The explosive rise in the remittances that Latin American and Caribbean emigrants send home to their countries of origin has turned these resources into the region’s second largest source of external financing, topped only by foreign direct investment.

This has occurred despite the fact that most funds sent by workers to their families barely exceed US$200 per month.

According to an ECLAC study by economist Andrés Solimano, the remittances tend to be more stable than volatile capital flows and they even seem to act in a countercyclical fashion, providing additional benefits to local economies as they complement national saving and the income of the medium- and low-income families, from which many emigrants come.

About US$25 billion of this kind entered the region in 2002. Since the early 1980s, funds that emigrants send back home rose by an annual average of 12.4%, the highest growth rate for the different regions around the world. This region received 31.3% of all remittances flowing into developing countries.

Another ECLAC document estimates that almost 20 million Latin Americans and people of the Caribbean live outside their country of birth. Half of these emigrated during the 1990s, mainly to the US and to a lesser degree Europe. Remittances are the financial counterpart of this emigration.

Latin America and the Caribbean are ageing gradually but inexorably, in a process that affects the entire region but is different in each country.

The proportion of people over 60 will triple between 2000 and 2050, to reach one-quarter of the population. During the second half of the century, there will be more senior citizens than children, according to the Economic Commission for Latin America and the Caribbean, ECLAC.

Today more than 41 million people are over 60 years of age. Within 25 years, there will be 98 million and in 2050, 184 million. Ageing is occurring faster than historic trends in countries today considered developed.

In the region, old age occurs in a context of widespread poverty, acute and persistent social inequity, scarce institutional development, low social security coverage.

The time is ripe, according to ECLAC’s study Las personas mayores en América Latina y el Caribe: diagnóstico sobre la situación y las políticas (Older people in Latin America and the Caribbean: Current Status and Policies), to develop a complete overview of this phenomenon and design policies that contribute to guaranteeing the right to a dignified old age.

In this sense, at the end of last year governments agreed on a Regional Strategy for the Implementation in Latin America and the Caribbean of the Madrid International Plan of Action on Ageing.
Unlike the patterns typical of hub and spoke agreements, the new opportunities for trade and investment would apply to all. An agreement of this nature, consistent with the World Trade Organization (WTO), which deals appropriately with existing asymmetries and promotes development policies with flexibility, would help to spread the benefits of trade liberalization within the hemisphere more evenly.

Another important challenge for 2004 is to resolve the impasse in the Doha multilateral negotiations without losing sight of the development dimension. For the countries of Latin America and the Caribbean, this includes opening up critical markets, liberalizing trade in products of agricultural origin, and increasing technical and financial cooperation.

The Uruguay Round led to an agreement that basically responded to the interests of the developed world. The agreements among developing countries going into these new negotiations are therefore important. If the developed world is willing to make more concessions than those announced so far, developing countries must show the flexibility necessary to advance on Doha, based on the conviction that multilateral negotiations may be the only forum in which negotiating power is more balanced.

For many countries, the benefits associated with the results of the negotiations underway will depend on their ability to turn potential conditions for access into real trade opportunities. The links between economic growth, exports and increased competitiveness do not come automatically with more openness, as the performance of Latin American and Caribbean exports demonstrated during the 1990s. To reinforce these links and develop the conditions for competitiveness essential in a globalized world, freer trade must come with better systems for adopting, adapting and generating technology, more and better training, and a rise in the density of productive clusters. For the region, doing this in the context of an open economy is a major challenge.

At the same time, it is necessary to accompany these efforts with active, inclusive social policies, which as well as preparing workers to compete in more competitive markets, also take care of the needs of the most vulnerable groups, and contribute to reducing distribution-related tensions that may be generated by more openness to trade.

To do so, the challenge of achieving results from trade liberalization processes that are functional to development objectives requires going beyond completing the current negotiations successfully.

The author is ECLAC Executive Secretary.
Latin American Countries Among the Most Favoured

Worldwide, a group of 20 countries accounts for almost 80% of remittances to developing countries. In 2001, the main receiver was India, with inflows of US$10 billion, followed by Mexico, with US$9.9 billion, and the Philippines, with US$6.4 billion. Others in this list include the Dominican Republic (US$2 billion), El Salvador (US$1.9 billion), Colombia (US$1.8 billion), Brazil (US$1.5 billion) and Ecuador (US$1.4 billion).

That year, remittances flowing into this region’s countries accounted for 1.3% of the Gross Geographic Product and amounted to one-third of foreign direct investment flows.

