REMITTANCES TO LATIN AMERICA
AND THE CARIBBEAN IN 2011

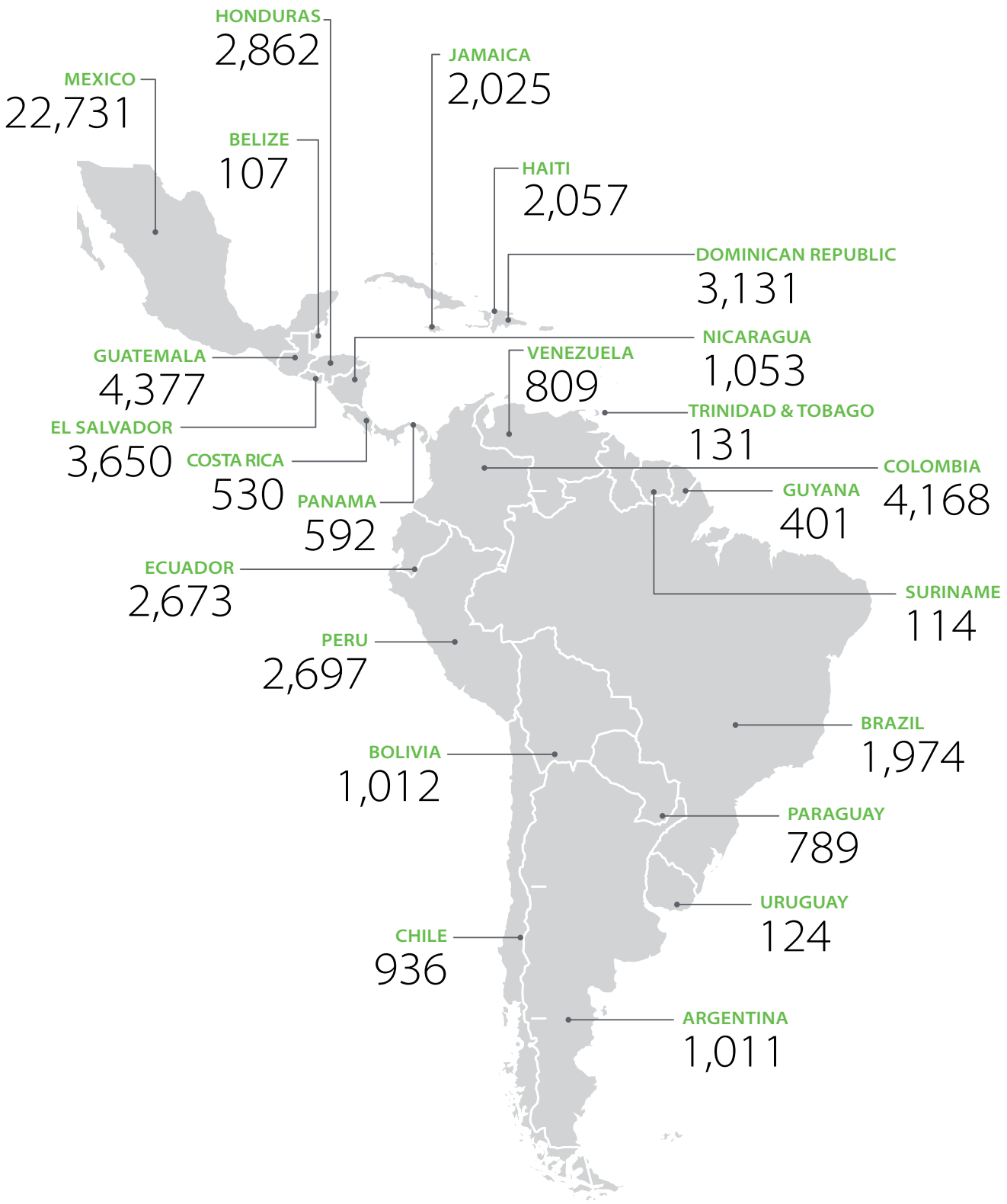
Regaining GROWTH

FOMIN
Multilateral Investment Fund
Member of the **IDB Group**

2011
REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN

TOTAL:

US$ 61 billion



TOTAL AMOUNT OF REMITTANCES RECEIVED IN 2011

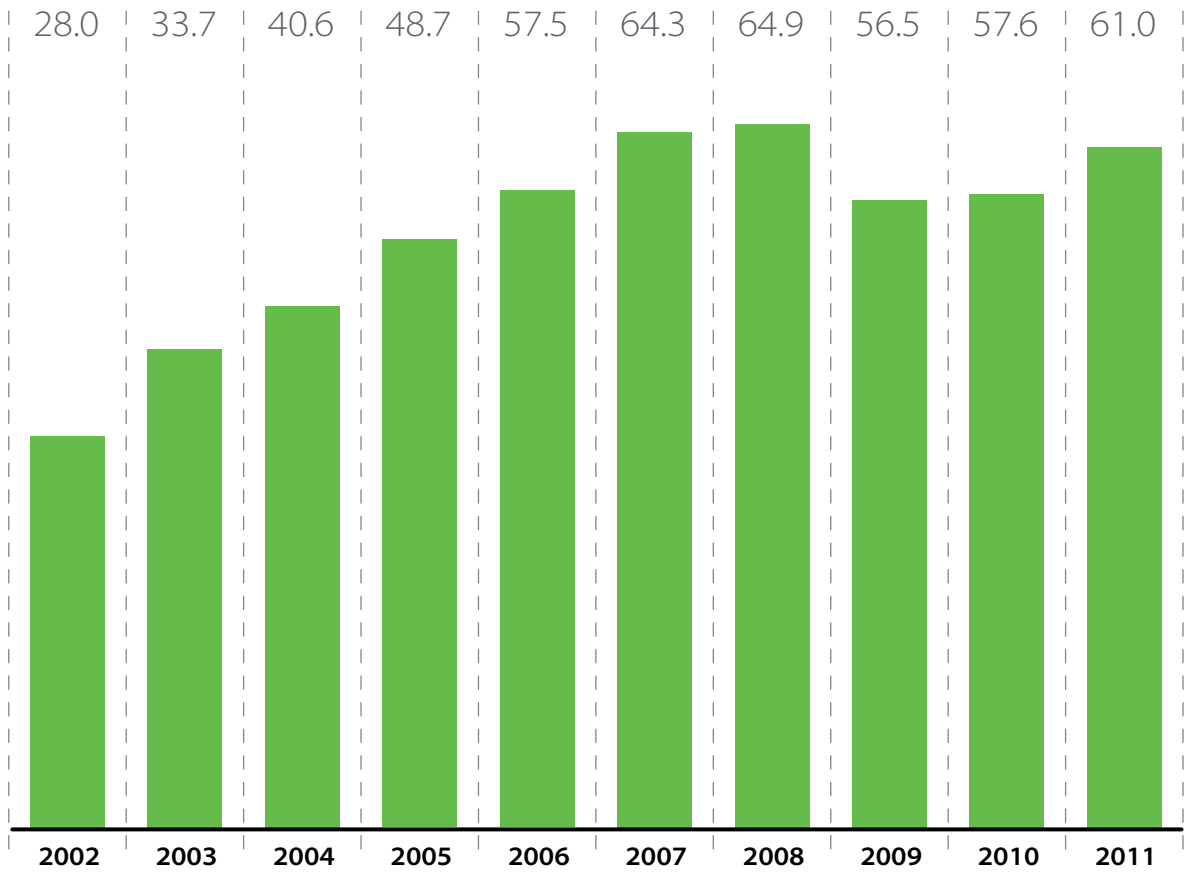
By Country in Millions US$

01 REMITTANCES IN 2011

Over the course of 2011, remittance flows to Latin American and Caribbean (LAC) showed signs of a solid recovery, reaching growth rates close to those recorded before the start of the global economic crisis. Since the last quarter of 2008, the increases in unemployment rates in traditional sending countries like the United States, Spain, and Japan, and the ensuing drops in incomes among LAC migrants had caused an unprecedented decline in the volume of remittances sent to the region. In 2010, remittances to LAC showed signs of stabilization, finishing on a positive growth trend that resulted in an annual volume that was slightly higher than the previous year. In 2011, the countries in the region received a total of US$ 61 billion in remittances, which represents an increase of 6% over the previous year.

