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# FINAL REPORT ON THE PROJECT ON MIGRATION AND TRENDS IN REMITTANCES IN THE COUNTRIES OF CENTRAL AMERICA AND THE CARIBBEAN\*

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# CONTENTS

# Page

A.	Introduction	1
B.	<ul> <li>Emigration</li></ul>	2 3 3 4 4
	<ol> <li>8. Emigrants' country of residence</li></ol>	5
C.	<ul><li>Receipt of remittances and goods</li></ul>	6
D.	Recommendations	10

#### **INTRODUCTION**

The significant impact of international migration and remittance volumes on the countries of the subregion has prompted Central America to conduct a project on migration and trends in remittances in the countries of Central America and the Caribbean, in response to the programme of regional statistical work for Latin America and the Caribbean, July 2005-June 2007, of the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean (ECLAC). This programme was approved by the Inter-American Development Bank in the framework of its regional public goods programme, at the fifth meeting of the Executive Committee of the Statistical Conference of the Americas of ECLAC, held on 14 and 15 November 2005 in Mexico City. On this basis, a programme was implemented to help the countries of Central America and the Caribbean to conduct standardized analyses of international remittances and migration flows by means of household surveys. The programme, conducted from 2006 to 2008, comprised Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

The support consisted of technical assistance, provided by a consultant, for the development of instruments and the formulation of recommendations for processing and evaluating data and for generating statistical results. This work was done over the Internet, and also through face-to-face meetings at the countries' national statistical offices, each of which generates its own country's official statistics.

The national statistical offices of all the countries named above, except that of Guatemala, incorporated international remittance and migration modules into their national household surveys, mainly the periodic surveys focusing on employment and income. The National Institute of Statistics of Guatemala was unable to include migration flows and remittances during the technical-assistance period. Emigration and remittances received were studied in the remaining six countries, and in three (Costa Rica, the Dominican Republic and Honduras) the analysis included immigration and remittances sent. Table 1 gives a breakdown of the dates of the survey and the topics included in each country.

		Topics included					
Country	Survey date	Emigration	Immigration	Remittances received	Remittances sent		
Costa Rica	July 2007	Х	Х	Х	Х		
Dominican Republic	Fourth quarter of 2007	Х	Х	Х	Х		
El Salvador	Second quarter of 2007	Х		Х			
Honduras	Fourth quarter of 2006	Х	Х	Х	Х		
Nicaragua	Fourth quarter of 2006	Х		Х			
Panama	March 2008	Х		Х			

Table 1
QUESTIONS ON INTERNATIONAL REMITTANCES AND MIGRATION INCLUDED
IN NATIONAL HOUSEHOLD SURVEYS

Costa Rica and Honduras have published reports containing their survey results, and the Dominican Republic is preparing to do so. El Salvador and Panama have reports that were prepared by the consultant Padilla Trejo. Nicaragua has published some tables.

This document provides an overview of international migration and remittances, the topics which were studied in the aforementioned six countries. The study used the data contained in each country's results report or, in the case of Nicaragua, in the available tables. The purpose is to give a picture of trends in international remittances and migration flows in the Central American subregion and the Dominican Republic.

As for international migration, comparative information is presented on households with emigrants, total emigrant population, structure of emigrant population by sex and age group, emigrants' degree of kinship with the head of household interviewed, emigrants' educational level, length of residence abroad and country of residence.

Remittances of both money and goods are taken into consideration. The topics considered are: households that receive money from friends and relatives abroad, frequency with which money is received, channels through which it is received, amount received from abroad in the previous 12 months, countries of origin of money sent, how the money received is used, receipt of goods and type of goods received.

#### **B. EMIGRATION**

Emigrants are deemed to be persons who have been recognized as members of a household who permanently resided in it before leaving to live abroad and who, at the time the survey was conducted, were found to be residing abroad.

