POLICY BRIEF

# A SHOCK THAT TRAVELS: REMITTANCES UNDER PRESSURE IN THE ARAB REGION

## RIPPLE EFFECTS OF THE 2026 MIDDLE EAST CRISIS ON GCC ECONOMIES, MIGRANT WORKERS, HOUSEHOLD WELFARE AND GENDER EQUALITY

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August 2026

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# EXECUTIVE SUMMARY

The resumption of hostilities in July 2026 has further undermined an already fragile ceasefire, deepening economic pressures across the Arab region. While member states of the GCC are not directly involved in the conflict, economic disruptions affecting trade, logistics, investment, and energy markets are placing downward pressure on growth prospects and increasing risks for the region's approximately 28 million foreign workers, many of whom are employed in sectors highly exposed to economic downturns, including construction, trade, transport, manufacturing, hospitality, and domestic work. A prolonged downturn could lead to job losses, lower earnings, legal insecurity and repatriation, reducing migrants' ability to support families through remittances. Countries with higher exposure to potential remittance disruptions include Egypt, Jordan, and Yemen, where remittances from GCC countries account for more than half of total remittance inflows, while Lebanon receives approximately one-quarter of its remittances from the GCC.

At the onset of the crisis in March, available high-frequency data pointed to an increase in recorded remittance transfers from GCC countries, with Saudi Arabia's outbound remittances increasing by 35% month-on-month, Jordan's remittance inflows rising by 34%, including a 52% increase in transfers from Qatar, while Egypt received an average of US$4.3 billion per month during the first four months of 2026. These figures should be interpreted cautiously: the increases are likely driven by precautionary behavior and a shift toward formal transfer channels rather than evidence of medium-term resilience, raising concerns that remittance flows may decline if labour market conditions deteriorate further.

Yemen is particularly vulnerable, with remittances estimated to support up to half of the population directly or indirectly, while 83% of surveyed Yemeni recipients report remittances as their household's sole regular source of income. Across the region, remittances are a critical lifeline that helps households meet essential needs such as food, healthcare, education, and housing, often compensating for limited social protection systems. Any sustained reduction in remittance income could increase poverty, food insecurity, indebtedness, and the adoption of negative coping strategies. The brief therefore treats remittance disruption as a welfare and gender-equality risk to be monitored and mitigated, rather than as a forecasted outcome.

Women face distinct and disproportionate risks throughout the migration and remittance chain: as migrant workers, especially in domestic and care work; as recipients or managers of remittances; and as shock absorbers within households when income falls and unpaid care needs rise. Female migrant workers, concentrated in domestic and care work, often have limited labour protections and greater exposure to wage insecurity, while women in countries of origin frequently manage household finances and caregiving responsibilities, increasing their unpaid care burden when remittances decline. Translating these risks into policy responses requires action on both sides of the corridor. In GCC countries, crisis-preparedness measures could help preserve migrant workers' legal status, income security, wage safeguards and access to grievance mechanisms, including for domestic workers. In countries of origin, governments should expand shock-responsive social protection, support returning migrants, improve women's direct access to affordable and secure remittance services, and strengthen remittance monitoring and data systems. Regional and international partners can support timely corridor monitoring, transfer-cost tracking, payment-system continuity and rapid household and migrant-worker surveys.

Despite uncertainty regarding the magnitude and duration of future remittance declines, immediate "no-regrets" policy measures are needed to protect livelihoods, sustain remittance flows, and safeguard progress toward gender equality across the Arab region.

# 1. A GULF SHOCK WITH REGIONAL CONSEQUENCES

The 2026 Middle East conflict has placed the Gulf Cooperation Council (GCC) economies at the centre of a regional economic shock. Though not parties to the conflict, GCC states have faced heightened exposure to physical and economic risks, including energy market disruptions, trade and logistics constraints, investment uncertainty, and risks to hydrocarbon infrastructure. A ceasefire reached in April subsequently broke down, and renewed hostilities in July expanded the conflict's regional footprint, increasing security risks across parts of the Gulf and contributing to heightened uncertainty around trade, investment and economic activity. These developments extended the economic implications of the crisis beyond the immediate conflict zone and reinforced concerns regarding regional growth prospects. Even under the assumption that trade and production disruptions would fade by mid-2026, the IMF projected a significant downward revision in real output growth in 2026 for all GCC economies compared to the pre-war baseline (ranging from 0.5 to almost 15 percentage points in Oman and Qatar, respectively). With overall growth projected at only 2 percent, three out of the six economies (Bahrain, Kuwait, and Qatar) were projected to experience a contraction[1] (IMF, 2026). Similarly, the World Bank drastically downgraded GCC GDP growth from an expected 4.4 percent to just 1.3 percent, with a projected 3.1 percent increase in Saudi Arabia, the largest economy among GCC countries, and contractions in Kuwait and Qatar forecasted at 6.4 and 5.7 percent, respectively (World Bank, 2026). Both IMF and World Bank projections predate the July escalation and their assumption of a mid-2026 de-escalation has since been undercut; updated estimates reflecting the renewed hostilities are not yet available, though further downward revisions could follow if disruptions persist.

What happens in the Gulf does not stay in the Gulf. The six GCC countries collectively host an estimated 28 million actively employed foreign workers from the Arab region and beyond,[2] and remittances from those workers represent a critical source of household income and foreign exchange. Consequently, a slowdown in Gulf economic activities that reduces migrant employment may transmit its effects rapidly across the region through the remittance channel, exacerbating the direct economic impacts of the conflict already being felt in labour-exporting countries.

The impacts of such a disruption are also likely to be differentiated by gender. Women and men participate in Gulf labour markets in different sectors and occupations, face distinct employment and legal vulnerabilities, and often play different roles in the receipt, management and use of remittances. Women migrant workers are disproportionately represented in domestic and care-related work, while women in countries of origin frequently manage remittance-supported household budgets and caregiving responsibilities.

