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EU Remittances for Developing Countries, Remaining Barriers, Challenges and Recommendations

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List of Abbreviations

ACP *countries:*	African, Caribbean and Pacific Group of States
AFD	French Development Agency (Agence Française de Développement)
AIR	African Institute for Remittances
AML	Anti-Money Laundering
AENEAS	Programme for financial and technical assistance to third countries in the area of migration and asylum
API	Authorised Payments Institution
APCR	Automatic Remittances Creation Programme
AUC	African Union Commission
AusAID	Australian Government Overseas Aid Program
BIS	Bank for International Settlements
BPM5	Balance of Payments Manual version 5
BPM6	Balance of Payments Manual version 6
CEMLA	The regional association of Latin American and Caribbean central banks
CGAP	Consultative Group to Assist the Poor
CPSS	Committee for Payments and Settlement Services
CTF	Counter-Terrorist Financing
DfID	Department for International Development, part of UK Government
DEVCO	Development and Cooperation – EuropeAid
DGhome	Home Affairs Directorate for the EC
DG markt	The Internal Market and Services Directorate General for the EC
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EEA	European Economic Area. All EU states together with Iceland, Norway and Liechtenstein
EMD	Electronic Money Directive
eMoney Institution	An organised that is authorised or regulated to issue electronic money
EU	European Union
EUR	Euro
FATF	Financial Action Task Force
FFR	IFAD's multi-donor facility, Financing Facility for Remittances
GAM	Global Approach to Migration
GDP	Gross Domestic Product
GIZ	German Development Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GP	General Principles
GRWG	Global Remittances Working Group
IAD	Inter-American Dialogue
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INFE	International Network on Financial Education
JMDI	Joint Migration and Development Initiative
LAC	Latin American and Caribbean countries
M&E	Monitoring and Evaluation
MFW4A	Making Finance Work for Africa
MIF	Multilateral Investment Fund
MFI	Microfinance Institution

MNO	Mobile Network Operator
MTO	Money Transfer Operator
MSMEs	Micro, Small, Medium Enterprises
NGO	Non-Governmental Organisation
NZAID	New Zealand Government's international aid and development programme
OECD	Organisation for Economic Co-operation and Development
PI	Payment Institution
PSD	Payment Services Directive
PSDG	Payment Systems Development Group (at the World Bank)
RGC	International Transactions in Remittances Guide for Compilers and Users, produced by the Luxembourg Group
REMADE	Returning Enterprising Migrants Adding Development and Employment
RSP	Remittance Service Provider
SECO	State Secretariat for Economic Affairs, Economic Co-operation and Development
SMA	SendMoneyAfrica
SME	Small Medium Enterprise
SMP	SendMoneyPacific
SPI	Small Payment Institution
SSA	Sub-Saharan Africa
TPMA	Thematic Programme for Migration and Asylum
UNPD	United Nations Population Division
WB	World Bank

Glossary

Corridor	A pair of countries which remittances travel between
Diaspora Bonds	Bonds issued by a country to its own Diaspora to tap in their wealth in the adopted developed countries
eMoney	Electronic Money
Eurostat	Eurostat is the statistical office of the European Union situated in Luxembourg. Its task is to provide the European Union with statistics at European level that enable comparisons between countries and regions
Exchange Houses	Entities which engage in currency exchange services (purchase or sell local currency against foreign currency) with the public
Exclusivity Clauses	Legal clause in a contract between organisations to exclusively do business with one another only and prohibit transactions with any competitor
General Principles	The General Principles are international standards aimed at the public policy objectives of achieving safe and efficient international remittance services. To this end, the markets for remittance services should be contestable, transparent, accessible and sound. The GPs have been endorsed by the Financial Stability Forum, and the G20.
G8	The G8, otherwise known as the Group of Eight, is an assembly of world leaders who meet annually to discuss global issues
G20	The Group of Twenty, or G20, is the premier forum for international cooperation on the most important aspects of the international economic and financial agenda. It brings together the world's major advanced and emerging economies. The G20 includes 19 country members and the European Union, which together represent around 90% of global GDP, 80% of global trade and two-thirds of the world's population
Global Remittance Working Group	A working group of representatives from the G20 countries tasked with introducing measure to achieve the '5X5' objectives of, reducing the cost of remittances by half from 10% of the send amount to 5% over 5 years (2009-2014), on behalf of the G8 and the G20
Luxembourg Group	Group of practitioners (composed of representatives of the International Monetary Fund, the Organisation for Economic Co-operation and Development, the Statistical Office of the European Communities, the World Bank, and representatives from national statistical offices and central banks from economies throughout the world) which was created to consider the challenges of collecting, compiling and reporting remittance data.
Passporting	Allows payment institutions authorised in one Member State to also provide payment services in another Member State
Payment Institution	Includes institutions licenced under the European Union's Payment Service Directive involved in money remittance, mobile money payments, bill payment service provider and non bank/e-money card issuer and merchant acquirer
Payment Services Directive	Part of the EU Internal market framework on retail financial services and consumer policy (first prepared by the European Commission (Directorate General Internal Market)) which regulates payment services and payment service providers throughout the European Union (EU) and the EEA
Remittances	Broadly defined as cross-border person-to-person payments of relatively low value
Stockholm Programme	The Stockholm Programme sets out the European Union's (EU) priorities for the area of justice, freedom and security for the period 2010-14.

Executive Summary

Remittances are vitally important for the families of migrants (providing disposable funds), for developing country governments (as a valuable inflow of funds into their country) and for banks in receiving countries (by providing foreign currency and access to new potential customers). The European Commission (EC) and EU Member States have undertaken a number of remittance related initiatives over recent years and improvements have been made. However, there is still a significant amount of work to be done if the commitments made by the EC over the last five years with respect of remittances are to be met.

Global remittance flows to developing countries were estimated by the World Bank to be close to USD 351 billion in 2011 and, according to EuroStat, close to EUR 31.2 billion from the European Union in 2010. These cross-border payments of low value are often an important source of income to the beneficiary and also, more broadly, to governments who rely on them as a source of foreign exchange; to communities; and, as an overall contributor to gross domestic product (GDP). Over the past decade it has become widely accepted amongst the donor community and governments that more can be done to maximise these flows and their impact in developing countries. At the highest level, the G20 in 2011 endorsed the '5x5' initiative which is a commitment to reduce the cost of remittances from a global average of 10% to 5% of the send amount. If achieved this could result in an additional USD 17 billion flowing into developing countries. When compared to official development assistance (ODA) into many developing countries, and to foreign direct investment (FDI) this additional flow of funds is significant.

In 2009 the Council of the European Union invited the EC 'to submit proposals by 2012 on how to further ensure efficient, secure and low-cost remittance transfers and enhance the development impact of remittance transfers'. It also committed to evaluate the feasibility of creating a common European Union portal on remittances to inform migrants about transfer costs and encourage competition among remittance service providers.'[1] Over the past five years the EC has implemented a number of initiatives relating to remittances, including improvements in measuring volumes and costs, efforts to create an environment that fosters competition and transparency, and has also invested funds in projects that aim to leverage off these private flows for longer-term development. This paper reflects on the work that the EC has done over the past five years in relation to its objectives and commitments and identifies existing barriers and challenges. It makes a series of recommendations.

The study took place between September 2011 and February 2012 and involved a range of methodologies which included surveys of key stakeholders and meetings with interested parties throughout the EU, including regulators, money transfer operators, development specialists and Diaspora groups. The researchers also made field missions to Ghana, Senegal and Morocco to understand more deeply the challenges in key receive markets and to assess the impact of the EC funded remittances projects. The study focuses on six main areas relating to remittances (listed below). The different Directorates of the EC play varying roles in each of these areas. Recommendations are made for each area[2] and targeted at relevant stakeholders accordingly. They are:

1. Data collection methods
2. Prices in the money transfer market
3. Adherence to the general principles for remittances
4. Effectiveness of the payment services directive
5. Enhancing policy coherence as it pertains to remittances and development
6. An assessment of all EC funded remittances related development projects

[1] The Stockholm Programme – An open and secure Europe serving and protecting the citizens (December 2009)

[2] See Section 7 for details of each recommendation.

A summary of the EU commitments, the main challenges and barriers and overall recommendations on each of these areas is presented below. More detailed recommendations can be found in Section 6.

Data Collection Methods

The EC is committed to improving official data on remittances as well as estimating the informal flows. Accurate data on the volume of remittance flows helps to make informed decision-making and design appropriate development initiatives. To help meet these commitments, in 2006 the first meeting was held of the Luxembourg Group which led to the publication of the Compilation Guide for Collecting Remittance Statistics for Member States. The primary body responsible for data at the EU level is Eurostat. Eurostat obtains and consolidates remittances data from each Member State. It publishes an annual summary of remittances in the EU using some internationally accepted definitions of remittances.

Eurostat's latest estimates put the volume of remittances from the EU to developing countries at €31 billion. However, the way that data is collected in individual countries varies considerably and some Member States do not collect remittances data at all. This means it is difficult to make a real assessment on the total, and relative, volume of remittances leaving the EU to developing countries. These discrepancies are, in part, due to the minimal implementation of the Luxembourg Group's Compilation Guide for Remittance Statistics and its non-prescriptive nature. To further compound the problem, the methodology used by Eurostat for collecting data differs from that of other bodies, such as the World Bank, which leads to confusion.

Estimates on the volume of non-officially recorded remittances are, by their very nature, difficult to determine. Research, particularly with the Diasporas, confirms that there is still a significant amount of money that moves through informal or illegal channels. In many countries these informal channels are extremely cost efficient and fast in processing cash transactions. However, they have little or no process for verifying the identification of money senders or recipients and as such are not only risky to the sender and receivers but also subject to abuse for criminal or terrorist activity.

The introduction of the Payment Services Directive (PSD)[3] in 2009 has resulted in greater reporting requirements for money transfer operators (MTO). Given these increased reporting requirements and the additional information provided by MTOs, there is the potential to develop a new methodology using this information as the basis for remittance volume data. This would ensure more accurate data is obtained. The process would need to be led by national statistical offices with the EU playing a facilitating role. Up to this point there has been no connection between the PSD and data collection but leveraging the reporting requirements of the PSD would aid more accurate data collection.

There would be a major benefit to all parties if the reasons for the methods used by different bodies to collect data were clearly outlined for non-experts. Furthermore, it is recommended that more research needs to be done to provide additional insights into the volume of remittances from the EU that are currently moving informally so that the reasons that these methods are used can be addressed.

Prices in the Money Transfer Market

In 2009 the G8 committed to reducing the global average cost of remittances from 10% of the send amount to 5% over 5 years. The G20, of which the EU is a member, adopted this commitment in 2011 and therefore aims to meet this target by 2014.

Data shows that the EU has some distance to go if it is to meet the commitment of reducing prices to 5% by 2014. Currently, the average price for sending remittances from the EU is estimated at 10.6% of the send amount, higher than the global average of 9.1% and a little lower than the EU average of 11.71% in Q3 2008. Remittance prices vary considerably within the EU depending on the countries they are being sent from and to, the method that is used, and the speed of the transfer. Prices range

[3] The Payment Services Directive was introduced in November 2009 and provides a harmonised regulatory framework for remittances and a common legal framework between member states.

from an average of around 7% to around12% of the send amount in the major markets[4]. The differences are explained by the level of competition which, in turn, is driven by legacy market conditions that existed prior to the introduction of the PSD. Pricing also varies depending on the institution offering the remittance service. In general Money Transfer Operators (MTOs) charge lower prices than banks for remittances. This is because banks frequently have a fixed minimum price level that is used for all cross-border payments. The minimum price is set at too high a level to be competitive for relatively low value transactions (less than €750).

In due course, both the introduction of the PSD (a more harmonised regulatory environment within the EU) and more technology driven services that will lead to a change in the operational models for money transfer operators (e.g. via the Internet) should result in a reduction in consumer pricing. EU efforts to promote transparency and foster competition in the market may also help to reduce prices.

Adherence to the General Principles for International Remittances

In January 2007, the World Bank and the Committee on Payments and Settlement Systems (CPSS) of the Bank for International Settlements (BIS) issued the General Principles for International Remittance Services (GPs). The GPs are international standards aimed at the public policy objectives of achieving safe and efficient international remittance services. To this end, the markets for remittance services should be contestable, transparent, accessible and sound. The GPs have been endorsed by the Financial Stability Forum, and the G8 – at which the EU is represented.

Within Europe, since the introduction of the PSD, there has been a significant movement towards more competitive and open markets and greater adoption of the GPs. In particular, markets are now more transparent, the legal and regulatory environment has improved (although there is room for further improvement) and the level of risk and governance is consistent and generally proportionate. The same cannot be said for many of the markets that receive money from Europe. Also, exclusivity contracts[5] exist in many markets in the EU and have done so for many years. Whilst the PSD has increased the number of businesses that can offer remittance services it has not led to a major reduction in exclusivity clauses. These clauses have had the most detrimental impact in agreements with Postal networks as these often have the largest distribution in sending and receiving markets. Encouragingly, in most countries in the EU there is now a higher level of competition than five years ago which is also reflected in a fall in the average cost of sending remittances from 11.7% of the send amount in 2008 to 10.6% in 2012.

Overall, compliance with the General Principles is at a reasonable level within the EU but more attention is required in receiving countries. National authorities need to ensure that there is continuous clarification of laws and regulations for the private sector and for consumers, which is integral to achieving a more effective and promoting a fairer remittance market. If exclusivity clauses were to be outlawed there would be the opportunity for multiple services to be offered from the same premise which would benefit consumers by lowering the prices. Exclusivity clauses in developing countries are more troubling and although a number of countries have made them illegal, many have not and there is not sufficient competition or choice for consumers.

There are a number of tools that could be used to determine the efficiency of the remittance market in individual receive countries. One of these would be a market review such as those that are undertaken by the Payment Systems Development Group (PSDG) team of the World Bank. More work is needed in the area of access to payment systems for non-banks and in particular it is now very difficult, and in some cases practically impossible, for payment institutions to open bank accounts.

[4] Source: remittanceprices.worldbank.org. The average for Spain is 6.7% and for France is 11.8%

[5] Exclusivity clauses are clauses inserted into contracts between a money transfer operator and its agent, such as a post office, that prohibits the agent from offering any other remittance service from another operator.

Effectiveness of the Payments Services Directive (PSD)

The PSD was introduced in November 2009 to develop a common legal framework for remittances and harmonise the payments regulatory environment between member states with one of the anticipated outcomes being to promote cheaper, faster and more secure remittances. The PSD has been in place in most Member States since November 2010. The introduction of the PSD is an improvement on the previous situation for remittance companies. There is now more harmonisation in the regulatory environment of Member States and the creation of a new category of payment service providers, called 'Payment Institutions', should have promoted market competition and triggered a better service. Unfortunately, most Member States only implemented the PSD in 2010 (and one Member State only at the end of 2011) and therefore not much time has passed for it to become established.

There are some areas where the PSD is not providing as level a playing field as it could despite it being a 'full harmonisation' Directive. The main reason for this is that it provides for a number of 'derogations' or 'options', widely used by Member States that allow for different interpretations of certain elements. For example, the PSD only covers transactions that both begin and end in the EU, and it is up to Member States whether they choose to apply this provision for transactions that are sent to countries outside of the EU. A review into the PSD's operation and areas for improvement has begun. A Commission Report on the review is scheduled to be presented in November 2012. This study is undertaking a high-level review of the PSD against the needs of the market. It is hoped that the review will identify several areas for improvement.

The PSD could be improved by introducing a number of changes or clarifications. The obligatory application of the PSD's 'Conduct of Business Rules' to all transactions regardless of where they begin or end (rather than the current situation where the PSD only applies to 'payment services' in the Community) would be beneficial to consumers for transfers to third countries and minimise confusion on the current legal rules. All payments should be safeguarded and consumers should be protected regardless of whether a Payment Institution is 'authorised' or 'registered' (the latter category covers small payments institutions which are less regulated). A pan-European register should be introduced for consumers as it is currently very difficult for any customer to find out whether the payment institution or its agent with whom they are sending their money is licensed or registered and, if so, in which Member State. Furthermore, the EU should look to establish a mechanism or body to ensure coherent application of the PSD by the authorities in the individual countries to ensure that there is consistency across the EU. This is particularly relevant for the use of the 'passporting regime' by Member States' authorities which allows payment institutions authorised in one Member State to also provide payment services in another Member State.

Enhancing Policy Coherence as it pertains to Remittances and Development

The study has identified a number of areas where there are potential conflicts between the remittances for development agenda and other areas of EU policy; in particular, migration policy and anti-money laundering and counter-financing of terrorism (AML/CFT). Currently no single body within the EC takes ownership of the remittances for development agenda in relation to any policy conflicts.

With regards to migration policy, the current environment is leading to policies and practices being adopted to reduce the level of immigration from non-EU countries. Some interviewed experts suggest that this could lead to a reduction in remittances outflows which could have a negative impact on flows to developing countries. With respect to AML/CFT, there is currently an EU-wide review taking place of AML/CFT guidelines for the EU. Actions arising from this review need to be proportionate to the risks inherent in the transaction in order to not overly burden remittance service providers and increase remittance costs. If controls are imposed that are disproportionately strong then more remittances will be made through non-official channels. As a result, more research should be conducted to establish the impact of changes in EU migration policy on developing countries. In addition, every effort needs to be made to ensure that the interests of remitters are considered as part of the review on AML/CTF. It is imperative, therefore, that there is positive dialogue and interaction between DEVCO and the other areas that impact remittances and in particular DG Markt and DG Home.

The Creation of an EU-Wide Remittances Portal

Under the terms of the Stockholm Programme there is a commitment for the EC to assess the feasibility of an EU wide portal with the aim of promoting cheaper, faster and more secure remittances by improving transparency on remittances. Five EU countries are already producing national remittances price-comparison sites; however, only Italy has a site that meets the World Bank standard. Therefore, four of the five sites in the EU are not providing a satisfactory minimum level of information. Research also shows that currently there is limited information available on remittances (including pricing) for immigrants to the EU.

With regards to an EU portal, there are a number of options available ranging from: one Europe-wide Portal that covers every market and price point; an EU-wide portal that focuses on the region's main markets and corridors; an extension of the corridors covered by the existing remittanceprices.worldwide.org site; to using the existing EU immigration portal to provide generic information on remittances and links to Member States own portals. Currently there is no consensus in the market on whether price comparison websites directly reduce remittance costs. However, the potential impact on flows is significant.

For the sake of transparency and the protection of the consumer it is recommended that, as a minimum, each of the existing sites provide a minimum level of information (which need not necessarily be all of the requirements in the World Bank standards). The EU has an important role to provide oversight and guidance on this issue. With regards to the introduction of a portal, cost-benefit analysis on a number of different options finds that the preferred option would be to develop an EU-wide consumer portal that covers the top 150 corridors to which money is sent from Member States, integrating national portals where possible. However, this recommendation is contingent on there being sufficient funds to promote the site and ensure consumers are aware of the service. It is also suggested that the portal is used to provide a range of other useful material for migrants such as financial literacy materials, visa information and details of relevant community programmes.

An Assessment of EC Funded Remittances Related Development Projects

The EC has funded a number of projects relating to remittances over the last six years, mainly through the Aeneas Programme and Thematic Programme for Migration and Asylum (TPMA). These projects have been aimed to improve flows from Member States to the South; Africa has received significant focus. Activities have included supporting research, helping to improve the capacity of governments, encouraging a co-ordinated approach to specific themes and providing funding for projects aiming to leverage the flow of remittances for longer-term development goals. To date, there has been a clear focus on circular migration and remittances for productive investment with varying degrees of success.

The wide range of projects supported by the EC, with varying objectives, makes it challenging to recognise scalable projects and identify the factors behind successful/unsuccessful projects to learn for the future. Some of the projects funded as remittance projects have had relatively little to do with remittances whilst others have been highly focused.

Remittances related interventions selected and supported to date through Aeneas and the TPMA total EUR 24.86million. The total amount spent and committed on Migration through the two programmes so far is around EUR 314 million.

Given the potential to leverage remittances for development it is recommended they have their own strategy that stands alone from the broader migration and asylum thematic. Furthermore, it is believed that, as part of the strategy, DEVCO should become the 'owner' of remittances throughout the EC. The strategy should focus on: thought leadership, policy dialogue and policy creation; and, supporting innovation and product development in remittances for development. Lessons can be taken from FFR (a project that is already partially funded by the EC) which is found to be a particularly strong project benefiting from being focused, run by experts in the field, practically based and having a sound monitoring and evaluation framework in place.

A number of areas were identified where an improved project management and approach would lead to enhanced results. These include: undertaking more outreach for new projects to attract a wider range and calibre of respondents; ensuring that the project design provides more decision-making ability and resources for partners in the South; making sure that the projects are based on sound research (or include a research phase in the plan); and, focusing more projects on working with remittance recipients (as these have proved more successful). The EC could also take a more active role to work with Diaspora organisations in the EU to increase their governance and capacity. There is also a role for the EC in coordinating between EU national countries development agencies to avoid duplication, to share experiences, pool information and ensure successful projects are scaled and replicated where possible. This activity should include formal and informal meetings of experts from the key member states on a regular basis, organised by DEVCO. Additionally, DEVCO should take a more prominent role in existing multi-donor initiatives, e.g. the Global Working Group on Remittances.

Research indicates that there is currently no organisation taking the lead on South-South remittances. Therefore, the EC could adopt this role at a global level. Other opportunities for focus include supporting more technology-driven solutions in receive countries, such as mobile payment networks, helping to find scalable solutions to the challenges of expanding in-country mobile payment networks. There is also significant interest among countries to look at innovative finance, such as Diaspora Bonds. The EC could look to fund research into Diaspora bonds.

Conclusion

This report shows that it is essential that work to support remittances is accelerated. There is still much that needs to be done to improve the remittances market and overcome the barriers that exist. As one of the main recipients of migrants and one of the key areas that send remittances there is a vital role that only the European Union can play.

Within the context of the EU, remittances are an important area for development. In recent years, under various programmes the EC has made a number of commitments relating to remittances. In the last five years, significant progress has been made across the EU – prices have reduced by a small amount (1.1percentage points) and there has been significant improvement in the regulatory and operational environment. However, there are numerous opportunities for improvements and progress on remittance specific activities and in particular to ensure that prices continue to decline. Remittances are still an area which has little reliable data and strong efforts are needed to be able to improve this.

It is, however, in the development area that the most valuable progress can be made. There are a number of stakeholders in the remittances arena including the EU, national and multilateral development bodies, the private sector, consumers and regulators. In order to achieve coherence there is a need for a coordinating body within the EC that enacts the remittances strategy, assigns responsibilities and ensures that remittances are focused upon in their own right and not as an 'add-on' to the migration area as a whole. In order to achieve this it is recommended that a separate strategy and unit specifically for remittances is established within DEVCO. This unit would play two key roles: provide thought leadership, develop policy dialogue and create policy; and, support innovation and product development in the area of using remittances for development. As such it would take ownership of the remittances agenda in the EU, position the EU as the global lead on South-South remittances, represent the voice of the consumer across policy divisions and co-ordinate remittance activities across the member states. Given the current limited resources of DEVCO, the establishment of this unit will necessarily require additional funding.

There is still much work to be done in the area of remittances to build on the existing progress. Improvements in the area of remittances have the potential to make a real difference to the lives of people in developing countries and the EU has an important role in helping to achieve this.

1 Methodology

This study has used a variety of methodologies in order to meet its objectives. These include:

- **Desk based research** - A comprehensive review of all relevant published materials has been undertaken. Reference sources from studies produced by a range of universities, international development organisations, research companies and other sources were accessed. In general there now exists a large body of information and opinion on remittances although there is a relatively small amount of consistent data on remittance volumes, transaction numbers and market shares.
- **Interviews with key stakeholders** - During the course of the project a total of 143 individuals from 63 organisations were interviewed. Many of these were conducted on a face-to-face basis whilst there were also a number of phone interviews. The phone interviews were conducted where the interviewee was not at a location that was visited during the project. The interviews were conducted in order to obtain greater insight into the work of the organisations concerned or because the interviewee is regarded as an expert who could add value to the overall study. A list of interviewees is included in Appendix 2.
- **Field visits** - The project team visited the following countries as part of the study: Belgium, France, Germany, Ghana, Italy, Luxembourg, Morocco, Netherlands, Senegal and UK. The seven European countries were included in the original project brief and represent the largest European markets or those where there is a strong representation of relevant stakeholders or institutions. The three countries in Africa were identified after discussions with the European Commission and were selected because remittances represent a high percentage of their GDP, they receive large volumes from the European Union, they receive significant funds from more than one country in the EU and may be an important ACP country.
- **Surveys** - Email-based surveys were used to gather information in a number of areas including: regulation, data gathering methodologies, project overviews, and to secure Diaspora input. The surveys proved valuable for providing greater depth to information that was gathered from other sources.

2 Data

2.1 Definition of Remittances

Remittances are broadly defined here as cross-border person-to-person payments of relatively low value.[6] In order to compile and report remittances data, institutions adopt specific definitions of what constitutes a remittances transfer. Those technical definitions, their differences and limitations are discussed in this document where appropriate.

2.2 Identifying sources of data on the stock of migrants

The importance of remittances has increased in recent years, from both the economic and political perspectives. The driving force behind this phenomenon is the millions of migrants who are reshaping the economic futures of their families and the developmental potential of their home countries. Therefore, this section first discusses the number of migrants in EU countries and then presents the data on remittances.

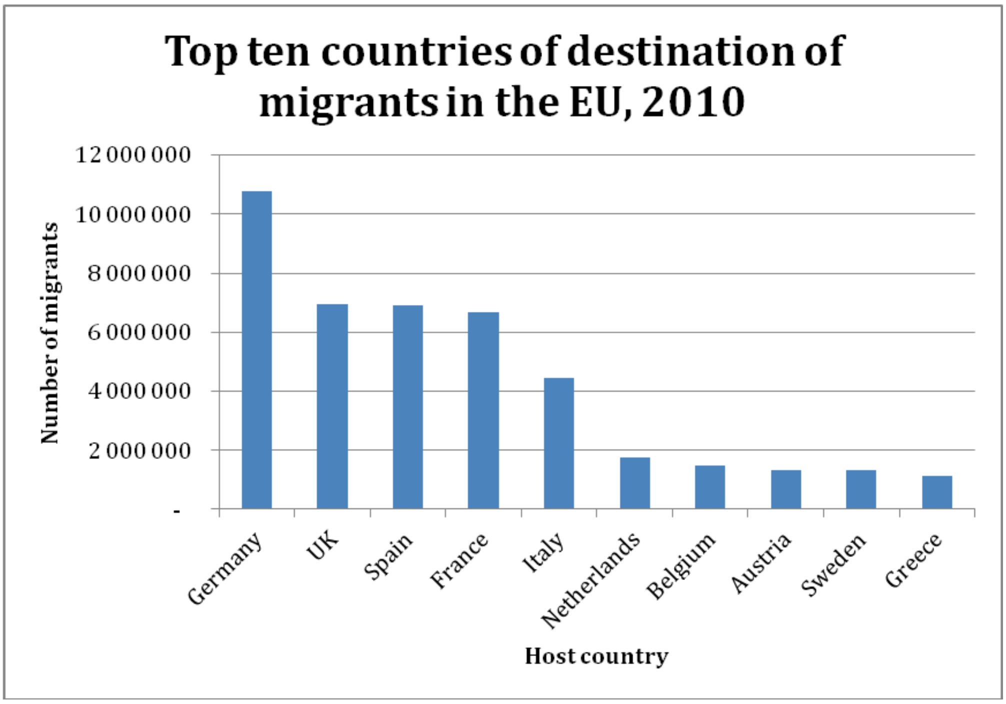
International comparisons of migration data are challenging as countries collect different types of data on the number migrants and the collection methods also vary across countries. Nonetheless, international datasets on the number of migrants in each country do provide useful insights regarding the dynamics of migration. The United Nations Population Division (UNPD), World Migration Stock Estimates are particularly useful.[7] These estimates provide information on the stock of international migrants in each country across time using intervals of five years. The main sources of information are the population censuses of individual countries (70%). In some instances, the data are from population registers (17%) and nationally representative surveys (13%). In most cases the definition of the stock of international migrants is the stock of foreign-born residents (close to 80% of the countries), but the stock of foreign-nationals is used for some countries (close to 20%). In order to obtain estimates across years, UNPD applies methods of interpolation and extrapolation. At the time of publication, 2010 figures were based on extrapolations or projections from previous years. The figures provided are mid-year estimates (as of 1 July of the years indicated).[8]

A project of the University of Sussex distributed the stock of migrants in each country from the UNPD estimates to source countries. The result was a Bilateral Migration Matrix. The initial matrix was for the year 2000, but the estimates were updated to 2010 by the World Bank.[9] The discussion regarding the stock of migrants in each EU country in the next section relies on these updated estimates.[10] Eurostat also has useful data on migrant stocks and flows, but such data are still limited with regards to bilateral information. However, while the estimates provided by the two sources are not identical, the overall dynamics are similar.[11]

2.3 Migrant Stocks at EU and Country Level

Figure 1 reports the top ten countries of destination of migrants in the EU. Germany hosts the largest population of migrants with over 10 million migrants. Germany is followed by the UK, Spain and France. Each of these countries hosts close to seven million migrants. Next there is Italy with over four million and a series of countries with less than two million migrants.

