

The Developmental Impact of Remittances on the Caribbean: Evidence from St. Lucia and Trinidad and Tobago

By: Samantha Joseph

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Samantha Joseph
Dept. of Economics , UWI, St. Augustine

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Overview of Presentation

- (1) Remittance Outlook
- (2) Remittance Literature
- (3) Methodology
- (4) Survey Results
- (5) Summary of Findings
- (6) Policy Recommendations
- (7) Conclusion

Remittance Outlook 2008

- ⌘ Global remittances amounted to US\$433 billion from US\$68.9 billion in 1990.
- ⌘ US\$328 billion of total remittances went to developing economies.
- ⌘ Remittances flowing to Latin America and the Caribbean amounted to US\$69.2 billion.

Remittances to Caribbean Countries 1995-2008

Fig. (1) Workers' remittances (US\$ millions) for Caribbean Countries

Years	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Antigua and Barbuda	3	3	6	12	12	10	16	6	8.55	20.9	22	23	23.5	26
Barbados	53	60	69	76	87	102	118	109	113	109	140	140	140	168
Dominica	3	3	2	3	3	3	4	4	4	23.2	25	25.4	26	30
Guyana	2	15	15	15	20	27	22	51	99	153	201	218	278	278
Haiti	109	152	256	327	422	578	624	676	811	932	985	1063	1222	1300
Grenada	18	20	20	20	21	22	22	23	23	72.2	51.6	53.9	55.4	64
Belize	14	17	23	23	21	22	30	29	34	35	46.1	65.5	74.8	78.1
Jamaica	653	714	730	758	790	892	1058	1261	1399	1623	1784	1946	2144	2220
St. Kitts and Nevis	2	2	3	4	4	4	4	3	3	31.3	33.5	36.2	37.3	37.3
St. Lucia	2	2	2	3	3	3	2	2	2	28.7	29.5	30.3	31.1	31.1
St. Vincent and the Grenadines	2	2	2	3	3	3	3	4	3.42	25.5	26.5	29.7	30.5	30.5
T&T	32	28	30	45	54	38	41	79	87	86.9	92.4	91.2	109	109

Source: World Bank Development Indicators (2009)

Remittances and other Private Capital Flows

Table (1): Comparative Data on Remittances and other Private Capital Flows for the period 1995-2008 in (US\$bn)