1. Oman, Saudi Arabia and UAE were expected to maintain positive growth, though at reduced rates. Growth forecasts were only moderately lowered due to alternative export routes and significant fiscal buffers.
2. Estimation is based on data retrieved from the GLMM database (https://gulfmigration.grc.net/glmm-database/demographic-and-economic-module/) and includes non-national workers in public, private and domestic work sectors in Bahrain (2023), Kuwait (2025), Oman (2025), Qatar (2024), Saudi Arabia (2024) and UAE (2023).

Consequently, changes in remittance flows may have implications not only for household income but also for gender equality, women's economic security and unpaid care work.

This brief undertakes a risk assessment of the transmission mechanism, including its gendered dimensions. It identifies the GCC economies, sectors and Arab migrant groups most exposed to the shock; assesses the dependence of selected Arab countries on GCC-origin remittances;[3] reviews emerging high-frequency evidence; and maps the potential channels through which household welfare and women's economic security could be affected. This analysis does not seek to forecast future remittance flows or labour-market outcomes and, throughout the brief, references to potential employment, income or remittance effects should therefore be interpreted as scenario-based risk estimates rather than predictions of future outcomes.

**Methodological note:** The analysis relies on four distinct evidence bases that should not be conflated: migrant stock data indicate demographic presence rather than employment; administrative labour data indicate exposure among non-national workers rather than Arab migrant workers specifically; remittance data capture recorded financial flows and may understate informal or routed transfers; and scenario-based estimates indicate risk exposure rather than forecasts. The exposure classifications used below should therefore be read as a first-level analytical proxy based on sectoral sensitivity, labour-market composition and country-specific infrastructure exposure, not as a prediction that all workers in those sectors will be equally affected.

3 This brief focuses mainly on Egypt, Jordan, Lebanon and Yemen as the core cases of GCC-remittance dependence, reflecting the substantial share of their remittance inflows originating in the GCC. Iraq is retained as a comparator precisely because its GCC-remittance exposure is relatively limited, illustrating the unevenness of remittance dependence across the region; its inclusion in Section 4 also reflects its presence in the same Arab Barometer dataset as Jordan, Lebanon and Palestine, enabling direct comparison of remittance-recipient shares across households. The State of Palestine is discussed as a distinct case: unlike the other countries in this brief, GCC-origin transfers account for only a small and partially visible share of its total remittance inflows. Maghreb countries (Morocco, Algeria, Tunisia, Libya) fall outside the scope of this brief, as their migration corridors are oriented primarily toward Europe rather than the GCC.

# 2. WHY GCC LABOUR MARKET STRUCTURE MATTERS FOR REMITTANCE FLOWS

Understanding how a GCC economic shock may affect households in countries of origin requires looking beyond headline GDP figures to the sectors in which migrant workers are employed, the security of their earnings and legal status, and their capacity to continue sending money home. However, as nationality-specific sectoral employment data are limited, the estimates below (based on all non-national workers) indicate migrant-worker exposure generally rather than Arab migrant workers specifically.

Construction, trade and 'other services' are dominant sectors in all six economies, employing between 43 percent and 57 percent of the working population, but with a clear gender differentiation. Construction and trade are the main sectors of employment for men. The "other services" sector, which includes domestic work among other activities, employs more women than men everywhere except in Saudi Arabia and Kuwait, and is the main sector of employment for women across all GCC countries, employing on average one-third of all working women (ILO, 2026).

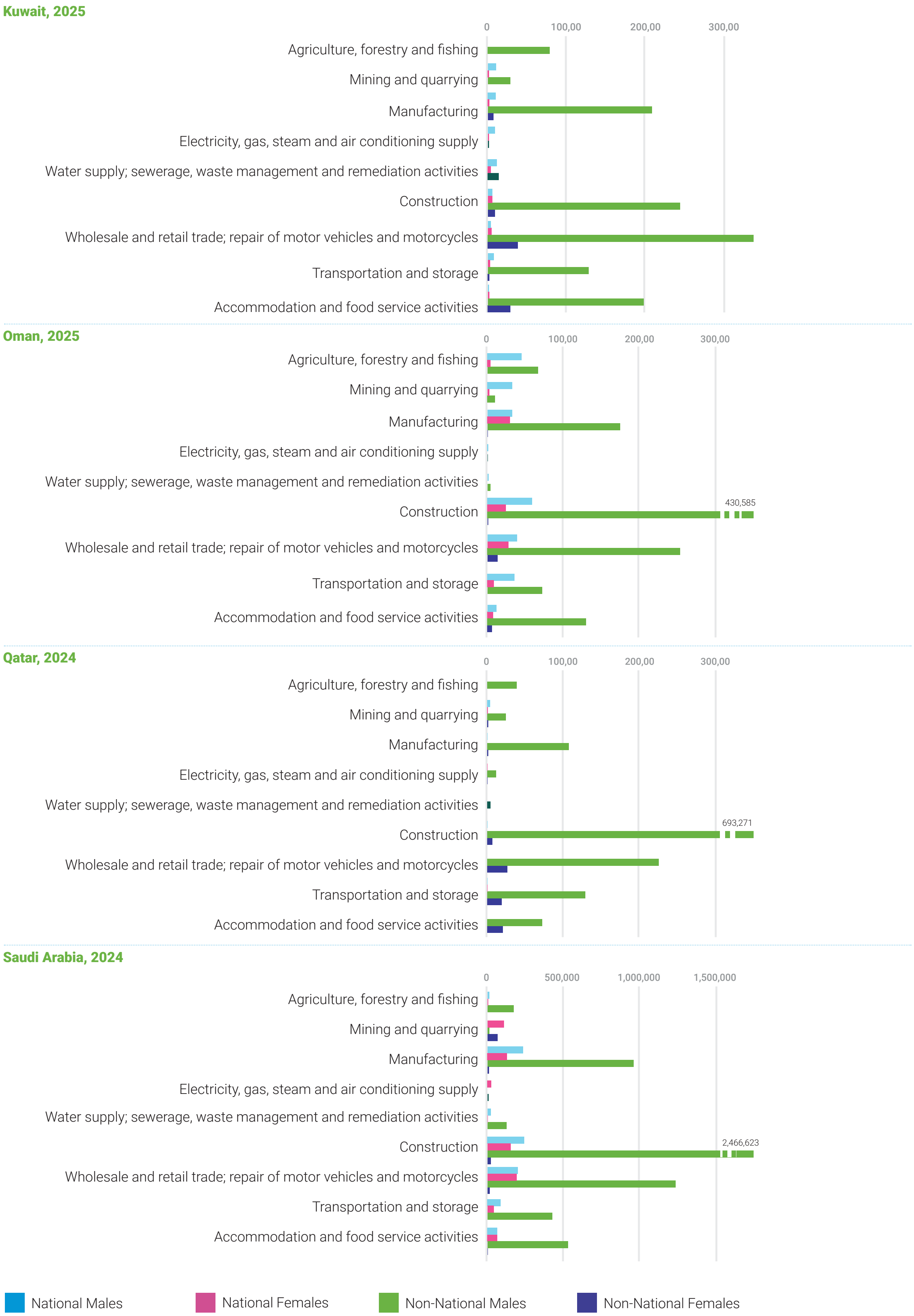
Overlaying this structure are stark gender and nationality intersections. Historically, the GCC labour market, highly dominated by a migrant workforce, has been defined by a dual segmentation: a public sector dominated by national citizens, and a private sector overwhelmingly reliant on non-national workers.[4] Non-nationals accounted for over three-quarters of the private-sector employed population in Oman, Saudi Arabia and Bahrain, and over 95 percent in Qatar, UAE and Kuwait.[5] However, while the weight of non-national men is overwhelming across all GCC countries (88 percent on average), the share of non-national female workers among all women employed in the private sector (43 percent on average) ranges between 30 percent in Oman and 98 percent in Qatar (Gulf Research Center, 2026).