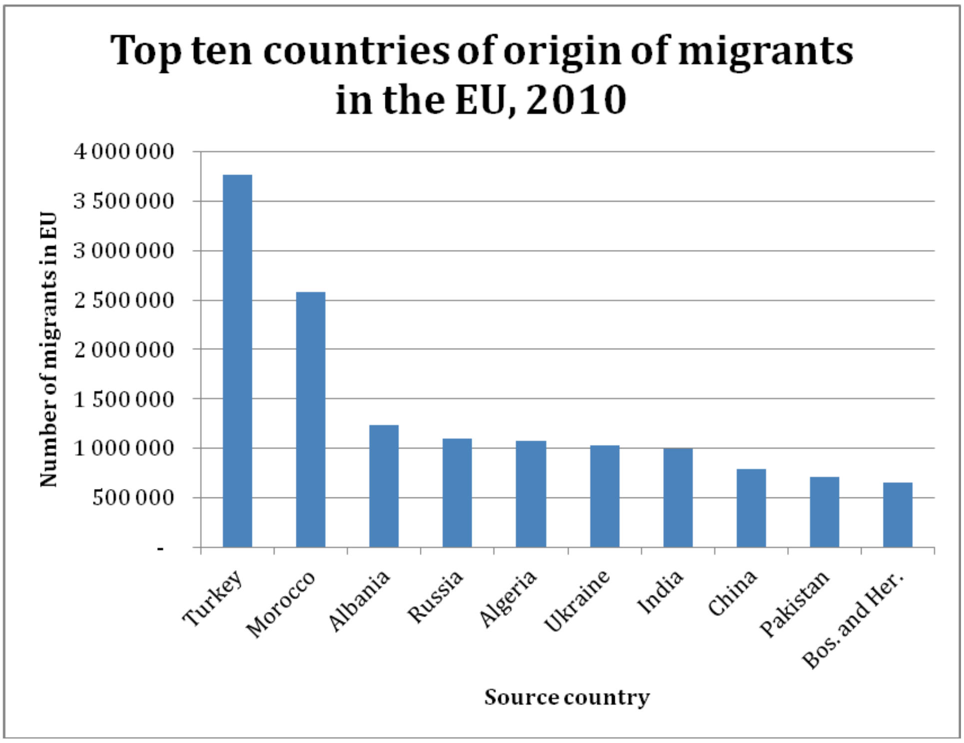
[6] Source: General principles for international remittance services 2007
[7] See http://esa.un.org/migration/.
[8] See UNPD (2008) for further discussion of the limitations of this data source.
[9] See http://go.worldbank.org/JITC7NYTT0.
[10] See Parsons et al. (2007) for discussion on the limitations of these data.
[11] See also the recent publication on migrants in Europe by Eurostat (Eurostat 2011).



Note: the source of the migration estimates is the World Bank 2010 Migration Bilateral Matrix.

Figure 1: Top Ten Destination Countries of Migrants in the EU, 2010

Figure 2 reports the top ten countries of origin of migrants to the EU. Turkey and Morocco are the leading countries of origin with about 3.7 and 2.5 million migrants in the EU, respectively. After those countries there are five countries (Albania, Russia, Algeria, Ukraine and India) with about one million migrants each.



Note: the source of the migration estimates is the World Bank 2010 Migration Bilateral Matrix.

Figure 2: Top Ten Countries of Origin of Migrants in the EU, 2010

Table 1 reports the estimated stock of migrants in each EU country, along with the top two countries of origin for the country. For the main destination countries (e.g. those in Figure 1) the top two countries of origin may not provide a full picture of the main migration corridors. Therefore, Appendix 2.1 includes an expanded version of the bilateral migrant stock data.

As it is possible to appreciate from Table 1, in some countries one of the top-two countries of origin is another EU country (e.g. UK and Poland) which highlights the importance of intra-EU migration. In total it is estimated that in the EU there is a total of about 48.4 million migrants (including both intra and extra EU migrants).

Table 1 - Stock of migrants in EU countries, 2010

EU Country	Total	Top two countries		EU Country	Total	Top two countries	
Austria		Germany	Bos. and Herze.	Latvia		Russia	Ukraine
	1,310,218	202,093	162,362		335,022	203,920	33,090
Belgium		France	Morocco	Lithuania		Russia	Belarus
	1,465,677	174,750	172,682		128,855	60,302	35,502
Bulgaria		Turkey	-	Luxembourg		Portugal	France
	107,245	98,148	-		173,232	49,861	22,494
Cyprus		UK	Greece	Malta		UK	Australia
	154,253	32,146	20,937		15,456	5,129	2,450
Czech Republic		Slovakia	Ukraine	Netherlands		Turkey	Suriname
	453,041	288,276	33,642		1,752,869	195,029	187,219
Denmark		Turkey	Germany	Poland		Ukraine	Belarus
	483,714	40,153	32,992		827,453	332,950	112,197
Estonia		Russia	Ukraine	Portugal		Angola	France
	182,464	137,860	18,216		918,626	245,650	134,355
Finland		Sweden	Estonia	Romania		Moldova	Bulgaria
	225,646	33,651	18,637		132,757	39,091	19,752
France		Algeria	Morocco	Slovakia		Czech Republic	Hungary
	6,684,842	913,794	840,985		130,682	67,801	14,160
Germany		Turkey	Italy	Slovenia		Bos. and Her.	Croatia
	10,758,061	2,733,109	842,666		163,894	82,669	26,141
Greece		Albania	Bulgaria	Spain		Romania	Morocco
	1,132,794	676,846	53,973		6,900,547	810,471	778,451
Hungary		Romania	Germany	Sweden		Finland	Iraq
	368,076	189,055	26,387		1,306,020	189,535	103,728
Ireland		UK	Poland	UK		India	Poland
	898,630	397,465	93,330		6,955,738	657,792	521,446
Italy		Romania	Albania	**EU**		**Turkey**	**Morocco**
	4,463,413	813,037	522,647		**48,429,225**	**3,770,984**	**2,575,986**

Note: Figures come from the World Bank 2010 Migration Bilateral Matrix. Bilateral migration data were created by applying weights based on bilateral migrant stocks to the UN Population Division's estimates of total migrant stocks. See Ratha and Shaw (2007). The estimates from Bulgaria suggest that Turkey is the only relevant migrant country of origin.

Table 1: Stock of Migrants in EU Countries, 2010

2.4 Identifying Sources of Data on Remittances

World Bank Migration and Remittances Factbook

The World Bank Migration and Remittances Factbook is one of the most widely used sources of remittances data. This dataset defines remittances as the sum of workers' remittances, compensation of employees, and migrants' transfers. While these are three different series, this publication suggests that compliers of data are not good at distinguishing between these series and tend to mix them. This happens even with the fact that the differences are clear in the manual of the International Monetary Fund (IMF) (see also the discussion below about the Luxembourg group).

The actual definitions are as follows:

- **Workers' remittances:** Current private transfers from *migrant workers* who are considered residents of the host country (i.e. non-residents of the home economy) to recipients in the workers' country of origin. If the migrants live in the host country for *one year or longer*, they are considered residents, regardless of their immigration status.
- **Compensation of employees:** Earnings by resident individuals (i.e. residents of the home economy) for work performed in another economy (i.e. working in host) and paid for by residents of this other economy. If the migrants have lived in the host country for *less than one year*, their entire income in the host country is classified as compensation of employees.
- **Migrants' transfers:** The net worth of migrants' assets that are transferred from one country to another at the time of migration (for a period of at least one year). This includes the flow of goods and changes in financial items that occur with migration (to or from the migrant as resident to the same person as non-resident).

Chami et al. (2008) challenged the adequacy of this combined measure of remittances, arguing that these components are different and represent different behaviour. They also argue that government agencies are more proficient at categorising these flows in the balance of payments than researchers think.

Also, many countries do not report data for the three categories. Hence, the World Bank Migration and Remittances Factbook add any of the series available and report this sum as remittances.

Eurostat

Eurostat also provides remittances data for EU countries. Eurostat provides data on workers' remittances and compensation of employees separately (see definitions above). While the World Bank Migration and Remittances Factbook data are provided in US dollars, the data on Eurostat are provided in euro.

The length of the published time series and the geographical breakdown (i.e. partner countries or regions included) differs across EU countries, as there are no strict rules on what countries should report. The country data for workers' remittances and compensation of employees is reported by individual countries, however, Eurostat makes separate estimates for corridors as well as for remittances in the EU as a whole. In the case of EU countries, workers' remittances are mostly destined to non-EU countries, while compensation of employees is mostly composed of intra-EU "flows".

Bilateral Remittances Matrix

Ratha and Shaw (2007) used the Bilateral Migration Matrix in order to create a bilateral matrix of remittances. In order to estimate bilateral remittances, the authors allocate the remittances received by each home country among the host countries of its emigrants. They use three different rules of allocation that result in three different sets of “weights” being applied to total remittances in order to distribute these flows among countries. The allocation rules are the following:

- Weights based on the stock of migrants from the home country in each host country relative to the total number of migrants of the home country.
- Weights based on the income of migrants, estimated as the migrant stock in each host country multiplied by per capita income in that country.
- Weights based on relative incomes between countries, estimated using migrants income abroad as well as per capita income in the home country.

The estimations are limited in several ways. First, migrant’s income is based on the per capita income of the host country, which assumes that this measure of income is representative of migrants’ incomes in every country. In practice it is likely that migrants in some countries tend to earn income above the per capita levels, while migrants in other countries earn income below the per capita levels. Second, in some cases the per capita income of the host country is lower than the per capita income of the home country which requires further assumptions.

2.5 Remittances outflows at EU and country level

Table 2 presents the remittances outflows data for all EU countries. First, it is important to note that all countries have some type of estimate on workers’ remittances from either the World Bank Migration and Remittances Factbook or Eurostat, with the notable exception of Denmark and the UK which do not collect remittances data at all. Defining remittances as the addition of workers’ remittances and compensation of employees we see that according to the World Bank and Eurostat, Germany is the EU country with largest estimated outflow of remittances. The second and third places belong to Spain and Italy. Yet, there is a noteworthy difference between the estimates of these three countries. In the case of Germany, the majority of remittances correspond to compensation of employees, while in the cases of Spain and Italy the majority of the estimated flows are actually workers’ remittances.

Table 2 - Different measures of outward remittances (millions) in EU countries, 2009, 2010

	EU Country	Workers' Remittances	Comp. of employees	EU Country	Workers' remittances	Comp. of employees
Eurostat (€, 2010)	Austria	798	1,379	Latvia	0	33
World Bank ($, 2009)		1,156	1,801		3	43
Eurostat (€, 2010)	Belgium	446	2,611	Lithuania	344	73
World Bank ($, 2009)		613	3,665		492	127
Eurostat (€, 2010)	Bulgaria	7	12	Luxembourg	69	7,779
World Bank ($, 2009)		14	88		101	10,698
Eurostat (€, 2010)	Cyprus	116	158	Malta	-	-
World Bank ($, 2009)		120	241		5	56
Eurostat (€, 2010)	Czech Rep.	689	1,027	Netherlands	1,492	5,427
World Bank ($, 2009)		747	1,799		-	-
Eurostat (€, 2010)	Denmark	-	2,180	Poland	46	1,145

World Bank ($, 2009)		-	-		9	1,309
Eurostat (€, 2010)	Estonia	3	69	Portugal	567	371
World Bank ($, 2009)		2	78		781	516
Eurostat (€, 2010)	Finland	20	323	Romania	206	67
World Bank ($, 2009)		-	411		243	61
Eurostat (€, 2010)	France	2,872	969	Slovakia	3	52
World Bank ($, 2009)		3,973	1,251		-	134
Eurostat (€, 2010)	Germany	3,035	8,680	Slovenia	25	94
World Bank ($, 2009)		4,172	11,352		34	158
Eurostat (€, 2010)	Greece	1,081	378	Spain	7,198	1,531
World Bank ($, 2009)		1,268	575		9,985	2,059
Eurostat (€, 2010)	Hungary	80	834	Sweden	20	597
World Bank ($, 2009)		-	-		7	750
Eurostat (€, 2010)	Ireland	516	738	UK	-	-
World Bank ($, 2009)		802	1,096		-	2,511
Eurostat (€, 2010)	Italy	6,572	2,647	**EU**	**31,212**	**46,875**
World Bank ($, 2009)		9,430	3,515		**33,957**	**41,783**

Note: Eurostat values are provided in euro and for the year 2010, while the World Bank values are provided in US dollars and for 2009. The World Bank figures come from the World Bank 2011 Migration and Remittances Factbook.

Table 2: Different measures of outward remittances (millions) in EU countries, 2009, 2010

Inputting values for those countries that do not report workers' remittances, Eurostat recently estimated the total value of workers' remittances from EU countries to be at EUR 31.2 billion. This divides between EUR 8.9 billion of intra-EU remittances and EUR 22.3 billion of extra-EU remittances. The Eurostat estimates suggest that the value of remittances in 2010 represents a 3% increase from the 2009 estimate. The level of compensation of employees at the EU level is estimated at 46.9 billion euro.

Table 3 reports the estimated values by the World Bank of remittances from the EU to ACP countries. The estimates suggest that the UK is the main sender of remittances from the EU to ACP countries. It is estimated that the UK accounts for about 44% percent of remittances from the EU to the ACP countries and for 13% of the total remittances received by ACP countries. The World Bank estimates also suggest that the EU accounts for about 30% of remittances to ACP countries.

Table 3 - Different measures of remittances from EU to ACP countries, 2009, 2010					
	Eurostat (€)			World Bank ($)	
Sending country	2009		2010	Share of total remittances received by ACP countries	Share of remittances from the EU to ACP countries
	Workers' Remittances	Comp. of employees	estimates of remittances		
Austria	4	9	66	0.22	0.74
Belgium	69	6	95	0.32	1.08
Bulgaria	0	0	0	0.00	0.00
Cyprus	-	1	12	0.04	0.13
Czech Rep.	0	0	2	0.01	0.02
Denmark	-	26	43	0.15	0.49
Estonia	0	0	0	0.00	0.00
Finland	0	3	14	0.05	0.16
France	-	29	891	3.00	10.10
Germany	90	4	600	2.02	6.79
Greece	1	2	50	0.17	0.57
Hungary	0	0	4	0.01	0.04
Ireland	-	-	443	1.49	5.02
Italy	-	25	1156	3.90	13.10
Latvia	-	0	0	0.00	0.00
Lithuania	-	-	0	0.00	0.00
Luxembourg	-	-	8	0.03	0.09
Malta	-	-	0	0.00	0.00
Netherlands	299	27	231	0.78	2.62
Poland	0	-	3	0.01	0.04
Portugal	55	58	108	0.36	1.22
Romania	5	0	0	0.00	0.00
Slovak Rep.	0	0	1	0.00	0.01
Slovenia	0	0	0	0.00	0.00
Spain	-	-	1130	3.81	12.80
Sweden	-	12	73	0.25	0.83
UK	651	-	3897	13.13	44.15
EU	-	-	8827	29.75	100.00

Note: Eurostat values are provided in euro, while the World Bank values are provided in US dollars. The World Bank figures come from the World Bank 2010 Migration Bilateral Matrix using host and home country incomes as well as the migrant stock to estimate remittances.

Table 3: Different measures of remittances from EU to ACP countries, 2009, 2010

2.6 The Luxembourg Group and its Recommendations

The Luxembourg Group was a group of practitioners (composed of representatives of the International Monetary Fund, the Organization for Economic Co-operation and Development, the Statistical Office of the European Communities, the World Bank, and representatives from national statistical offices and central banks from economies throughout the world) which was created to consider the challenges of collecting, compiling and reporting remittance data. The objective was to make recommendations for improvements. These recommendations led to the production of a compilation guide for remittance statistics. The end product was the “International Transactions in Remittances Guide for Compilers and Users” or RGC.

The group identified two key problems with remittances. First, that there were inconsistencies in the coverage and compilation of remittances data. These inconsistencies made remittances data less reliable than other items in the balance of payment accounts. Second, that there were problems with the definition of remittances. Remittance-related items in the IMF’s Balance of Payments Manual (BPM5) are defined in ways that made identification and analysis of remittances data difficult for users. The sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) completed the review and improvement of the conceptual framework of remittances. These changes are included in the RGC. See Appendix 2.2 for more details of these changes.

The RGC is not prescriptive. It discusses alternative approaches and data sources for measuring remittances and provides guidance on the development of a statistical program for improving remittances data. The approach is to be broad and provide several recommendations under different scenarios. This approach makes it difficult to evaluate the degree to which countries have actually incorporated the recommendations of the RGC in their practices.

Some of the recommendations from the RGC explored in this document are:

- Using data from diverse sources to estimate remittances.
- The choice of adequate media and formats of dissemination.
- Dissemination of bilateral data for important remittance corridors.

A survey of data compliers was conducted in order to determine the level of adoption of the Luxembourg group recommendations (see Appendix 2.3. for the actual survey questionnaire). The analysis is based on results from eight EU countries that responded to the survey and in different visits of the research team to several EU countries and meetings with data collectors. Hence, the results provide an indication of the level of adoption of the Luxembourg group recommendations in EU countries, but are not a perfect indicator.

The main findings are the following:

- Remittances data compilers are aware of the recommendations of the Luxembourg group.
- However, the countries for which information was available have not adopted the recommendations of the Luxembourg group.
- Countries could be grouped in three general categories: 1) those that are not collecting remittances data and have no plans to start collecting such data, 2) those that are collecting remittances data and have no plans to implement the recommendations, and 3) those that are collecting data on remittances and may implement some of the recommendations in the future.
- In countries which do not collect any data on remittances the main argument is that these flows are not significant enough in order to merit the investment necessary to collect these data. These countries recognise the potential of remittances for development purposes, but do not consider these flows to be a priority.
- Countries that collect data on remittances, but have no plans to adjust their collection and reporting methods in response to RGC can be further divided into two groups. First, some countries consider that they are already following most recommendations. Hence, there is no need to adjust. Second, some countries would like to improve their collection methods but do not have the resources to do so.
- Countries which collect data on remittances and may implement some of the recommendations in the future are often waiting to work in the implementation of BPM6 (see Appendix 3.2) in order to adjust their collecting and reporting methods.

- Remittances are sent by many channels, including money transfer operators, postal operators, informal channels and banks. However, it is common for EU countries to only use information from private commercial banks in order to make remittances estimates.
- Data on bilateral flows seems to be, at least partly, available in most countries which are collecting remittances data. However, the quality of the data is not very good and it is often not reported.

2.7 Size of the Unrecorded flows

Concepts and Definitions

A distinction is often made amongst remittance flows based on the transmission mechanism of the money. It is common to group these transactions in binary categories, which may include: official versus unofficial, formal versus informal, regulated versus unregulated, legal versus illegal and recorded versus unrecorded.

These binary categories reflect different things. For instance, “informal remittances” are usually defined as transfers initiated outside the formal banking system and outside the main money transfer businesses (e.g. Western Union). Many informal remittances, such as hand carried money, could still be legal. “Unrecorded remittances” are those that do not appear in official government statistics, either because the flows are sent through informal channels where there is no record of the transaction or because the government has decided not to collect these data in a systematic way. Yet, in the literature these two concepts are often used interchangeably and the estimates presented below reflect this practice.

Some Previous Estimates

At the global level, Freund and Spatafora (2005) estimate that informal remittances account for about 35 to 75 percent of official remittances to developing countries. They find that informal remittances to Eastern Europe are relatively high compared to other regions (e.g. East Asia and the Pacific).

There have been efforts to estimate remittances in EU countries (as a whole and at the individual level). For instance, Jiménez-Martín et al. (2007) in a study commissioned by the European Commission, estimate bilateral workers’ remittances flows from the EU, while accounting for remittances through informal channels. The authors accept that their figures could be improved greatly with additional data and that estimates are only indicative of the true amounts. Since a precise estimation of the volume of remittances is not possible the authors present estimates using different assumptions. In order to account for informal remittances the authors assume an increase of 50 percent in the estimated average propensity to remit following the analysis of Freund and Spatafora (2005). The authors suggest that immigrants remit 18.7 billion euro (2004 value at 2001 constant prices, most plausible scenario) to countries outside the EU. The intra-EU flow was estimated at 6.5 billion. A comparison of the results with that of the 2nd EU Survey on remittances (a collection of official data available in Member States) suggest that the 2nd EU survey underestimates total remittances by over 10 billion euro (2004 value at 2001 constant prices, most plausible scenario).

Blackwell and Seddon (2004) in a study commissioned by DFID estimate the amount of remittances from the UK that are sent by informal mechanisms. They also present different scenarios for remittances. The upper limit for remittances was estimated assuming that every immigrant household sends £100 per month in remittances. The intermediate scenario assumes that 50 percent of immigrant households send £100 per month in remittances, while the lower limit assumes that only 25 percent of the immigrant households do so. The authors’ main estimate suggests that remittances from the UK to developing countries were valued at £1.4 billion (2001 estimate) and of this amount £0.5 billion was accounted for by informal transfers.

2.8 Remittance Pricing

This section provides an idea of the actual price of remitting. See Appendix 2.4 for remittance prices. The unweighted average cost of sending EUR140[12] from the Member States is 10.58% of the face value of the transaction. This is higher than the global average price of 9.12%.

The price that migrants pay for remitting a certain amount of money home differs by corridor and by sending method. It would not be possible to provide complete information on of the price for every remittance corridor from the EU. Nevertheless, a review of average remittances prices in some EU countries can provide valuable insights on the EU remittances market. Table 4 provides information on the average price of sending about 140 Euros from a selected group of countries. This is the average price among the money transfer operators that were surveyed, it does not include all remittances providers and the average is not weighted by the operator's market shares. Please refer to the section 3.3 for further information about changes in remittances prices over time.

The price of remitting includes the initial fee plus the foreign exchange rate margin, that is, the difference between the market exchange rate and the one that is applied to the transaction. As can be seen from Table 4, the price of remitting is typically around 7% to 12% of the remitted amount. (NB: in this case the amount is EUR140 but the percentage is likely to drop if a higher amount is sent). However, there are significant differences in prices among countries. In Spain the average price of remittances is 7%, while it is almost 85% higher in France. The average total price of remittances may conceal some key differences among different companies in one country. For clarity purposes, Table 4 also includes the average price of remitting using Western Union as this is the company that has the largest market share and also offers a comparable service across markets. The Western Union price differs across countries. However, the differences mostly reflect overall differences between countries in the price of remitting.

Cost of remitting from Member States[13]

Send Country	Send Amount	Currency	Average Total Cost % RPW	Western Union Average Price
Belgium	140	EUR	9.20%	10.8%
Czech Republic	3800	CZK	12.23%	11.2%
France	140	EUR	11.78%	13.3%
Germany	140	EUR	11.16%	12.8%
Italy	140	EUR	7.88%	8 0%
Netherlands	140	EUR	8.51%	10.5%
Spain	140	EUR	6.62%	6.7%
United Kingdom	120	GBP	7.93%	7 8%
Unweighted Average Cost			9.41%	**10.1%**
			Average Total Cost % MTO Index	
Austria	140	EUR	10.95%	14.0%
Cyprus	140	EUR	11.89%	n/a
Denmark	140	DKK	13.07%	15.0%
Greece	140	EUR	12.21%	14.0%
Ireland	140	EUR	11.35%	12.0%
Portugal	140	EUR	7.25%	6 5%
Sweden	1340	SEK	16.67%	18.0%
Unwieghted Average - All send countries			**10.58%**	**11.1%**

Table 4: Cost of Remitting from Member States

[12] EUR140 represents the mode amount of money that is sent by remitters and is used as an indicator value by the World Bank

[13] Methodology used is as follows: For first 8 countries the data comes from 'The Global Effort in the Remittances Arena, Mid-term review of the 5 x 5 objective, Spring 2012' (slide 16). Prepared by World Bank. http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1257537401267/GRWG_Coordinators_Update_Spring2012.pdf. Actual data was collected in February 2012. Data for the remaining 7 countries was gathered using a similar methodology to that used by the World Bank, namely mystery shopping of the top operators in the key corridors for each of these countries. Data was gathered by researchers in November 2011.

2.9 Recommendations

- DAT1: The recommendations of the Luxembourg group have been too generic and for the most part not implemented in EU countries. Any new document on remittances data compilation should be more prescriptive. However, it is not clear that there is an impending need to produce such new document at the moment.
- DAT2: A potentially efficient way of collecting remittances data is to use the requirements of the Payments Services Directive (PSD) in terms of reporting and require the reporting of aggregate remittances flows (potentially by corridor) by RSP. The PSD already requires some degree of reporting, therefore, it would not be difficult to use it in order to collect additional remittances data from each Payment Institution. Moreover, many developing countries (e.g. Ghana, Morocco) already have reporting requirements of remittances to the statistical authorities.
- DAT3: It is possible for the EU to develop and help developing countries implement a methodology for collecting, maintaining and publishing bilateral remittances data. This methodology should cover transactions through bank transfers, money transfer operators and informal transfers (probably using information from exchange houses). Some countries such as Morocco have already developed adequate methods for collecting incoming remittances data. Given that receiving countries have an advantage in recording informal remittances transactions (through exchange houses),[14] any efforts in improving the estimation of informal remittances should be done in coordination with receiving countries and potentially making use of their data.
- DAT4: The distinction between the figures reported by the World Bank (especially in the Migration and Remittances Factbook) and Eurostat have created some confusion about the actual value of remittances. While the differences are just the result of different aggregation rules (i.e. whether one should look at a series separately or in conjunction with others), the "casual" user may not find it easy to disentangle the meaning of the different estimates. Therefore, it is advisable for Eurostat to provide different estimates in their annual briefing on remittances, including a column for the "World Bank equivalent". That is, a column showing the aggregation of workers' remittances, compensation of employees and migrant transfers.
- DAT5: Eurostat also makes estimates of remittances for some EU countries (e.g. UK) in order to come up with an EU level estimate of remittances. However, the methodology used to come up with those estimates is not clear. It would be good to have a separate document from Eurostat explaining each step of this estimate.
- DAT6: The EU should encourage those Member States that do not collect any data on remittances (e.g. UK) to start collecting such data. At the minimum these countries could examine the data of remittance-receiving countries (some which is very good) to come up with an estimate of remittances outflows.
- DAT7: After the implementation of BPM6 it is important to encourage countries to keep reporting workers' remittances as a supplementary item in order to ensure consistency of the time series.
- DAT8: The study on the "The Volume and Geography of Remittances from the EU" commissioned by the EC in 2007 provides data only to 2004. It is recommended for the EC to commission a new study that looks at the current data as many countries have actually improved their reporting of remittances. This study could also focus on estimating informal flows, an area where there is not much current evidence.

