Leveraging Migration and Remittances for Development in Latin America and Caribbean

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Outline

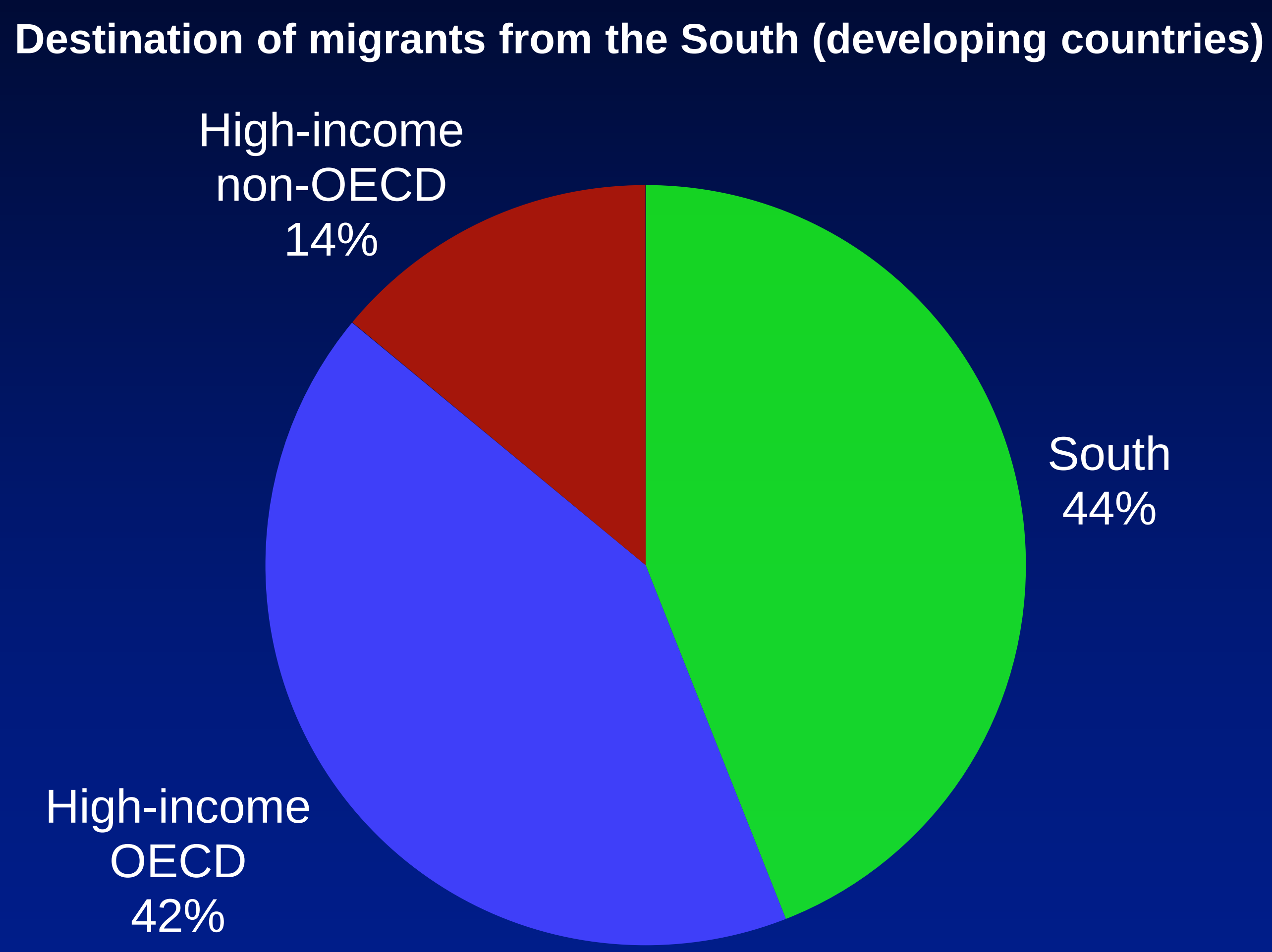
A. Stylized facts on international migration

B. Development impact of international migration and remittances

C. Remittance trends during global financial crisis and outlook for 2011-13

D. Policy implications

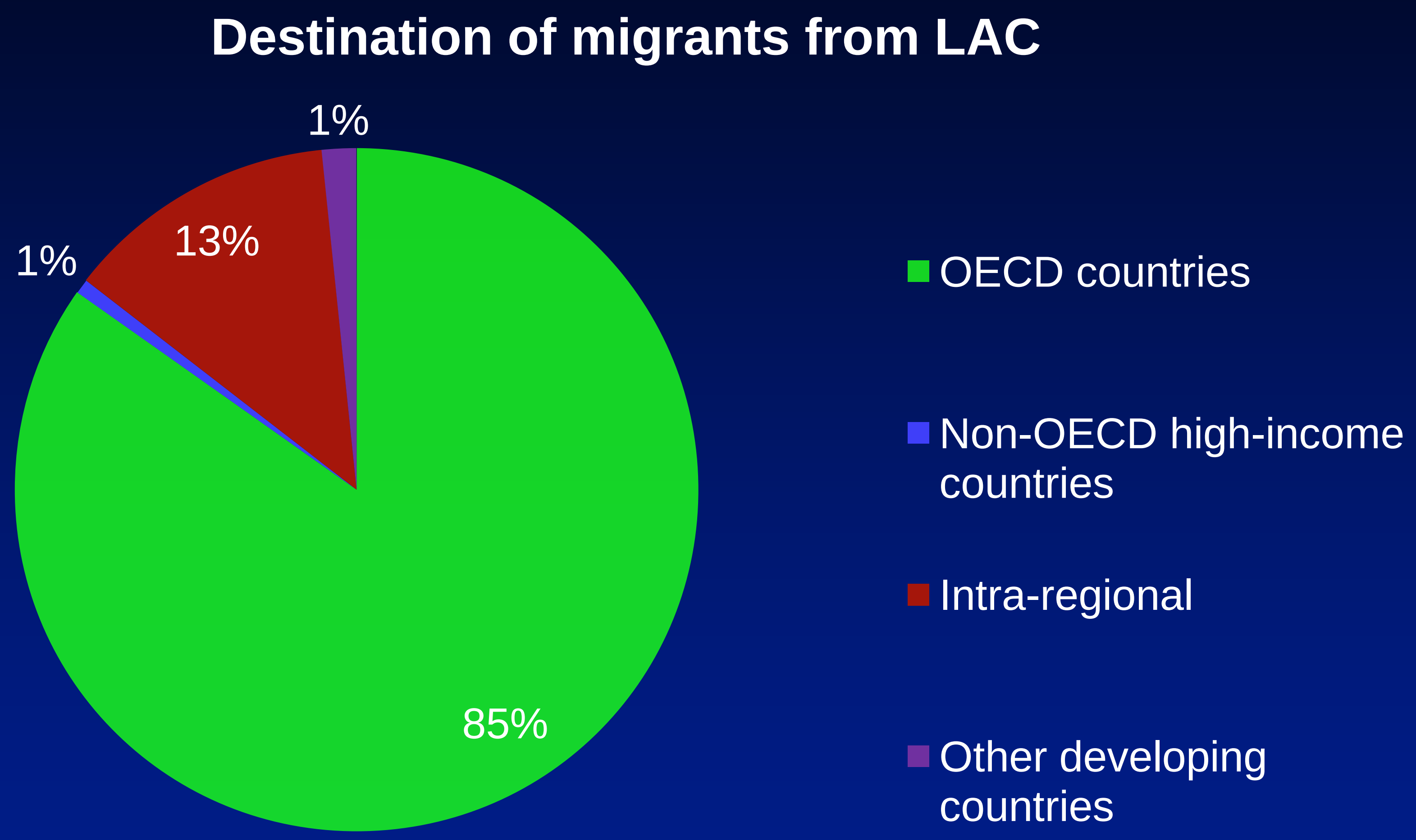
South-South migration is as large as South-North migration



There were more than 215 million migrants worldwide in 2010.

