



Paving the Way Forward for Rural Finance
An International Conference on Best Practices

Remittances, Rural Sector and Development

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Globalization and Migration: The 5Ts of integration into the global economy

Free movement of people today is recognized as a key factor enabling economic growth

Spend up to US\$2,000

Dom. Rep.: 36%
El Salvador: 75%
Ecuador: 36%
Mexico: 27%

Buys home country goods

Dom. Rep.: 65%
El Salvador: 53%
Ecuador: 95%
Mexico: 93%

Over 20 minutes (@40)

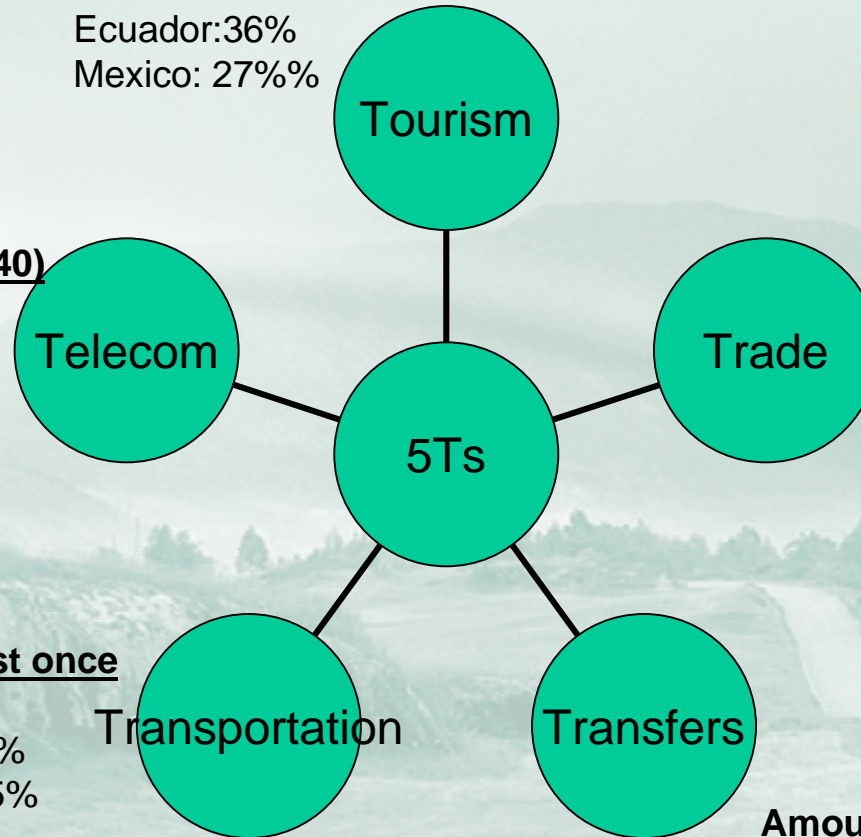
Dom. Rep.: 79%
El Salvador: 75%
Ecuador: 50%
Mexico: 82%

Travels at least once a year

Dom. Rep.: 66%
El Salvador: 35%
Ecuador: 38%
Mexico: 25%

Amount sent

Dom. Rep.: \$200
El Salvador: \$276
Ecuador: \$290
Mexico: \$380



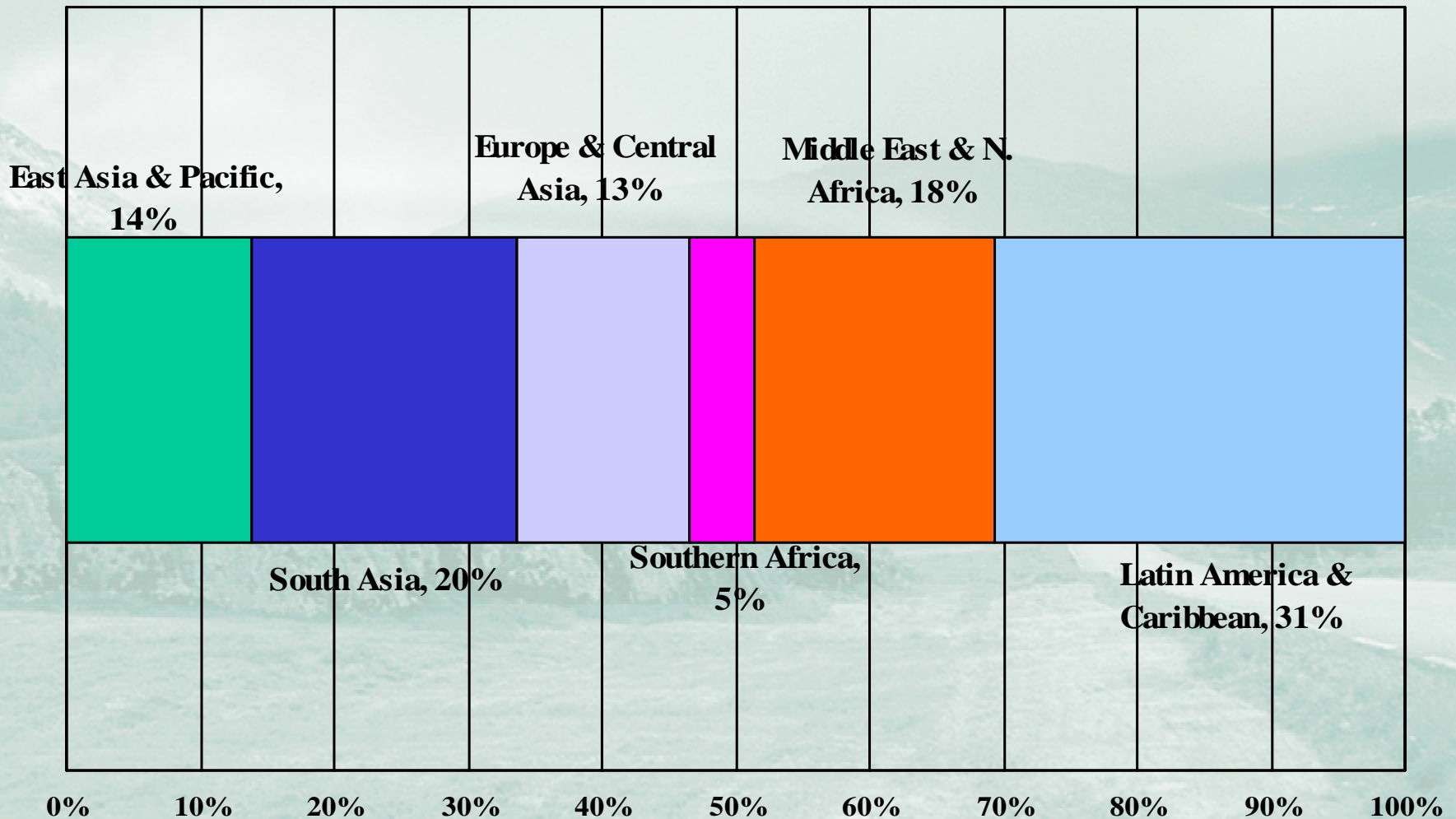


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The Broad Worldwide Context of Remittances