Households all of whose members have emigrated have not been taken into account, since no one would have been available to provide information on such households when the survey was conducted. The survey therefore underestimates total migration but it does make it possible to construct socio-economic profiles of emigrants and of the households where they lived before emigrating.

#### 1. Households with emigrants

The proportion of households with emigrants varies considerably among countries, ranging from Costa Rica (4%) to El Salvador (17%). There is no clear indication that either rural or urban households have a higher proportion of emigrants. The households with the largest proportion of emigrants are headed by women and belong to the highest socio-economic quintiles.

Characteristics	Households with at least one emigrant (Percentage of all		(Percenta	Number of ge of all hous	8	emigrants)	
	households)	Total	1	2	3	4	5 or more
Costa Rica	3.8	100	82.3	12.2	4.2	1.2	0.1
Dominican Republic	9.2	100	77.4	14.7	4.7	1.6	1.6
El Salvador	17.3	100	60.2	21.0	10.5	4.4	3.9
Honduras	11.3	100	78.1	13.1	5.0	2.2	1.7
Panama	1.9	100	82.0	13.0	1.4	2.8	0.9

#### Table 2 HOUSEHOLDS THAT HAVE AT LEAST ONE EMIGRANT, BY NUMBER OF MIGRANTS AND COUNTRY

# 2. Total emigrant population

A comparison of the survey results for all emigrants with the information from the 2000 census in the United States appears to indicate that their number has been underestimated in the surveys. Part of the explanation is the difficulties in conducting field work to gather data on emigrants and remittances, as noted below. In addition, the survey takes into account households residing in the countries of the survey, but does not include households all of whose members reside in other countries and therefore appear in those countries' censuses.

# Table 3 TOTAL ESTIMATED EMIGRANT POPULATION, BY COUNTRY<sup>a</sup>

(Number of persons)

Characteristics	Emigrants		
Costa Rica	56 679		
Dominican Republic	298 166		
El Salvador	434 883		
Honduras	246 620		
Nicaragua	Not available		
Panama	21 060		

<sup>a</sup> Excludes households all of whose members have emigrated.

## 3. Structure of emigrant population by sex

In most countries, emigrants are predominantly male. Generally, households in rural areas, those headed by women and those in the lower socio-economic quintiles have a larger share of male emigrants. The profile in the Dominican Republic is different, as there is a slight predominance of women emigrants in the total, among rural households and among male-headed households, with sharp contrasts among social strata.

Table 4
EMIGRANT POPULATION BY SEX AND COUNTRY
(Percentage of all emigrants)

Characteristics	Total	Male	Female
Costa Rica	100	63.6	36.4
Dominican Republic	100	47.3	52.7
El Salvador	100	61.6	38.4
Honduras	100	70.4	29.6
Panama	100	49.1	50.9

#### 4. Structure of emigrant population by age group

Emigrants are predominantly (60% to 70%) between 30 and 59 years old, followed by those from 15 to 29 years of age (between 20% and 35%).

Table 5
EMIGRANT POPULATION BY AGE GROUP AND COUNTRY
(Percentage of all emigrants)

Characteristics	Total	Under 15	15-29	30-59	60 and above
Characteristics	Total	Under 15	15-29	30-39	oo anu above
Costa Rica	100	2.3	31.6	59.6	6.6
Dominican Republic	100	2.5	21.3	68.4	7.7
El Salvador	100	0.2	36.1	61.8	1.9
Honduras	100	3.1	65.0	28.0	3.8
Panama	100	8.7	45.9	41.9	3.5

## 5. Degree of kinship with the head of household

Emigrants are predominantly the children of the head of household, with the proportion ranging from 49% in the Dominican Republic to 70% in El Salvador. Next are spouses of heads of household, the proportion of whom ranges from 11% to, in the case of Honduras, 21%.