Source: Migration and Remittances Factbook 2011

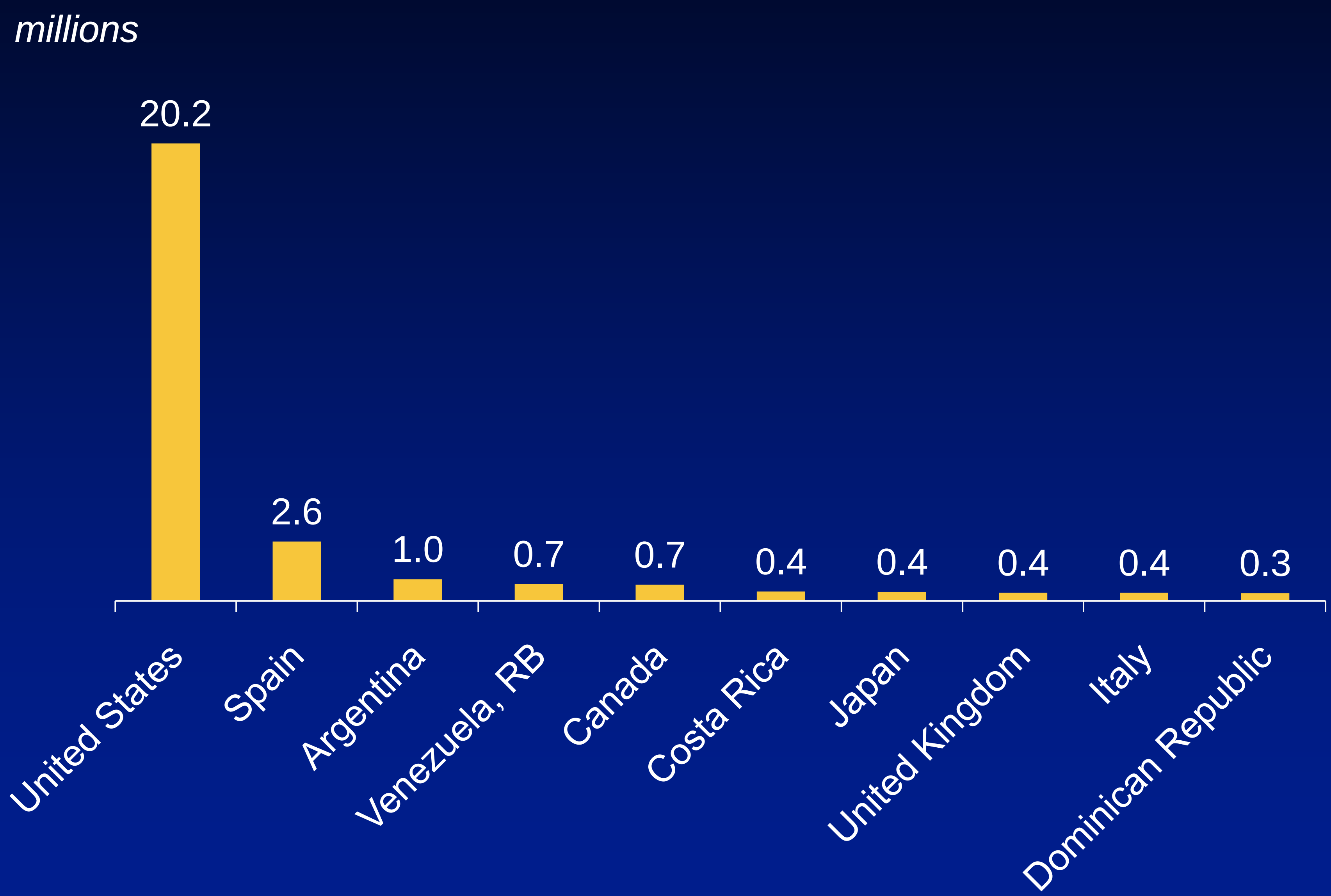
International migrants from LAC go mostly to OECD countries



LAC had 30.2 million emigrants in 2010.

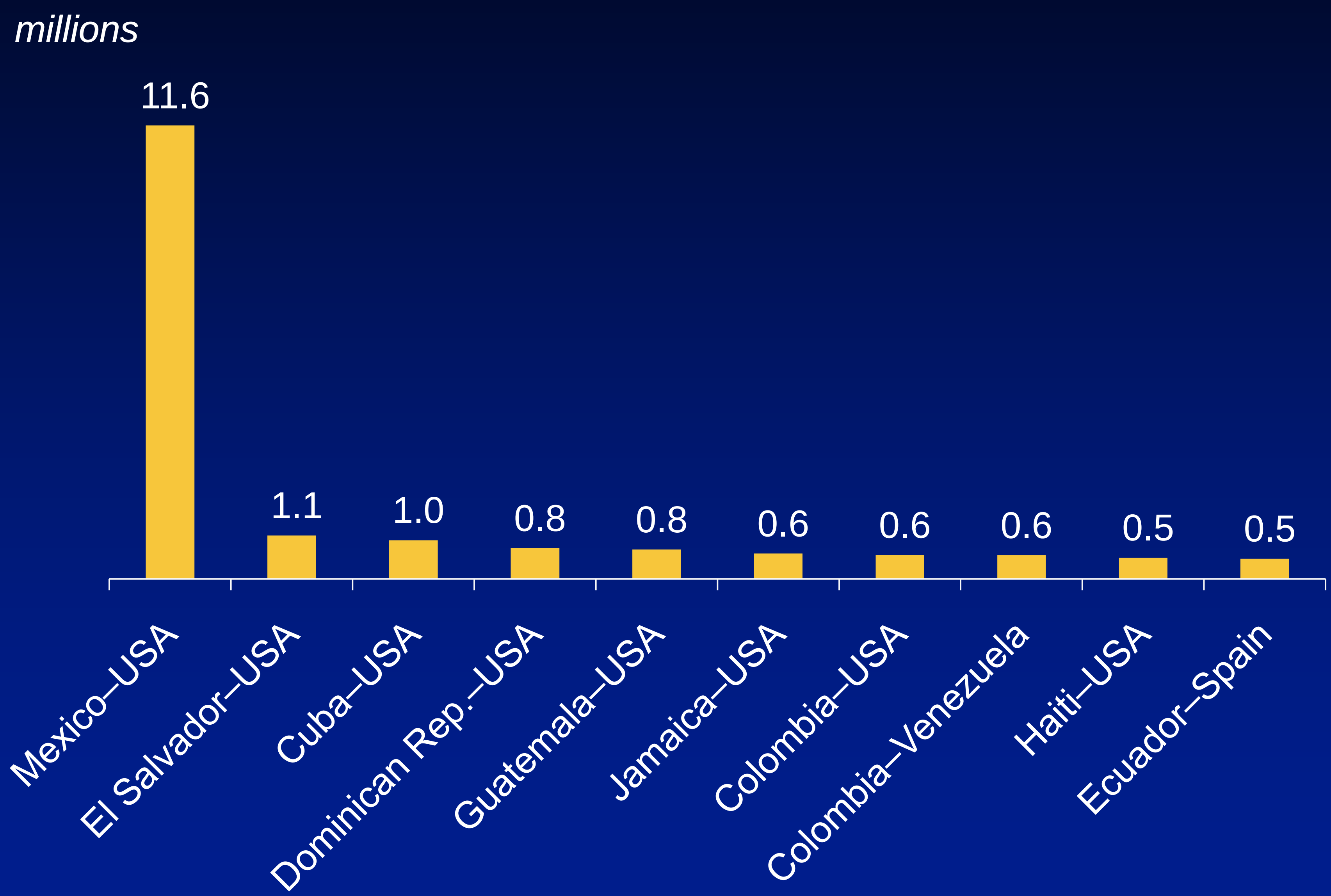
Source: Migration and Remittances Factbook 2011