Non-national men and women are concentrated in different economic sectors. Construction, trade, manufacturing and retail absorb most of non-national men (Figure 1), while non-national female workers are heavily concentrated in domestic work (Figure 1 and Figure 2).

4. The term non-national workers refers to individuals employed in a given country who do not hold citizenship of that country, irrespective of their country of birth or length of residence. This is a legal-administrative category distinct from the demographic concept of international migrant as used by UN DESA, which is usually defined by country of birth rather than nationality.
5. Percentages of non-nationals working in the private sector are for 2025 in Kuwait, Oman and Saudi Arabia, 2024 for Qatar, and 2023 for Bahrain and UAE.

**Figure 1.**

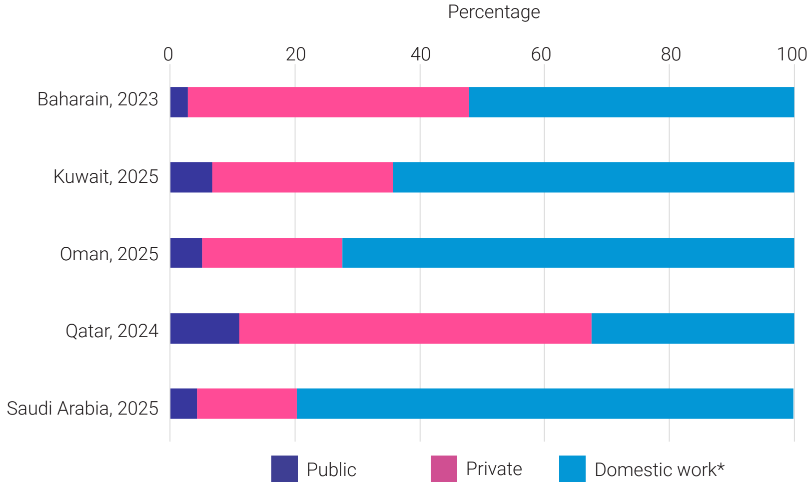
Employed population by sex, nationality and selected economic sectors in selected GCC countries, last available year




**Note:** In Saudi Arabia figures do not include workers who are not registered in the civil service and social insurance (GOSI).
**Source:** GLMM database https://gulfmigration.grc.net/glmm-database/demographic-and-economic-module/ accessed on May 25, 2026; Central Statistical Bureau State of Kuwait, Labor Market Information System, September 2025; Sultanate of Oman, National Centre for Statistics and Information, Statistical Yearbook 2026.

**Figure 2.**

Share of non-national female employed by public, private and domestic work sectors in selected GCC countries




**Note:** Comparable data are not available for the UAE. * For Qatar and Saudi Arabia, the category "domestic work" also includes workers in non-profit, regional and international organizations.
**Source:** Authors' elaboration on GLMM database https://gulfmigration.grc.net/glmm-database/demographic-and-economic-module/ accessed on May 25, 2026; Sultanate of Oman, National Centre for Statistics and Information, Statistical Yearbook 2026; Saudi General Authority for Statistics, Labour Market Statistics, 2025Q2; State of Qatar, National Planning Council, Labor Force 2024.

The current crisis therefore carries substantial risks for migrant workers across multiple dimensions: job losses, downward pressure on earnings, potential violations of contractual terms, and early repatriation. The macroeconomic damage would not translate uniformly across all economic sectors or countries.

Several reinforcing channels may affect migrant workers' remitting capacity: direct security risks curtailing on-site activity; disruption to oil and gas exports reducing upstream and downstream employment; weakened transport and logistics activity; declining tourism and business confidence suppressing demand in hospitality and retail; and investment delays stalling construction pipelines. These are all sectors where non-national workers are disproportionately present: construction, transport, manufacturing, trade, and accommodation and food services. The latter, though smaller in scale, is highly sensitive to tourism and security conditions and, together with wholesale and retail trade, is the second-largest sector of employment for non-national women after domestic work.

Geographic and structural differences across the GCC countries shape the severity of this exposure considerably. Two broad groupings emerge based on access to alternative export routes: Saudi Arabia and the UAE, on one side, which have partial bypass capacity through overland pipeline infrastructure,[6] and Kuwait, Qatar, and Bahrain, on the other, which, by contrast, have no alternative export routes, making them more exposed under the assumptions used in this assessment. Oman stands apart from all of them as its extensive coastline outside the Strait of Hormuz gives it direct Arabian Sea access. This geographic asymmetry is compounded by differences in labour market composition: Qatar and Kuwait show near-total non-national concentration in the most affected sectors, exceeding 93 percent of employment across both high- and moderate-impact activities, while Saudi Arabia presents a more stratified picture, with substantial non-national shares among men, but sharply lower among women. Oman occupies a middle position across both dimensions (Table 1).