#### Table 6 EMIGRANT POPULATION BY DEGREE OF KINSHIP WITH THE CURRENT HEAD OF HOUSEHOLD, BY COUNTRY (Percentage of all emigrants)

			-			
Characteristics	Total	Head of household	Spouse	Children	Other relatives	Not related
Costa Rica	100		11.2	67.0	17.7	4.0
Dominican Republic	100	2.5	14.1	49.4	29.8	4.1
El Salvador	100	0.1	11.3	70.4	17.3	0.9
Honduras	100		21.3	57.3	18.6	2.7
Panama	100		6.5	58.6	32.5	2.3

#### 6. Emigrants' educational level

Emigrants' educational level varies from country to country. Emigrants from El Salvador and Honduras predominantly have basic, or primary, education, with the percentage from this group close to 60%. In Costa Rica and the Dominican Republic, the largest group (close to 40%) have secondary education. A larger proportion of emigrants have higher education in Costa Rica (30%) and the Dominican Republic (19%) than in the remaining countries (approximately 5%).

 

 Table 7

 EMIGRANT POPULATION BY EDUCATIONAL LEVEL AND COUNTRY (Percentage of all emigrants)

		(1 ereentage )	sj uli emigrun			
Characteristics	Total	None or initial	Primary	Secondary	Higher	Do not know
Costa Rica	100	0.9	28.4	37.9	30.4	1.8
Dominican Republic	100	0.8	32.7	38.8	19.3	8.5
El Salvador	100	2.9	57.1	29.6	7.8	2.6
Honduras	100	4.2	59.3	32.2	3.1	1.2
Panama			Not a	available		

#### 7. Emigrants' length of residence abroad

Two patterns were detected: long-term emigrants (those who have been abroad for 10 or more years) are primarily from the Dominican Republic (43%) and El Salvador (38%), while more recent emigrants (those who have been away for less than one year) are from Costa Rica (15%), Honduras (22%) and Panama (13%).

Table 8
EMIGRANT POPULATION BY LENGTH OF RESIDENCE ABROAD AND COUNTRY
(Percentage of all emigrants)

Characteristics	Total	Less than 1 year	From 1 to 4 years	From 5 to 9 years	10 years or more
Costa Rica	100	15.3	31.4	22.9	30.5
Dominican Republic	100	5.9	32.6	18.9	42.6
El Salvador	100	6.6	34.2	20.8	38.4
Honduras	100	22.4	57.7	24.5	17.9
Panama	100	12.8	43.0	28.0	16.3

#### 8. Emigrants' country of residence

Most emigrants are in the United States, particularly those from El Salvador (94%), Honduras (91%), the Dominican Republic (73%) and Costa Rica (65%). For Costa Rica, the second largest host country is Nicaragua (11%). Nicaraguans are the largest foreign population group in Costa Rica. For El Salvador, the second host country is Canada (2%); the second for the Dominican Republic is Spain (12%) and for Honduras, Mexico (2%).

Table 9
EMIGRANT POPULATION BY CURRENT HOST COUNTRY, BY COUNTRY OF ORIGIN
(Percentage of all emigrants)

	Main countries of current residence									
Country surveyed	Fir	st	Sec	cond	Third					
	Country	Percentage	Country	Percentage	Country	Percentage				
Costa Rica	United States	65.3	Nicaragua	10.8	Canada	2.8				
Dominican Republic	United States	72.9	Spain	12.4	Italy	2.9				
El Salvador	United States	93.9	Canada	2.4	Italy	1.1				
Honduras	United States	91.4	Mexico	2.2	Spain	2.1				
Panama	United States	59.1	Costa Rica	6.7	Spain	5.0				

#### C. RECEIPT OF REMITTANCES AND GOODS

For the survey, remittance was defined as money sent by someone residing abroad, whether or not a relative, to be used by someone in the household. This avoided any possibility of confusion, since a widespread colloquial understanding of the term —money sent for purposes of assistance— could have skewed the data. Money considered sent as a remittance must not have been sent in payment for a transaction or service or to settle a debt.

The object of the study was the receipt of money by households, and the target population was composed of all households in the country. The reference period for the data on remittances was the 12 months prior to the survey.