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[14] Exchange houses are entities which engage in currency exchange services (purchase or sell local currency against foreign currency) with the public. In some countries exchange houses must be licensed, but requirements typically change depending on the maximum amount of money that could be exchanged.

3 Policy

3.1 Key Policy Objectives of the EU in Respect of Remittances

This section looks at the progress that the EU has made in remittances and identifies some of the areas where the development objectives come into potential conflict with other policy areas. See Section 6 for more details on the EC's commitments in the area of remittances.

There are a number of areas where development goals are not aligned with those of other policy areas and indeed may be in conflict. One obvious area is in respect to admission policies that will affect the number of migrants in the EU. This topic is discussed briefly below, but not much emphasis is placed on this issue as it is outside the scope of this project. Section 3 focuses on the overall environment for remittances in respect of the General Principles for remittances. It also identifies a number of potential areas of conflict and in particular the regulatory environment for remittances and the anti-money laundering (AML) and counter-terrorist financing (CTF) activities. At the end of this section specific recommendations are made.

3.2 The General Principles for International Remittance Services

3.2.1 Objectives

The General Principles for Remittances are one of the key tools that are being used by many countries to help to deliver on the G8 and G20 objectives of achieving a price reduction in the global average cost of remittance services from 10 to 5 percent by 2014 (by 5 percentage points in 5 years) and more broadly, to improve the remittances market. An additional tool kit is currently being developed that will provide countries with solutions to ensure a more efficient remittances market. In this section the current state of adherence to the General Principles is explored throughout the European Union.

3.2.2 What are the General Principles

The General Principles were produced in January 2007 by the Committee for Payments and Settlements Services and the World Bank after an exhaustive consultative process. The following is an extract from the document.

The General Principles and Related Roles

The General Principles are aimed at the public policy objectives of achieving safe and efficient international remittance services. To this end, the markets for the services should be contestable, transparent, accessible and sound.

Transparency and consumer protection

General Principle 1. The market for remittance services should be transparent and have adequate consumer protection.

Payment system infrastructure

General Principle 2. Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.

Legal and regulatory environment

General Principle 3. Remittance services should be supported by a sound, predictable, nondiscriminatory and proportionate legal and regulatory framework in relevant jurisdictions.

Market structure and competition

General Principle 4. Competitive market conditions, including appropriate access to domestic payment infrastructures, should be fostered in the remittance industry.

Governance and risk management

General principle 5. Remittance services should be supported by appropriate governance and risk management practices.

Roles of remittance service providers and public authorities

A. Role of remittance service providers. Remittance service providers should participate actively in the implementation of the General Principles.

B. Role of public authorities. Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.[15]

Figure 3: General Principles and Related Roles

The General Principles (GPs) are a strong set of guidelines for ensuring the efficient operation of the remittance markets. The following section provides an overview of how the EU as a whole is meeting the GPs.

3.2.3 Assessment at EU Country Level

Table 5 outlines the state of compliance across the whole of the EU with each of the 5 GPs. The data was established from a mixture of survey data (including the EU Accountability survey of March 2011), interviews with regulators, banks, payments institutions and consumers and further desk-based research and analysis. [16] Of necessity this summary provides a high level overview and more detailed individual country reviews are required to validate these findings.

General Principle	EU adherence	Comments
1. Transparency and Consumer Protection	☑	PSD has improved the environment and ensures consumers have full information about their transaction. In some countries they can easily compare operators but in most they cannot. (This is dependent on whether there is a reliable consumer web portal for remittances)
2. Payment System Infrastructure	☑	Nearly all money transfer operators and other financial institutions use their own bespoke [17]systems. This does not generally present a difficulty in the sending markets but there is very little interoperability between banks, postal operators, credit card companies and MTOs
3. Legal and regulatory environment	☑	The PSD has radically improved the payment environment. There is room to broaden the supervision of remittance services either by revisiting existing regulation or issuing new ones (see section 4.4.5).
4. Market structure and competition		In many EU counties it is very difficult, if not impossible, for money transfer operators to open bank accounts. (This is due to banks taking the view that remittances are a high-risk business from an anti-money laundering perspective and the returns to them don't justify the risk). They require bank accounts to be able to operate their businesses effectively. These restrictions do not apply to the same degree for Postal Organisations and banks. In addition exclusivity clauses exist that hamper competition.

[15] Source: General Principles for International Remittance Services – CPSS and World Bank Jan 2007

[16] The analysis behind the conclusions that are presented here is available from the authors.

[17] Most MTOs have developed their own remittances operating system to suit their own business model. Whilst the basic information requirements are the same there is little or no standardisation of message standards and methodologies.

5. Governance and risk management	☑☑	The PSD has instituted some sound and proportionate requirements in this area. In markets where Small PIs are allowed to operate, more controls are needed to set appropriate governance standards and operating procedures.
Overall	☑	**The EU countries are reasonably compliant with the General Principles but there is room for further improvement. The RSPs have attempted to ensure that they take advantage of the new regulations. The supervisory authorities have participated in an inconsistent manner.**

Table 5: State of Compliance to the General Principles

In general, whilst there is some local variation, most countries within the EU are at a similar level with regards to the implementation of the GPs. There are a number of tools that could be used to assist in compliance with the G20 goals for remittances. Many of these will be included in the tool-kit that is currently being developed by the G20. As a member of the G20 the EC should ensure that it contributes in the relevant areas. One of the key areas is a market assessment. The World Bank PSDG team has conducted many of these, although most have been in receiving markets with the exception of the Czech Republic, Austria and Australia. These assessments provide a detailed overview per country and a series of practical and implementable recommendations.

Three significant points are relevant in respect of the GP assessment.

1. **Partner countries.** Table 5 is an assessment for the EU member states. It was outside the scope of the project to undertake a similar analysis for the Partner countries. However, it is likely that a survey of Partner countries would not show as much progress as the EU has made and would certainly show variation. In many Partner countries exclusivity clauses, poor competition, non- transparency and restrictive market structures exist which have kept some key potential operators outside of the market. Section 5 of this report makes a number of recommendations to address this matter.
2. **Bank accounts for PIs.** In many European countries it is now extremely difficult for MTOs to be able to open a bank account. Clearly, they need access to bank accounts to be able to transact their business efficiently. It will be very difficult, or increase the risk of loss or possible use for money laundering if the MTOs conduct all their business by cash.

   The reason for this difficulty is predominantly that banks perceive that PIs present a high level of risk of AML-CFT and that the return from operating these accounts is not sufficient to manage the risk. There may also be a small element of banks trying to keep competitors out of the market. The situation is so challenging that in the UK, where there are over 1,000 Small PIs there is not one bank that will open an account for an SPI and the bank that used to handle 75% of them has now advised all SPIs that unless they upgrade to an Authorised Payment Institution that their account will be closed.

   This situation is not confined to the UK and the PIs that were interviewed as part of this project provided examples of similar instances in other countries. It is recommended that the EU forms a committee of regulators, banks and PIs to address this area and to develop concrete, practical solutions, perhaps under the leadership of DG MARKT.
3. Exclusivity contracts[18] do exist in many markets in the EU and have done so for many years. Whilst the PSD has increased the number of businesses that can offer remittances services it has not led to a major reduction in exclusivity clauses. The study found that these clauses have the most negative impact in agreements with Postal networks as these represent the largest distribution in sending and receiving markets and restricting

[18] Exclusivity clauses are clauses inserted into contracts between a money transfer operator and its agent, such as a post office, that prohibits the agent from offering any other remittance service from another operator.

them to offer only one service harms consumers. If exclusivity clauses are banned care must be taken to ensure that Post Offices do actually offer more than one remittance service.

However, in most countries in the EU there is a higher level of competition than five years ago. If the clauses were outlawed there would be the opportunity for multiple services to be offered from the same premise which would benefit consumers by lowering the prices. The situation with exclusivity clauses in developing countries is more troubling and although a number of countries have made them illegal many have not and there is not sufficient competition or choice for consumers.

National authorities can ensure that there is continuous clarification of laws and regulations on a regular basis for the private sector and for consumers, which is integral to achieving a more effective implementation of the laws and regulations and also promotes fairer competition in the remittance market.

3.2.4 Recommendations

- GP1: Encourage/co-ordinate country market assessments for Member States into the adoption of the General Principles
- GP2: Form a task force to develop a solution to enable PIs to be able to open bank accounts provided that compliance and technical requirements can be met, so that they can run their businesses.
- GP3: Share best practice across the EU
- GP4: The European Commission to be actively involved in the development of the G20 toolkit for remittances

3.3 Payment Services Directive (PSD)

(FN: Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC)

3.3.1 Objectives

The Payment Services Directive (PSD) is the key regulation that covers the international money transfer and remittances market in the European Economic Area (EEA). This section of the study describes the PSD, outlines the level of implementation throughout the EU, discusses the review of the directive that is currently taking place and makes recommendations on how the regulatory environment could be improved. The results of this section were obtained through a mix of desk-based research and interviews with key stakeholders including regulators, remittance service providers (RSPs) and consumers.

3.3.2 What is the PSD

The **Payment Services Directive** (PSD, 2007/64/EC) is part of the European Union (EU) Internal market framework on retail financial services and consumer policy (first prepared by the European Commission (Directorate General Internal Market)) which regulates payment services and payment service providers throughout the EU and the EEA. See Appendix 3.1 for services covered by the PSD. It was introduced in order to increase competition and participation in the payments industry (particularly from non-banks), as well as providing a level playing field by harmonising consumer protection and the rights/obligations for payment providers and users. Although the PSD is a maximum harmonisation Directive, individual countries were allowed, via the use of 'options' and 'derogations', to make national variations to a number of clauses prior to its enactment into national law. The PSD had to be implemented at a national level across the EU by 1 November 2009.

The key areas that the PSD covers are:

Establishing a single licence for new "Payment Institutions". The PSD covers institutions that undertake these types of business activity:

- Money remittance
- Mobile money payments
- Bill payment service provider
- Non-bank/e-money card issuer
- Merchant acquirer

For the purposes of this study the most relevant type of business is the money remittance category[16] although mobile phone operators and non- bank/e-money issuers can also offer remittance services.

For the first time there is legislation that covers non-bank payment service providers and brings them into a harmonised regulated space. This has allowed more operators to participate and therefore is slowly bringing greater competition to the market.

Each country in the EEA has appointed a competent authority that is responsible for the authorisation and supervision of Payment Institutions that are authorised in their country. In all cases, except for the UK, this authority is also responsible for supervision of anti-money laundering and counter terrorist financing (AML/CTF).

3.3.3 Authorised v Registered (Small PI)

The PSD provided an option for countries to choose between two statuses of PIs – Authorised or 'waived' entities' (known as 'Registered') proportional to the operational and financial risks faced by such bodies in the course of their business. The requirements to become Authorised are more stringent than those to become registered. In practice, only seven Member States have introduced the category of 'Registered' (also known as 'waived entities' or Small PI or SPI) and most notably the UK. These countries introduced this category, in order to ensure that the numerous small money transfer operators that were already in operation were not forced underground. All of the other countries have taken the view that they do not wish to allow such institutions to operate in their countries under a lighter regime and have therefore only adopted the regime of 'authorisation'.

In order to become and operate as an Authorised Payment Institution ('API') there are a number of requirements for the business. These include:

- A minimum initial capital of EUR 20,000
- A pre-calculated on-going capital requirement commensurate to the business
- The requirement to safeguard all customer monies that have not been paid out
- A 'fit and proper test' of all owners or 'controllers' of a Payments Institution
- A robust approach to AML/CTF

By meeting these requirements the API is able to passport its approval to any other EEA country. This means that the API does not need to apply for authorisation in any other country and hence makes it easier for businesses to become established in markets that were previously extremely difficult to enter.

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[16] For the purposes of the PSD money remittance services are defined as funds transfers without a payment account

A Small PI, on the other hand, must have a turnover of less than EUR 3 million per month. It is not required to safeguard customer funds and there are no specific capital requirements. An SPI is not allowed to passport its licence to any other EEA country.[19]

Conduct of Business

One of the key initiatives of the PSD is to introduce a harmonised set of requirements to protect consumers. Under the heading of 'Conduct of business' the PSD provides a detailed list of the information that must be provided to consumers both before and after a transaction. These include any fees charged, the exchange rate used and the length of time that it will take for the funds to reach the beneficiary.

For the first time consumers now have a set of service standards that provide a significant level of transparency. This enables them to have more information and a benchmark that they can use to make a more informed choice.

Access to Payment Systems

The PSD also stipulates that Payment Institutions must be granted access to national payment systems subject to certain criteria. This is in order to enable them to provide a full and competitive level of service.

Review

The Directive also mandated that there is to be a full review of the PSD that must be completed by November 2012. The review is to evaluate the impact of the PSD and identify areas that should be addressed. A consultancy firm was appointed in December 2011, to measure the economic impact of the PSD on the market. It should submit its results by September 2012.

3.3.4 Assessment at EU Country Level

The timing of the implementation of the PSD by Member States has varied more than originally envisioned between EU countries. While some countries were on time in putting national legislation in place to ensure that the PSD fully applied by 1st November 2009, most countries passed their relevant laws only in 2010, with one last country only in December 2011.

In addition, countries have made use of a number of derogations (such as the waiver for small PIs) with the result that its implementation has not created a level playing field across all EU countries as would have been desirable. Most importantly for remittances to third countries, only some Member States apply the PSD to such payment services and here again not all rules set out in the PSD (mainly rules on transparency and information requirements). These divergences have led to smaller financial benefits for remittances to third countries as the money transfer companies need to adopt different approaches in different countries with more limited economies of scale. These costs are passed on the customers using the services.

Table 6: A High Level Overview of the Status of the PSD in each EU/EEA countries

Country	Competent Authority	Date PSD implemented	# APIs	# SPIs	# Passported-in operators	Ave cost to send Jan 12
Austria	Financial Market Authority	1.11.09	3		117	10.9%
Belgium	Banking Finance and Insurance Commission	1.11.09 (title II),	9		128	9.2%

[19] A payment institution who would only provide payment services to third countries, from a Member States, that do not apply the PSD to so called 'one-leg transactions' (such as the UK) would not be covered by the PSD.

		1.4.10 (I, III & IV)				
Bulgaria	Bulgarian National Bank	1.11.09	0		91	
Cyprus	Central Bank of Cyprus		8		106	11.89%
Czech Republic	Czech National Bank	1.11.09	11	60	112	12.2%
Denmark	Danish FSA	1.11.09	5		104	13.1%
Estonia	Estonian Financial Supervision Authority	22.5.10	0		95	
Finland	Financial Supervisory Authority	15.3.10 (Title II), 1.6.10 (III & IV)	7		37	
France	Comité des établissements de crédit et des entreprises d'investissement	1.11.09	12		125	11.8%
Germany	Federal Financial Supervisory Authority	31.10.09	32		105*	11.2%
Greece	Bank of Greece	5.7.10	11		85*	12.2%
Hungary	Hungarian Financial Supervisory Authority	1.11.09	8*		110*	
Ireland	Financial Regulator	1.11.09	10		55*	11.4%
Italy	Banca d'Italia	1.3.10	12		105*	7.9%
Latvia	Financial and Capital Market Commission	31.3.10	0	33	111	
Lithuania	Bank of Lithuania	28.12.09	20		113	
Luxembourg	Commission de Surveillance du Secteur Financier	15.11.09	4		50*	
Malta	Malta Financial Services Authority	1.11.09 & 1.5.10	8		108	
Netherlands	Dutch Central Bank	1.11.09	24	30	115	8.5%
Poland	Financial Supervision Authority	1.12.11	9		112	
Portugal	Banco de Portugal	1.11.09	10		115	7.3%
Romania	National Bank of Romania	1.11.09 & 1.6.10	0		100	
Slovakia	National Bank of Slovakia	1.12.09	6		101	
Slovenia	Banka Slovenjie	1.11.09	4		102	
Spain	Banco de Espana	4.12.09, 30.5.10 & 8.7.10	44		122	6.6%
Sweden	Swedish FSA	1.8.10	23	43	36	16.7%
UK	Financial Services Authority	1.11.09	198	1220	43	7.9%
Total			**466**	**1386**		

Table 6: A high level overview of the status of the PSD in each EU country

* Is an estimated value
Note that data is not available for all cells in the table. Those considered most relevant are included.

3.3.5 Analysis of the Implementation on the PSD and the Challenges that have arisen in Respect of Remittances

The objectives of the PSD were to bring greater competition to the payments market, to reduce costs and enhance efficiencies for payment service users and providers, provide greater transparency and provide a certain level playing field. Undoubtedly a number of the objectives have been met. As table 6 shows there are now approximately 1850 payment institutions in the EU which is considerably more than prior to November 2009.

Greater transparency has been introduced across the EU and customers now receive clear information before a transaction is made and also once it has been completed. However, there are two areas that still need addressing:

1. **Safeguarding.** All Authorised Payments Institutions (API) must protect or safeguard any funds that have not been collected by the receiver. This requirement is, however, only optional for Small PIs. The concept of safeguarding is difficult for the consumers to understand and most automatically assume that their money is safe. It is therefore recommended that every transaction should be safeguarded.
2. **Pan-European Register.** Each competent authority is required to keep a register of all the PIs that it licences and a list of all the agent locations that each PI has. However, if a company is authorised in one Member State but has an agent in another Member State the details of the agent only appear in the register for the home Member State and not where the agent actually is. This means that it is virtually impossible for a consumer to tell whether the agent that they are dealing with is operating legally or not. A sensible solution to this would be for the EC to establish and maintain a register of PIs and their agents in an easy to interrogate database. This should ensure that consumers can search in the appropriate languages and for each country. Whilst this initiative could be potentially costly and challenging to administer it would provide a solution that would build tremendous confidence for consumers and competent authorities in host Member States throughout the EU.

Furthermore, there are still a number of areas where there is not a level playing field or where there are inconsistencies in implementation. Some examples of these inconsistencies are:

- **One-leg out versus two-legs in.** The PSD only applies to transactions that both begin and end in EEA countries. Some countries have extended the scope of the directive for conduct of business purposes to cover all transactions regardless of where they originate or terminate. In these countries it also applies to money remittances services to developing countries. In practice, complying with a one-leg out environment for transfers to developing countries can be difficult for some banks as exchange rates are often determined at the time the funds are collected and not at the time that they are sent (as required by the PSD). This is not a problem for money transfer companies.
- **The lighter regime of 'registration' is only possible in some countries** – as mentioned in section 4.3.3.
- **The way that the 'passporting regime' is applied in practice is highly variable**. (Passporting is the practice where an API is able to operate outside its home country by 'passporting' its licence to a member state. Whilst the PSD created a passporting environment the actual application of it has been variable and PIs reported numerous delays and challenges with the process. This was mainly ascribed to the different interpretations by different competent authorities). Some countries have approached it in a manner which is quite restrictive and others are more open. It would appear that greater cooperation and dialogue between home and host Member States' authorities is needed to make effective 'passporting' a reality.

3.3.6 Recommendations in respect of the PSD

There is currently a review of the PSD being undertaken and it is proposed that the recommendations here should be passed on to the team undertaking that project.

- PSD1: So called 'one-leg' transactions (where one service provider is outside the EU) to be made mandatory so as to ensure consumers receive the same protection regardless of the destination of their payment
- PSD2: All payments should be safeguarded in the same way regardless of the status of the payments institution (whether it is 'authorised' or waived) to ensure that customer funds are duly protected.
- PSD3: The review should strive for an appropriate balance to ensure that there is consistency between the PSD and other EU Directives, e.g. AML Directive
- PSD4: There should be a mechanism or a body that is established to oversee the application of the national PSD measures by individual countries and ensure that there is consistency. Such a body should be used to settle any inconsistencies in application between Member States.
- PSD5: A proper mechanism needs to be developed to ensure that the passporting regime is applied in a consistent manner
- PSD6: Since eMoney institutions are entitled to offer all of the payment services that Payments Institutions do there is a need to ensure that there is consistency between the eMoney Directive and the Payment Services Directive.
- PSD7: There should be a consistent level of enforcement against businesses that do not comply with the regulations or who are not regulated at all.

A further recommendation in respect of the PSD is:

- PSD8: The EC to establish and maintain a pan-European register of authorised and waived Payment Institutions.

3.4 Policy Coherence

3.4.1 Anti-Money Laundering and Counter Terrorist Financing (AML-CTF)

The damage caused by money-laundering and terrorist financing (such as criminal acts and loss of life) has been well documented by regulatory bodies around the world and all stakeholders are fully committed to support methods that minimise the risk of AML/CTF. This section looks at the current environment, and in particular the review of the 3rd AML Directive (2005/60/EC)[20], and makes recommendations that will lead to an improved environment for remittance transactions.

Current Context

The compliance with AML-CTF is a pre-requisite to any organisation being approved to offer remittances within the EU. Indeed no bank or Payments Institution will be approved without having a suitably robust AML-CTF policy.

The current AML framework was established prior to the opening of the payment institutions market and is arguably more focused towards banks and/or e-money institutions than PIs.

[20] DIRECTIVE 2005/60/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

The 3rd AML Directive consolidated the previous two AML Directives and incorporated into EU law the revision of the 40 AML recommendations of the Financial Action Task Force (FATF)[21], extending them to terrorist financing.

The EU has adopted a risk-based approach to customer identification, to assist financial institutions to effectively manage money laundering and terrorist financing risks as well as not to hamper payment innovation. This preventive AML strategy is based on a mixture of deterrence (e.g. appropriate Customer Due Diligence measures), detection (e.g. monitoring and suspicious transaction reporting) and record-keeping so as to facilitate investigations.

The identification of customers in non face-to-face activities, including electronic and mobile commerce, poses additional compliance challenges.

Remittances are perceived as particularly prone to money laundering and terrorist financing and subsequently do not benefit from any customer due diligence exemptions.

Member States may decide to impose stricter AML requirements than the Directive itself mandates. This makes it difficult for payment institutions to streamline their compliance costs.

Areas to be Addressed in the Review

There is currently a pan-EU review of the 3rd AML Directive being conducted by the EC to bring it inline with the recently revised FATF regulations. The review is intended to be completed by Q3 2012. Analysis shows that there are specific issues that would benefit the market if addressed. There is a role for the EC to play in ensuring that these items are included in the review:

1. The current AML Directive allows individual member states to be able to implement additional or different rules. This is because it is not a maximum harmonisation Directive. Consideration should be given to ensuring that the new Directive is a maximum harmonisation one. The main benefit of this will be to create an even playing field across all EU markets and make it cheaper and more efficient for operators to provide services in multiple countries.
2. A better alignment between the AML and Data Protection Directives would be beneficial as this is an area that there is often conflict between.
3. A review of the AML supervisory framework would be welcomed, in order to provide for a more structured cooperation between home and host supervisors including obligatory AML reporting to the host country of the agent or branches.
4. FATF and the EC to provide guidance on the practical use of risk-based approaches with respect to new payment methods (e-money, electronic and mobile payments).

3.4.2 Recommendations

- COH1: Create an ‘owner’ of remittances within the EU. It is recommended that it is DEVCO in order to ensure that policy coherence is at the centre of all activities
- COH2: AML/CTF measures need to be proportionate to the risks of the remittances area. They should not unnecessarily constrain innovation by the private sector with regard to remittances. The divergence in AML/CTF frameworks across EU countries suggests that some are overly restrictive whilst others less so. More work needs to be done into what is ‘appropriate’ where a more standardised cross-country risk based approach is adopted. The area of AML/CTF needs to be continually monitored as other organisations, such as FATF, may suggest tighter restrictions with differing objectives and adverse effects on the market.
- COH3: The new AML directive should be a maximum harmonisation one to ensure that there is consistent implementation across the EU.

[21] FATF is the international standard setter in the fight against money laundering and terrorist financing of which the EU Commission is a member

- COH4: Measures need to be taken to ensure that the approach to AML/CTF is consistent with the PSD particularly in respect of supervision by home and host regulators.
- COH5: DEVCO to provide input into the new AML directive.

3.5 Migration Policy

EU governments take immigration policy decisions based on the expected social, cultural, political and economic impacts on the host country. Therefore, it is not surprising that the recent economic turmoil, which has critically affected labour markets in EU countries, has resulted in an increase in the barriers to immigration from non-EU to EU countries. For instance, in the UK the Government has imposed new restrictions on the immigration of non-EU workers (including a cap on the annual number of incoming non-EU migrant workers and more barriers to long-term settlement) in addition to imposing additional limitations on the immigration of non-EU students.

Given that migrants are the driving force behind remittances, some of the experts interviewed for this project suggested that the increase in restrictions to immigration to EU countries could affect the level of remittances during the coming years. Other experts did not agree with this perspective. More research is needed in order to clearly indentify the impact of additional immigration restrictions on the level of remittances.

If immigration restrictions do diminish remittances flows to non-EU countries, there is a need to balance the developmental impact of increasing restrictions to immigration by facilitating the flow and impact of remittances. For any given level of immigration and some given characteristics of migrants (e.g. skills, origin, etc.), there are policies that host country governments could adopt in order to maximise developmental benefits. Policies that decrease the cost of remitting and increase the impact of remittances in receiving countries become ever more important within this context.

This has not been the experience in Italy where the Government's financing measures during the crisis have included new taxes on remittances. This clearly contradicts other efforts by the Italian Government for a reduction of remittance fees. While this measure was temporary and was dropped, it is important to evaluate carefully the development impact of future measures of this kind as they may lead to an increase in informal remittance flows as people try to avoid paying taxes or higher fees.

Recommendations

- POL1: It is important to make relevant departments and governments aware of the possible development consequences of increasing/decreasing migration controls and to ensure that counter-balancing policies are put into place.
- POL2: DEVCO should highlight contradicting policies and aims from EU governments with regards to remittances and encourage consistency across policies.
- POL3: There is a need to commission research which explores the impact of increasing immigration restrictions on remittances. This topic seems to be highly controversial among key stakeholders and there is currently a lack of consensus.

3.6 Remittances Portal

3.6.1 Objectives of a Portal

The Stockholm Programme on Migration and Asylum requests that the European Commission identifies new recommendations on "how to further ensure efficient, secure, low-cost remittance transfers, as well as evaluate the feasibility of creating a common EU portal on remittances to inform migrants about transfer costs and encourage competition among remittance service providers". This section outlines the global standards for national price comparison websites certified by the World

Bank , identifies the existing web-portals in Member States and describes some options for the EC for an EU-wide portal together with some indication of the scale of costs.

3.6.2 Standards for Remittance Price Databases

Remittance price comparison websites have been in existence since 2005 with the launch of Send Money Home in the UK. Since then a number of other countries have also produced these portals and an overview of them is provided in the next section.

At their best these portals provide transparent information for remitters in a user-friendly manner in a language that they understand. They allow consumers to see what options are available to them, compare prices, speed of transfer, where the services are available and method of transfer for the main operators in each corridor at the same time. This not only allows consumers to select the operator that most fits their needs (which may not be limited exclusively to cost) but the very publication of these data could lead to operators lowering their prices in line with competition.

