Remittances, Microfinance and Development: building the links

Volume 1: a global view

Judith Shaw
EDITOR

THE FOUNDATION FOR DEVELOPMENT COOPERATION

Remittances, Microfinance and Development: building the links

Volume 1: a global view

Judith Shaw
EDITOR

THE FOUNDATION FOR
DEVELOPMENT COOPERATION
Brisbane, Australia

Published by
The Foundation for Development Cooperation
ABN 48 906 071 306

ISBN 0-9586728-7-3
First published 2005

Editor
Judith Shaw

The Foundation for Development Cooperation (FDC)
PO Box 10445 Adelaide Street
Brisbane Queensland 4000 Australia
Tel: + 61 7 3236 4633
Fax: + 61 7 3236 4696
Email: info@fdc.org.au
FDC Website: www.fdc.org.au
BWTP Network Website: www.bwtp.org

Contents

Preface

For as long as we can remember – long before international boundaries were drawn up and passports were invented – people have left their homelands, settling permanently in another place, or moving from one place to another to find work to sustain life or improve living standards. Educated and uneducated, skilled and unskilled, professionals, maids, football players and sex workers. Some leave to escape poverty or discrimination – sometimes abject, chronic poverty and suffering – but not all. Even the rich and famous choose to re-locate. These "migrants" have not always been welcomed. In some cases they have been allowed to stay, in others they have been turned away. Some do well. Others do not and discover that poverty, exploitation and discrimination have no boundaries. In most cases, the link to "home" and family remains strong, and as soon as it's possible, sons and daughters, husbands and wives start sending something home, money or goods, by whatever means available. From small amounts to major transfers, through a bank or in the lining of a coat, for purposes as wide-ranging as house and land, building materials, a car or motor bike, a television, DVD, stereo or refrigerator, furniture, clothing, used or new, the price of an education to launch the next generation or migrants and guest workers.

This is the story of remittances, which stands alongside global trade and other financial flows, and in many countries, well ahead of Official Development Assistance (ODA) or aid as a vehicle for wealth transfer between and among developed and developing countries, and within countries, from metropolitan or urban to provincial or rural areas. The remittances issue has received greater attention in recent years. The United Nations' "Financing for Development" process focused attention on non-ODA flows to accelerate and extend development efforts. At the same time, investigations triggered by heightened concern about international terrorism and money-laundering revealed the volume and extent of remittance flows, legal and "illegal".

FDC's investigation of the remittances phenomenon reflects its long-standing interest in innovative ways to increase the volume and impact of development cooperation (beyond "aid"). It is a natural extension of FDC's work on microfinance (small scale savings, lending and insurance activities for people who are typically not served by the formal financial sector), to reduce vulnerability and provide sustainable livelihoods through micro-enterprise development. It is also an obvious area for FDC given our interests in information and communication technology for development (ICT4D) with IT used to extend outreach, increase transparency and reduce transaction costs.

Drawing on the experience of other regions, FDC and its associates have initiated a number of studies to understand not just the statistics but also the social and other impacts of remittances over time. By reducing levels of ignorance, we hope to contribute to better informed discussion of the issues. By ensuring that people sending and receiving remittances have an understanding of their rights and responsibilities as citizens and the range of financial services available – savings, loans, investment and insurance, by persuading governments to provide the necessary policy and regulatory frameworks and by strengthening the voice of poor consumers to ensure better services and fairer pricing from private sector stakeholders, we hope to contribute to efforts to harness the potential of remittances for sustainable development and poverty reduction.

This monograph is the first of two volumes which draw on the results of a workshop initiated by FDC and co-hosted by the Department of Economics at the University of Queensland in June 2004. Volume 1 provides a global overview. Volume 2 will include the results of investigations currently underway in Sri Lanka, Philippines, Indonesia, Fiji, Samoa and Tonga.

I would like to thank all of the contributors to this volume, and acknowledge with special appreciation, the work of our editor, Judith Shaw.

Beris Gwynne – Executive Director
The Foundation for Development Cooperation

Contributors

Robyn Eversole is Research Fellow with the Centre for Regional and Rural Development, RMIT University, Hamilton, Victoria. She holds a PhD in the anthropology of development from McGill University, Montreal and has published research on microfinance, local economic development and related topics in a range of international scholarly and practitioner journals. She is a former microfinance programme officer and the editor of the recent book, Here to Help, NGOs Combating Poverty in Latin America (ME Sharpe 2003).

Richard Brown (PhD Groningen) is Associate Professor in the School of Economics at the University of Queensland. His areas of specialisation include international migration and remittances. He has published several books and has numerous papers in international journals including: *World Development; Journal of Population Economics; Journal of Development Studies; International Migration Review;* and, *Social Science and Medicine.*

John Connell is Professor of Geography in the University of Sydney. He has written several books on development issues in the Pacific region, focusing on migration issues.

Tolu Muliaina is a lecturer in Human Geography at the University of the South Pacific, Laucala Campus, Suva. His research interests are Pacific Island migration to Australia and New Zealand, particularly the relationship between remittances and development and the role of socio-cultural institutions of the Pacific Islands which underpin remittances. His current research is on the development impact of remittances on poverty alleviation in Samoa and Tonga.

Vijay K Bhasin obtained his PhD in Economics from the University of Manitoba, Canada in 1981. He has taught at the University of Delhi, University of Manitoba, Cleveland State University, University of Cape Coast, and Frederick Institute of Technology, and has published 24 papers in various journals.

Camara K Obeng obtained his MPhil in Economics from the University of Cape Coast in 2000 where he has taught since 2001. He has published four papers on the internet and in books. He is currently working on African Economic Research Consortium's project titled *Impact of Trade Liberalization on Trade Tax Revenue in Ghana.*

Jennifer Isern is Lead Microfinance Specialist at CGAP, where she leads the financial institutions team. She coordinates CGAP's work in Francophone Africa and China although works globally. Her work on money transfers includes developing an operations guide for financial institutions, promoting new institutional linkages, and advocating for appropriate regulations.

Rani Deshpande is a Microfinance Analyst at CGAP, where she has worked on money transfers and Afghanistan and now focuses on small-balance deposit mobilization. She holds an MBA and Masters in Public Affairs from Columbia University and has worked with micro- and small entrepreneurs in India and Benin, West Africa.

Judith van Doorn works as a microfinance coordinator at the Interchurch Organisation for Development Cooperation (ICCO). Previously she worked as a microfinance expert for the ILO's Social Finance Unit, where she coordinated programmes on money transfer services and post-conflict microfinance. She has also worked for the ILO's Carribean Office in Trinidad and Tobago (focusing on SME development) and for the SME Institute in the Netherlands. She holds a Masters in Business Economics (Maastricht University), with specialisation in Development Economics (Wageningen Agricultural University).

Contributors

Manuel Orozco is director of remittances and development at the Inter-American Dialogue. He was director of the remittances and rural development project funded by the Multilateral Investment Fund of the Inter-American Development Bank and International Fund for Agricultural Development of the United Nations. He is also senior researcher at the Institute for the Study of International Migration at Georgetown University and has worked on issues related to migration, ethnicity, international relations, and their implications for the United States. His publications include studies on remittances, migration, development and democracy.

Cerstin Sander has worked extensively on money transfers, migrant remittances, and microfinance. She was the team leader on the two market research studies underpinning this synthesis. She is also the editor of Migrant Remittances, a joint newsletter by DFID and USAID. She is now working as an Enterprise Adviser with the Department for International Development (DFID) UK. The market research in East Africa precedes her current employment with DFID. The findings and conclusions presented here represent those of the author only and should in no way be interpreted as endorsed by either DFID or Micro-Save.

Scott S Robinson, obtained his PhD in Social Anthropology at Cornell University in 1979. Between 1969 and 2001, he worked as a freelance documentary film and video producer/director. From 1983 to the present, Professor Universidad Metropolitana, Mexico DF. His research work has focused on shamanism, native rights, involuntary resettlement, telecenters and diaspora remittance issues.
For more information: www.uam-antropologia.info/profesores/robinson.html

Judith Shaw is a lecturer in the International Development programme, with extensive research and consulting experience in the Asia-Pacific region. In broad terms, her main research focus is on household livelihoods in developing countries. Within this broad field, she has published on microfinance, microenterprises, rural development, labour migration and working conditions in developing countries. She is currently working with Robyn Eversole and the Foundation for Development Cooperation on a major study of remittances and microfinance in six Asia-Pacific countries, supported by the Australian Research Council.

Geoff Bertram gained his DPhil degree from Oxford University in 1974 and has been engaged in research on small Pacific Island economies for 25 years, starting with the Tuvalu census in 1979. He has published numerous papers on the so-called "MIRAB model" of economies with heavy reliance on migration, remittances, and aid. He lectures in Economics at Victoria University of Wellington, New Zealand.

Introduction

by Judith Shaw, International Development Programme, and Robyn Eversole, Centre for Regional and Rural Development, RMIT University, Victoria

Remittances: a development resource?

At a time when other financial flows from developed to developing countries are in stagnation or decline, remittances from migrant workers have expanded in the last decade to become a key macroeconomic resource in many developing countries. At over $100 billion per annum, the value of funds remitted to developing countries through formal financial mechanisms far exceeds that of official aid ($58 billion) and is second only to foreign direct investment inflows ($162 billion). Moreover, formal flows account for only a fraction of the total. Estimates of remittances through informal mechanisms such as the *hawala* system or in-kind transfers, which are impossible to measure accurately, vary from 50 per cent to 250 per cent of recorded flows (Freund and Spatafora 2005).

In view of their high and growing significance as contributors to GDP and household livelihoods in many developing countries, there has been increasing policy interest in remittances as a development resource, and the emergence of an extensive academic literature considering the development impact of migrant remittances. It is clear that the funds migrant workers send home can provide an important resource for creating sustainable local economic options in developing countries. Unlike other financial flows, remittances flow directly to households, thereby constituting a potentially more progressive and broad-based distribution of resources than either aid or FDI, and are less volatile than other external flows (Ratha 2003). Recent research has directly linked remittances with poverty reduction (Adams and Page 2003, Taylor 1999), although poverty impacts are dependent on a variety of factors including household expenditure patterns, the gender of remitters and recipients, and the investment climate in the migrant's home community (Chimhowu, Piesse and Pinder 2005, Ballard 2005). Remittances generate positive multiplier effects and have a generally positive effect on savings and investment, increasing the propensity to save among recipient households (Ratha 2003, Stalker 1994). They serve as insurance against risks associated with new income-generating activities (Taylor 1999, Ammassari, Savina and Black 2001, Black, King and Tiemoko 2003), account for a substantial and growing proportion of investment in small and medium enterprises in recipient countries (Woodruff and Zenteno 2001, McCormick and Wahba 2002), and a growing share of investment in human capital-building community infrastructure such as schools and health clinics (Martin, Martin and Weil 2002, Orozco 2000).

It is important to note that the development impacts of labour migration are not wholly positive. Overseas migration may reduce tax revenue in the migrant-sending country, although the losses are usually more than offset by remittance inflows (Ratha 2003). Remittances may generate inflationary pressures (ESCAP 1987). Output in the migrantsending country may be reduced through a labour exodus (Addy, Wijkstrom and Thouez 2003), and the propensity of some recipients to substitute remittances for their own contributions to the household pool (Mook 1992, Brochman 1992, Chami, Fullencamp and Jahjah 2003). Ballard (2005) warns that labour migration may encourage a reversal of development gains as governments neglect infrastructure programmes in migrant-sending areas on the grounds that they are 'not poor', and remittance deposits in capital-rich but underdeveloped migrant-sending rural areas are mobilised to finance loans to urban elites. Finally, when considering the development impacts of remittances, it is important to take into account the personal and social costs of extended periods of separation in the form of family breakdown, adverse impacts on children's development and disruption of local social structures, areas which are relatively under-researched (see e.g. Kanaiaupuni and Donato 1999).

The prevailing view in academic and policy circles is that while the overall development impacts of labour migration is beneficial, supportive policy frameworks, including appropriate macroeconomic and financial infrastructure, are needed to mitigate the costs and risks of migration and maximise the potential of remittances to support sustained poverty reduction. This volume is intended as a resource for donors, policy-makers and practitioners in designing policies and systems which maximise the potential of remittances for economic and social development. It brings together the work of academics and practitioners in Africa, Latin America and the Asia-Pacific region who share an interest in the developmental potential of remittances. Chapters 1–4 explore various aspects of the role of labour migration and remittances in development generally.

The growing interest of development practitioners and policy-makers in the development potential of remittances is the point of departure for Robyn Eversole in Chapter 1, which identifies key issues for consideration in the design of remittance-linked development projects. Pointing to the pitfalls of over-simplified top-down interventions which ignore the goals and (often well-established) problem-solving strategies of the people they mean to assist, Eversole emphasises the importance of a nuanced understanding of migration and remittance behaviour at the household level. There is little point in promoting microenterprise development in recipient households, for example, if they are planning to join their relatives overseas. The goals and values of development agencies also need to be acknowledged, including the extent to which they coincide with those of the target group, and the relative priorities assigned to poverty reduction and aggregate growth. Finally, the institutional context – including migration regulation, access to financial institutions, working and living conditions in remittance-sending countries and the investment climate in receiving countries – is critical to the success of any intervention.

Chapter 2 explores the connection between migration and human capital development in the South Pacific, the world's most remittance-dependent region. Governments and households in migrant-sending island states are encouraging training in occupations which are readily marketable abroad, such as the health and maritime professions. These expenditures represent investments in internationally-tradeable forms of human capital, a rational choice in remittance-dependent economies. Brown and Connell argue that where migration-driven human capital investment is substantial, migration does not necessarily represent a net 'brain-drain', as not all trained individuals migrate. It is possible, therefore, that migration increases the pool of human capital in the non-migrant population. The authors suggest that the 'Philippines model' of training an excess of health workers for the 'global care chain' is an option for island states facing a migration-induced local skills shortage in key sectors.

Brown and Connell go on to examine household-level trends in remitting behaviour over time. Remittances represent a long-term return on parental investment in their children's human capital: they taper off over time, but are sustained over a couple of decades following the migrant's departure, and are sent principally to migrants' parents, who use them for consumption support. The motivations of remitters change over time: younger migrants send most of their remittances to parents; the remittances of middle-aged and older migrants support the upbringing and education of the next generation of prospective migrants, and finance the migrant's return and post-retirement income. Significantly, small business investment represents a growing share of remittances, and is associated with a propensity for migrants to return home.

Chapter 3, a case study of migration and remittances in the Pacific state of Samoa, explores the 'remittance decay' hypothesis touched on in the previous chapter. Muliaina compares the perceptions of recipients in Samoa with those of remittance-senders in Auckland, New Zealand. In addition to cash transfers, in-kind transfers in the form of food and consumer goods were found to be an important component of household income. Most cash transfers were not made on a regular basis but were responses to specific requests for assistance in meeting the costs of weddings and children's education. Not surprisingly, therefore, few recipients reported saving remittances. The general consensus among recipients was that cash and in-kind remittances were more substantial and reliable in the years immediately following the migrant's departure and decreased thereafter, with substantial declines in transfers to the extended family following the death of the migrant's parents or the reunification of the migrant's spouse and children abroad.

Mulaiana's survey of remitters found clear differences between first- and second-generation migrants. First-generation migrants were active in maintaining family ties, through substantial remittances and bi-directional visits with family members. Although nearly all remitters expressed the intention to retire in New Zealand rather than return to Samoa, citing problems of corruption, under-development and a fear of not being able to adapt to home customs after a long absence, they were keen to maintain their rights of access to family assets such as land and traditional titles, and viewed their remittances to relatives as a means of maintaining these rights. Nevertheless, most first-generation migrants agreed that their remittance levels had fallen over time, citing cost of living increases, parental deaths, family reunification and the birth of children in New Zealand. Although respondents were emphatic about their intention to continue remitting, some experienced their obligations to family members as onerous. Many reported increases in the size and frequency of requests from Samoa, and a substantial minority claimed that fulfilling these requests had occasionally put them under financial stress. Second-generation migrants were far more likely to experience remittances as a burden rather than an investment or a moral obligation. Their contributions were responses to requests from their New Zealand parents rather than relatives in Samoa, and it is likely that their remittances will fall dramatically or cease altogether after the deaths of their parents. Mulaiana concludes that there is an urgent need for Samoan policy-makers to prepare for significant changes in the economic environment, given the anticipated decline in remittances over the next few years, together with the tightening of immigration policies in the key developed-country destinations of Australia and New Zealand.

Chapter 4 examines remittances from a macroeconomic standpoint. Labour migration is a contributor to the increasing integration of the global economy through factor mobility (which includes both capital and labour) and trade liberalisation. Most developing countries have committed to the progressive dismantling of trade barriers. As trade liberalisation will cause a substantial fall in government revenue in developing economies, which are highly dependent on taxes on trade, with a consequent reduction in public savings, the identification of compensatory sources of income is a policy priority. Bhasin and Obeng use two simulations to investigate the poverty and income distribution outcomes that result from combining reduced trade tax revenues with increased remittances. Both simulations indicate a general improvement in household incomes and income distribution, but also a substantial decline in government revenue.

How microfinance can help

Chapters 5–9 focus on the role of financial services, particularly of microfinance, in leveraging remittances. Financial services promote remittance-linked development in a variety of ways. The findings of market surveys indicate considerable demand for formal remittance-based financial services (ACCION 2004, USAID 2004). Among the products in demand are direct deposit facilities, bill-paying services, savings programmes linked to specific uses such as education and housing improvements, and pre-departure credit for prospective migrants. In addition to offering secure and convenient cash management and credit facilities, remittance-handling financial institutions can promote economic development by reorienting funds to savings and investment. Migrant workers typically remit $50 to $200 per month. It has been shown that the bulk of remittances flow directly to recipients and finance routine household consumption (Siddiqui et al 2003, ACCION 2004). In addition to supporting recipients' living standards, there is scope for the development of financial products which support longer-term economic development by channelling remittance flows towards direct investment in recipients' enterprises or post-return business start-ups, or providing collateral to enhance borrowing capacity. By enabling a financial institution to act as a 'delegated monitor' on the sender's behalf, savings programmes may mitigate a moral hazard problem arising from the inability of senders to observe the actions of recipients (Chami et al 2003). Finally, there is scope for adding value to recipient and returnee business investments by supplementing loans with non-financial technical assistance and other enterprise development services.

There has been considerable recent interest in the potential of microfinance to leverage the development impacts of remittances. Microfinance, which provides small-scale financial services to clients who lack access to the formal banking sector (an estimated 80 per cent of the population in the developing world), has proven an effective tool in reducing poverty and strengthening local economic opportunities in poor communities and regions, and since the early 1990s has become a major development strategy, attracting substantial resources from donors and increasingly, the commercial banking sector. By 2002, microfinance institutions (MFIs) were serving an estimated 68 million clients in Africa, the Asia-Pacific, Latin America and Eastern Europe.

Microfinance is well-suited to address demand for remittance-linked financial services, particularly among poor and/or geographically isolated populations. Where formal financial markets have traditionally failed at the low end in developing countries, MFIs have a demonstrated competitive advantage based on an array of techniques which reduce the high transaction costs of outreach to poorer clients. Most remittance-receiving households fall outside bank client profiles, but are well within the market segment targeted by MFIs, which typically ranges from the 'upper-poor' (those who are just below the poverty line) to the lower ranks of the non-poor (Hulme and Mosley 1996, Sebstad and Cohen 2000). Thus, by extending remittance-linked services to the 'unbanked', MFIs have the potential to promote broad-based development, as well as vastly expanding the volume of remittance flows mediated through the financial system.

In addition, microfinance provides an efficient, secure and transparent channel for remittance transfers. Remittance transactions through informal funds transfer (IFT) arrangements are estimated to be at least equal in volume to official wire and bank transfers (World Bank 2003, Siddiqui et al 2003). The most commonly used informal channels are variants of the *hundi* and *hawala* systems, in which agents in the sending and receiving countries act as correspondents, relaying instructions by email, telephone or fax. The advantages of such informal systems include low costs, speed, simplicity and strong relationships of trust between agents and their clients at each end of the transaction. Globally, it is estimated that transfer costs account for 13 per cent of remittance value, with IFT being among the cheapest at 3 to 5 per cent (Sander 2003). However, the potential for the use of IFT for money laundering and terrorist financing has been targeted by key donors as a major security concern following the attacks of September 11, 2001, and has generated pressures to close down IFT networks, with the result that informal systems have become less accessible to legitimate users (Ratha 2003, World Bank 2003).

At the same time, the high transaction costs associated with inefficient banking infrastructure in developing countries place severe constraints on formal transfers (El-Qorchi 2002, Ratha 2003). Among the inefficiencies of official arrangements are exchange losses, delays in cheque clearances and the very high fixed costs of wire transfers in relation to the generally small size of remittance transactions (Ratha 2003). Additional inefficiencies are imposed by the weak outreach of banks to rural and low-income households. With their demonstrated ability to provide affordable, effective transfer services with broad outreach to low-income groups, MFIs offer a potential solution to the dual problems of inefficiencies in existing formal transfer arrangements and with the security imperative for transparency.

The linking of remittance with microfinance may produce reciprocal benefits. By supporting the broadening of outreach and development of financial self-sufficiency for MFIs, access to remittance deposits promotes the developmental goals of microfinance. Although mainstream opinion within the microfinance industry holds that MFIs and their clients are best served by market-based approaches, and that MFIs can and should aim for self-sufficiency, obtaining their capital from commercial sources rather than subsidised donor funds, the majority of MFIs remain dependent on donor subsidies (Gibbons and Meehan 2002). Remittance flows constitute a valuable source of capital for the scaling-up of MFI operations and improvement of self-financing ratios, thereby expanding breadth of outreach and reducing financing costs and dependence on donors. Where remittance deposits reduce reliance on external funding sources, reductions in financing costs may broaden the scope for MFIs to pursue activities which generate high social and economic rates of return, such as business development services, social support programmes for returnees and support for community infrastructure-building.

Chapter 5 explores the issues confronting MFIs and other pro-poor financial service providers (FSPs) which are contemplating entering the remittance market. As Isern, Deshpande and van Doorn point out, the money transfer industry is highly heterogeneous, ranging from large institutional formal sector players to individual agents operating in the informal sector. Each type of player possesses certain competitive advantages and disadvantages. Large institutions such as banks, post offices and money transfer organisations (MTOs) have advanced IT infrastructure and provide a reliable (albeit slow and costly) service; informal sector operators tend to be cheaper, easier to use, often faster, and operate in areas where no formal services are available. For pro-poor FSPs, important considerations are restrictions on foreign exchange dealings and access to money transfer mechanisms. Where FSPs lack access to electronic funds transfer systems or to paper-based instruments such as checks and bank drafts, a partnership with a larger institution may be the answer. Using examples of innovative partnerships between FSPs and formal sector agencies, the authors show how strategic alliances allow FSPs to combine their client outreach strengths with the expertise, established infrastructure and regulatory advantages of institutional providers, noting also that partnering with larger institutions entails risks as well as benefits for FSPs. The chapter concludes with a check-list of institutional and client-related factors for FSPs to consider in selecting transmission mechanisms, partners and delivery approaches.

Chapter 6 presents the findings of an empirical investigation of the effectiveness of MFIs in leveraging remittances for development in Latin America and the Caribbean. Using data from 29 MFIs and credit unions engaged in the remittance market, Orozco and Hamilton assess their performance on proximity to clients, market position and other indicators relevant to remittance-linked services. Their findings indicate the potential value of strategic MFI-MTO alliances, supporting the arguments introduced in the previous chapter, with evidence that the highest volumes of remittance transactions are found in agencies in partnerships with large or multiple MTOs.

Two areas for further research are highlighted. Most remittance-handling MFIs offer below market-average transaction costs, an encouraging indication of the competitive potential of the MFI sector. There are, however, substantial cost variations between the sample agencies, and a clearer understanding of the determinants of remittance transaction costs at the MFI level is needed. Secondly, there is a need to understand the dynamics of transforming 'unbanked' remittance recipients into full microfinance clients. Most of the sample MFIs seek to broaden the range of financial services used by remittance recipients, and some have developed successful savings and credit programmes tailored specifically for the remittance market, but overall, remittance clients have been slow to take up additional services – a finding which, the authors suggest, may indicate a gap in the market for programmes which employ traditional pro-poor microfinance methodologies. Few agencies conduct systematic market research. There is a clear need for stronger information systems which enable agencies to ascertain recipient profiles and preferences as a preliminary to developing services which are appropriate and attractive to this significant market segment. While new technologies offer significant advantages to remittance-handling institutions, small MFIs need to consider their feasibility carefully before adopting them. They can involve substantial capital costs, and may need intensive marketing, with evidence that target populations are slow to take up telecommunications and card-based technologies.

Where the two preceding chapters have focused on financial services for the international remittance market, Chapter 7 reviews the transfer mechanisms that have developed in East Africa to facilitate a wide range of transactions, including business and personal payments as well as domestic and international remittances. Sander distinguishes overseas remittances from cross-border transfers from neighbouring countries. Overseas migrants remit the largest sums, but with high levels of intra-regional population mobility, cross-border transfers occupy a significant share of the remittance market. Given weak financial and technological infrastructure and a client preference for dealing with money they can 'see and feel', the intraregional and overseas markets are dominated by the informal sector. Increasingly, bus companies and other transport operators are moving into the cross-border transfer market, transporting funds directly and also operating transfer services, whereby funds paid to one office are disbursed from another. With the exception of postal money orders, transfer fees for small transactions are significantly higher in the formal sector. In the case of larger transactions, banks and post offices are competitive with the informal sector, but their cost advantages are offset by weak outreach to rural and low-income populations (banks) and long queues, limited liquidity and poor service (post offices). MTOs charge the highest transfer fees, but possess significant advantages of speed and outreach and are widely used for overseas transfers, although their high fixed charges render them uneconomic for smaller cross-border and domestic transactions. While there is scope for microfinance to address the gap in the market for affordable, accessible transfer services, capacity deficiencies and regulatory impediments on foreign exchange handling restrict the growth of MFIs in the transfer market. With the growth of demand for transfer services, particularly in remittances, the expansion of new technologies such as ATM networks and mobile phone-based transfers will create both opportunities and challenges for MFIs seeking to enter an increasingly competitive market.

Chapter 8 examines political and technological issues and opportunities presented by the rapid growth of remittances in Mesoamerica. Robinson argues that MFIs, together with civil society organizations such as migrant Hometown Associations (HTAs), have a key role to play in promoting democratic community ownership of the remittance transfer process and the use of remittances for local development. The rapid growth of the remittance economy, which arguably sustains the Mesoamerican informal sector, provides HTAs with newfound political leverage. Emergent new technologies increase the scope for grassroots-level access to transfer mechanisms. To support civil society participation, regulatory and technological conditions should be adapted where necessary to facilitate community access. MFIs should position themselves to make full use of emerging technologies through appropriate training, and examine innovative strategies for linking remittance transfers to other local development-oriented microfinance products such as agricultural credit. MFIs and other community-based NGOs should build alliances with international donors and government agencies to link remittances with broader development strategies.

Chapter 9 investigates the uses of microfinance by remittance recipients and returned migrants in Sri Lanka. The ability of households to convert remittances into sustained improvements in living standards is conditioned by household income and the availability of infrastructure and markets, which in turn determine access to productive investment opportunities. As a result, the most successful microenterprises are owned by urban, non-poor returnee households, while rural and poorer households have a higher propensity to spend remittances on consumption and housing, or investment in additional low-value, semi-subsistence economic activities. A key challenge for MFIs serving poorer remittance clients is to develop products which support the use of overseas income for sustained poverty reduction. Among the options canvassed are pre-departure credit for prospective migrants and the augmentation of loans with credit-plus business development services to encourage investment in higher-value microenterprise options. In addition, a combination of dedicated savings options with convenient cash management services and financial literacy training for recipients would assist in reducing the problem of diversion of remittance income for wasteful consumption.

The volume concludes with Geoff Bertram's comprehensive bibliography on remittances and development.

Directions for future research

The contributions to this volume indicate a clear role for financial services in leveraging the development impact of remittances, and that MFIs are well-positioned to provide these services to migrants and their families. They also point to key issues which need to be taken into account, and the sort of research that is needed, in order to encourage the growth of pro-development, remittance-linked financial services. In this final section, we highlight some of these issues.