FIGURE 01

Remittances to Latin America and the Caribbean (2002-2011)[1] *(Billions of U.S. Dollars)*



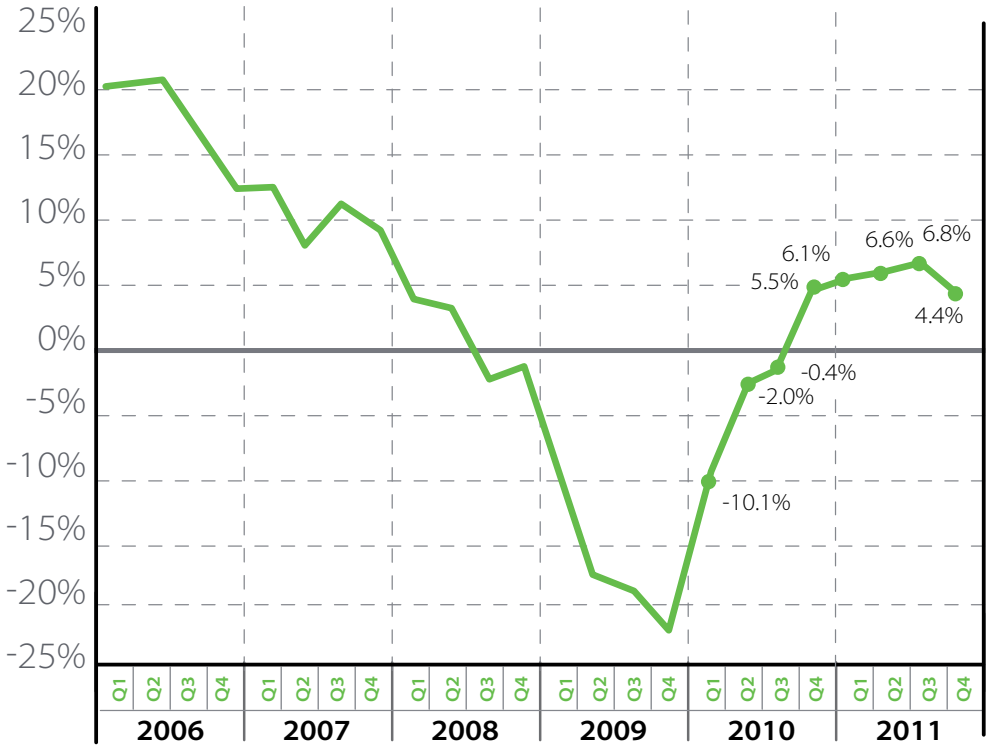
SOURCE: Author's estimate based on MIF data.

1. Historical remittance data have been revised to reflect the narrow definition of remittances as defined in the Balance of Payments Manual of the International Monetary Fund for the case of Brazil, and to reflect updated data for Panama (2010) and Ecuador (2009 and 2010). These adjustments are reflected in the regional totals in Figure 1 and in the analysis contained in this report.

Between 2002 and 2008, remittances flows showed strong increases each year at an average rate of 17%. However, in 2006 these growth rates began a marked slowdown, and the second half of 2008 reflected the impact of the economic crisis as remittances fell more than -15% the final two quarters of 2009. Given the importance of these flows for recipient households, migrants adjusted their spending habits to continue to send money home, despite the economic uncertainty.[2] The year 2010 marked the start of an upward trend lasting throughout that year, reaching an annual positive growth with respect to the previous year. Remittance inflows recorded in 2011 exceeded the amount sent the previous year by 6%, the largest positive growth rate in the last four years.

FIGURE 02

Remittances to Latin America and the Caribbean (2006-2011) *YoY Growth*



SOURCE: Author's estimate based on MIF data.

Quarterly inflows received in 2011 were similar to those observed in 2006. As shown in Figure 2, remittances flows in the first and second quarters of 2011 showed annual growth rates of 6.1% and 6.6%, followed by a peak increase of 6.8% in the third quarter, the highest quarterly growth rate in the last four years. However, the growth rate eased to 4.4% during the fourth quarter, which suggests that, while remittances are back on the path of growth, the volume of inflows may be affected by adverse factors, such as those stemming from the economic difficulties that persist among European sending countries.

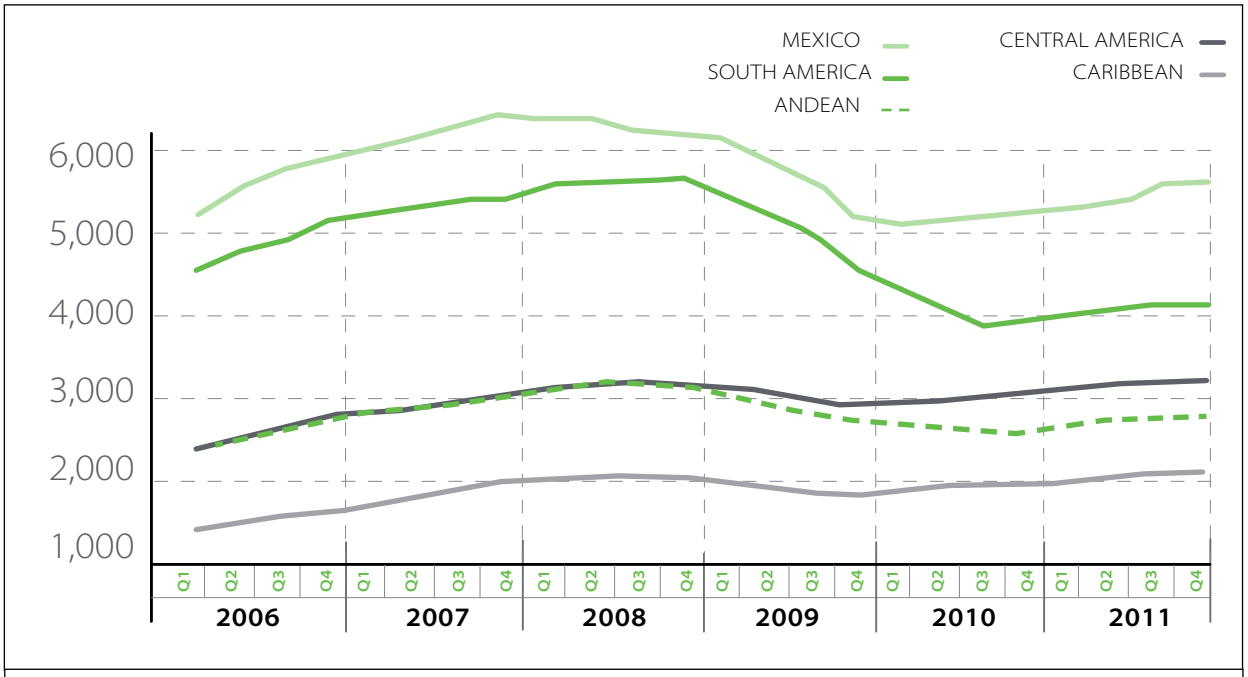
2. Maldonado, R., Bajuk, N., Watson, G. "Remittances to Latin America and the Caribbean in 2009: The Effects of the Global Financial Crisis", Multilateral Investment Fund, Inter-American Development Bank. Washington D.C., 2010.

The average amount per remittance and the frequency of sending increased in 2011 with respect to previous years. According to official data and surveys, during the years immediately following the crisis, migrants had to reduce the number of times a year they sent money home, from an average of 15.3 transfers per year in 2008 to only 12 in 2009 and 2010, as they struggled to maintain the sending levels of previous years. In addition, the amount of the average remittance had decreased by about -8% to -9% in 2009, and again in 2010, though only by about -0.1% to -0.6%. [3] In contrast, official data for several countries shows that in 2011 remittances were sent more frequently and in greater amounts per transaction. For example, in the case of Mexico, the larger overall volume received reflected an increase of 3.4% of the average remittance amount and a 3.3% increase in the number of times sent in the year.