6 Saudi Arabia via the East-West Pipeline to the Red Sea, and the UAE via the Abu Dhabi Crude Oil Pipeline (ADCOP) to Fujairah on the Gulf of Oman.

**Table 1.**

Employed population and share of non-national by sex, high- and moderate- exposed sectors in selected GCC countries, last available year

| | | Males | Females | Total | Males | Females | Total |
|---|---|---|---|---|---|---|---|
| | | (number and share of total employed) | | | (share of non-national) | | |
| **Kuwait (2025)** | **High** | 820,005<br>39% | 71,766<br>8% | 891,771<br>30% | 95% | 72% | 93% |
| | **Moderate** | 408,744<br>20% | 44,542<br>5% | 453,286<br>15% | 99% | 87% | 98% |
| **Oman (2025)** | **Moderate** | 1,043,213<br>57% | 88,445<br>21% | 1,131,658<br>50% | 85% | 25% | 80% |
| **Qatar (2024)** | **High** | 1,042,561<br>56% | 59,683<br>16% | 1,102,244<br>49% | 99% | 91% | 99% |
| | **Moderate** | 268,692<br>14% | 28,022<br>7% | 296,714<br>13% | 99% | 97% | 99% |
| **Saudi Arabia (2024)** | **High** | 4,505,370<br>44% | 410,654<br>27% | 4,916,024<br>42% | 88% | 12% | 81% |
| | **Moderate** | 2,142,450<br>21% | 276,976<br>18% | 2,419,426<br>21% | 86% | 10% | 77% |

**Note:** The table shows employed population (nationals and non-nationals) in high- and moderate-exposed sectors, and the non-national share within them. The exposure categories are analytical proxies based on sectoral sensitivity to conflict-related disruption, trade-route exposure, and the concentration of non-national workers; they should not be interpreted as forecasts of job losses or income declines for all workers in those sectors. High-exposed sectors are mining, manufacturing, construction, transport, and accommodation/food services in Kuwait and Qatar; manufacturing, construction, and accommodation/food services in Saudi Arabia, where mining is low-risk given alternative export capacity via the East-West Pipeline and transport is moderate given the Red Sea ports' emergence as an alternative logistics hub. Agriculture and wholesale/retail trade are moderate-exposure sectors throughout. Oman has no high-exposed sectors, reflecting its position outside the Strait of Hormuz; agriculture, construction, wholesale/retail trade and accommodation/food services are moderate-exposed there. Disaggregated data are unavailable for Bahrain and UAE.
**Source:** Authors' elaboration based on GLMM database https://gulfmigration.grc.net/glmm-database/demographic-and-economic-module/ accessed on May 25, 2026; Central Statistical Bureau State of Kuwait, Labor Market Information System, September 2025; Sultanate of Oman, National Centre for Statistics and Information, Statistical Yearbook 2026.

Although sector-specific projections are not available, ILO simulations suggest hours worked could fall by 11.5 per cent across GCC economies and overall employment by 7.1 per cent under a severe escalation scenario. Even under a contained conflict, employment could still drop by 2.4 per cent.[7] Migrant workers would likely bear a disproportionate share of this adjustment: estimates based on historical GCC crises suggest that for every 1 per cent drop in employment among nationals, non-national employment falls by around 4 per cent (ILO, 2026a). For those who lose jobs or face reduced hours, the consequences extend beyond earnings: under kafala-type arrangements,[8] job loss can jeopardise legal status and trigger repatriation. Together, these dynamics point to significant risks to remittance flows at a time when many origin countries are themselves under economic stress.

7 Under a protracted crisis, disruption remains elevated through 2026, affecting business activity, investment, mobility, trade and confidence. Under severe escalation, the crisis intensifies to a level of conflict well above the March 2026 situation, leading to deep and persistent disruption to economic activity (ILO, 2026a).

8 The kafala (sponsorship) system is a labour migration governance framework prevalent across GCC countries under which a migrant worker's legal residency is tied to a specific employer or sponsor. The sponsor is responsible for the worker's visa and legal status, which limits the worker's ability to change jobs or leave the country without employer consent. While several countries have introduced reforms in recent years, including the abolition of exit permits in Qatar and Saudi Arabia, the introduction of contract-expiry transfers in Oman, and the extension of legal protections to domestic workers (mainly women), implementation and enforcement remain uneven.

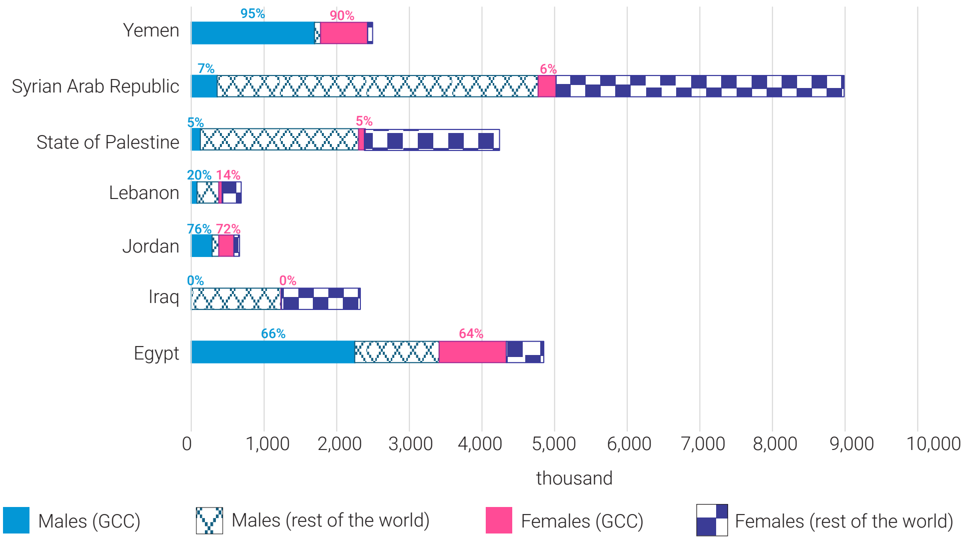
# 3. THE REMITTANCE TRANSMISSION CHANNEL