Similarly, the 20 main countries generating these resources were headed by the United States, with US$28.4 billion in 2001, followed by Saudi Arabia with US$15.1 billion, and Germany, with US$8.2 billion. Venezuela, with US$700 million, is the only Latin American country on this list, since it has traditionally been a receiver of immigrants.

Assistance to Local Communities

Some of the effects of these savings are apparent in local communities. In the United States, associations of emigrants bring together workers from countries such as El Salvador, Guatemala, Honduras, Mexico, the Dominican Republic, and they regularly send donations to community projects and local development in their communities of origin.

Some local governments encourage this type of remittance. In the Mexican state of Zacatecas, for each dollar donated by associations to improve infrastructure, the government offers two dollars and in some cases three, from its own pockets. More than 400 projects for water treatment, schools, roads and parks have been completed in the past eight years through this programme. Thus, “public saving is mobilized along with remittances to finance community projects,” notes Solimano.

Remittances also finance consumption. A study in Ecuador revealed that almost 60% of remittances are spent on food, medicine and housing rentals.

High Costs to Send Money

Several means are used to send these resources to families. Some are registered in the receiving country’s balance of payments (when sent through formal channels), while others do not appear in official statistics (those sent informally, for example through couriers), making it difficult to calculate the amounts remitted.

The cost of sending money is nonetheless high. Studies carried out last year indicate that financial intermediaries charge well above marginal costs for these transfers. Solimano notes that the international market for sending remittances is “concentrated and not very competitive.”

In Latin America, the typical remittance per emigrant ranges from US$ 200 to US$300 per month. Those sent through formal channels go through financial bodies, post offices, travel agencies. Commercial banks also participate in the remittance sending business but are not, generally speaking, major intermediaries.

The cost of sending money from the United States to Latin America ranges from 8% to 9%, more than double that of sending to India or the Philippines. The foreign exchange component (under-valuation of the exchange rate, used by intermediates to convert remittances to local currency) of delivery costs is also higher for Latin America.

An empirical study of intermediaries operating in the United States with Andean countries revealed that the total cost of remittances to these countries ranged from 5% to 12% of the value remitted, depending on the currency, the destination country, the type of financial operator involved and some other factors.

In his study, Andrés Solimano notes the potential for remittances to positively affect the development of receiving countries, through the balance of payments, saving, investment, growth, basic consumption, poverty and income distribution. He also warns, however, against the syndrome of dependence on income from emigrants, which should be avoided. He underlines that countries receiving a very high volume of remittances could revalue their currencies a great deal, adversely affecting their exports. In his study, he proposes policies for reducing remittance transfer costs and improving their impact on domestic development.

Top 20 Developing-Country Recipients of Workers’ Remittances, 2001

<table>
<thead>
<tr>
<th>Country</th>
<th>Remittances (billions of dollars)</th>
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<tbody>
<tr>
<td>India</td>
<td>10.9</td>
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<tr>
<td>Mexico</td>
<td>9.9</td>
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<td>Philippines</td>
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<td>Egypt</td>
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<td>Morocco</td>
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<td>Tunisia</td>
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<td>Lebanon</td>
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<tr>
<td>Jordan</td>
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<tr>
<td>Yemen</td>
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<tr>
<td>Yemen, Arab Rep.</td>
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<tr>
<td>Bangladesh</td>
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<tr>
<td>Jordan, Arab Rep.</td>
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<tr>
<td>Pakistan</td>
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<tr>
<td>Brazil</td>
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<tr>
<td>Ecuador</td>
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<tr>
<td>Yugoslavia, FR</td>
<td>1.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>1.1</td>
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<tr>
<td>Sri Lanka</td>
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Reducing extreme poverty is one of the Millennium Development Goals, approved by 189 countries at the turn of this century, under the aegis of the United Nations. The goal is to halve 1990 indigence by 2015, thus bringing this issue to the public’s attention.

At the Economic Commission for Latin America and the Caribbean (ECLAC), concern about poverty and economic and social differences within and among countries has been a major theme since its founding in 1948.

Although the rural population represents one quarter of the region’s total population, almost half of those suffering extreme poverty live in rural areas. In 2002, rural indigents were estimated at 47.5 million (figure 1).

Therefore, targets for reducing indigence cannot be met without reducing rural poverty. Moreover, it must be remembered that a significant part of urban poverty is the direct result of rural-urban migration.