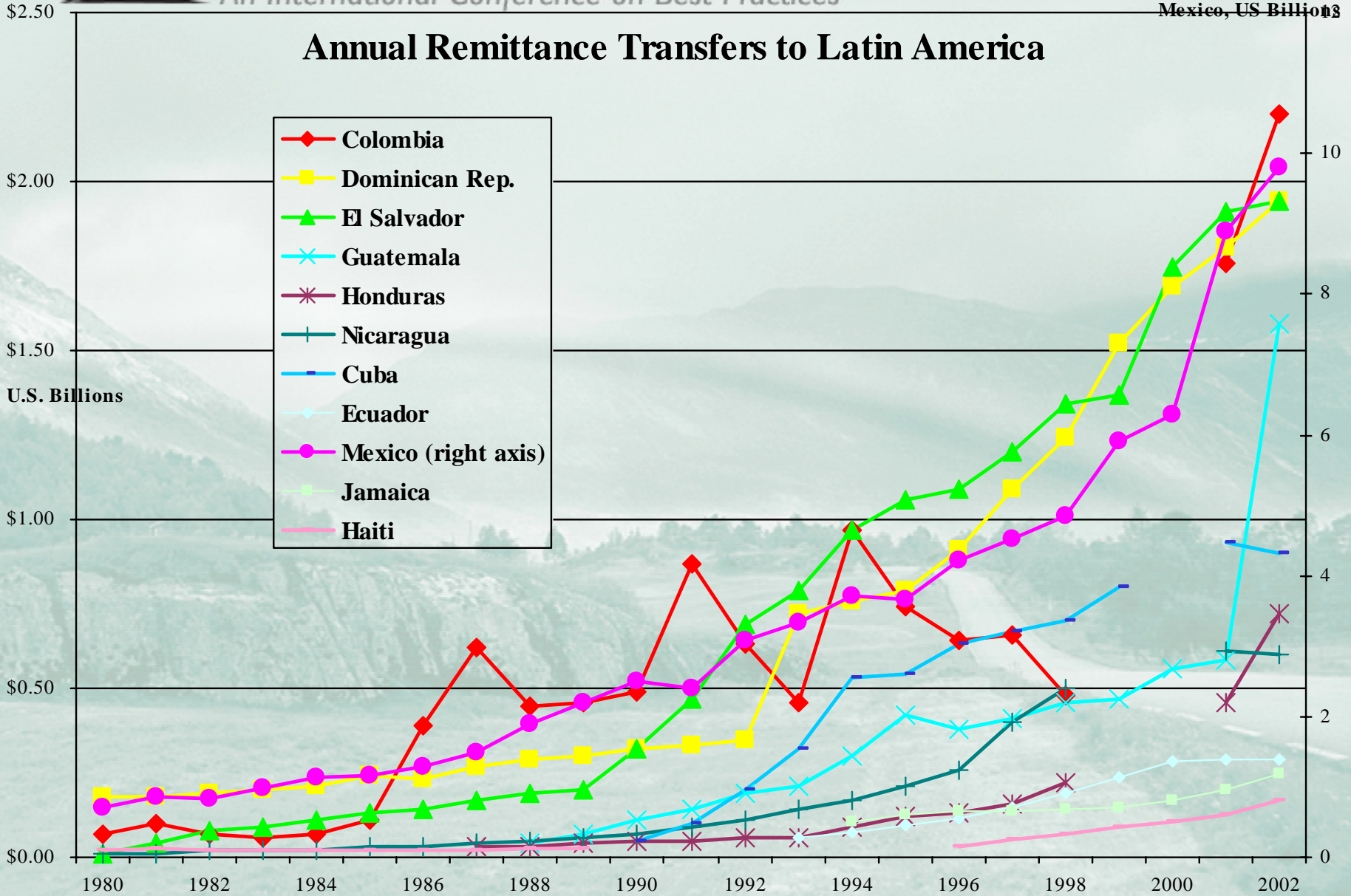
Worldwide flows of worker remittances by region, 2002





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Remittances to Latin America and the Caribbean

| Country | Remittances (US\$millions) | As % of GDP | As % of Exports |
|---------------------|----------------------------|-------------|-----------------|
| Mexico | \$9,815 | 1.7 | 6.5 |
| Brazil | \$4,000 | 0.4 | 4.0 |
| Colombia | \$2,270 | 2.1 | 2.4 |
| Dominican Republic | \$1,939 | 10 | 27 |
| El Salvador | \$1,935 | 17 | 60 |
| Guatemala | \$1,579 | 3.1 | 16 |
| Ecuador | \$1,432 | 9 | 20 |
| Jamaica | \$1200 | 15 | 30 |
| Peru | \$1,100 | 1.7 | 10.6 |
| Cuba | \$930 | 5 | 40 |
| Haiti | \$810 | 24.5 | 150 |
| Honduras | \$720 | 7.5 | 17 |
| Nicaragua | \$610 | 22 | 80 |
| Venezuela | 220 | | |
| Costa Rica | 195 | | |
| Bolivia | \$93 | 1.25 | 6.71 |
| Guyana | 90 | | |
| Trinidad and Tobago | 49 | | |
| Eighteen countries | \$28,987.00 | | |

