

Remittances of Algerian workers abroad

-Wasted wealth-

تحويلات العاملين الجزائريين بالخارج – الثروة الضائعة –

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Abstract:

Remittances from workers abroad constitute an important source of cash flows for receiving countries. As they have had a positive impact on economic growth in many developing countries, although the impact of remittances from Algerian workers abroad did not have a significant impact on the Algerian economy, since these remittances were not exploited. In the Important productive sectors, but in terms of financial returns, it has remained the second largest source of hard currency in Algeria after the hydrocarbons sector for many decades, and this is what makes us remember it, which is the need for Algeria to pay attention to this important wealth for the Algerian economy.

Key words: Remittances of workers abroad, immigration and employment abroad, cash flows; economic development, the Algerian economy.

ملخص:

تشكل تحويلات العاملين بالخارج مصدراً مهماً للتدفقات النقدية بالنسبة للدول المستقبلية، حيث كان لها أثراً إيجابياً على النمو الاقتصادي في العديد من الدول النامية، وعلى الرغم من أن أثر تحويلات العاملين الجزائريين في الخارج لم يكن له تأثيراً كبيراً على الاقتصاد الجزائري، كون هذه التحويلات لم تستغل في القطاعات الإنتاجية المهمة، لكنها من حيث العائدات المالية ظلت ثاني أكبر مصدر للعملة الصعبة في الجزائر بعد قطاع المحروقات لعقود طويلة، وهذا ما يجعلنا نتذكّر به، وهو ضرورة اهتمام الجزائر بهذه الثروة المهمة للاقتصاد الجزائري.

الكلمات المفتاحية: تحويلات العاملين بالخارج، الهجرة والعمالة في الخارج، التنمية الاقتصادية، التدفقات النقدية، الاقتصاد الجزائري.

1. INTRODUCTION

Remittances from workers abroad constitute one of the most important external financial flows in the international economy, s their value far exceeds the value of official development id and foreign direct investment inflows to so which indicates the value me developing countries, middle-income

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countries and low-income countries.

which indicates the value of migrant labor in economic development, and these Remittances are a vital source of household income by providing the necessary financing for family consumption and private investment, improving the level of income, alleviating poverty, and reducing unemployment by creating new job opportunities and improving outcome nutrition, which is associated with high birth weight, high school enrollment rates for children from disadvantaged families, etc...

Economic policies in the receiving countries can play an important role in developing the flows of workers' Remittances and maximizing their benefits.

Granting tax exemptions and privileges, developing banking services and increasing investment opportunities lead to an increase in Remittances and reducing the use of informal channels for Remittances operations.

Research problem:

Economic studies have tried to find an explanation from the point of view of economic development, about the impact of remittances of workers abroad on the macroeconomic variables in the countries receiving these remittances, and how to deal with this wealth, and direct it towards investments in economic activities that lead to increasing production capacity and generating more capital, and job opportunities, not just for family consumption.

The research problem lies in: *How can Algeria dispense with this important financial wealth? Was it unable to find solutions that would enable it to benefit from these financial transfers, and direct them towards investment in various economic activities?"*

Research sub-questions:

- What is the role of remittances of workers abroad in the international economy?
- What is the role of remittances of workers abroad in the economies of developing countries and middle- and low-income countries?
- What is the volume of Algerian workers' remittances abroad, and what is their role in the national economy?
- What is Algeria's economic policy towards remittances of workers abroad?

Research hypotheses:

- Remittances from workers abroad play an important role in the international economy.
- There is a relationship between the remittances of workers abroad and the increase in consumption and economic growth in developing countries, middle-and low-income countries.
- There is a missing link between the volume of remittances of Algerian expatriates and their number abroad.

- The economic policies of countries play an important role in improving and increasing the rate of remittances of workers abroad.

Research importance:

The importance of the research lies in the importance of the subject itself, as we are looking for lost wealth in the national economy, which is the second largest source of hard currency in Algeria, and that the volume of remittances of Algerian expatriates is not commensurate with their number abroad, compared to neighboring countries to Algerian.

Research Methodology:

To study this topic, we followed the analytical approach to diagnose the problem, using official data through collecting, presenting, analyzing, and drawing conclusions.

Search Plan:

We divided this research into two axes:

The first axis: dealing with the remittances of workers abroad and their importance in the international economy.

The second axis: dealing with the reality of workers' remittances in the Algerian economy.

2. First Subtitle: *Remittances and their Importance in the International Economy*

Increased interest in financial flows related to remittances of workers abroad as one of the most important sources of external financing in the world, especially in developing countries. Despite the absence of general agreement on how to estimate labor remittances abroad, statistical estimates indicate a continuous increase in these remittances in the world, which confirms the importance of these remittances in the international economy.