Top destinations of LAC migrants in 2010



Source: Migration and Remittances Factbook 2011

Top migrant corridors to/from LAC in 2010



Source: Migration and Remittances Factbook 2011

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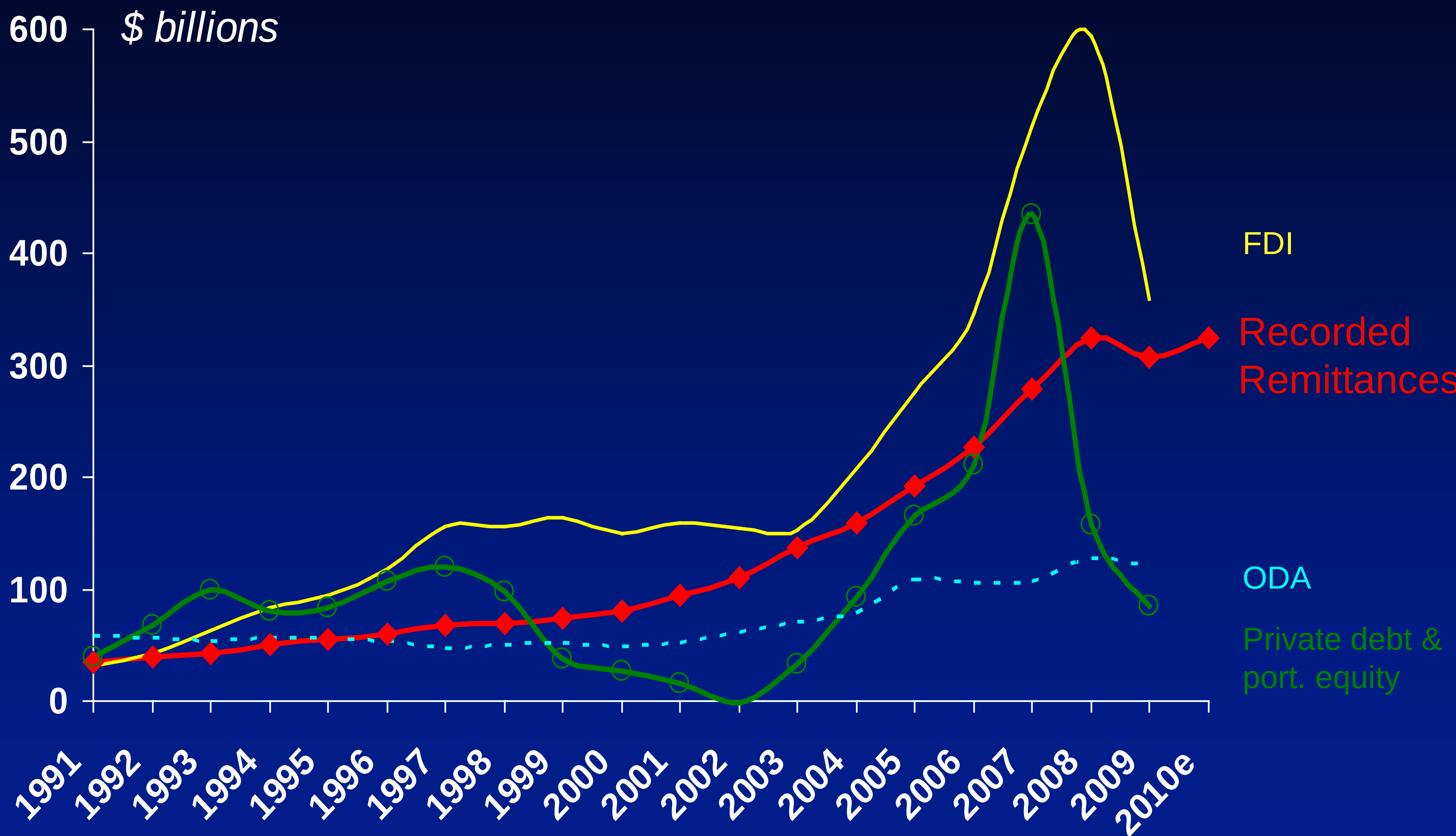
B. Development impact of international migration

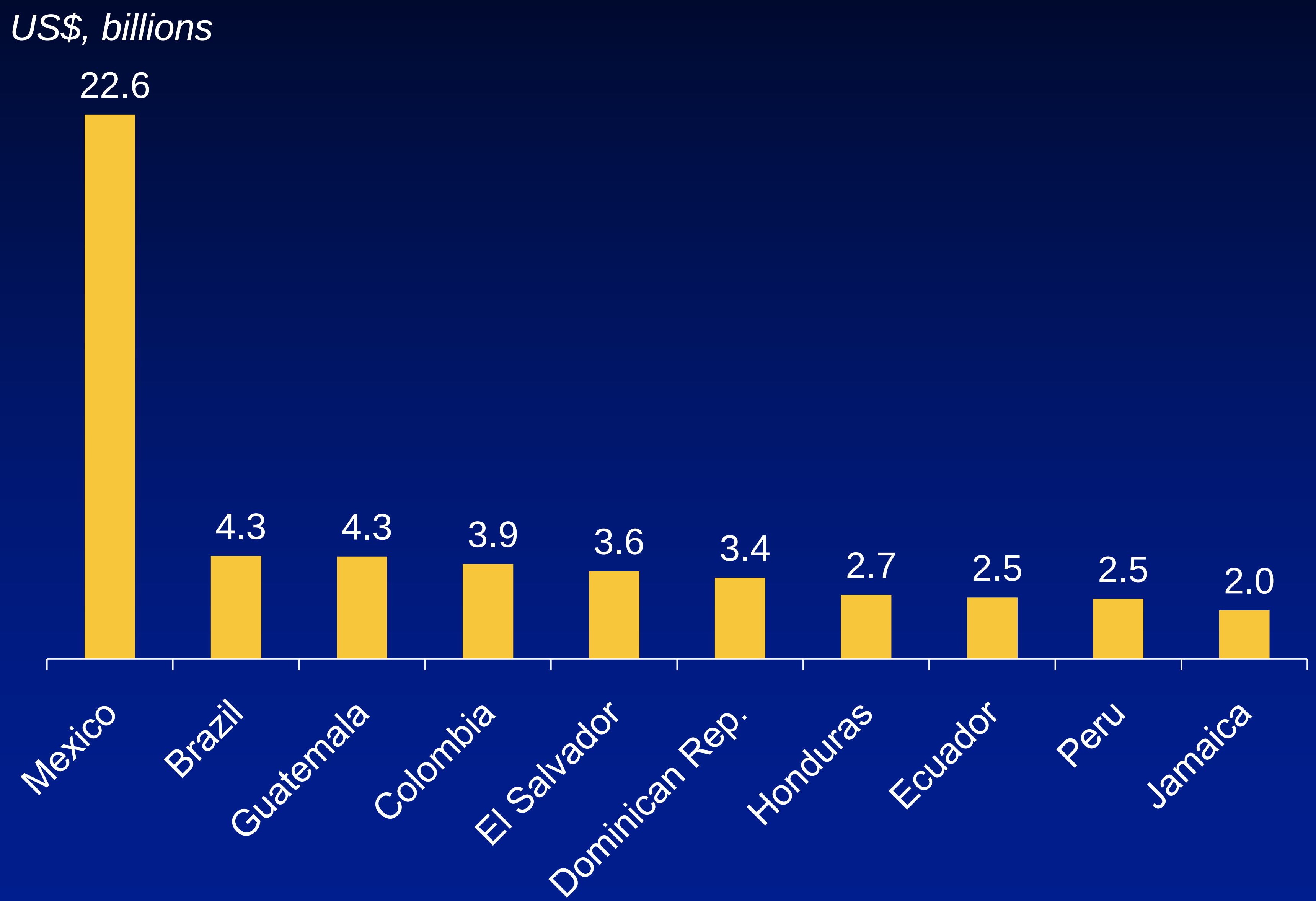
1. Migration benefits all parties – the migrants, the destination country, and the origin country.