The World Bank, through GRWG, has encouraged countries to consider introducing a portal as a key plank in meeting General Principle 1 in respect of achieving transparency. To aid this process they produced a guidance and special-purpose note in 2009 called 'Remittance Price Comparison Databases - Minimum Requirements and Overall Policy Strategy'. The document detailed a number of items that the GRWG felt were mandatory for the operation of the portals and a number of further optional items which were felt to be desirable. These items are shown below:

Key Minimum Mandatory requirements	Key optional elements
▪ Two price points at minimum ▪ Sender fees included ▪ Exchange rate included ▪ Total costs clearly identified/displayed ▪ Speed of transaction noted ▪ Type of transfer service noted ▪ Minimum of 60% of market coverage per corridor ▪ Independence of the researchers ▪ Validation through "mystery shopping" exercises	▪ Update frequency ▪ Number of sending and receiving locations ▪ Foreign exchange spread ▪ Total amount to be received ▪ Display of the market exchange rate ▪ Additional price points ▪ Information on RSPs business history ▪ Support to alternative products and initiatives

Table 7: Key Components of Remittance Portals

The World Bank evaluates the various portals and, if they meet the required standard, they are awarded a certification which is displayed on the site.

3.6.3 Existing web portals within the EU

A number of member states have invested in creating price comparison and consumer information websites for the key migrant groups in their countries (even before the World Bank's attempt to produce guidance which is why not all in the EU meet the global standards). Table 8 lists the EU portals and summarises the key elements within each of them.

Country	Website	# Corridors	Languages	FX	Research method	Update Frequency	WB compliant	Funding	Other
France	www.envoidargent.org	22	1 + basic google translations	Indicative market rate*	RSP provides data	Dependent on RSP – some over 2 years old	×	Gov't	Looking to make changes to achieve WB certification
Germany	www.geldtransfair.de	34	1 – German	No	RSP provides data	Dependent on RSP – some over 2 years old	×	Gov't	Will require further funding to progress and become compliant
Italy	www.mandasoldiacasa.it	14	2 – Italian + English	Yes	Mystery shopping	Monthly	✓	Gov't	Achieving 6,000 hits per month
Netherlands	www.geldnaarhuis.nl	34	9	Some indicative market rates*	RSP provides data + some mystery shopping	Varies	×	Gov't	Gov't has extended funding but additional funding will be required
UK	www.moneymove.org	22	1 - English	Yes	Mystery shopping	Monthly	×	Private	Funding would be required to continue with site

Table 8: Summary of existing Member State portals

*FX means Foreign Exchange. As FX is a key part of the cost of a money transfer it is vital that this is made known to remitters.

Indicative market rate means that the website shows an approximate exchange rate only. However, the rate shown is never totally accurate and usually underestimates the price that is paid by the consumer.

WB Compliant shows whether the site has received World Bank certification that it is compliant with the global standards for price databases

It can be observed that there are significant differences between the level and quality of data of the Member States' sites. Measures to encourage enhancements to raise the standards of information should be encouraged and standardisation across sites in the methodology that is used would allow for cross-country price comparison. This would assist with sharing of best practice. It should be noted that even if the sites do not find it desirable to meet all of the global standards, as a minimum they should include accurate data on all of the pricing elements, especially the fees that are levied and the foreign exchange rate that is applied. In addition data should be collected by mystery shopping[22] at least once a month.

Aside from the Italian portal four other sites around the world have achieved the World Bank certification. These are:

- www.sendmoneypacific.org (SMP) which is paid for by the governments' of Australia and New Zealand and covers 8 corridors from each country to the Pacific Islands. Since the launch of SMP in July 2009 the total average cost of sending money to the Pacific Islands has fallen from both countries. In Australia the total average cost of sending AUS$200 has fallen from 23.2% of the send amount to 20.7% in December 2011. In New Zealand the total average cost of sending NZ$200 has fallen from 18.6% to 15.7% of the send amount in the same timeframe. This fall is attributed to a reduction in the total costs charged by MTOs and new entrants into the market. The extent to which SMP has been a driver in the reduction of costs of sending remittances is arguable. However, in its support, SMP is regularly used by the Diaspora (with over 6,000 hits in June 2011 and over 22,000 hits in the first half of 2011) and companies (such as Digicel) launching new products (including mobile products) contact SMP to provide links to press releases. SMP is used for communicating and raising awareness in a broad range of financial inclusion activities. The governments' have undertaken a significant amount of promotion and awareness generating activities and have also made extensive use of social media. The site has an extensive following on Facebook (over 25,000 likes) and Twitter.
- www.enviacentroamerica.org which covers transfers to six Central American countries from the USA and one other Central American country. It is paid for by CEMLA (Center for Latin American Monetary Studies).
- sendmoneyafrica.worldbank.org (SMA) is a site that is managed by the World Bank and is paid for from EC funds as part of the African Institute for Remittances (AIR) project. SMA has been running since July 2011 and tracks the cost of sending USD200 and USD500 (equivalent in local currency) in 50 corridors into and intra-Africa from 15 send countries. In July 2011 the total average cost (fee + FX margin) for sending USD200 and USD500 into Africa was 11.3% and 7.4% of the send amount respectively. In the months following the total average cost has remained broadly constant; in April 2012 the average total cost for sending USD200 into Africa was 11.5% of the send amount and 7.4% for sending USD500. Whilst there have been variations at the send country, corridor and operator level, the introduction of SMA has not, overall, been correlated with a reduction in the total average costs. It is worth noting that little work has been done to promote the SMA website and to ensure that Diaspora are using it which may explain why there appears to have been a limited impact.
- Finansportalen.no is a site based in Norway and is part of a broader customer finance information site which is also aimed a local Norwegians

There is significant debate about whether the use of the price comparison sites has led to a reduction in the total cost for remittances. There are many factors that influence the price of remittances (transparency, competition, new entrants, new technologies, clearer and harmonised regulation, AML requirements etc) and the introduction of a price comparison site may well be one of them. The way in

[22] Data collected by researchers' cold calling RSPs posing as remittance senders wishing to enquire about their services and the total cost of sending different amounts.

which a price comparison website could help to reduce prices is clear – increased transparency leads to increased competition in the market and migrants are able to see the range of products (old and new) available to them and the cost associated with each. Currently any averages that are calculated from the data is on an unweighted basis; if the data were weighted according to the market share of each operator then the real reduction on costs could be larger than the total averages indicate.

What is clear from the examples of SMP and SMA, and is somewhat intuitive, is that for a positive impact on remittance costs to come from the launch of a price comparison website additional marketing, awareness campaigns and value adds (such as financial literacy) must be conducted in order to ensure that the Diaspora use the website. A website without any visibility or minimal users will certainly not have any of the desired impacts on the market. The marketing strategies that have been employed around SMP may well help to explain why prices from NZ and Australia have fallen since the launch of SMP, whereas the same has not been seen from SMA.

The following table shows reductions of prices in the UK market[23] following the introduction of sendmoneyhome. At the launch of this site, a number of marketing and awareness campaigns were conducted including press releases, launch events and the distribution of accompanying leaflets to the Diaspora via diplomatic missions.

Country	Date collected	Fee	FX	Total cost %	Date collected	Fee	FX	Total cost	Change in fee	Change in FX	Change in total cost
Bangladesh	01/07/2005	11.64	6.77	18.41	08/05/2012	5.36	1.29	6.65	-54.0%	-80.9%	-63.9%
China	01/07/2005	16.87	6.78	23.65	08/05/2012	7.65	4.98	12.63	-54.7%	-26.5%	-46.6%
Ghana	02/01/2007	7.46	3.93	11.39	08/05/2012	4.35	2.03	6.38	-41.7%	-48.3%	-44.0%
India	01/03/2006	13.16	3.31	16.47	08/05/2012	4.85	1.95	6.80	-63.1%	-41.1%	-58.7%
Kenya	01/06/2007	10.27	4.63	14.90	08/05/2012	5.72	6.00	11.72	-44.3%	29.6%	-21.3%
Nigeria	01/07/2005	6.14	3.96	10.10	08/05/2012	5.27	1.99	7.26	-14.2%	-49.7%	-28.1%
Average		10.92	4.90	15.82		5.53	3.04	8.57	-45.32%	-36.18%	-43.77%

Data collected from a range of sources
+ Data gathered from DFID sendmoneyhome leaflets
* Data gathered from www.moneymove.org

Table 9: Total Cost Remittance Pricing

Since 2008 the World Bank has produced http://remittanceprices.worldbank.org. This is a database that originally measured the prices for operators in 120 corridors and now covers 215 country pairs. The data is collected every six months in line with World Bank methodology. It provides a baseline for the movement of prices in 29 sending countries (including most of the G20) sending to 89 receive markets. This data is very useful for policy makers and shows trends over time. It is not intended that the site provide current information for consumers but the information is, nonetheless, a useful tool for consumers to understand who the main operators are in a market and what options they may have.

It is important to establish the purpose of a website. Is it primarily a tool for tracking and comparing prices or is it broader than that? Is it to be used to disseminate information to the Diasporas and/or is it a tool for financial inclusion? It is vital that the organisation that develops a portal fully understands its purpose and the significant level of effort that is required to maintain it.

Overall price comparison websites must be considered as a positive influence on the remittances market whether measuring the reduction in remittance prices or as a tool to bring transparency and promote competition.

Funding of the Portals

With the exception of Moneymove in the UK all of the other sites are funded by the public sector. Initially the UK government provided all of the funding for the first global site (www.sendmoneyhome.org). However, once the funding ended the company that developed it tried to keep it running based on finance raised by private sector companies through methods such as

[23] See also Table 4.

sponsorship and paid-for click-throughs. However, it was not able to generate enough income and now the site is only used for larger-value cross-border payments and not for remittances.

The main reason why the sites have required public finance is that without it the sites would not have been developed. In addition, the World Bank guidelines are designed to ensure that the website is totally impartial and therefore World Bank approval can not be gained if the site obtains any income from individual RSPs (e.g. through click-throughs or advertising). Therefore there are relatively few revenue generating opportunities for these sites, unless they have a strong regular customer base that non-remittance based businesses will wish to advertise to.

The conclusion is that for the portals to be able to function properly it is most likely that public funding will be required.

3.6.4 Options for EU Portals

Discussions with a range of stakeholders has provided an extreme divergence of opinion as to whether there should be an EU wide portal and if so what its role and function should be. This section outlines the range of options available and outlines the potential costs versus benefits.

With regards to the potential benefits from a portal, it is worth noting that Eurostat estimates that €31.2 billion was remitted in the form of workers' remittances from the EU in 2011. At present the total average cost of sending money from the EU to developing countries is estimated to be 10.6% of the send amount. This means that every year approximately €3.3 billion is spent on formally remitting money home[24]. If an EU wide remittances portal were introduced and led to a fall in remittances prices of one percentage point (9% of the total current average price), this would amount to an increase of €311 million per annum being saved by senders or receivers of remittances. If the remittances portal caused prices to reduce by 2% this would equate to an additional €623 million flowing into developing countries per annum and 5% would be an additional €1.56 billion per annum. Whilst this example is indicative only, it highlights that very small changes to the total average cost of sending remittances will have a substantial impact on the ground which could lead to additional funds being available to citizens of developing countries.

The options that were considered are:

1. A complete EU wide portal covering all the main corridors from every country
2. A portal of the largest 150 corridors from the EU, and integrating existing price comparison portals into the EU system where applicable
3. Expand the existing Remittances Prices Worldwide site (which is updated every six months) to cover more corridors within the EU
4. Use the existing immigration portal http://ec.europa.eu/immigration/ and provide more generic information specifically on remittances. In addition provide links from the immigration portal to individual Member State portals

[24] In actual fact the figure will be lower due to the fact that average total costs are not weighted according to the market share of different operators and / or the volume of remittances in different corridors.

#	Description	Advantages	Disadvantages	Ease of implementation	Cost to set up*	On-going costs*	Marketing Costs
1	A complete EU wide portal covering all countries. Data to be collected by mystery shopping on a monthly basis (27 send countries and around 100 receive countries). Assumes that one site that can be translated into multiple languages.	▪ Complete coverage of all corridors in EU ▪ Maximises level of transparency	▪ Requires extensive co-ordination ▪ Cost ▪ Coverage of small corridors for limited benefit ▪ Effort required for publicity	Complex	€200,000 - €500,000 (for site build and including appropriate languages)	€125,000 - €150,000 per data collection. i.e. €1.44m - €1.80m per annum	€2.5m - €3m per annum
2	Portal of largest 150 corridors from the EU, integrating existing price comparison portals into the EU system where applicable	▪ High level of transparency with respect to the largest corridors in the EU ▪ Utilising, rather than duplicating, efforts already made by individual countries to run price comparison websites ▪ Allow individual countries to manage the publicity of their respective sites in-country with a budget provided by the EU	▪ EU would need to provide a budget, a set of rules and timeframes to existing portal managers in order standardise the methodologies, processes, systems. Could be complex for the EU to manage logistically and to control with regards to consistency and standardisation. ▪ Costs - in addition EU may want to outsource the coordination and management of overseeing the portal development, data collection and integration of the national portals to a third party ▪ Effort required for publicity	Complex	€200,000 - €300,000 (depending on the number of languages) and €200,000 - €300,000 for 5 existing web portal integration	€45,000 - €60,000 per update (540,000 - €72,000)	€1m - €1.5m per annum
3	Extending the existing Remittances Prices Worldwide	▪ Builds on existing project	▪ Will not be of as much use to consumers as	Easy	€10,000 - €100,000	€25,000 - €40,000	

	site to cover more corridors within the EU. Updated on a six monthly basis – assume add 50 corridors	management and infrastructure ▪ Provides a good measure, over time, of the impact of remittance activities in the EU	only updated every 6 months		depending on how much of the World Bank site and data they will share	per update (€50,000 - €80,000 per annum)	
4	Use the existing migrant portal http://ec.europa.eu/immigration/ and provide more generic information specifically on remittances. In addition provide links from the immigration portal to individual Member State portals	▪ Saves cost ▪ Easy to implement and keep updated	Reliant on MS sites to provide transparency	Very easy	€20,000 (estimate)^	€100-€5,000 per update, depending on the nature of the update	€500,000 to assist member states in promoting their individual websites

*Costs are estimated based on discussions with operators of existing sites and consultants' experience. They are expressed in bands and are for indicative purposes only.
^Consultants estimates – further discussions would be required with the managers of the existing EU portal.

Table 10: Comparison of options for EU portal

Table 10 aims to show the range of options available and the relative cost / benefits associated with each option. It can be seen that there are significant differences in the ease of implementation and the relative costs and benefits for each considered. Analysis of existing price comparison websites highlights the importance of marketing and awareness campaigns in making Diasporas aware of the sites and the benefits. It is therefore essential to take into consideration the costs and efforts involved in marketing to different Diaspora groups in different countries when analysing the different options. Overall, however, when looking at the costs of setting up and running the different options in relation to the potential benefit (e.g. a 1% reduction in the cost of sending remittances will lead to an additional €311 million for senders/receivers per annum), nearly all of the options for an EU price comparison website look attractive.

Analysis indicates that a complete EU wide portal is unnecessary due to the small volume of remittances in some corridors and in relation to the costs and logistical arrangements involved in implementation. A smaller, scaled down version which only includes corridors with the largest volume of remittances (e.g. top 150 corridors in Phase 1) is more appropriate; more manageable in terms of costs and the efforts required in terms of organising mystery shopping and the marketing to different Diaspora groups. Integrating existing portals' data into a new EU portal seems like a sensible solution as it will avoid duplication and is more likely to achieve stakeholder buy-in from those countries already with portals. Stakeholder buy-in from the different countries will be important in marketing to the different Diasporas. Control, as well as funding, from the EC will be important in ensuring there is standardisation across sites. Whilst the appetite from stakeholders with regards to launching an EU remittances price comparison portal is not universal, cost benefit analysis indicates that the potential benefits from such an initiative are high in relation to the costs – provided sufficient budget and efforts are dedicated to marketing and promoting the site to ensure it is useful and has usage.

If, however, the main aim of the remittances portal is to monitor remittances prices overtime then an extension of remittancespricesworldwide to cover EU corridors is probably the most cost effective solution. At the very least, the EU should use its existing migration portal to inform Diaspora about remittances, products and services available and to link into the existing portals.

On balance, the recommendation is that option 2, as listed above, is fully investigated and implemented by the EC.

3.6.5 Recommendations

Based on the analysis in the section and discussions with stakeholders a number of recommendations have been formulated. These are predicated on the assumption that remittance price websites and portals are a key tool in bringing transparency to the market and leading to a reduction in prices.

- WEB1: The EC has a key role to play, regardless of whether an EU wide portal is developed, in terms of providing technical assistance to help individual member states achieve an acceptable level of functionality and methodology for their own particular websites.
- WEB2: The options for an EU-wide site should be considered and a decision made in the near term. If a decision is delayed too long individual member states will make their own decisions and we could see more divergence rather than convergence in the methodologies employed. The purpose of building a portal should be clearly understood and an appropriate level of resources applied to the approach.
- WEB3: One of the most useful roles for the EC in respect of portals is to undertake or fund initiatives that create awareness among the migrant communities for the portals that already exist or for the new EU portal. Establishing initiatives using social media are particularly recommended. In addition, it is recommended that the EC investigates the potential for developing an email or SMS system that advises remitters of significant changes to prices or the addition of new services.
- WEB4: Financial literacy, primarily but not exclusively focused on the migrant communities in the EU, is particularly important for the migrants and their families. The portal could be used as a focal point for training tools or for reinforcing existing training in a similar manner to Send Money Pacific in Australia and New Zealand.
- WEB5: Regardless of any decision in respect of a remittances focused website, the existing EU immigration portal should include basic advice for migrants on sending remittances.
- WEB6: As a separate, or connected, action the EC should produce a user-friendly Europe-wide Register of licenced money transfer outlets so that consumers can obtain comfort that the location that they are using is indeed a regulated one.
- WEB 7. The recommended option is to create and maintain an EU wide portal that covers the top 150 corridors from the EU (measured by volume of transactions and at least 10 send markets) which is updated on a monthly basis. The potential for integrating existing portals into a pan-European portal should be assessed in more detail in terms of the resources needed and logistics to achieve standardisation and harmonisation across methodology, data collection and systems.

4 Development Agenda and Projects

4.1 Introduction

The aim of section 4 is to provide insight into the existing development agenda of DG DEVCO relating to remittances and their use as a developmental tool.

DEVCO works across a number of thematic areas relating to development cooperation. Its central mandate within the European Commission concerns the EU development policy formulation, the definition of sectoral policies in the framework of external aid, as well as programming and implementation of external aid instruments.

The EC remittances agenda falls under the larger policy framework of the Global Approach to Migration and Mobility, launched in 2005 and renewed in 2011. The Global Approach to Migration and Mobility comprises 4 main pillars: 1) to fight against irregular migration, 2) the promotion of regular migration, and 3) maximizing the positive effects, while minimizing the negative ones, of migration on development 4) asylum and international protection. The remittances area is part of this third pillar (together with other sub-themes such as brain drain, circular migration and Diaspora involvement).

The purpose of this section is to explore how DEVCO can become more effective in this area of its wider mandate. As such all conclusions drawn and recommendations made relate specifically to remittances projects funded through the Aeneas Programme and the Thematic Programme for Migration and Asylum (TPMA).

In order to achieve its purpose, section 4 has been broken down into four main areas:

1. **Setting the Scene: A Global Perspective –** Examples of donors and institutions that have developed a successful remittances programme/strategy that may provide valuable insights going forward.
2. **Overview of completed or on-going remittances projects.**
   - A Mapping of remittances projects, funded through Aeneas and the TPMA, across thematic, activity and regions.
   - Highlighting DEVCOs remittances related flagship projects and multi-region initiatives with a remittances component.
3. **Key Findings**
   - Key findings from the overall research on how remittances can contribute to achieving development goals
   - The main findings from the projects analysis.
4. **Recommendation**s – for each recommendation made, detail is provided on the timeframe needed to implement, the amount of investment required and the level of impact expected as a result of implementing the recommendation.

4.2 Setting the Scene – a Global Perspective

The importance placed upon remittances and their role in economic development is relatively new. However, globally there has been a great deal of work undertaken around remittances for development and a multitude of projects that are directed at, or leverage off, this large flow of private funds. Many of these initiatives are funded by multi-lateral organisations. Noticeably, many actors in this area have developed a targeted approach to their remittances agenda. The following are examples of donors that have worked effectively in this area, whose targeted approach in harnessing remittances offer useful learning's for DG DEVCO going forward;

1. The **Inter-American Development Bank (IDB)** has played a pioneering role in remittances for development. In 1993 IDB Group created the **Multilateral Investment Fund (MIF)** to develop effective approaches to advance private sector development to support economic growth and poverty reduction in Latin America and Caribbean (LAC).

   Over the past decade the MIF has funded more than 40 remittances-related projects, totaling over $45 million in technical assistance and $22 million in loans and equity investments. These projects involved a wide range of partners, including 175 financial institutions, and reached approximately 500,000 low-income people. In 2010 the IDB published '*Ten Years of Innovation in Remittances: Lessons Learned and Models for the Future*', which is an independent review of the MIF remittance portfolio. Under the MIF remittances are broken down into 5 thematic areas:

   i) Remittances and housing;
   ii) Remittances, policy & regulatory frameworks;
   iii) Remittances and banking the unbanked;
   iv) Remittances, productive investments;
   v) Remittances and financial education and entrepreneurship training

   By categorising the projects into the five thematic areas, the objectives within each project are clear and as such assessing the relative cost benefit of projects is straightforward.
2. **Consultative Group to Assist the Poor (CGAP)** (based within the World Bank) has focused on branchless banking. Within this area they provide knowledge sharing to private sector companies. Their main focus is currently on overcoming the barriers and challenges in building payout networks in developing countries. They have identified that liquidity management and starting capital are some of the main hurdles to branchless banking. However, any work in the area of international remittances has been put on hold for the moment.
3. The **World Bank** has a clear remit on remittances which is managed by two divisions. One, the **Payment Systems and Development Group (PSDG)** implements the General Principles, tracks remittance prices alongside other items aimed at creating the right environment for remittances. The **Migration and Development Division** conducts research and publishes policy notes on remittances data. The Migration and Development Division has also released research papers on the value of Diaspora Bonds and the potential for governments to leverage this wealth. Overall the World Bank also houses the secretariat for the Global Remittances Working Group which is tasked with measuring the progress made with respect of the 5X5 objectives on behalf of the G8 and the G20.
4. The **Gates Foundation** is also an important funder in the field of private sector development and financial access. Their **Financial Services for the Poor** division has placed emphasis in expanding access to financial services by enhancing the reach of digital payment services in poor and rural areas and expanding the range of financial services that poor people can access over these platforms. They also sponsor projects that encourage poor people to adopt, and actively use, financial services over these platforms.
5. A number of **Member States' National Development Agencies** have also been extremely active in the area of remittances for development. The UK's **Department**

for International Development (DfID) was extremely active over the past six years in developing a number of Challenge Funds, conducting corridor research, launching the first price comparison website (www.sendmoneyhome.com) and providing seed funding for MPesa. However DfID has since shifted their development agenda away from remittances. **GIZ**, the German development agency, has been working extensively in the area of financial literacy, tracking projects in this area to build upon lessons learnt. The **AFD** has provided funding for the AfDB's Migration for Development Fund as well as working bilaterally with governments in Francophone Africa. Both **Spain** and **Luxembourg** have also committed funds to the FFR. **Italy** has been a key driver in the GRWG as well as implementing its own remittances price database. It has also introduced a number of initiatives to improve the quality of data. The **Netherlands** has been a significant funder of projects to encourage the productive use/investment of remittances. It has also funded a national price comparison site. The level of coordination amongst the development agencies of member states amongst one another and with DG DEVCO in the area of remittances for development has been limited.

6. **AusAID** and **NZAID** also conduct work on Diaspora engagement, financial literacy, remittance pricing and transparency anchored through the web portal www.sendmoneypacific.org. A large proportion of their work has focused on flows to the Pacific Islands. Alongside their focus on the Pacific Islands, the Australian Government has also established a fund for the Commonwealth countries which is to be used for improving the remittances environment in developing Commonwealth countries.
7. The **European Bank for Reconstruction and Development** has been working throughout Eastern Europe and central Asia in harnessing remittances for development. Their work has focused on financial sector development. This has included providing financial literacy to remittances receivers, with a view to increasing banked customers as well as assessing the scope and potential of mobile payments in the regions of interest.

Given the high level of activity within the Remittances for Development space, there are a number of initiatives that aim to bring together donors working in this area. Essentially this is to ensure a coordinated approach, harnessing lessons learned across all actions undertaken and limiting duplication of projects funded. These initiatives include, but are not limited to:

- The **Making Finance Work for Africa (MFW4A) Partnership** is an initiative to support the development of African Financial Sectors. It is a platform for African governments, the private sector, and development partners to coordinate financial sector development interventions across the continent, avoiding duplication and maximising developmental impact. The MFW4A Secretariat, hosted at the African Development Bank, facilitates the Partnership's activities. The MFW4A is currently in the process of creating a donor project database, mapping of remittance projects and initiatives on a global level, and also holds donor working groups to try and coordinate efforts.
- The World Bank is the Secretariat for the **Global Remittances Working Group (GRWG)**. The G8 and G20 have set a goal of reducing the cost of remittances by five percentage points by 2014 and use the GRWG as a body to coordinate actions to achieve this goal. The GRWG also addresses the issue of improving migration and remittances data, promotion of financial inclusion via remittances, and analysis of development impacts of migration and remittances
- CGAP is currently in the process of landscaping mobile financial services on a global level.

- The OECD houses an **'International Network on Financial Education'** which covers 92 countries and develops toolkits and M&E programmes.

In terms of policy dialogue and advocacy, the World Bank is currently taking the most active role, also in the context, of the G20 in bringing the importance of remittances for development to the attention of governments. The World Bank has been working with a number of governments to implement the General Principles.

4.3 Overview of Remittances Projects funded through Aeneas and TPMA

Over the past six years remittance related projects that have been funded by DEVCO have been supported through two financial instruments, the AENEAS Programme and its successor, the Thematic Programme for Migration and Asylum (TPMA).

For this report, these projects have been identified, project managers have been interviewed, and interim and final reports have been thoroughly analysed. A full inventory of the projects assessed in relation to remittances can be found in Appendix 4. It is important to note that the projects analysed here are those that have been selected and supported by DEVCO, our analysis does not include projects funded directly by Member States.

Between 2004 and 2006 EUR 110 million has been devoted to migration projects via the AENEAS financial instrument. Of this total, only 7.5% was allocated to remittances related projects. The total EU contribution to migration projects through the TPMA between 2007 and 2010 is EUR 204, 4 million. Similarly, only 8.2% of TPMA project funding supported remittances related actions. In total, over the last six years EUR 25 million has been committed to remittances related actions awarded through calls for proposals or targeted initiatives. Migration as a thematic area has received so far around EUR 314 million through the two financing instruments.

