Enabling the rural poor
to overcome poverty

Sending Money Home

Worldwide Remittance Flows to Developing Countries

Introduction

Remittances, the portion of migrant workers' earnings sent back home to their families, have been a critical means of financial support for generations. But, for the most part, these flows have historically been "hidden in plain view", often uncounted and even ignored. All that is now changing – as the scale of migration increases, the corresponding growth in remittances is gaining widespread attention.

150 million migrants worldwide ...sent more than US$300 billion to their families in developing countries during 2006

Today, the impact of remittances is recognized in all developing regions of the world, constituting an important flow of foreign currency to most countries and directly reaching millions of households, totaling approximately **10 per cent** of the world's population. The importance of remittances to poverty alleviation is obvious, but the potential multiplier effect on economic growth and investment is also significant.

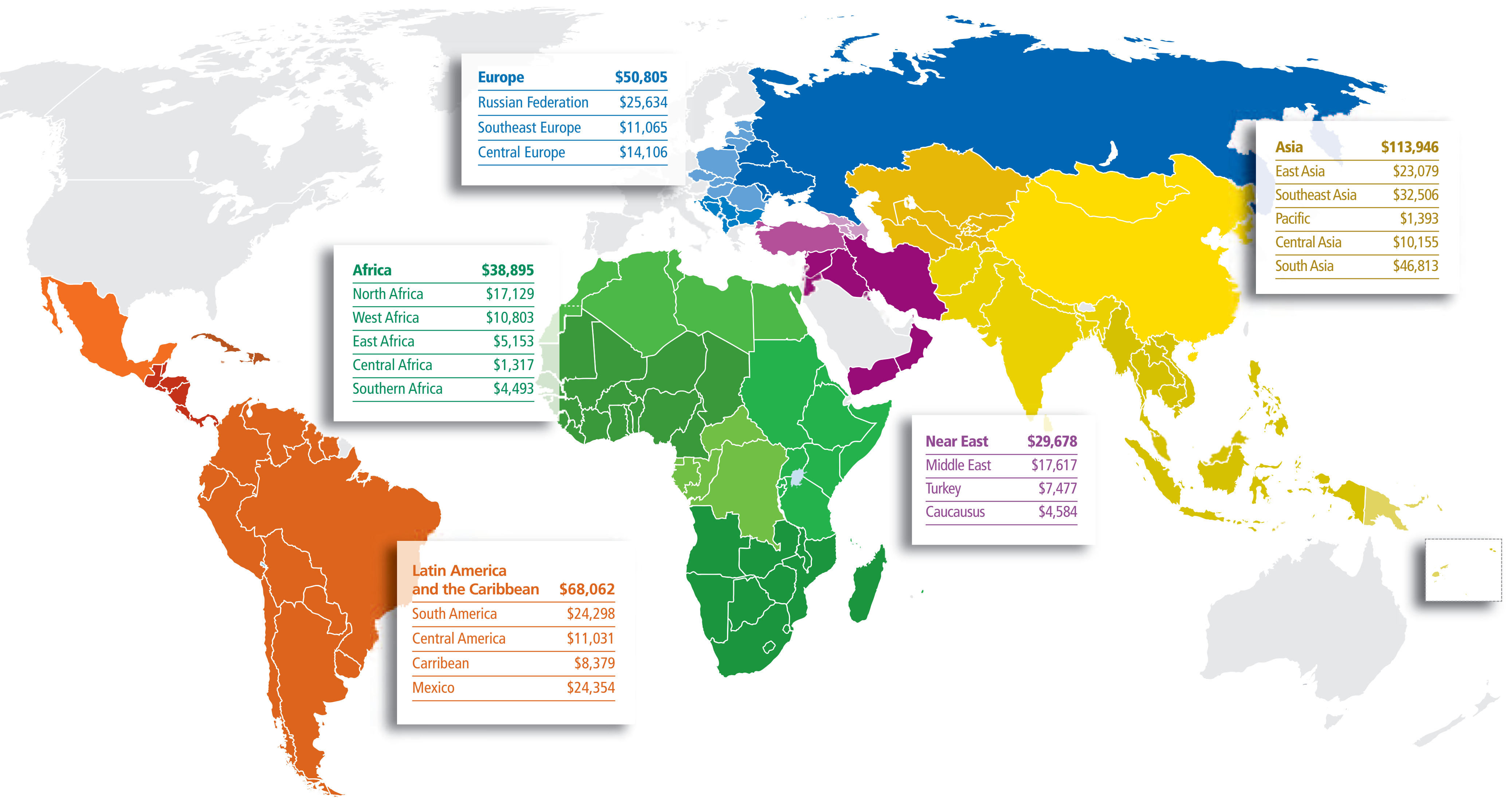
The driving force behind this phenomenon is an estimated **150 million** migrants worldwide who sent more than **US$300** billion to their families in developing countries during 2006, typically US$100, US$200 or US$300 at a time, through more than **1.5 billion** separate financial transactions. These funds are used primarily to meet immediate family needs (consumption) but a significant portion is also available for savings, credit mobilization and other forms of investment. In other words, the world's largest poverty alleviation programme could also become an effective grass roots economic development programme, particularly in the rural areas that present some of the greatest challenges to financial inclusion.

Three aspects could further enhance this development:

- **Improvements in data collection,**
- **Reduction in transaction costs, and**
- **Increased efforts to leverage remittance flows for greater development impact.**

The following worldwide remittance map compiles the best available information drawn from data collected on migrant populations, percentage of migrants sending remittances, average amounts remitted annually, as well as the average frequency of annual transfers. Central banks and other official government sources, money transfer companies, international organizations and academic institutions were used for reference support. The map covers 162 developing countries – many for the first time – and, together with the accompanying analysis and data tables, it provides comparative indicators to measure the relative importance of remittances among twenty sub-regions of the developing world.

Worldwide Remittance Flows to Developing Countries in 2006 (US$ million)



Total Remittances to Developing Countries: US$301 billion

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Improve data collection

Recording the volume of actual remittance flows is difficult, **because so many remittance senders and receivers are often outside the economic mainstream.**

The worldwide remittance map constitutes a first effort to quantify total remittance flows transferred through both formal and informal channels. Remittance corridors to some countries, particularly in Latin America, have been the subject of research and analysis for several years. Central banks in a number of these countries have undertaken important efforts to adjust their data collection systems, improving the accuracy of recorded flows and increasing their knowledge of the characteristics of remittance markets. However, for many countries in Africa, Asia and the Middle East, this study has broken new ground, quantifying remittance flows for the first time. Reaching an accurate measurement of remittances remains a challenge for most balance of payments systems, largely because they rely heavily on reporting from formal financial institutions. In many countries, informal channels are commonplace, accounting for almost half of remittances worldwide. In the Middle East, for example, a large portion of remittances are transferred through a well-developed network of informal brokers (*hawaladars*) and are not captured by the official reporting system. Remittances are also particularly undercounted in rural areas, where informal channels dominate remittance delivery patterns, because of the relative absence of banks and other formal financial institutions.