#### **1.** Receipt of remittances

Respondents were asked if anyone in the household had received money in the reference period. If the answer was affirmative, the respondent was asked how often money had been received. The next question was on the most recent remittance: the amount, the currency, the country of origin and the means or channel of receipt. The information on the total amount of money received in the 12 months before the interview and on the use of that money was analysed. Spending was divided into categories including the following: human capital (education and health), articles for the household, investments in housing (new or used), regular household expenditure (related to the family basket), investments in land, inputs, business, debt payments, and savings.

The survey also included questions on goods received by the members of the household from relatives or friends residing abroad. Nine categories were identified: clothing and footwear, toys, medicine, cosmetics, appliances and computer equipment, vehicles (motor vehicles, motorcycles, bicycles), equipment for business or work, food and other.

Monetary units were standardized in United States dollars, on the basis of official central bank data.

One problem was respondents' reluctance to provide information on remittances, out of fear that remitters might be identified and risk deportation owing to tougher policies in the United States on illegal immigration, or that members of the respondent household might be robbed. The estimates given in this document should therefore be considered the lower limits of the phenomena measured.

#### (a) Households receiving money from friends or relatives abroad

The proportion of households that receive money from abroad varies from 4% (Panama) to 25% (El Salvador) and relates to the number of households in each country that have emigrants.

#### Table 10 HOUSEHOLDS THAT RECEIVED MONEY FROM ABROAD IN THE PREVIOUS 12 MONTHS, BY COUNTRY

(Percentage of all households)

Characteristics	Received money
Costa Rica	4.1
Dominican Republic	17.0
El Salvador	24.5
Honduras	20.9
Nicaragua	14.8
Panama	4.0

#### (b) Frequency with which money is received

Most commonly, money is received once a month or less often; however, there is no clear breakdown in terms of percentages. In Honduras, 45% of households receive money monthly, compared with 39% in the Dominican Republic. In some countries, remittances are sent at irregular intervals (to 26% of households in the Dominican Republic and Panama).

# Table 11HOUSEHOLDS THAT RECEIVED MONEY FROM ABROAD IN THE PREVIOUS 12 MONTHS,BY FREQUENCY AND COUNTRY

Characteristics	Total	More than once a month	Monthly	Every two months	Every three months	Every four to six months	Occasionally	Yearly	Other
Costa Rica	100	7.2	40.9	5.1	7.9	12.2		14.7	12.1
Dominican Republic	100	11.1	38.9	6.0	4.2	5.7	25.6	8.2	0.2
El Salvador	100	1.5	72.0	5.4	3.7	8.8		8.5	
Honduras	100	8.1	44.7	8.1	6.9	5.1	11.5	14.2	1.3
Nicaragua	100	2.2	65.1		13.9	8.8		10.7	
Panama	100	11.9	24.6	5.0	5.6	6.1	26.0	20.3	0.4

#### (Percentage of all households that received money)

#### (c) Channels through which money is received

Remittance agencies are the main channel for receiving money. In Honduras, 92% of households receive money through such agencies, as do 88% of those in the Dominican Republic. In Panama, 72% of the remittances received by households are through this channel.

In Costa Rica, a high proportion of money is received through banks (44% of households).

# Table 12HOUSEHOLDS THAT RECEIVED MONEY FROM ABROAD IN THE PREVIOUS 12 MONTHS,<br/>BY CHANNEL OF RECEIPT OF MOST RECENT REMITTANCE AND BY COUNTRY

	(Percentage of	of all househo	Ids that received money j	,	
Characteristics	Total	Total	Remittance agency or money-transfer company	Bank transfers and other bank channels	Informal channels
Costa Rica	100	89.2	43.3	44.0	1.9
Dominican Republic	100	92.5	91.5	1.0	7.5
El Salvador	100	91.4	86.7	4.5	0.2
Honduras	100	94.2	88.1	6.1	5.8
Nicaragua	100	87.7	74.7	13.0	12.3
Panama <sup>a</sup>	100	89.6	72.0	17.3	0.3

<sup>a</sup> Percentage of all money received.