The characteristics of client populations

The dynamics of migration, and of remitting, vary considerably across populations (see Chapters 1, 2, 3 and 9). Migrants from different places tend to represent different demographic and socio-economic groups, and their specific needs also vary with particular circumstances. Thus, when considering financial services for remittance recipients, it is vital to take into account the particular characteristics of migrants and their families in the study area. Important areas for future research include the collection of data on the demographic and socio-economic characteristics of remittance recipients and returnees, uses of remittances and their role in the household economy, and the social and economic impacts of remittances at the household and community level.

The economic, policy and regulatory environment

The financial sector policy and regulatory environment plays a key role in supporting or impeding remittance-finance linkages (see Chapters 5, 7 and 8). Of critical importance is the extent of policy support for the development of commercially viable financial services to lower-income groups. Policy variables of relevance to pro-poor financial institutions include regulations regarding interest rate ceilings, collateral, minimum capital requirements, capital adequacy ratios, tax treatment, monitoring and reporting requirements, and the competitive environment. Of particular importance for remittance-linked services are the prudential regulation of institutions mobilising remittance deposits, and the regulation of foreign exchange licences. The restriction of forex licences to banking networks, a common practice in developing countries, may exclude poorer and rural households and raise transaction costs by limiting competition. In addition, the development impacts of remittance-linked financial services are affected by macroeconomic, political and policy variables including the performance of the small business sector, the human and physical capital endowments of recipient households, and the policy environment as it relates to small enterprise development.

MFI capacity

There are significant variations in capacity between microfinance sectors in different countries (see chapters 5, 6, 7 and 8). In comparison with Latin America and South Asia, for example, the microfinance sector in the Pacific is severely under-developed. Within countries, there are also variations between MFIs in terms of their missions, breadth and depth of outreach, and financial and institutional management skills, which affect their capacity to handle remittance transfers and to develop broad-based and appropriate financial products for migrants and their families. A key research imperative is the evaluation of the capacity of recipient country microfinance sectors to handle remittance transactions. For MFIs which currently operate remittance-linked services, there is a need for assessments of existing services on financial and institutional indicators, and for market surveys to assess client satisfaction with existing services and demand for additional or re-designed products.

The movement to link remittances and financial services is still very new. There is substantial scope for further research on this exciting development strategy, to deepen our understanding of local and country-specific contextual factors and develop appropriate policy frameworks and best practice guidelines for remittance-handling financial institutions. It is our hope that the issues identified in this volume will serve as a platform for future practice-oriented research on the opportunities and challenges facing the financial sector in leveraging remittances for development.

References

ACCION (2004): 'Leveraging the Impact of Remittances through Microfinance Products: Perspectives from Market Research', *ACCION InSight* 10, May

Adams, R.H. and J. Page (2003) *International Migration, Remittances, and Poverty in Developing Countries*. Policy Research Working Papers. Washington, D.C.: The World Bank

Addy, Nii David, Boris Wijkstrom and Colleen Thouez (2003): *Migrant Remittances: Country of Origin Experiences*, paper prepared for the International Conference on Migrant Remittances: Developmental Impact and Future Prospects, London October 9-10

Ammassari, Savina and Richard Black (2001): *Harnessing the Potential of Migration and Return to Promote Development: Applying Concepts to West Africa*, Sussex Migration Working Papers, University of Sussex

Black, Richard, Russell King and Richmond Tiemoko (2003): 'Migration, Return and Small Enterprise Development in Ghana: A Route out of Poverty?', paper presented at the International Workshop on Migration and Poverty in West Africa, University of Sussex, March 13-14

Brochman, G (1992): 'Sri Lankan Housemaids in the Middle East: An Avenue for Social and Economic Improvement?' in Eelens, F, T Schampers and J D Speckman, Eds: *Labour Migration to the Middle East: From Sri Lanka to the Gulf*, Kegan Paul International, New York

Chami, Ralph, Connel Fullenkamp and Samir Jahjah (2003): *Are Immigrant Remittance Flows a Source of Capital for Development?* Working Paper WP/03/190, IMF Institute, Washington D C

El-Qorchi, Mohammed (2002): 'Hawala', *Finance and Development*, 39, 4

Eversole, R. (in press) '"Direct to the Poor" Revisited: Migrant Remittances and Development Assistance' in *Migration and Economy*, ed. Lillian Trager. Lanham, Maryland: Altamira Press

Freund, Caroline and Nikola Spatafora (2005): *Remittances: Transaction Costs, Determinants and Informal Flows*, World Bank Policy Research Working Paper 3704, World Bank, Washington D C

Gammeltoft, Peter (2002): 'Remittances and Other Financial Flows to Developing Countries', Working Paper 02.11, Centre for Development Research, Copenhagen

Gibbons, David and Jennifer Meehan (2003): 'Financing Microfinance for Poverty Reduction', in Sam Daley-Harris (Ed): *Pathways Out of Poverty*, Kumarian Press, Bloomfield, Connecticut

Jennings, Alan and Matthew Clarke (2004): 'The Development Impact of Remittances to Nicaragua', Development Bulletin (current issue?)

Hulme, David and Paul Mosley (1996): Finance Against Poverty, Routledge, London

Kanaiaupuni, Shawn M. and Katharine M. Donato (1999): 'Migradollars and Mortality: The effects of Migration on Infant survival in Mexico', *Demography* 36(3):339-353.

Kapur, Devesh (2003): 'Remittances: the New Development Mantra?', paper prepared for the G-24 Technical Group Meeting, Harvard University and Centre for Global Development, August 25, 2003

Martin, Philip, Susan Martin and Patrick Weil (2002): 'Best Practice Options: Mali', *International Migration* 40, 3, 87-99

Mellyn, Kevin (2003): *Worker Remittances as a Development Tool: Opportunity for the Philippines*, Asian Development Bank, Manila

McCormick, Barry and Jackline Wahba (2002): 'Return Migration and Geographical Inequality', unpublished paper, University of Southampton, UK

Mook, T (1992): 'Middle East Migration at the Micro-level: A Village Case Study', in Eelens, F, T Schampers and J D Speckman, Eds: *Labour Migration to the Middle East: From Sri Lanka to the Gulf*, Kegan Paul International, New York

Orozco, Manuel (2000): 'Latino Hometown Associations as Agents of Development in Latin America', *American Dialogue*, June

Puri, Shivani and Tineke Ritzema (2000): *Migrant Worker Remittances, Microfinance and the Informal Economy: Prospects and Issues*, Social Finance Unit Working Paper No. 21, International Labour Organisation, Geneva

Ratha, Dilip (2003): 'Workers' Remittances: An Important and Stable Source of External Development Finance', in *Global Development Finance* 2003, World Bank, Washington D C

Sander, Cerstin (2003): 'Capturing a Market Share? Migrant Remittance Transfers and Commercialisation of Microfinance in Africa', paper prepared for 'Current Issues in Microfinance' conference, Johannesburg, 12-14 August

Sebstad, Jennifer and Monique Cohen (2000): *Microfinance, Risk Management and Poverty*, USAID, Washington D C

Siddiqui, Tasneem and Chowdhury R Abrar (2003): *Migrant Worker Remittances and Microfinance in Bangladesh*, Working Paper No. 38, Social Finance Program, ILO

Stalker, Peter (1994): *The Work of Strangers: A Survey of International labour Migration*, ILO, Geneva

Taylor, J Edward (1999): 'The New Economics of Labour Migration and the Role of Remittances', *International Migration* 37, 1, 63-86

USAID (2004): *Remittances at USAID*, USAID, Washington D C

WOCCU (2004): *A Technical Guide to Remittances*, World Council of Credit Unions, Madison, USA

Woodruff, Christopher and Zanteno, Rene (2001): 'Remittances and Microenterprises in Mexico', unpublished paper, University of California, San Diego

World Bank (2003): 'Informal Funds Transfer Systems in the APEC Region: Initial Findings and a Framework for Further Analysis', paper prepared for the meeting of the Asia-Pacific Economic Cooperation Finance Ministers and Deputies, September 1-5, 2003

Remittances as Development Option? Framework of key issues

Robyn Eversole, Centre for Regional and Rural Development, RMIT University, Hamilton, Victoria

Introduction

Migrants' remittances home represent a large and often unacknowledged source of development finance. The value of international remittances worldwide has been estimated in excess of US $100,000 million per year and is growing, with more than 60 percent going to developing countries (Martin 2001). Based on research internationally, migrants' remittances appear to have an important development impact: they are a significant source of resource transfer from rich to poor areas (totalling more than official development assistance), and they reach at least some poor families with a source of direct development finance that they control for themselves (Eversole 2005).

As the microfinance field, and development practitioners in general, seek to provide more effective support to disadvantaged households and regions, attention is turning to the financial resource represented by remittances. This is a shift from the more common view among development practitioners that sees migration as a negative trend and antithetical to local development. In rural Chuquisaca and Potosí, Bolivia, for instance, there is a tendency for development programmes to dismiss the relevance of migration as an economic development strategy and focus on reducing outmigration. On the other hand, 'many of the rural poor see migration as their only opportunity to accumulate capital and escape the vicious cycle of poverty' (Zoomers 1998:7).

Thus, development practitioners' and policymakers' current attention to migrant remittances would seem to signal a promising trend. Paying attention to people's migration choices, and how they use the economic resources that result, signals an awareness of and respect for people's own development strategies. It is very easy for 'people's own' solutions to development problems – the ostensible goal of grassroots and participatory development approaches – to remain invisible when they do not fit into predictable patterns established by outside development professionals (see e.g. Craig and Porter 1997). The so-called 'informal economy', for instance, was largely invisible to the development field as a source of income for poor people until the ILO 'discovered' it in the 1970s. This, in turn, led to interest in the potential of the so-called 'microenterprises' of the poor – and the launch of microenterprise finance. Similarly, the current interest in migrant remittances suggests that the international development field is paying serious attention to people's existing economic strategies and how to support them.

Yet this similarity with microenterprise finance also suggests certain pitfalls to avoid. In the wave of interest that is accompanying the 'discovery' of remittances (as with the 'discovery' of microenterprises), development practitioners need to be careful not to miss some of the key aspects of 'people's own' solutions. The microfinance field, for instance, spent several years missing the point that microenterprise loans are not the only kind of finance poor people need (Rutherford 2000), and that not all poor people are microentrepreneurs or in the position to benefit from 'microdebt' (Hulme 2000, Eversole 2003). An oversimplified view of the microenterprise-loans-creating strong-businesses-solving-poverty recipe was possible because the complexity of the issues involved was not immediately apparent. This is also the case when proposing to leverage migrant remittances as a source of development finance: the issues are complex, and over-simplification is a risk.

This paper offers a conceptual framework for development practitioners and policymakers to use, when considering whether policies or programmes to leverage the development impact of migrant remittances are viable or advisable in any given local context. It highlights and organises the key issues that need to be considered in any proposed development intervention involving migrant remittances. It is hoped that practitioners will find this framework useful in assisting debate and future planning about the role of remittances in development efforts, and that they will continue to refine and improve it, based upon their own direct experiences working with migrants and their families in different parts of the world.

A framework

Can the substantial quantity of remittances flowing into poor households and regions constitute a real development opportunity – and if so, how? The following framework presents and organises, in a clear manner, the range of issues that must be considered in order to answer this question. The three hinges of the framework are:

- Grassroots Actions
- Development Interventions
- Institutional Context

Grassroots actions refer to what migrants, their households, and members of their communities do, and the impacts of these actions. *Development interventions*, on the other hand, refer to what development policymakers and practitioners do, and the impacts of these actions. Finally, *institutional context* refers to the larger context, as defined by the actions of governments, international organisations, private enterprises, banks, and other relevant players. The issues that ultimately influence the impact of any development intervention can be located within these three spheres of activity. Yet this is not a static model; these spheres clearly influence one another. For instance, grassroots action or development intervention may shift the institutional context. The application of this framework to the specific question of remittances and development is discussed in detail below.

Grassroots actions and their impacts

It is now being recognised that many migrants channel important resources back to their home communities. Yet migrants' absence from home communities may also represent a drain of resources, so what is the cost-benefit balance? Who, ultimately, is better off or worse off as a result of labour migration? Considering the development impact of migrant remittances requires a clear understanding of how people migrate, remit, and use remittances. We refer to this here as 'grassroots action'. Fortunately, there is an extensive literature on the topic of migration, as well as a significant and growing literature on migrant remittances. This literature can be divided into three key issue areas:

- **The dynamics of migration:** When and why do people and their households choose migration as a strategy, and who makes the choices? Who in the household migrates? What are the typical demographic characteristics of migrants (women or men, young or middle-aged, educated or not educated, wealthy or poor)? Where do migrants go, do they migrate within countries (internal migrants) or between countries (international migrants)? What sort of opportunities (or lack of opportunities) await them when they arrive? Do they go home again? Do other household members eventually join them? What are the (economic, social, psychological) consequences of migrants' absence (short term, long term, or permanent) in home communities? What are the patterns of migration from a given area over time?

- **The dynamics of remitting:** When, and why, do migrants remit money or inkind goods to household/family members? Who receives the remittances? Do migrants remit money to community organisations or via hometown associations, and if so why? How much do they send? Do they continue to send remittances over time? What about migrants' direct savings and investments in their home country or community? What influences the decision to save or invest back home and the kinds of savings/investments made? What categories of migrants remit more, or less?

- **The dynamics of using remittances and other migration-specific resources:** How do households that receive remittances use these economic resources? How do community organisations use them? Do the chosen uses of remittances have 'development impact'? Do remittances promote equity, or alternatively, growing inequality in migrant-sending communities? And, what other kinds of resources may migrant bring 'home': such as new ideas, business contacts, or a source of valuable prestige for their households?

An upcoming volume edited by Lillian Trager (in press) offers recent anthropological perspectives on all three of these areas, drawn from fieldwork in various countries. A sampling of other key references includes: DeJong and Fawcett (1981) and De Haan (1999) on the dynamics of migration; Brown and Ahlburg (1999) and Massey and Parrado (1994) on the dynamics of remitting; and Conway and Cohen (1998) Itzigsohn (1995), Jones (1998), and again Brown and Ahlburg (1999) on the dynamics of using remittances.

For those who would seek to increase the development impact of remittances, attention to the complex issues affecting people's migration and remitting practices is indispensable. Encouraging remittance recipients to start microenterprises, for instance, may make no sense if they themselves are making plans to migrate to join family members, or when there are already severe local labour shortages as a result of migrants' absence. Similarly, understanding the differences between remittances made as gifts or as fulfilment of mutual obligation to family members, and those which represent migrants' own savings and investment, may suggest more targeted options for assisting migrants to invest in home communities.

Development interventions (e.g. microfinance) and their impacts

When considering the possibilities for leveraging the development impact of migrant remittances, the nature of any potential development interventions needs to be considered carefully. The following issues are key here:

- **Whose development does the intervention seek?** Does it seek the improved well being of a nation or region as a whole, or does it prioritise a specific sector in particular, such as economically marginalised groups, rural areas, women etc? Is the intervention concerned about equity among people and groups – recognising that some interventions can increase aggregate prosperity while making some people and groups worse off?

- **What kind of development does the intervention seek?** What are the driving visions and values behind it? Are the goals defined strictly in economic or financial terms, or more broadly, and are other kinds of goals pursued by the target population taken into account? Do the development organisation's goals and values coincide with the goals and values of the target group – or do members of the target group have other priorities?

- **How is the development intervention structured and implemented?** How does it interact with grassroots actions and with the larger institutional context? How is it likely to be perceived by members of the target population? By other key players?

Quite a bit has been written about the need for participation in designing development interventions, and for interventions to reflect people's own priorities – which may vary significantly from those of development planners (see for instance Chambers 1994, Craig and Porter 1997). Disjuncture between what people want and what development initiatives promote will frequently lead to the failure or re-routing of the latter. For instance, if development policies are designed to encourage migrants' families to invest their remittances in productive assets, but these families see the best long-term investment as educating their children, or enhancing their community prestige, then this will clearly affect the impact of the policy. Ultimately, the vision and goals behind development interventions should be acknowledged and opened up to debate. The question of equity is key: for instance, an intervention that increases the aggregate prosperity of a nation yet exacerbates inequalities may be a financial success yet a human development failure.

The institutional context and its impacts

Finally, when considering potential options for leveraging the development impact of migrant remittances, it is vital to understand the institutional context in which migrants, their families and communities act, and in which development interventions play out. These include such issues as:

- **Migration and border policies:** What is the level of receptivity to international migrants in receiving countries? What are the conditions under which migrants enter receiving countries? What risks and what expense must migrants undertake? Is it feasible for migrants to return regularly to home communities if they want or need to do so, or are risks and/or costs too high?

- **Labour markets and labour market regulation** in receiving countries. What are the conditions under which migrants work? What kinds of jobs are available to migrants in different skill categories? What kinds of transaction costs are involved in obtaining work? What kinds of labour rights are protected (e.g. minimum wage, access to workers' compensation)?

- **Banking and money transfer systems:** Do international migrants have access to banking facilities in the receiving county, at reasonable cost? Do internal migrants have access to appropriate banking facilities, e.g. for savings? What is the accessibility and cost of money transfer services, nationally and internationally? Is formal credit available for financing migration? What sorts of financial safety nets are available for migrants and their families? Is the financial sector policy environment in the home country supportive of remittance flows? Do remittance-linked financial services at home have broad outreach to rural and lower-income migrant-sending households?

- **Social context in receiving countries:** Do migrants suffer from discrimination? Do they run particular risks while resident in receiving countries? What protections, and what legal recourse, are available to them?

- **Economic, social and political context in home countries:** What options are available to migrants and their families in home countries, e.g. for work, investment, or microenterprise startup? To what extent does the macroeconomic and political environment at home support or impede the productive investment of remittances?

Failure to consider the institutional context of development interventions can lead to severe contradictions and ethical dilemmas: such as promoting migration and remitting as development options, while ignoring the high costs and personal risks to migrants themselves. Failure to consider the institutional context can also lead to the implementation of interventions that are simply not feasible; for instance, encouraging remittance recipients to start microenterprises in stagnant local markets. More positively, attention to the broader context can highlight the variety of roles that development organisations can play. These may include advocacy: to improve working conditions and legal protection for migrants, to ease restrictions on migration, and to facilitate access to formal financial institutions in receiving countries; as well as the provision of information, support, and a range of services to migrants, potential migrants, and their families.

Conclusions: implications for policy and practice

This paper has offered a framework to assist with answering two key questions: Can remittances be a development resource? and What sort of development interventions could achieve this? The answer, clearly, will vary from context to context. This framework offers development practitioners and policymakers a conceptual tool for analysing proposed interventions. It draws attention to three spheres of action (grassroots action, development interventions, and the larger context) as well as some of the key issues within these three spheres. These are issues that must be understood if development interventions targeting migration and migrant remittances are to succeed.

Applying this framework is likely to reveal that the field of play for development interventions in the area of migration and migrant remittances is much wider than it may appear at first glance. Leveraging the impact of migrant remittances is not merely a finance and banking issue. It has been observed, for instance, that migrants' decision to save or invest their earnings back home 'is not only dependent on objective criteria (such as economic returns) but also on subjective factors such as prestige as well as the sheer wish to contribute to the development of their home country' (IOM 2002:4). Thus, encouraging and facilitating migrants' investments in development 'back home' is both a financial/technical issue and a social issue. Indeed, a consideration of migration and migrant remittances touches on many different aspects of human social organisation, and thus of development practice.

Important social considerations surrounding migration include its impacts on household members (especially children) who are left behind (Kanaiaupuni and Donato 1999); the human rights implications of restrictive border policies which can result in high risk and even death for migrants (see e.g. Seabrook 1998, Massey 2002); and the implications of living in a world with 'large numbers of immigrant workers bereft of legal status and political rights' (Freeman 2002). Thus, while present attention to the potential of migrant remittances is promising, it has a long way to go in order to address deeper development issues. The scope for development intervention in this area is consequently broad, and will likely include education and advocacy work, and a much broader policy agenda.

References

Brown, Richard P.C. and Ahlburg, Dennis A. 1999. 'Remittances in the South Pacific'. *International Journal of Social Economics*, 26(1/2/3): 325-344

Chambers, Robert. 1994. 'The origins and practice of participatory rural appraisal'. *World Development*, 22(7):953-969

Conway, Dennis and Cohen, Jeffrey H. 1998. 'Consequences of migration and remittances for Mexican Transnational Communities'. *Economic Geography*, 74(1): 26-44

Craig, David and Porter, Doug. 1997. 'Framing participation: Development projects, professionals, and organisations'. *Development in Practice*, 7(3):229-236

De Haan, Arjan. 1999. 'Livelihoods and Poverty: The Role of Migration – A Critical Review of the Migration Literature'. *Journal of Development Studies*, 36 (2):1-31

De Jong, G.F. and Fawcett, J. 1981. 'Multidisciplinary frameworks and models of migration decision making'. In *Migration decision making: multidisciplinary approaches to microlevel studies in developed and developing countries*, ed. G.F. De Jong and R.W.Gardner. Pergamon Press, New York

Eversole, Robyn, 2005: "Direct to the Poor' Revisited: Migrant Remittances and Development Assistance'. In *Migration and Economy, Global and Local Dynamics*, ed. Lillian Trager. Altamira Press, Lanham, Maryland

Eversole, Robyn. 2003. 'Help, Risk and Deceit – Microentrepreneurs Talk about Microfinance'. *Journal of International Development*, 15(2):179-188

Freeman, Gary P. 2002 'Immigration policy and the challenge of Globalization: Unions and Employers in Unlikely Alliance, by Julie R. Watts'. (Book Review). *International Migration Review*, 36(4):1222-1223

Hulme, David. 2000. 'Is microdebt good for poor people? A note on the dark side of microfinance'. *Small Enterprise Development* Journal, 11:1(26-28)

IOM (International Organization for Migration). 2002. *Remittances to Africa and their Contribution to Development.* Report, July. Geneva: International Organization for Migration, Geneva. URL: http://www.december18.net/paper72IOMRemittancesAfrica.pdf, accessed July 2003

Itzigsohn, José. 1995. 'Migrant Remittances, Labor Markets, and Household Strategies: A Comparative Analysis of Low-Income Household Strategies in the Caribbean Basin'. *Social Forces*, 74(2):633-655

Jones, Richard C. 1998. 'Remittances and inequality: a question of migration stages and geographic scale'. *Economic Geography*, 74(1):8-25

Kanaiaupuni, Shawn M. and Donato, Katharine M. 1999. 'Migradollars and Mortality: The effects of Migration on Infant survival in Mexico'. *Demography* 36(3):339-353

Martin, Susan F. 2001. 'Remittances as a Development Tool. Addressing Global Poverty' *Economic Perspectives* 6(3) September. U.S. State Department electronic journal, available at http://usinfo.state.gov/journals/ites/0901/ijee/ martin.htm, accessed July 2003

Massey, Douglas S. and. Parrado, Emilio A. 1994. 'Migradollars: The Remittances and Savings of Mexican Migrants to the United States'. *Population Research and Policy Review*, 13(1):3-30

Massey, Douglas S. 2002. 'Thinking the Unthinkable: The Immigration Myth Exposed, by Nigel Harris'. (Book Review). *Population and Development Review*, 28(2):358-360

Rutherford, Stuart. 2000. 'Raising the Curtain on the 'Microfinancial Services Era'.' *Small Enterprise Development*, 11(1):13-25

Seabrook, Jeremy. 1998. 'A global market for all'. *New Statesman* (26 June), pp.25-27

Trager, Lillian. (ed.) *In press. Migration and Economy, Global and Local Dynamics*. Altamira Press, Lanham, Maryland

Zoomers, E.B. 1998. 'Livelihood Strategies and Development Interventions in the Southern Andes of Bolivia: Contrasting Views on Development'. Paper published online by Livelihoods Connect, Institute of Development Studies, Brighton, U.K. URL:
http://www.cedla.uva.nl/60/pdf/boliviacderno.pdf, accessed May 2004

Migration, Remittances and the South Pacific: towards investment against vulnerability?[1]

Richard P.C. Brown, School of Economics, University of Queensland
and John Connell, School of Geosciences, University of Sydney
Revised June 2005

Pacific Island migration

In less than half a century international migration from the island states to the metropolitan peripheries, but especially from the smaller island states of Polynesia and Micronesia, has come to characterise the Pacific region. Migration has come to be expected in most small states, remittances are a key component of local economies, and in some of the smallest states the overseas population is greater than the domestically resident population. Migration has tended to follow former, or existing, colonial ties, with most Micronesians and American Samoans going to the United States or its dependent territories, Samoans and Cook Islanders to New Zealand, and Wallisians and Futunans to New Caledonia. The larger Melanesian states have generally not been part of this migration system, despite a trickle of skilled migration from Vanuatu and Solomon Islands.

Migration is a consequence of uneven development linked to low wages and salaries in island states, perceptions that the future of children will be superior overseas and, over time, the gradual growth of populations in cities such as Auckland, Honolulu and Sydney, that provide beach heads for subsequent migration (Morton Lee 2004; Connell and Brown 2005). In some states, including Niue and the Cook Islands, the population is steadily falling and governments have become concerned about the future viability of the state, especially as migration tends to be selective by age and skill. Within countries, including Melanesia, there has been substantial migration from national peripheries.

Over time as barriers to international migration have tended to increase migration has become more selective in terms of skills, leading to more obvious evidence of a brain - and brawn - drain from Pacific island states, as such groups as nurses, doctors, teachers and footballers (Brown and Connell 2004; Connell 2004; Voigt-Graf 2003) become more significant components of migration streams. For such skilled groups as nurses, there are additional reasons for migration, including unpopular and inflexible hours and overtime, lack of continuing education opportunities, limited ongoing training facilities, limited career development structure, concerns over nepotism and the poor working environment (facilities, supplies equipment etc). Skilled migrants are even more likely to migrate where they have trained overseas and previously experienced working conditions there (Brown and Connell 2004). Especially for skilled health personnel there is now active recruitment in the region, from countries such as New Zealand and the United Arab Emirates, and nurses have now become part of what has been called the 'global care chain' (Hochschild 2000).

In such circumstances it may even be strange that so many choose to remain in their home islands. They do stay quite simply because this is 'home' – a familiar space of kin and land – and through preferences for climate, culture and some degree of status, alongside fears of discrimination and some degree of inertia.

Migration is rarely an individual decision but takes places within an extended family context, where families may allocate individuals (as human capital) into a range of distant labour markets, resulting in what has been described as a Transnational Corporation of Kin (Marcus 1981), in a process designed to increase the overall income of the extended family. Underlying this is an 'implicit contract' where migrants remit income (either as money or goods) to those who remain at home (Brown and Poirine 2005).

In this paper it is argued that investment by households in education and training, especially in internationally-tradable human capital, makes sound economic sense in small, island economies highly vulnerable to exogenous shocks and where migrants' remittances have come to constitute a major source of national disposable income.

The role of remittances

The significance of the nexus between migration and remittances is such that several states in the region have been described as MIRAB states – **M**igration, **R**emittances, **A**id, and **B**ureaucracy – where migration stimulates remittances and where foreign aid is also a major component of national disposable income, but where that conjunction leads to a particularly bureaucratic, and urban, form of national development. The acronym was first applied to the Cook Islands, Kiribati, Tokelau and Tuvalu (Bertram and Watters 1985), but has subsequently been seen as applicable to larger states such as Samoa and Tonga, alongside Wallis and Futuna, the Federated States of Micronesia (FSM) and elsewhere (Connell and Brown 2005). Remittances to Tonga and Samoa in recent years have been of as great a significance as a proportion of GDP – and as a proportion of household incomes – than in other world states. More recently, remittances have been of rapidly growing importance in Fiji.

One important characteristic of a MIRAB economy is the relatively high level of 'transfer income'. Transfer income refers to those components of disposable income not included in the usual measures of GDP. These are:

- Net factor income (NFI) which is recorded in the current account of the balance of payments, and when added to GDP gives Gross National Income (GNI); and,
- Net (unrequited) current transfers (NCT) which includes aid transfers in the form of grants (mainly to government) and private remittance transfers (mainly to households from migrants living abroad)[2].

We then have: *GDP + NFI + NCT = National Disposable Income (NDI)*

Where there is a substantial difference between GDP and NDI assessments of economic performance and well-being based on the usual GDP aggregates could be misleading. It is also possible that a country's vulnerability to GDP volatility is offset by compensating (or 'dampening') changes in NDI. For instance if remittances and/or aid flows are demand-side driven, in times of hardship through external and other shocks, increased transfer income flows could lessen the impact at the household level. Table 1 compares countries GDP and NDI per capita, averaged over the period 1992 to 2002.