Between 2008 and 2010, remittance flows varied significantly depending on the sub-region due to the economic crisis in traditional sending countries. The timing, duration and intensity of the economic crisis were not the same in the U.S. in comparison to European countries, and as a result, the flow of remittances from these countries showed different patterns. However, the sub-regional breakdown of remittance flows for the first months of 2011 show a general recovery across all sub-regions, as shown in Figure 3.

FIGURE 03

Trends in Remittances to Latin America and the Caribbean (2006-2011)[4] *Millions of U.S. Dollars*



SOURCE: Author's estimate based on MIF data.

3. Orozco, M. "Understanding the Continuing Effect of the Economic Crisis on Remittances to Latin American and the Caribbean", Fondo Multilateral de Inversiones, Banco Interamericano de Desarrollo. Washington D.C., 2009.

4. For the purposes of this report, the category of Andean countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) represents a subset of the 12 South American countries.

In **Mexico**, remittance inflows in 2011 remained closely associated with developments in the United States' economy, the source of almost all its remittances. While remittances to Mexico had dropped sharply by -16% in 2009 as a result of the crisis in the United States, these flows began their recovery in 2010, reaching a slight increase of 0.12% that year. During 2011, remittances in the first two quarters increased by 5.5% and 4.1% respectively, with the positive growth trend strengthening through the last two quarters at 10.3% and 7.6% respectively, compared to the same periods the previous year. In annual terms, remittance income in Mexico recorded year-on-year growth of 6.9% in 2011.

In the case of the **Central America** countries, remittances flows began their recovery earlier in 2010, ending that year with a volume that surpassed that of the previous year by 5.2%. The pace of this increase picked up over the course of 2011, which showed an annual growth rate of 7% over 2010 levels.

In the **Caribbean**, remittance flows had increased by 8.3% in 2010 with respect to the previous year, largely due to extraordinary inflows recorded in response to the devastating earthquake in Haiti early that year. During the first quarter of 2011, remittances to these countries recorded a 2.5% annual increase, which accelerated further in the second and third quarters, at 10.2% and 5.9% respectively, before falling back to a rate similar to the start of the year at 5.3% in the fourth quarter. Overall, remittances to the Caribbean increased by 5.9% in 2011 with respect to the previous year, an increase similar to the one observed at a regional level.

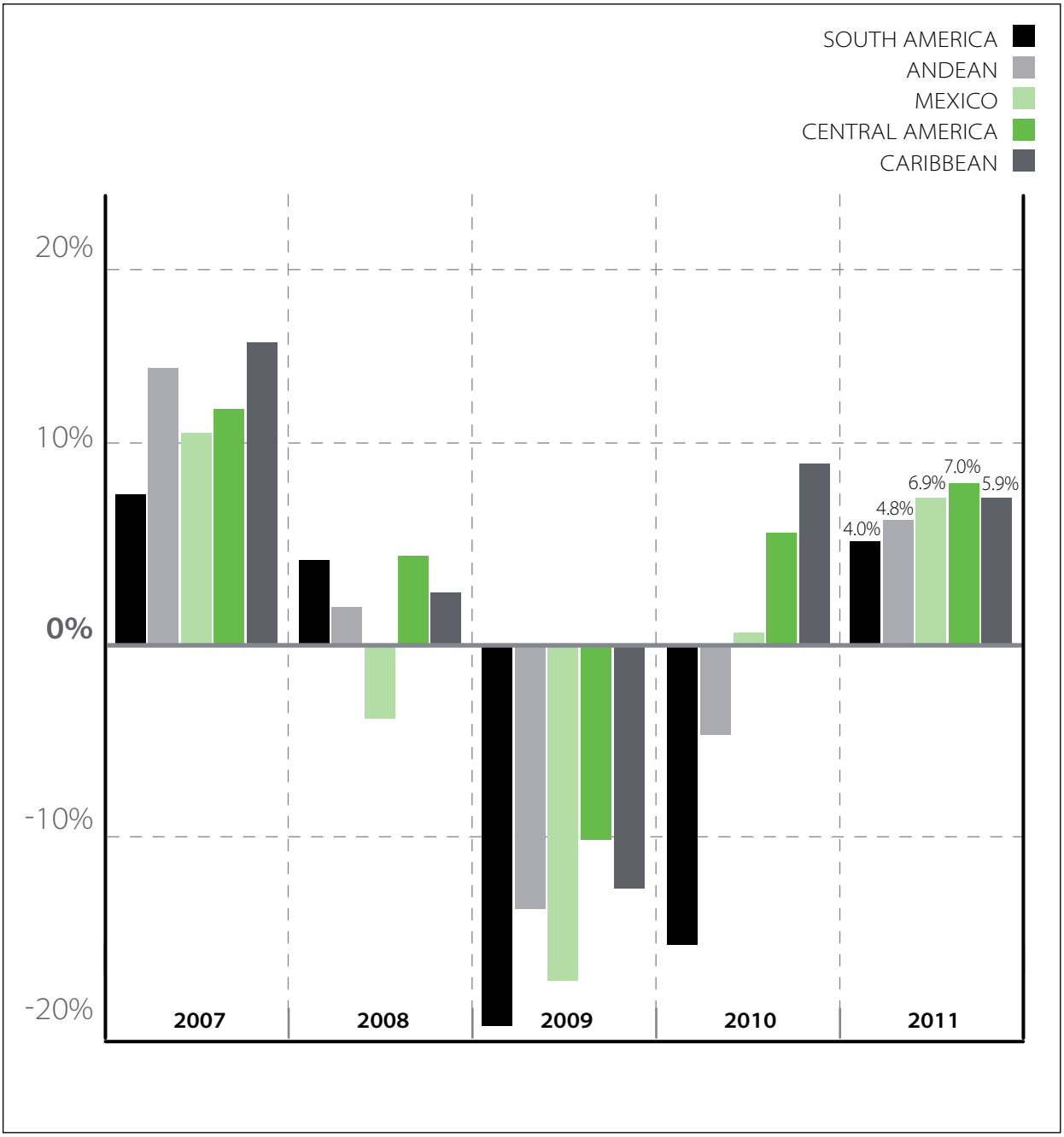
After a sharp decrease in the remittances received in 2010 with respect to the previous year, remittances to **South America** showed a quick recovery to positive growth in the first three quarters of 2011, reaching year-on-year rates of 7.5% in the first and second quarter and 4.8% in the third. But the pace of growth fell to -2.6% in the final quarter, reflecting a new drop in remittance flows sent from European countries, a major source of flows for this sub-region, as well as the continued decrease of remittances to Brazil. In annual terms, the growth of remittances to the South American sub-region in 2011 reached 4%, the lowest increase recorded in LAC this year at a sub-regional level.

- As in previous years, within the South American sub-region, the flows to the **Andean** countries show a specific, common trend, which merits a separate analysis. The group of Andean countries had recorded a drop in their remittance inflows in 2010 of -3.4%, as a result of the significant proportion of their flows coming from European countries, whose recovery from the global economic crisis has been somewhat erratic. In 2011, the group of Andean countries received 4.8% more than the previous year. Quarterly volumes showed year-on-year increases of 9% and 8.9% for the first and second quarters, but data for the second half of the year recorded a sharp slowdown with year-on-year increases of only 4.3% in the third quarter and a decrease of -2.14% in the last quarter.

- In the case of **Brazil**, according to revised data based on a more narrow definition of remittances, that includes only transfers conducted by individuals who change their residence and send money to their families back home, in 2011 these flows had a decrease of -4.9% over the previous year. This decrease is also linked to the return of many Brazilian migrants to their country of origin (see Box 1.)

FIGURE 04

Remittances to Latin America and the Caribbean (2007-2011) *YoY Growth*



SOURCE: Author's estimate based on MIF data.