2. Benefits to countries of origin are mostly through remittances.

Remittance flows to developing countries remained resilient during the crisis



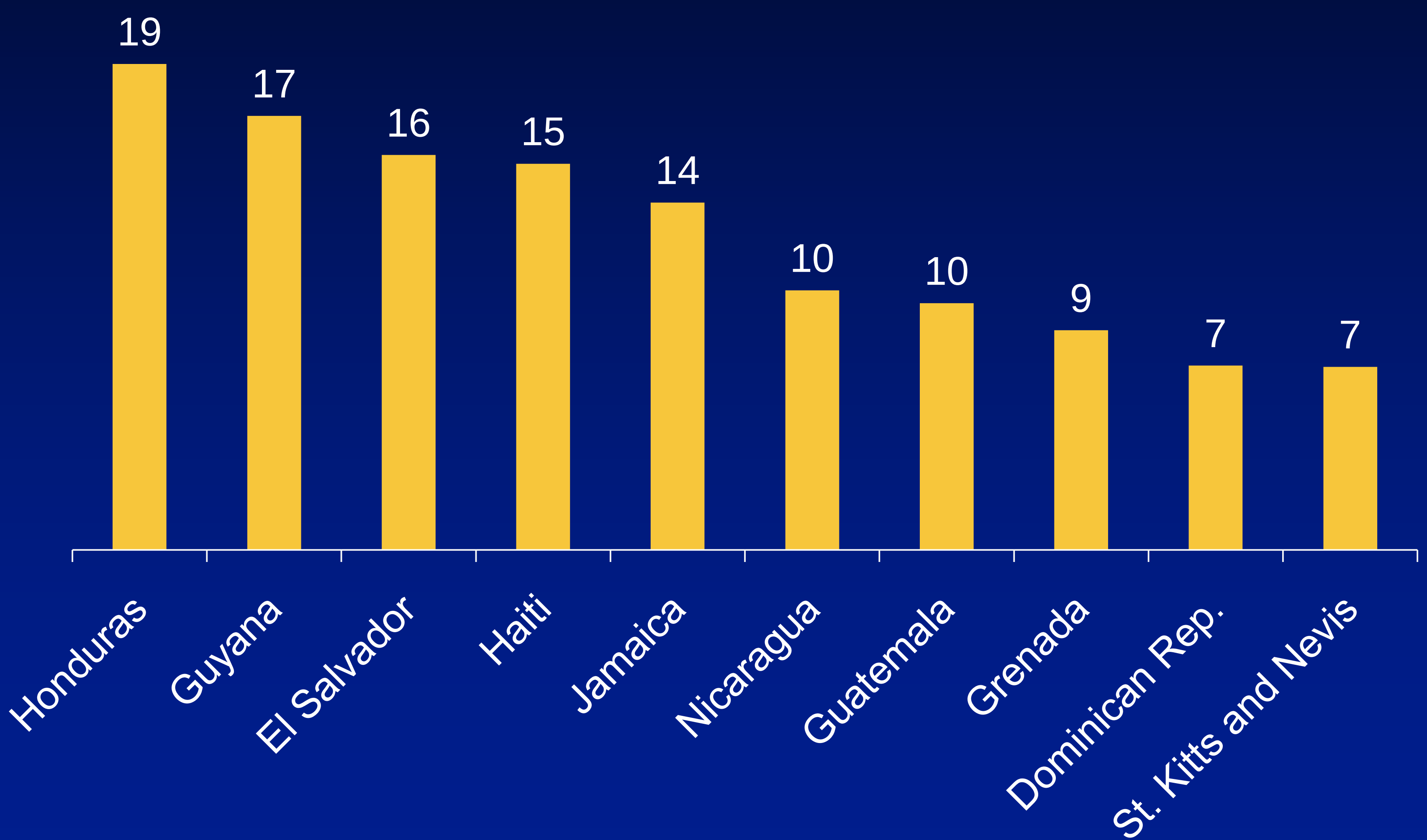
Largest recipients of remittances in LAC in 2010