In addition, importance of these transfers in the international economy is which some studies indicated that the volume of these transfers exceeds the volume of official capital flows. In a study prepared by the World Bank on the remittances of migrants in the world, it was found that these remittances constitute more than 10% of the gross domestic product in 25 developing countries, and have achieved an increase in the volume of investments in health, education and small projects in various countries (World Bank: 2016: p.iv).

In another study, it was found that the volume of remittances is greater than capital flows in 36 developing countries, commodity exports in 12 developing countries, basic commodity exports in 28 developing countries, foreign direct investments in Mexico, tourism revenues in Morocco, and revenues from the Suez Canal in Egypt (Gemal Mohamed Atya.p;5, 2017).

Some studies on estimating the impact of workers' remittances abroad on human capital in 125 developing countries showed that these remittances have an important role in supporting household consumption in the receiving countries, changing their consumption pattern, as well as increasing their direct impact investment potential.

On the economic development of the mother country, as these transfers led to an increase in per

capita rates of health care, and an increase in investment in the education of children, and thus an improvement in the human development index in general, which leads to the promotion of economic growth in the long run as a result of additional investments in physical capital and human. (Azizi, S, p;11, 2017)

1.2. The volume of remittances of migrant workers in the world:

It is estimated that the total remittances of workers in the world witnessed significant increases during the last decade, reaching about 794 billion \$ in 2022, and in the latest statistics of the World Bank during the last ten years, clear numbers show us these increases as shown in the following table:

Table1. Total remittances of workers abroad for the years 2012-2022 billion dollars

year	Remittances of expatriates to developing countries	Remittances of expatriates to developed countries	world	0
2012	403	130	533	75.6
2013	418	139	557	75.0
2014	436	147	583	74.7
2015	447	155	602	74.2
2016	440	156	596	73.8
2017	477	161	638	74.7
2018	524	170	694	75.5
2019	546	176	722	75.6
2020	542	169	711	76.2
2021	597	184	781	76.4
2022	626	168	794	78.8

Source: World Bank/KNOMAD. (2015). "Migration and Remittances Recent Developments and Outlook." *Migration and Development Brief 24, April 2015.*

World Bank/KNOMAD, (2022). *Remittances Brave Global Headwinds, Special Focus: Climate Migration, Migration and Development Brief 37, November 2022.*

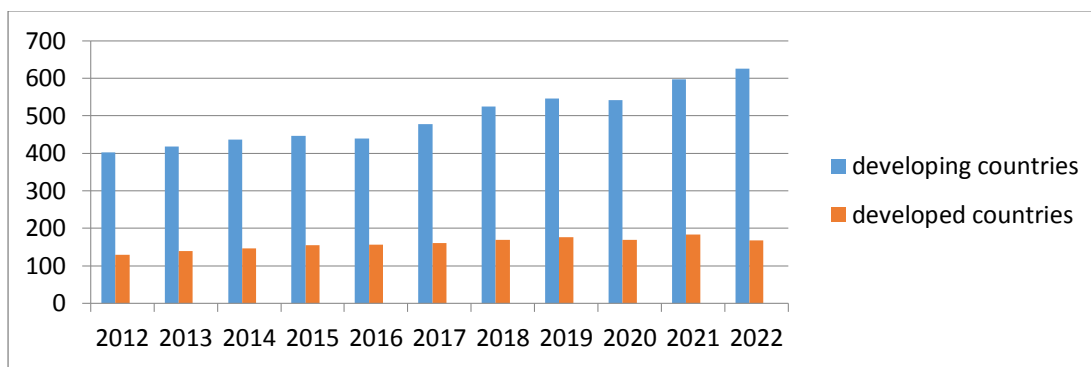
Table (1) data indicates the volume of remittances of expatriate workers in the world between 2012-2022, where we see a continuous increase in these remittances, rising from \$533 billion in 2012 to about \$794 billion in 2022, an increase of \$261 billion, a percentage It is estimated at about 32.8%, the most prominent of which was the continuous increases in remittances of expatriate workers in developing countries, which increased during this period from \$403 billion in 2012 to about \$626 billion in 2022, an increase of \$223 billion, or an increase of about 35.6%. Through this data, we note that the percentage of developing countries during this period represents about three quarters of the remittances of workers abroad, which indicates the importance of these remittances in the economies of these countries.

The table shows us that the volume of these transfers is affected by the global crises, as we notice

this through the rates of change in the volume of these transfers, as it recorded declines in the rates of change in 2015 and 2016, due to the decline in global oil prices, and 2020 due to Covid 19, then it started with a few relative increases, the most prominent of which was in 2018 This increase amounted to 9.1% compared to 2017.