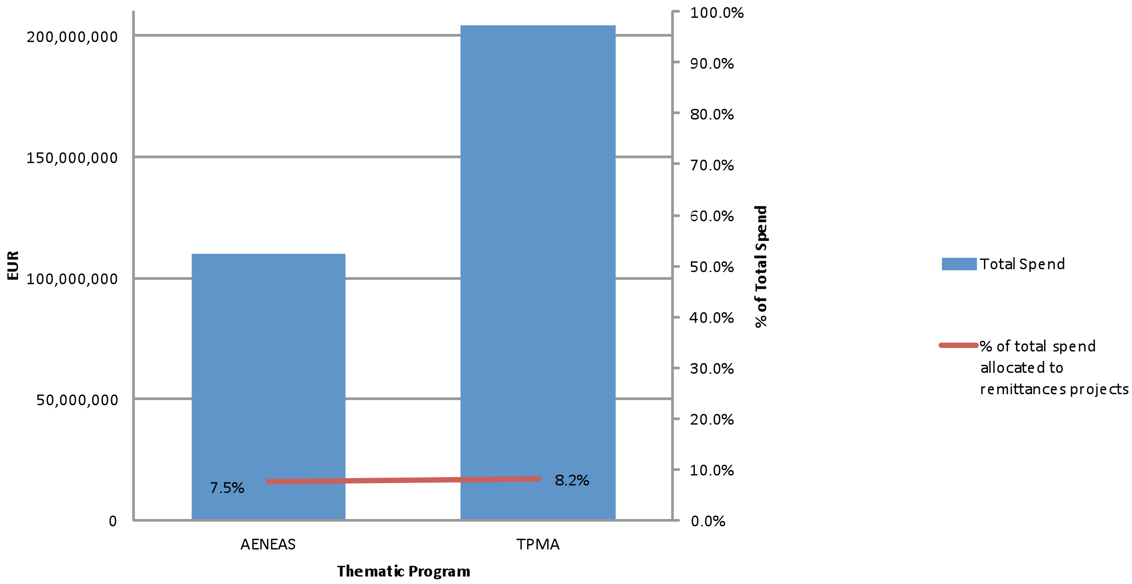


Figure 4: Graph showing total funding under AENEAS and TPMA and the proportion allocated to remittances related projects

4.3.1 Review of Projects Funded to Date

A total of 19 projects have been identified that have a focus on remittances. The analysis includes 10 projects that are already completed and 9 ongoing projects. Of the 19 projects assessed, the level of focus on remittances varies from project to project.[25] In many of the projects remittances was one of the keywords of the project but the content of the project was only remotely connected to remittances. This includes, for instance, the REMADE (Returning Enterprising Migrants Adding Development and Employment) project in Ghana. The main purpose of this project was to strengthen the link between migration and development by fostering the Diaspora to strengthen bonds with their communities of origin, make their remittances more effective, promote circular migration and counter brain drain by development of the private sector. Whilst the project relates to remittances, in practical terms it is not the main focus which concentrates more on providing training on SME establishment by returning migrants. On the other hand, the 'Improving Knowledge of Remittance Corridors and Enhancing Development through Inter-Regional Dialogue and Pilot Projects in South-East Asia and Europe' project was almost completely focused on remittances. In this case, the purpose of the project was to conduct research on remittance corridors to enhance national development planning, provide a forum for inter-regional dialogue and improve remittance transfer services through formal institutions and supporting initiatives which enhance savings and / or investments.

Mapping of projects across thematic, activity and regions

For remittances related projects generally, there can be a number of implementing organisations, these are usually as follows;

1. **NGO:** For the purpose of this study they have been classified as not-for-profit, non-governmental organisations.
2. **Financial Services/Private Sector firms:** These are private companies who work within the area of money transfer, including banks, MTOs, MNOs, credit unions and consultancy firms.
3. **Government:** These are usually a government department working in the area of migration.
4. **Multilaterals:** For the purpose of this study, these also include very large international organisations with a global reach, e.g. the IOM.

Out of the 19 analysed projects, the majority were implemented by NGOs. Even if eligible according to the legal basis of the TPMA, currently, private sector firms are not foreseen among the possible applicants for this type of project funding, but can only be a partner of an applicant.

[25] Of the 19 projects, three are facilities; the Financing Facility for Remittances (FFR), implemented by IFAD, the Joint Migration and Development Initiative (JMDI) of the EC and the UNDP and the Intra – ACP Migration Facility. In the analysis presented below these three facilities are counted as one project each.

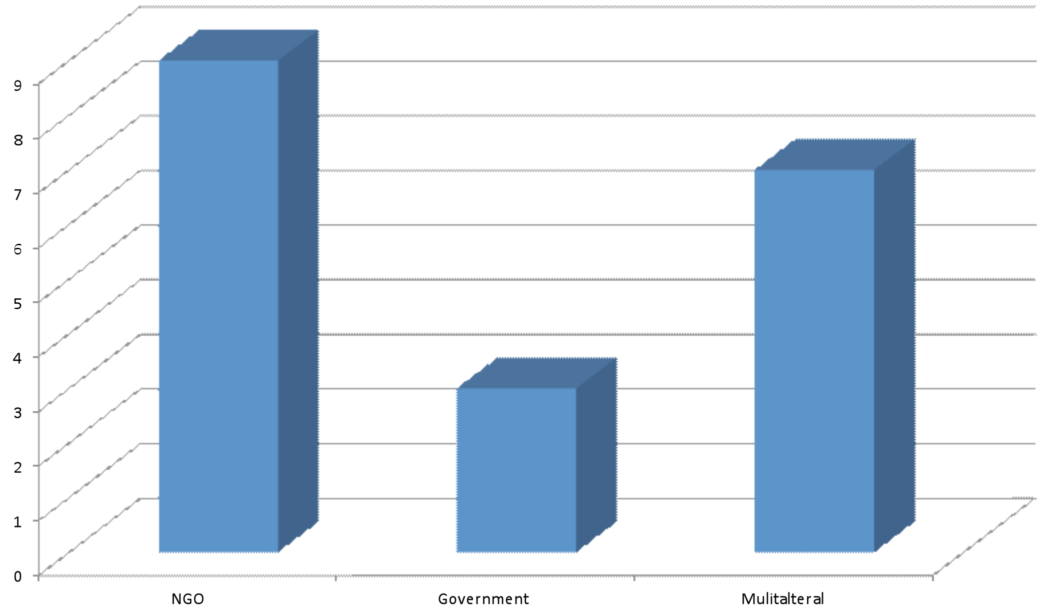


Figure 5: Type of Organisation Implementing DEVCO Projects

The analysis highlighted two overriding objectives across all projects:

- Circular migration;
- Remittances for productive investment.

Within any given project a wide range of themes informed the objectives of the action. Moreover a number of activities were usually undertaken to achieve project objectives, with at least two stakeholders listed as the final beneficiary of each project.

Overriding Objectives for ALL Projects 1. Circular Migration (both physical and financial migration) 2. Remittances for Productive Investment (moving away from consumption to more sustainable uses)		
Range of Themes	**Range of Activities**	**Range of Final Beneficiaries**
Financial Education Private Sector Development in Partner Country Local Infrastructure Development in Partner Country Leveraging Migrant Savings Returning Migrant Entrepreneurs Local Loan /Guarantee Financing Capacity Building of Governments Policy Formation and Dialogue Developing Transnational networks Collective Investment	Producing Workshops Developing Websites Producing Leaflets Media Campaigns Development of Toolkits Holding Conferences Training Stakeholders Technical Assistance Research Product Development Pilot Actions	Diaspora Members (remitters and entrepreneurs) Recipients of Remittances Financial Institutions in Partner Countries (Bank and Non-Bank) MSMEs in Partner Countries Local Communities Government in Partner Countries

Table 11: Overview of objectives, themes, activities and final beneficiaries of remittances projects

Table 11 provides an overview of all the different themes, activities and the targeted final beneficiaries within the remittances related actions funded by DEVCO. Although some activities are aligned with specific themes (for example financial education and the production of toolkits), overall the projects included a varied selection of themes and activities undertaken to fulfill objectives.

A count of all the themes and activities of the projects was taken and a number recurred throughout many of the funded projects.

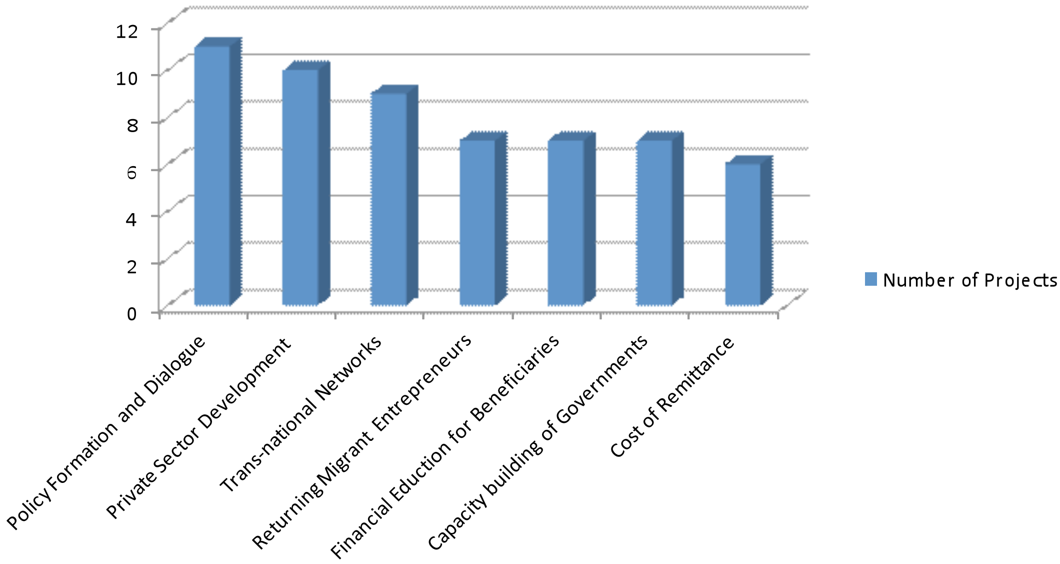


Figure 6 The most Common Themes for Remittances Related DEVCO Projects

Private sector development has been one of the two main themes to come out in evaluating the projects. Private sector development usually takes the form of supporting the development of micro, small and medium sized enterprises (MSME) in the target country. In this regard, a number of projects have had the specific objective of harnessing remittance flows for the creation of new or investment into existing enterprises in the target country.
The other main focus of a number of the projects has been policy dialogue and formation. Policy work has taken many forms, including working with a wide range of stakeholders in the areas of effective labour migration, pooling information on how remittances can be harnessed for development and understanding policy incentives designed to encourage the return of migrants to their home country.
A focus on development of trans-national networks and returning migrant entrepreneurs has almost always been present within the same projects. In the case of these two themes there has been a strong focus on building links and engaging with Diaspora organisations throughout the EU in order to deliver on project objectives. Similarly, projects which have aimed to reduce the cost of transfer, have almost always centered upon the possibility of directing remitters to more sustainable uses of their funds; predominantly in the form of investment in MSMEs in their home country. Financial education of beneficiaries aims to encourage remittance receivers to invest in local infrastructure and community projects, moving them away from purely consumptive habits.

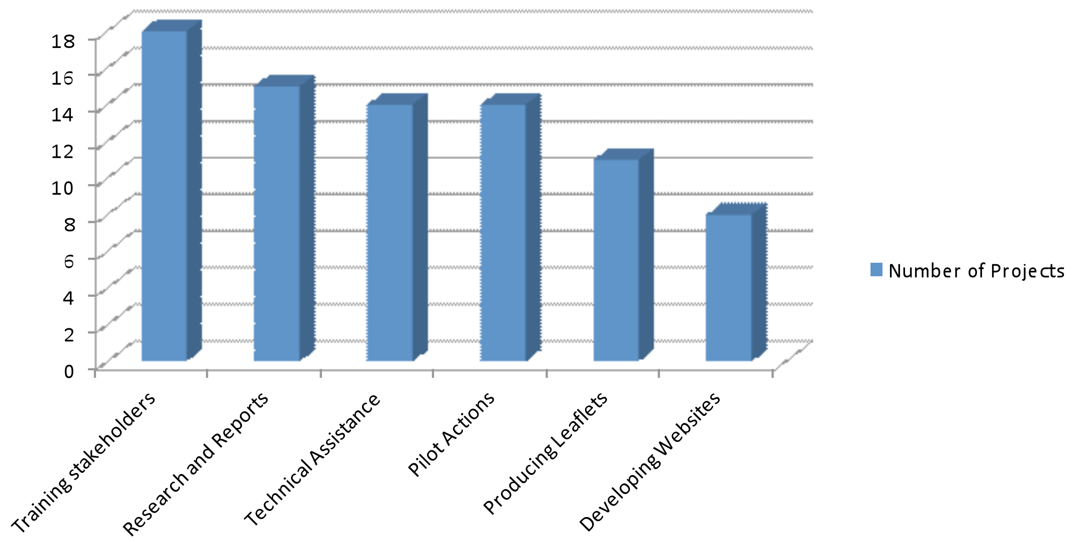


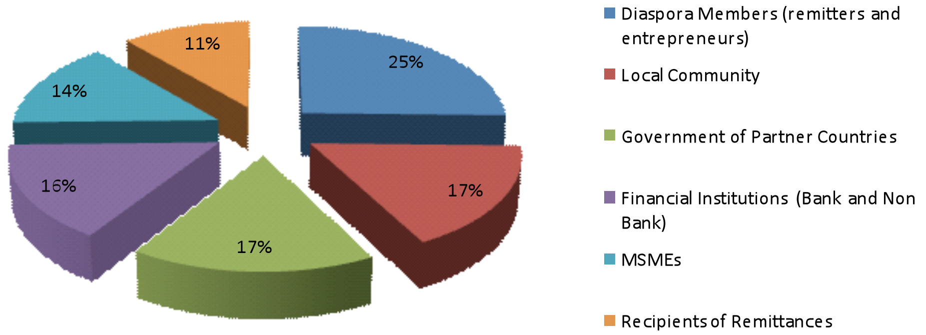
Figure 7 the Most Common Activities Carried Out in Remittances Related DEVCO Projects

Training and providing technical assistance to stakeholders were two of the three main activities observed throughout evaluated projects. The type of training undertaken includes financial literacy training, training for running a business, providing information to migrants regarding employment and capacity building of civil servants at both a local and national level.

Technical Assistance provided included the building of business plans for new ventures in the target country, the development of databases and websites aimed at supporting the final beneficiary, the implementation of remittances payout systems and the design and rollout of infrastructure and community based projects (building bridges and local stores etc).

Pilot actions undertaken varied considerably. In some instances a pilot action would be trialing a capacity building project for civil servants with the view of replicating the project across a region. Others focused on the development of local loan and guarantee financing in the target country to support private sector development and job creation, also with a view to rolling out the project across a region. Fewer than 50% of the pilot actions undertaken specifically focused on the development of new products and/or services. Within this only one project was financed where the central objective was to trial a new remittance related service. In this project the theme was to harness migrant savings for the issuance of credit by MFIs to MSMEs across 10 African Countries. Please see project 9 in Appendix 4 for further details on the project.

Figure 8 The Percentage of Projects Targeting Each Type Of Financial Beneficiary



Members of the Diaspora, either as remitters or returning migrants were listed as a final beneficiary most commonly in projects. The Diaspora were the target beneficiary of most projects within six of the seven themes listed in Figure 7. Utilising existing Diaspora networks was the most commonly used method for engaging with the Diaspora. This was coupled with the development of websites, holding workshops and issuing information via leaflets and newsletters.

The local community (surrounding where a project was being delivered), financial institutions (bank and non-bank) and government officials/civil servants were listed as a final beneficiary in 16% of projects. In the case of financial institutions, their involvement focused on linking with returning migrants, obtaining investments via savings and/or remittances or receiving training to deliver financial literacy and sell financial products to remittance beneficiaries.

Remittance beneficiaries were the least cited final beneficiary in the projects analysed. In almost all of the cases where they were listed, the project involved providing financial education. This was usually coupled with the less frequent theme of remittances for local infrastructure development and/or collective investment.

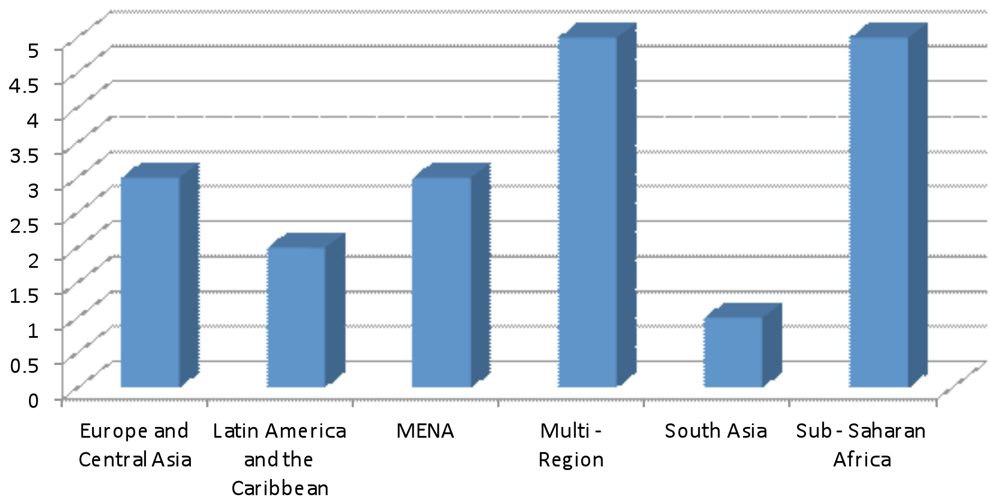


Figure 9: Number of Projects by Region

The projects evaluated were implemented in a wide range of regions and countries. The majority of projects implemented are in Sub-Saharan Africa, followed by multi–regional projects. Three of the five multi–regional projects are financing facilities, where an amount is committed by DEVCO to be further distributed to other projects managed by this facility.

The largest area where funds are invested (39%) is in the Multi-Region category (where funding goes to projects in a number of countries, across a number of regions) – EUR 4 million goes to FFR, EUR 2.6 million went to the JMDI and EUR 800,000 went to the Intra-ACP Migration Facility. Unlike the FFR – where the main focus is remittances – the JMDI and Inter–ACP Migration Facility have remittances related themes as a component of the wider programme objectives. The amounts listed above were allocated specifically to remittances related actions. The total size of the JMDI Facility was EUR 15 Million and the intra-ACP is EUR 25 Million.

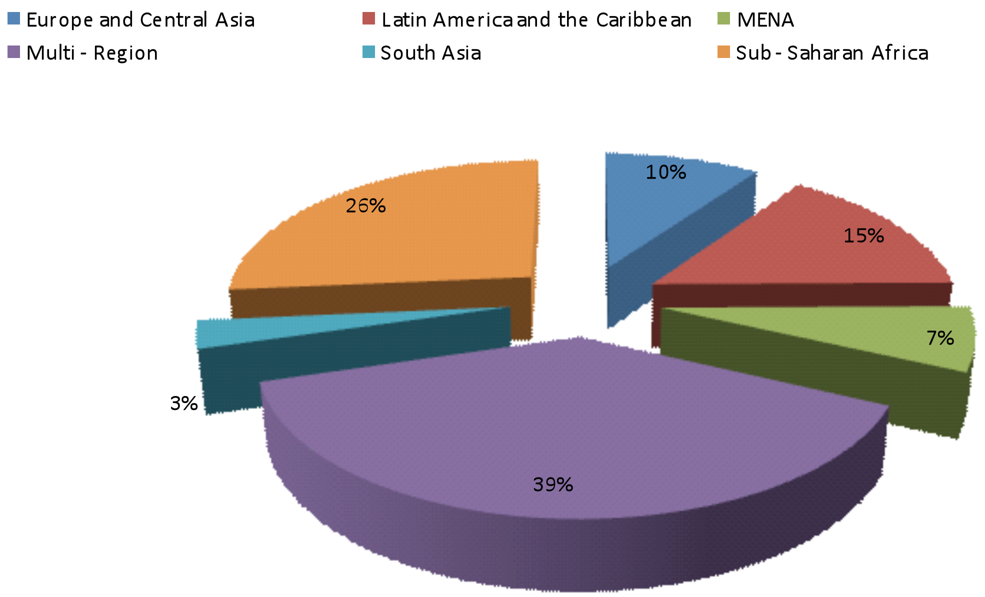


Figure 10: Regional Breakdown of DEVCO Spending

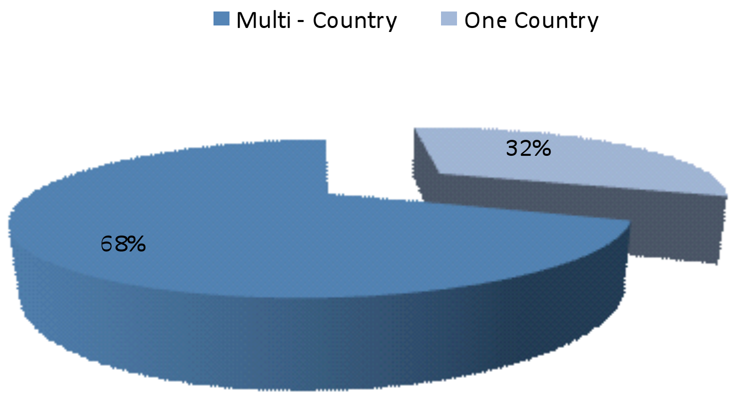


Figure 11 African Projects Spending

When looking at spending by region, 26% of funds are allocated to projects in sub-Saharan Africa (SSA). As a region, SSA receives the largest proportion of funding relating to remittances. However, it is important to note that within this region the majority of funding also goes to multi–country projects. In the other regions where projects have been funded, each project tends to focus on one country only.

4.3.2 Remittances related flagship initiatives

1) IFAD's multi-donor Financing Facility for Remittances (FFR) was created to maximise the development impact of remittances. In March 2012, IFAD published its 5-year review.

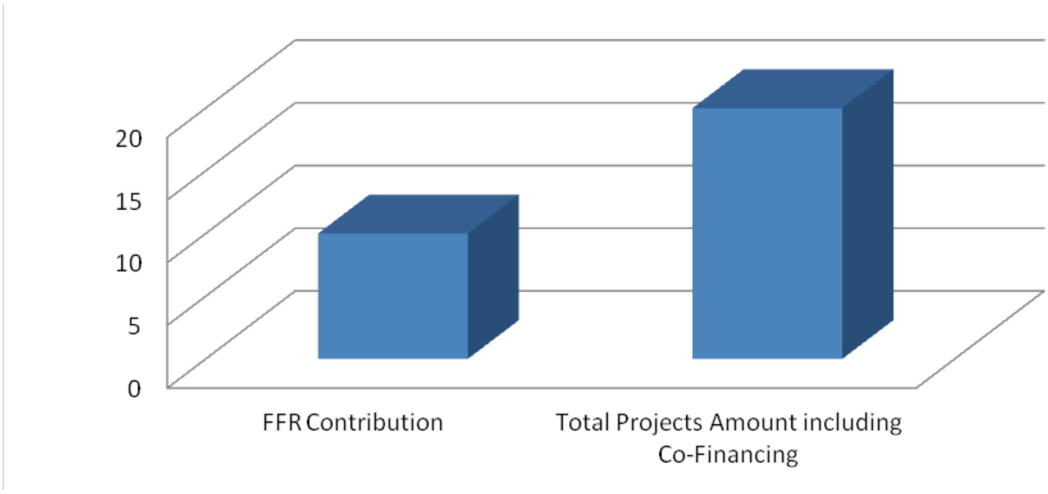


Figure 12: How the FFR Mobilise Funds (USD Millions)

'Through its operations, advocacy and outreach, the FFR brings worldwide attention to the importance of remittances, bridges the divide between urban and rural financial services, and drives innovation and competition in the remittances marketplace'. There are clear objectives that the FFR aims to achieve; these are focused on five main remittances related thematics:

1. Reducing remittance prices
2. Reaching rural areas
3. Empowering migrants through financial education
4. Deepening the variety of financial services available to migrant workers and their families
5. Migrant investment and migrant entrepreneurship

For each thematic area, the FFR team has employed a strategy that combines (1) the financing of specific projects with (2) advocacy work at both national and international levels. This strategy aims to maximise the impact of their work. The strategy taken for the FFR, where projects and advocacy are centred on a specific objective, allows for a clear impact assessment.

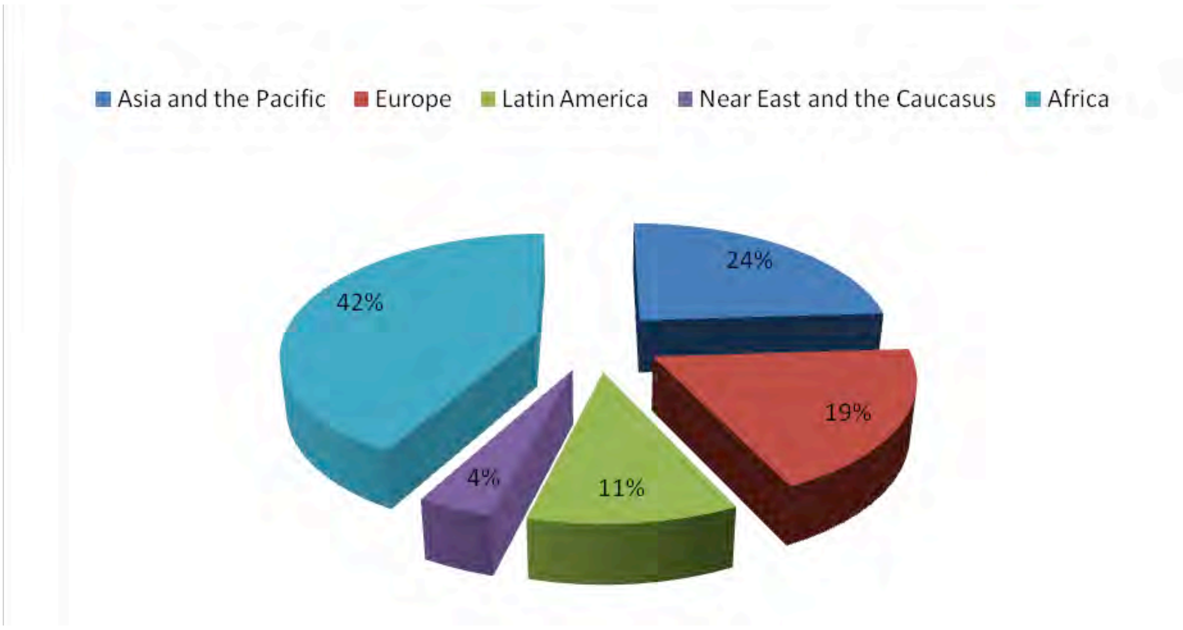


Figure 13: Geographical Breakdown of where Funds are Invested

The FFR has financed 49 projects in 39 countries – having attracted well over 1,000 applications through their call for proposals. The FRR has a structured and highly publicised call for proposals. The approach taken to funding projects has meant that subsequent calls build on learnings from previous rounds. The volume of applications has meant that implementing organisations who receive funding have undergone a rigorous evaluation process to ensure their effectiveness and expertise.

There are a number of key points regarding the FFR:

1. Through allocating spending to support the FFR, DEVCO has supported a number of innovative projects – particularly in the area of product development.
2. Between 2005 and 2011 DEVCO committed EUR 4 million to the FFR. This contribution funded 13 projects; six in Africa, three in Central Asia, three in Latin America and one in Southern Asia.
3. There is a great deal of learning that can be taken from the FFR project and applied to other DEVCO funded projects. One example is the FFR's approach to publicising its funding rounds. The highly publicised calls for proposal have ensured organisations with vast knowledge and experience of applying for funding are aware of the Facility, increasing the likelihood that the most suitable organisations are awarded contracts. Going forward DEVCO should take a similar approach to its own funding process.

2) The African Institute for Remittances (AIR) project is focused on remittances in Sub-Saharan Africa by working with the African Union Commission (AUC). AIR project started in December 2009 for capacity building of key stakeholders to develop and implement concrete strategies and operational instruments to use remittances as a development tool for poverty reduction. AIR is being implemented by the World Bank in collaboration with the AUC. Whilst AIR is still in its design phase and work is being done on the organisational structure and where it should be housed, a number of initiatives have already been undertaken: these include the launch of SendMoneyAfrica (a portal that provides consumer relevant data on remittance pricing into and within Africa), as well as carrying out country assessments. There

are still some challenges with regards to ownership and also the funding and sustainability of the Institute. So far the EC has committed EUR 1.68 million to the AIR project.