Improvements in remittance recording systems to date have raised awareness of the staggering estimates of remittance flows, which in many cases exceed the combined volume of overseas development assistance and foreign direct investment to these countries. A majority of countries in most developing regions show annual remittance inflows of more than US$1 billion: Asia and the Pacific (17 countries), LAC (15 countries), Europe (12 countries) and the Near East (10 countries), with a further 19 African countries receiving more than US$500 million. Greater knowledge of the volume of these flows, and of the millions of transnational families that send and receive remittances, can inform policy-makers of the need to provide an enabling environment for migrant transfers. It can also attract more players to the remittance services market, encouraging competition and increasing the downward pressure on the cost of these transfers, which represent a lifeline for hundreds of millions of individuals around the world.

Lower transaction costs

Reducing the cost of remittance transfers is difficult, **because so many factors influence the cost of a transfer such as informality, monopolies, regulations, and volume, among others.**

Across the globe, the cost of remittance transfer services varies greatly depending on the region to which these are sent. While the higher-volume remittance corridors such as those to Latin America have seen drastic reductions in the sending cost, remittance transfers in other corridors remain considerably more expensive. Lowering these costs is crucial for both the maximization of the impact of remittances for recipient families as well as competitiveness of formal remittance channels.

The existence of informal networks often results from a lack of competition in remote areas, leading to higher costs. In many developing countries remittance payment is restricted to banks; as a result, many rural areas are neglected, helping create the preconditions for informal channels. Reviewing legislation that allows non-banking financial institutions such as MFIs, cooperatives and credit unions to pay remittances will help reduce informality, increase competition and lower the cost per transfer.

In an era of technological progress, innovative business models are reshaping the remittance marketplace. New technologies, such as prepaid cards and the use of mobile phones, permit cheaper alternatives to transfer money, as well as lower account-to-account transaction cost. Thirty per cent of remittance recipients currently use debit or credit cards; in some countries this figure is as high as 50 per cent. In India and the Philippines, mobile technology is already a widely accepted means for money transfer operations, and its use is growing exponentially. These new opportunities have radically changed the remittance market by increasing the spectrum of participating players. However, there is still room for improvement as new ideas and alliances arise.

One obstacle to lowering transaction costs is the increased focus on the regulatory environment since September 11th, 2001. Money transfer companies and financial institutions have been encouraged to strictly monitor their transactions. The associated compliance costs have greatly impacted the remittance business, forcing some companies to close shop and leaving migrants no alternative other than using either more expensive outlets or informal networks.

Despite the challenges, the cost of remitting has declined over the last decade and the savings generated have greatly increased the potential for remittances as a step toward financial self-sufficiency.

Leveraging development impact

Leveraging the development impact is made difficult **because so many remittance senders and receivers lie outside the formal financial system.**

For millions of families around the world remittances are the lifeline that lifts them out of poverty. The vast majority of these flows are spent on basic needs of recipient families such as food, clothing and shelter. This consumption, combined with investment in healthcare and education, constitutes 80 per cent to 90 per cent of remittance spending; the remaining 10 percent to 20 per cent of remittances inlcludes a mix of formal and informal savings and investments. Financial access and financial literacy are two key factors to unlocking the development potential of remittance flows.

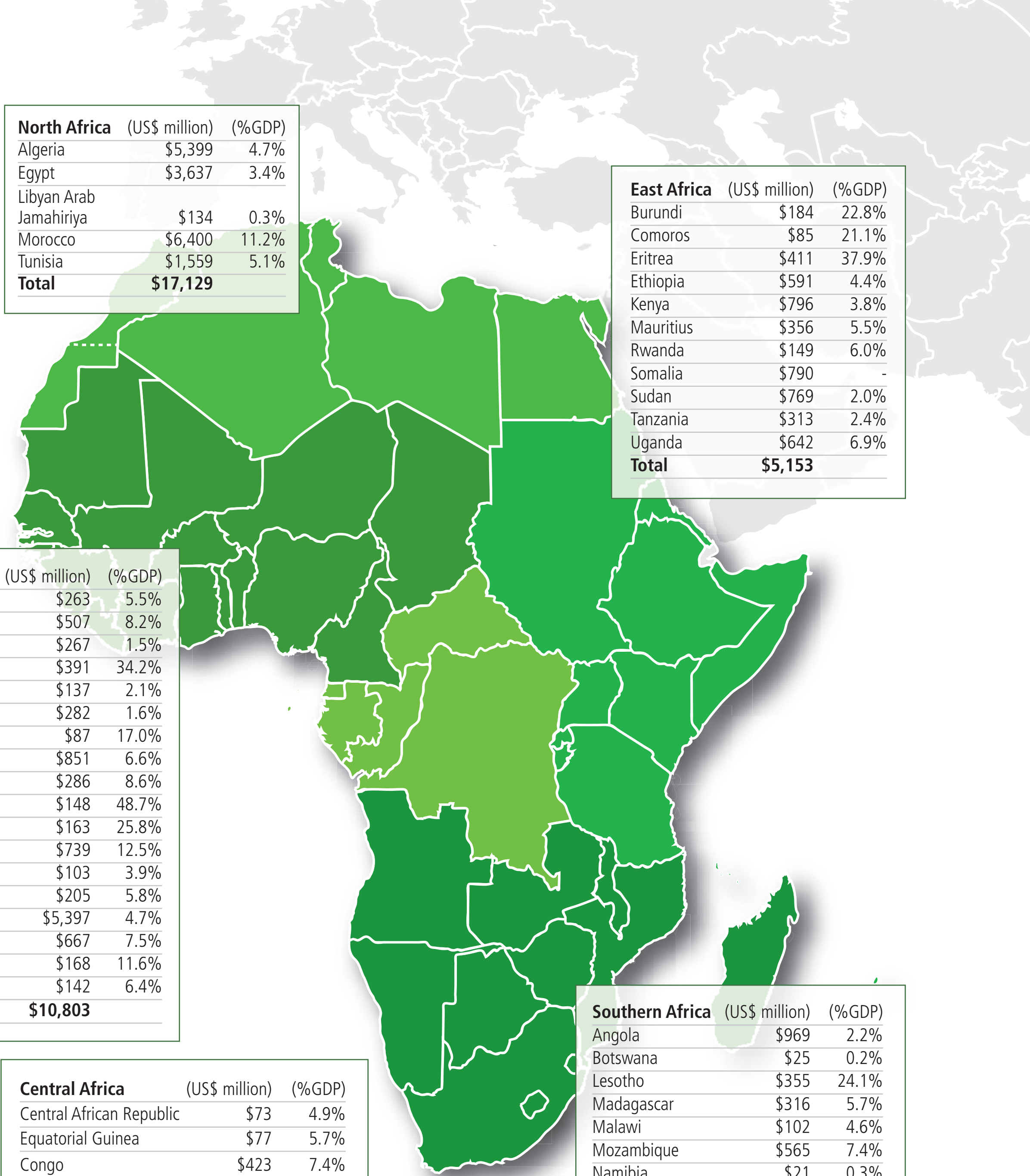
Throughout Latin American and the Caribbean, banks distribute nearly half of all remittances; whereas in Central Asia, Africa, the Southern Caucasus, Eastern Europe, and parts of Southeast Asia, this figure rises to almost 100 per cent. Surprisingly, despite the fact that banks generate at least 20 per cent of their net income from remittance services and could benefit greatly from cross-selling, they have been slow to reach out to migrant workers and their families. As a result, remittances recipients cannot save, borrow or build up credit histories through these banking institutions. Most remittance transfers are cash-to-cash transactions as opposed to account-to-account transfers which would leverage these flows for remittance senders, receivers and their communities. Expanding financial access would have the effect of formalizing remittance flows, reducing costs, and increasing the scope for local investment.