Although it declined relatively in 2020 to 2.5% due to the repercussions of Covid 19 and the consequent clear effects on the level of remittances of workers abroad, it recovered after that, benefiting from the decline in the closure imposed by the Corona pandemic on the global economy, and exceeded the threshold of 600 billion, recording a number of 626 billion dollars, and we can see this through Figure (1):

Fig.1. The volume of expatriate remittances to developing and developed countries for the period 2012-2022 billion dollars



Source: prepared by the researcher based on the data of table (1)

This remarkable increase in remittances of workers abroad during the past years is due to a number of factors, most notably the increase in the number of migrant workers around the world, especially among developing countries, and the consequent increase in their incomes, and the decrease in the cost of remittance services in light of the improvement in the infrastructure of the banking industry supporting remittances.

In addition, the spread of its networks across the world. There is also a relative improvement in the collection of data related to these transfers in light of the growing awareness of their importance in advancing and supporting development in developing countries, in addition to the growing international interest in combating money laundering and financing terrorism. (World Bank, p: 3 brief 37.2022).

It is worth noting that the real volume of remittances of workers abroad greatly exceeds the announced figures, in light of the calculation of remittances that take place through informal channels, which makes their impact extremely important on the macro economy of the countries receiving these remittances, by providing continuous income from foreign exchange and providing resources To finance imports and stimulate aggregate demand, thus stimulating economic growth. In any case, these numbers are less than the transfers actually sent, because they only include transfers through official banking channels (Gemal Mohamed Atya.pp: 6.7, 2017).

2.2. Migrants' remittances by international regions:

There are many factors that contributed to the formation of remittance flows to different regions of the world, which contributed to the increase in the volume of these remittances. According to the world map, the statistics of the World Bank during the last ten years show that the volume of these transfers by region was as indicated in the following table:

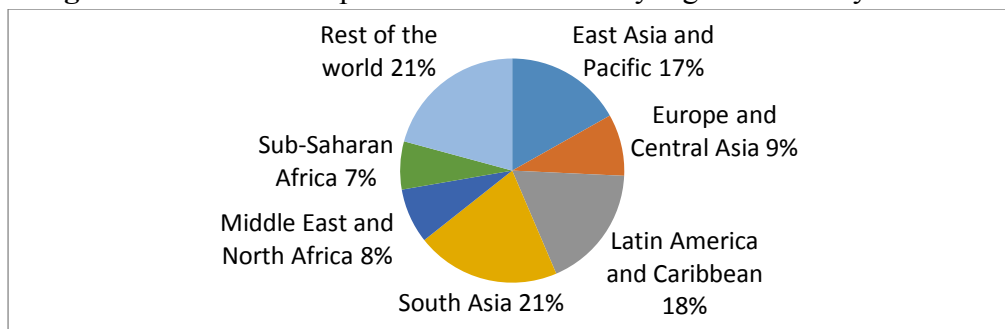
Table 2. Remittances of expatriates in the world by regions for the years 2012-2022 billion dollars

year	East Asia and Pacific	Europe and Central Asia	Latin America and Caribbean	South Asia	Middle East and North Africa	Sub-Saharan Africa	Total developing countries	Rest of the world	world
2012	107	46	60	108	49	32	403	130	533
2013	113	52	61	111	49	32	418	139	557
2014	122	48	64	116	53	33	436	147	583
2015	128	42	68	118	48	42	447	155	602
2016	128	43	73	111	48	39	440	156	596
2017	134	52	81	117	50	42	477	161	638
2018	143	59	89	132	51	49	524	170	694
2019	148	62	96	140	54	47	546	176	722
2020	137	56	103	147	56	43	542	169	711
2021	133	65	130	157	62	50	597	184	781
2022	134	72	142	163	63	53	626	168	794

Source: World Bank/KNOMAD. (2015). "Migration and Remittances Recent Developments and Outlook." Migration and Development Brief 24, World Bank/KNOMAD, (2022). Remittances Brave Global Headwinds, Special Focus: Climate Migration, Migration and Development Brief 37.

From table (2) it is clear that most of these remittances go to three main regions, which are the South Asia region, which includes India, the Asia and Pacific region, which includes China, and the South American and Caribbean region, which includes Mexico, which are the first largest countries in the world to receive remittances from expatriates. Then there are three regions with fewer remittances, which are Europe and Central Asia, then the Middle East and North Africa, and then sub-Saharan Africa. Combined, these regions' remittances account for about three-quarters of the world's remittances, with the rest of the world accounting for the remaining quarter. Figure (2) shows us the proportions of the volume of these transfers by region for the year 2022, estimated in billions of dollars.