#### (d) Amount received from abroad in the previous 12 months

The countries with the highest average total amounts received from abroad in the previous 12 months were Honduras (US\$ 2,395) and El Salvador (US\$ 1,976), while the country with the lowest was Costa Rica (US\$ 311).

The lowest amounts received were in Costa Rica, where 56.9% of the households receiving money from abroad had received less than US\$ 200.

The highest amount received in the previous 12 months was in Panama, where 8.6% of recipient households had received US\$ 5,000 or more. In El Salvador 6.0% of households had received at least this amount, and in the Dominican Republic the figure was 4.1%.

# Table 13HOUSEHOLDS THAT HAD RECEIVED MONEY FROM ABROAD IN THE PREVIOUS 12 MONTHS,<br/>BY AMOUNT RECEIVED AND COUNTRY

	Average	Total	Less than US\$ 100	From US\$ 100 to US\$ 200	From US\$ 200 to US\$ 300	From US\$ 300 to US\$ 500	From US\$ 500 to US\$ 1 000	From US\$ 1 000 to US\$ 2 000	From US\$ 2 000 to US\$ 5 000	US\$ 5 000 or more
Costa Rica Dominican	311	100	24.4	32.5	12.3	14.8	9.9			6.1
Republic	1 204	100	11.4	13.7	12.5	10.4	18.7	17.3	11.8	4.1
El Salvador	1 976	100	5.3	5.9	4.2	7.6	11.3	29.4	30.3	6.0
Honduras	2 395	100	7.0	8.5	5.2	10.2	16.6	21.8	49.2	5.6
Nicaragua					Not ava	ilable				
Panama	1 598	100	6.7	18.8	10.9	15.0	15.8	14.7	9.4	8.6

(In dollars and as a percentage of all households that received money)

#### (e) Countries and territories of origin of money received

The United States is the primary country of origin of the money received because it is largest host country for emigrants from the countries of the subregion. Between 72% and 96% of households receiving money from abroad received it from the United States.

#### Table 14 HOUSEHOLDS RECEIVING MONEY FROM ABROAD, BY COUNTRY OR TERRITORY OF ORIGIN OF THE MOST RECENT REMITTANCE AND COUNTRY OF RECEIPT

		Main countries and territories of origin									
Country of receipt	Fi	rst	Sec	cond	Third						
	Country	Percentage	Country	Percentage	Country	Percentage					
Costa Rica	United States	75.4	Canada	4.4	Nicaragua	4.9					
Dominican Republic	United States	71.7	Spain	11.7	Puerto Rico	3.7					
El Salvador	United States	95.9	Canada	2.0	Italy	1.0					
Honduras			Not av	ailable							
Nicaragua	United States	73.7	Costa Rica	15.3	Guatemala	2.6					
Panama	United States	74.4	Spain	4.2	Colombia	3.6					

(*Percentage of all households that received money from abroad*)

# (f) How money received is used

The main use of money received is for everyday household consumption, although this varies among the countries. A high percentage of households in the countries invest part of the money received in education (31% of the total received in Costa Rica and the Dominican Republic, 12% in Panama and 9% in Honduras).

#### Table 15 HOUSEHOLDS THAT RECEIVED MONEY FROM ABROAD IN THE PREVIOUS 12 MONTHS, BY TYPE OF USE AND COUNTRY

			(I	Percentages)					
Country	Education	Health	Furniture, appliances, computer equipment	Housing (purchases, construction, repairs)	Everyday purchases	Investments or business	Debt payments	Savings	Other
Costa Rica <sup>a</sup>	31.0	26.8	7.8	11.5	44.1	4.7	13.2	12.7	14.8
Dominican Republic <sup>b</sup>	31.1	41.2	5.4	6.0	76.3	2.3	22.5	6.5	10.7
El Salvador <sup>a</sup>	8.7	4.8	0.7	1.9	74.8	1.4	2.0	4.0	1.8
Honduras <sup>b</sup>	9.3	12.2		6.0	71.6 <sup>c</sup>	1.9	3.1	3.8	4.0
Nicaragua				Not ava	ailable				
Panama <sup>a</sup>	11.7	4.9	3.8	8.9	41.8	2.3	6.8	13.6	6.2

<sup>a</sup> Percentage distribution of money received by type of use.