Alternative financial service providers are increasingly stepping into the vacuum and providing a full range of financial services. Even though these institutions still account for a low participation in the overall market, they have demonstrated a willingness to play a crucial role in banking the traditionally unbanked and in cross-selling financial services to remittance recipients. In rural areas where bank presence is at its lowest, these institutions can provide key services to segments of the population that would otherwise be left without access to finance. This aspect is particularly important when addressing the gender dimension of remittances.

in 2006, 59 developing countries received more than US$1 billion in remittances

Africa

Total number of migrants	29,199,544
Total remittances (US$ million)	**$38,895**
North Africa	$17,129
West Africa	$10,803
East Africa	$5,153
Central Africa	$1,317
Southern Africa	$4,493
Indicators	
Annual average remittances per capita	$83
Annual average remittances per migrant	$1,358
Remittances as percentage of GDP	4%
Remittances as percentage of exports	4%
Ratio of remittances per capita and GDP per capita	13%
Average share of migrants in total population	7%
Average share of migrants in countries with a population under 1 million	20%
Average share of migrants in countries with a population over 1 million	5%
Top 5 recipients by volume received (US$ million)	
Morocco	$6,122
Nigeria	$5,397
Algeria	$5,164
Egypt	$3,479
Tunisia	$1,491
6 out of 52 countries receive more than US$1 billion	
Main destination and migrant percentage to that destination	
North Africa (France)	33%
West and Central Africa (Cote d'Ivoire)	14%
Southeast Africa (Tanzania)	11%
Cost of sending $200	8% - 11%



North Africa	(US$ million)	(%GDP)
Algeria	$5,399	4.7%
Egypt	$3,637	3.4%
Libyan Arab Jamahiriya	$134	0.3%
Morocco	$6,400	11.2%
Tunisia	$1,559	5.1%
Total	**$17,129**	

East Africa	(US$ million)	(%GDP)
Burundi	$184	22.8%
Comoros	$85	21.1%
Eritrea	$411	37.9%
Ethiopia	$591	4.4%
Kenya	$796	3.8%
Mauritius	$356	5.5%
Rwanda	$149	6.0%
Somalia	$790	-
Sudan	$769	2.0%
Tanzania	$313	2.4%
Uganda	$642	6.9%
Total	**$5,153**	

West Africa	(US$ million)	(%GDP)
Benin	$263	5.5%
Burkina Faso	$507	8.2%
Cameroon	$267	1.5%
Cape Verde	$391	34.2%
Chad	$137	2.1%
Cote d'Ivoire	$282	1.6%
Gambia	$87	17.0%
Ghana	$851	6.6%
Guinea	$286	8.6%
Guinea-Bissau	$148	48.7%
Liberia	$163	25.8%
Mali	$739	12.5%
Mauritania	$103	3.9%
Niger	$205	5.8%
Nigeria	$5,397	4.7%
Senegal	$667	7.5%
Sierra Leone	$168	11.6%
Togo	$142	6.4%
Total	**$10,803**	

Central Africa	(US$ million)	(%GDP)
Central African Republic	$73	4.9%
Equatorial Guinea	$77	5.7%
Congo	$423	7.4%
Gabon	$60	0.9%
DR of Congo	$636	0.6%
Sao Tome and Principe	$48	39.0%
Total	**$1,317**	

Southern Africa	(US$ million)	(%GDP)
Angola	$969	2.2%
Botswana	$25	0.2%
Lesotho	$355	24.1%
Madagascar	$316	5.7%
Malawi	$102	4.6%
Mozambique	$565	7.4%
Namibia	$21	0.3%
South Africa	$1,489	0.6%
Swaziland	$89	3.4%
Zambia	$201	1.8%
Zimbabwe	$361	7.2%
Total	**$4,493**	

Migration

Sub-Saharan Africa has over 30 million people in the diaspora. Of all the world's regions, however, Africa's predominant migration is intraregional. The fluid migration within West Africa, for instance, is partly due to the region's status as a geopolitical and economic unit, but also by a common history, culture and ethnicity among many groupings. There is also significant international migration to former European colonial powers, such as France, England, the Netherlands and Italy, among other countries.

Remittances

Remittance flows to and within Africa approach US$40 billion. North African countries such as Morocco and Egypt are the continent's major recipients. East African countries heavily depend on these flows, with Somalia standing out as particularly remittance dependent. For the entire region, these transfers are 13 per cent of per capita income and on a country-by-country average represent 4 per cent of GDP and 4 per cent of exports.

Rural Remittances

Remittances to rural areas are significant and predominantly related to intraregional migration, particularly in Western and Southern Africa. The mobility of Africans within theses region has been followed by the sending of regular amounts of money. Two thirds of West African migrants in Ghana remit to rural areas in their countries of origin.

Market and Financial Access

When compared to other regions, money transfers to Africa are among the most problematic mainly due to the fact that the continent faces two major challenges: high rates of informality, particularly within the continent, and a regulatory environment that foments monopolies. In turn, transfer costs are higher and remittance senders obtain less value for their money. Most African countries restrict money transfers to banking depository institutions, and restrict outbound flows of money unless used for trading.

