



**Organization for Security and Co-operation in Europe
Secretariat**

EEF.IO/9/09
17 May 2009

ENGLISH only

Conference Services

**Seventeenth OSCE Economic and Environmental Forum - Part 2:
“Migration management and its linkages with economic, social and environmental
policies to the benefit of stability and security in the OSCE region”
Athens, Lagonissi Grand Resort, 18 - 20 May 2009**

Session 4 Enhancing the development impact of migration

Please find attached the presentation by Mr. Pedro De Vasconcelos, Programme
Co-ordinator, Financing Facility for Remittances, International Fund for Agricultural
Development (IFAD).

IFAD
Enabling the rural poor to overcome poverty

Financing Facility for Remittances

Promoting Innovative Remittance Systems and Investment Channels for Migrants

LE GOUVERNEMENT
de l'Ontario

MINISTERIO
DE ECONOMÍA, INDUSTRIA
Y DE COORDINACIÓN

UNCDF

CGAP

Pedro de Vasconcelos

IFAD and Remittances

- Remittances is a main component of IFAD strategy on rural development as it involves rural finance, rural migration and rural entrepreneurship

Increase the financial resources of those who receive remittances in rural areas

Improve the developmental impact of remittances in rural areas

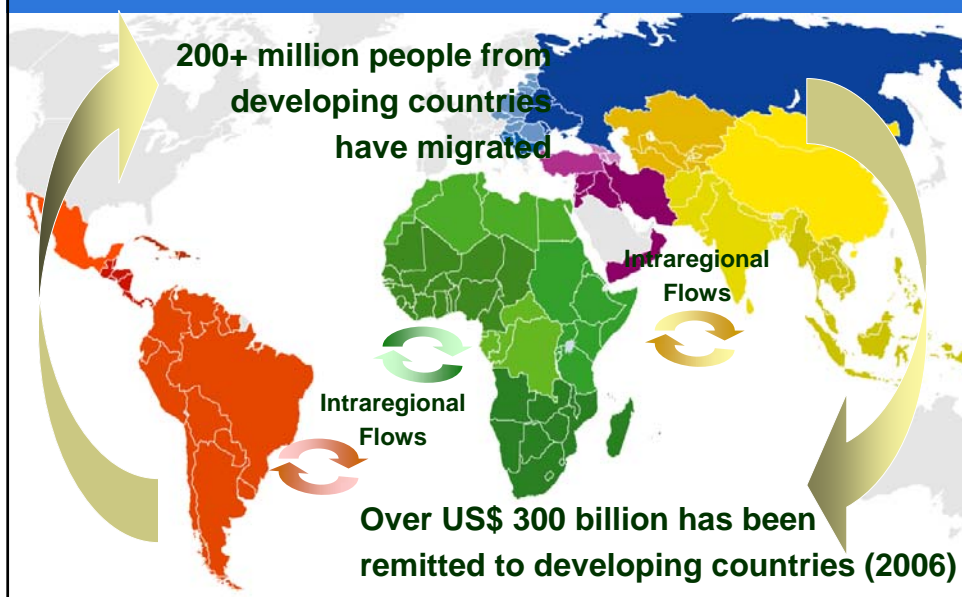
IFAD
Enabling the rural poor to overcome poverty