The effects of an economic slowdown in the Gulf may extend beyond GCC borders through remittance corridors, which represent one of the principal channels linking Gulf labour markets with household welfare across the region. And while Asian nationals constitute the largest share of the migrant population in GCC countries, **nationals from the neighboring Arab countries represent a significant presence.**

UN DESA estimates of international migrant stocks - which capture all migrants regardless of employment status - suggest that approximately 6.9 million migrants[9] in the GCC States are from the neighboring Arab countries,[10] with women accounting on average for 31 per cent. Egypt alone accounts for more than 3 million, while Yemen accounts for approximately 2.3 million, primarily in Saudi Arabia (UN DESA, 2024). Gulf economies serve as a vital lifeline for Yemeni, Jordanian and Egyptian migrants, attracting 94, 75, and 65 per cent of their respective international migrants overall, with the sex-disaggregated shares shown in Figure 3. As these figures indicate only demographic presence rather than the employed or remittance-sending population, the administrative employment data below provide a closer approximation of non-national workers at economic risk.[11]

**Figure 3.**

International migrants from selected Arab countries residing in GCC countries and the rest of the world by sex (thousands and % share), 2024




**Note:** Figure shows the international migrant stock at mid-year, in thousands. Labels in percentages show the share of each sex residing in GCC countries.
**Source:** Authors' elaboration based on UN DESA, Population Division (2024) retrieved from https://www.un.org/development/desa/pd/content/international-migrant-stock

9 Based on UN DESA, international migrant is defined as a person who moved across an international border, changed country of residence, and lived there continuously for a certain period of time, usually 12 months. To identify who is an international migrant, either a person's country of birth or country of citizenship is used. When data on country of birth are available, they are given precedence (UN DESA, 2025). This statistical classification applies regardless of the individual's legal status and the reason for moving.

10 Egypt, Iraq, Jordan, Lebanon, the State of Palestine, the Syrian Arab Republic, and Yemen.

11 This distinction matters particularly for the female share: UN DESA figures include both women in registered employment and women residing as dependants; they should not be used as a proxy for female labour-force participation or remittance-sending capacity.

In 2025 in Kuwait, Egyptian, Syrian and Jordanian nationals were among the top 10 nationalities of non-national workers employed, reaching almost half a million. Workers from Egypt, Iraq, Jordan, Lebanon, the State of Palestine, the Syrian Arab Republic and Yemen, were 614 thousand (27 percent of total working migrants), of which 11 percent were women[12] (Central Statistical Bureau State of Kuwait, 2025). Similarly, in Saudi Arabia, in 2022, one quarter of non-nationals working in the private sector (almost 2 million) were from the other non-African Arab countries. The vast majority were Egyptians (837 thousand) and Yemenis (841 thousand) (Gulf Research Center, 2026).

The relative importance of non-national workers from other Arab countries was lower in Bahrain and Oman (about 4 and 3 percent, respectively), but still almost 20 thousand Egyptians, Yemenis and Jordanians were working in either the public or private sector in 2022 in Bahrain and another 50 thousand Egyptians were employed in Oman in 2025 (Gulf Research Center, 2026; National Centre for Statistics and Information Sultanate of Oman , 2026).

The participation of Arab migrant workers in GCC labour markets is associated with substantial financial flows to countries of origin.

Figure 4 shows personal remittances[13] received across the region and their GCC origin. Egypt, one of the largest remittance-receiving countries in the world, and Jordan both receive substantial GCC-linked inflows, though remittances play a smaller role relative to GDP than elsewhere in the region. Lebanon records the highest remittances-to-GDP ratio in the region, a share that has risen sharply since the country's 2019 economic collapse despite relatively stable nominal inflows. The GCC are estimated to be the leading source of these remittances to Lebanon, with one quarter of remittances originating from there[14] (World Bank, 2026; World Bank-KNOMAD, 2026). Yemen's remittance inflows are the most GCC-dependent, with Saudi Arabia alone being the largest single source[15] (Cash Consortium of Yemen, 2025; World Bank, 2025). Finally, personal remittances to the State of Palestine peaked at 4.6 billion USD in 2022 (24 percent of GDP, among the highest ratios in the world) before falling sharply thereafter (as shown by the more recent, lower values in Figure 4a). Unlike the other cases in this brief, GCC-origin transfers to the State of Palestine account for only a small share of total inflows (around 3 percent of official records), though the actual GCC contribution may be underrepresented in official bilateral statistics, as an additional 58 percent of recorded inflows are attributed to Jordan, a category that may reflect a combination of transfers originating in Jordan and transfers routed through Jordan from other countries (Nassar, 2026; World Bank-KNOMAD, 2026): a methodological reminder that corridor exposure can be statistically hidden, and that bilateral remittance data should be interpreted with caution.

12 Number excludes domestic workers.

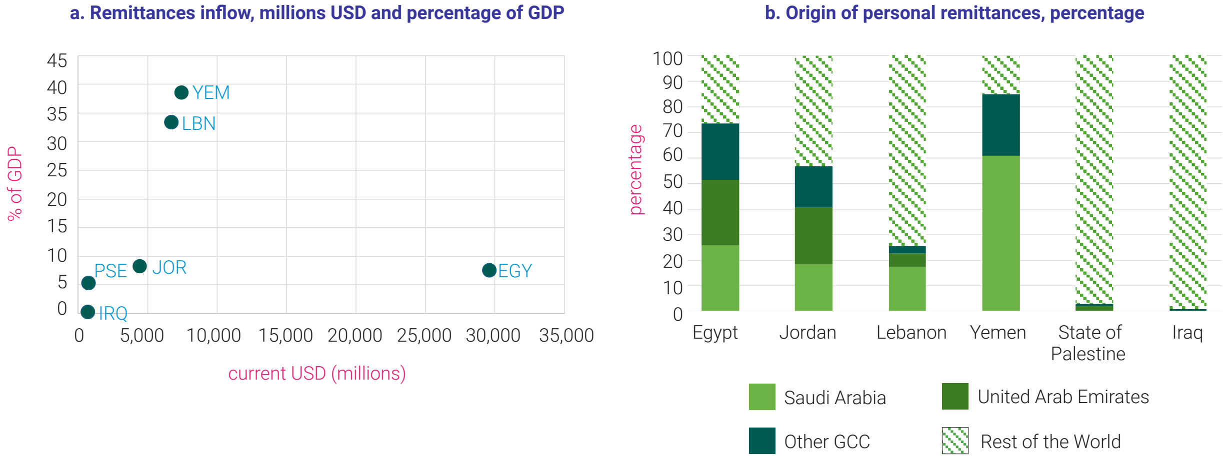
13 "Remittances comprise personal transfers and compensation of employees. Personal transfers consist of all current transfers in cash or in kind made or received by resident households to or from nonresident households. Personal transfers thus include all current transfers between resident and nonresident individuals. Compensation of employees refers to the income of border, seasonal, and other short-term workers who are employed in an economy where they are not resident and of residents employed by nonresident entities. Data are the sum of two items defined in the sixth edition of the IMF's Balance of Payments Manual: personal transfers and compensation of employees" (World Bank, 2026c).