Table 1: Comparing National Disposable Income with GDP per capita (1992-02 averages)

	GDP/capita US$	NDI/capita US$	Ratio NDI/GDP (%)
Fiji	2307	2302	1.00
Kiribati	537	934	1.74
Marshall Is	1913	3084	1.61
FSM	1891	2068	1.09
Palau*	5791	10136	4.39
Samoa	1241	1559	1.26
Solomon Is	793	937	1.18
Tonga	1535	1896	1.23
Vanuatu	1237	1263	1.02

* Due to data limitations NDI is estimated as GDP plus foreign aid only.
Source: Based on Brown, Heady and Leeves (2004).

The third column expresses NDI as a percentage of GDP. There are strong differences between countries in relation to the relative size of transfer income and NDI. At one extreme is *Palau*, where NDI, due to enormous aid flows from the US, was over four times greater than GDP. At the other extreme is *Fiji* where NDI was slightly less than GDP due to negative net transfers. However, it should also be noted that the source of transfer income varies considerably among the PICs, with: some countries experiencing negative factor income payments *(Fiji, Marshall Islands, Solomon Islands* and *Vanuatu)*; some in receipt of high official aid transfers *(Kiribati, Marshall Islands, FSM* and *Palau)*; while others receive high levels of private remittances *(Tonga, Samoa* and *Kiribati).*

Remittances take many different forms and are not always captured by official, balance of payments estimates based on formal, bank transfers on which the data in Table 1 are based. This leads to underestimation of their significance, both quantitatively and qualitatively. Household survey-based estimates from Tonga and Samoa showed that not much more than a third of all remittances were sent through the formal banking system (Brown 1995).

Table 2: Forms of remittances received (1994)

	Money Sent		Money Carried		Goods		Travel Costs	
	No.	%*	No.	%	No.	%	No.	%
Sample	401	100.0	227	56.6	301	75.1	229	57.1
Tonga	168	100.0	41	24.4	94	56.0	55	32.7
Samoa	233	100.0	186	79.8	207	88.8	174	74.7

* Expressed as % receiving households. As % of all households surveyed: 80.2% for total sample, 67.2% for Tongan sample and 93.2% for Samoan sample:
Source: Brown (1998)

Remittances are often carried in cash form, and although these transfers eventually end up in the formal banking system they are usually recorded as receipts from tourists rather than remittances. Remittances in-kind, in the form of new and second-hand goods have become of considerable significance in a number of states, as in Tonga where they have resulted in the boom of local markets trading in imported second-hand goods (Brown and Connell 1993; Besnier 2004). Migrants will also often settle bills and debts with third parties on behalf of their families back home, as is often in the case of wedding or funeral feasts, medical costs, school fees, and travel costs (Brown 1995). Again, these transactions, even if conducted through formal banking channels, do not appear in the national accounts or in official household income and expenditure surveys as remittances.

Not all remittances are sent to households. Churches and other organizations are also major recipients of remittances and very often such funds are not formally transferred to the migrants' country of origin as these organizations will often engage in fund-raising activities in the migrants' destination countries and not all the money raised will necessarily be transferred back to the country of origin (Brown 1995). The distribution of remittances is such that they appear to have contributed to a greater degree of egalitarian development (Ahlburg 1995) but that conclusion needs to be tested in a greater range of circumstances.

The most reliable sources of remittances have been said to to be women migrants, hence there has been some preference within Pacific households for women to migrate (Gailey, 1992).

Migration has become a more conscious household strategy because of its crucial role in generating remittances, and there is now evidence that island households are encouraging training for and employment in certain areas, such as health, because this enables a career that gives scope for migration. Investment by households and individuals in education and training, especially in internationally-tradable human capital, makes sound economic sense in an economy where migrants' remittances are the major source of income (Brown 1997; 1998; Ahlburg and Brown 1998; Brown and Poirine 2005; Brown and Connell 2004; Connell and Brown 2004, 2005).

In migration- and remittance-dependent countries the sustainability of income and consumption levels depends heavily on maintaining adequate levels of investment in human capital. This investment needs also to be directed as much as possible towards internationally-tradable forms of human capital. For this reason the level and occupational composition of investment in human capital will not be the same in economies where there is a strong orientation towards migration, compared with those where there is not.[3] This also means that not all out-migration should necessarily be considered a 'brain-drain'. Where opportunities for international migration induce individuals to invest more than otherwise in human capital with a view to enhancing their prospects for migration, it is conceivable that in the wake of out-migration there will be more total human capital left in the home country, in comparison with a situation where the government attempts to prevent out-migration through restrictions (Stark 2004; see also Stark, Helmenstein and Prskawtz 1997; 1998). The reason for this is that not all those who were induced to invest more in human capital to enhance their migration prospects will actually succeed in migrating.

In other words, there could be more human capital available among the remaining non-migrant population *with* brain drain than *without* migration.[4] We refer to this as 'migration-induced human capital'. Households will not only choose to invest more than otherwise in human capital formation, but, they will also choose to direct their investment towards specific forms of human capital that maximize their prospects for migration and therefore, their expected future remittances (Brown and Connell 2005). In other words, where migration opportunities exist and employment prospects in the destination countries are greater for some occupations compared with others, rational, migration-motivated households will invest in particular occupation-specific, internationally-transferable, forms of human capital most in demand in the destination countries. The implication is that both the level and the composition of human capital investment in labour-exporting countries will be different when there are prospects for migration.

Investment in human capital with a view to promoting labour export and remittances is not restricted to private individuals. The considerable significance of remittances as a source of foreign exchange has meant that Pacific island governments have tended to support migration (or at least not discourage it) except in the case of sectors that have faced considerable skill losses (where bonding has been tried), because of concerns over individual freedom and the great economic significance of remittances. Even where, as in the case of Niue and the Cook Islands, populations are actually falling they have tended to be replaced by migrants from elsewhere (such as of Fijians in the Cook Islands tourism industry). Smaller states such as Tuvalu and Kiribati have actively promoted migration, by training islanders for overseas employment as merchant seamen, while several more have sought particular relationships with metropolitan states for concessional migration schemes. Thus Tuvalu has negotiated a contract with New Zealand enabling fifty households a year to move there. With stagnating island economies, and in the case if Tuvalu, concern over their becoming 'environmental refugees' in the face of climate change (Connell 2003), the demand for migration has continued to increase. There are precedents in Kiribati and Tuvalu where seamen are trained for the international labour market. Indeed, in the northern Pacific, the 'Philippines model' of training an excess of health workers for the 'global care chain' provides a possibility for smaller island states. While national development policies should encourage return migration, alongside the recruitment, training and retention of those with skills, they are unlikely to discourage or prevent further skilled migration.

Migration-oriented investment in human capital is not, as some might argue, a short-sighted strategy. The evidence from the Pacific islands shows that remittances are also sustained over very long periods of time, much longer than studies in other parts of the world concluded (Brown 1997; 1998). Early models of the migration-remittances nexus suggested that after a few years overseas migrants would establish new choices and obligations in the destinations, believe they had absolved themselves of duties and obligations at home and thus reduce the extent of remittances. However evidence from the Pacific shown in Table 3, indicates that this does not occur and that remittances may be sustained over a couple of decades, to be reduced and disappear only when immediate kin at home either die or themselves migrate (Brown 1997; 1998).

Table 3: Levels of remittances sent by length of absence (1994)

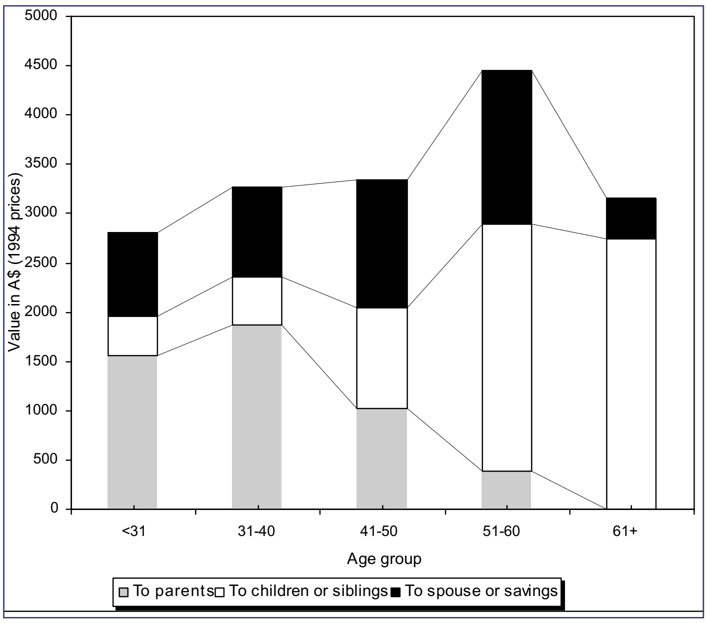
	Tongan Migrant Households						Samoan Migrant Households					
Years Absence (n=)	0-5	5-10	10-15	15-20	20-25	>25	0-5	5-10	10-15	15-20	20-25	>25
	(19)	(169)	(230)	(109)	(59)	(23)	(17)	(62)	(83)	(75)	(66)	(39)
Remitters (%)	78.9	91.0	92.6	87.0	81.0	95.7	94.1	77.0	73.5	74.7	63.1	89.7
Sample Mean (A$)	1574	3022	3377	3047	3495	3026	1764	2174	2239	3197	1996	3074
Average Propensity (%)	5.4	10.2	9.9	8.2	8.5	7.4	7.2	7.0	6.9	11.1	6.7	8.4

Source: Brown (1998)

Moreover this is even more true of skilled migrants, such as nurses, even though they have skills that might suggest a reduced propensity to return and a greater likelihood of remaining overseas in skilled employment (Connell and Brown 2004). This also indicates some degree of interest in the use of remittances for investment and some desire to return on the parts of remitters.

The motives of those sending remittances are diverse, from a degree of altruism, even 'impure altruism', to some self-interest in the way that remittances may function as social insurance, against their eventual return and thus as an investment in the future (Brown 1997; 1998). However many remitters disclaim interest in the use of remittances. As remittances have been directed to improving the life chances of those who remain at home, they constitute a considerable intergenerational human capital investment. A study based on a survey of Tongans and Samoans in Sydney demonstrated a life-cycle model of remittances in terms of which the motivation for remitting evolves over the lifetime of the typical migrant (Brown and Poirine 2005). Parents invest in the human capital of their progeny, the future migrants. In the first phase of the successful migrant's life abroad remittances tend to be sent principally to parents as repayments of the 'informal loans' that financed their past human capital investment. These remittances are used primarily by the parents for consumption support in their later years; as with any other endowment fund or pension in one's retirement years. As would be expected, remittances to parents taper off over time as illustrated by the graph for Tongan migrants shown in Figure 1.

Figure 1: Mean annual remittances (Tongans, 1994)



Source: Brown and Poirine (2005)

As the migrant ages and the likelihood of parents still living decreases, so the level of remittances to parents falls. But, the migrant then enters a second phase where remittances are driven mainly by the need to provide for the upbringing and education of the next generation of would-be migrants. The level of remittances to 'children' in the second phase of the migrants' lifetime increases quite sharply over time as illustrated again by reference to the Tongan case in Figure 1. Finally, as the migrant approaches retirement age, he/she needs to make some provision for his/her eventual retirement and return home. In this final phase remittances are driven increasingly by the need for the migrant to invest in his or her 'nest-egg'. Indeed, another study based on the same survey data showed that intending return migrants remit more than others (Brown 1997; Ahlburg and Brown 1998; Connell and Brown 2004). The earlier observation that remittances do not show a tendency to decline over time is thus explained by the inherent remittance decay in the first phase of the migrants' lifetime to be offset by increasing remittances during the second and third phases.

This intergenerational model of migrants' remittances is also consistent with the observation that remittances are often used for the education costs of younger family members, thus contributing to an increase in human capital within households, and the greater probability of further migration. It has also been found in the Pacific that, over time, as in other parts of the world, there has been a shift in the use of remittances from consumption to investment, even in small islands and island states where investment prospects are limited (Connell and Conway 2000; Connell and Brown 2005). Investment has primarily been in small businesses such as stores, taxi services and fishing projects, and has not usually been in the finance industry itself hence savings are minimal.

Expenditure on house construction and improvement are also rated highly among recipients' uses of their remittances. They are also directed towards social capital in the form of ceremonial events, such as weddings and funerals, and thus ensuring the social status of those who remain at home. In this context there is scope for a greater degree of linkage between remittances and microfinance in encouraging small business development, especially since women tend to be the most reliable source of remittances and microfinance has tended to support women's business activities. This would demand the targeting of specific categories of migrants who are most likely to be potential savers.

The successful development of small businesses provides some incentive for those who have sent remittances to return home and manage those businesses. Indeed studies of overseas households that include nurses have shown that the greatest propensity to return comes from those with business investments at home (Brown and Connell 2004). These may however suggest that as the use of remittances has shifted from consumption to investment they play a reduced role in contributing to egalitarian development.

Towards the future

In recent decades the challenges of achieving development in most Pacific island states have been considerable, and the movement towards a freer trading regime will provide extra challenges for most island states. In these circumstances the demand for migration has tended to increase, evident in the accelerated migration of professionals from Fiji (including a significant stream to the Middle East) and the rise in remittances as a substantial source of foreign exchange there. There has therefore been a shift in the demand for international migration from the smallest states, that are actually losing population, to rather larger states where migration was of more limited significance in earlier years.

Remittances remain substantial, and in some states where migration is becoming more important, such as Tuvalu and Fiji, are steadily increasing (Connell and Brown 2005). Island states have come to depend on them, and in conjunction with the sensitive development of microfinance programmes, they may play a key role in reducing national and household vulnerability. Potential investment in various forms of commercial development has the capacity to reduce some economic vulnerability. However second generations overseas are generally unwilling to do more than make some contribution to their parents' remittances (Morton Lee 2004), hence migration needs to be sustained over time to ensure that the crucial remittance component of the MIRAB system can be sustained, at a time when national commodity production in small island states has come under pressure. Much of that will depend on parallel policies in metropolitan states, as they increasingly favour those with skills, and thus the production of individuals with skills within the Pacific, and the probable consequent shift towards more unequal development within the island states.

Endnotes

[1] The authors wish to thank the Editor and the anonymous referees for helpful comments on an earlier draft. Any errors that remain are our full responsibility.

[2] Whether a migrant worker's transfer is included under NFI or NCT varies from one country to another. The IMF convention is to treat remittances of workers who have been away from home for less than one year as factor payments, and those who have been away longer, as unrequited transfers. As there is seldom any basis for establishing length of absence of a migrant there is no consistency in how remittances are treated. It is therefore best to allow for both NFI and NT.

[3] There is consistent and strong evidence from several parts of the South Pacific of a very substantial and sustained degree of investment in education in those islands, usually small islands, where migration is particularly extensive, such as Namumea, Tuvalu (Chambers 1986), Ponam, Manus (Carrier 1981a, 1981b), Rotuma, Fiji (Bryant 1990) and Ware, Milne Bay, PNG (Hayes 1993).

[4] Stark (2004) also presents a formal model showing the conditions under which the additional, migrationinduced human-capital investment among the non-migrants moves the economy's non-migrant population to a superior, socially optimal level of total human capital accumulation, offsetting the under-investment in human capital that occurs through private decision-making in the context of positive externalities from human capital investment. In other words, the government could use a controlled migration policy to correct for the market failure that would arise in the absence of migration possibilities.

References

Ahlburg, D. (1995) Migration, Remittances and the Distribution of Income: evidence from the Pacific, *Asian and Pacific Migration Journal*, 4, 157-168

Ahlburg, D. and R.P.C. Brown (1998) Migrants' Intentions to Return Home and Capital Transfers: A Study of Tongans and Western Samoans in Australia, *Journal of Development Studies*, 35(2): 125-51, 1998

Bertram, G. and R.F. Watters (1985) The MIRAB Economy in South Pacific Microstates, *Pacific Viewpoint*, 26(3):497-520

Besnier, N (2004) Consumption and Cosmopolitanism: Practicing Modernity at the Second-Hand Marketplace in Nuku'alofa, Tonga, *Anthropological Quarterly*, 77, 7-45

Brown, R.P.C. (1995) Hidden Foreign Exchange Flows: Estimating Unofficial Remittances to Tonga and Western Samoa, *Asian and Pacific Migration Journal*, 4(1): 35-68

Brown, R.P.C. (1997) Estimating Remittance Functions for Pacific Island Migrants, *World Development* 25(4): 613-26

Brown, R.P.C. (1998) Do Migrant's Remittances Decline Over Time? Evidence from Tongans and Western Samoan in Australia, *The Contemporary Pacific*, 10(1): 107-51

Brown, R.P.C. and Connell, J (1993) The Global Flea Market: Migration, Remittances and the Informal Economy in Tonga, *Development and Change*, 24, 611-647

Brown, R.P.C. and J. Connell (2004) The Migration of Doctors and Nurses from South Pacific Island Nations, *Social Science and Medicine*, 58: 2193-2210

Brown, R.P.C. and J. Connell (2005) Occupation-Specific Analysis of Migration and Remittance Behaviour: Pacific Island Nurses in Australia and New Zealand", *Asia Pacific Viewpoint* (in press)

Brown, R.P.C., D. Heady, and G. Leeves (2004) *Macroeconomic Volatility in the Pacific: A Cross-Country Comparison of Magnitude, Sources and Consequences*. Unpublished report prepared for the World Bank's "Pacific Islands Human Development Review: Poverty and Social Protection", Washington, DC (June)

Brown, R.P.C. and B. Poirine (2005) Weak vs. Strong Altruism: A Model of Migrants' Remittances with Human Capital Investment and Intrafamilial Transfers, *International Migration Review* 39(2) (in press)

Bryant, J (1990) Rotuman Migration and Fiji. A response to uneven development, in J. Connell, ed, *Migration and Development in the South Pacific*, ANU National Centre for Development Studies, Pacific Research Monograph No. 24, Canberra, 136-150

Carrier, J (1981a) Labour migration and labour export on Ponam island, *Oceania*, 51: 237-255

Carrier, J (1981b) Education as investment: education economy and society in Ponam Island, *Papua New Guinea Journal of Education*, 15: 66-77

Chambers, A (1986) *Reproduction in Nanumea (Tuvalu): an ethnography of fertility and birth*, University of Auckland Department of Anthropology, Working Paper No. 72

Connell, J. (2003) Losing ground? Tuvalu, the greenhouse effect and the garbage can, *Asia Pacific Viewpoint*, 44, 89-108

Connell, J. (2004) The Migration of Skilled Health Professionals: from the Pacific Islands to the World, *Asian and Pacific Migration Journal*, 13 (2), 155-177

Connell, J. and Brown, R.P.C. (2004) The Remittances of Migrant Tongan and Samoan Nurses in Australia, *Human Resources for Health*, 2 (2)

Connell, J. and Brown, R.P.C. (2005) *Migration and Remittances: A Pacific Overview*, Asian Development Bank: Manila

Connell, J. and Conway, D. (2000) Migration and Remittances in Island Microstates: A Comparative Perspective on the South Pacific and the Caribbean, *International Journal of Urban and Regional Research*, 24, 52-78

Gailey, C (1992) A good man is hard to find, *Critique of Anthropology*, 12: 47-74

Hayes, G (1993) MIRAB' Processes and Development in Small Pacific Islands: a cases study from the southern Massim, Papua New Guinea, *Pacific Viewpoint*, 34(2): 153-178

Hochschild, A (2000) The Nanny Chain, *The American Prospect*, 11 (4), January, 17-24

Marcus, G.E. (1981) Power on the Extreme Periphery: The Perspective of Tongan Elites in the Modern World System, *Pacific Viewpoint*, 22, 48-64

Morton Lee, H (2004) 'Second Generation' Tongan Transnationalism, unpub. paper to 'Beyond MIRAB' Conference, Wellington, February

Stark, O. (2004) Rethinking the Brain Drain, *World Development*, 32(1): 15-22

Stark, O., C. Helmenstein, and A. Prskawetz (1997) A brain gain with a brain drain, *Economic Letters*, 55: 227-34

Stark, O., C. Helmenstein, and A. Prskawetz (1998) Human capital depletion, human capital formation, and migration: a blessing or a "curse"? *Economic Letters*, 60: 363-67

Voigt-Graf, C (2003) Fijian teachers on the move: causes, implications and policies, *Asia Pacific Viewpoint*, 44 (2), 163-175

Mismatched Perceptions: views on remittance obligations among remittance senders and recipients

Tolu Muliaina, Department of Geography, The University of the South Pacific, Suva, Fiji Islands

Introduction

Remittances are important household sources in the Pacific Islands. They improve the standard of living of migrants and their relatives on the islands, and contribute significantly to national income, accounting for over a third of GNP in highly remittance-dependent economies such as Samoa and Tonga. The role of migration and remittances in the Pacific has been documented in various studies (Connell and Brown 1995; Brown and Walker 1995), and it has been convincingly argued that the prospect of remittance income has been one of the principal drivers of Pacific out-migration (Connell 2003).

Remittances have had a significant positive impact on the living standards of recipient households in Samoa, and have become a central component of the social system. One manifestation of the impact of remittance income on local social and economic structures, discussed in this paper, has been a decline in subsistence agriculture in favour of staples purchased in the cash economy. The main focus of the paper, however, is on the long-term sustainability of household economic strategies based on reliance on overseas income. It summarizes the findings of a 1998 research project comparing the attitudes and aspirations of remittance recipients and remittance senders, based on interviews of remittance recipients in Samoa and remittance senders in the city of Auckland, New Zealand. The Samoan sample included recipient households in the village of Fusi and among stallholders at the vegetable market in Apia, the Samoan capital. The Auckland sample included 40 heads of emigrant households, and 20 adult children from emigrant households, who were either born in New Zealand or had left Samoa in their early childhood. The survey found evidence of significant differences in perceptions of remittance obligations between Samoan and New Zealand households, and within the New Zealand sample, further differences between first and second generation migrants. There are emerging warning signs of an excessive dependence of Samoans in the islands on their relatives overseas, while at the same time there is evidence of declining ties of obligation among second-generation migrants, suggesting the possibility of an impending fall in remittance receipts.

The purpose of the sample survey of Samoan migrants residing in Auckland was to gain an understanding of their responses to perceived kinship obligations that translate themselves into overt remittance behavior.

The Samoa sample

The Apia sample included 30 semi-subsistence farmers from around the island who sold their surplus produce in the market in Apia, the Samoan capital. The Fusi sample included 30 household heads from the coastal village of Fusi, about 8 kilometers west of Apia. A household is defined here as a group of people who see themselves as belonging to one unit. They do not necessarily live under the same roof but spread themselves among several dwellings. There are 50 households in Fusi, which has an overall population of about 600, a large proportion of whom are below 25 years. In economic activity, Fusi is quiet. There were small fishing vessels owned by two local families and regularly taken out to sea for catches. There were pick-up trucks used by their owners to transport people and their agricultural produce to Apia, move villagers' belongings around the island and take farewell parties to the airport. The owners derive income from these activities. These trucks were received from relatives in New Zealand and American Samoa after cyclone Val in 1991. There are four shops, which sold basic foods such as corned beef, flour, sugar, tea, coffee, *Vailima* beer, party ice and other sundry goods. There was also a small repair motor business. All these enterprises are owned and operated by individuals and their families who live in the village.

All of the 30 Fusi household heads interviewed had one or more relatives who are either temporarily working abroad or permanent migrants. In addition, three adult males from two households are crewmen on cargo ships and are away almost the whole year. Over three quarters of recipients (77 per cent) received their remittances from close relatives, i.e. a sibling, spouse, parent or child either by birth or marriage. A number of households were female-headed because the father was working in Apia or abroad. In these households, women saw the temporary separation of spouses as an insignificant cost in view of the monetary compensation and livelihood it provides for the immediate family. In some cases, women were preparing to join families abroad. These women spoke of their added responsibilities in playing roles of the both the man and woman of the house. All respondents saw remittances as an obligation to be observed by those who had emigrated since 'the purpose of emigrating was to seek wealth for all'.

Migration and food production

Seventy per cent of the Fusi respondents grew some root crops for their own consumption, as well as eggplant, beans, *bele* and pumpkin. Unlike the Apia market sellers, who grow crops for both consumption and the market, none of the Fusi househols produced a surplus for sale. In some Fusi backyards, there were also chicken and pigs reared. Livestock functions as a stock of savings to be used in the event of *fa'alavelave* (life crisis), rather than for daily consumption. The vast majority of Fusi respondents (80 per cent) reported that they were cultivating less land than 10 years previously. The absence of labor was the most frequently cited reason for declining cultivation (90 per cent) followed by the *taro* leaf blight (85 per cent). Respondents claimed that the two factors were interlinked, as the *taro* leaf blight accentuated the loss of labor from the land, as cash was needed to purchase substitute starches from the store.

The Apia respondents reported a variety of factors which hindered an increase in food crop production. The most commonly cited impediment was a labour shortage resulting from migration of family members in search of employment abroad, reported by three quarters of respondents. Second, there were constraints relating to land tenure and customary obligations. Although they have access to customary land, respondents reported a reluctance to invest substantial resources in food production until they acquired some land in their own name, as other members of the extended family would not have looked favorably upon the making of personal gains from communal land. Twenty three percent claimed that the size of their plantation lots were inadequate to produce for both consumption and sale. An increase in output for sales would necessitate the use of the extended family's land. This in turn meant that the products would have to be shared with members of the extended family, which would have made the venture unprofitable. Additional constraints reported included the impact of the taro leaf blight and other pests, excessive competition from other small-scale producers, and poor transport infrastructure.

A lack of capital for investment was reported by nearly half of the respondents, who claimed that because they did not have savings, they expected the government to make it easy for villagers to take small loans from the state. All lamented the lack of access to loan facilities because of their inability to offer collateral and attributed this to the 'government's lack of concern for poor people'. Although all of the Apia respondents received remittances from abroad, they claimed that remittances were insufficient as a source of investment capital. While half of the respondents reported investing part of their remittance income in food production, only one individual invested more than half of his remittances. Most reported that investment received a low priority, only when other basic family needs and *fa'alavelave* had been met. The balance was typically very small and used for the purchase of seeds, small quantities of fertilizer and inexpensive garden tools.

Remittances in the household economy

Remittances, both cash and in-kind, are a central component of household income. In-kind remittances included clothing, toiletries, confectionery and tinned food, cosmetics and household items such as high quality utensils, crockery, portable stereos and television sets. As food requires more frequent despatch than non-food items and does not justify the high cost of transport from New Zealand, American Samoa was the main source of food items, while most household goods and other non-food items came from New Zealand. Most in-kind remittances took the form of luxury goods such as television sets, which increased the status of the recipient families. The sharing of the use of these items with friends, neighbors and extended family members was not unusual. Food and

Food and second hand clothing was also shared among extended family members. In-kind remittances were never resold. Most respondents declined to estimate the monetary value of the year's in-kind receipts, pointing out that they did not know the market value of the items.

Ninety per cent of respondents received cash remittances, with wide variations between households. As anticipated, many households had multiple overseas sources of cash remittances. The most cited source country was New Zealand (reported by 83 per cent of households) followed by American Samoa (65 per cent), Australia (55 per cent) and the United States (45 per cent).

While migrants can usually be relied upon to send money home on special occasions such as Fathers' and Mothers' Days, parents' birthdays, White Sunday and Christmas, remittances are not transmitted on a regular basis. Sometimes cash and goods were received without being asked for, but more typically requests had to be made before the cash was forthcoming. Requests usually related to large 'one-off' expenses rather than regular consumption, and included items such as church related activities, village social events, weddings, funerals, bestowal of chief titles, court fees relating to chief titles or land disputes, and children's educational expenses.

Only 7 per cent of recipients save a portion, albeit small, of cash received. Respondents offered two explanations for the lack of savings: first, the amounts remitted were said to be too small to produce a surplus after meeting the purpose for which it was intended; and second, the obligations to the family were such that any surpluses were quickly absorbed by *fa'alavelave*.