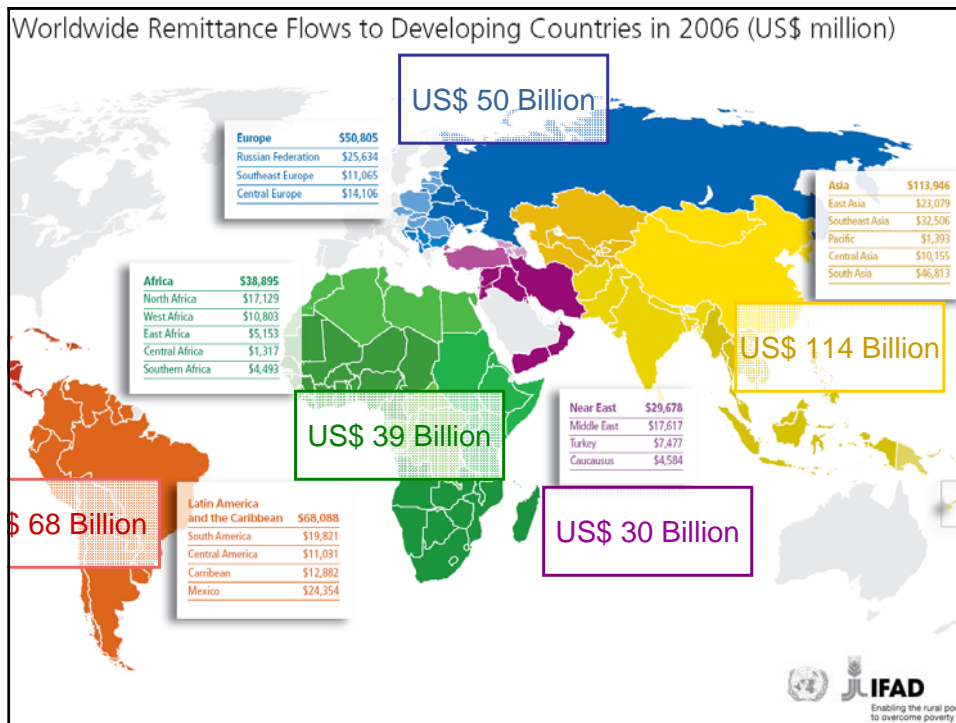
Remittances: Some Facts

- Migration
- Flows
- Costs
- Technology
- Regulation
- Opportunities (intermediation and integration)



Migration Trends "Human face of Globalization"





Remittance Flows

- 1.5 billion individual transactions annually
- 57 countries receive more than US1billion per year in remittances
- Remittances total 3 times ODA
- In most developing countries, remittances exceed FDI inflows
- 40% to 70% of remittances go to rural areas, depending on regions and countries

IFAD
Enabling the rural poor to overcome poverty

Transfer Cost

Sending money home costs money...

10 years ago... worldwide cost of transferring remittances ranged from 15-20%

2-10% now on average...

However the range is still large across transfer methods

In general terms, cost are lower when:

Information is widely available to migrants and their families at home

Competition among remitting operators is keen

Regulation by government is good



Rural Remittances

Opportunities

- Rural areas account for the largest part of remittances in numerous developing countries.
- Competition is lower than in urban areas
- Local impact and penetration are higher

Challenges

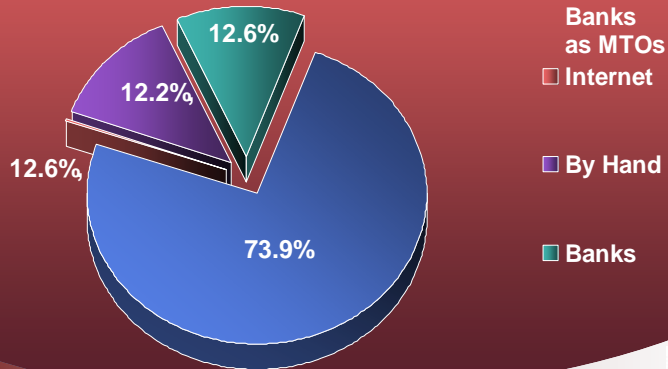
- Last mile
 - Structural inadequacies (comm, PoS, roads, elec.)
 - Cash availability
 - Common and Increased difficulties by local entities to comply with the current regulatory framework



Transfer Mechanisms

Transfer mechanisms vary by region and from corridor to corridor. However, Money Transfer Operator (MOT) are the preferred mechanisms