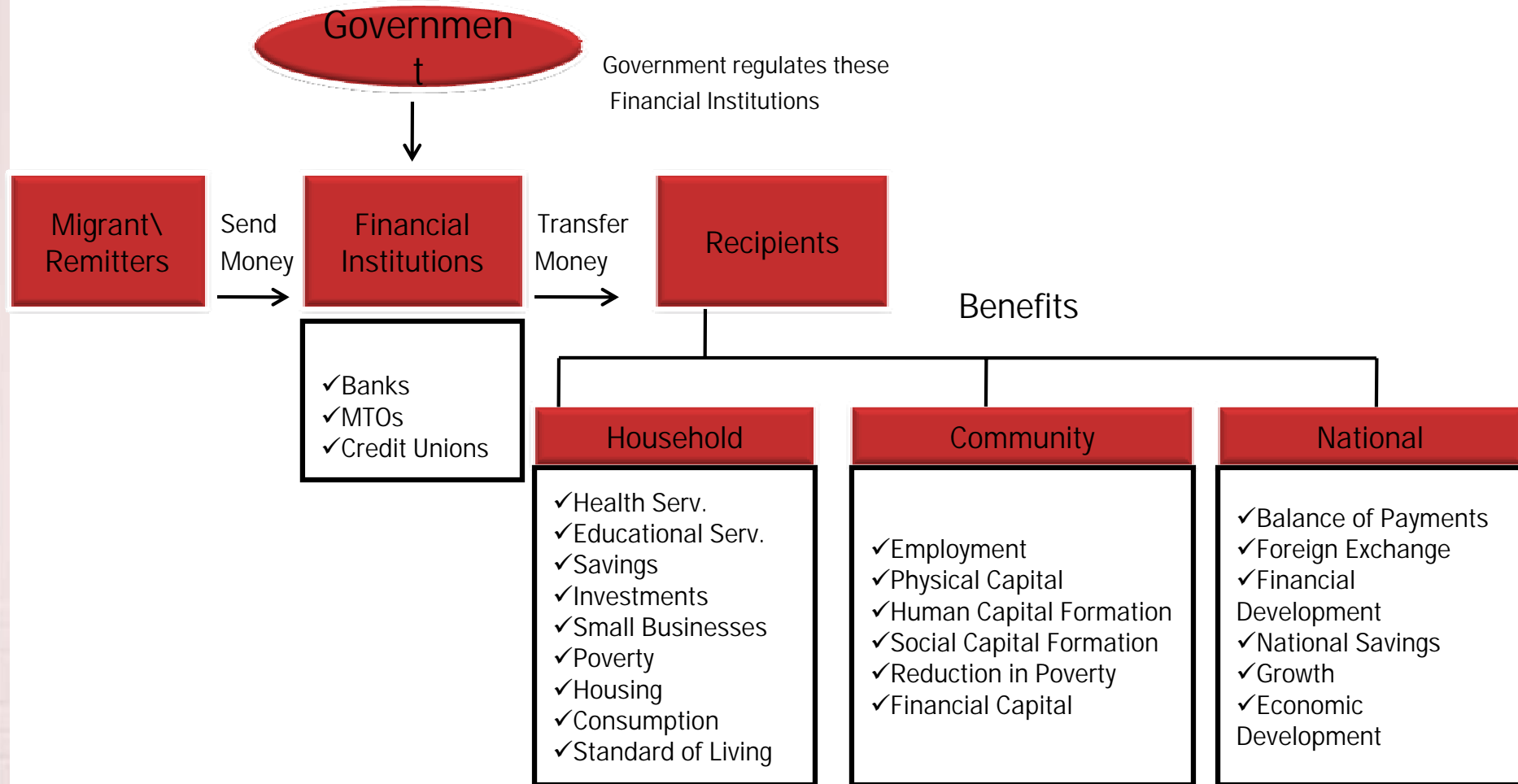
Types of Flows	1995	2008	% Change 1995-2008
Worker Remittances	58	328	506%
Foreign Direct Investment (FDI)	107	206	109%
Private debt and portfolio equity	170	189	111%
Official Development Assistance	59	100	169%

Source: World Bank (2008).

Motivation to Remit

- ⌘ Altruistic Motive
- ⌘ Self Interest Motive
- ⌘ Loan Repayment Motive
- ⌘ Co- Insurance Motive

