



Migration Observatory

July 27, 2009

The number of Mexican households receiving remittances fell between 2006 and 2008

- The number of households receiving remittances fell around 15% between 2006 and 2008
- The countryside saw the highest reduction at 26%
- 5.9% of Mexican households received remittances in 2008
- The remittance situation may have contributed to increased poverty levels

The INEGI released the National Household Income and Expenditure Survey (ENIGH) results for 2008 containing data on amounts, sources and distribution of Mexican household income and expenditure, as well as household characteristics.

Based on the survey results, the National Evaluation Commission for Social Policy (Coneval) calculated that the number of poor people in Mexico increased across the three officially accepted poverty categories: nutritional, human capacity and income.

The fall in economic activity in Mexico and the increase seen between 2007 and 2008 in the general food prices index are factors contributing to the development seen in Mexican poverty. This is in addition to the economic crisis in the US which has meant Mexican migrants there fall into the groups with the highest jobless rates, working the least average hours and having their salaries frozen. In this way, some of them have stopped sending money or reduced the usual remittance amounts for their families in Mexico.

In accordance with the ENIGH results, 1,858,758 Mexican households – equating to 5.9% of the total – received income from other countries. On average, the quarterly amount for urban households in 2008 stood at 6,467 pesos and for the countryside, 5,817 pesos. These amounts represented, on average, 19% of total current income in urban households and 27% in rural households. This demonstrated the level of dependence on this income.

In the last two years, some Mexican households stopped receiving this major income source. The INEGI survey shows the number of households receiving income from other countries declined between 2006 and 2008 at over 275,000 nationally and 225,000 in the countryside.

Juan Luis Ordaz Díaz
juan.ordaz@bbva.bancomer.com

Quarterly average remittance per household, depending on size of locality, 2008

	Pesos
Total	6,203
Less than 2500 people	5,817
2500 or more people	6,467

Source: ENIGH 2006 y 2008

Total number of households and number of households receiving remittances by size of locality

		2006	2008	% Change 2006-2008
Total	Households	26,541,327	26,732,594	0.7
	Receive*	1,858,758	1,583,292	-14.8
Less than 2500 people	Households	5,856,070	5,386,710	-8
	Receive*	867,232	642,357	-25.9
2500 or more people	Households	20,685,257	21,345,884	3.2
	Receive*	991,526	940,935	-5.1

*Households receiving remittances

Source: ENIGH 2006 y 2008

41% of all households receiving remittances in 2008 lived in the countryside, contrasting with 2006 when the proportion stood at 47%. This could also be a symptom of certain rural migration to urban areas, or even household movement to other countries. In proportional terms, in areas with low levels of marginalization there was less of a drop in the number of households receiving remittances.

Given the major importance remittances have for recipient family income, the fact that some Mexican households have stopped receiving this major income source is one of the factors that could go to explain increased poverty between 2006 and 2008. As Esquivel and Huerta (2007) and López Córdoba (2006) show, in general poverty levels in Mexico are sensitive to remittance variation.

It is important to point out that if it were not for social programs, the results for poverty would undoubtedly have been worse. Consequently, it is important not only to continue but to strengthen social policy so as to help the vulnerable more effectively, as well as to continue to advance in creating conditions that raise economic competitiveness and create jobs.

References

- Esquivel, G. and Huerta, A. (2006), "Remittances and Poverty in Mexico: A propensity Score Matching Approach", *Integration and Trade*, No 27.
- López Córdoba, E. (2006), "Globalization, Migration and Development: The Role of Mexican Migrants Remittances", *INTAL-ITD Working Paper*, No 20.

Number of households receiving remittances by level of marginalization			% Change
	2006	2008	2006-2008
Very high	96,429	81,053	-15.9
High	380,746	311,359	-18.2
Medium	403,637	341,836	-15.3
Low	412,873	345,163	-16.4
Very Low	565,073	503,881	-10.8
Total	1,858,758	1,583,292	-14.8

Source: ENIGH 2006 y 2008