The three banks in Apia – the ANZ, Westpac and the National Bank of Samoa, together with agencies such as the Western Union and Expresstrac Money Transfer – are formal intermediaries through which cash was relayed to the intended recipients; however they are not widely used. The respondents claimed that the post was once a popular means of transfer but because of the numerous money thefts the villagers had experienced in the postal system, most cash was now hand carried and delivered by trusted relatives or friends returning or visiting from abroad.

All respondents claimed that there have been changes in the amount, type and frequency of remittances from their relatives. The general consensus was that during the initial years of the relative's absences from Fusi, remittances in both cash and in-kind were more substantial and reliable. Requests were more generously as well as promptly met. This reliability decreased over the years and was especially obvious when the migrant's parents were no longer alive and the migrant, his/her spouse and children were reunited abroad.

The New Zealand sample

First-generation migrants: heads of migrant households

Most of the first-generation respondents had emigrated from Samoa during their early adult years, and lived in the Mangere-Otara-Papatoetoe region, a part of Auckland well known for its predominance of Pacific Islanders. More than 90 per cent of the respondents had received more than a primary education in Samoa, and 37 per cent had completed secondary school. Thirteen per cent had gone further to acquire tertiary education and become teachers or nurses. It appears that migration has been dominated by the more educated, as represented by the college and tertiary educated youth. Shortly after arrival, 83 per cent found employment in the manufacturing and service sectors while the other 18 per cent obtained jobs in the public sector. At the time of the survey, all but one were holding jobs in the same sectors as when they first started working in New Zealand.

Over 95 per cent of respondents reported that the primary reason for migration was economic, a product of Samoa's inability to provide paid employment that matched the aspirations of its fast growing population, together with the interaction of customary obligations and modern material wants. While one third reported that the decision to migrate was their own, the decision to migrate was usually made by the family, consistent with the findings of other studies (Connell 2003). Among the remaining two thirds, holders of chief titles and eldest sons were heavily represented, a reflection of the heavy customary obligations placed on men in these positions. Women were also predominant among those who had been selected by their families in Samoa or relatives in New Zealand to migrate. This may have been due to the belief that women were more reliable in repatriating large portions of their earnings compared to untitled men.

Interestingly, only one respondent said that he would retire in Samoa. All, including this individual, were fearful of not being able to adjust sufficiently to the society in which they had once lived. The second most frequently cited deterrent was the political and economic situation in Samoa. These respondents saw a strong link between the lack of development in Samoa and socio-political arrangements. Many brought up the subjects of corruption, pseudo-democracy, nepotism, customs and traditions into discussion to explain their preference for retirement in New Zealand.

Despite distance and prolonged separation, the strength of family ties appeared to have remained strong. All first-generation respondents continued to keep these relationships alive through cash and in-kind remittances and bi-directional visits, particularly of parents and other relatives from Samoa during the end of the year holidays. They reported a belief that helping relatives in Samoa was an insurance in that they or their children would be cared for when they visit Samoa. Relatives in Samoa were also sources to call upon when there is a need for traditional wealth such as fine mats and other artifacts. The respondents too anticipated Samoan *umu* (food) when relatives visited or new migrants arrived bearing gifts from family back in the village. Moreover, because relatives were guardians of family assets such as *matai* titles and land, maintaining links meant accessibility to these assets.

When asked to recall the approximate amount per month they remitted during the first five years of employment, 82 per cent cited figures between $100 and $500 *tala*, and 18 per cent claimed to have sent more. Respondents distinguished between 'regular remittances', usually from individuals to family members in Samoa, and 'request remittances', which involved the pooling of resources within the extended family. The latter accounted for a substantial share of remittance obligations. Respondents reported holding multiple jobs or working overtime whenever the opportunities were present to meet requests for the repayment of a family loan, house construction, weddings, funerals and bestowing of *matai* title. There were also frequent requests for assistance with community rather than individual or family expenses – for example, the building or renovation of a church, refurbishment of the pastor's home, village beautification projects or travel expenses of a village sports team or cultural group to New Zealand.

When commenting on the pattern of remittances over time, 65 per cent said they were sending less than during their initial years in New Zealand, 30 per cent claimed to be sending more and 5 per cent perceived no change. The reasons given for the decline included a reduction in take-home pay, increase in the cost of living, the birth of additional children, the death of parents or close relatives, family reunification and a change in marital status. Sixty per cent of the respondents, including women in this sample were single when they first arrived and the major portions of their earnings were remitted. Upon marriage, the needs of their spouses and children became their primary concern. 'Regular remittances' tended to decline over time, with the migration of close relatives to New Zealand. Most respondents reported however that there was no change over time in the value of 'request remittances'. As these tend to be pooled between extended family members living in New Zealand, respondents whose close relatives were already resident in New Zealand were no less subject to 'request remittances' than those whose close relatives were in Samoa. Those who said that they had over the years been sending higher amounts attributed this pattern primarily to an increase in the frequency and amount asked by relatives in Samoa. They had been able to meet these requests because their children were now grown up, held jobs and contributed to remittances. Another factor was the importance of helping relatives rebuild their lives after the disasters of the two cyclones.

Ninety five per cent of the first-generation respondents were emphatic about their wish to continue remitting for the rest of their lives. Several had either reached or were close to the legal retirement age, and some expressed a desire to retire, but pointed out that they needed to remain employed because of their obligations to relatives in Samoa. Twenty eight per cent claimed that fulfilling these 'request remittances' had occasionally put them under financial stress. Despite this, none reported adopting strategies to avoid 'request remittances'. They saw it as an inseparable part of their Samoan identity and in keeping with the teaching of the church. A church minister included in the survey also emphasized this. They did, however, recognize the likelihood of remittance decline when their grandchildren became adults since according to some; there was already evidence that their children were questioning the personal benefits of the practice.

Second generation migrants: adult children of migrant household heads

Among the 20 adult children of some heads of migrant households interviewed for the survey, 60 per cent were born in New Zealand and the rest in Samoa but had emigrated in their early childhood. All were therefore educated in New Zealand. Ten per cent were university graduates and 65 per cent had completed secondary schooling. Among them were teachers, clerical officers, nurses and factory workers.

None of the second-generation respondents had ever directly received a request for remittances. It was their parents to whom the request was sent. All claimed to have been frequently asked by their parents to make contributions. Having been socialized to obey their parents' wishes, they reported finding it difficult to decline, although all admitted to feelings of resentment towards remittance practice and said they would like to escape this obligation. Sixty per cent had visited Samoa and recognized that the cost of living there was high and the money income low. But they felt that there were income generating opportunities in the form of land and marine resources, which their relatives appeared not to have noticed.

Three quarters were single and lived with their parents while the rest were married and lived in their own homes. Most of the single respondents reported that they were planning to move out. A major reason for the decision to leave their parents' homes was a desire to get away from traditions and cultural obligations which, they claimed, absorbed much of their leisure times. Control over their earnings was also a strong 'push' factor. Single children tended to be asked more than their siblings who were married and had children, but not in cases where wives/husbands of married children had paid employment in which case the expectation reversed. Even so, all of the married second-generation respondents claimed that there had been at least one occasion when meeting remittance obligations had resulted in substantial financial outlays.

Respondents also drew attention to the problem of not appearing to 'favor' one set of relatives. All said that their mothers and fathers sometimes competed for their children's loyalty. One parent would pressure the children into contributing more than they could comfortably simply because he/she felt that lately his/her side had not given much and that recent contributions had been mostly to the other parent's relatives. For the children, appeasing the parent often meant giving more than could be comfortably accommodated by the young family's budget, and this meant either deferring their own needs or borrowing money.

It is obvious that the attitudes of these adult children were contrary to those of their parents. While parents strongly believed that generous contributions to *fa'alavelave* helped the maintenance of kinship ties, enhanced the family status and gave added pride to the extended family, adult children saw these obligations not as an investment, but a burden. It was apparent that the children's priorities were more individualistic than those of their parents and a substantial decline in the amount of remittances sent by these children after the death of both parents is likely.

A. Brief summary of the research and its findings

This paper arises from a concern regarding the possible adverse effects of remittances on the self-reliance of rural households. It explores the relationship between culture, remittances and subsistence food production.

Root crop cultivation in Fusi has declined in recent years, and there has been an increasing reliance on cash to purchase root crop substitutes. It is unlikely however, that remittance-induced inertia is the sole cause of this development. The absence of able-bodied men because of emigration is possibly the major reason for the decline in subsistence root crop cultivation. In addition, the 1993 *taro* leaf blight seems to have dealt an almost irrecoverable blow to the morale of the remaining village food producers but yams, *taamu*, bananas, breadfruit and *cassava* are palatable substitutes.

Moreover, interdependence is an important characteristic of traditional Samoan society and the dependence of villagers on the wages of relatives working abroad is a continuation of that tradition in return for safeguarding their interests at home. Dependence therefore has been and remains a side effect of the Samoan culture. It is the by-product of status acquisition via the client-patron relationship, a feature of Samoan society. In other words, dependency is the flip side of the *fa'asamoa* coin. The virtues of *fa'asamoa* cannot be denied, but the trait of conspicuous consumption is probably the major factor that prevents remittances from being accumulated and invested either in financial institutions or in small-scale private enterprises.

This study has uncovered a sending pattern among first generation migrants that suggests a remittance cycle rather than conventional remittance decay. While this must be attributed to the uniqueness in the nature and strength of *fa'asamoa*, it is not a sufficient force to counteract the anticipated remittance decline may begin in the next decade. First, changes in the structure of employment arising from changes in technology, and the global and economic downturn initiated by the Asian financial crisis are likely to have accentuated that sluggishness, although so far there is little statistical documentation of effects on employment. Secondly, the findings of the survey of migrant heads of households and their adult children in South Auckland suggested a probability of a decline in remittances from New Zealand-born children once their parents have passed away.

B. Recommendations

Like people of any culture, Samoans do not like being told that certain aspects of their culture are major impediments to their economic development. Yet to deny this when there is ample evidence is unhelpful and dishonest to oneself and fellow Samoans. If the responses of the subjects in the Mangere-Otara-Papatoetoe area are anything to go by, 'request remittances' are largely to blame for conspicuous consumption. This suggests that if the standard of living of villagers is not to backslide seriously in the next decade or two, Samoan leaders must embark on a strategy of educating households to live within their means and reduce conspicuous consumption. No doubt it would be difficult to categorically state what conspicuous consumption is and what is not since personal value are involved here. But since the church plays such a strong role in the *fa'asamoa,* it may be the most potent institution by which this value may be modified.

Secondly, the rural public must be educated as to the importance of being prepared for adverse changes in remittance receipts. They must be kept informed of the economic and political happenings in the major destinations for Samoan migration so that they may anticipate changes in the ability of relatives to meet their request remittances. The radio, local newspapers and government-run television should be intensively used to disseminate information and educate the public.

Thirdly, although commercial use of village land through village co-operatives may be an option worth serious consideration, neither this nor the most modest objectives of self reliance in staple foods should be attained at the expense of the environment. The government must impress upon the people that either may result in the degradation of the environment and in the long-term impact on subsistence and cohesiveness of rural communities. Land resources must be used in a manner that ensures their regeneration. It is therefore important that the village *fono* (council) be educated on issues of sustainability and the environment so that sound judgement is arrived at when it deliberates on the use of communal land. Village land tends to be on slopes of mountains and it therefore highly susceptible to erosion when its forest cover is removed.

Fourthly, the subdividing of *aiga* (extended family) land into privately owned plots is not recommended as communal ownership is not necessarily a hindrance to increased production. The larger problem lies in the lack of labor. The subdivision of *aiga* reserve land is likely to increase inequality between households that have adequate labor to work their land and those that do not. Private ownership may also pose a threat to social cohesion and mutual help between families in the village. Worst of all, due to the large size of the average rural family, the subdivision of *aiga* reserve land will lead to landlessness for some today and definitely for more and more over time if the opportunities for emigration decline.

Finally, it is important that the Department of Agriculture sets up a unit whose purpose is to perform the role of middle-man. This will help alleviate the transport problem involved in bringing the products to the consumers. This same unit with assistance from other government departments and non-government organizations should be actively involved in increasing the demand of locally grown foods so that a greater variety become commercially viable. In this, agricultural extension work needs to be continuous rather than sporadic as it has been so far.

Conclusion

The economic turmoil in the past years had made it plain how swiftly and extensively changes in any of the major economies of the world impact on other countries. No metropolitan centre is spared this negative effect of globalization. With remittances in Samoa coming predominantly from the metropolitan countries of the Pacific Rim, the consequences of negative changes in their economic emigration policies will be adversely felt in Samoa, particularly in rural areas where employment opportunities are limited.

However, with the tightening of immigration policies at the major Samoan migration destinations, the restructuring of the metropolitan economies, changing status of migrants and other factors, a decline may expected in the living standards of Samoans relying on remittances.

The threat to living standards is serious because villagers have become more dependent on remittances and less self-reliant on staple foods because of the lack of labor and remittance-induced inertia. Plantation lots and *aiga* land are not being used to full advantage because emigration and remittances have also modified villagers' perception of what substitute appropriate standards and acceptable occupations. Almost invariably, the latter are white-collar jobs in Apia. Additionally, remittances have enabled many families to dissociate themselves from the land and rely solely on purchased food for sustenance, thereby accentuating the degree of dependence.

The immigration policies of the countries of the Pacific Rim are now such that semi-skilled and unskilled have less chance than previously of becoming migrants. The qualified are more welcome, as are those with surplus capital for investment. For the majority of Samoans who dream of migrating to New Zealand, admission of the basis of family reunification may be the only avenue left. It is therefore important that the government takes a more active role in making their people, particularly those in rural areas, become self-reliant. Education and persuasion, particularly through the media and church, are probably the ways to decrease Samoans' dependence on remittances but whether this will be undertaken earnestly by the church is hard to tell since the church is a major beneficiary of remittances. At present rural Samoans appear not to be concerned about their unhealthy dependence on remittances. There are reasons for the government to prepare its people for the time when remittances are no longer consistent as in the past. This preparation should begin now.

Trade Liberalization, Remittances, Poverty and Income Distributions of Households in Ghana

Vijay K. Bhasin and Camara K. Obeng, Department of Economics, University of Cape Coast

Introduction

Proponents of globalization envisage a greater integration of the world economy through trade liberalization and factor mobility. Trade liberalization is defined as the elimination of import and export duties on goods and services. Free factor mobility is defined as the removal of restrictions on the movement of capital and labor. As labor migrates from developing to developed countries, migrant worker remittances become a source of income to many households in the developing world. Some country studies have examined the effect of international remittances on the welfare and poverty status of households. Gustafsson and Makonnen (1993) have observed that the incidence and depth of poverty in Lesotho would go up by 26 per cent and 52 per cent respectively if remittances from migrants working in the mines in South Africa were to stop. Taylor, Mora and Adams (2005) have observed that a 10 per cent increase in international remittances to Mexico would reduce the incidence and depth of poverty by 0.77 per cent and 0.53 per cent, respectively. Adams (2005) has compared the incidence and depth of poverty in Guatemala in two situations when the level of remittances is zero and when the current level of remittances is maintained and observed that the receipt of international remittances reduces the incidence and depth of poverty by 1.6 per cent and 12.6 per cent, respectively.

It is generally believed that expanded trade holds the key to prosperity for developing countries. According to this view, if the industrialised countries would eliminate their trade barriers, especially in apparel and agriculture, this would provide a basis for growth in developing countries, pulling hundreds of millions of people out of poverty. According to the World Bank (2002), a reduction in world barriers to trade could accelerate growth, provide stimulus to new forms of productivity-enhancing specialization, and lead to a more rapid pace of job creation and poverty reduction around the world. Some country studies examine the impact of trade liberalization on poverty and income distributions. Sahn, Dorosh and Younger (1997) and Dorosh and Sahn (2000) examined the impacts of trade and exchange rate liberalization on income distribution and poverty in Cameroon, Gambia, Madagascar and Niger, and observed that trade and exchange rate liberalisation benefits poor households in urban and rural areas. Bautista and Thomas (1997) investigated the impacts of import liberalization on poverty in Philippines and observed favourable effects of import liberalisation on income and poverty. Aka (2003) has observed for Cote d'Ivoire that the elimination of agricultural exports and import taxes increases poverty incidence, whereas the elimination of taxes on industrial exports reduces it. Obi (2003) has observed for Nigeria that tariff adjustment tends to aggravate income disparity among households.

One country study has combined trade liberalization with remittances and looks at their effect on poverty and income distribution. Siddiqui and Kemal (2002) observe that in Pakistan, tariff reduction in the absence of a decline in remittances reduces rural and urban poverty. On the other hand, trade liberalization in the presence of a decline in remittances results in an increase in poverty in urban households but not in rural households. They have also shown that income inequality increases in both these situations.

As the elimination of trade taxes will cause a substantial fall in government revenue, and consequent reduction in public savings, it is necessary for government to find other avenues to compensate for the decrease in revenue. Various options may be considered. The first option is to increase lump-sum taxes as suggested by Baker and Weisbrot (2001). If lump-sum taxes are already very high then this option becomes unfeasible. The second option is to combine the elimination of trade taxes with a corresponding reduction in public consumption, so that the public savings do not fall. This type of reform is unlikely to be implemented because of its adverse effects on the economy. The third option is to combine elimination of trade taxes with an increase in foreign remittances. All these reforms are likely to affect poverty and income distribution.

Since the government is most likely to implement the third type of fiscal reform, it will be interesting to assess the impact of such reforms on the incidence, depth, and severity of poverty and income distributions of various categories of households. This is achieved by considering two alternative fiscal policy regimes. In the first fiscal policy regime, trade taxes on all imported goods are eliminated and a reduction in the tax revenue is compensated with a 66 per cent increase in foreign remittances. In the second fiscal policy regime, taxes on all exported goods are eliminated and a reduction in the tax revenue is compensated with a 196 per cent increase in foreign remittances.

Fiscal policy, foreign remittances and poverty alleviation in Ghana

The fiscal position of the Ghanaian economy has been the major concern of both the previous and current governments. The underpinning issue to contend with is the nation's ability to restrict its expenditure within the limits of its revenue capacity. The tax revenue comes from direct taxes, indirect taxes, and international trade taxes. Direct taxes are levied on income and property of individuals and businesses. In 1999, direct taxes contributed about 29.72 per cent to the total tax revenue. The major source of direct tax revenue was corporate tax followed by income tax. Indirect taxes comprise a Value Added Tax (VAT) on domestic and imported products, a petroleum tax and other indirect taxes. In 1999, indirect taxes contributed 44.12 per cent to the total tax revenue. The major source of indirect tax revenue was VAT followed by petroleum tax.

International trade taxes are levied on imports and exports, and in 1999, contributed 26.16 per cent to the total tax revenue. The major source of international trade tax revenue was import duties, which contributed 26.61 per cent of total government revenue, followed by export duty (6.91 per cent). Thus, the elimination of trade taxes will reduce government revenue by one-third (if the tax base is not enlarged). Due to the consequent adverse impacts on public savings and investment, the government of Ghana is unlikely to implement such reforms in the absence of a compensatory revenue source. Overseas remittances to households and firms have increased from U.S.$ 472.0 million in 1999 to U.S.$ 680.0 million in 2002. Given the importance of remittances, which accounted for 11.1 per cent of GNP in 1999, the government of Ghana can eliminate trade taxes and at the same time design policies to increase the flow of foreign remittances.

Taking the upper poverty line of 900,000 Cedis per annum, the percentage of the Ghanaian population defined as poor has fallen from almost 52 per cent in 1991-92 to just under 40 per cent in 1998-99. The incidence of poverty in Ghana is still very high and needs to be further reduced. In the present study, the monetary poverty line of Cedis 665,300 per annum was obtained from the consumption basket of the bottom 20 per centof the distribution of individuals by their standard of living, which provided 2900 kilocalories per equivalent adult per day. Approximately 120 commodities from the agricultural, industrial and services sectors were included in this consumption basket. Using the information from the Social Accounting Matrix (SAM) for Ghana for 1999, the Ghana Livings Standard Survey 4 (GLSS 4), and this poverty line, we want to assess the impact of fiscal reforms on incidence, depth, severity of poverty; and income distributions of five categories of households' chosen according to their main economic activity.

Structure and data of the SAM

The macro SAM for Ghana for the year 1999 is based on the SAM of Ghana for 1993. Since the structure of the Ghana economy is unlikely to change dramatically in the short or medium term, the SAM of Ghana for 1993 was updated for 1999 using the fixed proportion method. Since we are interested in the behavior of different categories of household, there was a need to integrate the GLSS 4 data with the SAM for 1999. The categories of households are identified on the basis of economic activity, and include Farmers, Public Sector Employees, Non-farm Private Sector Employees, Non-farm Self-Employed and Non-working. The contribution of each category of household in the total income and expenditure was determined from the GLSS 4 data set. These proportions were used to reconstruct the household sector within the SAM of 1999. The integrated SAM for 1999 is presented in Appendix B. The data for other endogenous variables, which cannot be tracked from SAM, and exogenous variables are collected from International Financial Statistics, the State of the Ghanaian Economy, Annual Budget, and World Development Indicators.

Methodology

In the present paper, we adapt the approach of Decaluwe, Patry, Savard, and Thorbecke (1999) and Aka (2003). The CGE model for Ghana is presented in Appendix A. In the CGE model, there are 48 basic equations, comprising ten equations for production and trade block; sixteen equations for Income, Taxes, Savings, and Investment block; eight equations for demand for commodities block; nine equations for prices; and five equations for equilibrium conditions and macroeconomic closures. Since there are three production activities and five categories of households, the total numbers of equations to be solved are 142. There are 142 endogenous variables and 34 exogenous variables. The model is just identified containing as many endogenous variables as equations.

The model is calibrated to 1999 data set. The GAMS software is used to check for the consistency of the data with the equilibrium conditions and to perform the simulations. The benchmark equilibrium must be replicated with the use of calibrated parameters and base year data. The pre-shock values for the variables are obtained from the solution of the specified model. The post shock effects of these simulations are used to find the effects on poverty line and the incomes of households. The DAD software is used to evaluate the poverty measures and PCGIVE software is used to plot the income distributions of households before and after the exogenous shocks. The pre-shock and post-shock poverty levels are obtained using Foster, Greer and Thorbecke (FGT) poverty measures

$$POV_{k,h} = \int_0^z [(z - y_h)/z]^k f(y_h)\, dy_h, \quad k= 0,1,2$$

where y_h is the income of household h, k is a poverty-aversion parameter, z is the endogenously determined poverty line. The incidence of poverty measures the percent of the population living beneath that poverty line at the time of the survey. The depth of poverty measures in percentage terms how far the average incomes of the poor fall short of the poverty line. The severity of poverty is the squared of the depth of poverty index and it is sensitive to changes in distribution among the poor. The incidence of poverty is indicated by $k= 0$. The depth of poverty is indicated by $k= 1$, and the severity of poverty is indicated by $k= 2$.

Since CGE models are fully calibrated on the basis of an initial year SAM that provides a set of consistent initial conditions and the SAM does not contain information on intra socio-economic household group income distribution, it is advisable to generate the intra group income distributions in the same base year as that of the SAM to calibrate the general equilibrium model. Several approaches have been used in the literature to describe and define intra group distribution of income in a CGE framework. For example, de Janvry et al. (1991) have used both a lognormal and a Pareto distribution function to depict income distribution. Decaluwe, Patry, Savard, and Thorbecke (1999) and Aka (2003) have used the Beta distribution to represent the intra group income distributions. Unlike the lognormal, the Beta function is much more flexible when it comes to the asymmetric forms it can adopt. However, since we know very little about the probability density functions of the incomes of households, density functions may be interpolated to give a clearer picture of the implied distributional shape. To estimate the density functions without imposing too many assumptions about its properties, a non-parametric approach is used in PCGIVE based on a kernel estimator of density function $f(Y_h)$. The Kernel estimator of the density f is defined by:

$$f(Y_h) = (1/Tu) \sum_{t=1}^{T} K\{(1/u)(Y_h - y_{ht})\}$$

where K{} is the kernel function and u is a 'window width' or smoothing parameter and corresponds to the width of histogram bars. The kernel K used is the Normal or Gaussian kernel. Following Siddiqui and Kemal (2002), we estimate the density functions for the incomes of households using the Kernel estimator.

Simulation results

In the first simulation, we eliminate the trade related import tariff on all imports and neutralize the effect of a fall in government revenue by increasing the foreign remittances by 66 per cent. In the second simulation, we eliminate the export tariff on all exports and neutralize the effect of a fall in government revenue by increasing the foreign remittances by 196 per cent. Table 7 indicates the effects of these simulations on macro economic variables.

Table 7: Simulation results

Variables	Base level	Simulation 1: Elimination of Import Tariff and 66% Increase in Remittances	Percentage Increase or Decrease	Simulation 2: Elimination of Export Tariff and 196% Increase in Remittances	Percentage Increase or Decrease
XS(agr)	1725.64	1696.69	-1.68	1936.16	12.20
XS(ind)	1817.12	1841.01	1.32	1600.61	-11.92
XS(ser)	849.82	853.01	0.38	866.90	2.01
YG	729.15	685.81	-5.95	607.92	-16.63
YH(af)	338.74	358.90	5.96	372.38	9.93
YH(pu)	306.88	320.04	4.29	320.27	4.37
YH(pr)	266.74	276.60	3.69	274.30	2.84
YH(nf)	285.76	297.93	4.26	297.94	4.27
YH(nw)	293.40	308.56	5.17	314.03	7.04
E(agr)	645.85	628.96	-2.62	736.36	14.02
E(ind)	990.07	1003.66	1.38	833.62	-15.81
E(ser)	0.481	0.478	-0.63	0.497	3.33
M(agri)	192.92	217.02	12.50	200.05	3.70
M(ind)	519.21	548.77	5.70	507.72	-2.22
M(ser)	646.13	650.66	0.71	649.50	0.53
LD(agr)	3.26	3.21	-1.54	3.64	11.66
LD(ind)	2.73	2.37	-13.19	1.95	-28.58
LD(ser)	1.35	1.36	0.74	1.34	-0.74
KD(agr)	3.96	3.84	-3.03	5.01	26.52
KD(ind)	83.74	84.08	0.41	79.60	-4.95
KD(ser)	3.18	3.16	-0.63	3.58	12.58
PC(agri)	0.63	0.61	-3.18	0.61	-3.18
PC(ind)	0.72	0.69	-4.17	0.71	-1.39
PC(ser)	0.851	0.852	0.12	0.835	-1.88
w	187.66	190.4	1.46	181.54	-3.27
r	4.89	5.05	3.28	4.17	-14.73

The first simulation leads to a reduction in the prices of imported goods and services. As a result, consumers substitute imported goods for the domestic goods. Depending on the elasticity substitution and imports' share in total consumption, demand for all imports increases. The reduction in domestic costs caused by the import tariff cut increases the profitability of the export sector, leading to an increase in investment and output in the industrial and services sectors. However, the increased inflow of imports is by no means enough to eliminate the import competing sectors, although agricultural output declines. Factors of production move from inefficient to more productive sectors. As a result, returns to both labor and capital increase. The incomes of all types of households increase because of the increase in factor prices and increased foreign remittances. The cut in import tariffs reduces the prices of composite goods in agricultural and industrial sectors considerably. The fall in the prices of composite goods reduces the poverty line by 2.63 per cent. The income of the government decreases by 5.95 per cent, which reduces investment in the agricultural sector, in turn further reducing farm output.

The second simulation makes exports more competitive, leading to an increase in agricultural and services exports, and consequent increase in output, employment and investment in these sectors. Since the industrial sector is not very competitive on the internal market, output, employment and investment in this sector decline. Since the relative prices of imported industrial goods have increased, imports of these items decrease. With movement of labor and capital from the inefficient industrial sector to the more efficient export oriented agricultural and services sectors, factor prices fall. However, the effect of a fall in factor prices on the household income is offset by the increase in foreign remittances and as a result, incomes in all household categories increases. In this simulation, the prices of composite goods decline in all sectors. This fall in prices reduces the poverty line by 2.24 per cent. However, the income of the government decreases by 16.63 per cent, which reduces investment in the industrial sector, in turn reducing industrial output by 11.92 per cent.