14 UNDP reports a larger share of remittances coming from GCC countries to Lebanon, up to 48 percent in 2022 (UNDP, 2023).

15 Unlike the data cited for the other countries, which are drawn from the WDI database, Yemen's estimates are drawn from the Cash Consortium of Yemen and incorporate informal transfers; they are not directly comparable with WDI figures and carry a wider uncertainty range given the difficulties of measurement in a conflict-affected economy.

**Figure 4.**

Personal remittances received in selected Arab countries, latest available year




**Note:** Panel A shows personal remittances received in selected Arab countries in current USD and as a percentage of GDP. Data are from the World Development Indicators, except for Yemen, for which estimates are from the Cash Consortium of Yemen. Panel B shows the share of remittance inflows by country of origin for selected Arab remittance-receiving countries. Bilateral flows of remittances are obtained from the KNOMAD Database for 2021, except for Jordan and Yemen, for which data come from the Central Bank of Jordan, and the Cash Consortium of Yemen. The KNOMAD bilateral remittance matrix is a model-based exercise that distributes observed aggregate inflows across origin corridors using migrant stock data, host-country income levels, and bilateral cost proxies rather than directly recorded corridor transactions, and should not be interpreted as directly observed corridor flows.
**Source:** Authors' elaboration based on World Bank World Development Indicators accessed on May 15, 2026; Cash Consortium of Yemen (2025); KNOMAD Database (World Bank-KNOMAD, 2026); Central Bank of Jordan (2026).

Although these figures should be interpreted cautiously, as official balance-of-payments data may not fully capture transfers sent through friends, relatives, or the hawala system,[16] the evidence nevertheless clearly shows the importance of GCC corridors for Egypt, Jordan, Lebanon and Yemen. A sustained disruption to GCC labour markets could weaken both household income and, in highly exposed countries, external accounts – a risk Banque du Liban had already flagged before the latest escalation for Lebanon specifically, given its context of weak growth (Banque du Liban, 2025).

The initial data, however, point in the opposite direction: at the onset of the crisis in March, available high-frequency data pointed to an increase in outbound remittances from GCC countries. Two, non-exclusive explanations are possible. This could reflect precautionary behaviour, as migrant workers rushed to send savings home amid fears that banking access or local currencies might come under strain as the conflict expanded. Alternatively, as observed during COVID-19 (Kpodar, Mlachila, Quayum, & Gammadigbe, 2021), mobility restrictions may have shifted transfers away from hand-carriage or informal channels and into regulated ones, inflating formally recorded remittances without necessarily reflecting a real increase in total transfers. Saudi Arabia and Jordan showed the same pattern: outbound remittances from Saudi Arabia rose by 35 percent in March compared with February, while Jordan's inflows surged 34 percent over the same period (with flows from Qatar alone up 52 percent); both moderated in April but remained above their 2025 monthly average (Saudi Central Bank, 2026; Central Bank of Jordan, 2026). In Egypt, the Central Bank recorded a marked upward trend during the first four months of 2026, with an average monthly inflow of 4.3 billion USD (Central Bank of Egypt, 2026b). Interpreting this

16 Hawala is an informal value transfer system: a sender deposits funds with a local broker, who instructs a counterpart abroad to pay the recipient, with the two brokers settling the balance periodically. Because transactions are informal, hawala flows are largely invisible to official statistics.

figure requires caution, however, since Egyptian remittances have been on a structural upward trend since March 2024, following exchange-rate liberalization and a government digitisation initiative aimed at channeling remittances through formal financial institutions (Central Bank of Egypt, 2026a). Disentangling any crisis effect from this pre-existing surge remains difficult with available data.

Data beyond March are not yet available, and the picture remains incomplete. Nevertheless, if a prolonged GCC slowdown reduces migrant workers' employment, hours or real earnings, remitting capacity may weaken after the initial precautionary-transfer response, compounding the direct economic damage already being felt across the region. This weakening is unlikely to be uniform across men and women: men are concentrated in construction and trade, sectors directly exposed to investment delays and trade disruption, while women are concentrated in "other services", including domestic work, where risks operate differently through employer-tied status and limited legal protection rather than direct sectoral contraction. Although domestic work may not contract in the same way as construction or trade, women domestic workers may still face heightened risks linked to wage arrears, isolation, dependency on employers and limited grievance channels. Remitting capacity may therefore be affected differently, and at different points in time, for male and female migrant workers.

Historical evidence suggests that remittances are often more resilient than other cross-border financial flows during periods of economic and political uncertainty. Migrants frequently increase transfers when households at home experience hardship, making remittances an important informal shock absorber during crises. Previous global and regional shocks have demonstrated that remittance flows often decline less sharply than foreign direct investment or portfolio flows and, in some cases, continue to grow despite adverse economic conditions.

This resilience, however, is not unlimited. Its strength depends on migrants' continued access to employment, income and financial services in destination countries. A prolonged disruption affecting labour demand, working hours or earnings in GCC economies could eventually weaken remittance-sending capacity, even where migrants initially attempt to increase transfers in support of family members. The central question is therefore not whether remittances will disappear, but whether their well-documented resilience will be sufficient to offset sustained pressure on employment and earnings.