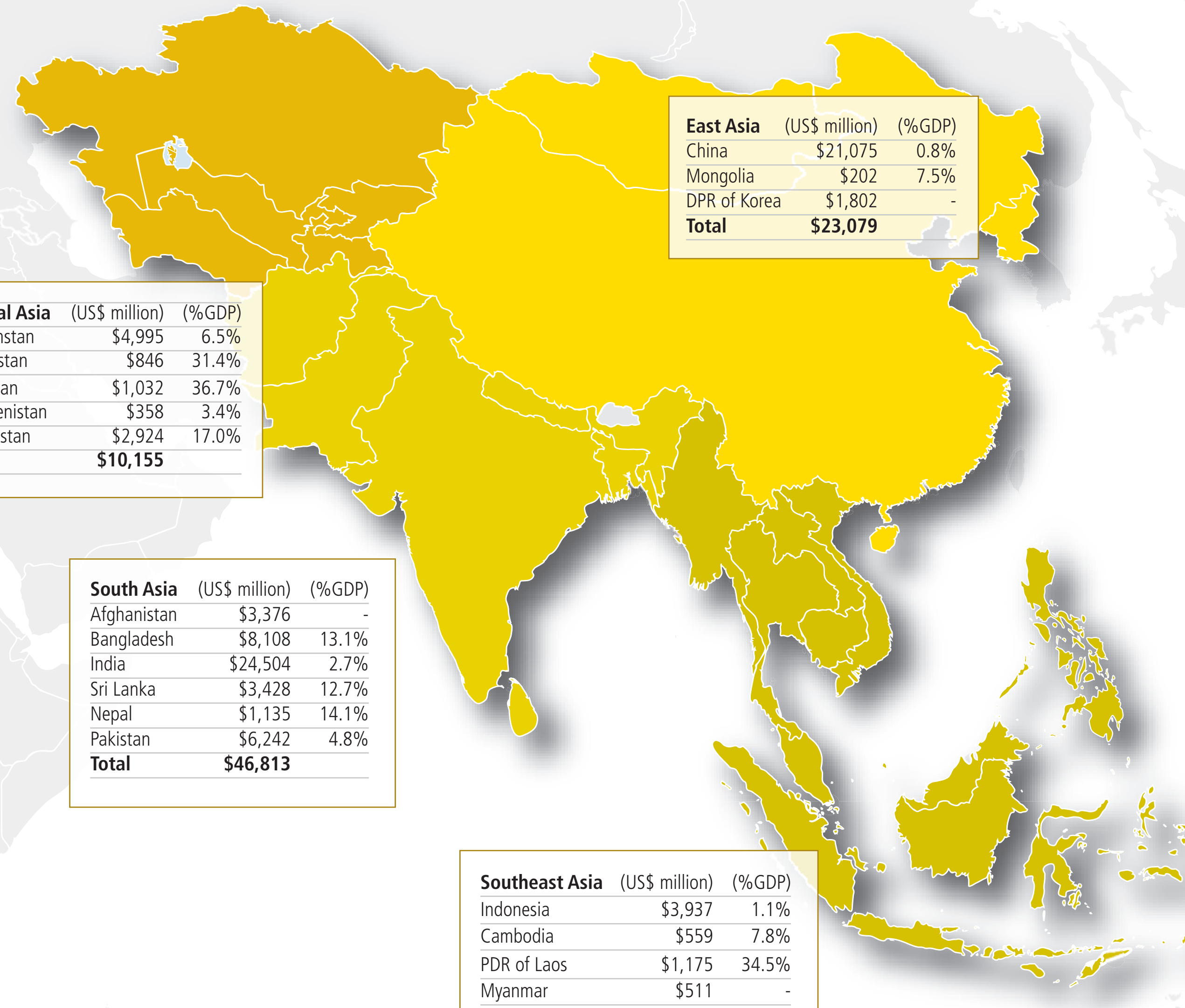
In all of West Africa…70 per cent of payments are handled by one money transfer operator

As a result, informality emerges as a solution to the need to remit. Another effect, however, is the persistence of monopolies by banks and the few money transfer operators handling transfers. In all of West Africa, for example, 70 per cent of payments are handled by one money transfer operator. Moreover, 50 per cent of payments are handled directly by banks and the rest by MFIs either as sub-agents of banks, with some exceptions (in Senegal, for example, MFIs operate as independent agents). Nigeria is a case in point: nearly 80 per cent of transfers are handled by one money transfer agency and banks are the sole remittance payers in the country. Africans in South Africa are also faced with significant regulatory restrictions in sending money, and thus rely on informal networks.

Because regulatory environments often prevent other non-banking financial institutions from making transfers or restrict outbound transfers, financial access is also a casualty. As few institutions participate in the transfers, and banks do not cater to lower-income individuals, financial access among African senders and recipients is relatively low. In some countries like South Africa barriers to entry relate to their legal status, thus disenfranchising migrants. Other countries such as Kenya are seeking to deepen financial access by leveraging remittance transfers through the use of mobile telephony.

Asia and the Pacific

Total number of migrants	50,615,633
Total remittances (US$ million)	**$113,946**
East Asia	$23,079
Southeast Asia	$32,506
Pacific	$1,393
Central Asia	$10,155
South Asia	$46,813
Indicators	
Annual average remittances per capita	$796
Annual average remittances per migrant	$3,126
Remittances as percentage of GDP	2%
Remittances as percentage of exports	15%
Ratio of remittances per capita and GDP per capita	23%
Average share of migrants in total population	25%
Average share of migrants in countries with a population under 1 million	50%
Average share of migrants in countries with a population over 1 million	5%
Top 5 recipients by volume received (US$ million)	
India	$24,504
China	$21,075
Philippines	$14,651
Bangladesh	$8,108
Vietnam	$6,822
17 out of 41 countries receive more than US$1 billion	
Main destination and migrant percentage to that destination	
Asia (USA)	13%
Pacific (New Zeland)	23%
Cost of sending $200	5% - 11%



East Asia	(US$ million)	(%GDP)
China	$21,075	0.8%
Mongolia	$202	7.5%
DPR of Korea	$1,802	-
Total	**$23,079**	

Central Asia	(US$ million)	(%GDP)
Kazakhstan	$4,995	6.5%
Kyrgyzstan	$846	31.4%
Tajikistan	$1,032	36.7%
Turkmenistan	$358	3.4%
Uzbekistan	$2,924	17.0%
Total	**$10,155**	

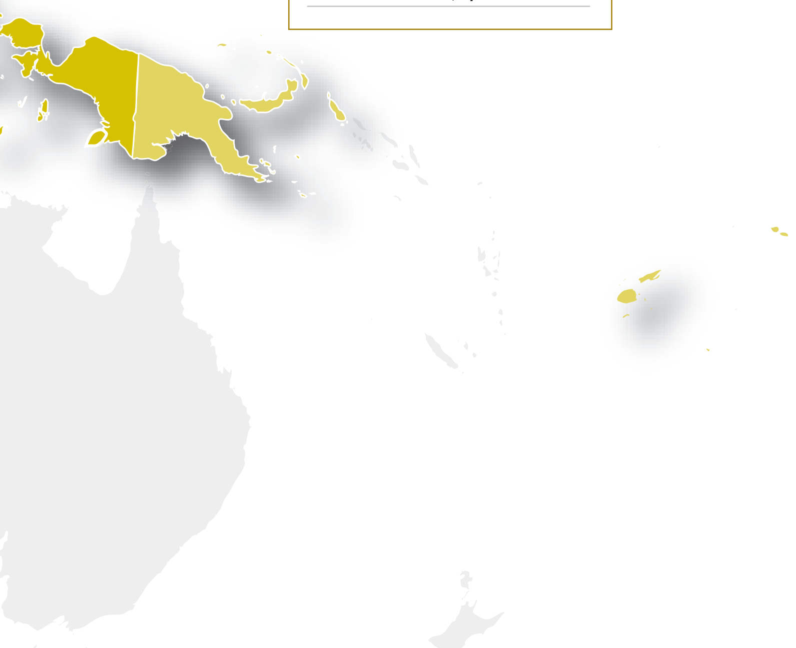
South Asia	(US$ million)	(%GDP)
Afghanistan	$3,376	-
Bangladesh	$8,108	13.1%
India	$24,504	2.7%
Sri Lanka	$3,428	12.7%
Nepal	$1,135	14.1%
Pakistan	$6,242	4.8%
Total	**$46,813**	