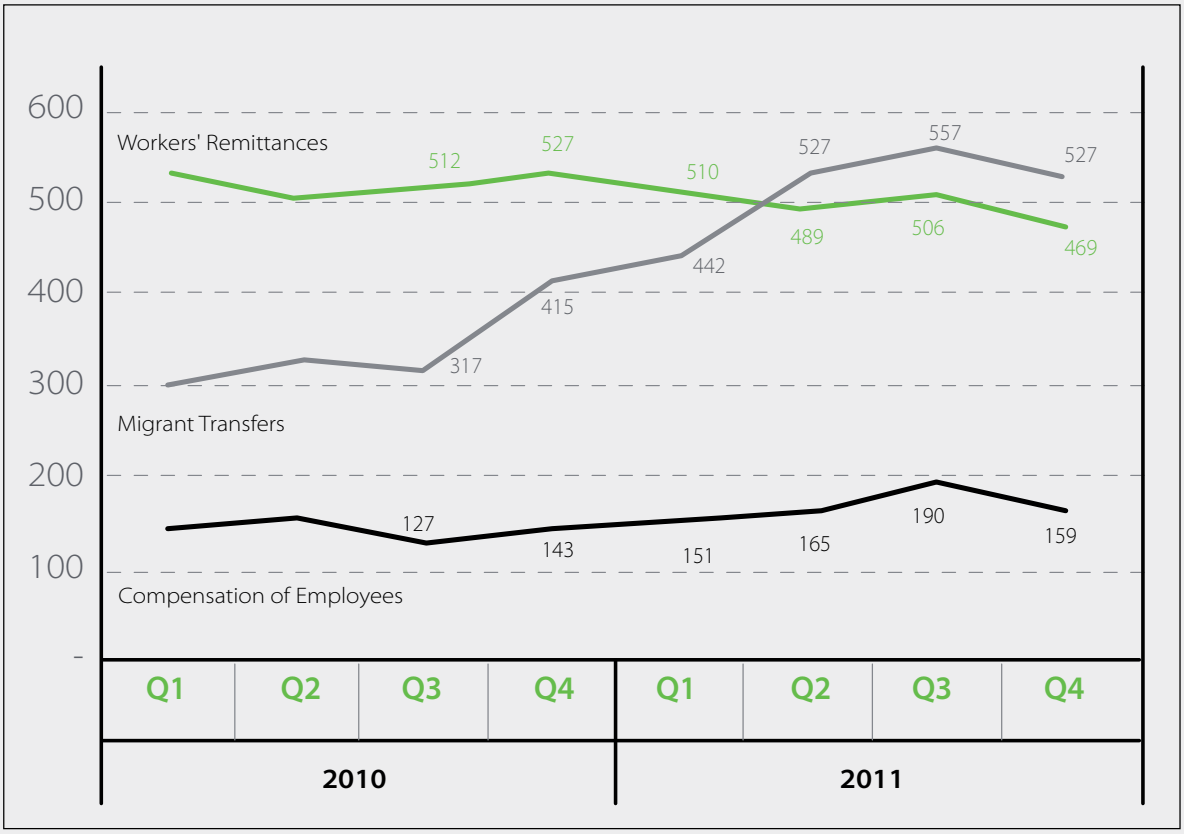
BOX 01

Different flows through the same channels

An important part of the measurement of remittances involves distinguishing these flows from other types of transfers migrants make to their home country from abroad. Banks and money transfer companies perform various types of cross-border transactions, which, depending on their nature, must be classified into three different categories of the recipient countries' current and capital accounts, in line with the recommendations of the Balance of Payments Manual of the International Monetary Fund: (i) workers' remittances, (ii) compensation of employees, and (iii) migrant transfers. The accuracy of this classification largely depends on the data that the market provides the authorities through surveys or other reporting mechanisms.

Workers' remittances are defined as money transfers conducted by individuals who change their residence, in other words, who move to another country, usually for more than a year, and send money home from there. The compensation of employees refers to transfers conducted by individuals who do not change their place of residence, but only live and work temporarily in another country. Finally, the migrant transfers accounts for capital flows that migrants send from abroad to their own accounts back home, usually due to a return to their home countries.

Money transfers to Brazil linked to migration (2010-2011) *Millions of U.S. Dollars*



SOURCE: Author's estimate based on data from the Central Bank of Brazil

For example, in the case of Brazil, if these flows to Brazil were to be analyzed as a single flow and not separated into the three categories mentioned above, the volume of transfers conducted by migrants to Brazil in 2011 would show an increase of 15.2% over the previous year, reaching a total of US$ 4.609 million. Therefore, treating these transfers as a single flow and failing to distinguish between the different types of transfers would result in erroneous conclusions about the remittances that the country has received and will receive in the coming years. In contrast, the disaggregated data indicate a different picture. According to the strict definition of remittances, Brazil received US$ 1.974 million in workers' remittances in 2011, an amount -4.9% less than previous year, whereas migrant transfers to Brazil in 2011 totaled US$ 2.052 million, surpassing the volume received as remittances for the first time. The overall total amount of migrant transfers in 2011 represents an increase of 51% over the previous year, suggesting that a significant number of Brazilian migrants are returning to their country. This reduction in the total number of Brazilians living abroad would, in turn, likely lead to a continued descent in the total flow of workers' remittances to Brazil in future years. Once migrants cease to return to Brazil, the amounts recorded as migrant transfers would also decline, further reducing the overall volume of transfers conducted by migrants to Brazil.

The categorization of these three types of flows is not only important for statistical and reporting purposes, but it is also important because each of these flows has different implications at the public policy level and for the private sector. The more precise definition of remittance flows –circumscribed to workers' remittances- facilitates the understanding of the dimensions of the client segment of the market for remittance-linked financial products and services. For example, senders of migrant transfers often conduct single transactions –not frequent or regular transfers like remittance senders-when migrants are seeking to transfer their savings or invest in their countries of origin. Transfers categorized as compensation of employees show relatively unstable patterns or follow seasonal cycles and are often conducted by seasonal or temporary foreign workers for whom targeted micro-insurance or credit products may be appropriate to address specific or occasional drops in revenue. On the other hand, remittance customers, studied in greater depth in this report, show a more stable and frequent pattern of sending and can be well-suited to targeted financial products and services, including credit or savings products.

02 SENDING COUNTRIES' EFFECT ON REMITTANCE FLOWS

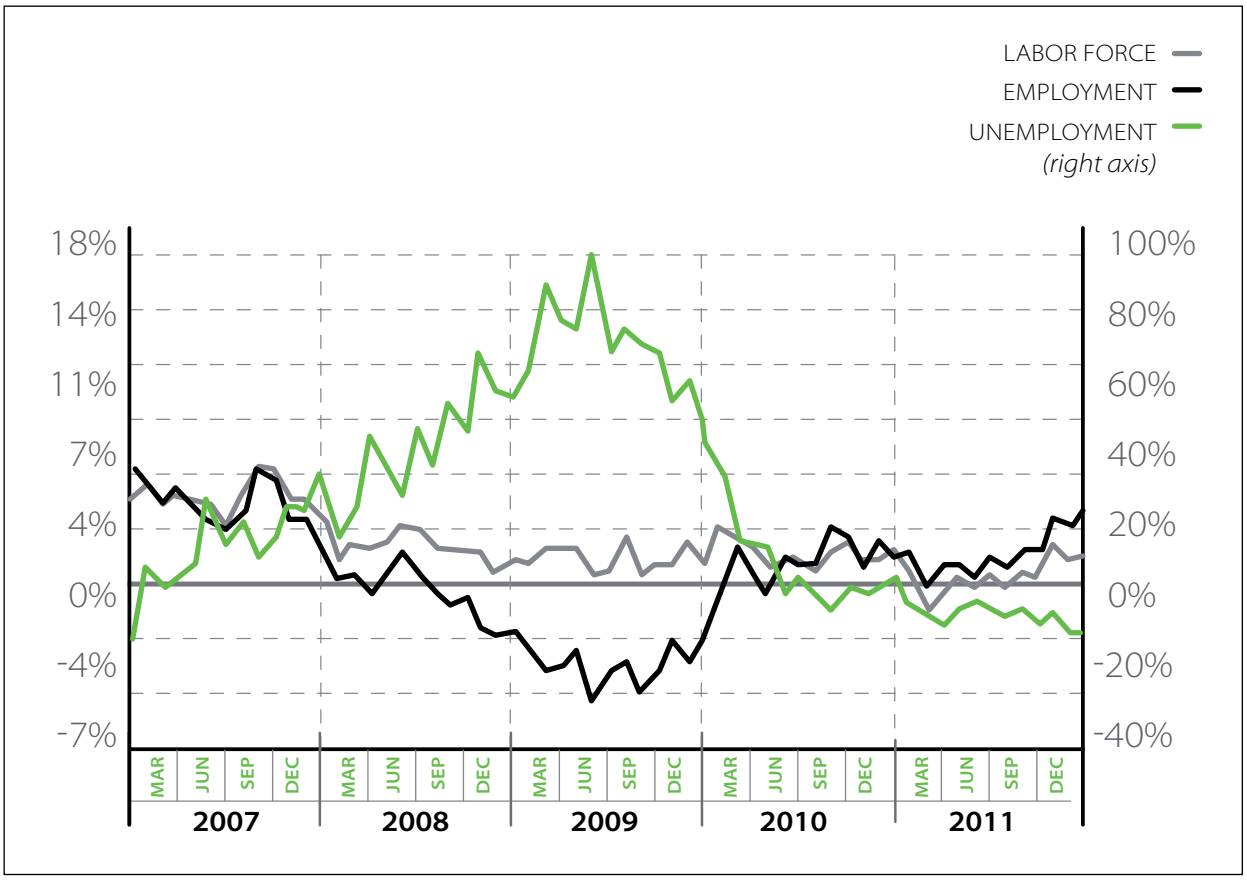
The economic performance of the countries where migrants live and work largely determines their ability to obtain employment and generate income, and as a result, the economic conditions in the sending country can profoundly affect the volume of remittances migrants are able to send each year. Migrants' salaries, and employment and unemployment rates in host countries are indicators that help explain the evolution of remittance flows to the region.

