

Title: Remittances as counter-cyclical output stabilizers in the WAEMU

Abstract: This paper explores the role of migrant remittances as output stabilizers in the West African Economic and Monetary Union (WAEMU). Remittances have become an increasingly important source of financing for members of the WAEMU, and have, over the last decade, surpassed FDI inflows in magnitude. The paper shows that remittances in WAEMU have been countercyclical. In addition, remittances inflows have played an important role as a shock-absorbing device when economies slow down, and have helped reduce output volatility. Given their output stabilizing role, remittances should be encouraged and facilitated. They could benefit from more competition and transparency in the transfer market, innovative transfer technologies and improved access to financial institutions.

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