Fig.2. remittances of expatriates in the world by regions for the years 2022



Source: prepared by the researcher based on the data of table (2)

- A- **The Pacific and East Asia:** remittances from the countries of this region amounted to about 134\$ billion in 2022, or 17% of the world's total remittances. It comes in third place, and includes China, to which the volume of remittances of expatriates alone amounted to about 51\$ billion in 2022. Among the countries in the region in which remittance flows constitute a large proportion of GDP are Tonga(50%) and Samoa(34%).
- B- **The Europe and Central Region:** the volume of expatriates' remittances to it amounted to about 72\$ billion in 2022, or 9% of the world's total remittances.
- C- **Latin America and the Caribbean:** it is estimated that workers' remittances to countries in the region amounted to about 142\$ billion in 2022. That is, 18% of the world's total remittances. And includes Mexico, to which the volume of remittances of expatriates alone amounted to about 60\$ billion in 2022. It ranks second by region in terms of the volume of remittances, and the increase in the percentage of employment of immigrants from Latin America in the United States contributed to the increase in remittances flows. Remittances received by migrants in transit have also contributed to strong flows in Mexico and Central American countries. Remittances as a percentage of GDP exceed 27% in Honduras, 24% in El Salvador, 22% in Haiti, and 20% in Jamaica.
- D- **The Middle East and North Africa region:** it is estimated that remittances to the countries of this region amounted to about 63\$ billion in 2022, or 8% of the world's total remittances, which is a modest percentage compared to other regions in the world. The slow growth of remittances is partly related with the erosion of real wages in the Euro zone, especially France amid the deteriorating conditions there, and as a percentage of GDP, remittances are significant for Lebanon 38% and Palestine 19%.
- E- **South Asia:** it is estimated that workers' remittances to South Asia in 2022 amounted to about 163\$ billion, that is 21% of the world's total remittances. It ranks first by region in terms of the volume of remittances. India leads these countries with a share of about 100\$ billion for this year, which is the first in the world. Remittances to India were boosted by rising wages and the strength of the labor market in the United States and the countries of the Organization for Economic Cooperation and Development.
- F- **Sub-Saharan Africa:** it is the region most exposed to the impacts of global crises, and it comes last in terms of the volume of remittances by region in 2022, as it was estimated at about 52\$ billion, or 7% of the volume of world remittances, and as a percentage of GDP, it constitutes remittances have a large share in Gambia 28%, and Comoros 20%.

3.2. The source and cost of expatriate remittances:

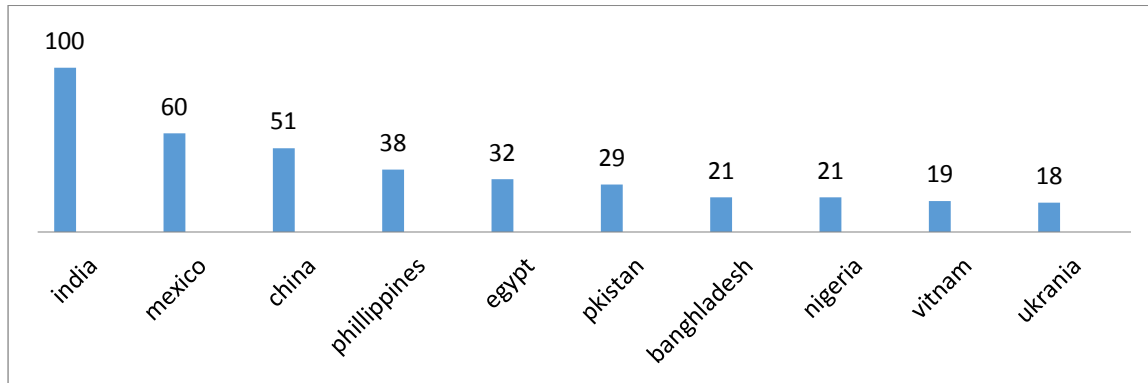
Developed countries are the most important source of remittances of workers abroad, however, remittances of workers from middle- and high-income developing countries to other developing countries have increased significantly over the past years, due to the increase in the number of migrant workers among developing countries as a result of the acceleration of economic growth in them, such as the Arab Gulf countries, Malaysia and Korea Southern Turkey.

Among the top ten countries in the world that send workers' remittances, the United States leads these countries, followed by Saudi Arabia in second place, then Switzerland, Germany, France,

Britain, Canada, Australia, the UAE and Qatar. However, this arrangement changes from year to year, according to the percentage of remittances that are recorded, annually.

Among the top ten countries in the world receiving remittances from workers abroad, figure(3) shows us that, as India leads these countries with a share of 100\$ billion, followed by Mexico with 60\$ billion, then china with 51\$ billion. See the figure (3).

Fig.3.the top ten countries receiving expatriate remittances for the year 2022 billion dollars



Source: World Bank/KNOMAD (2022), Remittances brave Global headwinds, special focus: climate migration and development brief 37, p: 3

The global average cost of sending 200\$ to low-and middle-income countries was 6% in the second quarter of 2022, the same as in 2021. among developing country regions, the average cost of sending money to south Asia was the lowest, reaching 4.1% while it was the highest. Its average is in sub-Saharan Africa, where it reached about 7.8%. The cost of sending money across international borders remained high, especially through banks, compared to digital channels, or through money transfer companies, and digital technologies allow much faster and cheaper remittance services. However, the burden of complying with anti-money laundering and combating terrorist financing regulations still imposes restrictions on remittance services. (World bank, p:3 brief37.2022).