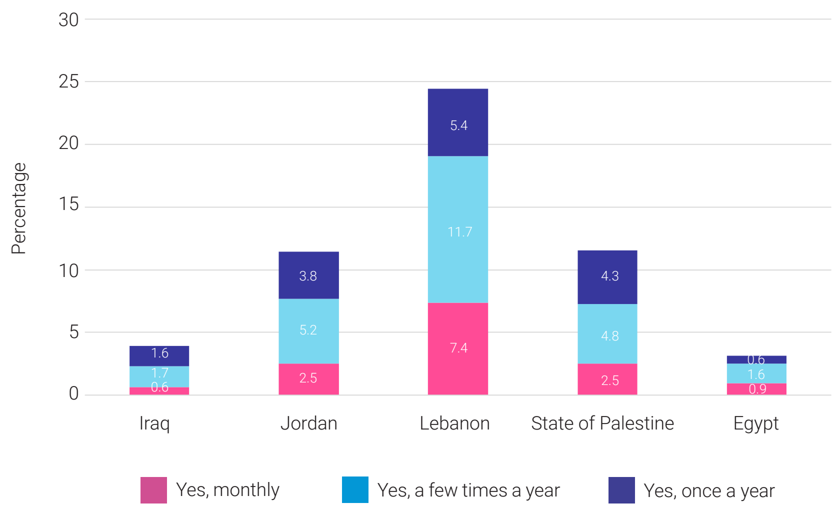
# 4. WHO RECEIVES REMITTANCES, AND WHAT HAPPENS AT HOME?

**Remittance receipt is far from universal, and the share of households relying on it varies sharply across the region.** Arab Barometer data for 2023-24[17] show that between 4 and 24 percent of households across Iraq, Jordan, Lebanon and Palestine received remittances, with Lebanon recording the highest share (Figure 6).[18]

In Lebanon, household dependence on remittances has risen steadily. Official data show that the share of Lebanese households relying on remittances grew from 10 percent to 15 percent between 2018 and 2022 (Central Administration of Statistics and International Labour Organization, 2022); furthermore, experts estimate that the true figure is closer to 30 percent, as households underreport to protect their eligibility for other aid (ARK-UNDP, 2022). In Yemen, officials have estimated that remittances support as much as half of the country's population either directly or indirectly, with roughly 10 percent of Yemenis relying on them entirely (ACAPS, 2021; Oxfam, 2020).

**Figure 5.**

Personal remittances received in selected Arab countries, latest available year




**Note:** Data are for 2023-2024, except for Egypt 2022.
**Source:** Authors' elaboration based on Arab Barometer Wave VII and Wave VIII.

Within recipient populations, gender is the most consistent dividing line, though the relationship is more nuanced than a simple receipt gap. In some countries, female-headed households are more likely to receive remittances than male-headed ones, though this partly reflects the structure of migration itself, as households are often classified as female-headed precisely because the male partner is absent and remitting. In 2022 in Lebanon, 23 percent of female-headed households

17 The Arab Barometer Questionnaire asks "Does your family receive remittances from any immediate or extended family member living abroad? 1. Yes, monthly; 2. Yes, a few times a year; 3. Yes, once a year; 4. We do not receive anything.

18 Individual-level data confirm a broadly consistent picture. According to the World Bank's Global Findex Database (2025a) only around 5 percent of adults (age 15+) in Iraq and Egypt received international remittances in 2024, compared with 14 percent in Jordan, 7 percent in Palestine, and 23 percent in Lebanon. A 2023 survey of Lebanese residents similarly found that 38 percent received remittances (Abou Ltaif, Mihai-Yiannaki, & Thrassou, 2024).

received remittances compared with 15 percent of male-headed households (ARK-UNDP, 2022), a pattern echoed in 2022/23 World Bank survey data (22 percent versus 13 percent) (World Bank, 2024). In Egypt, 77 percent of remittance-receiving households were headed by women (UNDP, 2022). By contrast, in Jordan the gap was roughly even (13 percent versus 14 percent) (World Bank, 2025).

Women's ability to receive, own, and control remittance transfers, including access to bank accounts, is a matter of economic rights,[19] and World Bank research finds that when women control these transfers, it directly improves family welfare, children's health and education, while boosting female entrepreneurship. At the same time, receipt of remittances should not be equated automatically with control over their use, as intra-household decision-making and access barriers vary significantly by context. However, these outcomes are not uniform: alongside gains in financial autonomy, women left behind by migrating family members often take on increased caregiving responsibilities. By contrast, when men receive the transfers, spending tends to shift toward accumulating household assets instead (Fleury, 2016). Yemen illustrates a further complication: because Yemeni migrant labour is predominantly male, remittance management often falls to wives at home. Yet, these women frequently face practical barriers to receiving funds directly, including the need for a male guardian and difficulty obtaining identification documents (ACAPS, 2021).

**Remittances are not simply financial transfers. For many, they are a means of survival and, for some, a route out of poverty.**

Available studies indicate that households commonly use remittances for food, utilities, healthcare and education, although patterns vary by country, household income and crisis context. In Yemen, around 75 percent of remittance income is used for food, rent, healthcare, and basic education, a pattern reflecting structural necessities; during the conflict, spending has shifted decisively away from business investment or real estate toward financing survival, with education costs a major component (International Growth Centre, 2026). For 83 percent of Yemeni remittance recipients surveyed, remittances are their household's only regular source of income (ACAPS, 2021). In Lebanon, in 2023, Abou Ltaif et al. (2024) found that 55 percent of recipients used remittances mainly for basic living expenses, with education (26 percent) and healthcare (24 percent) next, and only 5 percent directed toward business investment. An IOM study conducted in four governorates in Egypt in 2010 found that remittances - representing, on average, 43 per cent of the total household income - covered daily essentials (29 percent of responses), education (16 percent), and healthcare (12 percent), with 71 percent of households drawing on remittances specifically during emergencies (IOM, 2010).