We already know that, in general, progress toward the target of halving indigence is progressing too slowly and this is particularly true in rural areas. If progress were linear, in 2002 it was necessary to achieve 24% of the target, but countries only reduced rural indigence by 6.2% and urban extreme poverty by 11.8%.

Rural poverty in Latin America also comes hand in hand with extremely unequal income distribution (see figure 2). From 30% to 50% of people subsist on less than half the average rural income.

In some countries, rural inhabitants make their living from own-account agriculture, while in others wage-paying (agricultural and non-agricultural) employment prevails or still the importance of those who are self-employed in non-agricultural activities is significant (see figure 3). In Bolivia, Peru, Paraguay and Brazil, from 64% to 90% of those who are self-employed in agriculture have incomes below the poverty line.

Losers and Winners

Fifty years after its founding, ECLAC warned that “the intense economic restructuring that has taken place in the region has created new winners and new losers. The structural heterogeneity typical of the region’s production structures has been heightened by the differences between the productivity levels attained by the large firms at the forefront of the modernization process and those of the wide, varied spectrum of less modern production units that provide most of the available jobs.”

This analysis is relevant for the agricultural sector, complemented both by falling international price trends and the growing concentration of agribusiness, agri-exporters and supermarket chains that often act as monopsonies or oligopsonies at the local level.

Trends in Programmes to Fight Rural Poverty

To a greater or lesser extent, all the countries in Latin America and the Caribbean have applied policies, programmes and projects for improving agricultural productivity and fighting rural poverty. Several, particularly the poorest, have received significant international aid and financing.

Some of these programmes and projects have received positive evaluations. For others the analyses of where and why they made mistakes are now clear.

One observation that frequently recurs regarding anti-poverty programmes (credits, training, technical assistance) is their apparent lack of effectiveness in reaching the neediest populations. The reasons detected range from lack of focalization to corruption, and also transaction costs between poverty programmes and their participants.

Although we now know better what to do and how to do it, efforts in most countries remain insufficient. They are insufficient given the importance of the rural and farming population, agriculture’s importance within the economy, the importance of linkages, and the challenges faced by a rural agriculture and economy facing growing demands. These include the new global competitiveness, rapid changes in consumer tastes, and requirements enshrined in regulations and standards.

These growing demands must be faced by a population that is largely over 50 years of age and has had little formal education.

Moreover, the efforts made to fight rural poverty generally do not lead to creating a minimum package of assets, both public and private, that allows households to make the most of new opportunities and respond appropriately to new challenges.
These shortcomings reflect the lack of awareness that these elements are necessary, lack of resources, or problems involving interdisciplinary and inter-institutional coordination. They also reflect the fact that focalization does not favour the interests of local politicians or, often, even national ones, who require the broadest electoral platform possible to be re-elected.

Fighting poverty doesn’t fit well with political time-frames either (two to five years), budgets (usually annual) and the duration of most projects (two to three years, with luck), nor do they offer the desired visibility. The trade-offs between the impact and the Realpolitik are harsh. For development and for fighting poverty, efforts must tend toward impact.

**Territorial Approach Offers an Opportunity**

A territorial approach offers the opportunity to build new proposals for growth, investment and sustainability that respond to the principle of more equity, through participation and consensus building among all the actors involved (the State, business people, civil organizations and the population). This approach also involves respect for all rights, in which economic, social and cultural rights are integrated with civil and political rights in the exercise of full citizenship.

Development programmes for rural territories must consider the ways out of poverty used by households and their members: agriculture, rural non-farm employment, migration, dependency on transfers, or a combination of options. At the same time, they must attack head on imperfect and missing infrastructure, markets, services and institutions.

These programmes should also deal with the possibility of “importing” or retaining people with an entrepreneurial, innovative and leadership profile that is absent or weak in the local population and that could provide new impetus to a region. At the same time, preferential access to the means of production and decision making should be given to the rural young and middle-aged people, who also possess -as an additional condition- more formal education. This should constitute one of the pillars of any strategy for rural development, in our opinion.

In short, it is essential to make a consistent and long-term effort to educate, train, decentralize, improve infrastructure, and provide access to credits, information and markets. It is also vital to continue to evaluate impacts as an integral part of all programmes and policies, to learn from achievements and mistakes.

All the above is necessary, but probably not enough, to change trends to date so that between now and 2015 countries reduce rural poverty and indigence to half of 1990 rates. And thus, this Millennium Goal will not be fully met.

The author is ECLAC’s Agricultural Development Unit Chief.
This population ageing process reflects factors such as an extraordinary rise in life expectancy, which is the other side of the decline in mortality at every age, lower fertility and, in some cases, young people’s migration in search of work.

