

The Impact of Migrants' Remittances on Household Poverty and Inequality: A Case Study of Mazar-i-Sharif, Balkh Province, Afghanistan

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Abstract : This study has been undertaken to investigate the impact of remittances on household poverty and inequality using OLS and Logit Models with a strictly multi-random sampling method. The result of the OLS model reveals that if the per capita international remittances increase by 1%, then it is estimated that the per capita income will increase by 0.071% and 0.059% during 2019/20 and 2020/21, respectively. In addition, a 1% increase in external remittances results in a 0.0272% and 0.025% reduction in per capita depth of poverty and a 0.0149% and 0.0145% decrease in severity of poverty during 2019/20 and 2020/21, respectively. It is also shown that the effect of external remittances on poverty is greater than internal remittances. In terms of inequality, the result represents that remittances reduced the Gini coefficient by 2% and 7% during 2019/20 and 2020/21, respectively. Further, it is bold that COVID-19 negatively impacts the amount of received remittances by households, thus resulting in a reduction in the size of the effect of remittances. Therefore, a concerted effort of effective policies and governance and international assistance is imperative to address this prolonged problem.

Keywords : migration, remittances, poverty, inequality, COVID-19, Afghanistan

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