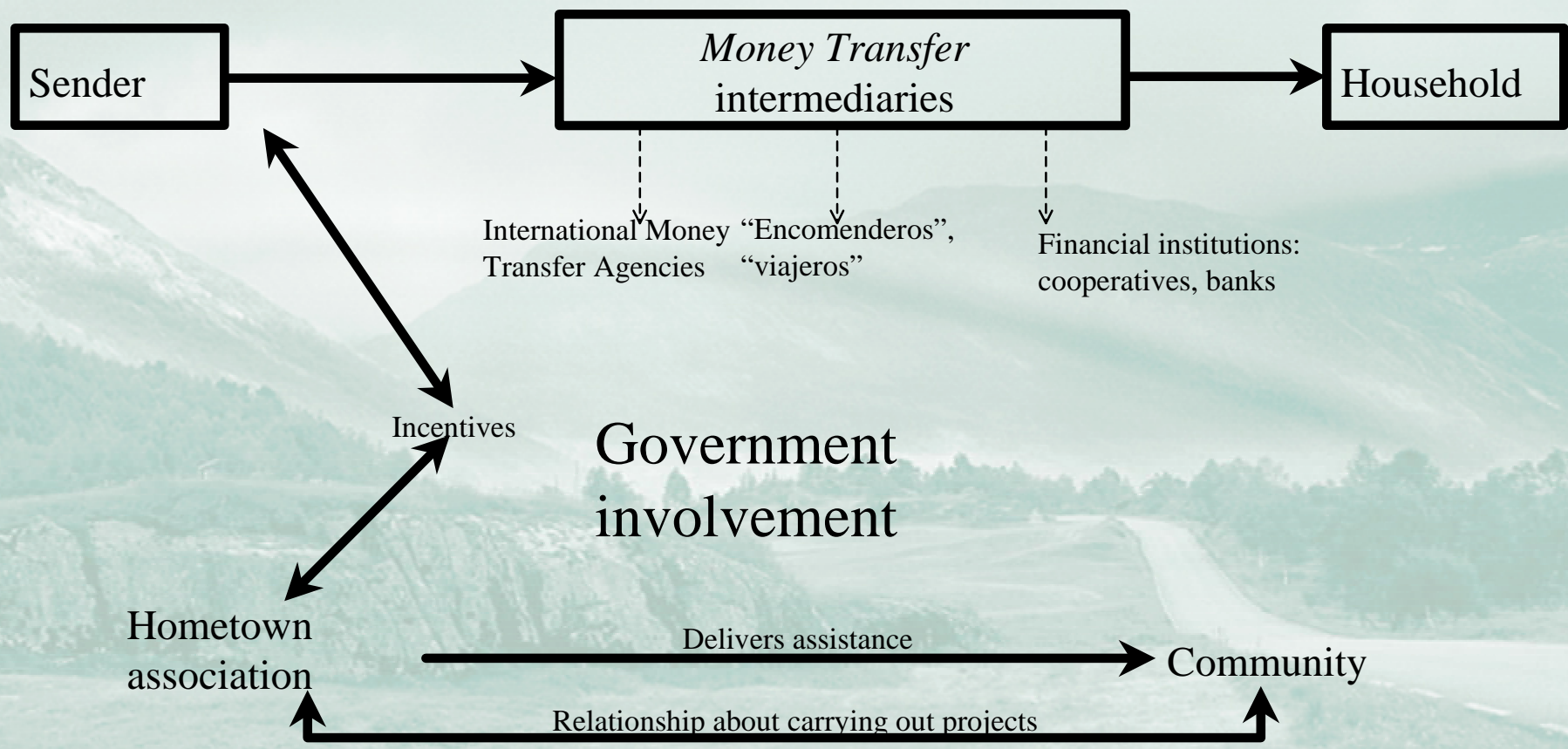
*Source: countries' Central Banks. Data on remittances as % of GDP and Exports are based on 2001 figures.



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Players in the Transfer of Worker Remittances

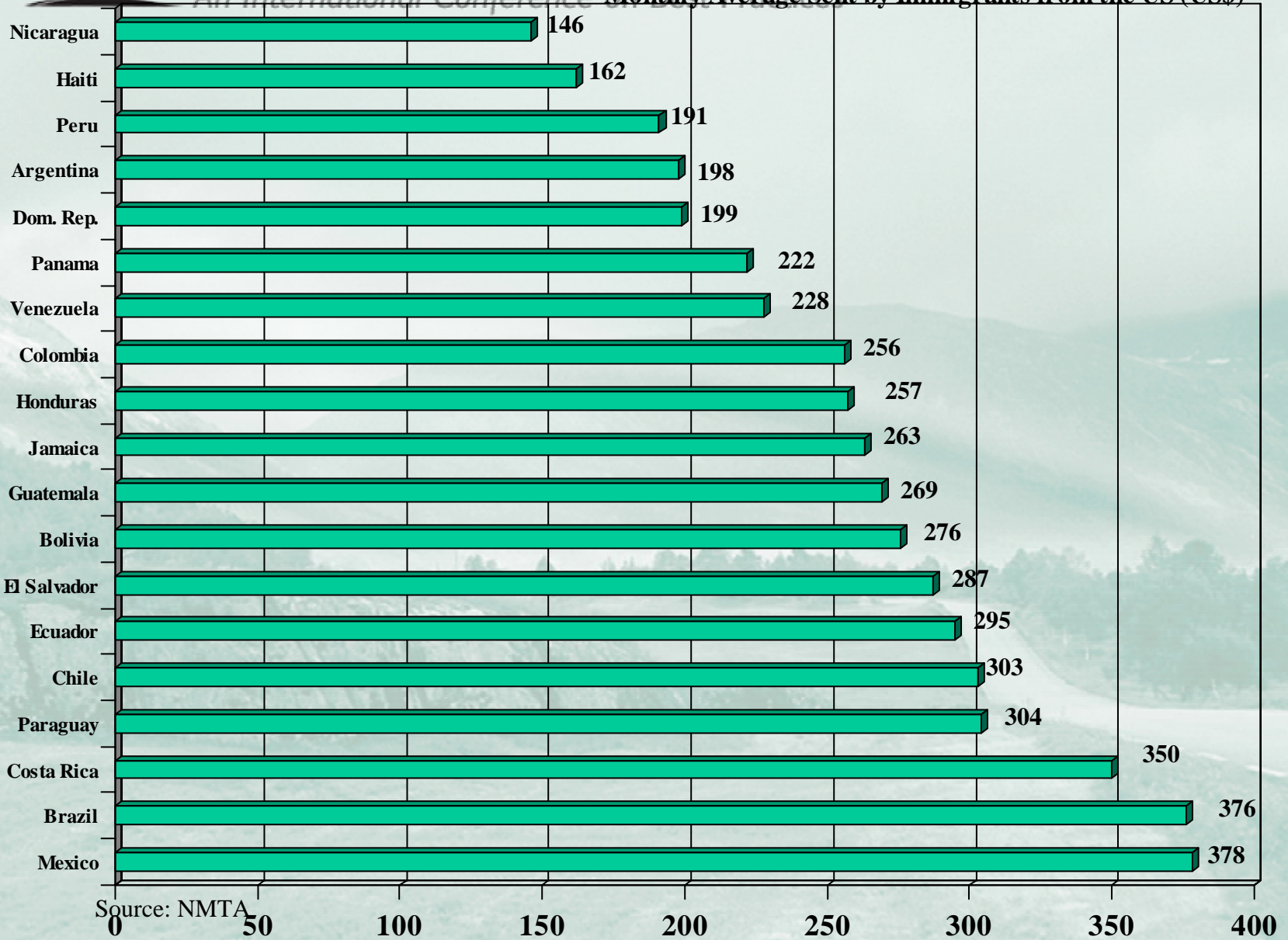




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Monthly Average Sent by Immigrants from the US (US\$)