**How Senior Citizens Live**

According to recent data from SABE surveys (on health, well being and ageing) conducted by the Pan-American Health Organization (PAHO) in seven cities, from 40% to 65% of senior citizens live with their children. These proportions are higher in Mexico City, Santiago and Havana, and lower in Buenos Aires, Montevideo and Bridgetown.

Older persons live in couples. From 70% to 85% of men and from 55% to 60% of women declare themselves to be married or living with a partner. This difference by gender reflects a combination of higher levels of widowhood among women and the fact that men tend to form new unions upon separating or becoming widowers.

The percentage of older people living alone is not very significant, ranging from 5% to 16%, according to census data.

Compared to other age groups, older persons have fewer years of education and higher illiteracy rates, with gender disparities that are worse for women.

**Lower Pay for Equal Work**

Half the elderly population has no income. Only two of every five older people in Latin America receive income from social security in urban areas, and just one of every five in rural areas.

This forces many older persons to remain economically active, in contrast to trends in developed countries. During the 1990s, occupation rates rose reflecting modest pensions, lack of access to pensions because the necessary contributions weren’t made, or the need to contribute to family income during the crisis.

The study reveals that older persons work largely in informal, low quality employment and that their income is lower than that received by the 50- to 59-year-old group.

Currently the family is the main sustenance for older persons, whether through direct financial contributions or care.

But the demographic conditions that prevailed three or four decades ago have changed. The decline in fertility will reduce the size of the potential support network. The ECLAC study considers “difficult” the situation of people who will become elderly in the coming years, as well as for those who will have to prepare for their own old age in the unpromising conditions described above, at the same time as they help their elderly relatives.

**A Lot to Be Done**

Today, the prime cause of death in older persons is cardiovascular disease, followed by cancer. Now they die less from communicable diseases such as tuberculosis, respiratory infections or circulatory system diseases than they did 20 years ago.

SABE surveys indicate people perceive their health to be from fair to poor. In Santiago de Chile, Mexico City and Havana, 60% of older women and more than 50% of men said they had poor to fair health, while in the United States or Canada, just 35% of people over 70 years responded this way. “This indicates the enormous disparities in health from one country to the next,” ECLAC notes.

What is the prevailing image of old age in our societies? According to studies, it is perceived in the social representation of older persons as “passive, ill, deteriorated, burdensome or cut off from society”. This stereotype is worrisome, since it may lead “to the exclusion of the group” and result in “the invisibility of old age in public policies, research and academia,” the paper states.

ECLAC recognizes that there is awareness in the region about the need to readapt health care to meet the needs of a growing adult population, but for now there are many insufficiencies. Less than 2% of countries have set wellness targets for their older population, despite the fact that one million will join this contingent in the next 10 years, a figure that will double in the next decade.

Other figures that serve as illustrations: 80% of the staff responsible for national health programmes for older persons have no training in public health; most countries are unable to study the nature and magnitude of threats to health of those who are ageing. Nor does research exist into factors influencing risk and changes in the behaviour of older persons.

The challenges are many and the Regional Strategy approved last November will be a useful instrument to guide actions on behalf of older persons.
A visit to Latin American cities is sufficient to see the socio-economic segregation prevailing in residential areas.

High-income groups live in areas that are well connected and integrated into the city, while lower income groups are located in isolated, poorly equipped neighbourhoods with little community development. At the city level, the concentration of the poor weakens local finances in the areas where they live. At the social level, it erodes the sense of community and reproduces poverty and inequality.

Residential segregation has been a part of life for a very long time, but it has worsened and become more visible now that almost 80% of people in Latin America and the Caribbean live in cities and one of every three Latin Americans lives in cities with over one million inhabitants.

So far, there has been a lack of studies necessary to design suitable policies for reducing urban segregation. The paper, Segregación residencial en áreas metropolitanas de América Latina: magnitud, características, evolución e implicaciones de política (Urban Residential Segregation in Metropolitan Areas of Latin America: Magnitude, Characteristics, Trends and Policy Implications), by Camilo Arriagada and Jorge Rodríguez, published by ECLAC in its Población y Desarrollo series No. 47, seeks to contribute empirical data, conceptual tools and solutions in this regard.

The study measures the extent of the phenomenon and explores its direct causes in more depth, particularly patterns of intra-metropolitan migration. It also explores disparities in behaviour and living conditions in wealthy and poor areas as the point of departure for examining the consequences of segregation.