Source: Migration and Remittances Factbook 2011

Largest recipients of remittances (as a share of GDP) in LAC in 2009

percent of GDP



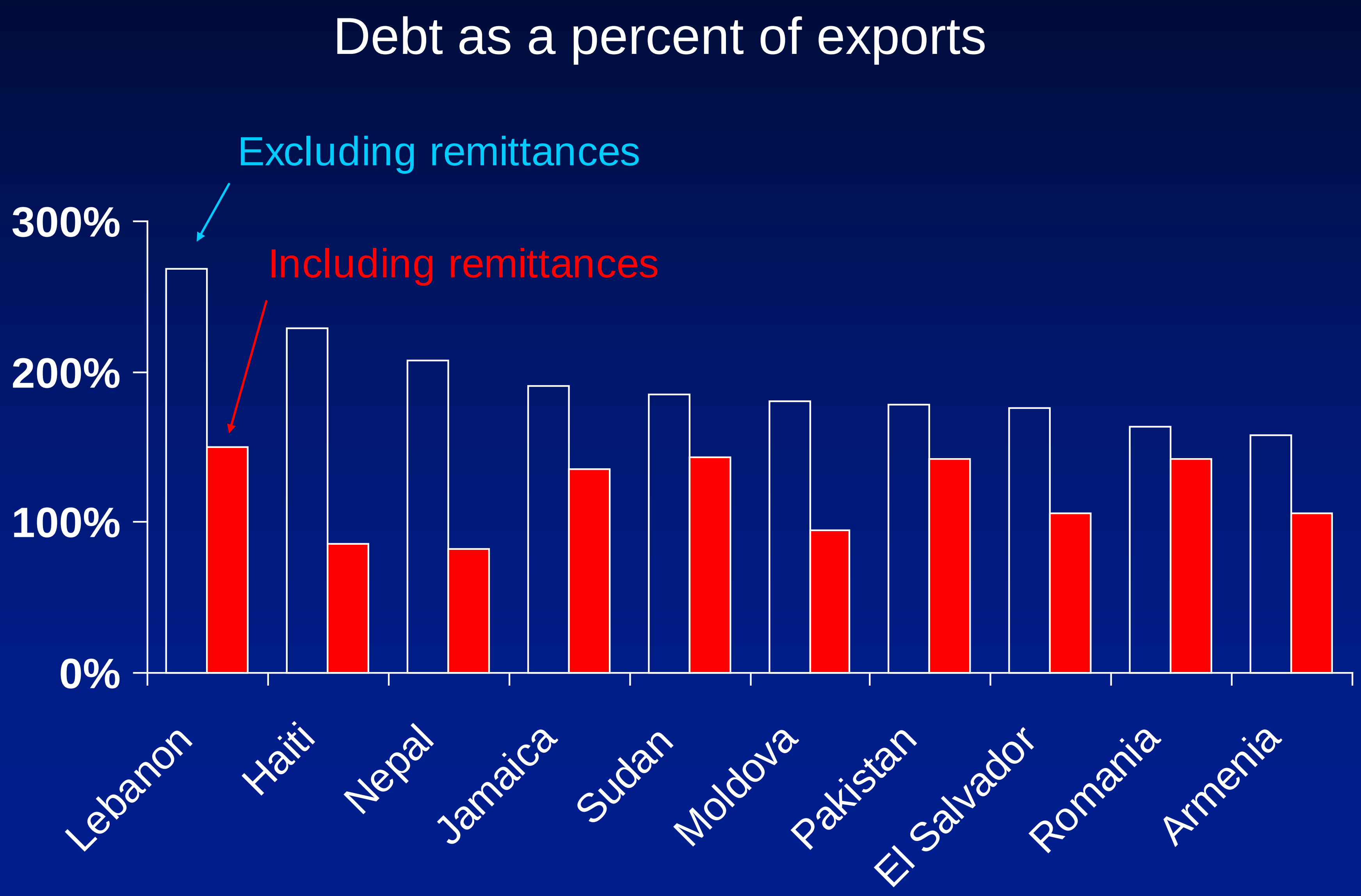
Source: Migration and Remittances Factbook 2011

Remittances reduce poverty

- Evidence from a few household surveys shows that remittances reduce poverty

- Remittances also finance education and health expenditures, and ease credit constraints on small businesses

Remittances contribute to sovereign creditworthiness



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Outlook for remittance flows to developing countries in 2011-13

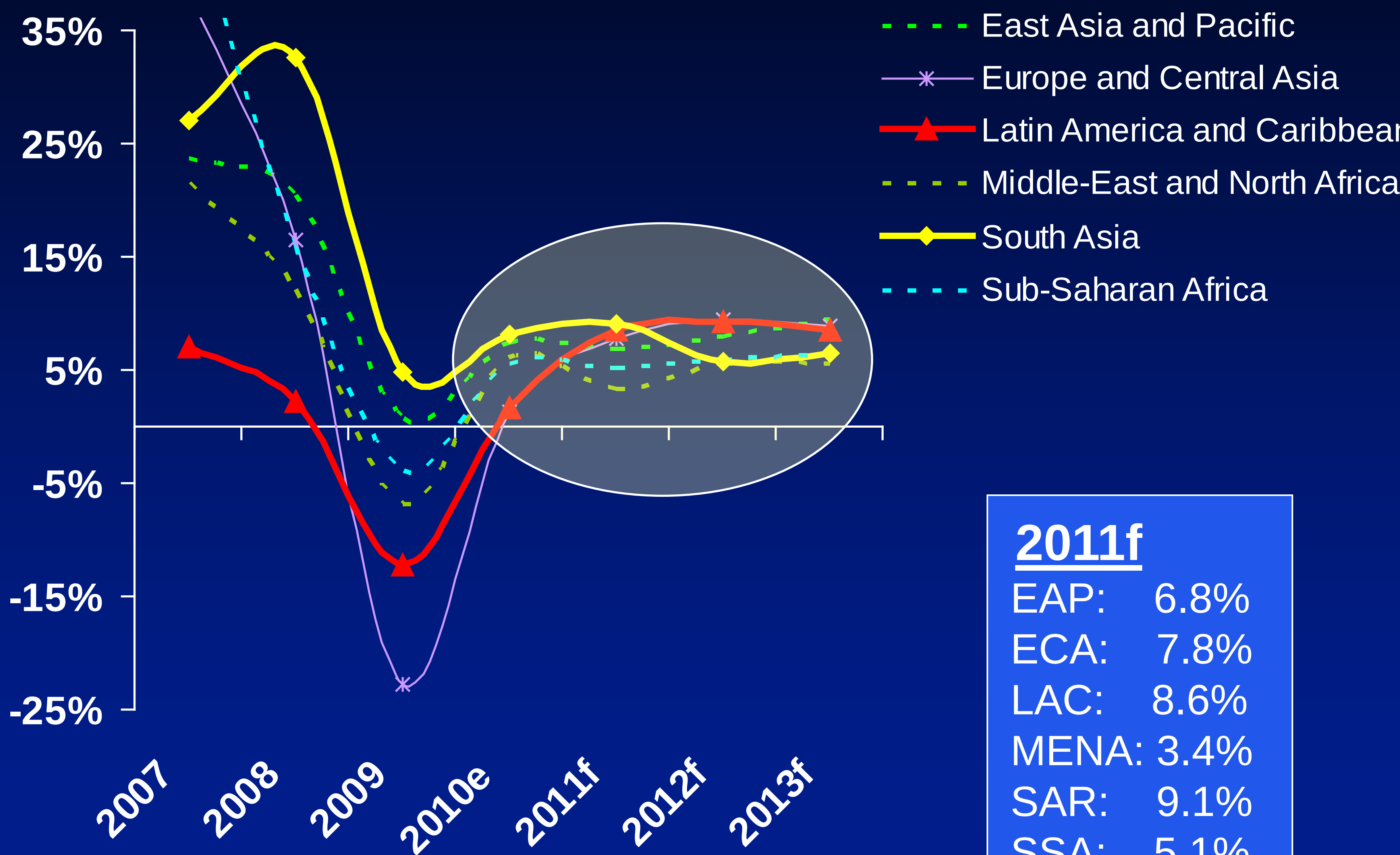
- Flows estimated to have recovered by 5.6% in 2010 back to pre-crisis level of $325 billion
- Expected to increase by 7.3% in 2011, 7.4% in 2012, and 7.9% in 2013 on back of recovering global economy
- Several sources of risk to the outlook for remittances

Remittance flows to developing regions 2009-2013

$ billion	2009	2010	2011*f*	2012*f*	2013*f*
Developing countries	308	325	349	375	404
East Asia and Pacific	86	93	99	107	117
Europe and Central Asia	35	36	39	42	46
Latin America and Caribbean	57	58	63	68	74
Middle-East and North Africa	34	36	37	39	41
South Asia	75	81	89	94	100
Sub-Saharan Africa	21	22	23	24	26
Growth rate (%)					
Developing countries	*-5.4%*	*5.6%*	7.3%	7.4%	7.9%
East Asia and Pacific	*0.8%*	*7.4%*	6.8%	8.0%	9.5%
Europe and Central Asia	*-22.7%*	*1.3%*	7.8%	9.4%	8.8%
Latin America and Caribbean	*-12.3%*	*1.7%*	8.6%	9.3%	8.6%
Middle-East and North Africa	*-6.8%*	*6.2%*	3.4%	5.5%	5.6%
South Asia	*4.8%*	*8.2%*	9.1%	5.8%	6.5%
Sub-Saharan Africa	*-3.8%*	*5.5%*	5.1%	5.9%	6.5%