<sup>b</sup> Percentage of all households that received money from abroad.

<sup>c</sup> Includes furniture, appliances, computer equipment, among other items.

#### 2. Receipt of goods

Between 2% and 10% of households in the countries in the comparison group had received goods from relatives or friends residing abroad.

#### Table 16 HOUSEHOLDS THAT RECEIVED GOODS FROM ABROAD IN THE PREVIOUS 12 MONTHS, BY COUNTRY

(Percentage of all households)

Characteristics	Received goods
Costa Rica	3.7
Dominican Republic	9.7
El Salvador	7.5
Honduras	6.0
Nicaragua	4.0
Panama	1.8

#### (a) Type of goods received

The goods most often received are clothing and footwear (30% of households in Costa Rica, 55% of those in the Dominican Republic, 90% in Honduras, and 62% of those in Panama). Appliances are the second most frequent good received and also account for a considerable portion of the total.

# Table 17VALUE OF GOODS RECEIVED FROM ABROAD BY HOUSEHOLDS IN THE PREVIOUS 12 MONTHS,<br/>BY TYPE OF GOOD AND COUNTRY

(Average value of the goods received from abroad and percentage of the total value)

	Percentage of total spending by type of good										
Characteristics	Average (dollars)	Total	Clothing and footwear	Toys	Medicine	Toiletries, cosmetics	Appliances, computer equipment	Motor vehicles, motorcycles, bicycles	Equipment for agriculture, business, work	Foodstuffs	Other
Costa Rica	585	100.0	30.4	6.3	1.4	5.4	19.9	25.9	5.7	0,8	4,3
Dominican Republic	430	100.0	54.7	4.8	4.6	5.5	10.4	0.2	0.9	17,2	1,7
El Salvador	257	100.0	78.2	4.6	2.3		10.3	0.0	0.0	0,6	3,9
Honduras <sup>a</sup>	Not available		90.2		1.2		24.2		1.1	1,3	4,0
Nicaragua	Not available						Not available.				
Panama	214	100.0	62.3	3.9	8.4	3.8	5.3	0.1	0.0	1,2	15,1

a Percentage of all households.

# **D. RECOMMENDATIONS**

Survey techniques must be improved to allow national statistical offices in most countries to produce higher-quality data in shorter time frames and thus deliver timely results. The time elapsed from planning until the definitive databases are available and the results are generated could easily be reduced.

Experience in Panama shows that progress is needed in measuring the amounts covered by most questions on remittances in order to have more accurate information on the amounts involved.

Based on the experience of El Salvador, which incorporated the standardized questionnaire into a nationwide, representative subsample in the second quarter of its annual survey, other countries that have not yet used the standardized questionnaire and that have large samples or panels of households that have been visited repeatedly throughout the year could incorporate modules on migration and remittances into one of the subsamples.

Given that most of the countries have incorporated modules on migration and remittances into their employment and income surveys, further research is needed to gauge the impact of migration flows and remittances on households' living conditions as well as on the labour market. In countries that have large immigrant populations, the latter's labour-market integration, their influence on income levels their levels of poverty can be investigated so that they can be taken into account in anti-poverty policies, given that national rates of extreme poverty may be increased by immigration.

Given the magnitude of emigration and immigration in the countries of the region, national statistical offices should consider adopting a set of basic questions in the 2010 census round to better gauge these phenomena, which are very significant in population projections from an institutional standpoint.