Within the framework of this project, the EC and the World Bank completed in March 2011, a mapping exercise of **Remittances in Africa,** which is a catalogue of studies and technical assistance by the World Bank, Development Agencies and Government in Africa.

4.3.3 Multi-region initiatives with a remittances component

1) The Joint Migration and Development Initiative (JMDI) is a four-year EUR 15 million programme supporting small scale organisations in leveraging the effects of migration for development. The JMDI issued a call for proposal providing EUR 10 million in funding to support projects between the EU and 16 target third countries; Algeria, Cape Verde, Ecuador, Egypt, Ethiopia, Georgia, Ghana, Jamaica, Mali, Morocco, Nigeria, Philippines, Senegal, Sri Lanka and Tunisia. The aim of the initiative is to set up and reinforce networks of actors working on migration and development, identify good practices and share information on lessons learned at a local and international level.

Applications were made according to four main thematic areas;

1. Migrant Communities – A strong focus on Migrant Networks and Network Building
2. Migrant Remittances – Improving Financial Tools and Encouraging Collective Investments
3. Migrant Capacities –Utilising Migrant Skills, through transnational engagement or long-term return
4. Migrant Rights – Raising Awareness and Assisting Vulnerable Migrants.

In total 51 projects were financed under the JMDI. Since its completion a number of useful tools have emerged from the experience of practitioners in implementing migration and development related projects. These have included the Migration for Development Handbook for Practitioners and Policy Makers (which includes an e-learning course for small scale actors on how to manage migration and development projects) and The Migration4Development Network, which currently has over 2,000 members worldwide.

Both tools provide opportunities to learn from the experiences of and engage with organisations that received project funding, to encourage best practise in project implementation amongst practitioners. These tools should also be utilised by DEVCO in other initiatives funded. One such example is the European wide African Diaspora Platform for Development – which aims to build the capacity of African Diaspora organisations in Europe. Diaspora organisations are small scale actors, such tools provide lesson learnings and examples of how they can contribute in an effective way to the development of their home countries.

2) Through the European Development Fund, the Intra-ACP Migration Facility was created in July 2009 with the setting up of a Project Management Unit based in Brussels. It has a 4-year mandate and a budget of EUR 25 million. It will initially focus on six regional organisations and 12 pilot countries. The facility has three main objectives: (1) To strengthen institutional capacities, (2) To strengthen the capacities of ACP civil society organisations to ensure their full participation in the dialogue on migration and (3) To create the ACP Migration Observatory. The ACP Observatory, which is a component of the facility that focuses specifically on migration and remittances, is an institution designed to produce data on South-South ACP migration for a number of different stakeholders. The total budget for the project is

EUR 9.4 million of which the EU contributes EUR 7.99 million. The Observatory pools existing data and research of relevance, develops training tools and capacity building, is developing a system for reporting, and is building a website as a database for migrant experts and intra-regional movement tracking.

4.4 Key Findings

Key findings have been broken down into two sections; overall findings from the researching phase of the project and conclusions drawn from the projects analysis.

4.4.1 Overall findings from Research

In producing this report a number of stakeholders were interviewed. Some key findings were gathered from this process for how DEVCO can increase its effectiveness in the area of remittances for development.

1. ***The amount allocated to remittances projects, as a proportion of Migration actions, is limited.***

   DEVCO has pledged large funds to migration related actions, however a small proportion of these have been allocated to remittances related activities. Given the size of formal remittances flows coming from EU Member states to developing countries (EUR 31.2 billion), potential applicants/implementers have paid little attention to harnessing this large flow of funds for economic development in partner countries, when compared to other thematic areas or have not been able to present good quality project proposals compared to other migration sub-sectors..

2. ***Remittances projects have tended toward flows (migration and remittances) from Member states to Southern States. There is limited attention given to flows between Southern Partners.***

   Where projects have focused on specific corridors they have centred upon North-South corridors, exploring opportunities to leverage remittance flows from migrants based within member states to more productive uses in their home country. There has been a very limited amount of work done on South-South corridor flows (limited to Malaysia to Indonesia corridor research completed for the IOM project “Improving Knowledge of Remittances Corridors and Enhancing Development through Inter-regional Dialogue and Pilot Projects in South East Asia and Europe”). This focus has also been the case when looking at other global initiatives launched. There is growing interest in remittances flows between South-South countries and there is still a great deal of work to be done in this area, particularly in Africa. Indeed it is estimated that for the continent, about 67%[26] of incoming flows are from migrants living in other African countries, with the majority of these flows being informal.

3. ***A lot of interest in Diaspora Bonds and their potential for raising finance***

   A Diaspora bond is a debt instrument issued by a country, or potentially, by a sub-sovereign entity or private corporation, to raise finance through its overseas Diaspora. Globally, governments from developing countries are looking for additional sources of revenue as a means to continue to finance their development and growth. There is a growing recognition of the potential value of migrants as conduits of capital flows. Diaspora bonds have been issued by a number of countries including Ghana, India, Ethiopia, Kenya and Israel. A number of government officials interviewed during the research phase highlighted their interest in Diaspora Bonds, and the need to assess

[26] Source: Leveraging Migration for Africa – World Bank 2011

whether opportunities existed for longer-term debt instruments to be targeted at members of their individual Diaspora.[27]

4. ***Opportunities exist to support more fully new delivery channels in receive countries for remittances***.

   Globally there are more than 300 mobile banking pilots taking place. In order to increase the adoption of mobile payment technologies it is important for potential users to know about and use the new technology and trust that the system will work for them. To achieve this involves clear marketing techniques with simple messages including aspects of financial literacy, adequate security in the system, consumer protection and a network of pay-out agents that means people can cash-out when they desire. Mobile payments need to compete with the convenience that cash affords. CGAP, as well as a number of other private sector implementers interviewed, have identified that building the network of payout agents is one of the biggest challenges to gaining traction in the market. Low levels of liquidity amongst Agents, especially in the early days when the number of users and therefore commissions are low, means Agents may not always be able to/want to pay-out when a customer wants to convert money from their m-wallet into cash. This in turn leads to a loss of trust in mobile payment services as this undermines the convenience of such a service.

   Businesses working within this space are looking for assistance from donors to help mitigate this problem and increase usage of mobile payment systems, in both the delivery of domestic and international remittances. While the need for help is clear, the potential channels by which donors could help businesses in this regard have not been properly identified. Therefore, one priority is to consult with the business sector and come up with a plan that would help them overcome this start-up challenge and build traction.

4.4.2 Project Analysis Findings

From the analysis of projects there were a number of key findings.

1. ***There is a clear focus on circular migration and remittances for productive investment. However, the range of themes and activities that fall under these highlight the fact that a more focused strategy is required to see the realisation of these main objectives.***

   The main focus of Aeneas and TPMA remittances projects has been on facilitating circular migration and utilising remittances as a tool for investment. However, these overriding objectives are very broad, which is reflected in the spread of themes and activities seen across projects. It is not clear that a well-defined, targeted strategy specifically for remittances exists. This lack of focus makes it very difficult to assess the overall impact of the work funded by DEVCO in the area of remittances.

   The absence of a cohesive strategy was highlighted further during the researching stage of this project, where interviewees stated that they were unaware of DEVCOs objectives and/or focus in the area of remittances for development.

2. ***DEVCO have committed a large proportion of funds to multi-Region projects. Regionally, there also appears to be a focus on delivering actions in sub-Saharan African countries. These have tended towards supporting the research, capacity of governments and encouraging a coordinated approach in this region moving forward***

   Multi-Region projects have received the largest amount of funding. The bulk of this has been awarded to financing facilities that manage the design of projects, identify

[27] One such example is the Government of Cape Verde.

implementing partners and assess the impact of supported actions. Of the facilities researched, all seem to have been well managed, engaging with a range of stakeholders to achieve clear objectives.

Where financing has been provided on a project-by-project basis (outside of the financing facilities), the largest proportion of funds has been awarded to sub-Saharan Africa. Given the stock of migrants living throughout member states and the development needs of partner countries, it is logical and desirable that a large proportion of funds be allocated to this region. There has been a wide range of projects funded in Africa, including; capability building of civil servants, returning migrant entrepreneurs, channeling remittances to support MSMEs in the target country and policy dialogue.

Opportunities exist to leverage the lessons seen across the capacity building and policy work being done in Africa (AIR, ACP and African Diaspora Network). Having a targeted group of countries across thematic activities will aid a coordinated approach as well as facilitate and maximise knowledge sharing. In addition, it will allow for country profiles to be developed as well as similarities and underlying prerequisites for projects to be identified. This will help in project replication and scalability.

3. ***More outreach is necessary with regards to new project funding.***

   The same organisations are time and time again implementing the remittances projects that have been analysed.[28] Many of the organisations interviewed throughout the research of this project were not familiar with the opportunity to apply to the EC for project funding suggesting that funding rounds could be better publicised. This is partially linked to the framework in which Aeneas and the TPMA operate that has only allowed not-for-profit organisations to apply for funding.

4. **No private sector involvement in Aeneas and TPMA remittances related actions.**

   No financial institutions or private sector firms have delivered Aeneas or TPMA remittances related projects. This is for the reason in point 3 above. The legal framework in which Aeneas and the TPMA operate has prevented DEVCO from leveraging the expertise of the private sector in the area of remittances and development. The FFR, which finances a number of private sector companies, has recognised the value of the private sector in project implementation and allowed these type of businesses to apply for funds in its last round of tenders. The experience of the FFR in this regard and the importance of private sector involvement in harnessing remittances for development should justify a modification to this legal framework in the area of remittances actions.

5. ***Not enough power given to Southern partners***

   It has also been reported that not enough power (control and funds) is given to Southern partners. The Southern partners often have to go through a long bureaucratic process of asking for funds for simple things such as computers from the European partners that control the money. Southern partners also expressed that they had little decisional power over the direction of the project and that their in-country expertise was not always taken into account by the European partners.

6. ***Evaluating the success of funded projects is not always straight- forward.***

   Assessing the impact of projects funded by Aeneas and the TPMA is not always easy given the wide-ranging objectives that are often trying to be achieved simultaneously within one project. The result is that project indicators do not always capture the

[28] For example Stichting IntEnt Foundation have implemented or been project partners in 3 of the 9 projects delivered by an NGO.

actual impact on the final beneficiary[29]. As such, analysis shows that there is a need for an improvement in project indicators.

7. ***Working with remittance recipients tends to have been more successful than those targeting Diaspora or corridor specific projects***

   Projects that have been very successful tend to be those that are working with the remittance recipient in (a) providing financial education and (b) encouraging them to save their remittances and/or use them for productive purposes through formal means. Remittance recipients are often an easier group to identify and therefore target[30].

   Building transnational networks with the Diaspora as the target beneficiary has been, and continues to be, a key focus within a number of remittances projects. However, Diaspora organisations in the EU are often relatively informal, poorly funded with limited capacity and frequently managed by volunteers.

   A number of projects funded by Aeneas and the TPMA rely on these Diaspora organisations to build links with communities and to reach remittance senders. This has had an impact that can be seen in the low levels of success of projects working with Diaspora when compared with those working with remittance recipients (despite the number of projects funded in this area). [31] This does not infer that working with the Diaspora to harness remittances for development is a poor strategy. Rather it highlights the need for DEVCO to inform partner organisations of opportunities to strengthen their capacity as small scale actors. One such opportunity is through the thematic programme for Non State Actors which specifically supports organisations who require training to become more effective in project delivery.

8. ***Failure to conduct appropriate research prior to commissioning a project has negatively impacted results***

   Some projects' success has been impeded due to failure to conduct an appropriate feasibility study that assesses the demand for the project from the beneficiaries and/or recognises exogenous factors to project success. Launching into project implementation without ensuring sufficient need from the beneficiaries for such a project, and that the project is feasible, can lead to a large waste of funds further down the line[32].

   In general, most successful projects are those that have spent the time undertaking an initial research phase so that all involved know the environment that they are working with and have identified and built relationships with those that are going to be involved in the project. A number of Project Managers interviewed made the point that timeframes allocated to planning are too small which did not allow for this.

9. ***The projects financed under the financing facilities funded by DEVCO have been comparatively successful***

   It is clear that the FFR is a well-structured highly effective facility. For the EC, as one of its donors, it is a useful tool for funding projects and achieving objectives. The financing facilities are more focused in either activities or thematic. The facilities are

[29] For example, a project can be deemed relatively successful without having had a large impact on the remittance sender / recipient as all of the activities outlined in the TOR (including producing pamphlets, making a website, holding workshops, producing training material etc) were completed.

[30] IOM project and ACTED projects in Tajikistan are good examples of a project that has focused on remittances recipients only and as such has had a great impact. The BURO project in Bangladesh funded under the FFR has also been successful for similar reasons.

[31] JMDI and FFR projects are not included in this assessment.

[32] For example in the case of the REMADE project in Ghana, unexpectedly high interest rates on loans meant entrepreneurs were unable to obtain the funding that was necessary to borrow to grow their own SME. The high interest rates made the amount that would need to be repaid unrealistically high.

organised and structured in such a way that project design is clear which allows for easier monitoring and evaluation of projects and to identify 'winners'.

4.5 Recommendations

The recommendations made focus on three main areas;

1. Project implementation
2. DEVCOs role
3. Work in policy formation and coordination amongst stakeholders and key actors, as well as supporting partner Governments in the area of remittances.

The recommendations outline a number of key areas that DEVCO can focus on to increase its impact in this area, through a more targeted and structured approach going forward.

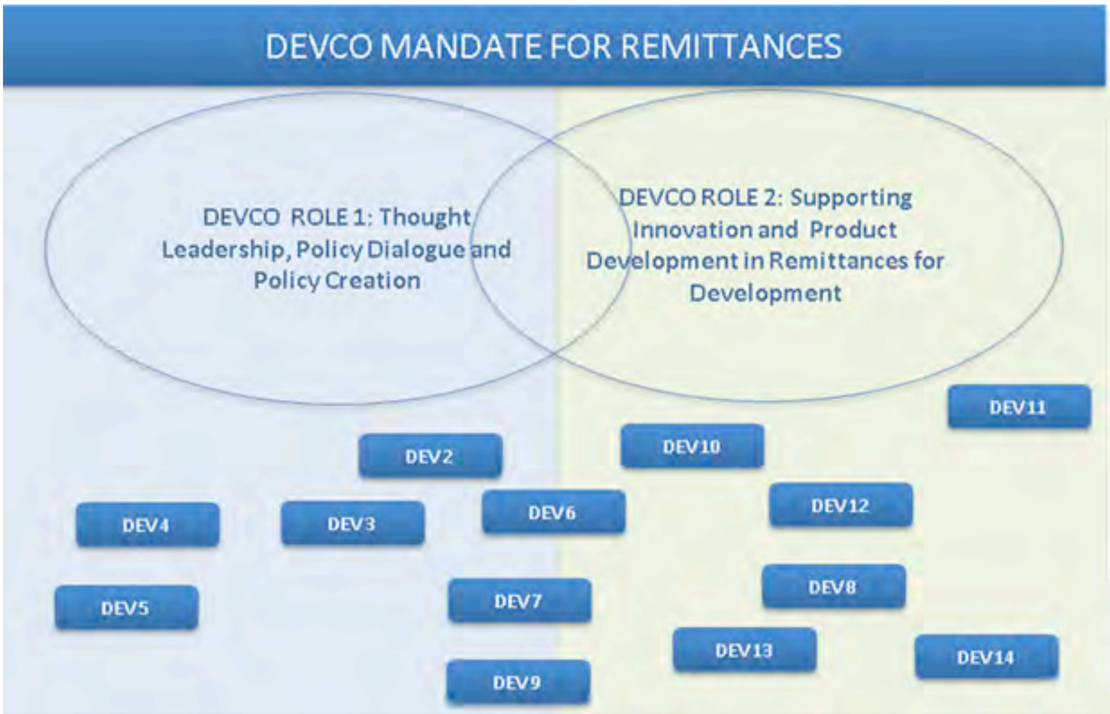


Figure 14: Overview of where Recommendations relate to DEVCO Overall Mandate

- DEV1: In order for DEVCO to realise its objectives relating to remittances for development a clear remittances strategy needs to be developed. As it stands this is yet to be done.
- DEV2: As part of its remittances strategy, it is important that DEVCO establishes itself throughout the EC as the leading directorate with regards to remittances.
- DEV3: DEVCO must take a more active role in coordinating member states in the area of remittances.
- DEV4: DEVCO should take an active role in working with Southern Partners – particularly governments – in fostering a policy environment that is conducive to harnessing remittances for economic development.
- DEV5: There are a number of initiatives aimed at bringing donors together to discuss remittances for development. It is important that DEVCO takes an active role in engaging with other stakeholders in this area.

- DEV6: There is no regional focus for remittances related actions. DEVCO has already committed a large proportion of funding to actions in Africa as a whole (North and Sub-Saharan). Moreover, other regions of the world have benefited from being the regional focus of an international organisation's remittances strategy (IDB in Latin America and EBRD in the CIS region). Given DEVCOs financial commitment to Africa, there is an opportunity to create a remittances strategy that is focused on leveraging these flows for the region's development.
- DEV7: There is a real opportunity for DEVCO to establish itself as the leading institution harnessing South-South remittances flows. Initiatives such as AIR are a step in this direction. There is an opportunity for DEVCO to become the centre of excellence in this regard.
- DEV8: There is a need for further research to be done on Diaspora Bonds and in producing a practical guide on the prerequisites, requirements and costs involved in issuing such instruments
- DEV9: There is a need for improved mechanics within remittances projects administered by DEVCO. A central element of this is the timeframe allocated to project planning – opportunities to extend these are likely to increase the successful delivery of projects going forward. Allied with this, outputs and indicators can be weighted according to its contribution to achieving the overall objectives of the project. It is not clear that this is currently happening. In addition, private sector organisations should be allowed to apply for a broader range of funding.
- DEV10: Meaningful Project Indicators are essential to assessing the impact of actions funded.
- DEV11: A need for better mechanisms that raise awareness and visibility of DEVCO as a donor. This will raise the level and quality of competition seen during funding process.
- DEV12: Projects focused on remittances beneficiaries that harness remittances for productive uses tend to have a clear, measurable impact.
- DEV13: There is a role for the EC to provide financing to Diaspora Organisations to help strengthen their capacity and in project roll-out.
- DEV14: There are opportunities to support new remittances delivery channels in partner countries through the development of effective payout networks.

5 Summary of Progress Against Commitments

This table provides a snapshot indication of the progress that has been made against the commitments that have been made by the EU in the area of remittances. These "commitments" are taken from different Council Conclusions.[33]:

#	Commitment	Progress	Potential future action
1	Promote cheaper, faster and more secure remittances	▪ Undoubtedly there is a larger choice of remittance products. ▪ Remittances are faster and more secure than they were five years ago ▪ Prices have not fallen as much as desired – see Commitment 7 below.	▪ Introduce a remittances portal ▪ Ensure PSD is enacted consistently across the EU ▪ Promote the use of new transfer methods ▪ Use the G20 Toolkit
2	Enhance development impact of remittances	▪ More is understood about the development impact of remittances but there is significantly more work to be done in this area. ▪ Focus will be required on the recommendations of both this and other reports. In particular, specific South-South activities would make a positive impact.	▪ Introduce a series of practical programmes that are measurable ▪ Develop specific remittance driven partnerships with developing countries
3	Improve official data on remittances	▪ There are now some baseline numbers ▪ There is not currently a consistent or accurate approach across Member States to capturing data on remittances	▪ Encourage countries to adopt the Luxembourg Group methodologies ▪ Use the PSD review as a chance to mandate reporting of data by PIs
4	Develop a common legal framework for remittances[34]	▪ PSD came into force in November 2009 ▪ Very encouraging start made and more progress should be made with the current review	▪ The PSD is being reviewed and a number of improvements around implementation and co-ordination would lead to further advances
5	Improve transparency on remittances	▪ Excellent progress made through the PSD ▪ Levels of transparency are very high	▪ The introduction of a portal would create a vehicle for consumers to compare their options

[33] Specifically from: The Stockholm Programme: An open and secure Europe serving the citizen (December 2009).
Council Conclusions 18 November 2009 (Policy Coherence for Development)
Council Conclusions of 18 May 2009 (support to developing countries in coping with the crisis)
Council Conclusions 11 November 2008 (EU position for Doha FfD Conference)
Council Conclusions on the Global Approach to Migration and on the partnership with countries of origin and transit (November 2008)

[34] Directive 2007/64/EC of the European Parliament and the Council of 13 November 2007 on payment services in the internal market http://eur-lex.europa.eu/LexUniServ/LexUniServ.do? uni=/OLL2007.319.0001.01.EN.HTML

6	Improve access to banking and financial services	▪ Whilst this is high in Member States it still remains very low in recipient countries	▪ Introduce programmes to help developing countries through financial literacy and product development training
7	Lower the cost of remittances	▪ Remittances are at an average level of 10.6% across the EU. This is much higher than the target levels and much more needs to be done to bring down the cost for consumers	▪ Ensure that the PSD is implemented in a way that encourages competition ▪ Implement regulations that encourage new product development
8	Assess the feasibility of an EU wide portal	▪ This has been addressed as part of this report. Recommendations are contained in section 3.6	▪ Validate the recommendation with member states ▪ Develop a Terms of Reference for project
9	Develop incentives to allow beneficiaries of remittances to make informed choices	▪ The number of projects that have been focused on the beneficiaries are limited but those that have taken place have yielded good results. More projects like these in more countries would yield positive results	▪ Develop a holistic and large scale financial inclusion and education programme directed at receivers ▪ Involve receiving banks and Financial Institutions in delivering solutions

Table 12: A Snapshot of Progress against the Commitments made by the EU

6 Summary of Recommendations

Data Recommendations	DAT1	The recommendations of the Luxembourg group have been too generic and for the most part not implemented in EU countries. Any new document on remittances data compilation should be more prescriptive.
	DAT2	A potentially efficient way of collecting remittances is to use the requirements of the Payments Services Directive (PSD) in terms of reporting and require the reporting of aggregate remittances flows (potentially by corridor) by RSP. The PSD already requires some degree of reporting, therefore, it would not be difficult to use it in order to collect additional remittances data from each Payment Institution.
	DAT3	At least for the ACP countries, it is possible for the EU to develop and help implement a methodology for collecting, maintaining and publishing bilateral remittances data. This methodology should cover transactions through bank transfers, money transfer operators and informal transfers (probably using information from exchange houses). Given that receiving countries have an advantage in recording informal remittances transactions, any efforts in improving the estimation of informal remittances should be done in coordination with receiving countries and potentially making use of their data.
	DAT4	The distinction between the figures reported by the World Bank (especially in the Migration and Remittances Factbook) and Eurostat have created some confusion about the actual value of remittances. While the differences are just the result of different aggregation rules (i.e. whether one should look at a series separately or in conjunction with others), the "casual" user may not find it easy to disentangle the meaning of the different estimates. Therefore, it is advisable for Eurostat to provide different estimates in their annual briefing on remittances, including a column for the "World Bank equivalent". That is, a column showing the aggregation of workers' remittances, compensation of employees and migrant transfers.
	DAT5	Eurostat also makes estimates of remittances for some EU countries (e.g. UK) in order to come up with an EU level estimate of remittances. However, the methodology used to come up with those estimates is not clear. It would be good to have a separate document from Eurostat explaining each step of this estimate.
	DAT6	The EU should encourage those countries that do not collect any data on remittances to start collecting such data. At the minimum these countries could work with the data of remittance-receiving countries (some which is very good) to come up with an estimate of remittances outflows.
	DAT7	After the implementation of BPM6 it is important to encourage countries to keep reporting workers' remittances as a supplementary item in order to ensure consistency of the time series.
	DAT 8	The study on the "The Volume and Geography of Remittances from the EU" commissioned by the EC in 2007 provides data only to 2004. It would be recommendable for the EC to commission a new study that looks at the current data as many countries have actually improved their reporting of remittances. This study could also focus on estimating informal flows, an area where there is not much current evidence.

Policy Recommendations	POL1	It is important for EU DEVCO to make relevant departments and governments aware of the development consequences of increasing/decreasing migration controls and to ensure that counter-balancing policies are put into place.
	POL 2	EU DEVCO should highlight contradicting policies and aims from EU governments with regards to remittances and encourage consistency across policies.
	POL 3	There is a need to commission research which explores the impact of increasing immigration restrictions on remittances. This topic seems to be highly controversial among key stakeholders and there is currently a lack of consensus.

General Principles	GP1	Encourage/co-ordinate country market assessments for Member States into the adoption of the General Principles
	GP2	EU to help ACP prioritise the order of GP evaluations. Work with the World Bank PSDG team to develop consistent monitoring and evaluation
	GP3	Form a Task Force to develop a solution to enable PIs to be able to open bank accounts so that they can run their businesses.
	GP4	Share best practice of the implementation of General Principles across the EU
	GP5	EU to be actively involved in the development of the G20 toolkit for remittances

PSD Recommendations	PSD1	One-leg out to be made mandatory to ensure consumers receive the same protection regardless of the destination of their payment
	PSD2	All payments should be safeguarded regardless of the status of the payments institution to ensure that customer funds are protected
	PSD3	The review should establish a process to ensure that there is consistency between the PSD and other EU Directives, e.g. AML Directive
	PSD4	There should be a body that is established to oversee the implementation by individual countries and ensure that there is consistency. Such a body should be used to settle inconsistencies
	PSD5	A proper mechanism needs to be developed to ensure that passporting is implemented in a consistent manner
	PSD6	Since eMoney institutions are entitled to offer all of the payment services that Payments Institutions are, there is a need to ensure that there is consistency between the eMoney Directive and the Payment Services Directive.

	PSD7	There should be a consistent level of enforcement against businesses that do not comply with the regulations or who are not regulated at all.
	PSD8	The EC to establish and maintain a pan-European register of Payment Institutions.

Policy Cohesion Recommendations	COH1	Create an 'owner' of remittances within the EU. It is recommended that it is DEVCO in order to ensure that the voice of the customer is at the centre of all activities
	COH2	AML/CTF measures need to be proportionate to the risks of the remittances area
	COH3	The new directive should be a maximum harmonisation one to ensure that there is consistent implementation across the EU
	COH4	Measures need to be taken to ensure that the approach to AML/CTF is consistent with the PSD particularly in respect of supervision by home and host regulators
	COH5	DEVCO to provide input into the new AML directive

Migration Policy	MP1	It is important for EC DEVCO to make relevant departments and governments aware of the development consequences of increasing/decreasing migration controls and to ensure that counter-balancing policies are put into place.
	MP2	EC DEVCO should highlight contradicting policies and aims from EU governments with regards to remittances and encourage consistency across policies

Remittances Portal Recommendations	WEB1	The EU has a key role to play, regardless of whether an EU wide portal is developed, in helping individual member states achieve an acceptable level of functionality and methodology for their own particular websites.
	WEB2	The options for an EU-wide site should be considered and a decision made in the near term. If a decision is delayed too long individual member states will make their own decision. The purpose of building a portal should be clearly understood and an appropriate level of resources applied to the approach.
	WEB3	One of the most useful roles for the EC in respect of portals is to undertake or fund initiatives that create awareness for the portals that already exist or for the new EU portal. Establishing initiatives using social media are particularly recommended. In addition, it is recommended that the EC investigates the potential for developing an email or SMS system that advises remitters of significant changes to prices or the addition of new services.
	WEB4	Financial literacy is particularly important for the migrants and their families. The portal could be used as a focal point for training tools or for reinforcing existing training in a similar manner to the Australian and New Zealand site.