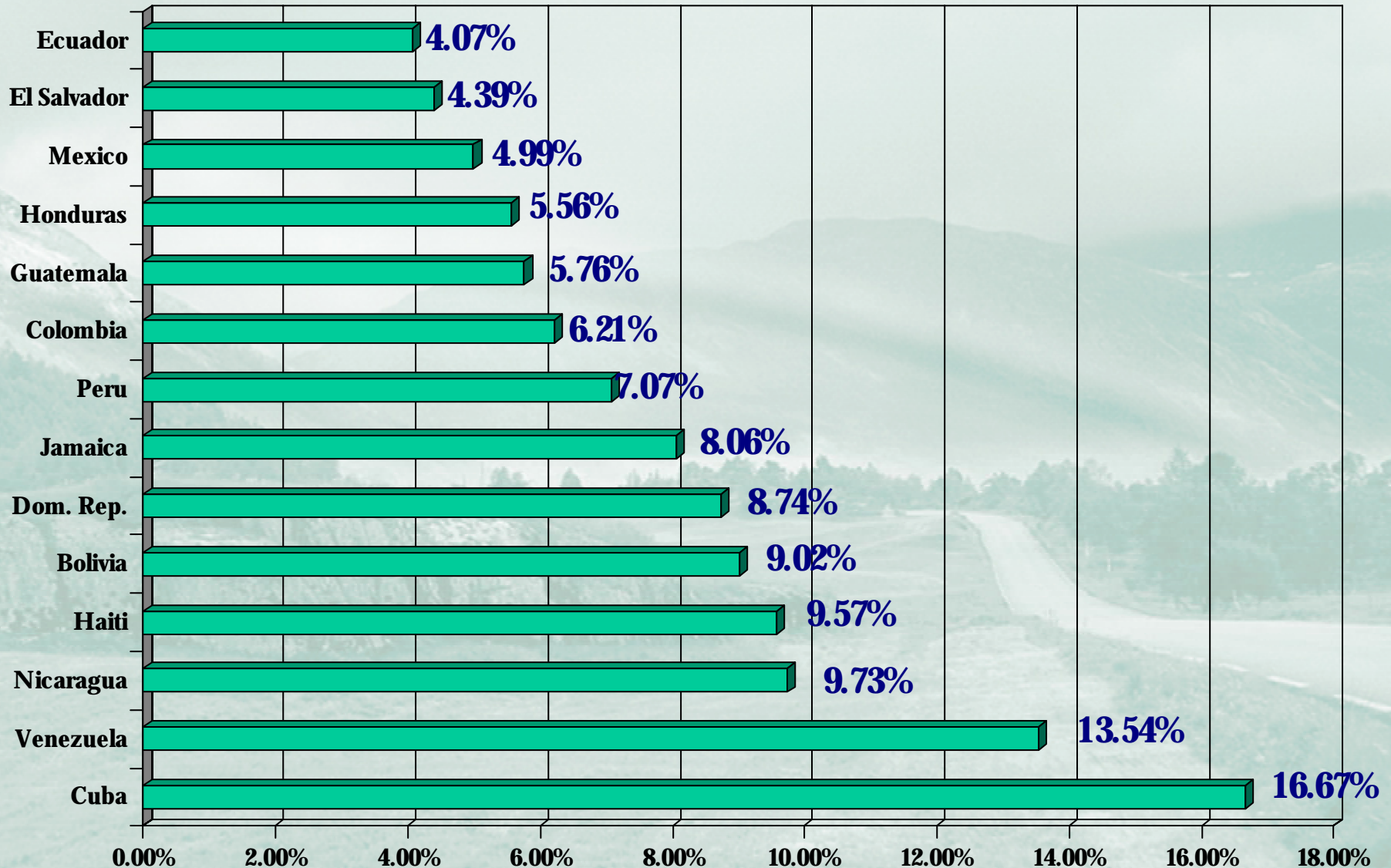




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Percent cost of sending remittance