Southeast Asia	(US$ million)	(%GDP)
Indonesia	$3,937	1.1%
Cambodia	$559	7.8%
PDR of Laos	$1,175	34.5%
Myanmar	$511	-
Malaysia	$2,366	1.6%
Philippines	$14,651	12.5%
Thailand	$2,424	1.2%
Timor Leste	$61	17.1%
Viet Nam	$6,822	11.2%
Total	**$32,506**	

Migration

There are over 50 million migrants from Asia and the Pacific worldwide. Their main destinations are the United States, the Russian Federation and, in the case of the Pacific, New Zealand. Emerging destination countries from India – the region's main exporter of migrants, with 22 per cent of total migrant – include Malaysia and the Arab oil exporting countries. There is also significant intraregional migration to Australia, China (Hong Kong), Japan and Singapore, while Central Asian migrants go predominantly to the Russian Federation and Kazakhstan.

Pacific	(US$ million)	(%GDP)
Fiji	$513	18.2%
Papua New Guinea	$143	2.5%
Tonga	$146	-
Samoa	$382	2.8%
Total	**$1,393**	



Remittances

Asia receives almost US$114 billion in remittances annually – the highest regional total in the world. India and China are the top recipient countries, receiving US$24.5 billion and US$21 billion respectively. Transfers make up 23 per cent of regional per capita income. Remittances to the smaller economies (the Philippines, Indonesia, Nepal and Tajikistan) constitute between 20 per cent and 70 per cent of per capita income. On average, remittances in Asia are 2 per cent of GDP and 15 per cent of exports.

Rural Remittances

The flow of remittances into rural areas in Asia is among the highest. This is partly because half of Asian countries are 65 per cent rural. The impact of remittances among Asian developing countries is greater than in other parts of the world: in Asian countries that are 65 per cent or more rural, the ratio of remittances per capita to per capita GDP is 23 per cent and the highest in the world.

Asia receives almost US$114 billion in remittances annually – the highest regional total in the world.

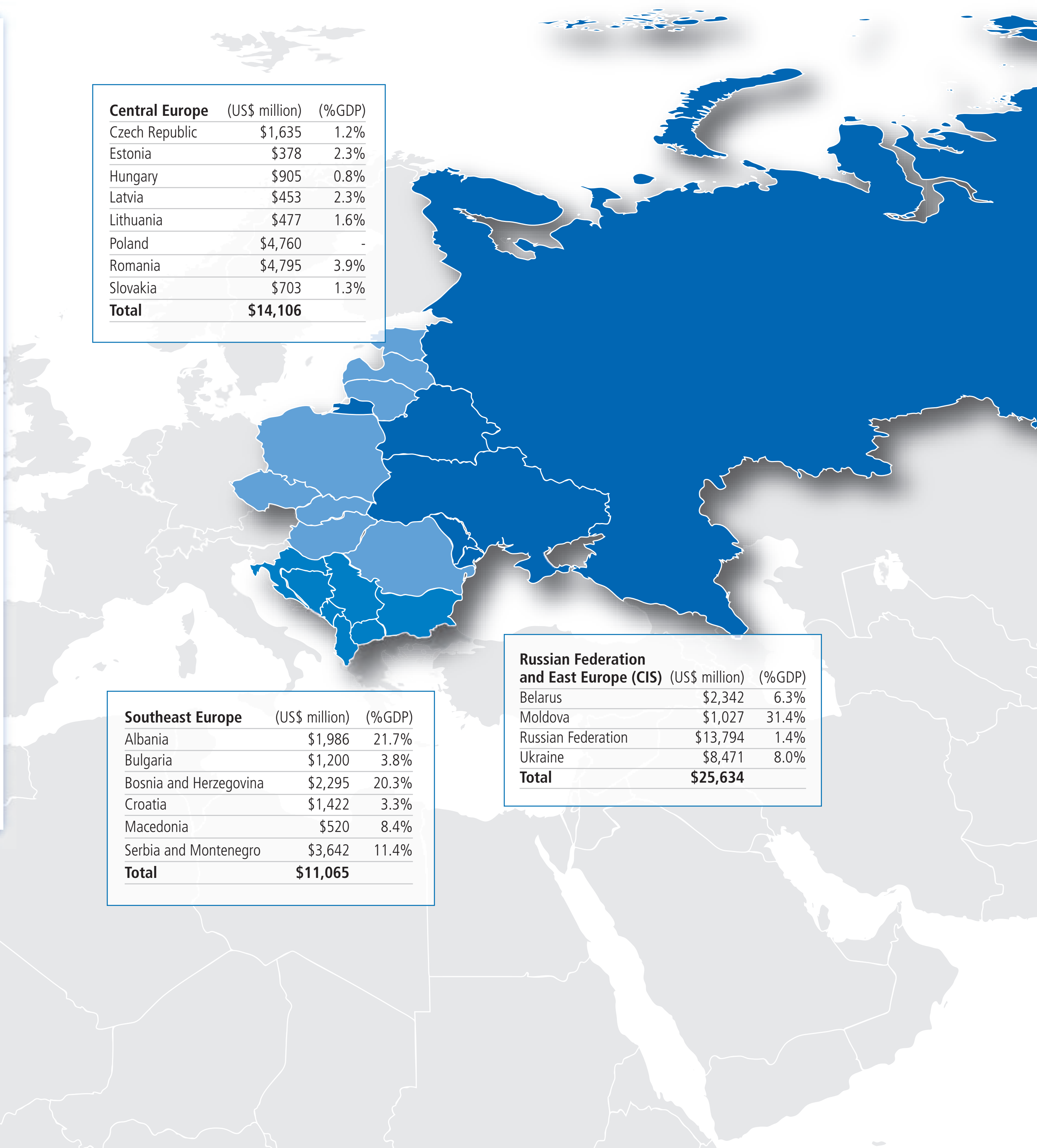
Market and Financial Access

The marketplace for money transfers is mixed, with a competitive industry sending money predominantly from China (Hong Kong), the Russian Federation and Singapore, and a less competitive and overly regulated corridor from Japan and Malaysia. Parallel to these industries are informal money transfer businesses coupled with the widespread practice of hand-carrying money when travelling. In turn, transaction costs vary significantly. Remittances to Central Asia, for example, are among the lowest (if not the lowest) in the world, at an average of 3 per cent per transaction. In some parts of Asia transfers are influenced by technological innovation, as in the case of mobile phone transfers in the Philippines.