3. Second Subtitle: the reality of expatriate remittances in the Algerian economy

We noticed how the remittances of workers abroad had a positive impact on economic growth in a number of remittance-receiving countries, as they lead to an increase in the income level of individuals, which contributed to reducing poverty and reducing the differences between the social classes. In this axis, we try to find out the reality of these remittances in Algeria, through our analysis of the remittances of Algerian expatriates, and comparing that with the remittances of other regional countries.

1.3. The volume of the remittances of Algerian workers abroad:

Statistics received from the World Bank, issued by the global knowledge partnership for migration and development (KNOMAD) of the World Bank group, indicate that the volume of Algeria expatriates remittances is relatively stable, and does not reflect the volume of Algeria labor abroad, especially in European Union countries, Table (3) the volume of these transfers for the period 2012-2022.

Table 3.The volume of remittances of Algerian expatriates for the period 2012-2022

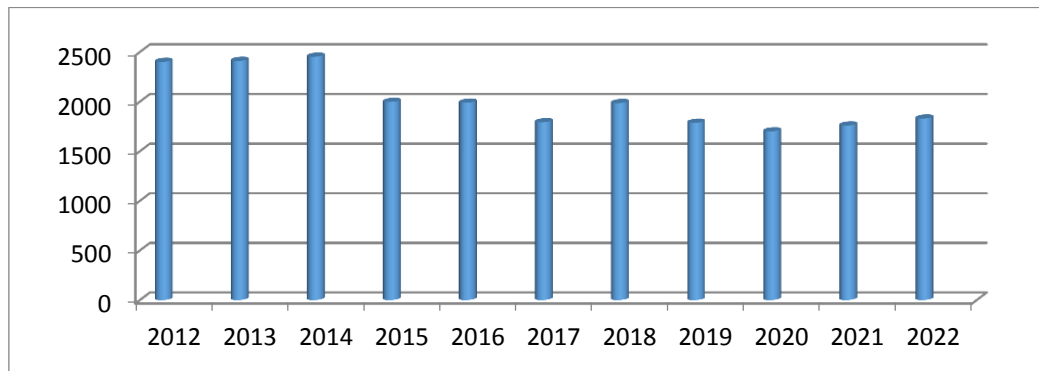
Billion dollars

year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
volume of expatriate remittances	2400	2410	2452	1997	1989	1792	1985	1786	1700	1759	1829

Source: World Bank/KNOMAD (2022), "bilateral remittance matrix 2021", Migration and development brief 37, p: 3

The volume of these transfers remained below 2.5 billion dollars throughout this period, see Figure (4), and we note from the table that the volume of these transfers has not exceeded the threshold of 2 billion dollars since 2015, and that the highest percentage was in 2014 when the volume of transfers amounted to 2.452 billion dollars, and it was the lowest The percentage of these transfers in 2020 amounted to 1.700 billion dollars.

Fig.4. the volume of remittances of Algeria expatriates for the period 2012-2022 billion dollars



Source: prepared by the researcher based on the data of table (3)

We note through these numbers that the remittances of Algerian expatriates are affected by the global economic crises, because the global economy has witnessed a decline since 2015, and the situation has worsened after the outbreak of the corona epidemic, as it clearly affected the volume of these remittances, as the lowest percentage of these remittances was recorded when the epidemic was at its most intense. Despite this, these remittances do not reflect the reality and size of Algerian labor abroad, similar to their counterparts from Arab countries such as Egypt, morocco and Tunisia.

In order to find out more about the importance of these transfers in the Algerian economy, we are conducting a comparison study between the volume of these transfers with the volume of Algerian exports outside the hydrocarbon sector, and the contribution of each of them to the Algerian GDP during the period 2012-2022, as shown in the following table:

Table 4.Algerians' remittances with the volume of exports outside the hydrocarbon sector during the period 2012-2022 billion dollars

year	GDP	The volume of expatriate remittances	Percentage of GDP%	The volume of non-hydrocarbon exports	Percentage of GDP%
2012	209010	2400	1.1	1153	0.5
2013	209671	2410	1.1	1050	0.5
2014	213569	2452	1.1	1634	0.7
2015	181712	1997	1.0	1485	0.8
2016	160141	1989	1.2	1391	0.8
2017	167391	1792	1.0	1367	0.8
2018	173756	1985	1.1	2218	1.2
2019	171675	1786	1.0	2068	1.2
2020	153040	1700	1.1	1909	1.2
2021	163,044.	1759	1.1	4500	2.7
2022	172554*	1829	1.0	*7000	.04