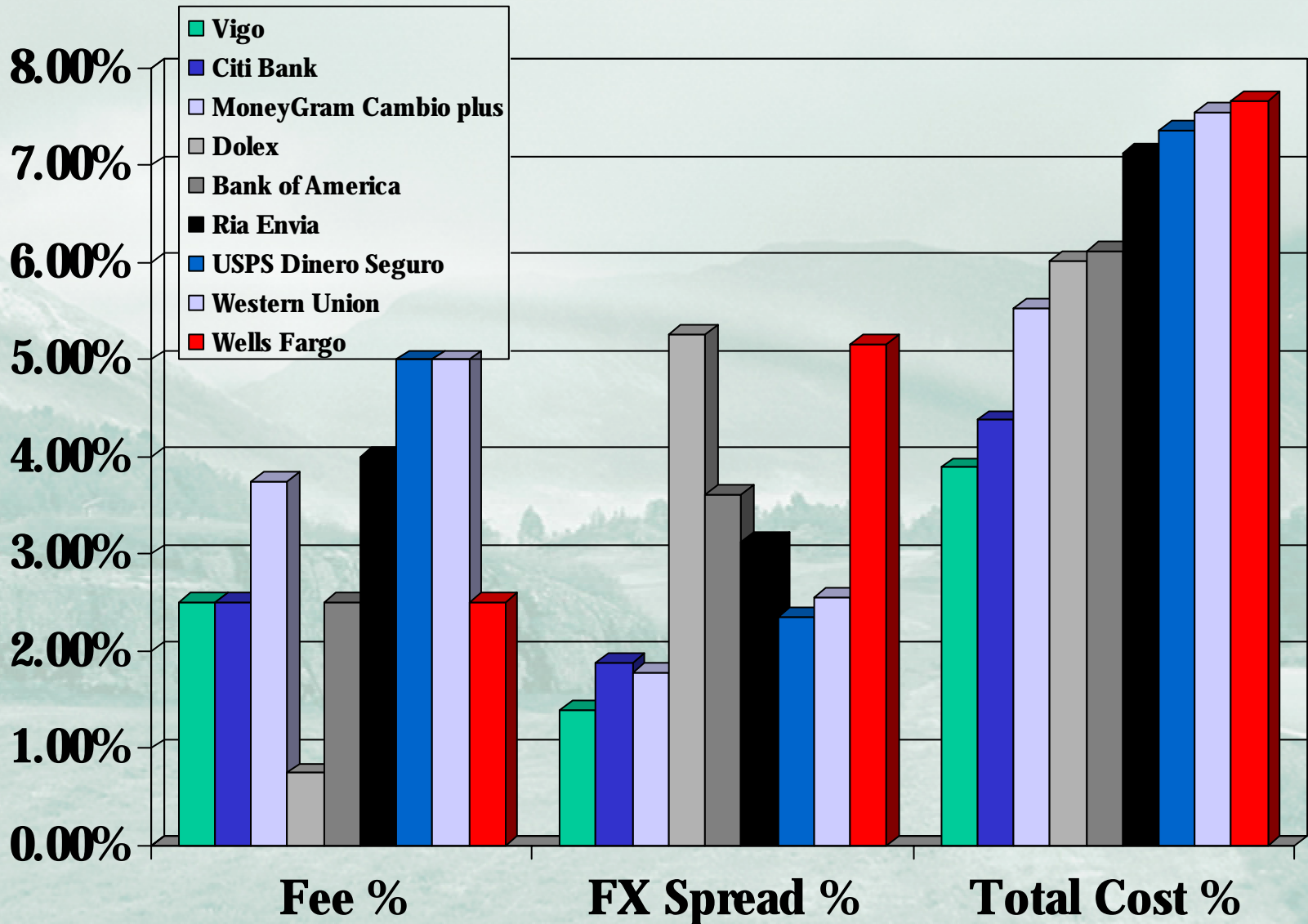




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Cost of sending \$400 to Mexico by company





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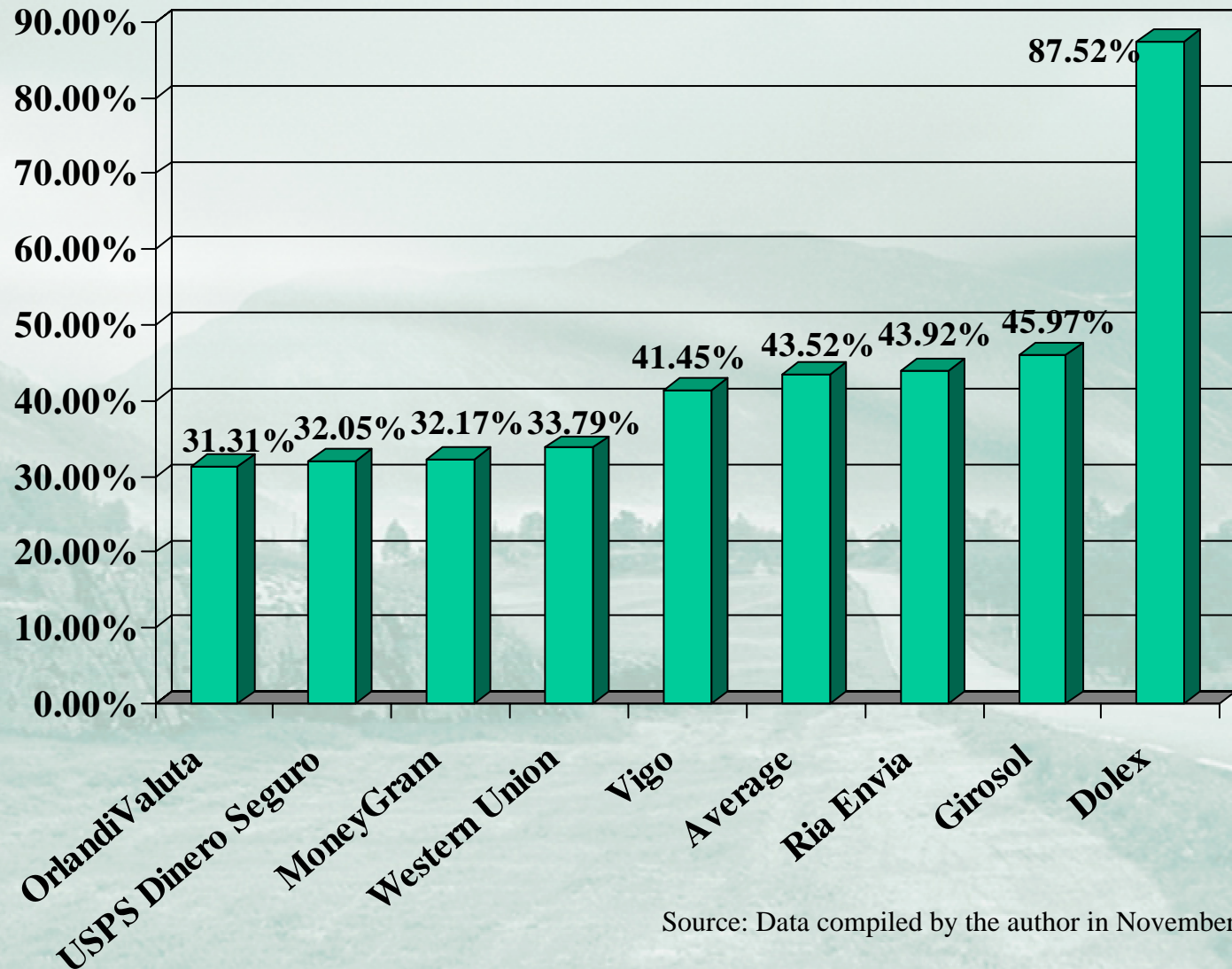
Remittances and the Rural Sector