	WEB5	Regardless of any decision in respect of a remittances focused website the existing EU migration site should include basic advice for migrants on remittances.
	WEB6	As a separate, or connected, action the EC should produce a user-friendly Europe-wide Register of licenced money transfer outlets so that consumers can obtain comfort that the location that they are using is indeed a regulated one.
	WEB 7	The recommended option is to create and maintain an EU wide portal that covers the top 150 corridors from the EU (measured by volume of transactions and at least 10 send markets) which is updated on a monthly basis. The potential for integrating existing portals into a pan-European portal should be assessed in more detail in terms of the resources needed and logistics to achieve standardisation and harmonization across methodology, data collection and systems.

Projects & Development Recommendations	DEV1	For DEVCO to realise its objectives relating to remittances for development a clear remittances strategy needs to be developed. As it stands this is yet to be done.
	DEV2	As part of its remittances strategy, it is important that DEVCO establishes itself throughout the EC as the leading directorate with regards to remittances.
	DEV3	DEVCO must take a more active role in coordinating Member States in the area of remittances.
	DEV4	DEVCO should take an active role in working with Southern Partners – particularly Governments - in fostering a policy environment that is conducive to harnessing remittances for economic development.
	DEV5	There are a number of initiatives aimed at bringing donors together to discuss remittances for development. It is important that DEVCO take an active role in engaging with other stakeholders in this area
	DEV6	A large proportion of DEVCO funding has focused on Africa as a whole (North and Sub Saharan). Going forward this should continue to be DEVCO's focus – as it pertains to remittances.
	DEV7	There is a real opportunity for DEVCO to establish itself as the leading institution harnessing South- South remittances flows. Initiatives such as AIR are a step in this direction. There is an opportunity for DEVCO to become the centre of excellence in this regard.
	DEV8	There is a need for further research to be done on Diaspora Bonds and in producing a practical guide on the prerequisites, requirements and costs involved in issuing such a Bond.
	DEV9	There is a need for improved mechanics within remittances projects administered by DEVCO
	DEV10	Meaningful Project Indicators are essential to assessing the impact of actions funded.

	DEV11	A need for better mechanisms that raise awareness and visibility of DEVCO as a financing institution. This will raise the level and quality of competition seen during tender processes.
	DEV12	Projects focused on Remittances beneficiaries that harness remittances for productive uses tend to have a clear, measurable impact.
	DEV13	There is a role for the EC to provide financing to Diaspora Organisations to help strengthen their capacity and in project roll-out. The European wide Africa Diaspora Platform is a step in this direction.
	DEV14	There is a role for the EC to provide financing to Diaspora Organisations to help strengthen their capacity and in project roll-out. The European wide Africa Diaspora Platform is a step in this direction.

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Appendix 1: List of Interviewees

There were a number of organisations interviewed for this project. The methods used for interviews were as follows:

1. Surveys – A number of organisations provided information through structured surveyed questions
2. Informal Conversations – There were a number of informal discussions with key stakeholders
3. Formal Interviews – Formal Interview requests were also sent to organisations, these interviews were either conducted via tele-conference or in person during field missions

Multilateral Organisations

- African Development Bank,
- CGAP
- European Central Bank
- European Investment Bank
- Eurostat
- IFAD, Financing Facility for Remittances
- IOM Ghana
- IOM West Africa Regional Office, Senegal
- OECD Development Centre
- OECD International Migration Department
- OECD International Network for Financial Education
- Universal Postal Union
- World Bank Ghana
- World Bank Global Remittances Working Group
- World Bank Head Office, Africa Diaspora Network

Government Agencies

- Riksbank – Central Bank Sweden
- SCB Sweden – Statistics Sweden
- Bank of Slovenia
- Bank of Greece
- National Statistics Office – Finland
- National Bank Slovakia
- Agence Francais and Development
- ARB Apex Bank
- BaFin (German Financial Services Regulator)
- Bank of Ghana, Banking Supervision
- Bank of Ghana, Research
- Banque Al Maghrib (Central Bank Morocco)
- Banca d'Italia (Financial Services Regulator)
- Banque de France
- Dutch Central Bank
- Dutch Ministry of Foreign Affairs

- Financial Services Authority
- French Foreign Ministry
- French Ministry of European and Foreign Affairs
- French Ministry of Interior
- GIZ
- Ministere Charge des Marocains Resident a l'Etranger (Ministry of Moroccans living overseas)
- Ministry of Finance and Economic Planning
- Office De Change (National Statistics Office) Morocco
- Pakistani Remittances Institute
- Senegal Post
- UK Department for International Development
- UK HM Treasury
- UK National Statistics Office

Private Sector

- Attijariwafa Bank
- BCME Bank
- CSI
- Express Funds
- Ghana Association of Bankers
- Ghana Commercial Bank
- Money Express, Senegal
- Netherlands Money Transfer Association
- Societe Generale, Morocco
- Stiching Intent, Morocco
- Tigo
- Unibank
- United Bank Africa
- Unity Trust Bank

Non Government Organisations

- AFFORD
- BURO Bangladesh
- Empretec, Ghana
- ERCOF
- FIAAPP
- International Network of Alternative Financial Istitutions (INAFI)
- Opportunity International, Ghana
- Oxfam Novib
- Stiching Intent Ghana
- **Diaspora Organisations**
- Africa Diaspora Fund for Development
- Binkelen

- Black Dutch
- Emic Research
- Nigerian Diaspora Organisation
- SendUK

Appendix 2: Information to support recommendations on data

Appendix 2.1 - Stock of migrants in selected EU countries

Country	Austria	Belgium	France	Germany	Greece	Italy	Netherlands	Spain	Sweden	UK	EU
Turkey	160,698	94,554	299,547	2,733,109	3,842	18,935	195,029	3,181	40,590	71,816	3,770,984
Morocco	1,170	172,682	840,985	108,442	709	475,783	167,355	778,451	6,242	12,490	2,575,986
Romania	56,932	21,634	54,305	134,911	45,289	813,037	8,716	810,471	16,184	53,081	2,249,959
Poland	76,465	42,984	122,152	613,768	37,695	117,309	42,099	86,971	61,888	521,446	1,880,747
Italy	30,963	129,769	450,394	842,666	6,638	-	18,330	93,786	7,980	108,244	1,734,720
Germany	202,093	88,940	170,959	-	12,549	52,223	117,170	272,821	47,904	299,753	1,522,903
UK	8,869	25,549	172,836	154,826	14,107	34,390	45,838	411,074	19,664	-	1,369,397
Portugal	1,242	26,493	762,411	182,710	199	6,296	12,846	156,062	3,070	84,306	1,289,456
Albania	2,397	1,884	3,037	15,964	676,846	522,647	711	1,847	652	3,065	1,231,014
Russia	8,683	32,679	43,042	299,596	37,980	27,986	5,876	61,358	13,560	33,306	1,096,685
Algeria	734	21,550	913,794	21,081	378	29,480	3,833	63,346	2,223	15,612	1,078,185
Ukraine	4,276	1,973	15,152	202,501	24,836	172,571	1,598	88,279	3,392	24,979	1,030,695
France	7,715	174,750	-	169,945	1,872	40,053	20,251	252,618	7,460	128,020	1,027,444
India	10,645	14,625	35,399	67,779	5,763	100,683	14,844	32,647	15,334	657,792	991,814
China	8,886	15,436	87,156	124,563	4,669	203,519	37,095	144,205	17,034	100,959	791,390
Spain	2,708	37,664	364,177	169,550	197	22,565	18,072	-	6,630	70,775	731,234
Pakistan	2,871	8,236	21,051	46,253	24,537	64,161	11,113	54,576	4,493	451,712	714,301
Bos. and Her.	162,362	63	14,749	252,262	444	35,571	611	2,344	59,264	8,864	655,044
Ecuador	-	1,867	1,643	5,908	47	95,226	1,641	519,123	1,491	4,020	632,251
USA	9,633	15,506	44,919	159,326	5,096	19,551	23,280	38,712	16,285	183,183	604,276
Greece	3,999	15,143	13,524	470,350	-	9,184	8,376	4,373	11,523	28,102	599,996

Netherlands	6,859	127,812	44,785	204,466	4,502	10,617	-	57,851	6,242	56,204	546,522
Croatia	52,160	43	32,578	359,367	426	27,706	161	2,004	6,940	9,261	526,469
Tunisia	2,748	11,128	302,363	37,049	356	121,708	4,233	2,721	3,609	4,066	492,591
Colombia	-	3,967	24,806	14,253	328	23,262	12,259	375,710	9,901	16,333	485,858
Ireland	714	3,999	6,056	16,044	1,241	3,556	4,306	17,162	1,635	422,569	481,939
Bulgaria	9,199	3,097	16,493	74,675	53,973	43,530	7,639	173,255	4,636	35,388	461,498
Slovak Rep.	23,971	1,219	5,192	39,010	638	9,704	2,000	8,271	4,162	49,959	450,312
Brazil	3,557	5,444	28,560	38,079	1,258	49,213	11,908	162,205	4,877	57,245	443,805
Philippines	11,607	8,195	7,599	35,298	5,992	137,407	9,524	37,013	7,858	114,489	405,769
Argentina	1,166	1,835	11,151	7,391	415	16,243	2,644	331,173	3,220	9,002	388,947
Austria	-	4,222	13,865	280,520	2,522	8,594	6,475	10,672	7,232	21,857	382,160
Iraq	4,053	1,392	4,103	115,792	2,636	2,373	35,732	1,869	103,728	66,612	374,707
Belgium	1,990	-	137,974	35,982	855	7,559	47,940	53,684	1,643	22,898	340,952
Vietnam	3,105	8,259	98,821	132,916	310	1,285	12,002	1,903	14,024	24,979	335,751
Iran	14,976	5,291	25,476	89,604	4,280	8,989	24,261	5,388	60,118	62,449	323,682
Sri Lanka	-	737	43,712	47,813	1,227	79,400	9,727	905	7,388	113,448	323,480
Peru	1,147	2,441	7,514	12,620	190	92,001	3,140	184,832	6,190	5,386	317,922
Bangladesh	1,763	1,208	1,912	7,093	4,556	71,830	1,027	8,706	4,110	210,244	317,723
Nigeria	3,807	2,009	2,920	22,987	2,870	52,845	5,490	38,775	1,130	150,918	310,647
Angola	-	3,041	18,906	11,742	18	2,121	6,552	4,646	619	11,449	307,118
South Africa	2,521	3,630	3,409	8,027	2,365	2,069	12,325	2,602	1,706	225,856	298,695
Bolivia	-	965	1,346	2,565	9	7,858	670	274,602	3,075	1,514	293,241
Switzerland	15,308	5,699	68,786	59,479	496	4,487	6,138	76,127	3,099	15,612	282,734
Finland	1,699	3,682	4,016	21,363	1,276	2,240	2,392	13,238	189,535	14,997	264,696
Former Yugoslav Republic of Macedonia (FYROM)	20,420	61	10,498	99,646	1,366	101,539	25	551	3,601	1,702	262,141
Lithuania	489	2,099	1,383	17,678	267	1,908	3,914	23,044	2,022	68,694	261,589

Czech Rep.	49,830	3,127	8,306	54,654	1,371	7,150	3,612	9,638	5,808	24,979	253,895
Hungary	38,732	7,315	12,010	89,583	218	7,109	6,315	8,007	14,953	24,979	246,601
Senegal	-	1,940	91,446	3,975	74	81,424	899	51,672	353	958	234,052
Venezuela	-	827	4,052	4,722	123	6,786	3,060	164,239	640	5,293	222,548
Ghana	-	3,576	4,985	34,153	578	49,931	12,123	14,684	1,441	96,795	221,455
Egypt	11,982	2,596	28,024	20,892	9,223	90,463	11,301	4,185	2,823	28,102	219,247
Belarus	554	541	1,078	29,134	541	5,546	515	3,829	1,303	1,546	218,600
Afghanistan	-	1,059	2,958	79,444	567	1,382	30,986	483	8,504	61,408	201,083
Lebanon	1,499	4,391	45,455	61,588	3,759	10,144	3,354	3,495	24,431	15,612	195,113
Indonesia	1,133	3,672	4,049	17,347	440	1,889	146,854	2,637	2,202	8,889	191,159
Australia	2,203	1,515	4,803	14,014	1,904	2,716	9,984	6,191	3,060	121,775	189,608
Suriname	-	693	244	56	1	10	187,219	206	27	350	188,945
Moldova	448	361	727	17,425	7,379	89,188	152	17,551	265	609	187,306
Congo, Dem. Rep.	-	76,870	61,948	21,446	173	650	3,515	1,625	1,486	11,350	185,674
Somalia	-	865	1,503	11,144	40	8,110	13,521	438	17,948	110,326	184,763
Canada	2,167	5,527	19,174	21,311	683	3,138	8,906	6,429	2,995	78,061	177,307
Thailand	3,407	4,899	16,358	61,177	169	5,273	11,000	1,852	24,387	31,224	176,764
Kenya	-	836	1,064	7,647	389	1,660	2,253	1,681	1,763	152,999	173,832
Dominican Republic	-	1,451	458	7,817	199	24,174	7,298	130,832	410	693	173,831
Sweden	4,200	5,322	9,863	27,316	3,461	12,740	3,856	24,312	-	21,857	171,969
Jamaica	-	319	461	1,929	65	179	808	362	259	158,203	163,240
Chile	1,099	4,859	14,615	9,641	401	4,624	3,042	76,268	29,805	6,796	154,418
Serbia	130,844	-	22,526	-	-	-	-	-	-	-	153,671
Cuba	-	861	1,933	11,726	370	18,959	1,113	105,748	2,043	1,434	147,004
Japan	2,558	5,134	22,258	48,217	1,264	9,180	6,076	6,224	3,032	32,265	142,596
Denmark	1,425	3,964	6,245	29,759	1,623	2,842	3,250	13,762	48,869	18,735	137,237

Syria	2,168	2,925	16,224	40,356	10,622	4,602	6,701	5,454	19,391	5,521	129,385
Norway	970	1,727	3,233	10,139	760	1,196	2,395	19,198	47,432	17,694	127,609
Zimbabwe	-	424	399	866	88	135	1,202	391	388	115,530	125,443
Mozambique	-	371	999	3,882	36	701	572	2,030	276	4,441	121,008
Korea, Rep.	1,890	5,399	19,711	37,634	459	5,113	6,190	3,718	10,593	11,449	114,799
Hong Kong	-	2,096	2,194	-	27	505	10,272	-	691	95,755	114,447
Cape Verde	-	524	23,197	754	28	5,828	11,467	4,841	383	434	113,811
Uruguay	-	477	2,089	1,109	51	2,175	621	99,666	2,812	1,276	111,020
Cameroon	-	3,209	68,250	15,559	172	9,024	1,752	5,517	311	4,282	109,292
Côte d'Ivoire	-	1,817	71,334	4,339	107	22,276	938	2,074	465	3,701	108,028
Kazakhstan	-	333	404	75,070	3,222	1,170	344	515	634	1,167	105,584
Mauritius	-	3,563	39,958	1,316	41	12,022	330	451	175	41,632	100,149
TOTAL	1,310,218	1,465,677	6,684,842	10,758,061	1,132,794	4,463,413	1,752,869	6,900,547	1,306,020	6,955,738	48,429,225

Figures come from the World Bank 2010 Migration Bilateral Matrix. Bilateral migration data were created by applying weights based on bilateral migrant stocks (from population censuses of individual countries) to the UN Population Division's estimates of total migrant stocks. See Ratha and Shaw (2007). The table only includes EU countries with over 1,000,000 immigrants and sending countries with over 100,000 emigrants in the EU.

Appendix 2.2 – Changes in BPM6

The sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) completed the review and improvement of the conceptual framework of remittances. These changes are included in the RGC.

The changes are as follows:

- The two items in the balance of payments framework that will relate to remittances are compensation of employees and personal transfers.
- Personal transfers replace the workers' remittances item in the standard presentation of the balance of payments. To ensure consistency of time series, workers' remittances are continued as a supplementary item.
    - Workers' remittances are current transfers by migrants who are employed in new economies and considered residents there.
    - Personal transfers are defined independently of the source of income of the sending household, the relationship between the households, and the purpose for which the transfer is made.
    - This simplifies the definition and brings it in line with compilation practices applied in many economies (which did not take account of factors such as source of income and purpose). So, although it is recognised that personal transfers will often originate from migrants sending resources to support their relatives in their economy of origin, personal transfers as defined in the RCG are not limited to such activity.
- In addition to workers' remittances, there are other several supplementary items related to remittances. As supplementary items, their compilation and dissemination is encouraged but voluntary. These include:
    - Personal remittances = current and capital transfers in cash or in kind between resident households and non-resident households, plus compensation of employees, less taxes and social contributions paid by non-resident workers in the economy of employment, less transport and travel expenditures related to working abroad. This item includes all household-to-household transfers and the net earnings of non-resident workers.
    - Total remittances = the sum of personal remittances and social benefits. Social benefits include benefits payable under social security funds and pension funds. They may be in cash or in kind.
    - Total remittances and transfers to NPISHs (non-profit institutions serving households) = this item includes total remittances and both current and capital transfers to NPISHs from any sector of the sending economy. It therefore includes donations, in cash or kind, from government and enterprise sectors to charitable organisations in another economy.

Appendix 2.3 – Data compilers questionnaire

Remittances inflows and outflows

Q1. Does your institution collect data on cross border remittance **inflows, outflows or both**? (If not please jump to question 12).

		Inflows	Outflows
1	Yes		
2	No		

Q2. Which division(s) within your institution currently is (are) responsible for collecting data on remittance **inflows and/or outflows**?

____

Q3. How long ago did your institution first begin collecting data and information on remittance **inflows and outflows**?

		Inflows	Outflows
1	< a year ago		
2	1 to 3 years ago		
3	3 to 5 years ago		
4	5 to 10 years ago		
5	> 10 years ago		
6	N/A		

Q4. How often does your institution collect data and information on remittance **inflows and outflows**?

		Inflows	Outflows
1	Monthly		
2	Quarterly		
3	Bi-annually		
4	Annually		
5	Sporadically / Other		
6	N/A		

Q5. Other than changes in data collection frequency, have your data collection practices for remittance **inflows and outflows** changed in other ways over the past three years?

		Inflows	Outflows
1	Yes		
2	No		

If yes, please indicate which practices have changed (e.g. types of data compiled, sources of data, etc.).

____

____

____

Q6. Please provide the following information on the sources of your institution's data on remittance **inflows** by answering the applicable questions in the table below.

	Source of data on remittance inflows (Yes/No)? If yes, since what year?	Do national regulations require this source to submit remittances inflows data to the relevant authority? (Y/N)	How often must this source submit remittances inflows data to the relevant authority? (for example monthly, quarterly, annually, etc.)	How does this source provide remittances inflows data to the relevant authority: by post, fax, email, file transfer, other (please specify)?
Firms specialised in money transfers (Western Union, Money Gram, etc.)				
Private commercial banks				
State-owned banks				
Exchange bureaux				
Microfinance institutions				
Savings and loan institutions				
Credit unions and savings cooperative				
Other financial institutions that Receive and/or send remittances: please specify				
Post offices				
Mobile phone/telecoms service providers				
Other non-financial institutions that deliver remittances: please specify				
Settlement and clearing agencies				
Information reported by migrants entering the country (at airports and other points of entry)				
Surveys of households				
Surveys on spending by tourists/visitors to your country (which include data collection on visiting nationals of your country now residing overseas and				

carrying remittances by hand)				
Other; please specify:				

Q7. Please provide the following information on the sources of your institution's data on remittance **outflows** by answering the applicable questions in the table below.

	Source of data on remittance outflows (Yes/No)? If yes, since what year?	**Do national regulations require this source to submit remittances outflows data to the relevant authority? (Y/N)**	**How often must this source submit remittances outflows data to the relevant authority? (for example monthly, quarterly, annually, etc.)**	**How does this source provide remittances inflows data to the relevant authority: by post, fax, email, file transfer, other (please specify)?**
Firms specialized in money transfers (Western Union, Money Gram, etc.)				
Private commercial banks				
State-owned banks				
Exchange bureaus				
Microfinance institutions				
Savings and loan institutions				
Credit unions and savings cooperative				
Other financial institutions that Receive and/or send remittances: please specify				
Post offices				
Mobile phone/telecoms service providers				
Other non-financial institutions that deliver remittances: please specify				
Settlement and clearance agencies				

Information reported by migrants entering the country (at airports and other points of entry)	
Surveys of households	
Surveys on spending by tourists/visitors to your country (which include data collection on visiting nationals of your country now residing overseas and carrying remittances by hand)	
Other: please specify	

Q8. What types of transactions do you record as migrant remittance **inflows and outflows**? Please check all that apply.

		Inflows	Outflows
1	Bank draft payments		
2	Cheques issued by banks in foreign jurisdictions		
3	International money orders sent by post		
4	International money orders sent electronically		
5	Electronic fund transfers through correspondent banks		
6	Electronic fund transfers from remitter's bank directly to debit or prepaid card held by remittance recipient		
7	Use of pre-paid and debit cards for remittances at retail stores		
8	Electronic transfer of remittances to the mobile phone of a remittance recipient		

		Inflows	Outflows
9	Withdrawals at automated teller machines (ATMs) by remittance recipients using cards issued by foreign financial institutions		
10	Remittances sent or received by firms specialised in cross-border money transfer operations (Money Gram, Western Union)		
11	Money reported at airports/other points of entry		
12	Purchase of a home or other real estate in your country by migrants from your country residing overseas for the use of beneficiaries in your country		
13	Other: please specify		

Q9. Does the data you collect allow you to identify the **source (destination) country** of remittance **inflows (outflows)**?

		Inflows	Outflows
1	Yes		

2	No

Q10. Are there some means through which your institution and/or some other relevant national institution estimate remittance **inflows and outflows** through **informal** channels?

		Inflows	Outflows
1	Yes		
2	No		

If yes, how have remittances through informal channels been estimated? What is the last period for which this estimate is available and what was the estimate?

Q11. Aside from your institution, are there other institutions and/or government agencies in your country collecting and compiling national data and other information on remittance **inflows or outflows**?
If yes, please state which institution?

Luxembourg Group Recommendations

Q12. Are you familiar with the document: International Transactions in Remittances: Guide for Compilers and Users (also known as the Luxembourg Group recommendations guide)? (If not please jump to question 14).

1	Yes
2	No

Q13. Has your institution made any changes in the way remittances data are compiled or disseminated in response to these recommendations?

1	Yes
2	No

If yes, please say which recommendations and how were these adopted.

If no, please state the reason for not making changes (e.g. already complying with recommendations, do not think that is a priority, disagree with recommendations, etc.).

Resource constraints have adversely impacted upon plans for collection of remittances data.

Dissemination

Q14. How your institution currently does disseminates data on remittances. Please check all that apply.

1	Statistical bulletins
2	Press releases
3	Balance of payments statistic yearbook
4	Internet
5	Other: please specify

Q15. Does your institution publish information on the concepts, classifications, and statistical techniques used in compiling remittances data?

1	Yes
2	No

If yes, please provide information on how this document can be obtained.

Q16. Does your institution publish information on the shortcomings of collected remittances data?

1	Yes
2	No

If yes, please provide information on how this document can be obtained.

Q17. Who is the contact point for remittances data in your institution?

Appendix 2.4: Remittance Pricing

This data was originally collected for Remittances Prices Worldwide in September 2011. Each average cost covers around 80% of RSPs working within that specific corridor.

Table 9: Remittance Pricing: Average Cost

Send Country	Receive Country	Amount	Currency	FX Margin %	Total Cost %
Belgium	Congo, Dem. Rep	140	EUR	4.2	8.9
Belgium	Morocco	140	EUR	4.3	9.2
Belgium	Turkey	140	EUR	2.6	14.6
France	Algeria*	140	EUR	0.7	14.2
France	China	140	EUR	0.4	16.0
France	Cote d'Ivoire**	140	EUR	0.0	12.0
France	Haiti*	140	EUR	1.2	16.6
France	India	140	EUR	0.3	17.7
France	Mali**	140	EUR	0.0	12.7
France	Morocco	140	EUR	1.2	10.8
France	Senegal **	140	EUR	0.0	11.7
France	Tunisia	140	EUR	1.0	12.3
France	Vietnam	140	EUR	1.6	14.3
Germany	Bosnia and Herzegovina*	140	EUR	0.0	13.0
Germany	China *	140	EUR	0.8	12.3
Germany	Croatia	140	EUR	1.4	15.2
Germany	Ghana	140	EUR	4.7	12.4
Germany	India	140	EUR	2.0	11.9
Germany	Lebanon	140	EUR	1.5	14.8
Germany	Moldova	140	EUR	1.0	14.3
Germany	Morocco	140	EUR	2.0	13.2
Germany	Nigeria	140	EUR	3.0	14.9
Germany	Romania	140	EUR	0.7	5.7
Germany	Serbia	140	EUR	1.9	16.4
Germany	Turkey	140	EUR	0.3	7.9
Italy	Albania	140	EUR	2.2	8.1
Italy	Brazil	140	EUR	6.4	10.9
Italy	China	140	EUR	1.5	10.9
Italy	Ethiopia	140	EUR	3.5	11.7
Italy	India	140	EUR	0.9	4.6
Italy	Moldova	140	EUR	1.8	8.9
Italy	Morocco	140	EUR	1.7	7.2
Italy	Nigeria	140	EUR	1.5	9.4
Italy	Philippines	140	EUR	2.2	7.9
Italy	Romania	140	EUR	0.2	5.5
Italy	Senegal	140	EUR	0.0	6.4

Italy	Serbia	140	EUR	0.0	7.4
Italy	Sri Lanka	140	EUR	0.7	6.6
Netherlands	Dominican Republic	140	EUR	1.2	7.0
Netherlands	Ghana	140	EUR	3.6	14.2
Netherlands	Indonesia	140	EUR	1.9	11.0
Netherlands	Morocco	140	EUR	1.3	7.1
Netherlands	Netherlands Antilles	140	EUR	1.5	6.9
Netherlands	Nigeria	140	EUR	2.3	16.5
Netherlands	Suriname	140	EUR	2.1	8.1
Netherlands	Turkey	140	EUR	2.0	11.8
Spain	Brazil	140	EUR	7.7	11.0
Spain	Bulgaria	140	EUR	0.0	7.1
Spain	China	140	EUR	2.5	12.6
Spain	Colombia	140	EUR	1.8	5.3
Spain	Dominican Republic	140	EUR	1.2	4.7
Spain	Ecuador	140	EUR	1.8	5.6
Spain	Honduras	140	EUR	2.2	5.4
Spain	Morocco	140	EUR	3.6	7.1
Spain	Peru	140	EUR	0.9	5.3
Spain	Philippines	140	EUR	2.5	7.1
Spain	Romania	140	EUR	0.0	5.5
United Kingdom	Albania	120	GBP	2.9	7.7
United Kingdom	Bangladesh	120	GBP	0.2	4.2
United Kingdom	Brazil	120	GBP	8.2	11.0
United Kingdom	Bulgaria	120	GBP	2.4	9.7
United Kingdom	China	120	GBP	1.8	9.5
United Kingdom	Eritrea	120	GBP	3.0	12.1
United Kingdom	Ethiopia	120	GBP	2.0	10.3
United Kingdom	Gambia	120	GBP	1.8	9.4
United Kingdom	Ghana	120	GBP	3.2	9.3
United Kingdom	India	120	GBP	0.7	3.9
United Kingdom	Jamaica	120	GBP	1.9	7.2
United Kingdom	Kenya	120	GBP	4.4	8.8
United Kingdom	Lithuania	120	GBP	3.2	8.0
United Kingdom	Nepal	120	GBP	2.0	6.3
United Kingdom	Nigeria	120	GBP	0.7	7.5
United Kingdom	Pakistan	120	GBP	0.7	3.2
United Kingdom	Philippines	120	GBP	0.2	6.1
United Kingdom	Poland	120	GBP	2.0	6.1
United Kingdom	Romania	120	GBP	2.7	10.1
United Kingdom	Rwanda	120	GBP	1.6	12.5
United Kingdom	Sierra Leone	120	GBP	3.5	8.1
United Kingdom	Somalia	120	GBP	1.6	9.0
United Kingdom	South Africa	120	GBP	3.0	8.0
United Kingdom	Sri Lanka	120	GBP	1.7	5.9

United Kingdom	Tanzania	120	GBP	1.9	10.1
United Kingdom	Uganda	120	GBP	2.5	6.5
United Kingdom	Zambia	120	GBP	0.6	9.0
United Kingdom	Zimbabwe	120	GBP	6.3	9.4

* Indicates that some of the RSPs in this corridor are not transparent and did not provide all the relevant information. This is usually related to non disclosure of the FX margin

** In these corridors all RSPs send and payout in EUR. The CFA is officially pegged to the EUR. At the point of collection, the money need to be converted into the local currency.