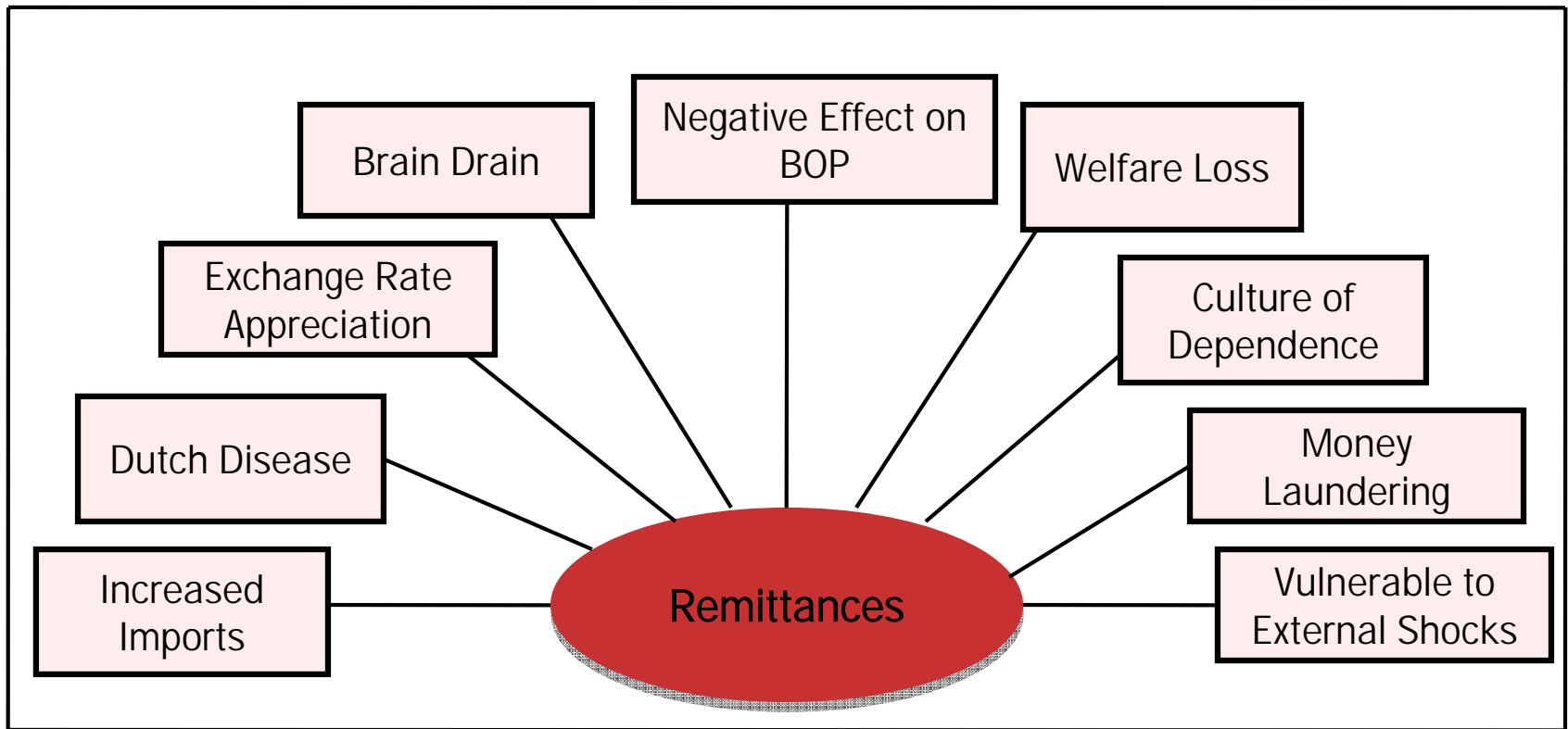
Remittance Path and the Benefits to Society



Samantha Joseph

Dept. of Economics, UWI, St. Augustine

Cost of Remittances



Remittance Literature

- Alleyne (2007)
- Ratha (2008)
- Kirton (2005)
- Adam and Page (2004)

Impact of Remittances
on Poverty



- Orozoco (2007)
- Ratha (2003)
- Herrera (2004)
- Hanson and Woodruff (2003)

Impact of Remittances
on Investments



- Attz (2008)
- Lopez et al (2007)
- Dennis Conway (2003)

