

# Remittances in Dominican Republic

## (Country of Origin)

- **General information**

The Dominican Republic covers a surface area of 48, 670.8 square kilometers. It has a population of 8,562,541 of which 62.64% live in urban zones and 40.9% are rural poor (1). It's estimated that the migration rate reached 12% of the population and comprises 52% women and 48% men. The five most important destination countries for Dominican migrants are the United States (73%), Puerto Rico (8%), Spain (5%), Venezuela (2%) and Italy (1%).

- **Gender**

|  |        |
|--|--------|
| Development index relating to gender (rank)  | 70/177 |
| Development index relating to gender (index)   | 0.761  |
| Gender inequality in education (feminine literacy rate as a % of the masculine rate), 2004 | 101%   |
| Female economic activity rate (% between 15 years and more), 2004                          | 43.8%  |

Source: UNDP, <http://hdr.undp.org/hdr2006/statistics/countries/>

In Dominican Republic, free trade zones and tourism are the most important sources of employment for women, although they offer wages inferior to those of men. Also, despite the fact that women's education level has improved and even surpassed that of men, most women are still limited to employment in activities defined by gender stereotypes. The 2005 Human Development Report for Dominican Republic reveals that unemployment affects more than a quarter of economically active women, including those who have high levels of education. This demonstrates gender inequity with regard to labor market access. The difference in literacy rates and life expectancy between men and women is less than in Latin America. However, these rates are lower amongst Dominican women in comparison with women from other Latin American countries.

Dominican women earn 36% of the income received by men. This percentage is lower than the income gap in the Latin America and the Caribbean region (40%). Nevertheless, Dominican women's incomes are 20% lower than other women's incomes in region. Regarding the Gender Empowerment Index (2), Dominican Republic ranks 7 out of 19 countries in the region. At the time of the study, Dominican Republic had more women in elective positions and senior civil service, as well as more female executives, professionals, employees and technicians than the regional average in Latin America and the Caribbean.

- **Countries sending remittances to Dominican Republic**

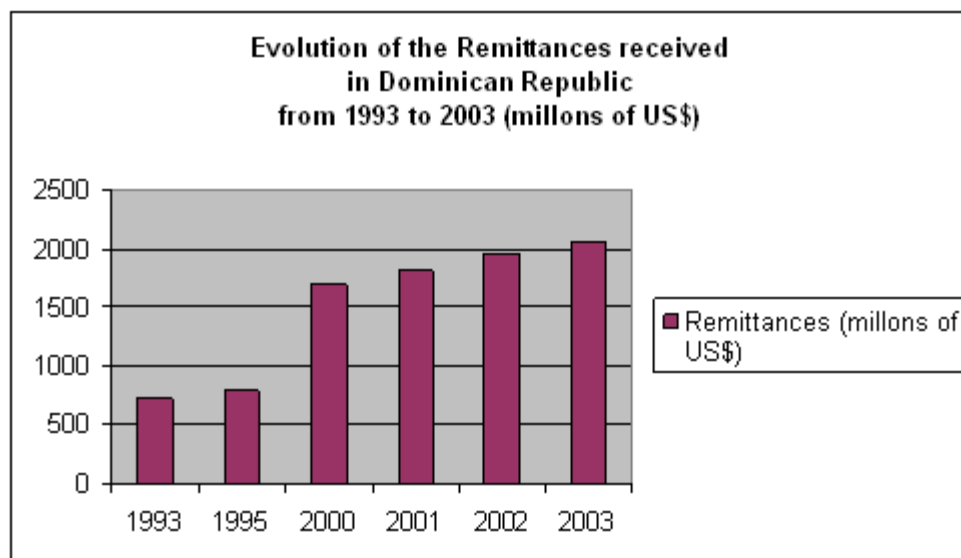
| Sending | % total amount of remittances | Estimated total |
|---------|-------------------------------|-----------------|
|---------|-------------------------------|-----------------|

| country     | received in Dominican Republi | (\$2.3 billion USD) |
|-------------|-------------------------------|---------------------|
| USA         | 78.70%                        | US\$ 1.81 billion   |
| Puerto Rico | 6.70%                         | US\$ 154 millon     |
| Spain       | 6.10%                         | US 140 millon       |
| Italy       | 3.10%                         | US\$ 71 millon      |
| Switzerland | 1.10%                         | US\$25 millon       |
| Other       | 4.50%                         | US\$ 104 millon     |

Source: Central Bank of the Dominican Republic, April 2003  
 cited in Tahira Vargas and Jennifer Petree, Dominicanos y Dominicanas en Suiza, November 2005

- **Evolution of remittances**

The following graph shows how remittances received in Dominican Republic grew from over \$720 million dollars in 1993 to more than \$2.7 billion dollars in 2006. The remittances sent by Dominican migrants show an impressive growth rate and, for more than a decade, they have been a fundamental support for the Dominican economy at both the macroeconomic and recipient household levels. In absolute terms, Dominican Republic occupies fourth place among remittance-receiving countries in Latin America and the Caribbean and third place, at a per capita level. In 2005, the total amount of remittances received ascended to approximately 2.7 billion dollars, of which 59% came from the U.S.A., 30% from Europe and 9% from Puerto Rico. The Central Bank of the Dominican Republic estimates that the volume of remittances received by the country almost quadruplicated during the decade from 1994 to 2004, increasing at an average annual rate of 12% (although this increase is thought to correspond with improvements in the measurement procedures applied throughout that period). A more moderate annual growth rate of about 5-7% is expected over the next few years. (3)



Source: Human Development Report of Dominican Republic, UNDP, 2003

- **Dominican Republic's income on account of remittances and in comparison to other income received by the country**

According to the Central Bank of the Dominican Republic, remittances represented a total sum of \$236.39 USD per capita in the 2003. This was equivalent to 12.23% of Dominican Republic's GDP and doubles exports of goods and services and importations. They also surpassed the value of foreign investments by more than 6 times. Total remittances income was equivalent to 66.25% of income generated by tourism and represented 84.31% of the commercial deficit and 34.93% of the national foreign debt.