United States. According to labor market data, in 2009 the U.S. employment rate among Latin American migrants had fallen by -3.7%. In 2010 there was a recovery of 1.7%, which was insufficient to offset the jobs lost the previous year. During the first three quarters of 2011, the employment rate for Latin American migrants maintained the positive trend from the previous year at an average of 1.3%, while in the last quarter, the employment rate reached 3.5%, reinforcing the upward trend of remittance flows to LAC from the United States.

FIGURE **05**

Latin American Employment and Labor Force in the U.S. (2007-2011)

(YoY Growth)



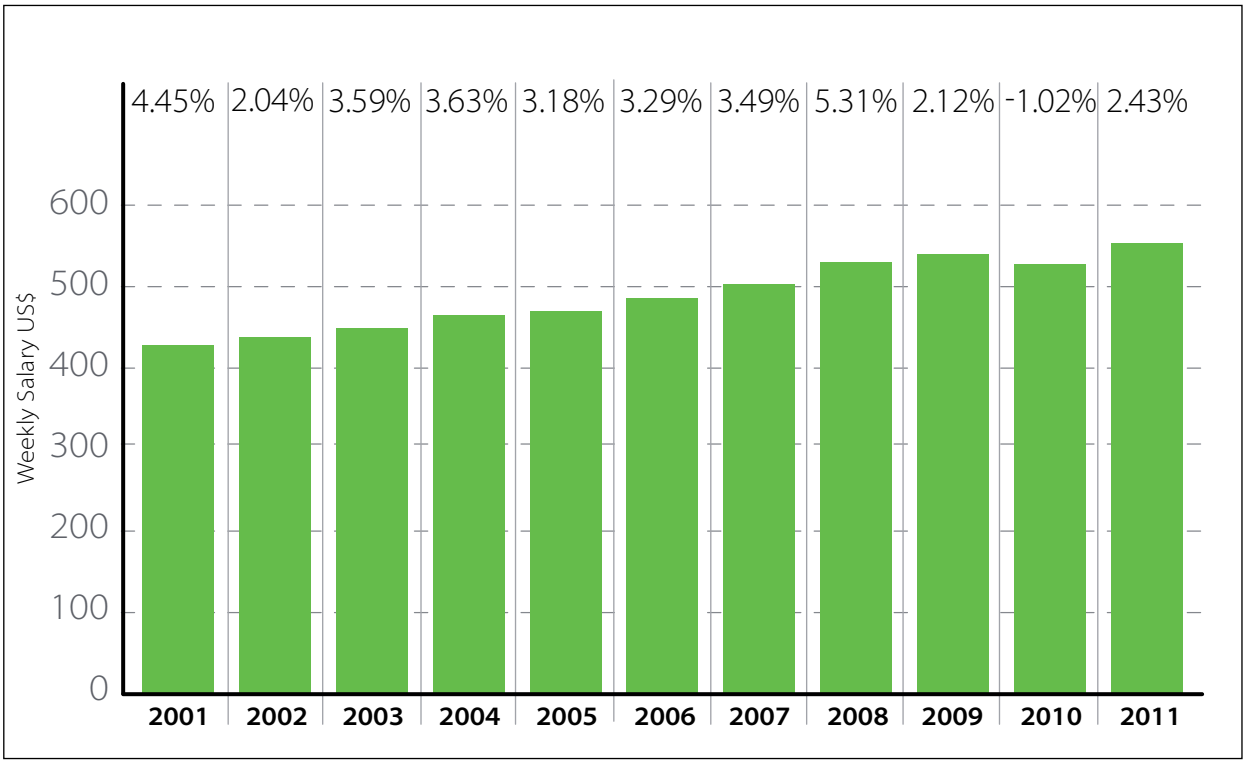
SOURCE: Author's estimate based on Bureau of Labor Statistics (BLS) data

The unemployment rate for Latin American migrants in the U.S. has increasingly improved its outlook since the second half of 2009. Over the course of 2011, unemployment decreased by -7.4% on average. The size of the LAC migrant labor force shows only small increases since 2009, and grew in 2011 by 0.6%, which likely played a role in the reduction of migrant unemployment rate.

Overall, the employment prospects for LAC migrants in the United States appear positive for 2012. In fact, data from January 2012 shows an increase in employment of 7% and a continued decrease in the unemployment rate of -8%.

FIGURE **06**

Weighted Average of Weekly Salaries of Latin American and Caribbean Workers in the U.S. (2001-2011) *(Total in U.S. Dollars and Annual Growth Rates)*



SOURCE: Author's estimate based on BLS data

In addition, average weekly salaries grew by 2.43% during 2011, reaching US$ 549 per week, in contrast to the decrease recorded in 2010 of -1%. This increase, coupled with the improvement in the employment outlook for migrants, largely explains the rebound in remittance flows to the region.