Table 8: Poverty measures for the base year and simulations

		Agricultural Farmers	Public Sector Employees	Private Sector Employees	Non-farm Self Employed	Non-Working
alpha=0	base	17.29%	19.28%	25.36%	21.04%	20.0%
	Simulation 1	15.71%	18.39%	23.47%	19.22%	18.30%
		(-1.58%)	(-0.89%)	(-1.89%)	(-1.82%)	(-1.70%)
	Simulation 2	14.48%	18.39%	24.10%	19.28%	17.66%
		(-2.81%)	(-0.89%)	(-1.26%)	(-1.76%)	(-2.34%)
alpha=1	base	7.15%	9.02%	9.85%	8.56%	7.99%
	Simulation 1	6.34%	8.32%	8.91%	7.76%	7.09%
		(-0.81%)	(-0.70%)	(-0.94%)	(-0.80%)	(-0.90%)
	Simulation 2	6.04%	8.35%	9.09%	7.81%	6.94%
		(-1.11%)	(-0.67%)	(-0.76%)	(-0.75%)	(-1.05%)
alpha=2	base	4.16%	5.3%	5.41%	4.96%	4.30%
	Simulation 1	3.69%	4.86%	4.88%	4.50%	3.77%
		(-0.47%)	(-0.44%)	(-0.53%)	(-0.46%)	(-0.53%)
	Simulation 2	3.52%	4.88%	4.98%	4.53%	3.68%
		(-0.64%)	(-0.42%)	(-0.43%)	(-0.43%)	(-0.62%)
Mean	base	2,765,729	2,534,159	2,206,561	2,360,109	2,398,446
Income	Simulation 1	2,930,329	2,642,883	2,288,067	2,460,571	2,522,382
		(5.96%)	(4.29%)	(3.69%)	(4.26%)	(5.17%)
	Simulation 2	3,040,323	2,644,790	2,269,041	2,460,720	2,567,064
		(9.93%)	(4.37%)	(2.84%)	(4.27%)	(7.04%)
Poverty	base	665,300	665,300	665,300	665,300	665,300
Line	Simulation 1	647,808	647,808	647,808	647,808	647,808
		(-2.63%)	(-2.63%)	(-2.63%)	(-2.63%)	(-2.63%)
	Simulation 2	650,405	650,405	650,405	650,405	650,405
		(-2.24%)	(-2.24%)	(-2.24%)	(-2.24%)	(-2.24%)

Table 8 presents information on the incidence, depth, and severity of poverty for the base year and variations in these measures after the shocks. In the base year, the incidence, depth, and severity of poverty is highest among private sector employees and lowest among farmers. In the first simulation, the reduction in consumer prices increases the incomes of all households, leading to declines in poverty incidence, depth, and severity. The highest rate of poverty reduction occurs among private sector employees, and the lowest among public sector employees. In the second simulation, as in the first, the reduction in consumer prices reduces poverty incidence, depth, and severity in all household categories. The highest rate of poverty reduction occurs among farmers, and the lowest among public sector employees. In both simulations, all households experienced higher mean incomes and lower poverty lines. This causes a reduction of the population below the poverty line in each household group.

Conclusion

To analyze the impact of elimination of trade taxes accompanied by an increase in foreign remittances on the incidence, depth, and severity of poverty and income distributions of households, the study has used the CGE framework. The study has updated the SAM of Ghana for 1993 to 1999 and integrated the GLSS 4 data for the year 1999 with this SAM. The study has analyzed the impact of two shocks on poverty and income distributions. The first shock takes the form of elimination of trade related import taxes accompanied by an increase in foreign remittances by 66 per cent. The second shock involves the elimination of export taxes accompanied by an increase in foreign remittances by 196 per cent. The study has shown that both these shocks could be used to reduce the incidence, depth, and severity of poverty, and improve income distributions, in Ghana.

The importance of migrant worker remittances is evidenced by the proliferation of formal and informal money transfer institutions and the rapid growth in the volume of migrant remittances in Ghana. There is, however, a need for a policy and regulatory environment that stimulates remittance flows and maximizes their economic impact. Microfinance institutions should be involved in the transfer of remittances. Duties or levies can be put on remittances transfers. Policies should be designed to ensure that the cost of transferring funds to relations in Ghana is reduced. Migrants should be allowed to hold foreign currency denominated accounts with competitive interest rates. The central bank should design a regulatory framework that will promote flows of remittances through the formal financial sector.

References

Adams, R. (2005) “Remittances, Selection Bias and Poverty in Guatemala”, World Bank, Washington, D.C.

Aka, B. F. (2003) ‘Fiscal Adjustment, Poverty, Inequality and Welfare in Cote d’lvoire: A CGE Model Analysis’, Final Report, AERC, Nairobi, Kenya

Baker, D., and M. Weisbrot. (2001) ‘Will Trade Gains Make us Rich? An assessment of the Prospective Gains from New Trade Agreements’, Center For Economic and Policy Research, Washington, D.C.

Bautista, R. and M. Thomas (1997) ‘Income Effects of Alternative Trade Policy Adjustments on Philippine Rural Households: A General Equilibrium Analysis’, TMD Discussion paper No. 22, International Food Policy Research Institute

Decaluwe, B., Party, A., Savard, L. and E. Thorebecke (1999) ‘Poverty Analysis Within a General Equilibrium Framework’, *CREFA Working Paper* 99-09, Department of Economics, University of Laval, Quebec, Canada

De Janvry, A., E. Sadoulet, and A. Fargeix. (1991) ‘Adjustment and Equity in Ecuador’, OECD Development Center, Paris

Dorosh, P. A. and D. E. Sahn. (2000). ‘A General Equilibrium Analysis of the Effect of Macroeconomic Adjustment on Poverty in Africa’, *Journal of Policy Modelling*, Vol. 22, No. 6, 753-76

Ghana Statistical Service (1997) *A Social Accounting Matrix for Ghana 1993*, Accra, Ghana

Ghana Statistical Service (2000) *Poverty Trends in Ghana in the 1990s*, Accra, Ghana

Gustafsson, B. and N. Makonnen. (1993) “Poverty and Remittances in Lesotho”, *Journal of African Economies*, Vol. 2, 49-73

Maimbo, S. (2003) “ The Money Exchange Dealers of Kabul: A Study of the Hawala System in Afghanistan”, The World Bank, Washington D.C.

Obi, B. P. (2003) ‘Fiscal Policy and Income Distribution: Some Policy Options for Nigeria’, Final Report, AERC, Nairobi, Kenya

Sahn, D. E., Dorosh, P. A. and S.A.Younger.(1997) *Structural Adjustment Reconsidered: Economic Policy and Poverty in Africa*, Cambridge University Press, Cambridge

Siddiqui, R., and A. Kemal. (2002) ‘Remittances, Trade Liberalization, and Poverty in Pakistan: The Role of excluded Variables in Poverty Change Analysis’, Study No. 1, Department for International Development, U.K

Silverman B.W. (1986) *Density Estimation for Statistics and Data Analysis*, London: Chapman and Hall

Taylor, E., Mora, J. and R. Adams. (2005) “Remittances, Inequality and Poverty: Evidence from Rural Mexico”, University of California, U.S.A

Thorbecke, E. (1991). ‘Adjustment, Growth and Income Distribution in Indonesia’, *World Development*, Vol. 19, No. 11, 1595-1614

World Bank. (2002) *Global Economic Prospects and the Developing Countries*, Washington, D.C.

Appendix A: Computable General Equilibrium Model for Ghana

I. Sets Definition

i 0 I = {AGR, IND, SER}, Goods (AGR: Agriculture, IND: Industry, SER: Services)

j 0 J = {AGR, IND, SER}, Production Sectors

h 0 H = {AGRF, PUBE, PRIE, NFSE, NW}, Households (AGRF: Agricultural Farmer, PUBE: Public Sector Employee, PRIE: Private Sector Employee, NFSE: Non-Farm Self Employed, NW: Non-Working)

II. Parameters

Λ_j	*Share of Value Added in Total Output*
c_j	*Scale Coefficient of Cobb-Douglas Function*
aij	*Quantity of Good i used in the Production of Good j*
α_j	*Elasticity Parameter of Cobb-Douglas Function*
$\surd_i$	*Scale Coefficient of CET Function*
γ_i	*Distributive Parameter of CET Function*
R_i	*Transformation Parameter of CET Function*
η_i	*Elasticity of Transformation*
λ_i	*Scale Coefficient of CES Function*
δ_i	*Distributive Parameter of CES Function*
ρ_i	*Substitution Parameter*
σ_i	*Elasticity of Substitution*
Ω_1	*Firms Share in Total Capital Income*
Ω_2	*Govt. Share in Total Capital Income*
s_h	*Share of household h in Labor Income*
k_h	*Share of household h in Total Capital Income*
ty_h	*Tax Rate on Household h Income*
dvr_h	*Dividend Rate for Household h*
Ψ_h	*Marginal Propensity to Save of h Household*
Ψ_f	*Marginal Propensity to Save of Firms*
Ψ_g	*Marginal Propensity to Save of Government*
ty_f	*Tax Rate on Firm Income*
tm_i	*Tax Rate on Import of good i*
te_i	*Tax Rate on Export of good i*
tx_i	*Value Added Tax Rate on good i*
β^c_{ih}	*Share of Good i in household h consumption*
β^f_i	*Share of Good i in Firm consumption*
β^g_i	*Share of Good i in Government consumption*
$C^{MIN}_{i,h}$	*Household Minimum Consumption of Good i*
Φ_j	*Share of Sector j in Total Investment*
μ_i	*Share of Good i in Value added*

III. Endogenous Variables

XS_j	*Production of Sector j*	3
VA_j	*Value Added of Sector j*	3
PV_j	*Value Added Price of Sector j*	3
LD_j	*Labour Demand of Sector j*	3
KD_j	*Capital Demand of Sector j*	3
r_j	*Rate of Return to Capital in Sector j*	3
$DI_{i,j}$	*Intermediate Demand for Good i in Sector j*	9
DI_i	*Intermediate Demand for Good*	3
E_i	*Export Supply of Good i*	3
DS_i	*Domestic Supply of Good i*	3
PE_i	*Domestic Export Price of Good i*	3
PL_i	*Producer Price of Domestic Good i*	3
Q_i	*Demand for Composite Good i*	3
PC_i	*Price of Composite Good i*	3
M_i	*Import Demand of Good i*	3
DD_i	*Domestic Demand of Good i*	3
PD_i	*Domestic Price of Good i*	3
PM_i	*Domestic Import Price of Good i*	3
YH_h	*Income of Household h*	5
YDH_h	*Disposable Income of Household h*	5
DTH_h	*Direct Taxes on Household h Income*	5
SH_h	*Savings of Household h*	5
$CTFH_h$	*Current Transfers from Firms to Household h*	5
SH	*Savings of Households*	1
YF	*Income of Firms*	1
DTF	*Direct Taxes on Firms Income*	1
YDF	*Disposalbe Income of Firms*	1
SF	*Savings of Firms*	1
TIM_i	*Indirect Taxes on Imports of Good i*	3
TIE_i	*Indirect Taxes on Exports of Good i*	3
$TIVA_i$	*Value Added Taxes on Good i*	3
P_i	*Price of Aggregate Output of Good i*	3
YG	*Government Income*	1
SG	*Savings of Government*	1
CTH_h	*Total Consumption of Household h*	5
$C_{i,h}$	*Consumption of Good i of Household h*	15
CT_i	*Total Consumption of Good i*	3
CF_i	*Firm Consumption of Good i*	3
GC_i	*Government Consumption of Good i*	3
I	*Total investment*	1
S	*Total Savings*	1
I_j	*Investment of Sector j*	3
P_{INV}	*Investment Price Index*	1
$PINDEX$	*Price Index*	1
B	*Balance of Payments*	1
z	*Poverty Line*	1
Number of Endogenous variables		142

IV. Exogenous Variables

LS	*Labour Supply*	1
KS	*Capital Supply*	1
w	*Average Wage Rate*	1
e	*Nominal Exchange Rate*	1
PWE_i	*World Price of Exports of Good i*	3
PWM_i	*World Price of Imports of Good i*	3
$CTGH_h$	*Current Transfers from Govt. to Household h*	5
$CTWH_h$	*Current Transfers from ROW to Household h (Foreign Remittances)*	5
$CTHF_h$	*Current Transfers from Household h to Firms*	5
$CTHW_h$	*Current Transfers from Household h to ROW*	5
$CTGF$	*Current Transfers from Govt. to Firms*	1
$CTWF$	*Current Transfers from ROW to Firms*	1
FB	*Foreign Borrowing*	1
FKI	*Foreign Capital Inflows*	1
Number of Exogenous variables		34

V. Equations

Production and trade | **Number**

1	$XS_j = VA_j / \Lambda_j$	3
2	$VA_j = c_j\, LD_j^{\alpha j}\, KD_j^{1-\alpha j}$	3
3	$DI_{i,j} = a_{ij}\, XS_j$	9
4	$DI_i = \sum_j DI_{i,j}$	3
5	$LD_j = \alpha_j\, PV_j\, VA_j /w$	3
6	$KD_j = (1-\alpha_j)\, PV_j\, VA_j / r_j$	3
7	$XS_i = \surd_i\, [\gamma_i\, E_i^{R}i + (1-\gamma_i)\, DS_i^{R}i\,]^{1/R}{}_i$	3
8	$E_i = DS_i\, [\, (PE_i / PL_i)\, \{(1-\gamma_i)/(\gamma_i)\}\,]^{\eta}{}_i$	3
9	$Q_i = \lambda_i\, [\, \delta_i\, M_i^{-\rho}{}_i + (1-\delta_i)\, DD_i^{-\rho}{}_i]^{-1/\rho}{}_i$	3
10	$M_i = DD_i\, [(PD_i / PM_i)\, \{\delta_i /(1-\delta_i)\}]^{\sigma}{}_i$	3

Income, taxes, savings and investment

11	$YH_h = s_h \sum_j w\, LD_j + k_h \sum_j r_j\, KD_j + CTGH_h + CTFH_h + CTWH_h$	5
12	$CTFH_h = dvr_h\, YF$	5
13	$DTH_h = ty_h\, YH_h$	5
14	$YDH_h = YH_h(\, 1-ty_h\,)$	5
15	$SH_h = YDH_h - \sum_i PC_i\ C_{ih} - CTHF_h - CTHW_h$	5
16	$SH = \sum_h SH_h$	1
17	$YF = \Omega_1 \sum_j r_j\, KD_j + \sum_h CTHF_h + CTGF + CTWF$	1
18	$DTF = ty_f\ YF$	1
19	$YDF = YF\, (1-ty_f\,)$	1
20	$SF = YDF - \sum_h CTFH_h - \sum_i PC_i\, CF_{i,}$	1
21	$TIM_i = tm_i\, e\, PWM_i\, M_i$	3

Income, taxes, savings and investment (cont'd)

22	$TIE_i = te_i PE_i \; E_i$	3
23	$TIVA_i = tx_i \, PC_i \, Q_i$	3
24	$YG = \Omega_2 \sum_j r_j \, KD_j + \sum_i TIM_i + \sum_i TIE_i ++ \sum_i TIVA_i$ $+ \sum_h DTH_h + DTF + FB$	1
25	$SG = YG - \sum_h CTGH_h - CTGF - \sum_i PC_i \, GC_{i,}$	1
26	$S = SH + SF + SG + FKI$	1

Demand for commodities

27	$CTH_h = YDH_h - SH_h$	5
28	$PC_i \, C_{i,h} = PC_i \, C^{MIN}_{i,h} + \beta^c_{j,h} (CTH_h - \sum PC_i \, C^{MIN}_{i,h})$	15
29	$z = \sum_i PC_i \; C^{MIN}_{i\,h}$	1
30	$CF_i = \beta^f_i \; (1-\Psi_f) \; YDF / PC_i$	3
31	$GC_i = \beta^g_i \; (1-\Psi_g) \; YG / PC_i$	3
32	$CT_i = \sum_h C_{i,h} + CF_i + GC_i$	3
33	$I_i = [\Phi_i \; I] / P_{INV}$	3
34	$I - \sum_i I_i$	1

Prices

35	$PV_i = [P_i \; XS_i - \sum_j PC_i \; DI_{i,j}] / VA_i$	3
36	$PM_i = PWM_i \, (l + tm_i) \, (l + tx_i) \, e$	3
37	$PE_i = (PWE_i \, e) / (l + te_i)$	3
38	$PC_i = (PD_i \, DD_i + PM_i \, M_i) / Q_i$	3
39	$PD_i = (l + tx_i) \, PL_i$	3
40	$P_i = (PL_i \, DS_i + PE_i \, E_i) / XS_i$	3
41	$r_j = (PV_j \, VA_j - wLD_j) / KD_j$	3
42	$P_{INV} = \prod_i [PC_i / \Phi_i]^{\Phi i}$	1
43	$PINDEX = \sum_i \mu_i \, PV_i$	1

Equilibrium conditions and macroeconomic closure

44	$Q_i = DI_i + CT_i + I_i$	3
45	$LS = \sum_j LD_j$	1
46	$KS = \sum_j KD_j$	1
47	$I = S$	1
48	$B = e \sum_i PWM_i \, M_i - e \sum_i PWE_i \, E_i + \sum_h CTHW_h - \sum_h CTWH_h$ $- CTWF - FB - FKI = 0$	1
Number of Independent Equations		*142*

Appendix B: Social Accounting Matrix for Ghana 1999 at Constant 1993 Prices
(Billions of Cedis)

Receipts / Expenditure		Factors of Production			Current Account of Institutions								Production Sectors		
		Labour	Capital	ITP	AF	PUSE	PRSE	NFSE	NW	Firms	GOV	ROW	AGR	IND	SER
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Labour												1751.5	750.1	1079.4
2	Capital												55.7	480.5	290.4
3	Indirect Taxes on Production												74.4	469.7	5.1
4	Agricultural Farmers	781.2	25.8		9.9					9.5	10.0	23.3			
5	Public Sector Employees	750.0	25.3			9.3				5.0	5.5	12.4			
6	Private Sector Employees	661.3	21.3				8.1			3.5	4.0	8.9			
7	Non Farm Self Employed	697.9	23.8					8.6		5.0	5.0	11.4			
8	Non-Working	690.8	28.8						8.8	6.5	7.0	15.9			
9	Firms		580.0		3.5	3.2	2.8	3.0	3.1	30.7	163.3	74.5			
10	Government		121.5	549.2	33.3	31.3	27.4	29.1	29.4	200.2	128.4	190.1			
11	Rest of the World				1.0	1.0	0.8	0.9	0.9				118.7	1301.9	252.6
12	Agriculture				466.8	438.4	383.9	408.1	411.2			289.1	283.1	169.1	
13	Industry				227.9	214.0	187.4	199.3	200.8			594.6	133.7	718.6	387.6
14	Services				150.6	141.4	123.9	131.7	132.7	110.5	732.3	9.8	222.7	189.2	569.0
15	Agricultural Farmers				-33.4										
16	Public Sector Employees					-31.2									
17	Private Sector Employees						-27.2								
18	Non Farm Self Employed							-28.9							
19	Non-Working								-29.3						
20	Firms									493.0					
21	Government										284.8				
22	Row											447.6			
23	Investment														
	Total	3581.2	826.5	549.2	859.6	807.4	707.1	751.8	757.6	863.9	1340.3	1677.6	2639.8	4079.1	2584.1

Appendix B: Social Accounting Matrix for Ghana 1999 at Constant 1993 Prices (Billions of Cedis) cont'd

Receipts / Expenditure		Capital Account of Institutions								Changes in Assets and Liabilities	Total
		AF	PUSE	PRSE	NFSE	NW	FIRMS	GOV	ROW	INV	
		15	16	17	18	19	20	21	22	23	
1	Labour										3581.0
2	Capital										826.6
3	Indirect Taxes										549.2
4	Agricultural Farmers										859.7
5	Public Sector Employees										807.5
6	Private Sector Employees										707.1
7	Non Farm Self Employed										751.7
8	Non-Working										757.8
9	Firms										864.1
10	Government										1339.9
11	Rest of the World										1677.8
12	Agriculture									-210.0	2639.7
13	Industry									1214.7	4078.6
14	Services									70.6	2584.4
15	Agricultural Farmers	2.7								31.1	0.4
16	Public Sector Employees		1.4							30.0	0.2
17	Private Sector Employees			1.0						26.3	0.1
18	Non Farm Self Employed				1.3					27.7	0.1
19	Non-Working					1.8				27.7	0.2
20	Firms	1.0	0.5	0.4	0.5	0.7		32.2		545.1	1073.9
21	Government									504.9	789.7
22	Rest of the World									188.6	636.2
23	Investment	-3.3	-1.8	-1.3	-1.7	-2.3	1073.4	757.6	636.2		2456.8
	Total	0.4	0.1	0.1	0.1	0.2	1073.4	789.8	636.2	2456.7	

Money Transfers: taking advantage of the market opportunity [1]

Jennifer Isern, Rani Deshpande and Judith van Doorn

Introduction

Remittances as a source of development finance have recently been the subject of increasing public attention. Although not all such transfers are captured in official statistics, formal cross-border remittances nevertheless constitute the second largest source of external funding for developing countries, ahead of both capital market flows and official development assistance.[2] Money transfers are also a lucrative financial service. Financial service providers that cater to the poor (including specialized microfinance institutions, banks, financial cooperatives, and others) have increasingly been attracted to the money transfer market because it offers them the opportunity to fulfill both financial and social goals.[3] However, relatively little information is available on how financial institutions serving the poor might enter the money transfer market. To begin to address this void, this article explores some of the strategic and operational choices that pro-poor FSPs must consider when launching a money transfer product.

1. Overview of the money transfer market

The money transfer industry is highly complex, comprising a vast array of formal and informal players that use rapidly changing technologies and institutional infrastructure to effect transactions for diverse clients. Money transfers can be classified in various ways, for example, by type of customer (governments, businesses, individuals), type of transmission channel (formal or informal), or origination and end points. Person-to-person money transfers are probably most relevant for pro-poor FSPs given their customer base, and the fact that governments and informal sector businesses in emerging markets have yet to make extensive use of non-cash methods for payments to individuals.

Cross-border remittances transferred through the formal sector are perhaps the best-documented type of person-to-person transfer. Based on IMF data, the World Bank estimated the global volume of formal cross-border remittance transfers to be US$88.1 billion in 2002 and US$93 billion in 2003.[4] Experts estimate the total value of monetary transfers made through informal channels (e.g., cash transfers conducted through family, friends, or undocumented transfer channels) may add another 40–100 percent to this amount.[5] Such evidence indicates that informal systems are competing successfully with even the largest players in the formal money transfers market.

Some of the best-known informal systems include *hawala*, which is common throughout the Middle East, *hundi*, indigenous to South Asia, and the Chinese *fei chen*. Typically in such systems, a migrant makes a payment to the transfer agent in his/her country of residence, and the agent gives him a code to authenticate the transaction. The agent requests his counterpart at the receiving end to make the payment to a beneficiary upon submission of the code. After the transfer, agents settle accounts through payment in cash or in goods and services. They are remunerated by senders through a fee or an exchange rate spread.

Much of the popularity of informal transfer systems is due to client-friendly features like speed, anonymity, and a minimum of paperwork. They are also often present in areas where no formal sector providers exist, and perhaps most importantly, are generally less expensive than formal transfer mechanisms. Since many informal transfer providers are simultaneously involved in other businesses where money transfers are necessary, such as commodity trading, remittance services fit well into their existing activities. Remittances and business transfers are processed through the same bank accounts and few, if any, additional operational costs are incurred.[6]

In contrast, the formal money transfer market is dominated by large, specialized money transfer companies (MTCs) such as Western Union, MoneyGram, and Vigo. By number of transfers processed, Western Union is estimated to serve 25 per cent of the market, Eurogiro 11 per cent, MoneyGram 6 per cent, and Vigo 3 per cent. The rest of the formal money transfer market is fragmented among commercial banks, post offices, foreign exchange bureaus, credit unions, and niche money transfer companies, with different players dominating specific markets. Total revenue for this industry is currently estimated at between $15 billion and $18 billion, and the demand for person-to-person money transfers is expected to increase steadily in the future.[7]

Although most current research focuses on transfers from developed to developing countries, substantial migration also occurs between and within developing countries; close to half of all reported migrants live in the developing world.[8] Domestic migration is a lifeline for poor and rural people in many countries. Evidence indicates that poorer and more rural migrants tend to move to destinations closer to home – often urban centers within the same country – and typically earn and remit less money than international migrants.[9]

The volume of domestic remittance is unknown, since they pass through a country's payment system and are often not tracked as remittances. While amount per migrant may be smaller for domestic migrants than for international or regional migrants, the overall volume of domestic transfers is enormous and reaches many more households. In China, domestic migrants sent US$45 billion via formal transfer providers in 2003 alone.[10] A study in Vietnam indicated that, although they made up only 50 per cent of the total value of known remittances, "7 out of 8 transactions received were domestic remittances."[11]

Safe, affordable money transfer mechanisms are critical for processing both domestic and international transfers. Domestic transfer services serve as the final link – the "last mile" – of the international transfer process, so domestic markets must operate efficiently for international transfers to reach their intended recipients. Yet money transfer networks within developing countries are often more limited than international networks due to an undeveloped payments infrastructure and/or lack of FSPs that provide transfer services. This reality represents an opportunity for FSPs that serve the poor, especially in remote or rural areas where transfer options may be especially scarce.

2. The building blocks of a money transfer system

Money transfer systems can be thought of as having three main elements: (i) the mechanism that carries a transfer from point A to point B; (ii) the institution that provides the transfer; and (iii) the customer interface through which cash is collected from senders and/or disbursed to recipients.

Transmission mechanisms

The major transfer mechanisms in use today fall into two main categories: paper-based and electronic. Paper-based instruments include checks, bank drafts, and money orders, while electronic funds transfers occur over a variety of different networks. Automatic clearinghouses (ACH) and real-time gross settlement systems link member financial institutions and their clients. These networks allow member financial institutions to exchange payment instructions and settle obligations electronically, and they are often owned and operated by central banks, bank associations, or other private players. At the international level, the most commonly used system for facilitating electronic fund transfers is operated by the Society for Worldwide Interbank Financial Telecommunications (SWIFT), and industry-owned cooperataive that provides real-time payment messaging services to member institutions. Postal financial institutions have their own "giro" network for the transfer of funds. Finally, MTC networks link huge numbers of agents, which can be financial institutions or retail establishments depending on local regulations.

Transfer mechanisms vary along a number of other dimensions of relevance to pro-poor FSPs on both the sending and receiving sides. One important consideration is whether the mechanism requires senders and/or receivers to have accounts with a financial institution to use the service, as this can be an obstacle for low-income clients. Customers also care about the speed of the mechanism, which is faster for electronic systems, as well as convenience and price.

From the perspective of FSPs, restrictions on access to various mechanisms may be the overriding concern, although processing costs and the need for physical and IT infrastructure are important as well. Checks and drafts are typically only issued by bank and near-bank financial institutions, and money orders by postal financial institutions and large private operators. Access to payment systems such as clearinghouses and real-time gross settlement systems typically occurs through a bank, and giro transfers can only be originated by postal banks. Membership in MTC networks can also be restricted to certain types of institutions depending on national regulations.

Partnerships

In order to overcome the access restrictions mentioned above, FSPs that serve the poor have forged a number of creative institutional partnerships. Alliances with banks, credit unions, postal networks, international money transfer companies, and retail outlets allow FSPs to leverage their strengths (proximity to clients and established quality services) to overcome their weaknesses (limited transfer expertise, restrictions on foreign exchange dealings, and/or access to a payment system). MTC relationships may even become a competitive necessity, as they did for XAC Bank in Mongolia, which found that it needed to offer the same convenient transfer services offered by its competitors in order to retain clients.

A growing number of FSPs have established alliances with MTCs such as Western Union, MoneyGram, and Vigo. Part of the attraction is due to simplicity: MTCs often offer agents a turn-key solution for providing money transfer services, with a complete package of software and training. Agents may also benefit from existing marketing programmes and an established agent network, which can generate transfer volume. These advantages have enabled MTCs to partner with broad networks of banks, non-bank financial institutions, post offices, and retail businesses of all stripes.

Partnerships with MTCs also entail a number of risks that must be managed. For example, the larger the MTC, the more likely that it will attempt to impose exclusive relationships on its agents. Yet even large MTCs cannot always generate adequate transaction volumes for institutions in receiving countries, particularly if they have not sufficiently penetrated the relevant immigrant communities in sending countries. The financial implications of partnering with an MTC must also be properly analyzed; although many of them offer free hardware and training for starting up service, operating costs such as telecommunication charges and staff time must also be taken into account.

