

**FACT SHEET**

The World Bank

Latin America and the Caribbean

Close to Home: The Development Impact of Remittances in Latin America Main Numbers

- With flows of US\$48.3 billion in 2005, Latin America and the Caribbean (LAC) is the top recipient region of remittances in the world on a per capita basis: an average of US\$102 per person per year (page 4 and 2).
- Remittances in LAC represent about 70 percent of foreign direct investment and are five times larger than official development assistance (page ix).
- In terms of volume, Mexico is the country with the highest absolute remittances flow, which is estimated to have received US\$21.8 billion in 2005, and would make it the largest world recipient. Colombia and Brazil are ranked 9th and 11th, receiving US\$3.8 billion and US\$3.5 billion in 2005, respectively (page 4).
- Remittances in 2004 represented 52.7 percent of Haiti's GDP, whereas in Jamaica, Honduras, and El Salvador they were about 17 percent, 16 percent, and 15 percent of GDP, respectively (page 4).
- In Mexico, 61 percent of the households receiving remittances fall in the bottom 20 percent of non-remittances income, whereas only 4 percent of them are in the top 20 percent. Similarly, in Paraguay 42 percent of recipients are in the bottom 20 percent of the distribution, and only 8 percent are in the top 20 percent. The other countries where at least 30 percent of the recipients of remittances are in the lowest 20 percent are Ecuador, El Salvador, and Guatemala (page 6).
- In Peru and Nicaragua the distribution of remittances across households is completely different. For example, in Peru fewer than 6 percent of the households that receive remittances belong to the bottom 20 percent, while 40 percent belong to the top 20 percent. In the case of Nicaragua, where only 12 percent of the recipients are in the bottom 20 percent, 33 percent belong to the top 20 percent (page 6).
- While most Mexican and Latin American migrants are directed toward the United States, for many South American countries, Europe continues to be a major destination. The Caribbean migrants prefer the United Kingdom as a destination, and the South American migrants choose Spain (page 9).

- Small Caribbean islands clearly dominate the charts when migration is measured in relation to each country's population. As of 2000, on average 30 percent of the labor force of many Caribbean islands had migrated, as opposed to about 10 percent for non-Caribbean countries and 6 percent for South America (page 10).
- While only 4 percent of Mexican migrants have tertiary education, the figures are 7 percent for Central America, 12 percent for the Caribbean, 24 percent for the Andean region, and around 30 percent for other South American countries (page 10).
- More than 80 percent of people born in Haiti, Grenada, or Guyana who have college degrees live abroad, mostly in the United States. On the other hand, fewer than 10 percent of college graduates from South America, and between 15 and 20 percent of those from Mexico and Guatemala, have migrated (page 11).
- For each percentage point increase in the share of remittances to gross domestic product (GDP), the fraction of the population living in poverty is reduced by an average of about 0.4 percent (page x).
- Remittances reduce poverty headcounts in only 6 out of the 11 countries for which data is available—the exceptions being Mexico, Nicaragua, Paraguay, Peru, and the Dominican Republic—and they reduce poverty gaps in only three cases—Ecuador, Guatemala, and Haiti (page 14).
- Remittances seem to lead to higher income inequality at the global level but to either reduce or leave inequality unchanged in Latin America (page 16).

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The report and related materials are available at: <http://www.worldbank.org/lac>