“Acting on segregation is difficult, however, because the forces behind it are complex, reflect different causes (the market, public policies, civil society), and are often very deeply engrained.”

Area for Further Intervention

The governance of cities is one of the strategic areas identified in the Latin American and Caribbean Regional Plan of Action on Human Settlements, which governments approved in 2001, which argues that intervention is necessary to integrate the city in both social and territorial terms.

Acting on segregation is difficult, however, because the forces behind it are complex, reflect different causes (the market, public policies, civil society), and are often very deeply engrained.

Governmental programmes that seek to improve conditions in neighbourhoods with high concentrations of poor people exist in the region. Their great contribution, according to ECLAC, is “to defend poor people’s right to locate in the city and regularize their spatial integration independently of the dictates of land and real estate markets.”

These include the Programa de Mejoramiento de Barrios in Argentina; the Programa Alvorada and Programa Favela-Barrio, in Brazil; Programa Chile-Barrio, in Chile, involving integrated intervention in precarious settlements; and a wide range of actions applied in Costa Rica, Colombia, Ecuador, El Salvador, Panama.

The authors indicate that residential segregation occurs more in metropolises than in intermediate cities.

Taking into consideration neighbourhood improvement programmes and taking into account policies and interventions aiming to contain or reduce segregation in developed countries, Arriagada and Rodríguez offer proposals to promote urban integration.
Los recursos del desarrollo. Lecciones de seis aglomeraciones agroindustriales en América Latina (Development Resources. Lessons from Six Agro-industrial Clusters in Latin America), edited by Carlos Guaipatín (Spanish, in bookstores). Published by ECLAC and Alfaomega, this book is the result of research into clusters forming around natural resources and deals with the cases of apples in Brazil, sugar in Colombia, pineapples and lemons in Mexico, raspberries in Chile, and melons in Brazil.


Gestión urbana para el desarrollo sostenible en América Latina y el Caribe (Urban Management and Sustainable Development in Latin America and the Caribbean), edited by Ricardo Jordán and Daniela Simioni. ECLAC books No. 75 (LC/G.2203-P, Spanish). Apparently unsustainable cities with their everyday chaos are examined here. Poverty and vulnerability affect growing numbers of social groups living in urban areas, inequality is rising, access to the benefits of development is becoming difficult at the same time as available goods and services become more diverse and their quality and quantity rises.

Fomento y diversificación de las exportaciones de servicios (Encouraging and Diversifying Service Exports), by Francisco Prieto. Comercio Internacional series No. 38 (LC/L.2041-P, Spanish). The author proposes redoubling efforts to integrate service exporters into the formal economy of Latin American countries, arguing that public agencies’ lack of knowledge about who the main players are in this sort of trade limits access to support programmes.

La problemática inserción laboral de los y las jóvenes (The Difficult Integration of Young Men and Women into the Labour Force), by Jurgen Weller. Macroeconomía del Desarrollo series No. 28 (LC/L.2029-P, Spanish), December 2003. The author concludes that high unemployment among young people in Latin America reflects the concentration of those seeking employment for the first time in younger age groups and the higher turnover between employment and unemployment among young men and women.

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<th>MONTH</th>
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<tr>
<td>MARCH</td>
<td>Open-ended Meeting of the Presiding Officers of the ECLAC Sessional Ad Hoc Committee on Population and Development, Population Division (CELADE)/ECLAC</td>
<td>ECLAC headquarters Santiago, Chile</td>
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<td>Subregional meeting for South America, preparatory for the Ninth Session of the Conference on Women in Latin America and the Caribbean. ECLAC’s Women and Development Unit.</td>
<td>Brasilia, Brazil</td>
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<td></td>
<td>Conference “Stability, Growth and the Search for a New Development Agenda: Rethinking the Washington Consensus.” Forum on Debt and Development (FONDAD)/ECLAC</td>
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<td>Lecture by Larry Summers, President of Harvard University, ex-Secretary of the US Treasury.</td>
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<td>JUNE</td>
<td>Thirty six meeting of Presiding Officers on Women in Latin America and the Caribbean. ECLAC’s Women and Development Unit.</td>
<td>Mexico City, Mexico</td>
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<td></td>
<td>Ninth Session of the Regional Conference on Women in Latin America and the Caribbean. ECLAC’s Women and Development Unit.</td>
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<td>ECLAC’s 30th Session. The Commonwealth of Puerto Rico/ECLAC.</td>
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