On the MTCs' side, the most important factor in choosing agents is often regulatory. In some countries, access to MTC networks is limited by law to banks and occasionally credit unions and foreign exchange bureaus. A second crucial factor is the extent of an agent's branch network, which is often its most valuable bargaining chip in negotiating MTC agent or sub-agent status. MTCs are often attracted by the proximity of microfinance institutions (MFIs) to poor clients, whom they consider one of their most important target markets. Additional criteria that figure in agent selection are operating hours, financial soundness, and sufficient liquidity to advance customer payments prior to reimbursement.

Partnerships with other types of institutions are also possible. Financial institutions (FIs) with bank licenses can provide money transfer services via an electronic payment network by setting up correspondence relationships with banks in other countries or regions. The relationships between FONKOZE in Haiti and City National Bank of New Jersey in the USA, and between Spanish savings banks and Banco Solidario in Ecuador, are two such examples. In both cases, money transfers are bundled by the sending institution and transmitted to an account at the recipient institution that unbundles the payments for distribution to the receiving clients. For FSPs without bank licenses, other types of relationships with banks may still be possible: the Indian NGO Adhikar is using the services of an Indian bank to provide money transfers to domestic migrants and their families, leveraging the bank's established transfer facilities and its own proximity to poor clients.

Even if they enjoy access to one type of transfer mechanism, FSPs often establish links with other providers so that they can offer customers a more comprehensive range of transfer options. Post offices, MTCs, banks, and credit unions offer potentials for business alliances with other FSPs. Post offices often offer postal money orders as well as MTC services, enabling them to process both domestic and international transfers. Credit unions may subscribe to both an ACH network and an MTC service, thereby offering choices in terms of speed, reliability, and cost.

Although this type of strategic alliance can be beneficial for FSPs, careful partner selection is needed, especially as more operators enter the market. When receiving institutions deliver a transfer payment to a client, they assume a credit risk, as they have often not yet received the actual funds from their international partner. Sending institutions rely on partners in receiving countries to make sure that transfers are delivered to recipients. Since information on both sending and receiving institutions can be difficult to obtain, thorough due diligence on potential partners is essential.

Customer interface

Money transfer operators have traditionally expected customers to come to them, typically delivering transfers to customers in cash at a bank branch, post office, or MTC agent location. More recently, the spread of new technologies in developing countries is enabling clients to send and receive transfers in a wider variety of forms and locations.[12] New delivery technologies can eliminate service constraints related to branch locations and operating hours while potentially also lowering costs, especially in remote locations. In India, ICICI Bank is using computer kiosks to deliver transfer services outside their branch network to rural towns with as few as 2,000 residents. Systems combining mobile phones and retail points-of-sale (POS), currently being developed in South Africa, Cameroon and the Philippines, are another emerging alternative.

Debit and stored-value cards, in combination with POS devices, can also transmit funds in secure electronic form, enabling clients to access transfers in multiple locations. In North America, many banks have taken advantage of debit card technology to design accounts specifically for money transfers. Such accounts often come with two (or more) debit cards: one for the sender to deposit cash into the account at an automatic teller machine (ATM), and one for the receiver abroad to withdraw the cash at a compatible ATM. As a study of remittances to Latin America recently found, debit card withdrawals were the least expensive of any transfer method in the market.[13] However, the relatively low fees normally charged for ATM transactions also means that this type of product is less lucrative for FSPs than transfers through other mechanisms. In some markets, customers have also been slower than expected to embrace new technology.

3. Determinants of a money transfers strategy

FSPs face a problem that seems deceptively simple: how to move funds from a sender to a recipient and make a profit. Yet the choice of partners, transmission mechanisms, and delivery approaches described in section two involves a complex set of strategic considerations. These include market factors, the external environment, and the institution's own internal strengths and weaknesses.

Client preferences for money transfers are a primary factor in shaping an FSP's strategy. To shed light on these preferences, FSPs must collect and analyze data on a number of key issues. They need routine demographic and socioeconomic data: who are the clients? They must understand clients' pre-existing level of access to financial services. They must know where the money is originating and where it is going in their target market. Transfer patterns, including size, frequency, and short- and long-term trends are crucial to understand, as are preferences with respect to specific product features. Reliability, speed, accessibility, ease of use, confidentiality and price are generally considered core attributes of a money transfer product, but can vary in relative importance. Mapping the particular preferences of its clients with respect to these attributes can help a pro-poor FSP identify its market niche. Finally, understanding what other financial services clients want can help an FSP attract clients and keep them loyal, thereby promoting breadth of outreach and contributing to the FSP's financial bottom line.

The other market factor that FSPs must consider is *competition*. A pro-poor FSP should identify which formal and informal money transfer agents operate in its region, the transfer mechanisms they use, and the volume of transfers that they manage. It should assess competitors' strengths and weaknesses in addressing client preferences, including both formal and informal operators. The competitive analysis should enable FSPs to determine whether they can offer customers a better product and thus identify their comparative advantage as a provider.

Among non-market external factors, *regulation* plays perhaps the most important role in shaping an FSPs' money transfer strategy. The regulatory environment determines many of the options available to an FSP seeking to enter the money transfer market, including whether the service provider will have direct access to foreign exchange, the legal right to become an agent or subagent of an MTC, or access to the national payments system. Requirements for compliance with anti-money-laundering regulations and payment of taxes on transfers can also affect the viability of a money transfer offering.

An FSP's own internal *institutional capacity* also plays a crucial role in determining this viability. Money transfer operations require a significant investment in skilled human capital, which adds to the cost of the service. Information systems must be capable of managing the volume of anticipated transfer operations, ensuring transaction security, possibly interfacing with other transfer operators, and generating reports to comply with regulatory requirements. Transfer operators must also have the capacity to carefully manage liquidity and, if they receive cross-border transfers directly, foreign exchange risk.

Financial analysis of the proposed offering must pay special attention to long-term estimates of demand. Money transfers are essentially a volume business, so confidence about future volume is crucial, especially if the method chosen requires a large initial investment. As money transfers give FSPs the opportunity to acquire new and retain existing customers, the financial analysis must also estimate revenues from cross-selling other financial services, as well as potential savings generated by increased customer retention.

Effective *marketing* to both receiving and sending customers also underpins a successful money transfers strategy. In environments with few transfer services, marketing is instrumental in introducing the new service to clients. In markets where many transfer options are available, marketing can help introduce transparency around prices. Creating trust in clients' minds is especially important for small operators going up against established giants, whose omnipresent marketing can itself lend their images a certain reliability.

Conclusion

Formal and informal money transfers are growing multibillion-dollar markets reaching clients who may have previously had little access to financial services. FSPs have a potential financial interest in money transfers because the service may enable them to increase revenues, attract new clients, cross-sell existing services, and develop new linked products. Before launching any new product, but especially a highly complex one like money transfers, FSPs must give careful consideration to client preferences, competition, regulation, and their own institutional capacity.

Alliances that allow FSPs to offer money transfer services may be the best approach for new entrants to the market. The client knowledge, location, and existing distribution infrastructure of pro-poor FSPs can make them attractive partners for existing money transfer operators. The international payment networks, foreign exchange access, and risk management expertise of specialized money transfer companies and commercial banks can, in turn, reduce both the cost and risk of a pro-poor FSP's entry into the money transfer service market.

As more poor households in developing countries come to rely on income earned elsewhere, demand for these products will continue to increase. Satisfying this demand for diverse financial services is crucial to building financial systems that truly serve the poor.

Endnotes

[1] This article provides an overview of the forthcoming CGAP Occasional Paper "Crafting a Money Transfers Strategy: Guidance for Pro-Poor Financial Service Providers" by the same authors.

[2] Ratha, Dilip. "Workers' Remittances: An Important and Stable Source of External Development Finance." Chapter 7 in *Global Development Finance 2003.* Washington, DC: World Bank, 2003. p. 157.

[3] Financial service providers (FSPs) that cater to the poor can include financial institutions of all kinds, but also nonfinancial institutions, such as retailers, that provide financial services as part of their product mix. The term "provider" is also more appropriate than "institution" because of the latter's association with regulated, supervised legal status, while some microfinance providers do not have this status given their phase of development, the country's regulatory context, etc., In this article, "FSPs" is used for those financial services providers that deliberately offer products and services to clients below the socioeconomic level normally served by mainstream commercial banks.

[4] World Bank, *Global Development Finance 2004.* The World Bank remittance figures are calculated on the basis of the IMF *Balance of Payments Yearbook* (2001). The US $93 billion figure includes worker remittances, employee compensation, and migrant transfers.

[5] Ratha and Bezard both estimate the size of the informal market to be approximately 40 percent of the formal market, but some private industry actors interviewed by the authors estimate it to be as large as the formal market. See Bezard, Gwenn. *Global Money Transfers: Exploring the Remittances Gold Mine.* Boston: Celent Communications, 2003.

6 For more information, see Jost, Patrick, and Harjit Singh Sandhu, "The Hawala Alternative Remittance System and its Role in Money Laundering," Interpol General Secretariat, Lyon, France, 2000,
www.interpol.int/Public/FinancialCrime/MoneyLaundering/hawala/default.asp.

7 Bezard, *Global Money Transfers*, 20.

8 International Labour Organization (ILO). "Making the Best of Globalisation: Migrant Worker Remittances and Micro-Finance." Workshop report, Employment Sector, Social Finance Unit. Geneva, 2000.

9 See Fagen, Patricia Weiss, and Micah Bump. "Remittances between Developing Neighbors in Latin America." Chapter 9 in *Beyond Small Change: Making Migrants' Remittances Count.* Washington, DC: Inter-American Development Bank, forthcoming; Cross, Catherine. "Migrant Workers' Remittances and Microfinance in South Africa." Study for the International Labour Organisation (ILO) and Teba Bank, Social Finance Programme, Geneva, 2003.www.ilo.org/public/english/employment/finance/download/cross.pdf; and Sander, Cerstin. "Capturing a Market Share? Migrant Remittances and Money Transfers as a Microfinance Service in Sub-Saharan Africa," *Small Enterprise Development* 15, no. 1 (March2004): 20-34.

[10] Kynge, James. "China's Urban Workforce Fuels Rural Economy," *Financial Times.* February 26, 2004.

[11] See Sander,"Capturing a Market Share?"

[12] The multiplicity of delivery technologies has important implications for increasing poor clients' access to financial services because it can enable providers to reach more clients without incurring the cost of additional physical infrastructure. The costs and benefits of various cash access technologies are discussed at length in the CGAP IT Innovations Series,
www.cgap.org/publications/microfinance_technology.html.

[13] Orozco, Manuel. *The Remittance Marketplace: Prices, Policy, and Financial Institutions.* Washington, DC: Pew Hispanic Center, Annenburg School for Communication, University of Southern California, 2004. p.1.

Remittances and MFI Intermediation: issues and lessons

Manuel Orozco, Inter-American Dialogue
and Eve Hamilton, Chemonics International

An earlier version of this paper was presented for discussion at the 2005 Financial Sector Development Conference, New Partnerships for Innovation in Microfinance, June 23rd, 2005, Frankfurt. The authors thank the UK Department for International Development for funding support used for parts of the research and writing of this paper.

Introduction

Remittance flows to Latin American and the Caribbean reached $45 billion in 2004. For countries such as El Salvador, Nicaragua, and Jamaica, among others, remittances represent 10 percent or more of GDP and are one of the most important sources of foreign currency (IAD 2004). At the household level, remittances are a critical source of income for families living in poverty. Receiving households have significant purchasing power relative to other poor households that do not receive remittances (Orozco 2004). These recipient households, have, however, limited access to the financial institutions that would provide them with access to financial services such as loans, and safe interest-earning savings instruments, including remittance delivery.

In recent years, the entrance of microfinance institutions (MFIs) into the remittance market has increasingly been asserted as a mechanism for leveraging remittance flows to achieve development goals.1 Donors have begun to provide technical assistance to help MFIs develop linkages with formal Money Transfer Organizations (MTOs) and have enthusiastically supported such partnerships. The underlying assumption is that, due to close proximity to recipient communities and experience serving low-income populations, MFIs are in a unique position to reach recipient populations with both low-cost transfer services and other financial products. Moreover, by providing these services – often through partnerships with MTOs – MFIs can expand their operations and increase revenues.

Despite these assumptions, little empirical evidence has been collected to analyze the practices and performance of MFIs engaged in the remittance market. Are MFIs located in areas where current or potential remittance receiving populations reside? Can they effectively compete with MTOs? Are they providing a broader range of financial services to remittance providers? To begin to address the dearth of empirical data and to answer questions such as these, in this article we present a framework for assessing the development impact of MFI entry into the remittance market. We then propose a series of indicators linked to that framework and provide an initial analysis of the performance of the 27 MFIs and two credit union federations studied for this project.[2] After reviewing the analysis of these organizations and indicators, we conclude with suggestions for further research.

Methodology

This paper is thus based on interviews with 27 microfinance institutions and 2 federations of credit unions operating in Latin America and the Caribbean. The institutions were asked more than 25 questions relating to their presence in communities where remittances arrive, their remittance transfer service, cross selling efforts with financial services, prevailing information technology, and management information systems. The information gathered was quantified in order to get a sense of the overall trends, which later can serve as a basis for future research and identification of best practices. Due to the sample size, readers should treat any comparisons and conclusions with due caution.

1. Microfinance institution and remittance markets

Much discussion has centered on the proposition that linking remittances and microfinance institutions has a positive development impact on recipient communities. However, little empirical evidence exists that systematically analyzes specific practices. In order to have a basis for an empirical analysis, it is important to have a preliminary, working definition of the intersection between remittances and microfinance, accompanied by measurable indicators as they relate to development. To that effect, we define this intersection between remittances and microfinance as a *condition in which microfinance institutions offer remittance transfers in underserved areas through an effective market presence, selling tailored financial services based on a systematic understanding of the remittance recipient market.* Stated another way, the capacity of MFIs to increase the development impact of remittances depends on a number of intersecting factors – geographic presence in underserved areas, market position, the effectiveness of these institutions in providing a broad range of financial services, and the quality of transfer technologies and management information systems. These factors are explained below.

Geographic presence

In order for remittances and microfinance to intersect, at a minimum MFIs must operate near remittance recipients. Therefore, the first factor to assess, and perhaps the one that is most taken for granted, is the presence of MFIs in or near remittance receiving communities.

Market position

Market position refers to the ability of MFIs to effectively compete in the remittance market. At a minimum, this is achieved through a combination of partnerships with money transfer companies, offer of low-cost remittance transfers, and distribution capacity (number of transfers).

Provision of financial services

Another key factor is the offer of a range of financial services to remittance recipient clients, and possibly to senders. MFIs commitment and capacity to provide a broad range of financial services to low-income populations ignored by traditional commercial banks is at the heart of the link between MFIs, remittances, and development. Institutions that offer financial services such as savings accounts, loans, and insurance to remittance clients (referred to as “cross-selling”), and seek to mobilize savings for local investment, are optimizing the remittance transfers. The successful provision of these services by MFIs, however, depends on the existence and/or design of financial products attractive to customers and the use of effective marketing strategies.

Systematic information management

Effective data management is another critical factor that improves the link between remittances and financial intermediation. Among other benefits, the use of efficient data management systems strengthens the decisionmaking capacity of financial institutions by facilitating access to market and client information to inform marketing strategies. As noted above, marketing is important to the successful expansion of broader financial services, as well as to the growth of MFI remittance services.

Technology

Technology provides a conduit for data gathering, organization and transmission. MFIs increasingly rely on technology to improve their effectiveness and efficiency in managing and delivering their services. A basic criterion of technology for remittances is the adoption of back end technologies that ensure efficient wire transfers as well as adaptable data transmission to the institution’s information management systems.[3]

2. Analysing the intersecting issues

The purpose of this article is not to assess in-depth the performance of microfinance institutions in the remittance market, but rather to present an initial framework for analyzing their relevance to development. Nonetheless, using a few key indicators, and available data we are able to provide preliminary indications of the success of MFIs in leveraging the development impact of remittances.

Geographic presence - MFI relative position vis a vis competitor branches
Market position - Type of MFI-MTO partnership - Branch transaction rate - Transfer cost
Financial service provision - Existence of cross selling - Design of remittance-linked products
Management information system - Data management linked to remittance market base
Transfer technologies - Basic back end transfer system

The analysis that follows is based on interviews with MFIs operating predominantly in El Salvador and Guatemala. However, MFIs in other countries, including Mexico, Paraguay, and Haiti were also considered. The interviews were selected randomly, but an effort was made to include both large and small MFIs, regulated, and credit-only institutions. The table below displays the institutions studied.

Table 1: Countries and MFIs studied

Region or Country	Microfinance Institution
Mexico	Bansefi, (Red de la Gente), Amuccs (Un Nvu), Credemich, Fincoax
El Salvador	Fedecaces, Fedecredito, Procredito, Integral, AMC, Fundacion Napoleon Duarte, Fundacion Campo, Acacu, Acocomet, Acacciba, Acodjar
Guatemala	Salcaja, Cosadeco, Genesis Empresarial, Guayacan, Banrural, Bancafe, Fenacoac
Haiti	Fonkoze
Honduras	ODEF
Andean	Ecuador: Banco Solidario; Peru: Praxis Fina; Bolivia: BancoSol
Southern Cone	Paraguay: El Comercio

These microfinance institutions represent a wide array of organizations. First, three have more than 200,000 members (Banrural, Bancafe and Fenacoac), and five have between 40,000 and 90,000. The remaining MFIs have fewer than 20,000 clients. Second, ten MFIs started their business prior to 2000 (six in 1998), and five in 2004. Third, most of these MFIs (60 per cent) have over 70 per cent of their branches in rural areas.

Geographic presence

With greater data availability we would evaluate an MFI's geographic presense by comparing the geographic distribution of remittance recipients with the MFI's area of operation, as well as that of all MTO competitors in those areas. To get such information, in addition to the MFI's information two datasets are necessary: the size of the remittance recipient community and the number and outreach of MTO competitors where the MFI operates. This kind of information would be extremely useful, but is seldom, if ever, available. Alternatively, we can estimate the ratio between the distribution of MFI branches in cities and competitor branches (MTOs). This alternative approach could be improved further by looking at this ratio for lower income remittance recipient households. Again, however, obtaining data for such fine-tuning is a difficult task.

Due to current data limitations, in this paper, we employ the alternative approach. Using the case of El Salvador and Guatemala, the number of branches of each MFI offering remittance transfers is compared with the number of outlets of a large company like Western Union, which represents a major competitor on the distributing side. A ratio is obtained by dividing the total number of an individual MFI´s branches by the number of Western Union branches in that city. Because MFIs generally operate in underserved areas, a minimum ratio of 30% was selected as a threshold of significant presence in that area. The selection is based on the assumption that it is reasonable to expect an MFI to be one third as strong as a major competitor in the same area.

Using Western Union (WU) as a proxy for MTOs has both advantages and limitations. The two major advantages to the emphasis and use of WU are that the data are available and that WU is the world's largest and most ubiquitous MTO. As such, WU is a kind of standard bearer and measuring point for the industry. The obvious limitation, however, is that WU is not equally important in all markets and in some (and perhaps all) markets it would be valuable to look at other companies. This latter approach requires greater resources (time, funding, research staff, etc.) that was available for this project, but would be a desirable goal for future and ongoing research in this area.

Table 2: MFI ratio to WU agents

El Salvador	Per cent
AMC de RL	44
Apoyo Integral	29
Banco ProCredit	36
FEDECACES	51
Fundacion Campo	14
Fundacion Jose Napoleon Duarte	22
Guatemala	
FENACOAC	41
Genesis Empresarial	36
Salcaja	47

Source: MFI information and Western Union

The geographic presence of these institutions is not necessarily related to their relative size nationwide. For example, Salcaja in Guatemala has only four branches in the area where it operates. Similarly, AMC, which operates solely in rural areas, is a smaller institution than Procredit, yet has a better position vis a vis Western Union.

An important limitation of this approach is that it is based on the assumption that a large MTO is present where all remittances are received. However, an MFI may be present in an area where remittances arrive but where a large MTO is not present. Consequently, the most comprehensive measure of an MFI's geographic presence would use national survey data to compare the institution's operating zone with data on where people send remittances, but such data is not always available. The alternative approach described above can work as an intermediate proxy towards a more comprehensive measure. An MFI conducting analysis of its remittance recipient base in the community can use this procedure to compare its branches vis–a-vis the recipient community and competitor companies.

Market position

- **MFI-MTO partnerships**

  An MFI should be able to conduct its money transfer business in partnership with an MTO. This is essential to establishing a market presence. However, many institutions have limited resources for identifying appropriate partners or investing capital in competing in the business. Moreover, the MFI, as in other business activities, should be able to negotiate with more than one company in order to attract a greater volume into its institution. Its choice of partnership is also an important consideration. For example, choosing a large MTO as partner may have the effect of higher transaction cost to clients.

  Most of the institutions under analysis have an MTO partnership. But there is a wide range in the types of partnerships that exist: some MFIs work with large companies like Western Union whereas others choose midlevel companies like Vigo Corporation. The partnership results in part from the institution's efforts to identify a viable partner, but also from companies seeking to expand their network. Many companies look first and foremost for financial institutions as payers and in the process, larger MFIs emerge as candidates for partnership by virtue of their geographic presence in areas where the companies would not normally be present. This is the case of Western Union partnership with rural financial institutions such as Banrural in Guatemala, El Comercio in Paraguay, and Procredito in El Salvador. Another example is that of MoneyGram's partnership with Bancafe and Vigo Corporation with FEDECACES and FENACOAC. What these institutions have in common is their strong presence in rural areas (greater than that of commercial banks), as well as a tested payment capacity.

- **Transaction rates**

  Achieving a level of effective involvement in the remittance transfers market has been a major challenge for MFIs. One way to measure market involvement is to look at the transaction rate per branch. Large competitors like Western Union or MoneyGram can have more than 100 branch agents in a given country, and provide on average over 200 transactions per branch per month; i.e. 5 transactions a day. Using this indicator helps compares small or large institutions. The Guatemalan cooperative Salcaja, for example, has 4 branches and pays 1,000 transactions a month (in other words, 8 transactions a day). Its presence is thus similar to that of larger agents of Western Union. In this study, only two institutions carry out more than 1,000 transactions a month: Bancafe and Banrural in Guatemala, which are agents of MoneyGram and Western Union, respectively. Credit unions in both Guatemala and El Salvador appear as mid level remitters, in that they offer between 1,000 and 250 monthly transactions.

  The table below shows the distribution of transaction rates among institutions.

Table 3: Rate of transactions per institution's branch (per cent)

Number of transactions	Per cent
Under 50 transactions	46
51 to 200 transactions	7
201 to 400 transactions	18
Over 400 transactions	29
Total	100

n=28

One possible explanation for an institution's high transfer ratio is its partnership with one or more large MTOs. A second explanation may be that the longer the institution has been in the remittance market, the higher the volume of money it transfers. Table 4 below shows that 64 per cent of institutions with more than 200 transactions per month have partnerships with large or multiple MTOs. Table 5 shows that 60 per cent of MFIs that initiated operations before 2000 make over 400 transactions a month, compared to 1 percent of those that started after 2000 (65 per cent of those that started after 2000 make fewer than 50 transactions a month). These two elements suggest that a critical MFI strategy may be to consider the remittance transfer as a long term approach, including the establishment of agreements with more than one partnership.

Table 4: Type of MTO partner and number of transfers per month (per cent)

	Type of MTO Partner		
Number of transfers per month	Own transfer method	Engaged with one partner	Large MTO partnership or with more than one partner
0 to 50	50	67	29
51 to 200	50	–	7
201 to 400	–	25	14
Over 400	–	8	50
	100	100	100

N=28

Table 5: Institutions by number of transactions per month before and after 2000 (per cent)

Number of transactions per month	Year started		Total
	Before 2000	Since 2000	
Less than 50 transactions	10	65	44
51 to 200 transactions	10	6	7
201 to 400 transactions	20	17	19
Over 400 transactions	60	12	30
	100	100	100

N=27

- **Transfer costs**

When looking at the cost of transfers, results are relatively mixed.[4] As indicated in Table 6, one fifth of MFIs offer transaction costs higher than the average prices – three of these institutions work with Western Union and MoneyGram. Fifty two per cent of all MFIs charge below average rates.

Table 6: Cost to recipient relative to cost to MFI/MTO

	Percent
Above transfer cost	21
Same to average transfer cost	10
Below transfer cost	52
NA	17
Total	**100**

n=29

Table 7: Transactions by branch and transfer cost (per cent)

	Range of Transactions per Branch			
	0-50	51-200	201-400	>400
Above transfer cost			80	25
Equal to average transfer cost	22			12.5
Below transfer cost	78	100	20	62.5
Total	100	100	100	100

n=24

As indicated in Tables 7 and 8, we find that among those offering some of the lowest transaction costs are small MFIs as well as credit unions that have forged partnerships with either smaller money transfer companies or non-traditional money transfer companies. This is mainly the result of recent efforts by MFIs to work with technology-intensive and development-driven businesses. For example, the Micro Finance International Corporation (MFIC) is a U.S.-based MFI set up to transfer remittances through a flexible platform primarily through MFIs, both to Latin America and other parts of the world. MFIC is a unique MFI to MFI model that has significant value added components based on back and front end technology with software platforms that integrate remittances, check cashing, phone cards, small loans, and insurance among other services at competitive costs or below the market prices. The tradeoff, however, in the case of MFIC is that these low cost businesses generally have a much more limited distribution capacity than larger companies like Western Union or MoneyGram. Further analysis of the cost structure of MFI remittance services is needed to better understand the diverse cost reduction strategies of those institutions in our sample that offer lower prices, what – if any – additional trade offs exist, and if the subset mentioned above can achieve both scale and lower costs.

Table 8a: Transfer cost by type of MTO partner (per cent)

	Above transfer cost	Equal to transfer cost	Below transfer cost
Large MTO partnership or with more than one partner	33	67	53
Engaged with one partner	67	33	40
Own transfer method			7
Total	100	100	100

Table 8b: Transfer cost by type of financial institution (per cent)

Transfer cost	Institution type				Total
	Commercial bank	Credit Union	Microfinance Institution	Transformed MFI	
Above transfer cost		36	14	25	23
Equal to average transfer cost	50	9	14	25	12
Below transfer cost	50	55	72	50	65
	100	100	100	100	100

Financial service provision

As mentioned earlier, converting remittance clients into bankable individuals with savings accounts and access to other financial products is critical to leverage the development impact remittance transfers. Fifty seven per cent of MFIs have sought to provide financial services to clients, whether through the offer of bank accounts (particularly savings accounts) or diverse loan products.

Some institutions have specifically tailored financial products to remittance recipients. Two examples are *Banco Solidario* and *Salcaja*. *Banco Solidario's* main strategy has been to transnationalize its clientele with financial products designed for both remittance senders and recipients. As part of its Enlace Andina, *Banco Solidario* created a special account called "My Family, My Country, My Return," which offers clients bundled savings options. This package most frequently uses credit lines, housing and home buying credits, savings accounts and insurance. *Banco Solidario's* other banking products include the *Chauchera* smart card that allows clients to make transactions through the POS network used by pre-established providers. After fewer than two years of operating in the remittance transfer marketplace, *Banco Solidario* holds between 5 and 8 per cent market share, and expects to attain between 8 and 12 per cent market share by the end of 2005. This growth is evidenced in Table 9 below.

Table 9: Banco Solidario remittance transfer and financial services (2002–2004)

Year	Transfers	Volume	Accounts		Loans issued	
2002	1,800	$6,000,000	270	$150,000	50	$70,000
2003	14,000	$23,000,000	860	$670,000	230	$525,000
2004	60,000	$50,000,000	4,000	$3,500,000	1,700	$4,000,000

Source: Banco Solidario officials' interview, January 2004 & 2005

To reach clients, Salcajá has taken advantage of social capital networks through word of mouth, and it ensures that its branch tellers and representatives are well informed and capable of transmitting information about the remittance services it offers as well as other products available to recipients. The institution is formalizing a cross-marketing strategy, and plans are underway to install at least one client-service window at each branch dedicated solely to attending remittance recipients. The goal is to expand Salcajá's current base of nearly 15,000 clients by offering recipients other specialized financial services, including pension funds, life insurance, medical insurance, small business credit, home equity funds, and various savings packages such as the Infant/Youth Savings Plan, which encourages parents to invest in their children's schooling over the long-term.