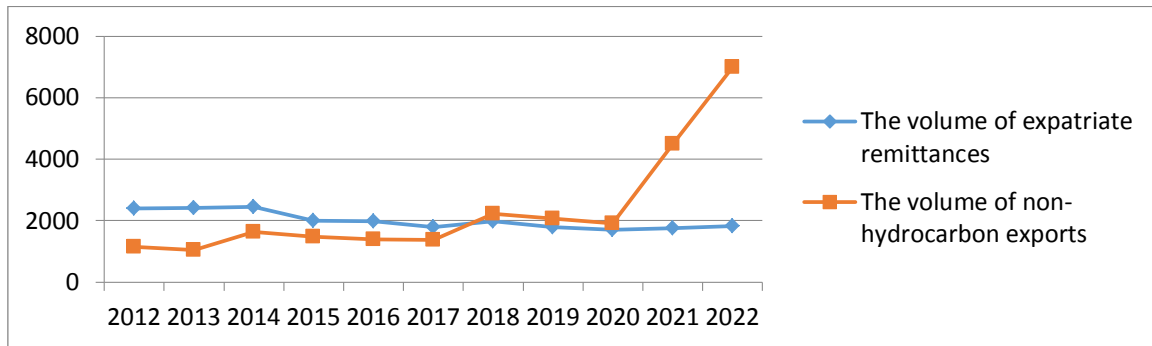
Source: World Bank/KNOMAD (2022).bilateral Remittances matrix, Migration and Development Brief 37.

- Bank of Algeria (2016), "ANNUAL REPORT2015", p: 119.
- Bank of Algeria (2019), "ANNUAL REPORT2015", p: 155.

It is clear from the table that the volume of expatriates remittances continued to represent a greater proportion of the volume of Algerian exports outside the hydrocarbon sector throughout the period from 2012-2017, as the proportion of exports outside the hydrocarbon sector did not exceed 1% of the GDP, while remittances of expatriates exceeded this percentage, recording its highest rate in 2016. It increased by 1.2% of the GDP, and remained relatively stable at 1.1% throughout this period. We note from the table that the volume of Algerian exports outside the hydrocarbon sector exceeded the volume of expatriate remittances in 2018, and witnessed a remarkable growth during the last five years, as the proportion of these exports reached about 4% for the first time in Algeria's history, see figure (5).

This is due to the state's recent policy of encouraging exports outside the hydrocarbon sector, and given the size of the Algerian economy and the size of the Algerian workers abroad, the numbers should have been much higher.

Fig.5. Algerians’ remittances with the volume of exports outside the hydrocarbon sector during the period 2012-2022 billion dollars



Source: prepared by the researcher based on the data of table (4)

2.3. The regional weight of the volume of remittances of Algerian expatriates:

It is possible to study the comparison of remittances of Algerians with remittances of expatriates in morocco, in order to find out the truth about the size of these remittances, since morocco is characterized by the same characteristics as Algeria, in terms of the volume of employment abroad, and in terms of the remittances of workers s well, and the nature of the Algerian and morocco economy, meaning that there are similar circumstances in terms of characteristics and advantages.

We not from table (5) the clear difference between the remittances of Algerian workers abroad and the remittances of Moroccan workers throughout this period, as the volume of Moroccan remittances was there times the volume of Algerians’ remittances during the first ten years, and then the volume of these remittances increased transfers during the years 2021 and 2022 increased by about five times, which indicates the clear and vast difference between the two communities.

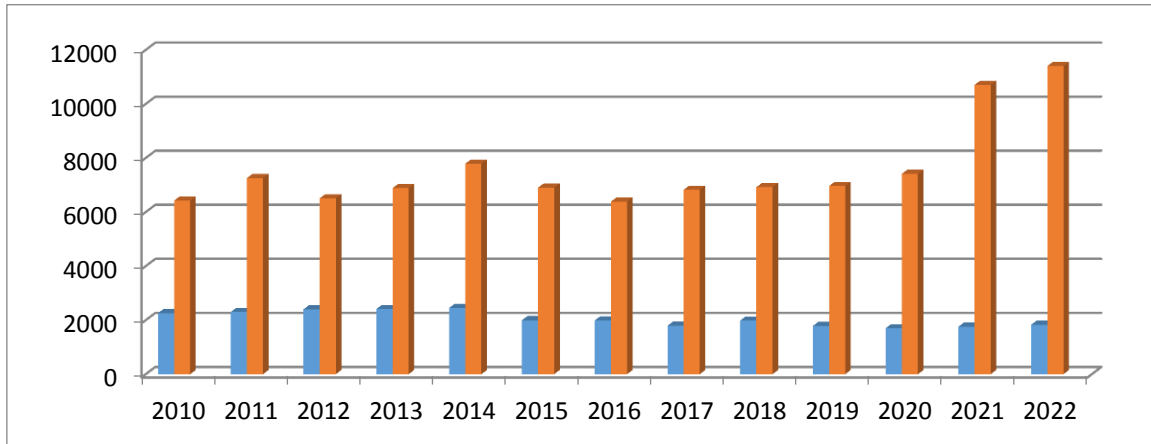
Table5. Remittances of Algerians and Moroccan immigrants for the period2012-2002