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FX as Percent of Total Cost



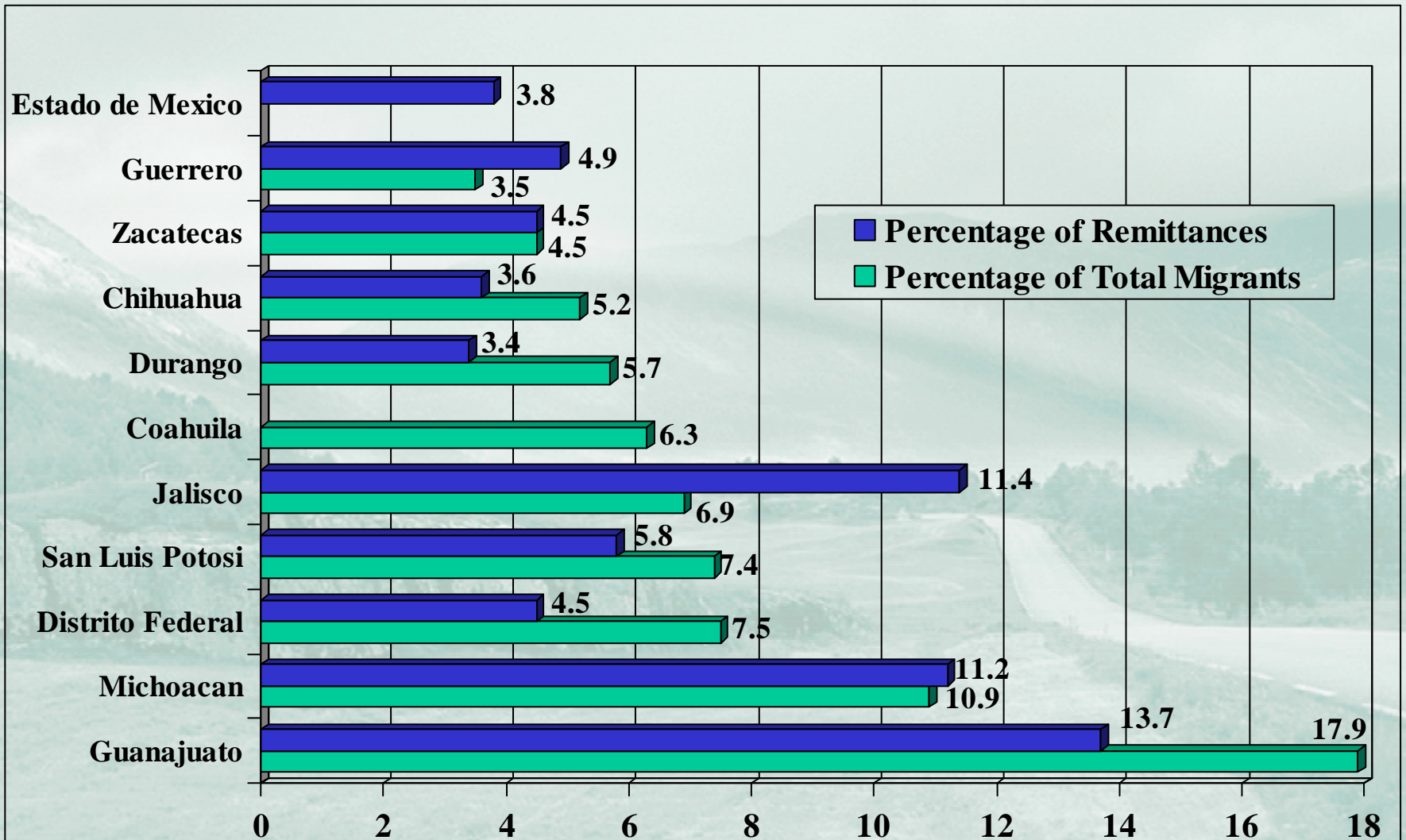
Source: Data compiled by the author in November 2002.



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Top Ten Migrant Sending States and Top Ten Remittance Receiving States in Mexico





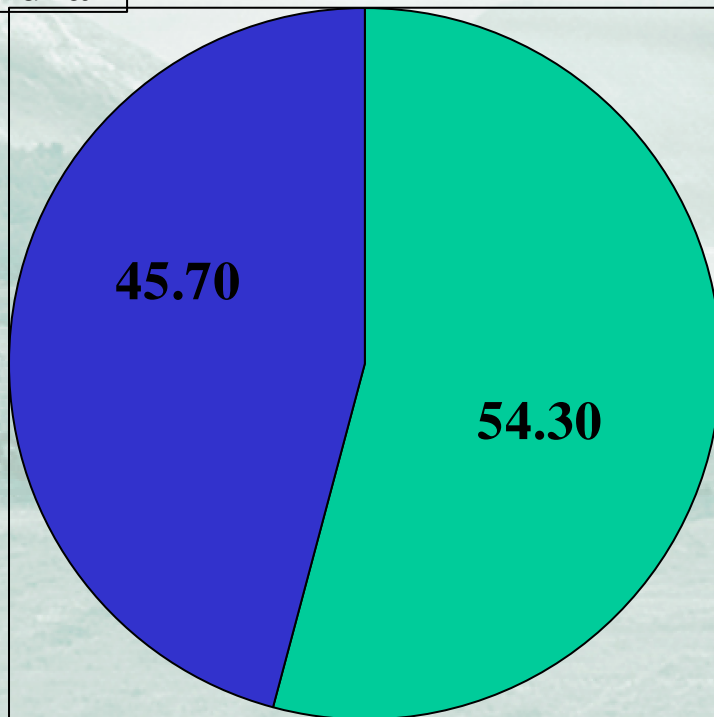
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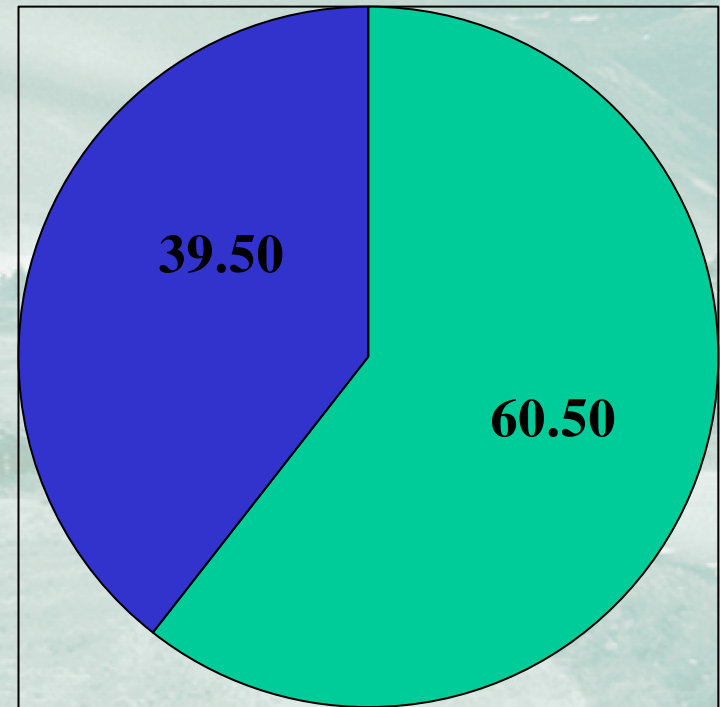
Percentage of Remittance Receiving Households in Rural and Urban Areas, 1996