Other institutions like *Fedecaces* have targeted remittance recipients directly as potential members of the credit union. Approximately 25 percent of remittance recipients who choose FEDECACES to receive their remittances are also FEDECACES clients. To determine how best to tap the other 75 per cent, FEDECACES commissioned a needs assessment with financial support from the Inter-American Development Bank (IDB). The exercise revealed, among other findings, that many recipients do not understand what it means to hold a savings account because they have never been offered this financial alternative. FEDECACES is significant because, like Salcajá, it is an alternative savings and credit institution with a commitment to work with low-income households and in rural areas.

Table 10: Type of product offered by MFIs to remittance recipients

Product type	Percent
Nothing yet	41.5
Typical services	41.5
Tailored package	14
No data available	3
Total	**100**

n=29

The effectiveness of financial service provision is arguably the most important indicator of development impact, but it is the area in which the least data is available for analysis. Ideally, we would evaluate the conversion rate of remittance clients, i.e. the percentage of remittance clients that become clients of other financial services. But few institutions track this information. While a few institutions are successfully converting remittance recipients into clients of other financial services, interviews do indicate many institutions are having difficulty in this area. There may be many explanations for this. One possible explanation is that many of the institutions referred to here as MFIs – because they serve low-income populations, including microenterprises – are not using the microfinance methodologies (non-traditional collateral, solidarity guarantees, etc.) that have proven most effective in reaching the poor.

Successful Cross-Selling

Operating in the Mixteca region in Oaxaca, the microbank Xuu Ñuu Ndavi (Money of the Poor People) provides a basic remittance service to the residents from relatives living abroad. With fewer than 200 clients during the first year of the remittance service, the microbank received $170,000 in remittances, capturing $160,000 in savings (IAD, 2004).

This may be particularly true for some cooperatives, since they tend to serve a slightly higher income client than do NGO MFIs. In other words, although it is assumed that these institutions know how to serve remittance recipients, they may actually be operating somewhat up market and need assistance to effectively move down market. It might also be that the remittance receiving population – or some segment of that population – is fundamentally different from traditional microfinance clients.

It may also be a case of inadequate marketing. What is clear is that more research is needed to understand this situation.

Table 11: Number of accounts opened among remittance recipient households

Institution	New Accounts Opened	Monthly Transfers	Conversion Rate Per cent
Red de la Gente	2500	25000	10
Guayacan	533	5426	10
El Comercio	80	800	10
Coosadeco	529	4780	11
Fedecaces	4375	22000	20
Acocomet	800	2383	34
Salcaja	500	1000	50
Banco Solidario	4000	5000	80
Acacu	2703	2703	100

Information management for the demand side

Information management is central to developing an effective strategy to design and market a financial service. Management tools provide input to enhance the decision making capacity of institutions. To be considered effective, at a minimum an information management system should allow an institution to determine what percentage of its current clients are receiving remittances and what services they use.

Of all the MFIs studied, Financiera El Comercio in Paraguay and Genesis Empresarial in Guatemala were the only organizations that carried out market research to identify the size of the potential remittance recipient clientele and the services they already receive and could potentially receive. El Comercio, which operates in Paraguay as an agent for Western Union, found out that 20 per cent of its clients received remittances, while Genesis Empresarial learned that 30 per cent of its clientele received money from abroad.

According to El Comercio's analysis of 500 clients, their remittance clients receive money predominantly from Argentina. Seventy seven percent received such money in the past three years. This information helped this MFI to learn more about their client's income sources and other services it could provide. It allowed them to understand the profile of senders and to continually refine their analysis. Financiera El Comercio found that Paraguayan immigrants are typically women from poor, rural areas of Paraguay who do domestic work in the informal sector.

Information like this is critical for making decisions on the investment and funding needed to cater to various communities. This issue is particularly important because aside from these two institutions, no other MFI surveyed has actually done systematic market research of the remittance receiving trends in the communities in which they operate. Market research is a critical element preceding the implementation of financial packages.

Technology tools

An increasing number of institutions argue that "technology solutions are the current frontier in remittances" (Migrant Remittances, 2005). In fact, current technologies can offer at least four advantages to the remittance and MFI industries: functionality, value added innovative abilities, business and development impact, and cost effectiveness. The functionality of the technology is such that, whether for the back or front end of the business or institutions, technologies are easily adapted to the current transfer mechanisms most institutions have. Although 95 per cent of the leading companies remitting to Latin America and the Caribbean use agent based cash to cash transfers, the increasing flexibility offered by technology provides the choice of adopting attractive transfer mechanisms for account to account transfers.

These technologies include data payment transmission systems through typical automatic clearing house (ACH) software platforms, prepaid, debit, or fully functionally multipurpose credit and debit cards, cell phones and online transfers. These technologies provide firms with alternatives to shift and transform their business into fully electronic based transfer systems with both back and front end capabilities.

Table 12: Functionality of technology in remittance transfers

Data payment transmission applications	Back end	Front end
ACH Software platforms	International payment processing, settlement and data management	Card issuing (for closed or open networks)
Online platforms		Card issuing (for closed or open networks), online customer transfer
Payment system cards (prepaid, debit, store value)		Card issuing (for closed or open networks)
Wifi for closed and open networks		NA
Other (SMS, etc)		Data transmission through cellular phone

MFIs currently have a basic back end remittance transfer mechanism which is usually installed by the money transfer company. Some MFIs are considering modernising their prevailing technology platforms to process international wire transfers and other important features such as card processing, regulation compliance, telecommunication via Voice Over Internet Protocols (VOIP), and online data management.

However, the investment, administration, maintenance and training costs of such a task are often outside the reach of institutions. Adopting such platform technology costs in the region of a quarter of a million dollars and this excludes hardware costs (computers, network lines, communication devices among others). Moreover, the consideration of adopting the technology depends on the market base size for which the application is targeted and the commercial partner on the sending side. Such consideration involves analyzing who among recipients currently has access to financial institutions, uses cards, has any financial and commercial preferences (such as making phone calls), and identifies possible retail partners who could adopt a card or retrieve information for payment processing. For example, when looking at remittance recipients in selected countries using debit or credit cards, the average is under thirty percent.

Table 13: Remittance recipients with debit, credit, or both cards in selected Latin America and Caribbean countries

	No card yet %	Debit, credit or both %
Guatemala	86.1	13.90
El Salvador	77.0	23.00
Nicaragua	83.4	16.60
Dominican Republic	67.9	32.10
Cuba	93.3	6.70
Ecuador	76.8	23.20
Guyana	61.3	38.70
Colombia	51.1	49.00
Eight countries	70.8	29.20

Source: Orozco, Manuel, Transnationalism and Development, forthcoming, 2005

This fact raises two issues; first, there are obstacles to entering the market with an alternative transfer mechanism. Two, in order to transform these customers into users of card based instruments, the financial institution needs to implement an appropriate marketing scheme that includes knowledge of preferences, product design, and commercialization. None of these MFIs currently provides card based transfers. One bank that does microfinancing in Guatemala, Bancafe, has been able to get five per cent of its remittance recipients to use cards.

3. Preliminary conclusions

Microfinance institutions are positioned as important agents in leveraging remittances for local development. In general, the assumptions about their relationship to remittances hold true. A look at the trends as observed in this preliminary case study of 29 institutions finds, first, that most MFIs have a moderately effective presence vis a vis the major competitors. The positive aspect of this finding is that as these institutions serve this sector they are potentially and strategically placed to provide a wider range of financial services than remittance recipients might otherwise have. A second major finding is that the majority of the most active MFIs in remittances offer transfer costs below the market average. For those people who are able to transfer remittances at costs below the market average through partners with MFIs, these institutions are sending a message about the importance of low cost markets and financial intermediation. Nearly 60 per cent of remitters transfer under $200 remittances a month, likely underscoring their poverty and the importance of the marginal cost of sending. With lower costs, not only is marginally more money available to (invariably poor) senders or recipients, the lower price may solidify or strengthen the emerging role of the MFI. The challenge for at least some of these MFIs is to reach scale. Finally, only one third of the MFIs offer tailored financial services to their clients, suggesting that while MFIs can and do provide some of the development functions imputed to them, this role should not be assumed as a given and much work needs still to be done to help MFIs expand their financial service offerings.

Taken together, these results suggest that in general, MFIs are in the process of achieving substantial success at offering remittance transfers (often at a low cost), and experience more difficulty in providing tailored financial products. Additional research is needed to better understand both the challenges MFIs face in the remittance industry and to capture emerging recommended practices. This research should include analysis of:

- The challenges institutions face in converting remittance clients to clients of additional financial services;
- Cost reduction strategies employed by MFIs charging transfer rates below that of traditional MTOs, and any trade-offs between cost reduction, scale, or other factors;
- Financial needs and preferences of remittance senders and receivers; and
- The legal and regulatory environment for remittances in developing countries.

While further research is needed to better understand these issues, it seems clear that more technical assistance in market research, product design, and commercialization strategies, as well as technology development are needed in the short term.

Endnotes

[1] Microfinance institutions (MFIs) are organizations that provide financial services, including savings and/or credit facilities to small and microentrepreneurs and other marginalized populations with limited or no access to traditional commercial bank services.

[2] To our knowledge, there are less than 100 MFIs in Latin America and the Caribbean offering remittance transfers.

[3] Another important consideration is the regulatory or legal environment. Some countries do not allow unregulated institutions to transfer remittances or engage in other kinds of currency payments. This is the case in several Asian countries, for example. We do not analyze this important issue here, but leave it to future research.

[4] Transfer costs to customers results from two prices; the fee on the transaction and the commission on the exchange rate applied when paying the remittance. Pricing data on transfer costs is elaborated elsewhere by one of the author (Orozco, June 2004).

References

Cruz, Isabel. “Remesas y microfinanzas rurales” EL FINANCIERO, 1o de febrero de 2005, p. 31

IAD (2004), All in the family: Latin America's Most Important International Financial Flow, Washington, DC, January. Report of the Inter-American Dialogue Task Force on Task Force on Remittances

Orozco, Manuel, (2004). The Remittance Marketplace: Prices, Policy and Financial Institutions, Washington, DC: Pew Hispanic Center, June

Orozco, Manuel (2004), Remittances to Latin America and the Caribbean: issues and perspectives on development, Report commissioned by the Office for the Summit Process, Organization of American States

Orozco, Manuel (2004), International Financial Flows and Worker Remittances: A best practices report” Report commissioned by the Population and Mortality division of the UN

Robinson, Scott, *Remittances, Microfinance and Community Informatics – Development And Governance Issues* paper presented at the Remittances, Microfinance and Technology Conference: Leveraging Development Impact for Pacific States, FDC – Brisbane.Au 10 June 2004

How Money Moves in Cash-based Markets: money transfer services in Kenya, Tanzania and Uganda

Cerstin Sander

Introduction

East African economies are heavily cash-based and characterised by weak financial infrastructures. Payment systems are slow, cumbersome and costly, though they are in the process of being revamped. Access to payments and other financial services is mostly limited to bank branches and a slowly expanding network of ATMs, both of which are barely available beyond the capitals and some secondary urban or trading centres. Banks prefer to target corporate customers and salaried or high value individuals. Partly as a result of these extremely limited services and access constraints, people are used to and prefer dealing with money they can see and feel. Accordingly, most personal payments and also business transactions, whether small or large, are made in cash (Peachey et al., 2004; Sander, 2004b).

In assessing the level of access to financial services, Peachey et al. (2004:40, Table 6B) classify Kenya as 'intermediate' and Tanzania and Uganda both as 'repressed'. In such contexts, access to transactional services for payments or money transfer is generally constrained, particularly for the low-income end of the population. Given this context, the starting question for a set of market research studies was how low-income individuals and small or microentrepreneurs transfer money and make payments in Kenya, Tanzania, and Uganda, the three countries comprising the East African Community (EAC). To explore the reasons for sending money and the regulated services and other ways available to transfer money, 224 microfinance clients (on the demand side) and 25 service providers such as banks (on the supply side) were interviewed. The aim was to identify gaps or weaknesses in the existing services and so reveal the market potential for new or different services, especially involving microfinance institutions (MFIs).[1]

The research indicates that weak financial infrastructures in East Africa have left a gap in the market for money transfer services. Developments in this market since the latter part of the 1990s underscore the existence of an unmet demand: for instance, the rapid expansion of money transfer services such as Western Union across the region, and the emergence of new services by bus companies in Tanzania and courier companies in Uganda. Despite the emergence of these new providers, money transfer services in East Africa are still inefficient, inaccessible, and often costly. This leaves market opportunities for other providers and offers the potential for microfinance institutions (MFIs) to develop services, especially in their respective domestic markets. MFIs tend to reach segments of the population which do not have ready access to financial services but typically need to send and receive money.

Serving the domestic rather than the international transfer market is the more realistic option for ost MFIs in the region. This is because most MFIs are still unregulated and have so far not been allowed to become part of international transfer service networks (primarily because they cannot be authorised to deal in foreign exchange). In the East African context at least, this is unlikely to change in the near future. Yet, while there are fewer regulatory hurdles in the provision of domestic services, capacity issues as well as regulatory requirements should still be the first consideration for any MFI interested in exploring this new market.

The following presents a brief look at the financial infrastructure in the region. This is followed by an overview of purposes, frequency, and amounts of money sent. Migrant remittances are highlighted as an important and growing flow which has contributed to the expansion of money transfer operators (MTOs) in this region, as elsewhere. An analysis of the different money transfer options, their service fees and a discussion of the bottlenecks in service coverage due to the regulatory environment then leads into an assessment of the potential opportunities for MFIs to become money transfer service providers.

The financial infrastructure

East Africa's financial infrastructure is weak, especially in the more remote areas and for low-income populations. The capital cities and regional administrative and trading centres have the highest availability of commercial financial services. Access to commercial banks is, however, limited by the physical distance to the nearest branch, and also by thresholds in account fees and required minimum balances. These reflect bank preferences for serving high-income client segments (see also Rutherford 1999). For the majority of the population, post banks offer the most accessible services, delivered through extensive networks of branches, sub-branches and post offices (via agency agreements). While accessible, these services are often highly inefficient: clients report long queues, limited liquidity, and overall a low quality of services.

As a result, low-income and rural individuals and microentrepreneurs are particularly under-serviced by the financial industry. This situation is more pronounced in Tanzania and Uganda: Kenya's regulated financial sector is relatively stronger and has better outreach. Ugandan coverage has, however, been improving rapidly, as a number of banks have introduced ATMs since the beginning of 2003. This includes Stanbic, which now has the largest branch network in the country, and has an interest in mobilising savings by lowering access barriers such as account fees and minimum balances (Wright et al. 2003).[2]

A very rough proxy indicator for financial service coverage is the ratio of bank branches to population (see Table 1). Kenya's relative strength in the region is reflected in the higher number of licensed banks and bank branches relative to its population and land mass in comparison to Tanzania and Uganda. Compared to a better developed financial infrastructure, such as that in the UK or the United States, however, the region is clearly far behind. Looking at bank accounts per head, Kenya records 0.1, Tanzania 0.05, and Uganda less than 0.05 (Peachey et al. 2004:35; imputed figures for Tanzania and Uganda).

Given this very limited regulated financial infrastructure in East Africa, the market research aimed to learn about how people and businesses transfer money. The findings show that due to the limitations in the services provided by traditional banks, money transfers by MTOs, corporate arrangements, non-financial firms such as buses, and by informal channels are very popular throughout East Africa.

Table 1: Comparative financial services coverage

	Number of licensed banks	Bank branches	Population (million)	Population : branch ratio	Area size (land only, sq.miles)	Ratio adjusted for area size
Kenya	45	494	32	64,777	569,250	1,152.33
Tanzania	14	170	36	211,765	886,037	5,211.9
Uganda	17	120	26	216,667	199,710	1,664.25
UK	385	10,877	60	5,516	241,950	22.24
USA	9,209	86,500	290	3,353	9,158,960	105.88

Sources: World Factbook, central bank annual reports, British Bankers Association, U.S. Census Bureau and calculation of ratios

Money transfers: purposes, frequencies and amounts sent

Purposes

People, companies, governments, and institutions transfer money to pay salaries or pensions, cover operational expenses, pay school fees, pay for commodities at the farm gate, and support family members. Both large and small amounts need to be transferred regularly, intermittently, or in emergencies such as illness or death. Most transfers are domestic, though some are intra-regional or international, since business and family ties - e.g. children at boarding schools or migrant family members - frequently cross borders, especially within the immediate region. Trade ties, for instance, are most pronounced between the capitals and between capitals and ports such as Mombasa (Kenya) but also Dubai (UAE), South Africa and Europe.

Amounts sent

Interviewees indicated that transaction values range from as low as $5 to as much as $150 for family support, which some pay monthly. School term fees range between $25 and $500. For business purposes, values per transaction vary and can frequently be as high as $50,000 for the larger traders or small importers.[3] The total value of transfers is impossible to establish from available data and also very difficult to estimate.

Table 2: Transaction purposes and values

Sender	Purpose	Value	Frequency & Other Notes
Individual	Family support / migrant remittances	$5 to $150	As often as monthly by variable with seasonal peaks (e.g. religious holidays)
Individual	School fees	$25 to $500	Term fees due in January/ February, May/June, and September for secondary education, private or boarding schools
Small / Microentrepreneurs (traders, importers, etc.)	Business transactions / purchases	up to $50,000	Frequency depends on business; amounts at the upper range value typical for large traders or small importers; small traders transfer smaller amounts
Export Commodity Traders	Purchase of commodities (tea, coffee, etc.)	$160,000 (example of monthly value of farmgate purchases of coffee post harvest) $6.5 million (example of monthly payment to tea farmers, each receiving on average $14)	Seasonal / post harvest peaks for farmgate transactions; monthly transactions can be the case with government commodity marketing boards
Government / NGOs	Salary payments / operational funds	(Not available)	Regular weekly, bi-weekly or monthly transfers

Migrant remittances

Migrants remit money primarily to support their families, but also to purchase land or livestock, or build a homestead in their village of origin. Remittances have recently received considerable attention as a key financial flow to developing countries.[4] They are also one of the key attractions for Money Transfer Operators (MTOs). Western Union followed by MoneyGram and others have expanded aggressively into East African markets and increased their market share, particularly in remittance transfers.

While the precise quantum of remittance receipts in East Africa is not known, available data and anecdotal evidence indicate that remittances are an important income source for many families. In East Africa, internal or domestic migration is very common. Similarly, intra-regional emigration to neighbouring or other countries on the continent is quite common, while overseas emigration is less prevalent in comparison with other developing regions (Sander et al. 2003a).

Data on domestic remittances, such as those sent by migrants who have left rural areas to move to urban centres, is not readily available as household and other surveys attempt only occasionally to capture data. A microfinance client survey in Uganda in 1997, for instance, found that respondents had remitted on average some $40 to other family members in the three months preceding the interview (Barnes et al. 1999). Domestic remittances are estimated to be significantly lower in cumulative value than international remittances. Yet, as research in some countries suggests, this domestic flow benefits more households and is therefore at least as important, if not more important, than international flows (see Sander 2003).

Crossing the domestic borders, East Africans tend to emigrate to neighbouring countries. To a much lesser extent they migrate overseas to work primarily in the United Kingdom, Germany, and the United States. Overseas remittances are typically higher than domestic or intra-regional remittances as income levels of overseas migrants tend to be higher than those who stayed close by (Sander et al. 2003a).

In principle, overseas remittance flows are tracked and reported to the International Monetary Fund as part of the balance of payment statistics. Only one third of Sub-Saharan African countries, however, have reported data. Kenya has not reported[5] and Tanzania reports low levels of receipts since the mid-1990s. Uganda has been reporting all residual forex receipts in recent years and is in the process of improving its data collection. Once these data are refined, the Bank of Uganda will capture information on migrant remittances through regulated services, primarily banks (Sander et al. 2003a).

Remittance flows through regulated services are thus largely underreported and unrecorded. The high levels of unrecorded remittance flows in the region are due in part to the frequent use of informal or non-financial service channels that fill the gaps of a weak financial infrastructure. Remittance flows via informal services, such as overland buses, are still very common. (See Sander, 2003, and Sander et al. 2003a).

Ways of transferring money

Formal and informal means

Bank transfers, cheques, or credit card payments are common means of transferring money in countries where the financial service infrastructure is well developed. Informal means are typically used where financial services are weak or lacking; where financial service regulations limits the range, products and outreach of service providers; or where monetary policies, such as overvalued currencies or foreign exchange controls, make it unattractive to use regulated channels. They are also more common where physical proximity allows for regular travel and transport of funds or where cultural groups have strong bonds of trust and have developed their own transfer systems. Lack of awareness or of familiarity with the regulated services is another common reason why many use informal systems to which they are accustomed or which come recommended by trusted relatives or friends. (Sander et al. 2003a)

Domestic transfers

The market research in East Africa reflects these aggregate and more universal findings. In Kenya, with a relatively stronger financial infrastructure, bank instruments such as account transfers and cheques are more commonly used for money transfers than in Tanzania and Uganda. Postal money orders are quite commonly used in all three countries, especially for paying school fees. Another postal service, mailing funds by registered or expedited mail, is also a popular way to send smaller amounts. Yet, in all three countries informal means are still very common. Whether for personal or business purposes such as trading, people often still carry money with them physically, despite a growing fear of theft and robberies. Alternatively, they send the funds with a friend, a relative, or a taxi or bus driver who is willing 'to do them a favour'.

The range of services and informal means is indicative of the limited availability of licensed money transfer services at both the sending and the receiving points. Access to services for the sender or the receiver of funds, and sometimes for both, is a major obstacle. Only a minority of low-income individuals and microentrepreneurs have a bank account, and cheques or bank transfers are thus often impossible.

It is not only individuals and small traders who revert to informal services, however. Companies, governments, and organisations such as NGOs still need to have their own arrangements to bridge frequent gaps: where the financial infrastructure does not service the destination of the funds; or where the recipient does not have ready access to financial services. As the case of a coffee exporter in Uganda illustrates, they sometimes send staff to travel with money, or they hire a security service to transport the funds (see Figure 2). Especially for operations away from the main centres, such as purchasing coffee or tea harvests from smallholders, such arrangements are currently the only option, and they are relatively risky and also expensive. As the Ugandan scenarios in Figure 2 illustrate, a direct bank or similar transfer would be preferable if the necessary infrastructure were available.

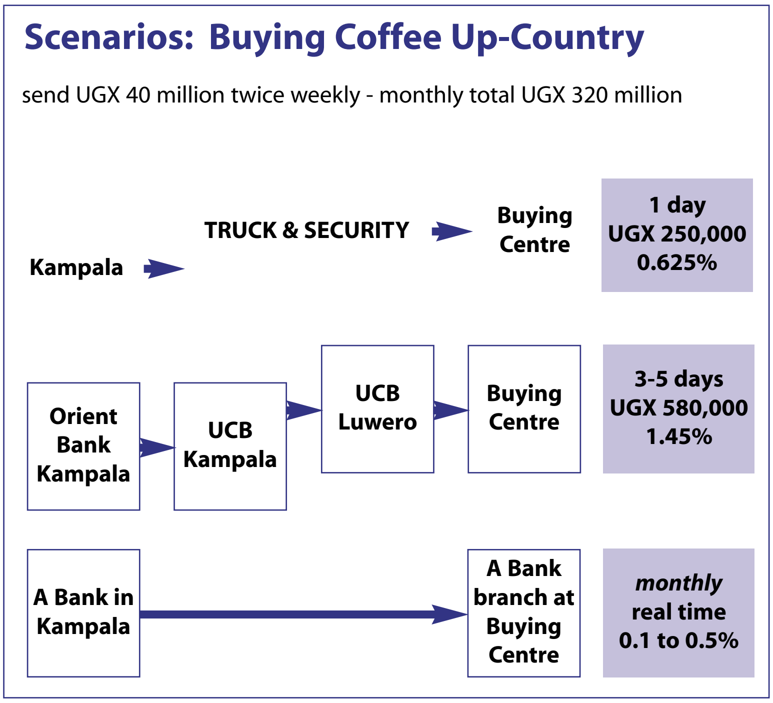


Figure 2
Source: Sander et al. 2001; (Uganda Shilling (UGX) 1,975 : 1 $)

Intra-regional transfers

Recognising a service gap, new non-financial service providers such as share taxis and bus or courier companies have entered the market in recent years. Courier companies in both Kenya and Uganda have identified a niche in providing money transport services. In Uganda, Elma Express and Yellow Pages transport small amounts. Yellow Pages also transports pay cheques for army officers stationed in Northern Uganda. In Kenya, however, the courier company Securicor no longer offers the service as it was not profitable enough in their operational context.

In Tanzania and Kenya, overland coaches transport and also transfer funds, a service not offered in Uganda. Funds are received and recorded in one booking office, and the receiving office is then advised of the name of the recipient, means of identification and the amount to be paid out. In Kenya, the minibuses operating as share taxis are called matatus. Some of the matatu savings and credit cooperatives (SACCOs) offer a service through the SACCO office and by transporting funds between offices and destinations on their share taxi routes.

International transfers

For trading across borders, such as cars or automotive parts in Dubai, informal arrangements through business people at both ends are still common. Thus, for instance, a buyer will deposit funds with the owner of a shop in Kampala prior to travelling to Dubai. Upon arrival, the buyer will visit the designated shop owner in Dubai and either use the 'credit' to purchase directly from the shop or draw cash as needed from what is their temporary 'prepaid credit line' to make purchases elsewhere in the city. This is one variation of what is commonly also referred to as Hawala, from the Arabic word meaning 'transfer' (see also El-Qorchi et al., 2002; Omer, 2002; and Buencamino et al., 2002).

For overseas remittances, similar well established informal systems are available. In the case of Kenyans and Ugandans overseas, for instance, based on anecdotal evidence, remittance transfer services are offered by word of mouth and operate through a back office of a regular business or through a residence with email or fax. The sender deposits the funds and calls the recipient with details of where to pick up the money and how much they should receive.

Concurrently, however, many overseas migrants send remittances via Money Transfer Operators (MTOs). Best known among these are Western Union and MoneyGram. Western Union has spearheaded an aggressive expansion of service outreach by MTOs into East Africa since the mid-1990s. Since then, MoneyGram and several smaller operators have also entered the market. Most of them record close to one hundred percent in receiving transactions in the three countries, with only a negligible amount being sent, such as for tuition fees to overseas universities. MTOs are not frequently used for either domestic or intraregional transfers. This is partly due to the relatively high service fees which make it too costly to send small amounts that are common for domestic transfers.

Money transfer service fees

Respondents indicated that the costs were acceptable and of secondary importance when compared with efficiency and security. Yet people do refrain from using available services due to the costs, especially for transferring small amounts.

Service options and fees vary somewhat in each of the three countries. Overall, transferring small amounts, as is typical for personal purposes or petty trade, carries the highest service fee relative to the amount sent. Most services, and especially bank transfer services, charge either bracketed or percentage fees depending on the transfer value but also carry a minimum fee (e.g. $10 to 15). Service fees reach up to 35 per cent of the transfer value in Tanzania and Uganda. In Kenya the maximum is around 30 per cent. For very small transactions the minimum fees can exceed the value of the amount to be sent. Many informal service providers also apply a fee, though it is typically between 3 and 10 per cent and often lower than that of comparable licensed services. They also tend to offer a better foreign exchange rate than banks or MTOs. Some MTOs in fact create a double foreign exchange loss to their clients and cause a foreign exchange loss also when the transaction is domestic as some immediately translate all transactions into US dollars independent of the pay-in and pay-out point.

Fee comparisons

Comparing services across the region. A comparison of service fees, using $50 and $200 as two average transfer values, illustrates that transfers by money orders and bus companies are most competitive for small amounts, though limited in that their services do not reach beyond the national or regional boundaries. MTO charges are the highest, while commercial bank fees become competitive when transferring larger amounts. (see Figure 3)

Using the example of Tanzania, Figure 4 illustrates in more detail the comparative fee price advantages of the different services subject to the transfer value and highlights the domestic and regional services as the cheapest for small transfer amounts. This is very similar for Ugandan and Kenyan services.