Source: *Migration and Development Brief 16*, by Ratha et. al (2011)

Growth of remittance flows to all regions approaching sustainable rates



2011f

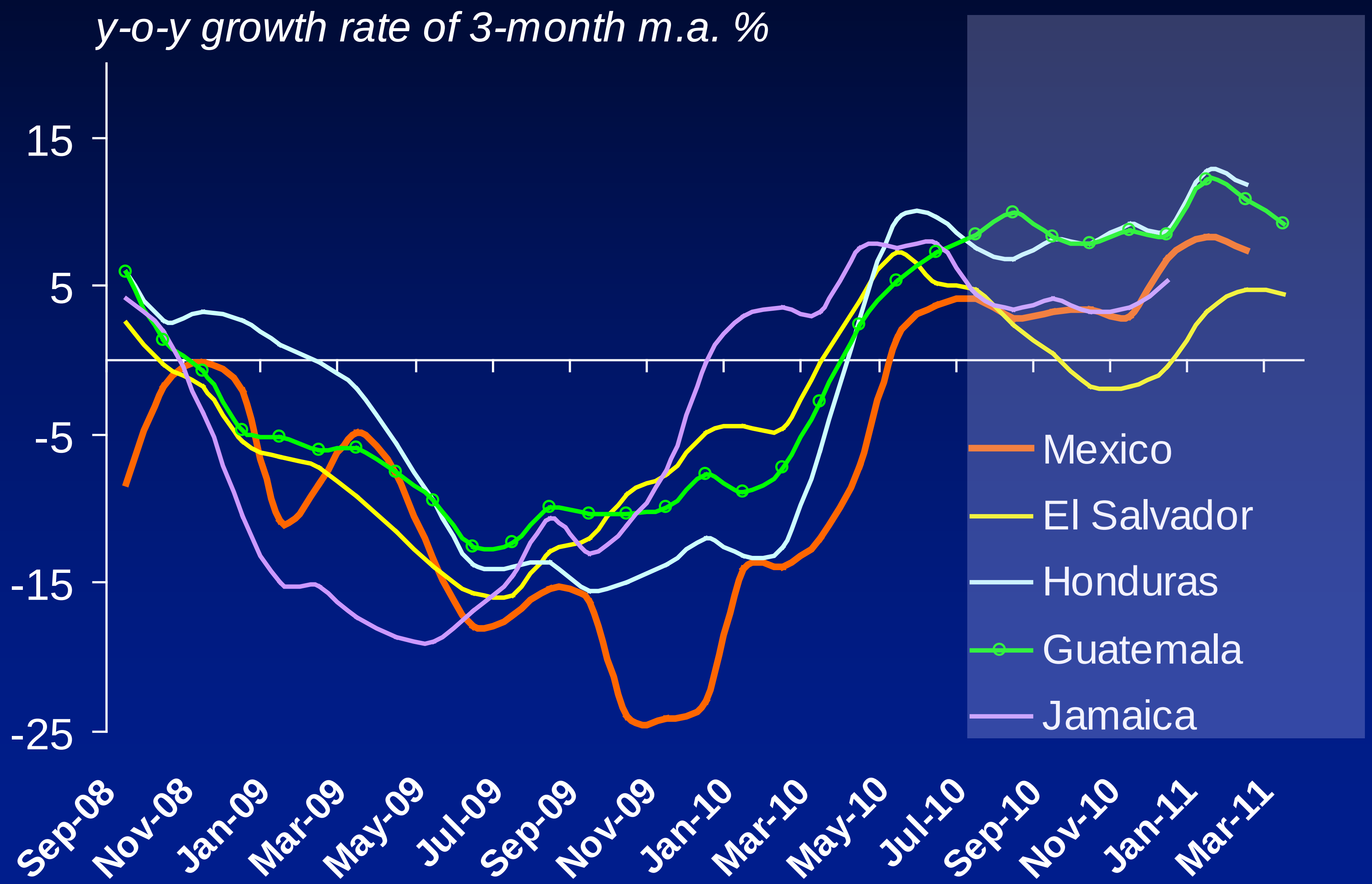
EAP: 6.8%
ECA: 7.8%
LAC: 8.6%
MENA: 3.4%
SAR: 9.1%
SSA: 5.1%

Source: *Migration and Development Brief 16*, by Ratha et. al (2011)