Access to banking and other financial services varies greatly within the region. In many Asian countries migrants and their dependents do not have access to basic financial services. South-East Asians (Filipinos and Indonesians for example) have more financial opportunities than those living in countries like Tajikistan and Kyrgyzstan, where less than 10 per cent of inhabitants have bank accounts. Similarly, only 11 per cent of Indians in the state of Kerala have bank accounts.

Europe

Total number of migrants	25,427,321
Total remittances (US$ million)	**$50,805**
Russian Federation	$25,634
Southeast Europe	$11,065
Central Europe	$14,106
Indicators	
Annual average remittances per capita	$169
Annual average remittances per migrant	$1,881
Remittances as percentage of GDP	2%
Remittances as percentage of exports	3%
Ratio of remittances per capita and GDP per capita	11%
Average share of migrants in total population	10%
Average share of migrants in countries with a population under 1 million	-
Average share of migrants in countries with a population over 1 million	10%
Top 5 recipients by volume received (US$ million)	
Russian Federation	$13,794
Ukraine	$8,471
Poland	$4,760
Belarus	$2,342
Czech Republic	$1,635
12 out of 18 countries receive more than US$1 billion	
Main destination and migrant percentage to that destination	
East Europe (Ukraine)	25%
Central Europe USA)	17%
Cost of sending $200	6% - 12%



Central Europe	(US$ million)	(%GDP)
Czech Republic	$1,635	1.2%
Estonia	$378	2.3%
Hungary	$905	0.8%
Latvia	$453	2.3%
Lithuania	$477	1.6%
Poland	$4,760	-
Romania	$4,795	3.9%
Slovakia	$703	1.3%
Total	**$14,106**	

Southeast Europe	(US$ million)	(%GDP)
Albania	$1,986	21.7%
Bulgaria	$1,200	3.8%
Bosnia and Herzegovina	$2,295	20.3%
Croatia	$1,422	3.3%
Macedonia	$520	8.4%
Serbia and Montenegro	$3,642	11.4%
Total	**$11,065**	

Russian Federation and East Europe (CIS)	(US$ million)	(%GDP)
Belarus	$2,342	6.3%
Moldova	$1,027	31.4%
Russian Federation	$13,794	1.4%
Ukraine	$8,471	8.0%
Total	**$25,634**	

Migration

There are 25 million migrants from developing European nations worldwide. On average, 10 per cent migrate abroad to live and work. Some migrate to Ukraine – one of the most populated countries in Europe. Other places of destination include Italy, the United Kingdom and the United States. The Russian Federation is a major migrant-exporting country in Europe, comprising 48 per cent of total migrants from the region. Notably, it is also the main destination country of migration from the Commonwealth of Independent States.

..Albania, Moldova and Romania see over 50 per cent of flows going to rural areas.

Remittances

Remittances to Europe total over US$50 billion and go to countries like Moldova, Poland, Romania, the Russian Federation, and Ukraine – where remittances are particularly significant (nearly 20 per cent of per capita income). Transfers to Europe are 11 per cent of per capita income and represent 2 per cent of GDP and 3 per cent of exports. Remittances to Moldova are also of singular importance as they represent more than 30 per cent of the country's national income.

Rural Remittances

Remittances to rural areas are received in a lower proportion than other places in the world. However, among Eastern European countries the ratio of remittances per capita to per capita income is 60 per cent in communities where the population is over 35 per cent rural. Some countries like Albania, Moldova and Romania see over 50 per cent of flows going to rural areas.

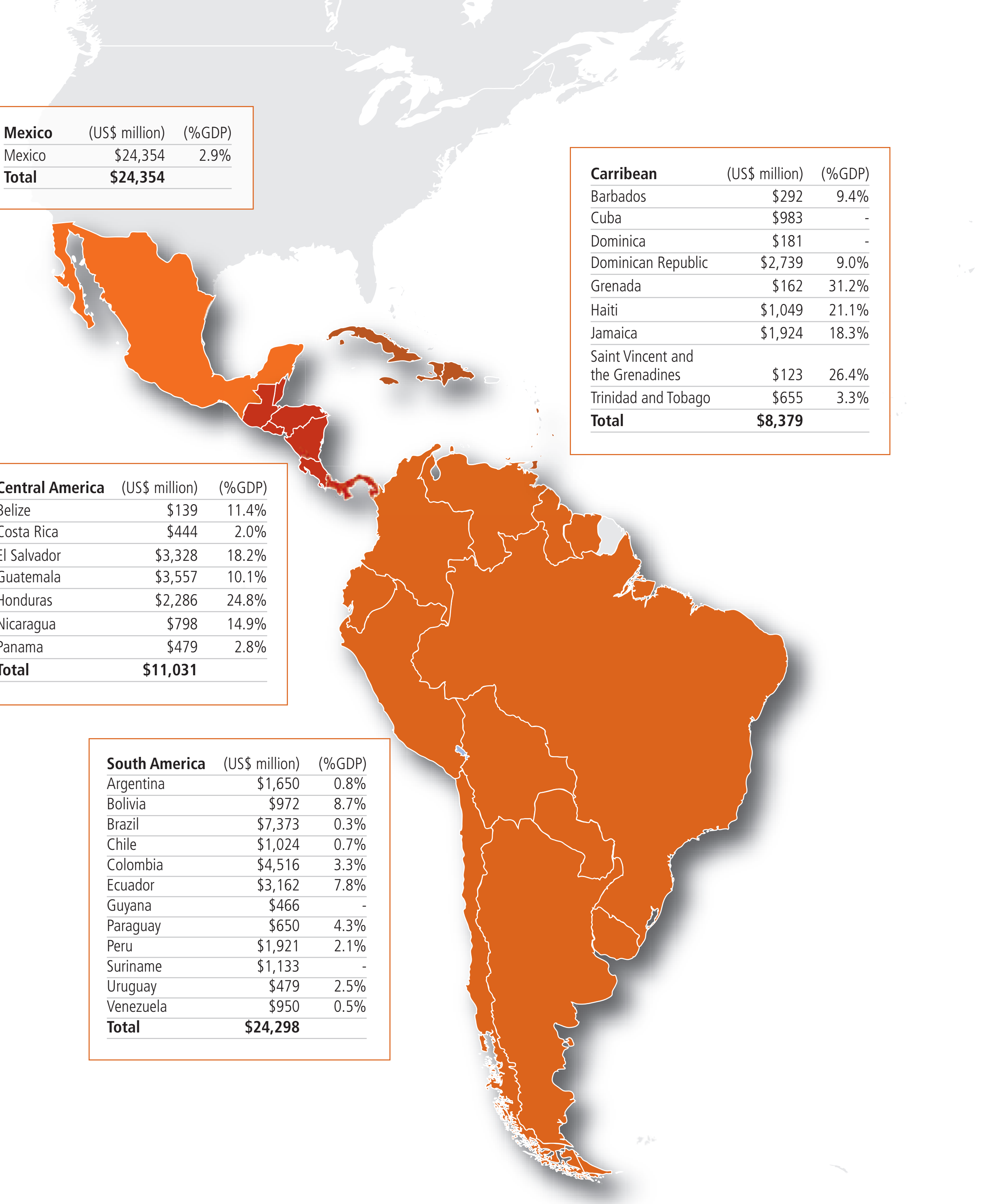
Market and Financial Access

The market for money transfers is relatively competitive if money flows to Moldova, Poland, Romania or the Russian Federation. However, in most remitting countries in Western Europe, competition among money transfer operators is only now emerging, and therefore there are not many vendors. Moreover, some European migrants sending remittances from Western European countries face constraints in that only banks make money transfers. Remittances from Italy and the United Kingdom to Poland, Moldova and Romania are more competitive and cost-effective than flows from Switzerland to Serbia.