Remittances can reduce poverty and protect household welfare, but access is unequal. In Lebanon, receiving remittances was associated with a five-percentage-point reduction in the likelihood of poverty in 2022, but non-poor households were more likely than poor households to receive them[20] (World Bank, 2024). Al-Nsour (2020) also found, for Jordan, a positive long-run association between remittances and poverty reduction, with short-run effects less clear. In Egypt, a simulation suggested that removing remittance income from household accounts would have shifted recipient households from the middle of the income distribution down to roughly the third decile (UNDP, 2022).

19 Based on World Bank data (World Bank, 2025a), in Egypt, Iraq, Jordan, Lebanon and Palestine the percentage of people who own a bank account is between 6 and 23 percentage points lower among women than men, with the highest gap in Palestine and the lowest in Egypt. However, the gender gap for who can use a bank account or similar financial institution account without help, if opened, is 20 percentage points in Egypt and ranges between 14 and 21 percentage points in the other countries. Similarly, the gap for making or receiving digital payments ranges between 9 percentage points in Egypt and 19 percentage points in Jordan.

20 18 percent of non-poor Lebanese households received foreign remittances compared with only 7 percent of poor households, indicating remittances are an important but insufficient channel of support for the poorest (World Bank, 2024a).

The dependence on remittances, however, carries a structural vulnerability. When flows are disrupted, the consequences are immediate: in Yemen, interruptions have pushed households to cut back on essentials, borrow heavily, or sell productive assets, eroding future economic opportunity (Cash Consortium of Yemen, 2025). Where government services have weakened or collapsed, as in Lebanon, Yemen, and Palestine, remittances have effectively substituted for social protection systems, making any disruption a severe welfare shock. By contrast, where crises are less acute, as in Jordan, remittances do more than sustain survival, correlating with measurable gains in school attendance and long-term poverty reduction.

Ultimately, how well a household weathers these disruptions depends on more than just crisis severity; it depends on the reliability of remittances, household assets and debt, gendered control over resources, access to affordable payment channels, and the strength of social protection systems.

Together, these dynamics highlight both the vital protective role of remittances and their deep limitations as a substitute for inclusive, state-led social protection. This vulnerability is compounded wherever reliability, household buffers, gendered control over resources, or access to payment channels are also weak.

# 5. LOOKING AHEAD: UNCERTAINTIES, RISKS AND POLICY RESPONSES

The ceasefire has proven fragile: renewed hostilities in July reopened direct threats to Gulf countries and reversed the partial recovery in oil prices and trade activity seen in preceding months. Shipping and business disruptions persist. While updated growth forecasts reflecting this renewed escalation are not yet available, further downward revisions could follow if disruptions persist. The central policy question is whether a prolonged escalation will reduce migrant workers' employment, real earnings and remitting capacity over the coming months.

Four reinforcing mechanisms could combine to increase the risk of a sustained reduction in remittances: macroeconomic contraction in GCC countries reducing hiring and wages; continued disruption to transport and logistics; war-related inflation squeezing migrants' disposable incomes; and financial volatility encouraging workers to hold precautionary cash locally. A further structural risk is that economic pressure may reinforce ongoing workforce-localisation policies in parts of the GCC, potentially affecting labour demand across selected migrant-intensive sectors. These effects will differ by country, sector, occupation, nationality, sex and employment arrangement and should therefore be monitored rather than assumed.

For recipient households, a sustained reduction in remittances, arriving simultaneously with domestic economic shocks, could affect both income and access to essential goods and services. Yemen and Lebanon require particular attention because remittances already compensate for severe gaps in income, services and social protection. Documented coping responses in previous crises include reducing food and healthcare expenditure, delaying education payments, borrowing and selling assets. These outcomes are not automatic consequences, but will depend on household dependence, savings, debt and access to public support.

The impact would not be gender neutral, affecting women differently depending on their position in the remittance chain. As migrant workers in the GCC, women - particularly domestic workers - may face employer-tied housing and legal status, wage arrears and limited access to redress. As recipients and household financial managers, women may absorb the impact of a decline in remittances through increased unpaid care work, insecure employment, weakened access to health and education, and intensified economic dependence or coercive control. Furthermore, in Yemen, structural barriers (e.g. guardian requirements, lack of identification) compound this risk, meaning women may struggle to access funds even when flows continue.

Translating these risks into policy responses requires action on both sides of the corridor.

In GCC countries, the priority should be protecting migrants' legal status and income during the crisis: establishing visa grace periods for workers who lose employment, enforcing wage protection mechanisms already legislated, and extending tailored protections (e.g. standard contracts and accessible hotlines) to domestic workers who remain invisible to existing systems. Recent labour-mobility and worker-protection reforms should be fully implemented and monitored during the crisis period to ensure that migrant workers retain access to legal protections, wage safeguards and effective grievance mechanisms.

In countries of origin, governments may consider strengthening shock-responsive social protection systems that can be activated when households experience a verified income loss, without restricting assistance only to known remittance recipients. Temporary cash top-ups, simplified registration, and employment support for returning migrants may be needed. Expanding women's direct access to safe and affordable digital or account-based remittances can strengthen autonomy, but only when women also have identification, phone and SIM control, digital and financial literacy and reliable cash-out options.

Central banks, payment providers and international partners may consider strengthening a regional monitoring and early-warning systems for remittance corridors. Priorities include publishing timely and, where possible, origin-disaggregated data; supporting monitoring of informal transfer channels, which systematically undercount actual flows; monitoring transfer fees and cash shortages; ensuring continuity of payment systems; and commissioning rapid, confidential household and migrant-worker surveys.

The coming months will provide greater clarity on whether the increase in remittance flows observed during the early stages of the crisis reflected precautionary transfers, temporary adjustments in migrant behaviour, or a more durable reconfiguration of remittance patterns. Current evidence does not yet indicate the size or duration of any remittance decline. It does, however, point to significant exposure among specific labour markets, migrant groups and recipient households, particularly where reliance on remittance income is high and alternative social-protection mechanisms are limited. These findings support the adoption of prudent "no-regrets" measures that protect migrant workers, maintain payment-system continuity, strengthen data collection, and enhance preparedness for households that may face income disruptions under more adverse scenarios.

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