Remittance Transfer Mechanisms



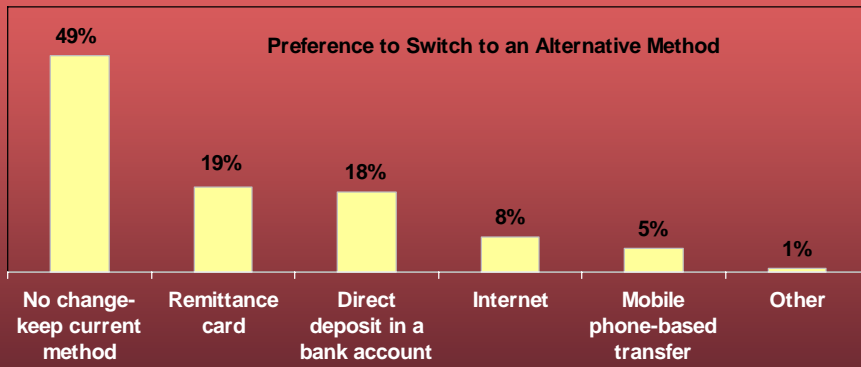
New technologies: market penetration

Prepaid cards and the use of mobile phones, permit cheaper alternative to transfer money, this business is growing exponentially on yearly basis (30 to 40%)

- CARD-BASED TECHNOLOGY:** 30% of remittance recipients currently use debit or credit cards (50 %in some countries)

- MOBILE TECHNOLOGY:** In India, Kenya and the Philippines, mobile technology is already a widely accepted means for money transfer, and its use is growing exponentially. These examples are currently being replicated in other regions of the world

Transfer Mechanisms



Leveraging Remittances
Banking and Financial Intermediation

Misunderstandings

Remittances are not a substitute for:

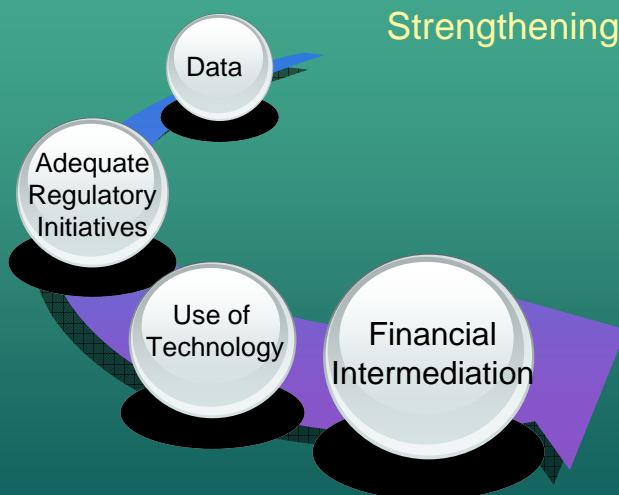
- X development efforts or aid
- X a development model for a country

Remittances are private funds of individuals in search of financial products and options