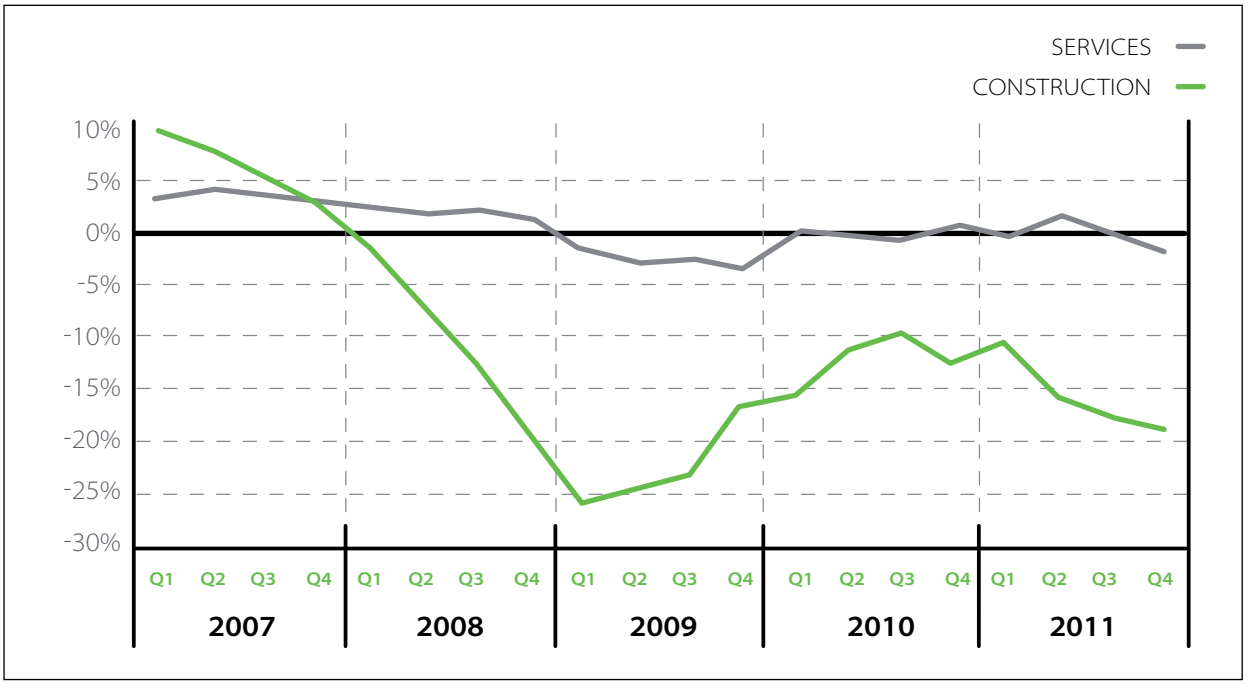
Spain. Despite the economic uncertainty faced by European countries, Spain remains the second largest source of remittances to LAC, particularly for many countries in South America. In fact, in the case of Bolivia, remittances from Spain in 2011 exceeded remittances from the United States.

Spain is home to 12.8% of migrants from across the region, especially from the Andean countries. Male Latin American migrants mainly work in the construction (27.3%), services (54.1%) and industry (12%) sectors, while migrant women from the region are employed almost exclusively in the services sector (93.6%).

Of these principal sectors of employment for the migrant population in Spain, the construction sector has been hardest hit by the economic crisis, with employment declines starting already in early 2008 and reaching their lowest level of -25.9% in early 2009. Despite signs of a bottoming-out in 2010, the rates of decline were stronger in 2011 than the year before. On the other hand, the service sector was affected to a lesser extent, registering negative growth starting in early 2009, but maintaining a growth rate near zero since 2010.

FIGURE 07

Employment in Spain by Sector (2007-2011) *(YoY Growth)*

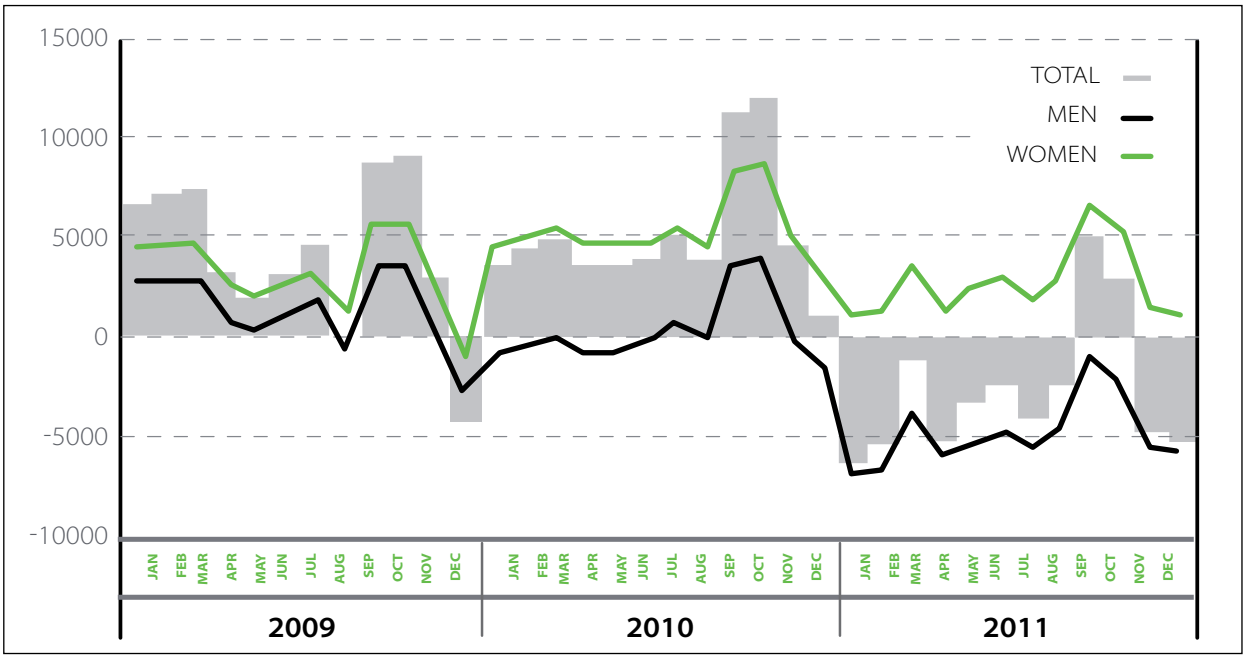


SOURCE: Author's estimate based on data from the Central Bank of Spain

The performance of these sectors in Spain in recent years has reconfigured the composition of migrants in Spain, and it has also altered the migration flows from LAC to this country. Migration data recording the number of migrants entering and leaving Spain showed a negative monthly migration balance over the course of 2011, with the exception of the months of October and September. In other words, for much of 2011, the number of migrants who emigrated from Spain was greater than the number of migrants who immigrated to the country. Overall, the size of the migrant population in Spain fell by an estimated 1% to 2%.

FIGURE 08

Monthly Migration Balance (2009-2011) *(Number of people)*

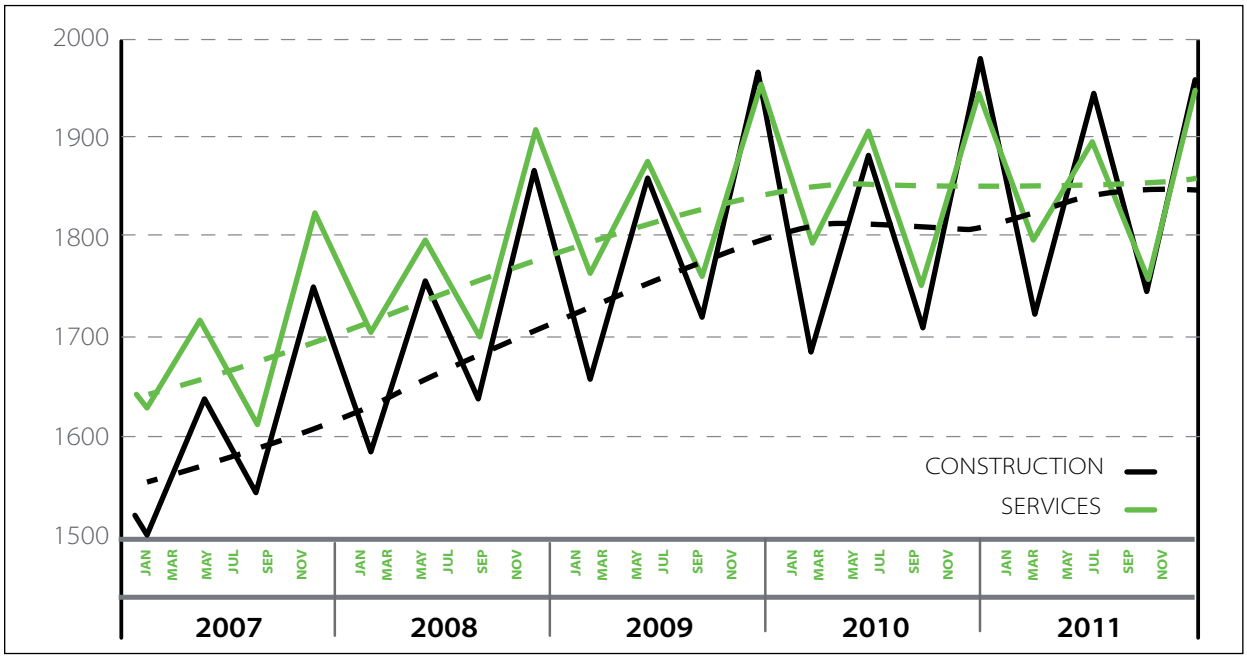


SOURCE: Author's estimate based on data from the National Statistics Institute of Spain

The decline in the construction sector and the following reduction in the demand for labor in that sector likely explain the drops in the size of the male migrant population in Spain. According to the monthly migration balance data in Figure 8, the number of migrant men in Spain fell in 2011, consistently showing a greater number of men emigrating than immigrating each month. On the other hand, the size of the female migrant population in Spain increased as they are employed in the services sector, which has remained more stable. Nevertheless, this increase was not large enough to compensate for the number of men leaving the country.