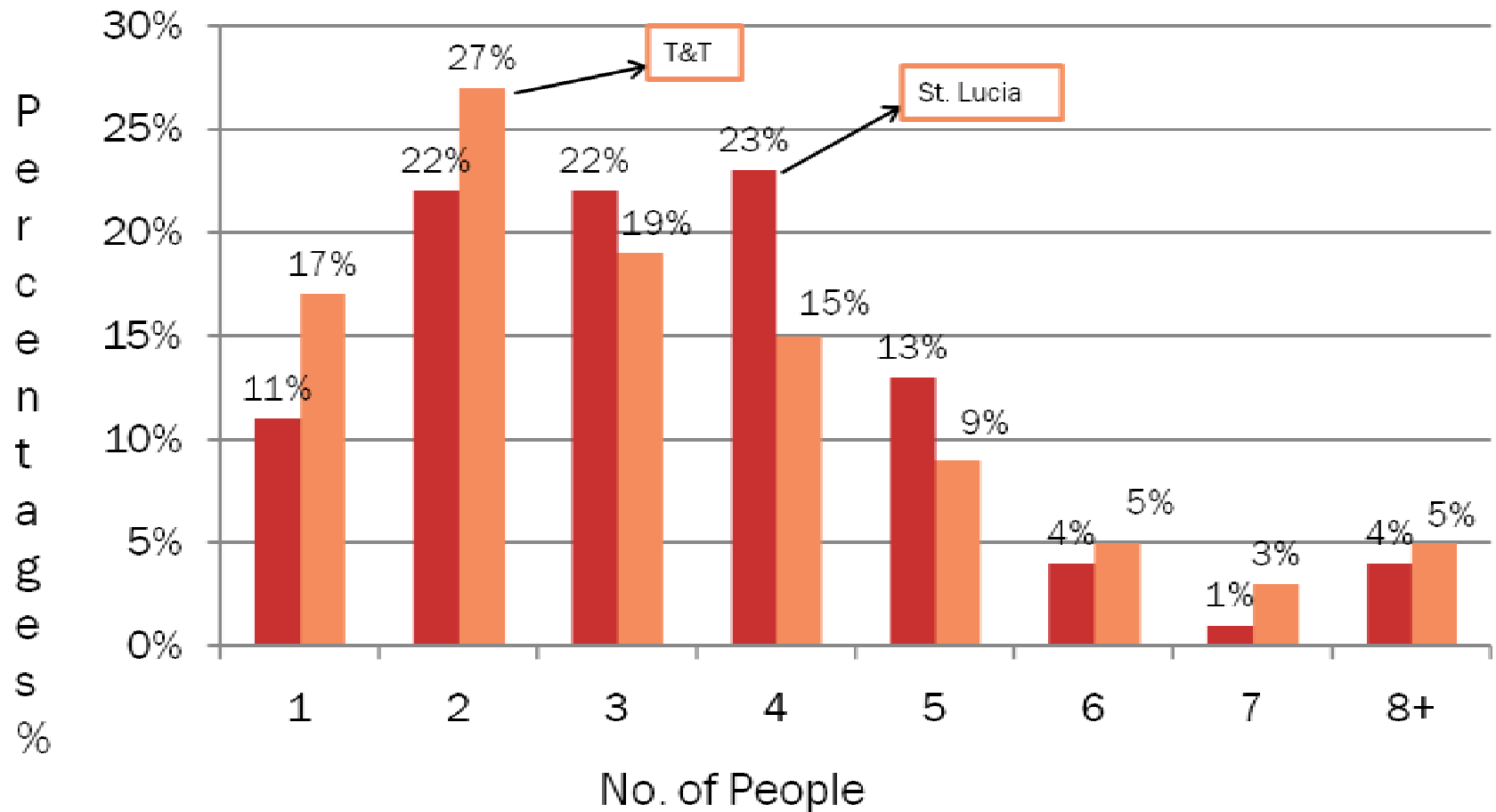
Impacts of
Remittances on
Economic
Development



Methodology

- ⌘ Sampling Frame: Recipients who utilize Money Transfer Organizations.
- ⌘ Research Design: Sample Survey
- ⌘ Research Tool: Questionnaires
- ⌘ Location: St. Lucia and T&T
- ⌘ Type of Sampling: Quota and Convenience Sampling