Strengthening rural remittances

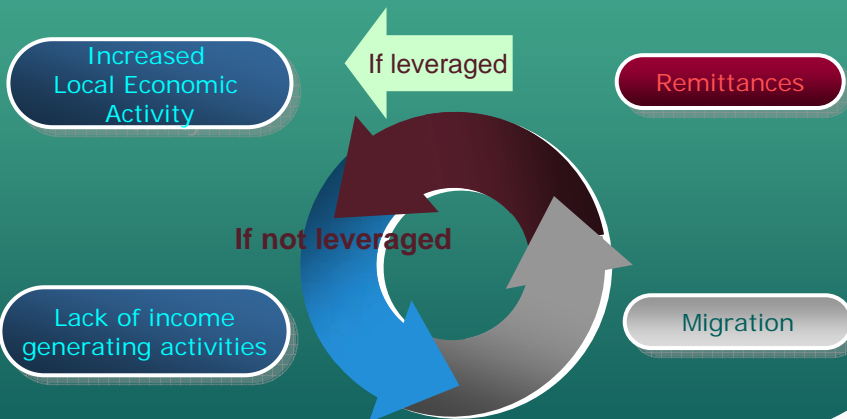
Strengthening the Market



A deeper and more efficient remittances market in the long run

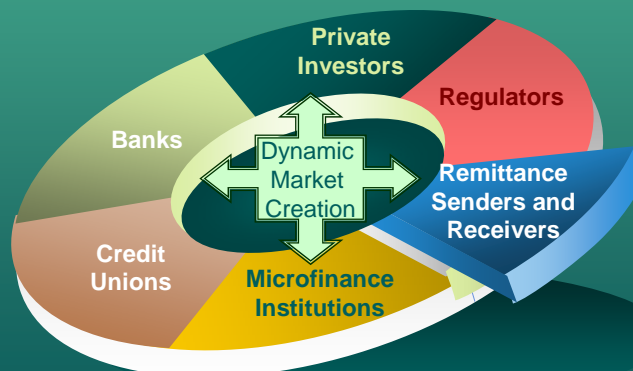


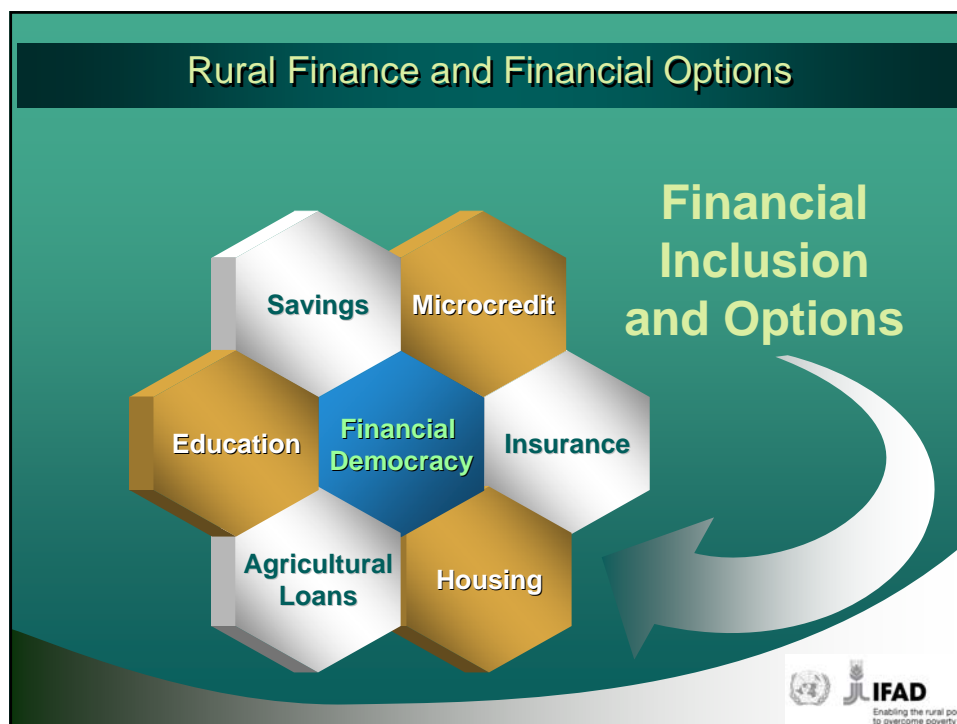
Leveraging Rural Remittances



Market Dynamics

However, the real changes are made within a spiral of market interactions in which several actors are now busily creating a dynamic, rapidly changing and potentially powerful new market





However...

Restrictions on financial access and problematic regulatory frameworks

Poor presence outside the capitals restricts financial access:

- (i) Cost is a factor hindering access
- (ii) The scope of formality hinders access (allowing only one kind of institution restricts people from enjoying the opportunities to access other financial institutions such as **credit unions and MFIs**)
- (iii) Geographic presence is another component of financial access

Financing Facility for Remittances

Promoting Innovative Remittance Systems and Investment Channels for Migrants



European Commission



Inter-American Development Bank



Government of Luxembourg



Consultative Group to Assist the Poor



United Nations Capital Development Fund



Ministry of Foreign Affairs
and Collaboration of Spain



International Fund for Agricultural Development

Financing Facility for Remittances

- US\$ 15+ million multi-donor fund
- Promotes and funds individual and innovative initiatives
- US\$ 250,000/project; 24 month implementation period
- Transparent and competitive selection process

- Applicants may be
 - (a) a non-profit institution such as a NGO
 - (b) a public, governmental institution;
 - (c) a for-profit entity; or
 - (d) mutual/cooperative organization or credit union.