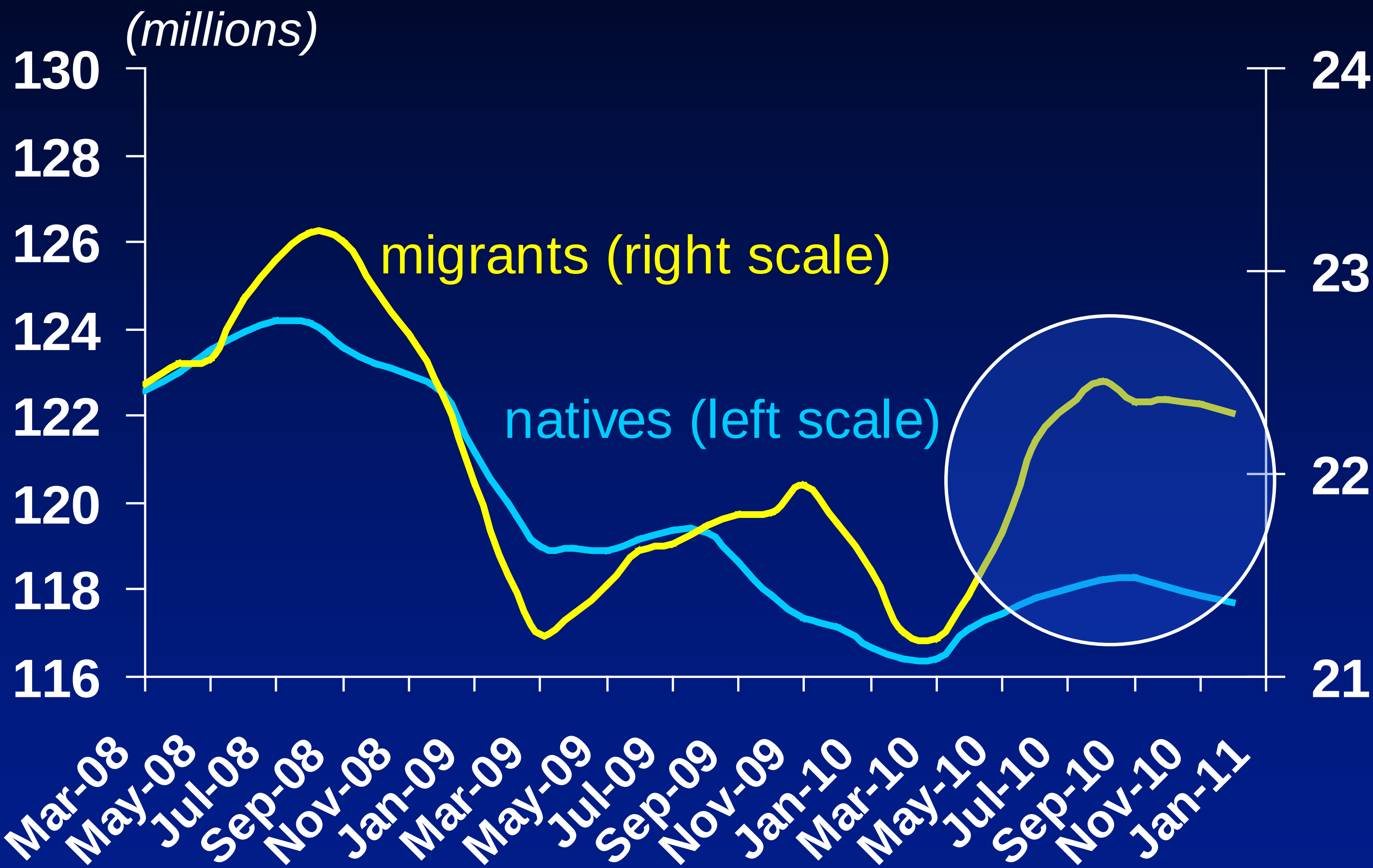
Regional trends

- Remittances to Latin America are expected to grow because of
  - broad recovery in US economy and
  - shift in migrant employment away from construction (which continues to be depressed) towards services and manufacturing sectors

Remittance to other Latin American are growing in 2010-11



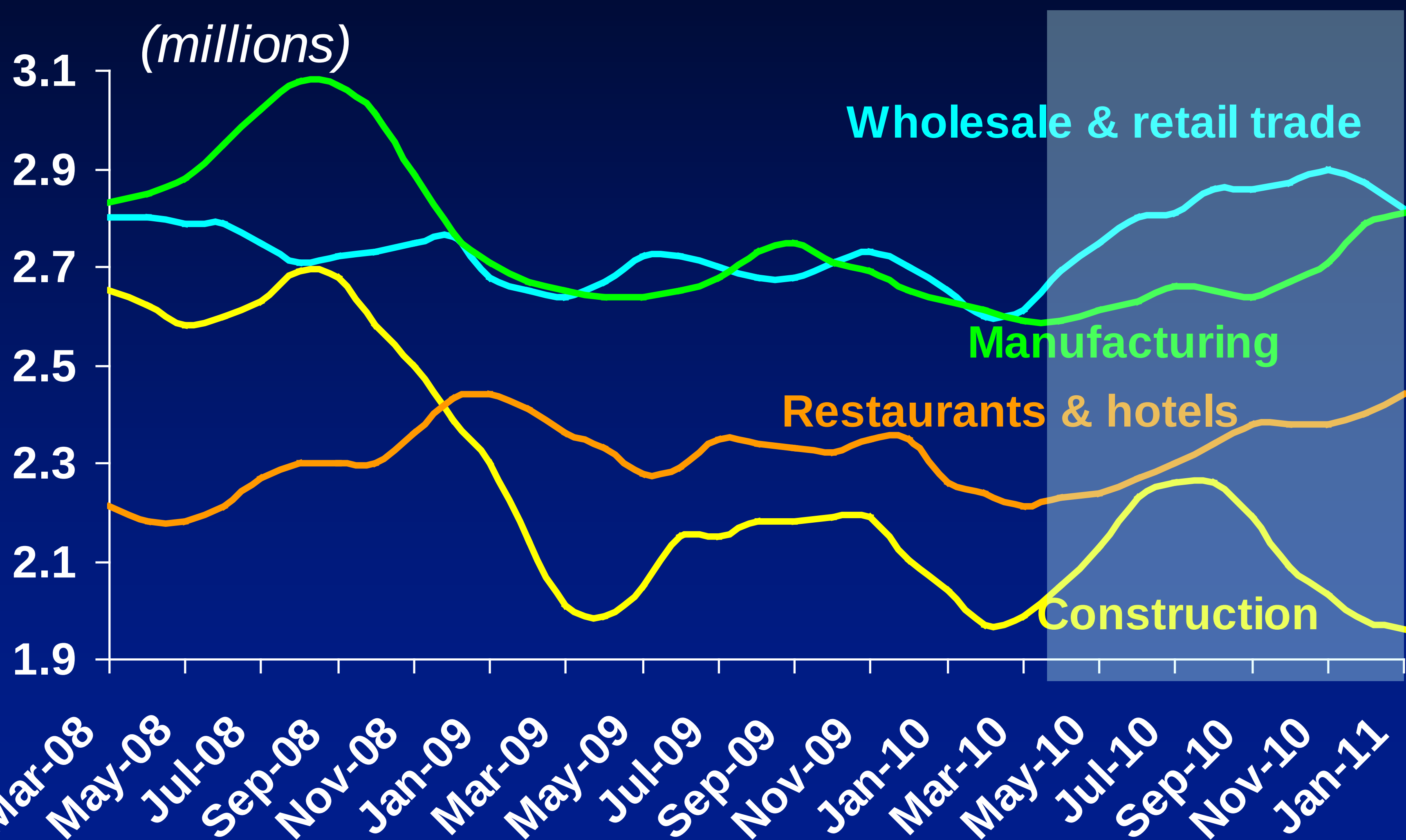
Economic and employment recovery in the US, especially for migrants



US unemployment rate is down to 8.8% in March 2011

3-month moving average
Source: Current Population Survey

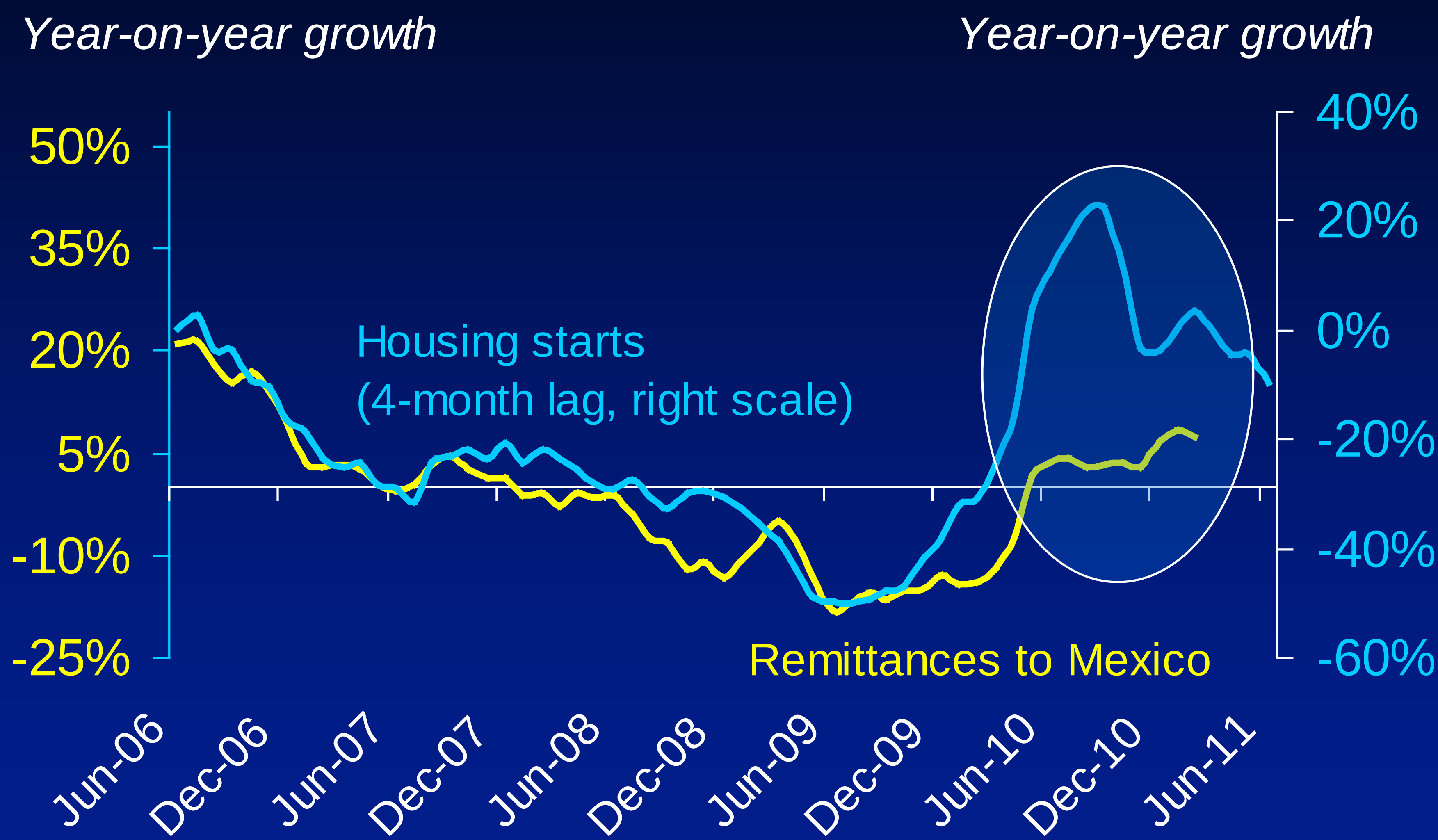
Sectoral shift in migrant employment in the US away from construction towards services