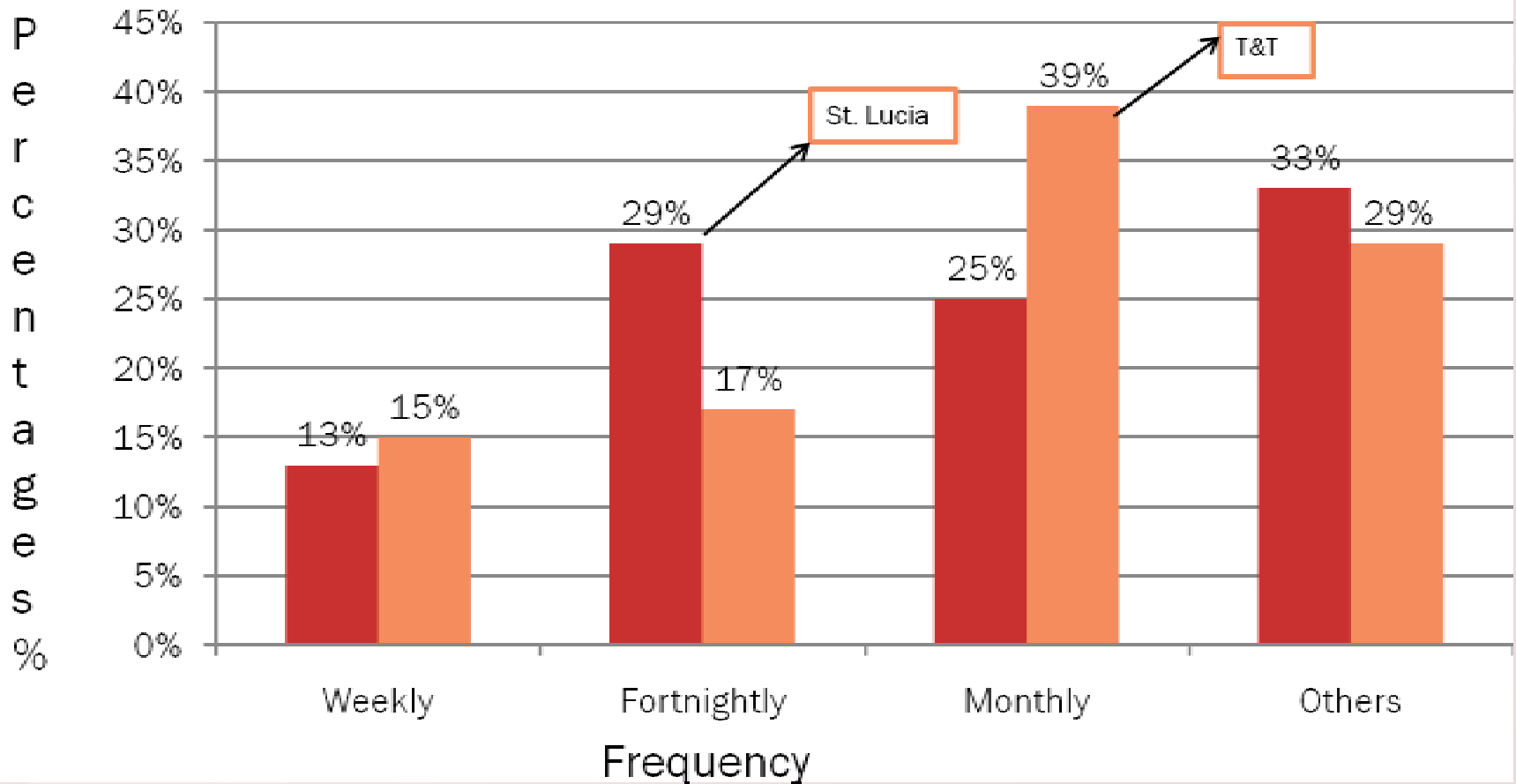
Number of persons living in recipients household.