Financial access is also limited. There is little commensurability between the percentage of banks paying remittances and the percentage of recipients opening bank accounts at those same institutions where they withdraw money. Moldovan remittance recipients, for example, exclusively cash their remittance at banks, yet fewer than 20 per cent have bank accounts. However, a larger percentage has over US$1,500 in savings.

Latin America and the Caribbean

Total number of migrants	30,403,472
Total remittances (US$ million)	**$68,062**
South America	$24,298
Central America	$11,031
Carribean	$8,379
Mexico	$24,354
Indicators	
Annual average remittances per capita	$688
Annual average remittances per migrant	$2,128
Remittances as percentage of GDP	3%
Remittances as percentage of exports	13%
Ratio of remittances per capita and GDP per capita	20%
Average share of migrants in total population	26%
Average share of migrants in countries with a population under 1 million	49%
Average share of migrants in countries with a population over 1 million	11%
Top 5 recipients by volume received (US$ million)	
Mexico	$24,354
Brazil	$7,373
Colombia	$4,516
Guatemala	$3,557
El Salvador	$3,328
15 out of 38 countries receive more than US$1 billion	
Main destination and migrant percentage to that destination	
South America (USA)	32%
Central America (USA)	74%
Carribean (USA)	73%
Mexico (USA)	92%
Cost of sending $200	6% - 8%



Mexico	(US$ million)	(%GDP)
Mexico	$24,354	2.9%
Total	**$24,354**	

Carribean	(US$ million)	(%GDP)
Barbados	$292	9.4%
Cuba	$983	-
Dominica	$181	-
Dominican Republic	$2,739	9.0%
Grenada	$162	31.2%
Haiti	$1,049	21.1%
Jamaica	$1,924	18.3%
Saint Vincent and the Grenadines	$123	26.4%
Trinidad and Tobago	$655	3.3%
Total	**$8,379**	

Central America	(US$ million)	(%GDP)
Belize	$139	11.4%
Costa Rica	$444	2.0%
El Salvador	$3,328	18.2%
Guatemala	$3,557	10.1%
Honduras	$2,286	24.8%
Nicaragua	$798	14.9%
Panama	$479	2.8%
Total	**$11,031**	

South America	(US$ million)	(%GDP)
Argentina	$1,650	0.8%
Bolivia	$972	8.7%
Brazil	$7,373	0.3%
Chile	$1,024	0.7%
Colombia	$4,516	3.3%
Ecuador	$3,162	7.8%
Guyana	$466	-
Paraguay	$650	4.3%
Peru	$1,921	2.1%
Suriname	$1,133	-
Uruguay	$479	2.5%
Venezuela	$950	0.5%
Total	**$24,298**	

Migration

Over 29 million people emigrate abroad From Latin America and the Caribbean (LAC); and for small and economically dependent countries migration constitutes one quarter of their population. Until recently, the United States was the main destination; however, increasing migration to Europe and intraregional mobility has changed this pattern. Italy and Spain are two of the main destinations in Europe, whereas Argentina, Costa Rica and the Dominican Republic are the main intraregional places of destination.

The cost of sending remittances to this this region is among the lowest in the world…

Remittances

LAC received US$68 billion in remittances in 2006, mostly going to Mexico, which received US$24.3 billion. South America follows, receiving nearly US$24.2 billion. Though the region's economy is volatile and experiences boom-and-bust cycles, remittance flows have remained steady for many years. Transfers are on average 20 per cent of income per capita, although in some Central American countries such as El Salvador this number is higher. On a macro level and as a country's average in LAC, remittances equate to 3 per cent of GDP and 13 per cent of exports.

Rural Remittances

Remittances sent to rural regions represent about one third of all flows. These amounts have been increasing as migrants move to different parts of their home countries. An interesting example is Mexico: remittances from the State of Chiapas are the fastest growing in the nation and most of them are sent to rural areas. However, the percentage of remittances to the rural areas of Latin America is greater among migrants working within the region in neighboring countries. Bolivians in Argentina are predominantly rural migrants who send money to areas near main urban centres. Nicaraguans in Costa Rica transfer money to the southern parts of their home country.