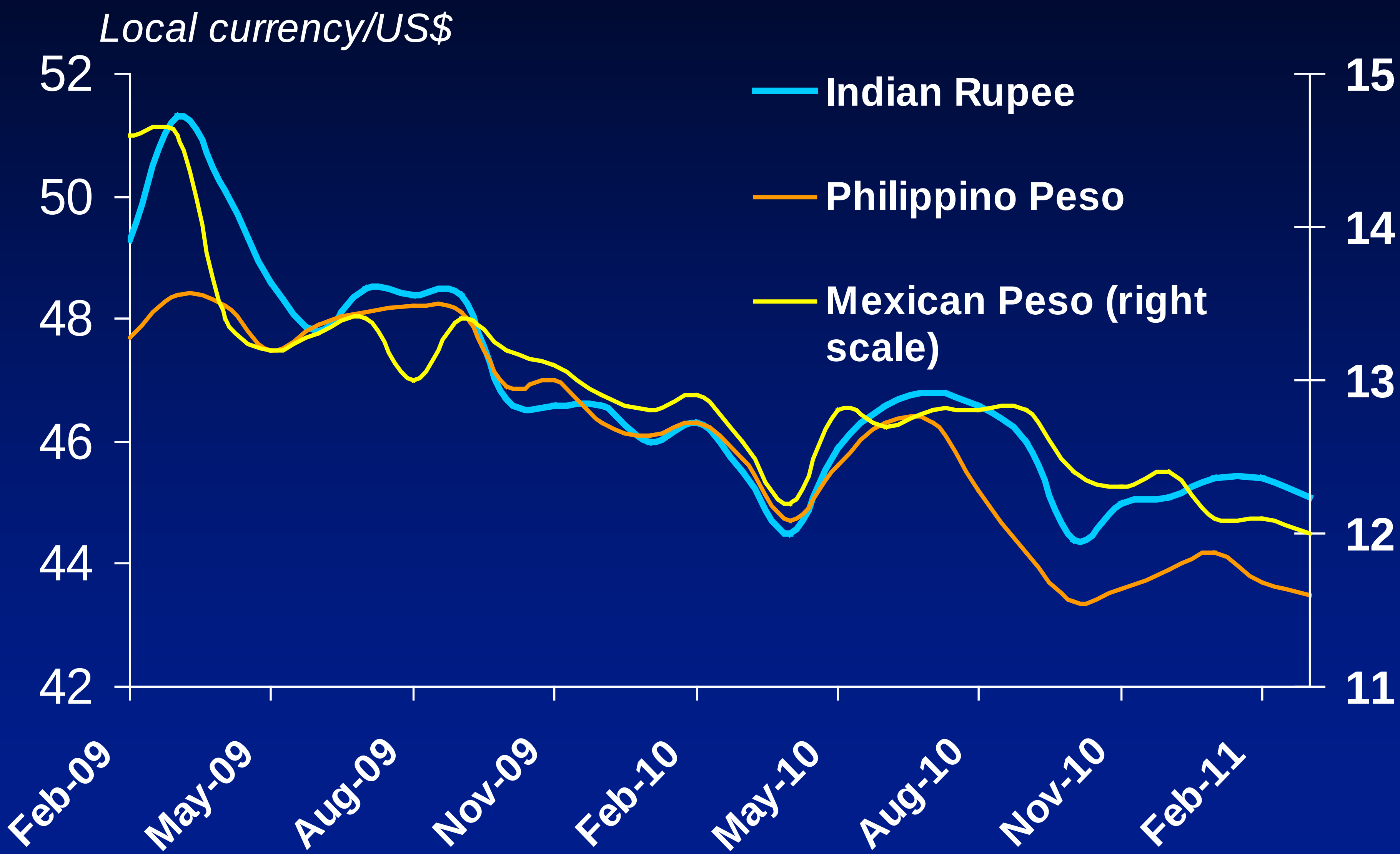
3-month moving average

Source: Current Population Survey

Shift in migrant employment and decoupling of relationship between US housing starts and remittance flows to Mexico



Exchange rates of recipient countries have been appreciating – requiring more remittances for consumption



Longer term issues/trends

- Rising restrictions on new immigration
- Application of mobile phone technology remains limited to domestic remittances
- More awareness of potential for leveraging remittances and mobilizing diaspora wealth

Migration presents huge untapped potential

Potential for diaspora bonds

	Diaspora size (millions)	Estimated diaspora savings ($ billions, 2009)
Developing countries	**161.5**	**397.5**
East Asia & Pacific	21.7	83.9
Europe & Central Asia	43.0	72.9
Latin America & Caribbean	30.2	116.0
Middle East	9.3	18.9
North Africa	8.7	22.3
Sub-Saharan Africa	21.8	30.4
South Asia	26.7	53.2

Potential for d-bonds: $5-10 bn annually for Africa;
Selected countries: Bangladesh, Colombia, El Salvador, Ghana, India, Jamaica, Kenya, Mexico, Moldova, Morocco, Nepal, Nigeria, Pakistan, Philippines, Poland, Romania, Senegal, Serbia, Sri Lanka, Uganda, Zambia, and Zimbabwe

Source: Ratha and Mohapatra 2011

Summary

- Migration is a key component of developing countries' regional and global integration
- The benefits of migration are already being observed in the form of remittances
- Migration presents significant untapped potential for development
- Migration can be leveraged for skill and technology transfers and diaspora investment

Website:

http://www.worldbank.org/migration

Blog:

http://peoplemove.worldbank.org

Latest

http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21681739~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html

Thank you!