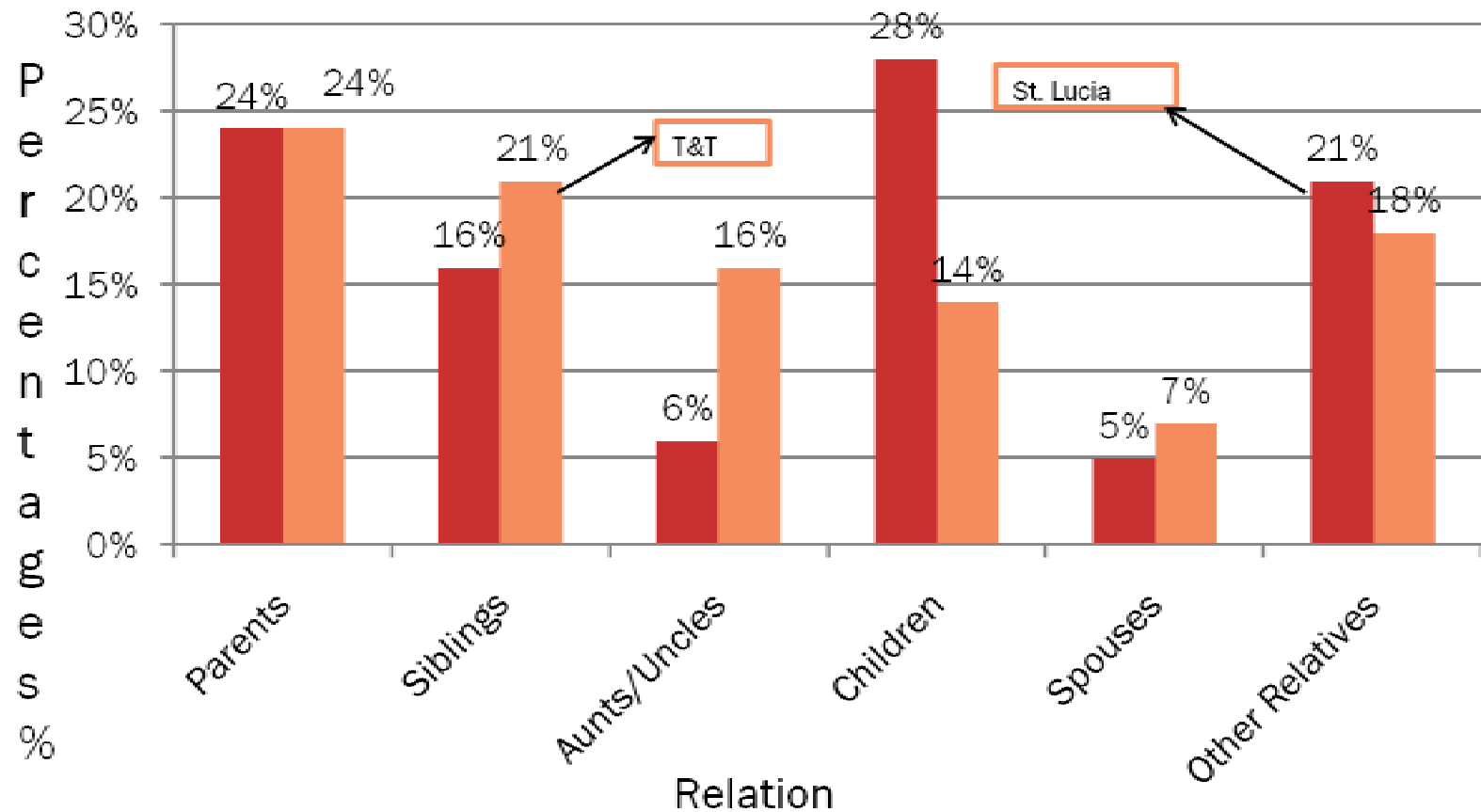
Occupation of recipients

Occupation	T&T	St. Lucia
Student	34%	32%
Housewife	9%	24%
Non-skilled	12%	15%
Clerical/Sales	11%	7%
Skilled	10%	6%
Professional	12%	3%
Small Business Owner	2%	5%
Retired	10%	8%
Total	100%	100%

How frequent do recipients receive remittances?