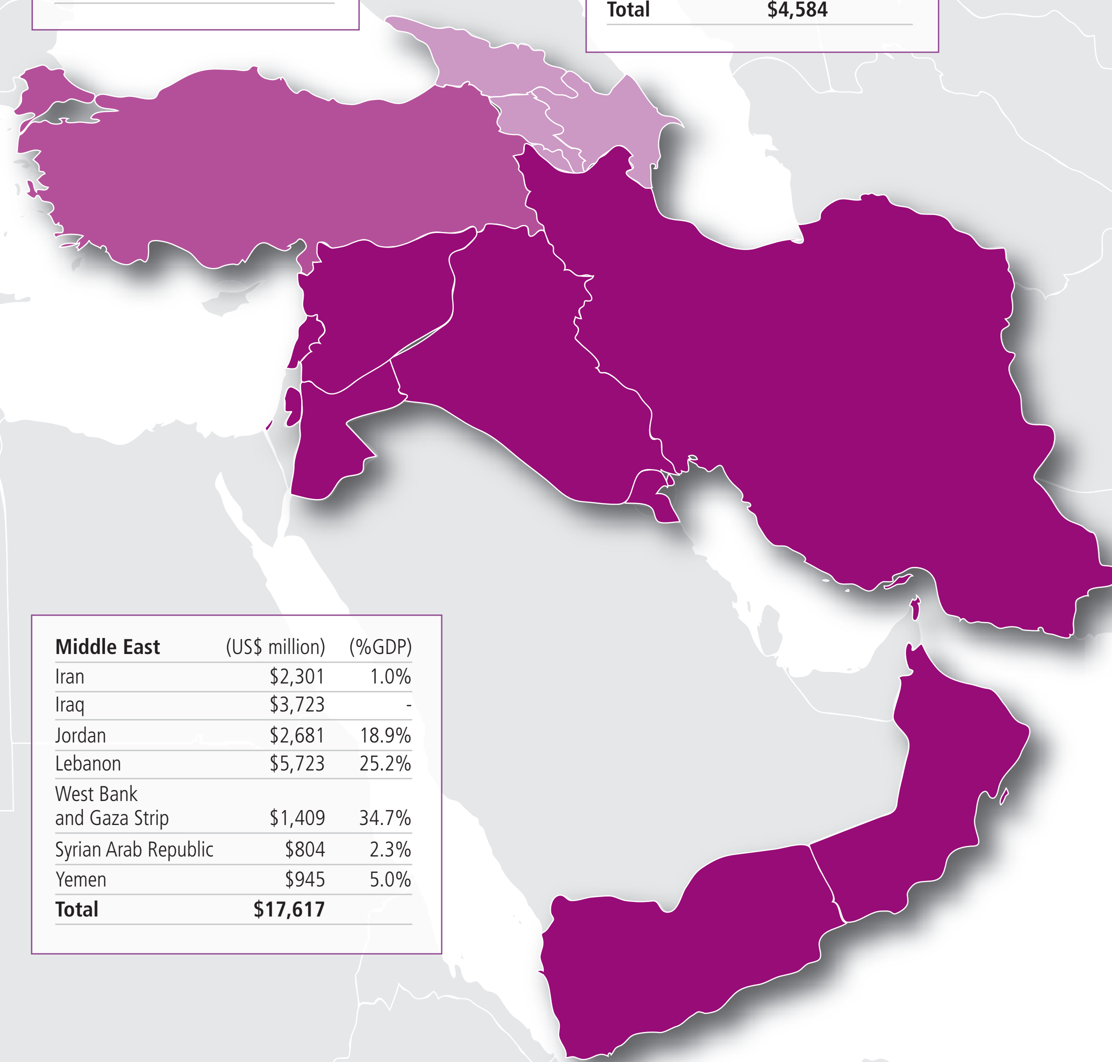
Market and Financial Access

Money transfers to LAC today are predominantly, if not exclusively, processed by licensed money transfer operators. Over the past three years other competitors (within the United States and Spain to Latin America corridors) such as banks and card-based operators have emerged as players offering account-to-account transfers. However, within intraregional corridors, significant informality in fund transfers still exists. The cost of sending remittances to this region is among the lowest in the world, averaging 5 per cent to send US$200, largely because of the extent of competition.

As in other parts of the world, financial access in LAC is relatively poor, even among recipients of remittances who tend to save more; and, with some exceptions, there is little access to formal banking institutions. Credit unions and microfinance institutions are stepping in to offer services to recipients and thus increase the cross-sale of financial products. The end result is greater financial intermediation and transformation among clients. Examples include Mexican rural banks (*Cajas Populares*), or Jamaican building societies, which benefit thousands of clients.

Near East

Total number of migrants	17,291,334
Remittances Total (US$ million)	**$29,678**
Middle East	$17,617
Turkey	$7,477
Caucausus	$4,584
Indicators	
Annual average remittances per capita	$361
Annual average remittances per migrant	$2,679
Remittances as percentage of GDP	4%
Remittances as percentage of exports	13%
Ratio of remittances per capita and GDP per capita	21%
Average share of migrants in total population	15%
Average share of migrants in countries with a population under 1 million	-
Average share of migrants in countries with a population over 1 million	15%
Top 5 recipients by volume received (US$ million)	
Turkey	$7,477
Lebanon	$5,723
Romania	$4,795
Serbia and Montenegro	$3,642
Iraq	$3,561
10 out of 12 countries receive more than US$1 billion	
Main destination and migrant percentage to that destination	
Middle East (Germany)	17%
Cost of sending $200	7% - 12%



Turkey	(US$ million)	(%GDP)
Turkey	$7,477	1.9%
Total	**$7,477**	

Caucausus	(US$ million)	(%GDP)
Armenia	$1,188	18.5%
Azerbaijan	$1,871	9.3%
Georgia	$1,525	20.2%
Total	**$4,584**	

Middle East	(US$ million)	(%GDP)
Iran	$2,301	1.0%
Iraq	$3,723	-
Jordan	$2,681	18.9%
Lebanon	$5,723	25.2%
West Bank and Gaza Strip	$1,409	34.7%
Syrian Arab Republic	$804	2.3%
Yemen	$945	5.0%
Total	**$17,617**	

Migration

From the Near East, around 17 million people have migrated abroad – an average of 12 per cent of the population. Depending on the region of origin, destinations for working or living abroad may include France, Germany or the Russian Federation. Equally significant is the intra-regional mobility of people into places like countries such as Kuwait and Saudi Arabia, for instance. People from the South Caucasus migrate predominantly to the Russian Federation and Ukraine. In countries such as Armenia, Albania, and the republic of Moldova, a third of the population has migrated abroad.

48 per cent of remittances to Georgia go to rural areas, as do over 60 per cent of remittances to Azerbaijan.

Remittances

Nearly US$30 billion are remitted to this region each year. The top two recipient countries are Turkey and Lebanon, receiving US$7.5 billion and US$5.5 billion respectively. Notably, the impact on per capita income differs: 3 per cent in Turkey to 30 per cent in Lebanon. On average, on a country-by-country basis, remittances equate to 4 per cent of GDP, 13 per cent of exports and 21 per cent of income per capita.

Rural Remittances

Many people from the Near East, whether from the Middle East or the Caucasus, migrate from rural areas and equally remit to their places of origin. For example, 48 per cent of remittances to Georgia go to rural areas, as do over 60 per cent of remittances to Azerbaijan.

Market and Financial Access

Money transfers to this region also offer a mix of players like those found in the Asian region. Many corridors for example experience relatively low costs, as is the case in the Caucasus. Similarly, migrants from the Middle East sending remittances from the Arab oil-exporting countries often go through inexpensive bank transfers that cost less than 2 per cent. However, there is a percentage of migrants who hand-carry the money upon return to their home country or on visits, especially if they are returning from Kuwait or the United Arab Emirates.

In general, financial access in the Near East region is limited due to the presence of well established financial institutions and financial intermediation strategies. In most countries access is relatively small. For example, the share of Georgians and Azerbaijanis with bank accounts is under 15 per cent, and even lower in rural areas, where the majority of people come from.

About IFAD

The International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations, was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference. The Conference was organized in response to the food crises of the early 1970s that primarily affected the Sahelian countries of Africa. The conference resolved that "an International Fund for Agricultural Development should be established immediately to finance agricultural development projects primarily for food production in the developing countries". One of the most important insights emerging from the conference was that the causes of food insecurity and famine were not so much failures in food production, but structural problems relating to poverty and to the fact that the majority of the developing world's poor populations were concentrated in rural areas.

IFAD is dedicated to eradicating rural poverty in developing countries. Seventy-five per cent of the world's poorest people - 800 million women, children and men - live in rural areas and depend on agriculture and related activities for their livelihoods. Working with rural poor people, governments, donors, non-governmental organizations and many other partners, IFAD focuses on country-specific solutions, which can involve increasing rural poor peoples' access to financial services, markets, technology, land and other natural resources.

For more information, please visit www.ifad.org

UNCDF

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Enabling the rural poor
to overcome poverty

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