Table 9 Additional Corridors not covered in the Worldbank's Remittances Prices Worldwide

Corridors not covered in RPW			MoneyGram Price					Western Union Price				
	send amount	send currency	Fee	fx rate	FX Margin	Total Cost	Interbank Rate	Fee	fx rate	FX Margin	Total Cost	Interbank Rate
Austria-Bosnia and Herzegovina	140.0	EUR	n/a	n/a	**n/a**	**n/a**		17.5	2.0	0%	13%	2.0
Austria-Serbia and Montenegro	140.0	EUR	11.0	1.0	0%	8%	1.0	17.5	109.6	1%	13%	110.6
Austria-Turkey	140.0	EUR	16.0	1.3	2%	14%	1.3	17.5	1.3	3%	16%	1.3
Cyprus-Romania	140.0	EUR	16.0	4.2	4%	15%	4.4	n/a	n/a	**n/a**	**n/a**	4.4
Czech Republic-Ukraine	3800.0	CZK	230.0	0.1	2%	8%	0.1	n/a	n/a	**n/a**	**n/a**	0.1
Denmark-Bosnia and Herzegovina	1125.0	DKK	n/a	n/a	**n/a**	**n/a**	0.2	135.0	0.2	3%	15%	0.2
Denmark-Turkey	1125.0	DKK	75.0	0.2	4%	11%	0.2	135.0	0.2	3%	15%	0.2
France-Poland	140.0	EUR	17.0	4.0	3%	15%	4.1	15.0	1.3	5%	15%	1.3
Germany-Greece	140.0	EUR	13.0	1.0	0%	9%	1.0	13.0	1.0	0%	9%	1.0
Germany-Poland	140.0	EUR	10.0	4.1	2%	9%	4.1	14.5	4.1	2%	12%	4.1
Germany-Russian Federation	140.0	EUR	12.0	1.3	4%	13%	1.3	14.5	37.5	4%	14%	38.9
Germany-Ukraine	140.0	EUR	12.0	1.3	4%	13%	1.3	14.5	1.3	3%	14%	1.3
Germany-Vietnam	140.0	EUR	13.0	1.3	3%	13%	1.3	14.5	1.3	3%	14%	1.3
Greece-Albania	140.0	EUR	6.9	137.9	2%	7%	140.2	15.3	1.3	4%	14%	1.3
Ireland-Nigeria	140.0	EUR	13.0	202.5	3%	12%	209.0	11.9	201.5	4%	12%	209.0
Ireland-Poland	140.0	EUR	10.9	4.0	3%	11%	4.1	11.9	4.0	3%	12%	4.1
Italy-Former Yugoslav Republic of Macedonia (FYROM)	140.0	EUR	n/a	n/a	**n/a**	**n/a**		19.0	1.2	6%	19%	1.3
Italy-Poland	140.0	EUR	10.0	4.0	3%	10%	4.1	10.0	3.9	6%	13%	4.1
Italy-Tunisia	140.0	EUR	12.0	1.9	5%	14%	2.0	19.0	1.9	6%	20%	2.0
Italy-Ukraine	140.0	EUR	12.0	1.3	4%	13%	1.3	10.0	1.3	0%	7%	1.3
Netherlands-Suriname	140.0	EUR	8.0	4.1	5%	11%	4.3	10.0	1.3	3%	10%	1.3
Netherlands-Turkey	140.0	EUR	15.5	1.3	3%	14%	1.3	17.0	1.3	3%	15%	1.3

Portugal-Ukraine	140.0	EUR	5.9	1.3	3%	7%	1.3	7.0	1.3	0%	5%	1.3
Portugal-Brazil	140.0	EUR	4.5	2.2	6%	9%	2.3	5.5	2.2	4%	8%	2.3
Spain-Argentina	140.0	EUR	4.9	1.3	3%	7%	1.3	5.5	5.5	3%	7%	5.7
Spain-Bolivia	140.0	EUR	4.9	9.0	2%	5%	9.1	5.5	8.8	3%	7%	9.1
Sweden-Bosnia and Herzegovina	1340.0	SEK	n/a	n/a	**n/a**	**n/a**		190.0	0.1	4%	18%	0.1
Sweden-Turkey	1340.0	SEK	150.0	0.1	3%	14%	0.1	190.0	0.1	4%	18%	0.1
UK-Turkey	120.0	GBP	10.0	1.5	4%	12%	1.6	19.6	1.2	4%	21%	1.2

Appendix 3: Payment Services Directive and questionnaires

Appendix 3.1: Services that are covered by the Payment Services Directive

1. Services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account.
2. Services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account.
3. Execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider:
— execution of direct debits, including one-off direct debits,
— execution of payment transactions through a payment card or a similar device,
— execution of credit transfers, including standing orders.
4. Execution of payment transactions where the funds are covered by a credit line for a payment service user:
— execution of direct debits, including one-off direct debits,
— execution of payment transactions through a payment card or a similar device,
— execution of credit transfers, including standing orders.
5. Issuing and/or acquiring of payment instruments.
6. Money remittance.
7. Execution of payment transactions where the consent of the payer to execute a payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system ornetwork operator, acting only as an intermediary between the payment service user and the supplier of the goods and services.

Appendix 3.2: EU Member States, Money Transfer Regulator Survey

Payment Services Directive

Q1. Can you please advise if any of the optional provisions that were left to the discretion of member states have been adopted?

1	Yes
2	No

(If you answered 'no' please go to question 3).

Q2. If so which ones?

#		Yes	No	Details
1	Waiver of the application of PSD provisions with regard to institutions under Article 2 of the capital requirements' Directive – Article 2(3)			
2	Not to apply on going capital requirements when a payment institution is included in the consolidated supervision of the parent credit institution – Article 7(3)			
3	Calculation of safeguarding requirements when funds can be used for future payment transactions and for non-payment services – Article 9(2)			
4	Application of safeguarding requirements to genuine (non hybrid activities) payment institutions – Article 9(3)			
5	Threshold of EUR 600 for applying safeguarding requirements – Article 9(4)			
6	Option to take into account professional secrecy rules under the relevant provisions of the capital requirements Directive – Article 22(3)			
7	Waiver of authorisation/supervision requirements of payment institutions – Article 26(1)			
8	Limitation of payment activities carried out by waived entities under Article 26 – Article 26(4)			
9	Application of information requirements to micro enterprises – Article 30(2)			
10	Burden of proof on the provision of information requirements lies with the payment service provider – Article 33			
11	Low-value/e-money payments: reduce/double amounts under Article 34(1) and increase them for prepaid instruments up to EUR 500 – Article 34(2)			
12	More favourable provisions on termination conditions – Article 45(6)			
13	Provision of information to the payer on paper once a month by free – Article 47(3)			
14	Provision of information to the payee on paper once a month by free – Article 48(3)			
15	Not application of out-of-court procedures to corporates – Article 51(2)			
16	Application of right/obligations under Title IV to micro enterprises – Article 51(3)			
17	Limitation of the application of the surcharge rule – Article 52(3)			
18	Low-value/e-money payments: reduce/double amounts under Article 34(1) and increase them for prepaid instruments up to EUR 500 – Article 53(2)			

19	Limit derogation under this provision to accounts or instruments of a certain value – Article 53(3)	
20	Reduction of payer's liability for unauthorised use of payment instrument taking into account the nature of personalised security features of the payment instrument – Article 61(3)	
21	Shorter maximum execution times for purely national payment transactions – Article 72	
22	Transitional provision in favour of legal persons under certain conditions – Article 88(3)	
23	Transitional provision for natural or legal persons eligible for the waiver under Article 26 – Article 88(4)	

Q3. Are there any other areas where local legislation has deviated from the PSD, for example 'one-leg out ' v 'two leg-in' Payment transactions?

1	Yes
2	No

If so please detail the items:

____

Q4. How many Authorised Payment Institutions are there on your register?

____

Q5. How many Small Payment Institutions are there on your register (where applicable)?

____

If you can please attach a list of the Payment Institutions that appear on the register for your country when you submit the completed survey that would be greatly appreciated.

Q6. How many new entrants to your market have you seen since the introduction of the PSD?

____

Passporting

Q7. Please advise how many firms have asked to passport their Authorisation from your market (you are the home authority)?

____

Q8. Please advise how many firms have asked to passport their Authorisation to your market (you are the host authority)?

____

Q9. In your opinion does the Passporting process work effectively?

1	Yes
2	No

Q10. If 'no' please advise how the process could be improved.

____

____

____

Anti-Money Laundering

Q11. What is the name of the body that is responsible for monitoring and enforcing anti-money laundering and counter-terrorist financing?

____

____

Q12. What is the minimum transaction value that a Payment Institution must see identification from a customer for an international money transfer? ____________________

Q13. The Anti-Money Laundering Directive is being revised in the near future – can you outline any areas where you would like to see changes as far as Payment Institutions are concerned?

____

____

____

____

____

____

Recommendations for the Future

Q14. Do you think it would be possible to ask Payment Institutions to provide corridor data for statistical purposes as part of their annual returns?

1	Yes
2	No

Q15. If 'no' please advise on why.

____

____

____

End of the questionnaire.

Appendix 3.3: Diaspora Network Leaders Survey

SECTION1: ABOUT YOUR ORGANISATION

This information is only used to help us understand a little more about the money transfer habits of your members. The information will not be released to other companies under any circumstances.

1. Please provide the name of network organisation.

1	Name of Organisation	

2. Please outline the type of organisation. please tick the appropriate option

#		Please tick
1	Church or Religious organisation	
2	School association (Old students association)	
3	Professionals Network	
4	Club or Society	
5	Other please specify	

3. How many members do you currently have?

#		Please tick
1	Under 20	
2	21 - 40	
3	41-80	
4	81-120	
5	Over 120 Members	

4. How regularly do you meet with or correspond with your members? Please ***highlight*** the method of contact and outline how regularly you engage your members.

#		How regularly, (e. g. twice a week, once a month, three times a year)
1	Emails	
2	Newsletter	
3	Group meetings/ church service	
4	Parties/ events	
5	Home visits	
6.	Other (please specify below)	

5. Is there a membership or subscription fee for joining your network?

1	Yes
2	No ***(go to SECTION 2)***

If yes, how regularly do members pay this fee?

#		please tick
1	One off joining fee	
2	Once a year	
4.	Once a month subscription	

3.	Other (please specify)	

SECTION 2: ABOUT YOUR MEMBERS

6. What is the home country (country of origin) for the majority of your members? **(this should be different to their current country of residence. If it is the same, please end the survey here)**

Please list

____
____

7. Would you say that the majority of your members are in full time employment?

#		please tick
1	Yes	
2	No	
3.	Not sure	

8. Would you say that the majority of you members have a bank account?

#		please tick
1	Yes	
2	No	
3.	Not sure	

9. Do the majority of your members have access to the internet or use a mobile phone?

#		please tick
1	Internet	
2	Mobile	
3.	Not sure	

10. How many of your members have relatives in another country – including their country of origin? Please tick the appropriate option

#		please tick
1	None	
2	25%	
4.	Around one third	
3.	Over 50%	

11. Of those that have family members overseas, how many regularly send money home?

#		please tick
1	None	
2	25%	
4.	Around one third	
3.	Over 50%	

If NONE of your members send money home, please go to section 3 part b

SECTION 3: MONEY TRANSFER HABITS AND USEFULNESS OF AN EU REMITTANCES PORTAL

Part A: Money Transfer Habits of Members

12. In your opinion what is the most common method of money transfer used amongst your members?

#		Please tick	Most commonly used service if known
1	Cash to cash (for example Western Union)		
2	Bank to bank transfer		
3	Prepaid money transfer card		
4	Cash sent with friends and family		
5	Goods, e.g. TV, hi-fi etc		
6	Cheque		
7	Travellers Cheques		
8	A credit union		
9	Other (specify)		
10.	Not Sure, it varies		

13. In your opinion, who do your members send money to the most? How regularly, in your opinion, do they send money to this person?

#		Please tick	How many times a year?
1	Their wife/husband		
2	Their children		
3	Their parents		
4	Their grandparents		
5	Other relatives		
6	Their Friends		
7	Other, please specify		
8.	Not Sure		

14. In your opinion what is the main reason for using a particular method for sending money home? (please rank 1 being most important and 5 (or 6) being least important

#		Rank (1 – 5 *(or 6)*)
1	Price – the cheapest service is always used most.	
2	Trust – if the method has worked well previously people continue to use it	
3	Convenience – it is easy for the sender and beneficiary to send money in this way	
4	Habit – this is the method that has always been used	
5	Lack of information – many people are unaware of alternative ways to send money and so continue to use the same service	
6	Other (please outline)	
	It is hard to say what the reasons are **(tick if appropriate)**	

Part B: Usefulness of an EU Remittances Portal for Members of your Organisation

The European Commission are currently in the process of developing an online website for migrants living within EU member states. The website will provide migrants with information on a range of issues, including directions on how to access migrant specific services. The following section is to assist the EU in understanding what should be included in the website, and whether information on money transfer prices would be of use to migrant communities. The information you provide here will be used to make recommendations on how this website should be structured.

15. Are you familiar with any money transfer price comparison websites (the main sites have been listed in the below table)?
 If yes, do you find the site useful? (If you X, please rank usefulness 1to 5, 1 being very useful, 5 being not useful at all) Any additional information you provide would be of assistance.

#		YES, i am aware of...(please **X** appropriate site)	Usefulness 1-5	Additional Information
1	www. envioedargent.fr			
2	www.geldtransfair.de			
3	www.mandasoldiacasa.it			
4	www.moneymove.org			
5	www.geldnaarhuis.nl			
6.	www.worldbank.remittancespricesworldwide.org			
7.	www.worldbank.sendmoneyafrica.org			
8	I am familiar with none of these, I visit another website (provide details)			

#	No, I am not aware of any

16. Would you be interested in receiving information on money transfer prices that you can share with members of your organisation? Please give each service a score between 1 – 5 (1 being very useful, 5 being not useful at all). The score you provide should demonstrate how useful you think the service will be to your members. Any additional information you provide would be of assistance.

#		Rank 1 - 5	Additional Information
1	A **website** that you can visit to check prices every month		
2	An **email shot** that you sign up to, that emails you changes in price and the cheapest price for sending to your country		
3	A **text message** service that tells you about changes in price, including the cheapest services to your country		
4	None of these I would prefer **another type** of service (please outline)		

Additional information:

17. Do you think your members would also find the above service useful if it also provided information on one of the following? Please give each service a score between 1 – 5 (1 being very useful, 5 being not useful at all). The score you provide should demonstrate how useful you think the service will be to your members. Any additional information you provide would be of assistance.

#		Rank 1 - 5	Additional Information
1	Legal issues relating to your immigration status		
2	Information on how to manage your finances, including advice on budgeting, saving and where to open a bank account		
3	Information on services available to you in your country of residence		
4	An advisory hotline/ instant chat service, where you can speak with an advisor on a number of issues, confidentially.		
5	Other (please specify)		

SECTION 4: DIASPORA INVESTMENT IN HOME COUNTRY

18. Does the organisation raise/send money regularly to the country of origin of your members? If so is it for a specific cause? How regularly does it do this?

#		Yes	Specific Cause	How regularly does it do this (number of times in a year)
1	Supports local churches			
2	Supports educational programmes			
3	Supports local businesses			
4	Supports health initiatives			
5	Other please specify			

#	No, I am not aware of any

19. Do you think your organisation would be interested in hearing about other causes that it can support or contribute to in the country of origin of your members?

1	Yes
2	No

20. What are the main concerns your organisation would have in encouraging your members to invest in their country of origin?

#		Please **X** appropriate
1	Mismanagement	
2	Not earning any money from the investment	
3	Corruption	
4	High risk	
5	High costs in transferring funds to your home country	
6	Political instability	
7	Economic instability and outlook	
8	Transparency	
9	Other (Please specify)	
10	No concerns	

21. What sort of investment schemes would you consider investing in on behalf of members?

#		Please **X** appropriate
2	Government bonds – national level	
3	Targeted funds – for specific needs (e.g. utility, infrastructure, energy) – sectoral level	
4	Land – local level	
5	Property – sectoral level	
6	Public sector – education / health care – sectoral level	
7	Small to Medium enterprises	
8	Philanthropic	

22. Would you be willing to register your organisation as being interested in hearing about investment opportunities that may be relevant to your members?

1	Yes
2	No

If yes, please provide contact details and list the countries of interest here.

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End of survey – thank you very much for your time.

Appendix 4: Remittances projects funded through Aeneas Programme and Thematic Programme for Migration and Asylum

Domain	CONTRACT NUMBER	TITLE	ORGANISATION	EC FINANCING AMOUNT €	TOTAL AMOUNT €	REGION	OBJECTIVE
			Thematic Programme for Migration and Asylum				
DCI MIGR	259532	Strengthening the dialogue and cooperation between the EU and Latin America and the Caribbean (LAC) to establish management models on migration and development policies	INTERNATIONAL ORGANIZATION FOR MIGRATION	3,000,000.00	3,000,000.00	Latin America	– Promote better knowledge on migration flows via Data, especially for countries with sign ficant migration towards the EU, including the training and capacity building of national administrations to produce and update data and analyses; – Promote sound migration management and social and economic reintegration policies for migrants returning in their communities of origin; – Create the conditions necessary to facilitate the productive investment of remittances by enhancing the capacity of recipient communities to make best use of these monetary flows, and involving Diaspora organisations in local development strategies.
DCI MIGR	152922	Returning Enterprising Migrants Adding Employment (REMADE)	STICHTING HIVOS (HUMANISTISCH INSTITUUT VOOR ONTWIKKELINGS SAMENWERKING)	838,433.53	1,048,042.53	Sub-Saharan Africa	Fostering the diaspora (in the Netherlands and UK) to strengthen bonds with the communities of origin, make their remittances more effective, promote circular migration and counter brain-drain by development of the private sector in Ghana Establishment of healthy small and medium enterprises (SMEs) by returning migrants through a more effective use of remittances for economic development and adequate business support structures
DCI MIGR	228991	"Remittances Developing Moldovan Communities" Sustainable Use of Remittances by Generating Local Income in the Republic of Moldova	HILFSWERK AUSTRIA INTERNATIONAL - OSTERREICHISCHES HILFSWERK FUR INTERNATIONALE ZUSAMMENARBEIT	502,249.00	627,812.00	Eastern Europe	To increase the positive impact of remittances to Moldova through improved capacity of remittances recipients and local communities in 4 target regions of central Moldova to generate income activities, develop businesses and invest in their rural communities
DCI MIGR	153811	Harnessing the potentials of migration for development by linking MFIs and immigrant associations	STICHTING OXFAM NOVIB	1,500,187.20	1,875,234.00	Sub-Saharan Africa	Capacity building of immigrant associations based in 10 EU countries to actively support the development of their countries of origin and to enable MFI's to facilitate transfer of migrant remittances in a safer and cheaper manner Establish a trans-national technical assistance program that trains and enables 10 MFIs (INAFI members) located in 10 Sub-Saharan countries to provide worldwide remittance transfers and builds partnerships including a co-development program with immigrant associations working or residing in 10 European countries.
DCI MIGR	152499	Faciliter la création d`entreprises au Maroc grâce à la mobilisation de la diaspora marocaine installée en Europe (FACE-Maroc)	STICHTING INTENT	1,497,304.90	2,230,068.22	Northern Africa	Contribute to economic development and employment creation in Morocco, through the mobilisation of the diaspora in Europe Creatin a sytem to support project promotors, enabling the moroccan diaspora in Europe (NL, FR, DE) to establish SME in Morocco
DCI MIGR	229741	Appui et conseil aux administrations publiques africaines responsables des initiatives sur la migration et le développement dans la route migratoire de l'Afrique de l'Ouest.	FUNDACION INTERNACIONAL Y PARA IBEROAMERICA DE ADMINISTRACION Y POLITICAS PUBLICAS	1,200,000.00	1,500,000.00	Northern Africa / Sub-Saharan Africa	Promouvoir et consolider les impacts et effets posit fs des initiatives et actions sur la formation liée à l'emploi, la protection social, les transferts de fonds et la participation de la diaspora à Sénégal, Côte d'Ivoire, le Cap Vert et le Maroc à travers de renforcement des capacités et la mise en œuvre et l'adaptation des modèles de gestion migratoires.
DCI MIGR	152834	Adding value to Central Asian Migration Awareness, Capacity Building and Networking for maximizing the impact of migration on growth and development	AGENCE D`AIDE A LA COOPERATION TECHNIQUE ET AU DEVELOPPEMENT	1,386,916.88	1,733,646.10	Central Asia	Protect vulnerable migrants and increase the positive impact of labour migration on rural communities of origin - Develop more effective migration management mechanisms, whereby capacities of state structures to ensure safer, more humane and orderly labour movements are expanded and legal and risk awareness of migrants and target populations is increased; - Foster the positive contribution of labour migration to the economic and social development of vulnerable rural regions as a tool for poverty reduction
DCI MIGR	153406	Su.Pa. Successful Paths, Supporting Human and Economic Capital of Migrants	VENETO REGION	1,031,500.00	1,289,501.25	Sub-Saharan Africa	Support the human and economic value of migrants, by promoting effective tools to facilitate return paths and encouraging the economic development of the Country of origin. - strengthening the institutional cooperation in the field of migration, between sending and receiving Regions involved in the project; - eradicate the difficulty in the access to credit for migrants by improving the system of guarantees, needed to promote entrepreneurship and business start-ups in Senegal; - promoting innovative paths to support the return of human and economic capital to Senegal, through adequate tools.
DCI MIGR	254033	European-wide African diaspora platform for development (EADPD)	STICHTING AFRICAN DIASPORA POLICY CENTRE	1,399,995.00	1,749,995.00	Northern Africa / Sub-Saharan Africa	To promote the contribution of the diaspora to act as a development actor for Africa through the establishment of a European-wide African diaspora platform
DCI MIGR	147242	Joint Migration and Development Initiative *	UNITED NATIONS DEVELOPMENT PROGRAMME	2,790,237.29	2,790,237.29	Global	Capacity building, generation of knowledge and promotion of networks - Foster networking and cooperation between small size actors. - Capacity building of relevant actors, twinning arrangements and consortia to combine skills and resources; - Dissemination of global best practices and knowledge platform to support knowledge sharing and exchange - Raise awareness among current or potential stakeholders and actors
DCI MIGR	153157	The Africa Remittances Institute project	THE WORLD BANK GROUP	1,676,271.00	2,104,810.00	Sub-Saharan Africa	Capacity building of Member States of the African Union, remittance senders and recipients, private sector, universities, and other stakeholders - Develop and implement concrete strategies and operational instruments to use remittances as development tools for poverty reduction. - Strengthening partnership between AU, EU, the World Bank, IOM, the African Development Bank, the UN Economic Commission for Africa and the African Diaspora in the area of remittances in particular, and migration and development in general.
				16,823,094.80	**19,949,346.39**		

			AENEAS				
MIGR	120268	Leveraging Remittances to promote Migrant Entrepreneurship.	STICHTING INTENT	595,844.82	756,538.42	Sub-Saharan Africa	1. Promoting efficient money transfer systems for remittances and productive investment of remittances 2. Enhancing the role of Diaspora in macro economic development of the countries of origin, by promoting productive investment and brain circulation. 3. Improving remittance transfer systems by implementing a financial system to use remittances from the EU for provision of local loan financing / seed capital to migrant entrepreneurs in Surinam and Ghana. 4. Supporting local banks in Ghana and Surinam in the field of remittances and loan provision to migrant entrepreneurs
MIGR	114838	Promoting Innovative Migrant Remittances in Africa, Asia, Eastern Europe and Middle East	INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT	4,000,000.00	6,800,000.00	Global	Migration and Development - Remittances - Creating a Financing Facility for Remittances (FFR) - Training/capacity building to enhance the capacity of financial intermediaries to provide money transfer services - Critical investment in financial infrastructure to improve remittance services - Identification, testing and up-scaling of community investment schemes.
MIGR	120130	Model for the optimization of immigrant remittances: Trans-national network actions to improve remittance use.	UNION DE COOPERATIVAS MADRILENAS DE TRABAJO ASOCIADO ASOCIACION	636,350.60	824,781.05	Latin America	Migration and Development - Remittances - Development of a trans-national network to design the Remittance Optimization Model (workshops). - Meetings and agreement with the Spanish banking sector. - Implementation of the model through the WEB page and network actions. - Dissemination campaign. - Technical assistance to 12 micro-enterprises. Support to 50 solidarity projects. - Trans-national dissemination and transferability.
MIGR	130599	Improving Knowledge of Remittance Corridors and Enhancing Development through Inter-Regional Dialogue and Pilot Projects in SE Asia and Europe (Special Focus on the Philippines and Indonesia)	INTERNATIONAL ORGANIZATION FOR MIGRATION	764,631.00	977,028.80	Asia	Remittances - Generation of new remittance data - Provide a forum for inter-regional dialogue, information exchange and cooperative development planning; - Strengthen the capacity of government, civil society, diaspora groups and other main actors - Improve remittance transfer services, promote remittance transfers and support initiatives which enhance savings and/or investment in productive projects.
MIGR	120262	Enhancing Development Impact of Remittances and Promoting legal migration in Rural Communities.	INTERNATIONAL ORGANIZATION FOR MIGRATION	478,772.00	611,484.62	Central Asia	Enhancing the development impact of labour migration and remittances - Provide financial education to migrant households - Build capacity of local community actors and community based entities through trainings and consulting. - Provision of micro-credit grants; - Create Migrant Household Associations (MHA); - Set up IP telephony and internet café to improve communications in rural communities • Conduct follow-up research.
MIGR	129840	Création d'un environnement favorable permettant de profiter des effets positifs de la migration pour le développement économique de la région de l'Oriental du Maroc.	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH	1,199,533.62	1,499,417.02	Northern Africa	Increasing the output capacity of the Eastern area and the competitiveness of the economic space - Investment climat diagnosis - Analysing the specific needs of SMEs - Support and counselling to the Regional Investment Centres - Strenghning the banking sector capabilities of offering innovative finantial products - Mobilisation of the German diaspora through an information and comunication structure
MIGR	130391	Women Migration from Morocco to EU: a Warp Yarn for the Development.	SOLETERRE-STRATEGIE DI PACE ONLUS ASSOCIAZIONE	561,975.74	702,733.20	Northern Africa	Promoting links between Moroccan diasporas in Italy and the communities of origin in Morocco and promoting circular migration and return of skilled, with particular focus on migrant women - Trans-national research and survey activity about migration pathways of women from Morocco to Italy - Setting up of a trans-national corridor among Local Authorities and diasporas through development co-operation programmes and territorial partnerships - Development of trans-national women economic activities in Craftsmanship and Textile Sector
				8,237,107.78	**12,171,983.11**		

*funding amount is for remittances related projects only and is not reflective of total project funding.