FIGURE 09

Wage levels by Sector in Spain (2007-2011) *(Euros per Month)*



SOURCE: Author's estimate based on data from the Central Bank of Spain

As for the income generation of employed migrants, the salaries of those employed in both the construction and services sectors have stagnated since 2010. This trend, in addition to the drops in employment and migration flows, explain to a large extent the decrease in the remittances to the countries of South America, especially to the Andean countries, for which the transfers from Spain represent approximately one third of total remittance inflows.

03 RECIPIENT COUNTRIES' EFFECTS ON REMITTANCE FLOWS

While the volume of remittance flows largely depend on economic conditions in sending countries and how these affect migrants' incomes, there are other factors that migrants take into account that are specific to the context on the receiving side of the transfer. Other deciding factors include the value of the remittance once received and the economic growth of their countries of origin. These can play a significant role in the decision of how much to send, or even, as data suggests in the case of many Brazilian migrants (Box 1), whether to return home.

Value of the remittance received. Since in the majority of cases remittances cover immediate expenses for recipient families, migrants seek to send enough euros or dollars to maintain the purchasing power of the remittances, once received. In this context, both the exchange rates between the local currency and the sending currency and the rate of inflation in the home countries can influence the value of the remittances sent, once paid out to the recipient in the migrants' countries of origin.

In 2011, while the local currencies of the LAC region lost value with respect to the dollar by 4.5% on average, exchange rates varied significantly depending on the country, as shown in Box 2.[5] Cases where local currencies lost value with respect to the dollar were favorable to migrants whose dollars or euros were worth more in local country currency terms than previous years. In contrast, exchange rates proved to be a disadvantage for migrants in cases where local currencies gained value vis a vis the dollar.

In addition, inflation rates in the LAC region increased by an average of 4.8% in 2011, which diminished the value of remittance receipts on the whole. There were noteworthy differences in the inflation rates reported across the different sub-regions, with more marked increases in the Caribbean (6.2%), Central American (5.7%), and South American countries (5.2%), than in Mexico (3.4%.).[6]

When aggregated at the regional level, the effects of exchange rate fluctuations and inflation increases do not appear to have affected the value of remittance receipts. However, at the sub-regional and country levels, there are important gains and losses in the value of remittances sent, depending on the case. For example, in South America, despite a 4% increase in dollars sent, the value of remittances received dropped -3.6%. In Central America, a 7% increase in dollars sent translated to a slight increase in value of 0.4%; in Caribbean countries, the 5.9% increase in remittances sent resulted in an increase in value of only 0.8%. In Mexico, in contrast, the 6.9% increase in dollars sent in 2011 represented a 17.5% increase in value for remittance recipients.

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5. Calculated by weighting the changes in the value in local currency, proportionate to the country's share in overall remittance flows at the regional and sub-regional level.

6. Regional and sub-regional inflation data is calculated by weighting the changes in the Consumer Price Index for each country proportionate to the country's share in overall remittance flows at the regional level.

BOX 02

Remittances, Exchange Rate, and Inflation (2010-2011) *(U.S. Dollars and Annual Growth Rates)*

	REMITTANCES IN 2011 (MILLIONS OF US$)	ANNUAL GROWTH RATE (2010-2011) (1)		
		REMITTANCES IN US$	IN LOCAL CURRENCY	IN LOCAL CURRENCY AND AJUSTED FOR INFLATION
SOUTH AMERICA	**16,707**	**4.0%**	**1.5%**	**-3.6%**
ARGENTINA	1,011	6.5%	12.5%	3.2%
BOLIVIA	1,012	7.8%	6.6%	-2.4%
BRAZIL	1,974	-4.9%	-9.9%	-15.0%
CHILE	936	7.5%	1.8%	-1.0%
COLOMBIA	4,168	3.6%	0.9%	-2.1%
ECUADOR	2,673	3.2%	3.2%	-0.6%
GUYANA	401	7.2%	3.6%	-2.2%
PARAGUAY	789	9.1%	-4.1%	-11.3%
PERU	2,697	6.4%	3.7%	0.7%
SURINAME	114	7.5%	7.5%	7.5%
URUGUAY	124	3.3%	-1.0%	-7.6%
VENEZUELA	809	7.0%	7.0%	-13.2%
CENTRAL AMERICA	**13,171**	**7.0%**	**6.1%**	**0.4%**
BELIZE	107	7.0%	8.2%	7.2%
COSTA RICA	530	4.5%	0.9%	-3.5%
EL SALVADOR	3,650	3.1%	3.1%	-1.7%
GUATEMALA	4,377	6.1%	2.4%	-3.2%
HONDURAS	2,862	13.2%	13.2%	6.4%
NICARAGUA	1,053	9.0%	14.5%	6.9%
PANAMA	592	9.6%	9.6%	4.0%
CARIBBEAN (2)	**8,404**	**5.9%**	**7.0%**	**0.8%**
DOMINICAN REP.	3,131	7.7%	11.5%	3.8%
HAITI	2,057	4.4%	4.4%	-2.7%
JAMAICA	2,025	6.0%	4.4%	-2.3%
TRINIDAD & TOBAGO	131	6.5%	6.6%	6.6%
MEXICO	**22,731**	**6.9%**	**20.9%**	**17.5%**
MEXICO	22,731	6.9%	20.9%	17.5%
TOTAL LAC	**61,013**	**6.0%**	**10.5%**	**5.7%**

(1) *Data aggregated at the sub-regional level is calculated by weighting individual variations proportionate to the country's share in overall remittance flows at the sub-regional level.*