Remittances incomes and proportion of remittances compared with socioeconomic variables, 2003

|  |         |
|--|---------|
| <b>Remittances in millions of dollars</b>  | 2,060.5 |
| <b>Per capita remittances (US\$)</b>   | 236.39  |
| <b>Percentage of remittances with reference to GNP</b>                           | 12.23%  |
| <b>Percentage of remittances with reference to good and services exportation</b> | 197.99% |
| <b>Percentage of remittances with reference to national importations</b>         | 197.99% |
| <b>Percentage of remittances with reference to foreign investment</b>            | 664.89% |
| <b>Percentage of remittances with reference to tourism income</b>                | 66.25%  |
| <b>Percentage of remittances with reference to trade balance</b>                 | 84.31%  |
| <b>Percentage of remittances with reference to external national debt</b>        | 34.93%  |

Source: Human Development Report, UNDP, 2005

- **Distribution of household incomes and remittances**

If we group households into three income categories- “less than RD\$3,000”, “from RD\$3,001 to 9,000” and “more than RD\$9,000”- remarkable differences are observed between remittance-receiving and non-receiving households. The proportion of households in the third category increases among households that receive remittances. These numbers would corroborate the fact that the poorest households are not the ones that benefit from remittances, but rather households of greater income. Additionally, among remittance-receiving households, remittances represent a higher proportion of the income in the poorest households (58.4%) than in households with incomes greater than RD\$3,000. That means that remittances constitute the greatest source of income for the poorest receiving households (23.1% of the total number of receiving households). In that sense, it is possible to say that remittances are a factor in the alleviation of poverty, while, at the same time, they also generate social inequity.

Income distribution of households and remittances, 2003

| Income categories (RD\$) | Total households             |                          | Remittance receiving households |                          |                               |                            |
|--------------------------|------------------------------|--------------------------|---------------------------------|--------------------------|-------------------------------|----------------------------|
|                          | Proportion of households (%) | Proportion of income (%) | Proportion of households (%)    | Proportion of income (%) | Proportion of remittances (%) | Remittances as % of income |
| Hasta 3,000              | 27.9                         | 5.0                      | 23.1                            | 3.1                      | 6.2                           | 58.4                       |
| De 3,001 a 9,000         | 41.0                         | 23.7                     | 37.4                            | 18.2                     | 14.3                          | 23.4                       |
| Más de 9,000             | 31.1                         | 71.3                     | 39.5                            | 78.7                     | 79.5                          | 29.9                       |
| <b>Total</b>             | 100.0                        | 100.0                    | 100.0                           | 100.0                    | 100.0                         | 29.6                       |

Source: HDO/UNDP based on 2002 Population and Housing Census

- **Electronic appliances in remittance-receiving households compared to the national average**

The following table demonstrates how households that receive remittances have more electronic appliances than the national average.

Household Appliances, Remittance-Receiving Households and National Total 2002

|                        | Households (%) |                                 |
|------------------------|----------------|---------------------------------|
|                        | National Total | Remittance-Receiving Households |
| <b>Appliances</b>      |                |                                 |
| <b>Television</b>      | 68.4           | 81.7                            |
| <b>Stereo</b>          | 49.1           | 63.4                            |
| <b>Stove/Kitchen</b>   | 81.4           | 90.6                            |
| <b>Refrigerator</b>    | 61.3           | 79.0                            |
| <b>Washing machine</b> | 53.9           | 71.4                            |

Source: ODH/PNUD based on 2002 Population and Housing Census

- **Characteristics of remittance-receiving households**

Recipients of remittances are characterized for being urban. At a national level, the sex of the person who receives the remittances is distributed equally between men and women. Nevertheless, in a case study of the community of Vicente Noble, (See “Gender, Remittances and Development. The Case of Women Migrants from Vicente Noble, Dominican Republic”) the percentage of female heads of households who are recipients of remittances is much higher than the national average. This is related to the fact that most migrants from this community are women who send the remittances to other female relatives.

#### Characteristics of Remittance Receiving Households, 2002

| Characteristics                             | %                      |
|---|------------------------|
| Urban                                       | 71.7                   |
| Household head                              | Male 50%<br>Female 50% |
| Married/Common Law                          | 59.9                   |
| 30-49 Years of Age                          | 52.0                   |
| Mortgage-Free Home Owner                    | 55.3                   |
| Reside in place of birth                    | 55.2                   |
| Primary Level                               | 51.9                   |
| Sellers, Operators, Unskilled Worker        | 53.5                   |
| Work in Trade, Industry and Other Srevicees | 30.0                   |

|                            |      |
|----------------------------|------|
| Work in Private Enterprise | 26.0 |
|----------------------------|------|

Source: ODH/PNUD based on VIII National population and Housing Census, 2002

(1) According to the method of “Necesidades Básicas Insatisfechas” (NBI), ONAPLAN

(1) The Gender Empowerment Index calculated by UNDP measures women’s opportunities in three Basic areas: political participation, economic participation and decision making power and control over economic resources.

(1) Eleonora Suki (2004): Financial Institutions and the Market of Remittances in the Dominican Republic, New York: The Earth Institute at Columbia University.