Mexico

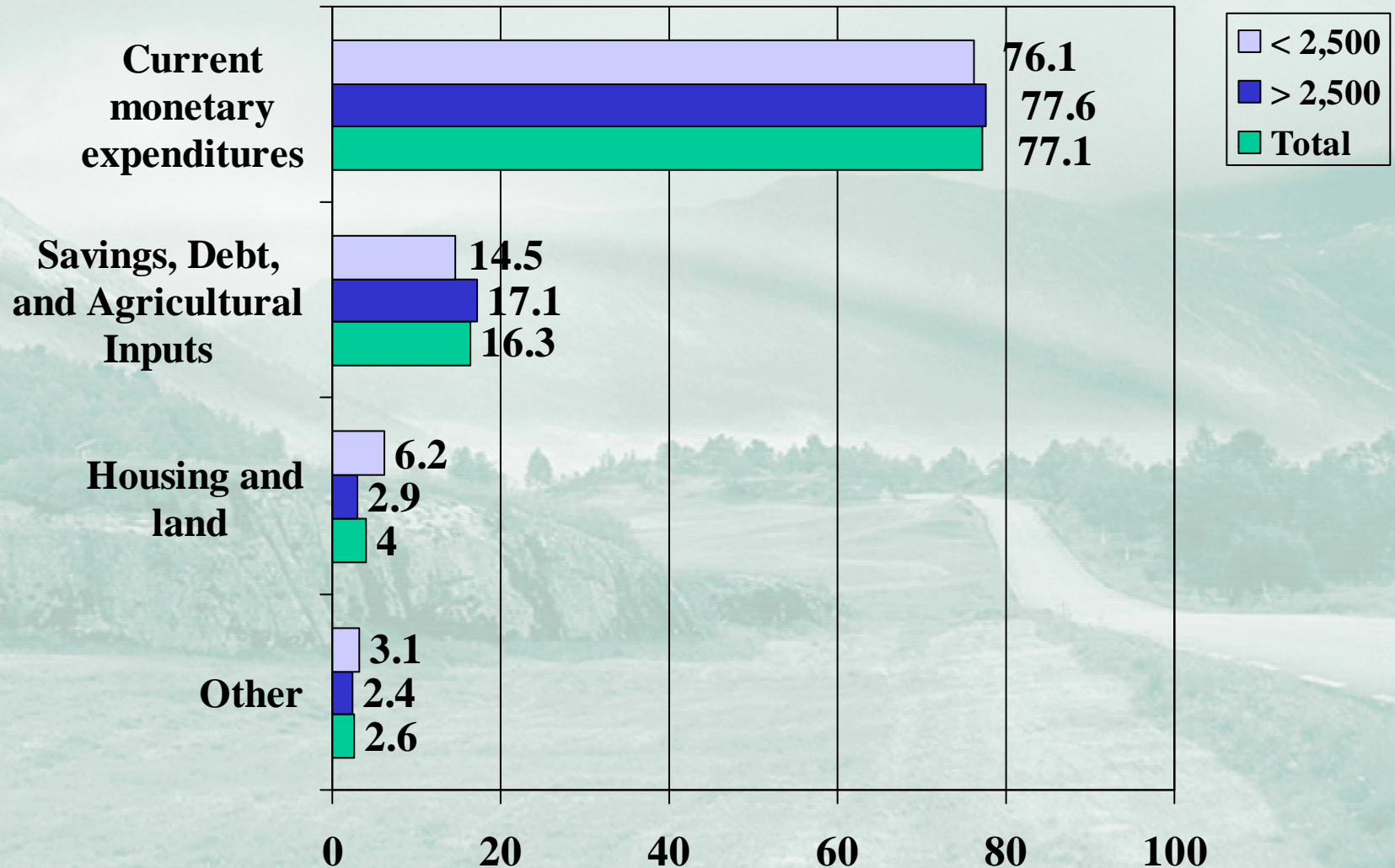


El Salvador



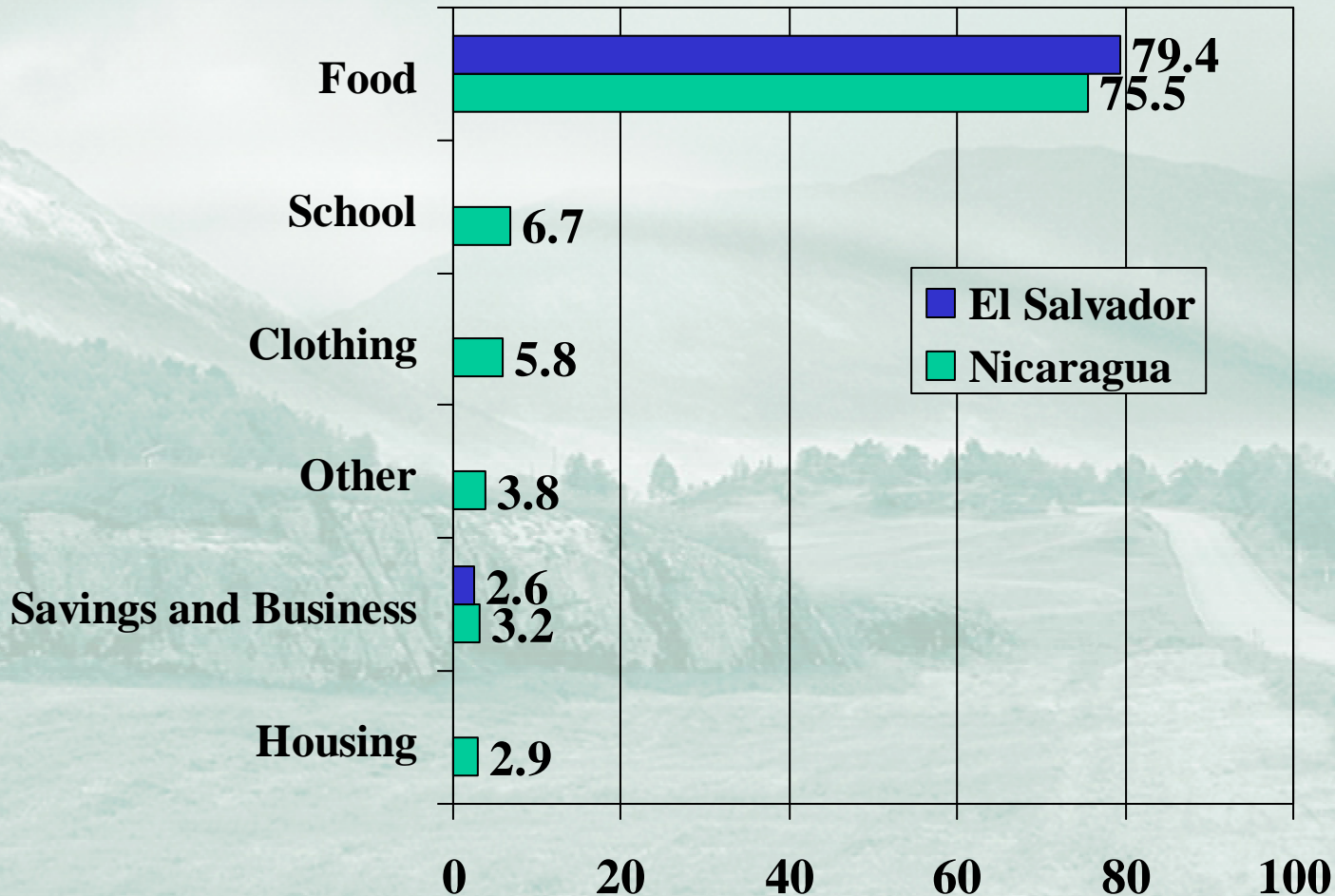


Distribution of expenditures by remittance-receiving households by size of locality, Mexico





Distribution of expenditures by remittance-receiving households in El Salvador and Nicaragua





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Hometown associations and Development

Some characteristics and policy
issues



Development and Hometown Associations

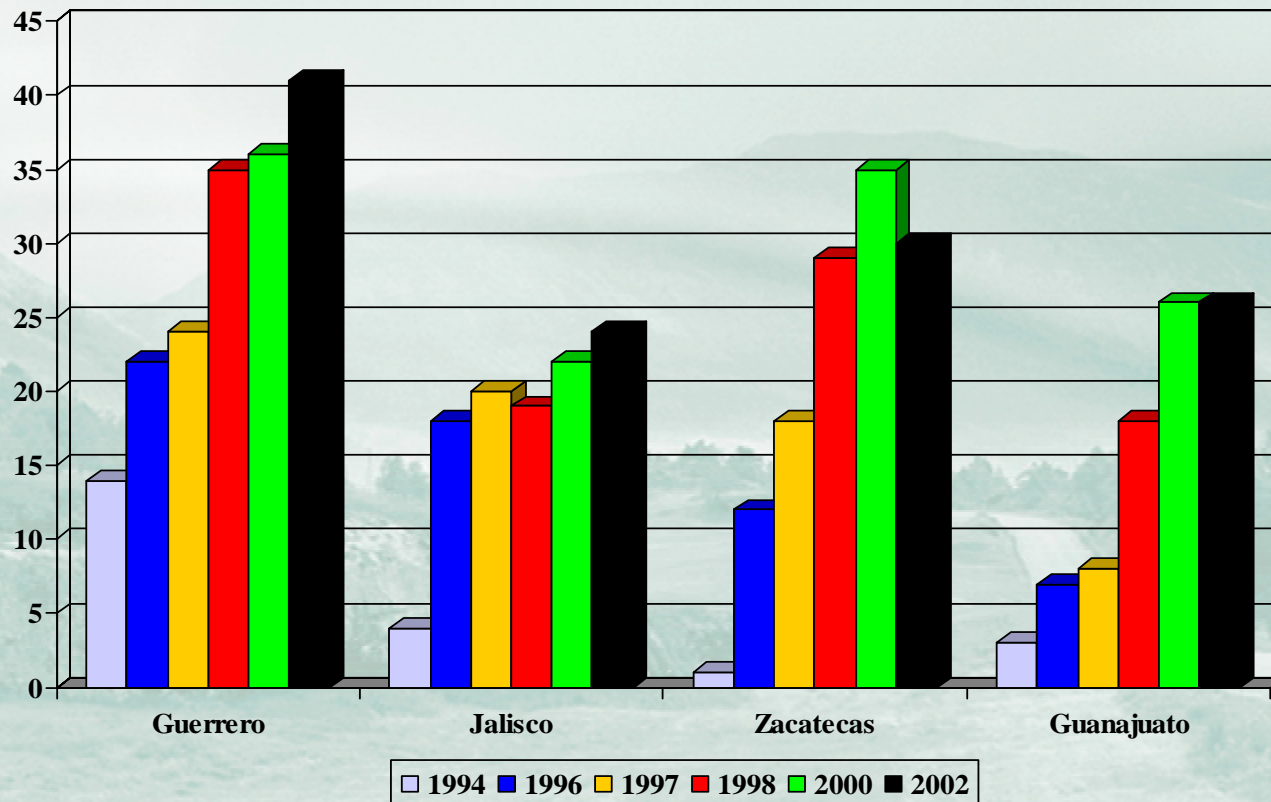
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- Is there a relationship between the activities of HTAs and development economics?
- Does the attributes and properties of an HTA intersect with those of development players and work? Foreign aid in question.



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Growth of Mexican Clubs in Chicago





The experience of working in Guanajuato

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| Area | 2001 | 2002 |
|---------------------------------|------------------|----------------|
| Drainage | 3 | 8 |
| Rural roads | 10 | 17 |
| Community centers (churches) | 27 | 41 |
| Electrification | 3 | 6 |
| Urbanization | 4 | 7 |
| Pavement | 48 | 18 |
| Other | 5 | 3 |