Relation of senders to recipients

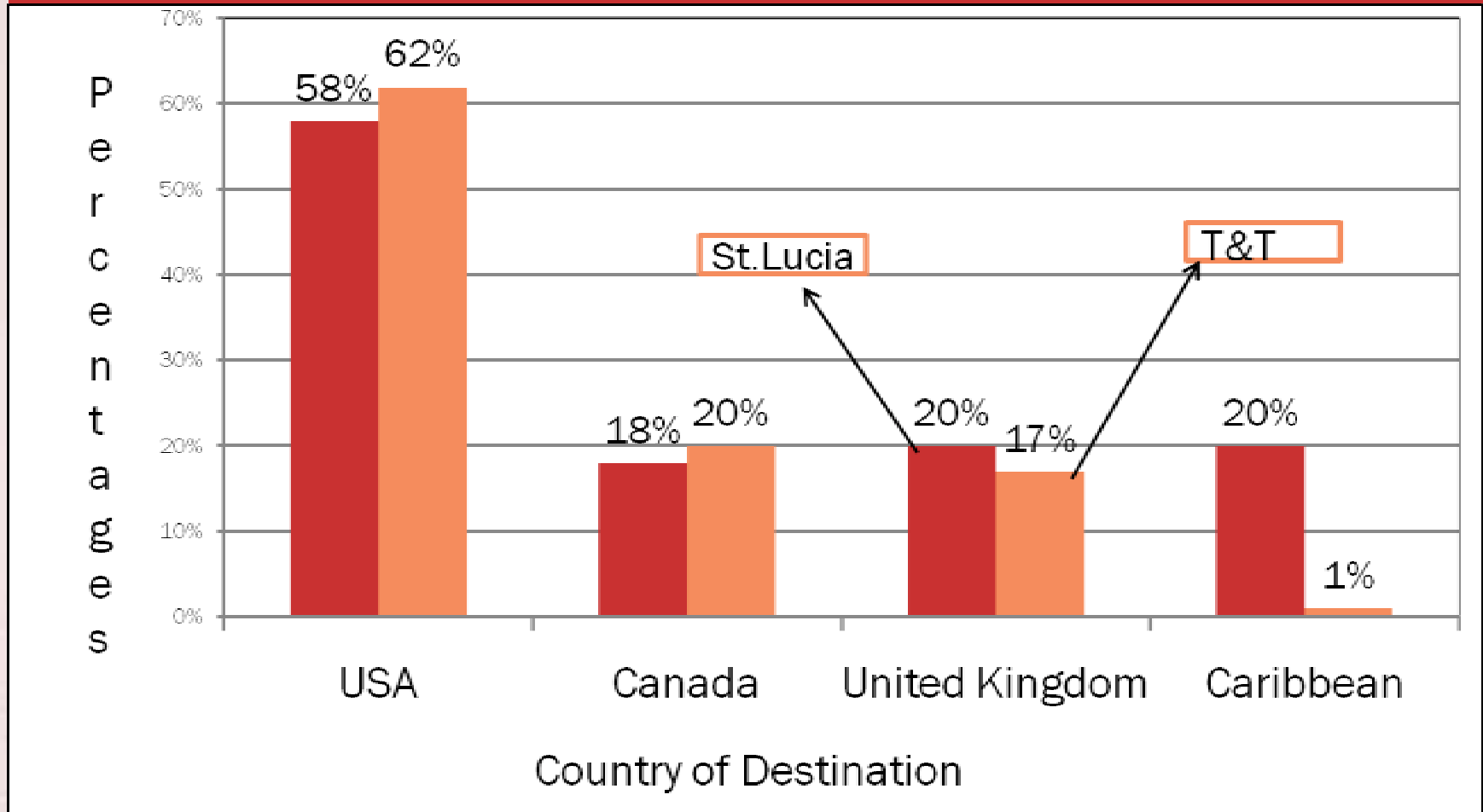


Samantha Joseph

Dept. of Economics, UWI, St. Augustine

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Origin of remittance flows



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How are remittances spent? (St. Lucia vs. Trinidad and Tobago)

Use	St. Lucia	Trinidad and Tobago
Current Consumption	90%	79%
Health Care Services	59%	44%
Educational Services	48%	56%
Investments and Life Insurance Products	29%	46%
Home Renovation	11%	27%
Purchase of Machinery/Real Estate	2%	8%
Small Business Formation	5%	6%

Findings

- ⌘ Most remittances come from immediate family which includes parents, children and siblings for both countries.
- ⌘ The combined group of students, housewives and non-skilled workers comprise the majority of recipients.
- ⌘ Remittances are received very frequently for both St. Lucia and T&T.
- ⌘ The USA is the main destination from which remittances are received.
- ⌘ There is a significant level of intra-regional migration for St. Lucia.
- ⌘ A significant amount of remittances are pooled into consumption, education and health expenses, investments, life insurance, machinery, real estate and home renovation.
- ⌘ A large proportion of recipient's income is supported by remittances


Policy Recommendations

- ⌘ Financial institutions should increase financial literacy and market information available to migrants and recipients.
- ⌘ Increase investments in technological advancements by financial institutions.
- ⌘ Provision of enhanced investment packages by financial institutions .
- ⌘ Creation of incentive plans to facilitate entrepreneurship by financial institutions .
- ⌘ Incorporate credit unions into the equation as a intermediary to transfer remittance flows.
- ⌘ Creation and support of HTA's.
- ⌘ Hasten the CSME process.

Concluding Remarks

- ⌘ Remittances have the potential to impact economic development in St. Lucia and T&T and by extension the wider Caribbean at the household, community and national level.
- ⌘ The financial institutions, which includes Banks, MTOs and Credit Unions can further facilitate an increase in the flow of remittances into the Caribbean.
- ⌘ The Caribbean as a corporate body needs to recognize the importance of remittances flows in the region and coordinate and implement a regional approach to leverage remittances.

The Big Question



Is it possible for all stakeholders involved to coordinate efforts to further facilitate economic development through remittances?

Forthcoming Research

- ⌘ This study will be extended to a few other Caribbean countries.
- ⌘ The role of the Diaspora and HTA's in Economic Development.
- ⌘ The feasibility of Credit Unions as an institution through which remittances are transferred.

**Thank You For
Listening !**