

**FACT SHEET**

The World Bank

Latin America and the Caribbean Region

Remittances and Development: Lessons from Latin America **Main Numbers**

- With flows of US\$56.5 billion in 2006 and US\$59.9 billion in 2007, Latin America and the Caribbean is the top recipient region of remittances in the world (page 2).
- The largest absolute amount goes to Mexico, where annual remittances flows in 2007 were US\$25 billion, making it the third-largest world recipient after India and China (page 4).
- Within the region, remittances are particularly important for countries in Central America and the Caribbean. For example, remittances in 2005 represented about 25 percent of Haiti's and Guyana's GDP, whereas in Honduras, Jamaica, and El Salvador, they were 22 percent, 19 percent, and 17 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. 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 33).
- 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, only 12 percent of the recipients are in the bottom 20 percent, while 33 percent belong to the top 20 percent (page 33).
- 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 6).
- The total number of Latin American migrants in the United States increased from 8.6 million in 1990 to about 16 million in 2000 (an 86 percent increase). Among the countries in the region, Honduras experienced the most rapid growth in migrants in the United States, followed by Brazil and Mexico (page 55).
- Mexico is also the country with the largest number of migrants in the United States (close to 10 million in 2000), followed by Cuba (870,000), El Salvador (820,000), the Dominican Republic (680,000), Jamaica (550,000), and Colombia (510,000) (pages 53-55).
- When comparing numbers of migrants in the United States with the corresponding population of their home countries, the small islands of the Caribbean stand out, with an average of 30 percent of their

labor force living abroad. In comparison, for non-Caribbean countries, the ratio of migrants in the United States to home country population averages about 10 percent (6 percent for South America) (page 56).

- While only 4 percent of Mexican migrants have tertiary education, the figures are 7 percent for Central America, 13 percent for the Caribbean, 24 percent for the Andean region, and around 30 percent for other South American countries (page 60).
- More than 80 percent of people born in Haiti, Jamaica, Grenada, or Guyana who have college degrees live abroad, mostly in the United States. On the other hand, less than 10 percent of college graduates from South America, and between 15 and 20 percent of those from Mexico and Guatemala, have migrated (page 63).
- For each percentage point increase in the share of remittances to GDP, the fraction of the population living in poverty is reduced by an average of about 0.4 percent (page 128).
- Remittances have a positive and significant impact on both bank deposits and bank credit, but this effect is smaller in Latin America than in the rest of the world. A 1 percentage point increase in remittances results in an approximately 2-3 percentage point rise in bank deposits and credit (page 185).
- In 2004, only 7 percent of all remittances to Latin America were sent through banks, compared to 78 percent sent through money transfer operators and 11 percent through people traveling to their home countries (page 185).

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