IFAD's Objectives of its Call for Proposals

1

Document and improve access to low cost remittance transmission in rural areas

2

Link remittances to additional rural financial services and products

3

Develop innovative and productive rural investment channels for migrants and migrant-based organizations



Project categories

Improve remittance transmission and access to remittance services in rural areas

Specific objectives:

- Develop and test innovative mechanisms to increase the efficiency of the transmission of international/domestic remittances between financial institutions and/or money transfer operators in both remittance-sending and remittance-receiving countries .
- Increase access to remittances in rural areas by enabling local financial institutions to provide remittance services, either directly or as the agent of commercial banks and money transfer operators



Window 1: Call for proposals 2008 Projects

Country	Project name	Organization
Cameroon	Expansion of Telecash in rural Cameroon (Telecash Rural)	CamCCUL
Sierra Leone	RemittancesPlus - Multiplying money sent home:	AFFORD - African Foundation for Development
Somalia	Banking Groceries' remittance transmission to rural areas	HIRDA
Uganda	Enabling Affordable Remittance Services Using Card-Based Technology	FINCA International Uganda
Bolivia	Platform for remittances micro-transactions	Servicio Holandés de Cooperación al Desarrollo - SNV
Bolivia	Electronic Remittance system from Spain to Rural areas of Santa Cruz, Bolivia	Federación Boliviana de Cooperativas de Ahorro y Crédito - FEBOCAC
Jamaica	Bridging the Gap to Financial Services for the Rural Poor in Jamaica	Jamaica National Building Society Foundation - JNBSF
Haiti	Fonkoze/One Central Source Visa Prepaid/Payroll Card	FONKOZE

For further information on projects, please visit www.ifad.org/remittances



Project categories

Link remittances to financial services and products in rural areas

Specific objectives :

- Support financial institutions in the creation of innovative financial services linked to remittances in order to (i) promote financial inclusion of “unbanked” remittance senders and/or beneficiaries in the financial sector and (ii) expand access to financial services such as savings, credit, loans and insurance
- Promote innovative partnerships between hometown associations and formal financial institutions (e.g. commercial banks, cooperatives), microfinance operators and specialized NGOs, in order to link remittances to other financial services



Window 2: Call for proposals 2008 Projects

Country	Project name	Organization
Ethiopia	Enhancing Microfinance and Remittances Services to Ethiopia	Oxfam Novib (ON)
India	Technology Assisted Financial Inclusion	Indian Grameen Services IGS - BASIX
Nepal	Promotion of Migrant's Saving and Alternative Investment through selected MFIs in Nepal	CMF - Centre for Micro Finance
Tajikistan	Remittances and Remittance-linked Financial Services for Tajikistan's Rural Poor	FINCA International Tajikistan
Ecuador	Dinamización de las remesas en Ecuador	FUNDACIÓN UN SOL MON

For further information on projects, please visit www.ifad.org/remittances



Project categories

Develop innovative and rural productive investment channels between migrants and their communities of origin

Objective:

- Establish partnerships and mechanisms that offer incentives to invest in productive activities in migrants' countries of origin, including by supporting links between migrant association and their communities of origin and supporting entrepreneurial education and development for remittance recipients.



Window 3: Call for proposals 2008 Projects

Country	Project name	Organization
Albania & Kosovo	DEVINPRO 2008/2009 - Strengthening the link between migration and development	IASCI
Moldova	Facilities of orientation-attraction of remittances into rural economic development	MMA - Moldova Microfinance Alliance
Nepal	Economic Security of Women Migrant Workers	UNIFEM
Tajikistan	Financial Services for Rural Areas	Habitat for Humanity Tajikistan
Ecuador	Financing sustainable energy through remittances flows	BASE
Honduras	Business creation through return migrants and remittances receivers in rural Honduras	GTZ
Guatemala	Building Local Capacities for Remittance Management	Share

For further information on projects, please visit www.ifad.org/remittances



PT- FFR Knowledge management and PN

PT- FFR: Knowledge management to IFAD

Advisory role in IFAD/external resources available for remittances initiatives (funding, partnerships, consultancies/experts, etc.)

Feedback and support to PN

- Design support
- Institutional contacts (FFR Call for Proposals - CFP)
- Data (Flows, regulatory framework, remittances country profiles)

Feedback and support to PT-FFR

- Feedback on PN's initiatives for dissemination
- Institutional opportunities for CFP
- Dissemination through PN networks



Other News..

Call for Proposals 2009

Deadline May 29 2009

for more information please visit: www.ifad.org/remittances

2009 International Forum on Remittances
October 22-23, Tunis