| N. Of Projects | 49 | 103 |
| Investment (pesos) | \$12 (HTA \$4.1) | \$35 (HTA \$9) |
| Municipalities | 12 | 25 |



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Effects and Benefits of an Improved Money Transfer Process

| | 5% increase in remittances | Credits offered from savings of 10% of recipients who open dollar bank accounts | Micro-finance opportunities | HTAs | Strategic alliances | |
|-------------|----------------------------|---|-----------------------------|--------------------------------------|----------------------|------------------|
| El Salvador | \$98,600,000.000 | \$2M (20,000 customers saving \$100) | \$3M | \$3M + \$1M matching | \$5M investments | |
| Guatemala | \$29,215,000.000 | | | \$3M + \$1M matching | \$5M investments | |
| Nicaragua | \$30,000,000.000 | | | \$1M (10,000 customers saving \$100) | \$3M + \$1M matching | \$5M investments |
| Honduras | \$30,000,000.000 | | | \$2M (20,000 customers saving \$100) | \$3M + \$1M matching | \$5M investments |
| Dominicana | \$90,350,000.000 | | | \$5M + \$1M matching | \$5M investments | |
| Jamaica | \$47,960,000.000 | | | \$5M + \$1M matching | \$5M investments | |

Remittances Received in Mexico and Central America, Projected 2002-2030