year	The volume of remittances of Moroccan immigrants	The volume of remittances of Algerian immigrants
2012	6508	2400
2013	6882	2410
2014	7789	2452
2015	6904	1997
2016	6383	1989
2017	6823	1792
2018	6919	1985
2019	6963	1786
2020	7414	1700
2021	10705	1759
2022	11401	1829

Source: World Bank/KNOMAD, (2022).bilateral Remittances matrix, Migration and Development, Brief 37.

Figure(6) shows the true picture of these differences in the volume remittances of between the two countries, and evidence that morocco relies a lot on remittances from workers abroad to improve the trade balance and the economic situation in morocco, unlike Algeria, which relies primarily on the oil and natural gas sector to correct the economic and trade situation in which.

Fig.6. Remittances of Algerians and Moroccan immigrants for the period2012-2022



Source: prepared by the researcher based on the data of table (5)

As for the source of remittances from Algerian and Moroccan expatriates, table (5) shows us the eight most important countries that are a major source of remittances from expatriates to the two countries for the year2022.

Table 6 .the eight most important countries sending remittances to Algerians and Moroccans for the year 2022 million dollars

Country	France	Canada	Spain	u.s.a	Belgium	Germany	England	Italy	World	Total
Alegria	1447	61	52	27	25	23	20	19	85	1829
Moroco	3416	251	2495	304	796	441	78	1492	1432	11401

Source: World Bank/KNOMAD, (2022).bilateral Remittances matrix, Migration and Development Brief 37

We notice a clear difference through the numbers in the table that shows us the size of this difference between the eight different countries, noting that the number of Algerian expatriates is about 6 million distributed across the countries of the world, of which about 5 million are in France alone, and the rest are distributed across the various countries of the world.

France is a major source for both countries, as the volume of remittances from expatriates amounted to about 1.447\$ billion, for Algeria, which is the highest rate for it, and 3.416\$ billion for morocco, which is the highest rate also recorded by remittances from expatriates in morocco, but the difference is clear between the two countries because the expatriate community Algerian nationals in France are larger than their morocco counterparts in France, but the volume of expatriates is the opposite, and we not that morocco surpasses Algeria even in terms of the countries that are most economically partnering with Algeria.

We notice this through remittances from Moroccans from Italy and Spain, as remittances from Moroccans from Spain alone exceed the total volume of Algerian expatriates. From all countries of the world for the year 2022 and this confirms that there is lost wealth.

And if we take the previous figures contained in Table (5) and Table (6) as a measure for comparison between the two countries, we notice how much the volume of lost remittances by the Algerian community is, and how much wealth is lost in the Algerian economy. In terms of numbers, and in terms of working conditions and regions, we note that Algeria annually loses more than 8 billion dollars, a value equivalent to the budget of four basic sectors in Algeria, such as education, higher education, labor and social affairs, and health.

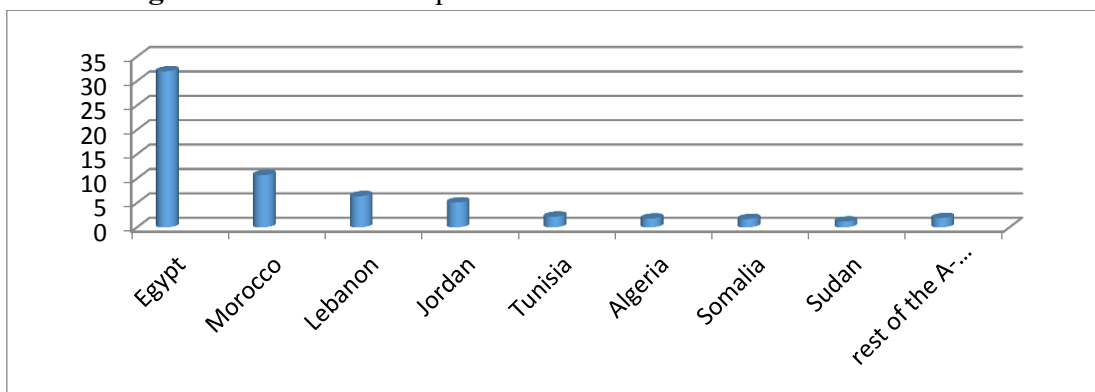
How can Algeria ignore these remittances, which are the second largest source of hard currency after the oil and natural gas sector, and can play an important role in alleviating the deficit in the balance of payments and the state budget.