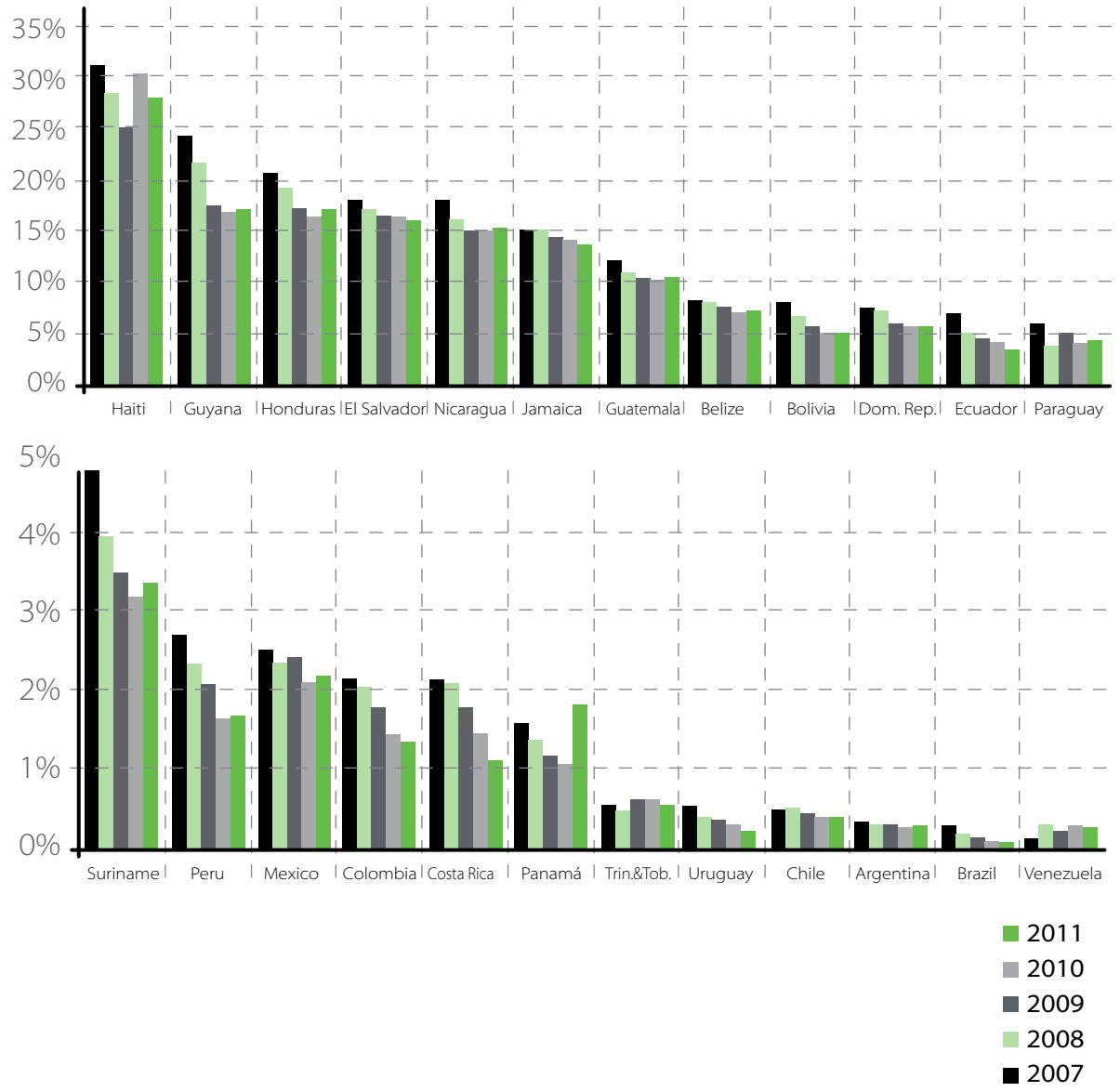
(2) *Sub-regional data for the Caribbean aggregates data from other countries in the sub-region.*

SOURCE: Author's estimate based on MIF data and data from Central Banks.

Economic growth of recipient countries. Economic growth and the resulting increases in the demand for labor are important factors that affect the rate of out-migration, and it can also play a factor in increasing the rate of return for migrants living abroad. As economic conditions in remittance recipient countries improve, the incentive to migrate abroad decreases, and as in the case of Brazil (see Box 1), should the job market conditions prove sufficiently attractive relative to the host country, this can even represent an incentive for migrants to return home.

FIGURE 10

Remittances as a Share of GDP (2007–2011)



SOURCE: Author's estimate based on MIF data, data from central banks and the International Monetary Fund.

Despite the overall downward trend in the share of remittances relative to GDP levels in recent years, remittance flows maintain a significant importance in macroeconomic terms for many countries in the region. In approximately half of the countries in LAC, remittance flows represent more than 5% of GDP. In several countries -Haiti, Guyana, Honduras, El Salvador, Nicaragua, Jamaica and Guatemala- these flows represent more than 10% of GDP.

But the importance of these flows also lies in the vital role they play for the livelihoods of millions of recipient families that depend on remittances for basic needs, even in countries with higher GDP levels. For recipient families, remittances cover the costs of expenses for consumer goods, education, health, housing, and in some cases investment in small businesses. In the absence of this regular source of income that these families receive from their family members abroad, many would fall below the poverty line.[7]

BOX 03

Transparency in Remittance Costs

Given the importance of remittances for millions of senders and receivers, maintaining downward pressure on the cost of sending these resources is vital. Increased competition and transparency in this cross-border money transfer market can play an important role in remittance cost reduction. In this sense, it is important for senders and receivers to have full knowledge of the price of remittances and the different features of the money transfer services within their reach.

To work toward this goal, the Multilateral Investment Fund (MIF), a Member of the Inter-American Development Bank (IDB) Group, together with the World Bank (WB), and the Center for Latin American Monetary Studies (CEMLA), have taken the initiative, in collaboration with the Central American Council for Consumer Protection (CONCADECO), to create Envía Centroamérica. The **www.enviacentroamerica.org** website provides free information, updated monthly on how much it costs to send US$200 and US$500 from the United States to Costa Rica, El Salvador, Nicaragua, Panama, Guatemala, Honduras, and the Dominican Republic, as well as in the intra-regional corridor between Costa Rica and Nicaragua. The information on remittances contained in this online platform is broken down by commission, exchange rate, type of service provider, speed of transfer service, payment currency, sending city, and available payment points.

Analyses of the data available on the "Envía Centroamérica" platform shows that the overall average cost of sending remittances of US$ 200 to these countries as of December 2011 was 6%, including both, the commissions and the exchange rate fees, but the costs of sending varied significantly depending on the corridor, type of service provider and method of transfer. Overall, in the fourth quarter of 2011, migrants from these countries paid US$ 212 million to send over US$15 billion to their families in Central America and the Dominican Republic. With the Envía Centroamérica tool, it is possible to compare prices being charged and features of the service offered to help migrants and their families choose the service that best fit their needs.

7. Monge González, R.,Torres, O., Vargas Aguilar, J. "South-South Remittances: Importance of the Costa Rica-Nicaragua Corridor". Academia de Centroamérica. 2009.

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CONCLUSIONS AND OUTLOOK FOR 2012

For the remittance market in LAC, 2011 was a year of renewed growth after the 2008-2010 period, despite persistent economic uncertainty in Europe. As seen in previous years, the volume of remittances received by each country depended largely on the number of migrants working abroad, their income levels, and economic conditions in recipient countries.

The macroeconomic outlook for sending and recipient countries offers some elements to guide projections of future flows. The relatively positive outlook for the United States, source of approximately three quarters of the remittances sent to the region, is a positive indicator of remittance growth in 2012 at the aggregate regional level. Projections for growth in output and in employment in the U.S. economy, and for decreases in unemployment rates, suggest that economic conditions for the coming year could benefit migrants living in the U.S. which may lead to an increase of the flow of outbound remittances, especially to Mexico and Central America.

The economic projections for European countries are still pessimistic, especially for Spain, where low output and employment levels, as well as high unemployment rates, are expected to persist over the course of the next year. For countries that receive a significant proportion of their remittances from migrants working in Spain, particularly the Andean countries, a slowdown in the growth rate of remittances is to be expected. Finally, many countries in the region itself are a destination for a growing number of LAC migrants. The possibility of growth of output and employment in many LAC countries, similar or slightly lower than last year, with unemployment rates similar to those of 2011, may continue to attract migrants from neighboring countries, leading to a potential increase in the flow of intra-regional remittances. In the case of South American countries that may see declines in remittances from Europe, intra-regional flows may compensate to some extent the drops in inflows from Europe, but they will not likely offset the overall expected declines. In sum, taking into account the various projected trends for the different countries of the region, it can be expected that in 2012 remittances received may achieve a growth rate between 6% and 7%, similar to that of 2011.

However, although the macroeconomic projections may suggest certain trends, they serve only as a starting point. As observed in previous years, remittance flows can be profoundly affected by other factors that influence both the ability of migrants to generate income, and the needs and the degree of urgency for migrants' families that depend on resources from abroad.

Important efforts are underway, at both the multilateral and national levels, which aim to improve the understanding of remittance flows at the aggregate level, the market for remittance service providers, and the reality faced by remittance senders and receivers. Many of these initiatives aim to raise awareness of these flows and enhance their development potential. The millions of transactions involving migrants and their families each year have an aggregate value that exceeds official development assistance. They represent a tool for poverty alleviation and a vehicle for improving the quality of life for millions of low income families, in addition to serving as a gateway to financial services for the unbanked population in LAC. A better understanding of remittances will support efforts to establish a public policy framework that ensures competition, efficiency and safety in the remittance markets, and the development of innovative business models that will better serve the needs of millions of families who benefit from these flows.

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