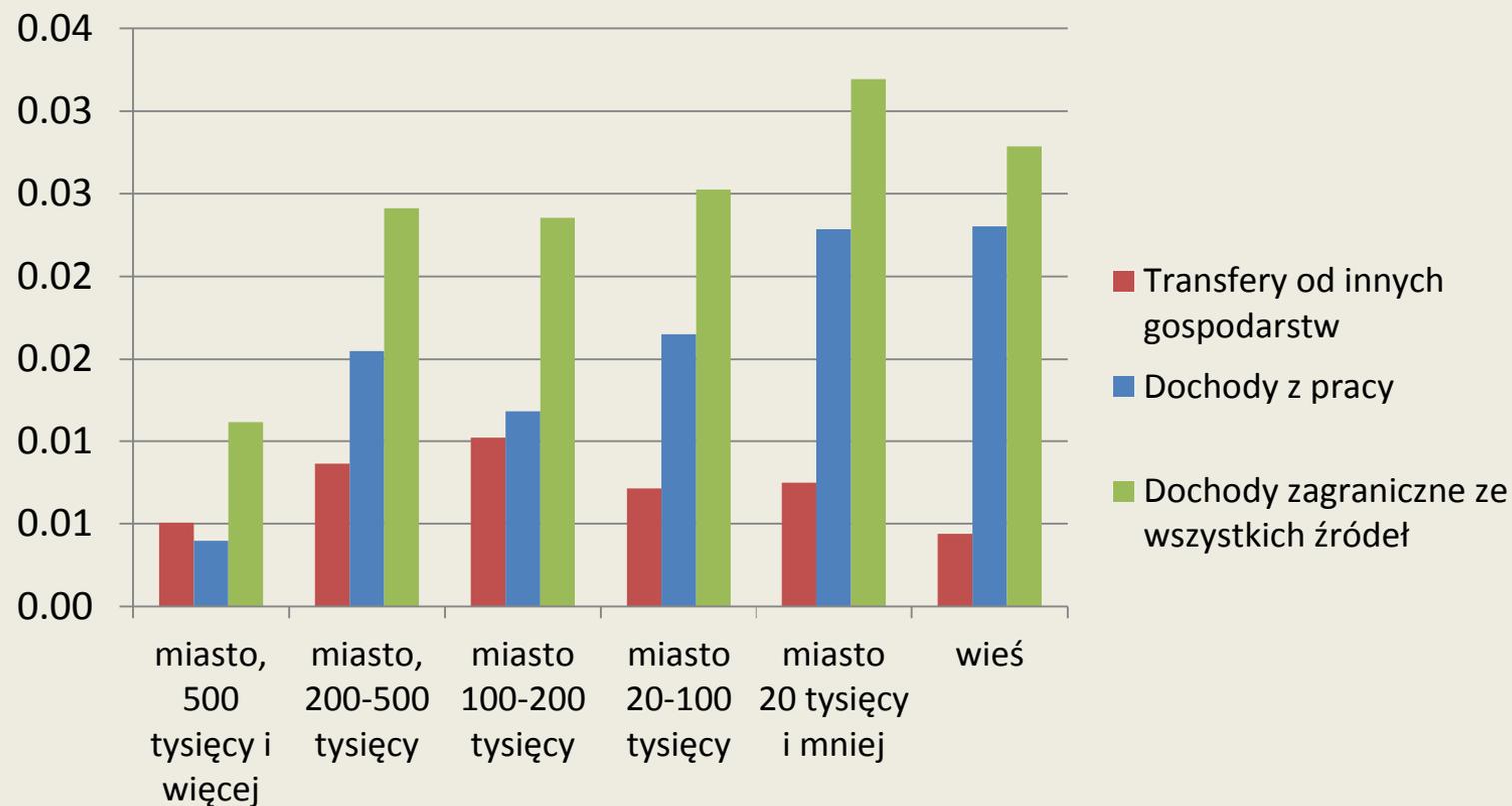
Main findings:

- 2,5% of households receive remittances, that is around 330,000.
- For one household there is 635 zł/person per month, which represents approximately 62% of its income
- 87%: income from employment, 8%: transfers from other households
- The average for all households: 20 zł / per month, 2% of income

Households with foreign income (in %) per district



Percentage of households with remittances, by place of residence



Impact of foreign income on diversification and poverty (households in general)

Diversification of revenue decreased slightly

Gini index with no foreign income : 0.35

Gini index including foreign income: 0.34

The poverty rate decreases

Poverty rate without remittances: 19%

Poverty rate with remittances: 17%



Thank you