International reports, similar to the unified Arab report, stated that Algeria is among the countries that do not disclose the volume of expatriates remittances to it, and that the data obtained by the center for migration and development at the world bank come from international agencies that undertake the transfer of international currencies, such as the money transfer company, Western Union, and Money Gram, commercial bank, etc...

As for the Arab world, figure (7) shows us the rank of Algeria among the Arab countries in terms of the volume of remittances of expatriates in the Arab world for the year2022, where Egypt leads these countries with 32\$billion, followed by morocco with10.7\$billion, then Lebanon with 6.4\$billion, then Jordan with5.1\$billion, then Tunisia with2.2\$billion, Algeria ranked sixth in the Arab world with1.8\$billion, then Somalia with 1.7\$billion, then Soudan with 1.2\$billion, then the rest of the Arab countries with 1.9\$billion.

With regard to the geographical distribution of the sources of workers' remittances to the Arab countries, data from the World Bank indicates that the majority of workers' remittances to Algeria, morocco and Tunisia come from the European Union, especially France, Spain and Italy, with a rate of more than 85% of the total workers' remittances to these countries. As for Jordan, Lebanon, Egypt, Soudan, Yemen and Palestine, it is noted that the main source of workers' remittances to them is the Arab gulf countries, and their share in the total workers' remittances they receive ranges between about 45% in Egypt and Lebanon and 85% in Jordan.

Fig.7. Remittances of expatriates in the Arab countries in 2022 billion dollars



Source: World Bank/KNOMAD, (2022).bilateral Remittances matrix, Migration and Development Brief 37.

3.3. challenges facing remittances of Algerian workers

Remittances of Algerian expatriate workers face a set of challenges, the most important of which are:

A- *The role of the economic policies of the states:* Algeria tried to draw up some policies to motivate workers abroad to transfer part of their income to Algeria in hard currency, but the results were below the required level, Working abroad, to transfer a share of their income in hard currency, such as liberating restriction on the exchange system and capital movement, and reducing the price difference between the exchange rate in the official market and the parallel market, in addition to allowing branches of local banks receiving remittances to be present in the markets of the countries that send these remittances. In particular those that host large numbers of the Algerian labor force.

B- *Behavior of expatriate workers:* there are two important challenges regarding the behavior of the Algerian expatriate worker: - the first is to redirect expatriate transfers that take place through unofficial channels to official channels; because most of their transfers take place outside official channels. In addition, regular exchange offices, and work to unify the exchange rate, which will help reduce the costs of the money transfer process and speed up its disbursement.

- The second is how Algeria can convince expatriates and families receiving remittances of the methods of employing the financial resources available to them. Referred here is the improvement of the investment environment, and the importance of establishing special institutions for partial financing in various economic activities, especially emerging and small ones, which can attract remittances and invest them on a regular basis for families. Received transfers.

4. RESULTS AND DISCUSSION

Results: the study reached a set of results

- Migrant labor through their remittances from abroad plays an important role in the international economy, as it is a vital source of income for families in low-and middle-income countries, and there is a positive and strong relationship between these remittances and the real output in the countries receiving the remittances.
- The difference in the developmental effects of remittances of workers abroad is due to the nature of the country receiving them, and the nature of the economic policy of each country, countries that have a developed financial structure, and made greater efforts and flexibility towards expatriate remittances, had a large volume of these remittances, such as Egypt, Morocco, India, and others.
- The remittances of expatriates in Algeria represented the second largest source of hard currency

after the hydrocarbon sector, as their percentage exceeded the proportion of exports outside the hydrocarbon sector.

- The remittances of workers in Algeria do not reflect the volume of Algerian labor abroad, so most of the remittances of Algerians are made according to unofficial methods, which reduced the volume of these remittances compared to Morocco and other Arab countries.
- Economic policies in Algeria did not pay the greatest attention to the remittances of workers to it from abroad, despite some efforts that were made to attract these remittances, but they were insufficient, which reduced the volume of these remittances.
- Algerian expatriate workers may have found obstacles that prevented them from transferring part of their income to Algeria, such as the lack of transparency in the use of these transfers in economic development, the relative weakness of the financial infrastructure related to remittances, and lack of legislation regarding remittances of workers abroad.

Recommendations:

- Expatriate transfers that take place through unofficial channels must be redirected to official channels, because most of their transfers take place outside official channels, and this can only be done by unifying the exchange rate, improving the investment environment, and developing the infrastructure for banking services such as increasing banking spread, and developing the exchange network. Automation and increased transparency in dealing with the behavior of expatriates.
- Expatriates must be persuaded to transfer part of their income to Algeria in hard currency, and families receiving remittances should be convinced of the methods of employing the financial resources available to them, such as establishing special institutions for partial financing in various economic activities, especially emerging and small ones, which can attract remittances and invest them on a regular basis for families receiving remittances.

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