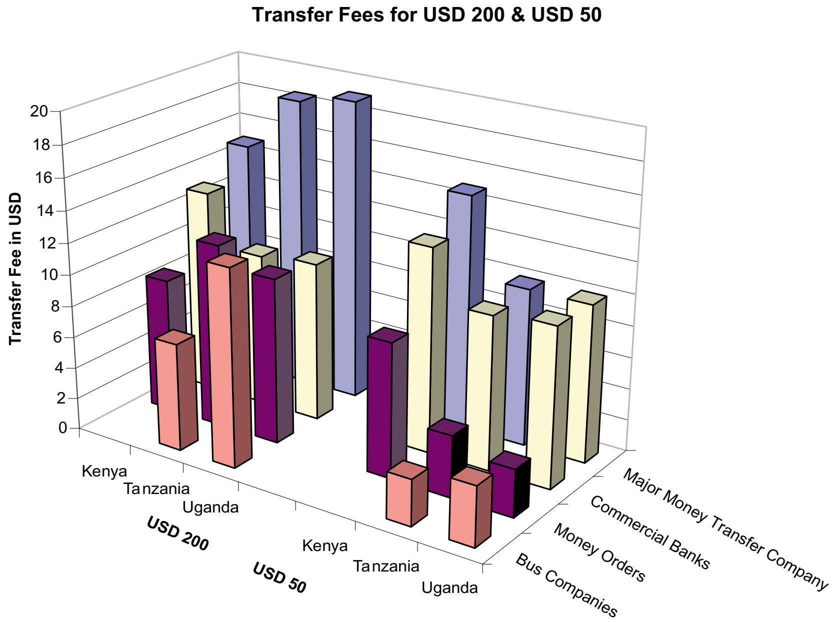


Figure 3; Source: Sander 2004b

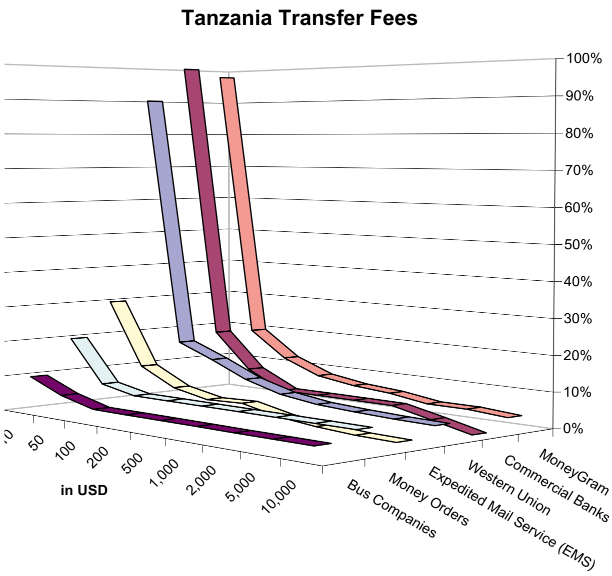


Figure 4; Source: Sander 2004b

For transferring small amounts, services as such transfers offered by bus companies in Tanzania are the most competitively priced. Often, however, their services are limited to domestic or regional markets. In the case of money orders there is also a cap on the amount that can be sent with each order, though multiple orders can be sent. Service fees for domestic or regional services by postal and non-financial providers tend to start around $1. For large amounts, bank transfers offer the best service fees, which can be below 1%.

For large amounts, banks still offer the best service fees in the region. Some entrepreneurs, however, prefer informal arrangements for customary reasons or to cut costs in transfer fees and foreign exchange. For smaller and especially time sensitive international transactions, MTOs offer the most competitive of the commercial services. Typical minimum fees for MTO or bank services start from around \$10 to \$15 for international transfers and pay-out can be effected within 30 minutes or less in most cases. Once the transfer value is beyond the minimum fee bracket, however, bank transfers are significantly cheaper though not as fast, with transaction times of 3 to 5 work days at a minimum.

Regulatory environment for money transfers

Banks and Money Transfer Operators (MTOs) are the main regulated international money transfer service providers in the region. Due to the respective in-country regulations, MTOs have to operate through agreements with fully licensed commercial banks and a limited range of sub-agents (in Kenya and Uganda the network includes some of the foreign exchange bureaus, in Uganda recently also regulated MFIs). This severely restricts their service outreach. In countries with more progressive regulation they can acquire specific operating licenses and set up their own network of agents. An even more user-oriented approach to regulation can be found in Latin America, North America and Europe, where pharmacies, groceries and other retail establishments function as points of sale for money transfer services. (Sander 2003)

Though money transfer is provided through a bank in the majority of cases, the corollary effect of integrating this client segment to make them 'banked' is not common, as there is no integration or cross-selling of other banking services, such as savings. On the contrary, transfer services are typically offered at a separate teller window for reasons of product branding and speed. To the bank it is a service they offer as a 'commissioned product' which is of interest primarily for its fee revenues.

A few East African microfinance providers have become sub-agents to banks for international transfer services. This applies mostly to cases where they are fully licensed banks or alternatively either have or are very close to receiving another regulated status. As MFIs are beginning to be regulated, the concern should not only be to protect deposits but also to facilitate a broader range of services and operational models. With microfinance regulations in the region quickly taking shape, the range of products or services that a small number of well-performing and eligible MFIs can offer will expand. International transfers are unlikely to be part of this, however, unless the foreign exchange aspect can be handled through a bank.

Given foreign exchange exposure and international settlement requirements, the regulatory implications of international transfers are more complex than those associated with domestic transactions. Interviews with central bank staff in East Africa show that there is no explicit distinction yet in the thinking about regulation between domestic transfer services and international transactions, though this might open up market-specific opportunities to local providers. The focus of central banks and the regulators for all money transfer services, however, has been undifferentiated and therefore remained on service provision almost exclusively through banks.

Opportunities and challenges for money transfer services through MFIs

The findings clearly indicate a lack of accessible (affordable and reachable) regulated money transfer services. Moreover, demand for such services is bound to increase for both domestic and international transfers as governments decentralise and migration continues to increase.

The examples of National Microfinance Bank of Tanzania, Uganda Microfinance Union of Uganda (UMU) and Centenary Rural Development Bank in Uganda (CERUDEB) illustrate that money transfer services can be a profitable product - even if primarily provided for the domestic or a very small niche market, as is the case for NMB. The research indicates, however, that few MFIs have been involved in this market, partly due to regulatory limitations but also due to capacity issues. Those who have been involved tend to be mostly regulated institutions.[6]

For international transfers, MFIs have to overcome regulatory and operational hurdles related to foreign exchange trading. They would also need to find correspondent banks and become part of a network with 'hubs and spokes' in key transfer markets. Alternatively, they can identify a sub-agency opportunity for one of the MTO services. Domestic transfers would seem much simpler and address a broader client segment. The demand within the operating area of an MFI is more likely to be sufficient without necessarily needing access to a broader, and especially an international network.

Market opportunities exist for MFIs with sound systems and the capacity to move into a completely new product, money transfer can be an attractive business as well as a valuable additional financial service for their clients. Finding their market niche and competing as a highly accessible, reliable and well priced service will, however, become increasingly challenging. While much slower than in other regions, in East Africa as well technologies will bring will bring stronger competition and better service coverage into this market, especially if regulators find ways to support these trends. Certainly ATM networks are expanding and other technological advances in mobile phone based transfers are already operating in neighbouring countries, such as the Congo. Further developments in this market are on the immediate horizon as mobile technology combines with smart card readers and pre-paid cards.

Endnotes

[1] This is a synthesis of studies conducted on behalf of MicroSave and using its market research tools: the first conducted in Tanzania and Uganda in 2001 (Sander et al. 2001), and a subsequent study in Kenya in 2003 (Kabbucho et al. 2003). Unless otherwise indicated, the findings are drawn from these two studies as well as from a full synthesis document (Sander 2004b). While a synthesis of the market research conducted, this is not a summary that replaces or even reiterates in large part the complete studies which provide much more detail for interested readers. Additional sources are used and referenced accordingly, including other recent work by the author on migrant worker remittances (especially Sander, 2004a, 2003, and Sander et al. 2003a and b).

[2] Stanbic acquired Uganda Commercial Bank (UCB) in 2002 when it was privatised and has since begun to build up the capacity to attract low-income as well as other clients and mobilise deposits, including through the introduction of ATMs. Several of the smaller local banks had started the ATM trend in Uganda introducing proprietary ATM networks by early 2003.

[3] Translated at typical exchange rates in November 2003 as each of the currencies has devalued since the time the Focus Group Discussions were held. The rates used here are 1 $to Kenya Shilling 77; Uganda Shilling 1,975; Tanzania Shilling 1,025.

[4] See, for instance, Ratha, 2003 and Sander, 2003 and the G8 Summit 2004 recommendation on remittances (www.whitehouse.gov/news/releases/2004/06/20040609-35.html) as well as websites with materials from the growing number of conferences, meetings, and publications on the topic (e.g.www.iadb.org/mif/v2/remittances.html or www.worldbank.org/data/remittances.html or www.livelihoods.org/hot_topics/migration/remittancesindex.html). Following an international conference in London in 2003 (www.livelihoods.org/hot_topics/migration/remittances.html), an Inter-Agency Task Force of donors on remittances was formed; updates on the activities can be found in Migrant Remittances, a newsletter jointly supported by DFID and USAID (www.livelihoods.org/hot_topics/migration/remittancesindex.html#3).

[5] Occasionally newspaper articles report figures, such as the Daily Nation of 4th April 2003 quoting Prof. Peter Anyang Nyongo, Minister for Finance and Planning, stating apparently based on statistics of transfers through Western Union that Kenyans in the United Kingdom send more than Ksh.50 billion (ca. $650 million) to Kenya every year, while those in Germany remit up to Ksh.30 million (ca. $390,000) a month.

[6] In Sub-Saharan Africa, relatively few MFIs offer money transfer services. Typically they are credit unions, primarily in Western Africa, or either licensed as banks or, if not regulated, at least very strong and commercially run MFIs. For more details, including case descriptions, see Sander et al. 2001, and Sander 2004a.

References

Barnes, Carolyn, Gayle Morris, and Gary Gaile1999, 'An Assessment of Clients in Microfinance Programs in Uganda', *International Journal of Economic Development,* 1(1), pp. 80-121. (www.spaef.com/IJED_PUB/v1n1_barnes.PDF)

Buencamino, Leonindes and Sergei Gorbunov 2002, 'Informal Money Transfer Systems: Opportunities and Challenges for Development Finance', DESA Discussion Paper no. 26, United Nations. (www.un.org/esa/esa02dp26.pdf)

El-Qorchi, Mohammed, Samuel M. Maimbo, and John F. Wilson 2002, 'Hawala: How Does This Informal Funds Transfer System Work, and Should It Be Regulated?' *Finance and Development* 39(4), December 2002, International Monetary Fund, Washington, D.C.
(www.imf.org/external/pubs/ft/fandd/2002/12/elqorchi.htm)

Kabbucho, Kamau, Cerstin Sander, and Peter Mukwana 2003, 'Passing the Buck - Money Transfer Systems: The Practice and Potential for Products in Kenya', *MicroSave*, Nairobi. (www.microsave.org/get_file.asp?download_id=922)

Migrant Remittances. Newsletter, Cerstin Sander (editor).
(www.microlinks.org/ev_en.php?ID=5192_201&ID2=DO_TOPIC or
www.livelihoods.org/hot_topics/migration/remittancesindex.html#3)

Omer, Abdusalam 2002, 'Supporting Systems and Procedures for the Effective Regulation and Monitoring of Somali Remittance Companies (Hawala)', United Nations Development Programme, Somalia, Nairobi

Peachey, Stephen and Alan Roe 2004, *Access to Finance*, World Bank Savings Institute, Brussels

Ratha, Dilip 2003, 'Worker's Remittances: An Important and Stable Source of External Development Finance.' in World Bank, *Global Development Finance: Striving for Stability in Development Finance*, Volume I: Analysis and Statistical Appendix (157–75), World Bank, Washington, D.C.
(http://siteresources.worldbank.org/INTRGDF/Resources/GDF2003-Chapter7.pdf)

Rutherford, Stuart 1999, 'The Poor and Their Money: An essay about financial services for poor people', Institute for Development Policy and Management, University of Manchester

Sander, Cerstin 2004a, 'Capturing a Market Share? Migrant Remittances and Money Transfers as a Microfinance Service in Sub-Saharan Africa', *Small Enterprise Development Journal*, special issue on migrant remittances, March 2004

______ 2004b Passing the Buck in East Africa: The Money Transfer Practice and Potential for Services in Kenya, Tanzania, and Uganda. MicroSave-Africa, Nairobi
(www.microsave.org/get_file.asp?download_id=1491)

______ 2003, 'Migrant Remittances to Developing Countries - A Scoping Study: Overview and Introduction to Issues for Pro-Poor Financial Services', Prepared for the U.K. Department for International Development, London (www.livelihoods.org/hot_topics/docs/Remitstudy.pdf)

Sander, Cerstin and Samuel M. Maimbo 2003a, 'Migrant Labour Remittances in Africa: Reducing Obstacles to Developmental Contributions', Financial Sector Vice-Presidency, Africa, World Bank, Washington, D.C. (www.worldbank.org/afr/wps/wp64.htm)

Sander, Cerstin, Issa Barro, Mamadou Fall, Mariell Juhlin et Coumba Diop 2003b, 'Etude sur le transfert d'argent des émigrés au Sénégal et les services de transfert en microfinance', Social Finance Unit, International Labour Office (ILO/BIT), Geneva
(www.ilo.org/public/french/employment/finance/download/wp40.pdf)

Sander, Cerstin, Altemius Millinga, and Peter Mukwana 2001, 'Passing the Buck - Money Transfer Systems: The Practice and Potential for Products in Tanzania and Uganda', *MicroSave*, Nairobi (www.microsave.org/get_file.asp?download_id=530)

World Bank 2003, Global Development Finance: *Striving for Stability in Development Finance,* Volume I: Analysis and Statistical Appendix, World Bank, Washington, D.C.

Wright, Graham and Paul Rippey 2003, 'The Competitive Environment in Uganda: Implications for Microfinance Institutions and Their Clients,' *MicroSave*, Nairobi (www.microsave.org)

Wright, Graham and Leonard Mutesasira 2001, 'The Relative Risks to the Savings of the Poor', *MicroSave*, Nairobi (www.microsave.org)

Remittances, Microfinance and Community Informatics: development and governance issues

Scott Robinson, Universidad Metropolitana, Mexico DF

Remittance transfer reform and innovation occurs in the emerging field of community informatics and information-linked rural and urban development policies. Global dynamic remittance flows contribute to stability in local governments as resources arrive from abroad for individual families and for community betterment. Under these historically novel conditions, local and regional political processes are or may be re-articulated. This paper reviews some issues associated with these digital value transfers, including their linkages to local microfinance institutions (MFIs), community informatics, regulatory impediments and emerging governance issues as remittance flows increase their specific gravity within national economies. Examples are taken from Mesoamerica, a region sharing a cultural common denominator, which stretches from Mexico to Costa Rica. The issues underscored, however, may be generic to remittance economies everywhere.[1] [2]

Point of departure

Remittance flows reflect the "monetary dimension in the complex web of linkages that exist between migrant diaspora communities and their home countries".[3] They may be viewed as the product of a moral contract among family members, suggesting this emerging global phenomenon has financial, social and hence, political dimensions. At conferences of the International Migration Policy Programme (IPM), the official venue for these discussions, governments are asking: how can "we" increase remittance flows and what strategies should be adopted to maximize their development impact? There is a consensus platform at the IPM: remittances have a positive effect on the economies and development prospects of recipient countries; governments should proactively encourage remittance flows by establishing targeted incentive schemes and improving financial infrastructures and macro-economic environments; and in the same vein, should seek to enhance the developmental impact of remittances by adopting effective policy tools and strategies.[4]

Civil society organizations tend not to be represented at these official events nor mentioned as strategic partners, and thus, a major contradiction appears between concerned governments observing and attempting to "profit" from what is essentially a large scale private financial transfer process embedded in social networks of trust. These linkages are as yet not well organised and largely reside in the informal economy. The microfinance organisations are to the commercial banks as NGOs are to the political parties, at the margin of orthodox preferences and rules. Whereas the participation of migrant Hometown Associations (HTAs) and MFIs is central to negotiating lower transfer costs and additional user-friendly services for migrants and their communities on both ends of the diaspora circuits, both sets of institutions currently reside at the margin of the policy process. At the same time, migrants' social and political activities are empowering their hometown associations, which are emerging as representatives of their members' needs and agendas at both ends of the migration circuit. Their common need for financial services is being recognized as a potential market by microfinance institutions while emergent digital services in small towns and villages link migrants and their families, one aspect of community informatics within global labor migration flows.[5]

The argument

The core argument here is straightforward: in order to liberate more capital for families and their community development in today's growing migration-remittance circuits, there is a need for a common strategy the public. Thus, any discussion of remittance transfer innovations must consider the e-commerce and e-governance readiness of recipient countries, together with the design of community informatics-based alliances amongst all institutions involved.[6]

The core argument here is straightforward: to liberate more capital for families and their community development in today's growing migration-remittance circuits, there is a need for a common strategy that banks the unbanked, and links awareness and promotion among migrants' Hometown Associations (HTAs) in remittance-sending and remittance-receiving countries. As well, the leadership and staffs of cooperating microfinance institutions (MFIs) must be partners in this alliance throughout the migrant exporting regions of the South.[7] This is inherently a political process, involving negotiations among actors with different degrees of power in complementary and often poorly articulated arenas. While established banks and commercial money transfer operators such as Western Union and Money Gram continue to garner a large share of the remittance business, they are not a priority focus here: they are significant players, but they demonstrate little or no concern for community impacts and payouts, nor is a commitment observed to strengthening the civil society organisations which have a key and growing role in the remittance economy. Remittance transfers operate within the emerging context of information and communication technology-enabled commercial transactions plus the increasing use of digital tools and services by young people everywhere. Any discussion of remittance transfer innovations must consider the e-commerce and e-governance readiness of countries together with the design of community informatics-based alliances amongst all institutions involved.[8]

The argument’s corollaries follow. First, attention should be focused on financial and telecommunications regulatory norms to the extent that they facilitate or inhibit remittance transfers. The voice of the Internet Protocol (VoIP), for example, is today moving telephone traffic in low cost digital formats on Internet circuits while bypassing traditional telephone switching systems, and long distance calls cost pennies for Internet users at village cybercafes. Second, there are significant cost, licensing, security and privacy issues associated with the administrative software employed by remittancehandling institutions. These, taken in conjunction with the availability of open source software options, suggest scope for a multi-stakeholder portal that synthesizes these data and their respective training programmes to enhance awareness and their effective use. Third, there is a need for training of institutional staff in emerging digital tools. Fourth, additional financial services such as medical insurance or agricultural credit may be linked to an HTA-MFI remittance transfer system and the institutional network created thereby. Fifth, community-based remittance transfers should be embedded in a comprehensive development strategy, rural and urban, that optimizes remittance resources, social capital and the political will of both migrant receiving and sending countries’ administrative and NGO leadership. At present, this remains a tall order.

Current scenario

In Mesoamerica today, it is safe to state that all the economies are sustaining their informal sectors via remittance transfers from the United States and Canada. In most countries, remittance receipts figure as the primary source of foreign exchange, and their economies are de facto “dollarized” at the local level (dollars also circulate in micro transactions along with the national currency).[9] Thus, the informal “street stall” economy, so evident in Latin American cities and villages, subsists in complementarity with income from family members abroad.[10]

The costs of funds transfers through formal networks typically include commissions (sometimes at both ends), exchange rate surchargesand other manipulations that few clients understand. While costs have declined over the past three years, in part due to the dedicated campaign of the InterAmerican Development Bank, this same institution claims costs could be halved again.[11] Commissions today appear to average around 4.4% of the amount sent home.[12] There is increasing competition as private, regional money transfer operators (MTOs) compete with large commercial banks, credit card companies and more recently, credit unions.[13] Transfer mechanisms include specific amounts sent to MTO franchisee pickup windows, commercial bank account transfers, ATM debit cards issued to senders and recipient family members and payments o savings and loan cooperative accounts. More recent developments include transfers to stored value or “smart” cards (SVCs), and the delivery of construction materials and gifts paid for in the North to recipient’s homes via franchised distributors.[14] Estimates vary regarding the amounts of remittance funds transferred through informal financial networks; an additional 10% seems to be a (disputable) best guess and probably dropping as migrants and their families become more transfer savvy and trusting. It is evident that a combination of increased competition, applied IT and community informatics, regulatory reform and government-anchored initiatives can reduce the transfer costs much more, thereby liberating considerable sums of money for families and their communities.

Governance issues

Remittance transfer reform involves governance issues that link the fields of telecommunication and financial regulation with the politics of public policy negotiations. The latter may be more important than the former, if changes in the status quo are to occur. The growing strategic importance of civil society organisations such as HTAs represents a challenge to the hegemony of traditional political parties in many national and regional contexts. In Mexico, for example, a limited number of political parties dominate the public policy process, effectively squeezing out initiatives proposed by NGOs which are not organically linked to the parties. The dramatic increase in remittance income and the financial commitments of HTAs to community improvement projects has accelerated the interest of state and provincial governments in neighboring countries in controlling these resources.

The proliferation of "3 x 1" resource multiplier programmes in Mexico has also been noteworthy, whereby one HTA dollar contributed to community improvements is matched by the local, state and national levels of government. Similarly, political parties are rushing to create liaison offices with migrants who have left their home region with an eye on maintaining or increasing party loyalty and perhaps, campaign contributions. In Mexico, for example, the Zacatecas state legislature has been the first to pass legislation allowing their citizens now living in the United States to return and run for office with a short three month home residence requirement prior to election day. Others will no doubt follow suit elsewhere in the Mesoamerican region, where migrants' HTA contributions for community projects and involvement in local politics are increasing, attracting the interest of political parties who need to recruit leaders with resource networks and a loyal constituency.

Notwithstanding these positive developments, the negotiating scenarios for the agreements required to govern these local level processes are limited, to say the least. A major stumbling block in any reconfiguration of the political landscape is the long timeline whereby migrant HTAs come to recognize their political influence and proactive role as civil society organisations. This may be due in large measure to the limited political experience of their leadership before they left home, or the constrained nature of political participation in authoritarian systems to be found throughout the Mesoamerican region. A related factor is the degree of digital ignorance among those who left the village before the local cybercafé was opened, and hence are relatively unaware of the virtues and services today's digital tools can offer citizens and their organisations. HTAs struggle to become consolidated as representative institutions, the traditional political parties are reluctant to recognize, much less to support enthusiastically, because in this novel situation they are now competing with the HTAs for community and regional legitimacy and leadership.

Larger governance issues are at stake in this evolving scenario. Not only are migrants and their associations emerging as competitors to established political parties; they are also displacing traditional state functions. It should come as no surprise that historical elites and their newfound commercial allies loudly applaud the growth in remittance flows, which play a key role in reducing pressure on all levels of government to provide services they have rarely been able to deliver. It is arguable that the self-financing of subsistence and of minor but significant community improvements by migrants and their families enables the powerful groups who traditionally control social service and infrastructure budgets to sustain their influence.

Look, it's not the technology…!

The first generation of massive rollouts of information technology (IT) has now taken place throughout the migrant exporting countries. On balance, this occurred after the elites served themselves, when governments embraced the modish conventional wisdom whereby the touted "digital divide" could be breached by installing computer hardware and software in a sample of schools, libraries and public telecenters. Certainly, throughout Latin America it is now evident that these expensive programmes are difficult to maintain, have generated limited local buy-in and rely on a level of coordination among different ministries and official agencies that has never existed. Some argue that the cybercafés, mushrooming everywhere, could produce a greater impact if proper content and incentives were in place. The point is that the top-down, "let's install technology" focus of public connectivity policy is wasteful and misplaced, although corporate marketing departments would not concur.

The core issue is one of "orgware", that is, the capacity of organisations and their constituencies to learn and innovate with the new digital tools and contents on hand. This is a key dimension of community informatics, which stresses the convergence of local information flows with designs of IT tools within a framework of "effective use". To be sure, online access is required, but the focus is on the social context surrounding the introduction of new technology in traditional situations.[15] Orgware can be a dynamic condition, in which people and institutions are open to adapting to changing circumstances and opportunities. The adaptive process is catalyzed when training in new techniques is easy to acquire and accompanied by incentives such as added value in the job market. Orgware can also be a static state in which people and institutions reject change which threatens hierarchy and privilege. Ensuring the introduction of new technology within an appropriate community informatics framework is a *sine qua non* for all organisations involved in community-based remittance transfers.

Regulatory issues

The regulation of MFIs, internet service providers (ISPs) and NGOs is a central element in any remittance reform strategy. The core issues shared by all three actors relate to tradeoffs between protecting incumbents (e.g., commercial banks, monopoly telephone companies and political parties) while stimulating investment and innovation and protecting today's migrant, citizen consumer. MFIs, ISPs and NGOs are regulated by separate State entities, whose autonomy, accountability and transparency also varies. While commercialization and sound management is the key to the effectiveness and sustainability of the microfinance sector, prudential regulation and supervision are required where MFIs are handling substantial remittance volumes. Microfinance operates at a small scale with high unit costs, and hence there is a concentrated risk and credit volatility. Depositor protection and sector soundness is always a goal, and risks involve market conditions, management efficiency and integrity, assets, liquidity and overall governance. Supervision criteria include capital levels, reserves and deposits-to-loan ratios. Whereas MFIs offer limited financial services, regulation is keyed to the sources of clients' funds. Regulatory rules should be transparent regarding how MFIs can offer remittance-linked services and how these resources may capitalize their clients and offer new investment options.[16]

For ISPs a flexible regulatory environment is equally important.[17] Given the rapid advance of wireless Internet technologies, it is now cost-feasible to install hybrid Digital Subscriber Line (DSL) or Very Small Aperture Terminals (VSAT) for satellite services and wireless fidelity (WiFi) Internet access networks in remote migrant-sending communities.[18] These technologies, along with others on the immediate horizon (WiMax) are evolving ahead of the regulations governing their use.19 Cybercafes are now found in every small town throughout Latin America. Connectivity is growing, albeit slowly, in a context of increasing digital literacy among a predominantly youthful user population. Market incumbents are well entrenched and reluctant to open market access to new players with cheap, fast and long range technology that fixed wireless, for example, now represents. However, for community based technology initiatives and local empowerment to occur there is the need for an appropriately enabling regulatory environment. For example, if community based technology solutions such as community WiFi or locally based ISP's in rural areas accessing the net through KU band satellites is not allowable under local regulatory regimes, then truly grassroots based technology is not possible. Similarly, if low cost Internet access is not widely available, it creates an obstacle to the growth of digital remittance-transfer technology. If the national telecommunications infrastructure is monopolistic, centralized and capital city focused, then opportunities for rural technological are limited.

Governments and national telecom companies in the South argue that only through monopolies and strict regulation is it possible to aggregate sufficient capital to maintain and extend the existing infrastructure. An open regulatory environment may lead to overdevelopment in relatively wealthy urban areas and an absence of investment (or access to capital for investment) in rural and low-income areas. While regulatory entities focus on licensing, price regulation, inter-connection norms and fees, competition, and universal service, civil society groups are seldom if ever invited to policy discussions of the issues and options.[20] The regulatory dimension of innovative community informatics is often overlooked.[21]

Increasingly, the regulation of NGOs by governments is a major issue. As noted above, if political parties, the incumbent players who monopolize the electoral and formal political process, are reluctant to engage in public policy debates and propose remittance reform initiatives, then by default this role has been and is assumed today by non governmental organisations. These may be registered or unregistered by governmental authorities, yet their presence and credibility in the community and online projections, given today's low cost or free Web tools, grants them a right to participate seldom fully recognized by official agents of orthodox political power. Remittance transfer reform is intimately linked to the growing legitimacy, recognition, administrative integrity and negotiation skills of NGOs.

Points of resistance

Community informatics presupposes a commitment to empowerment at the local level, and an increased role for civil society agencies in the digital remittance market is one means of accomplishing this goal. There are, however, several constraints on the growth of grassroots digital technology. First, it is difficult to dislodge existing oligopolies in banking, telecommunications and politics that persist due to the limited spaces for public participation, a lack of transparency or authoritarian governance. There are also cultural factors which frustrate "pressure from below". These include a preference for face to face transactions, widespread digital illiteracy among those over age 25, men exercising discretionary power over women's resources, an absence of culturally appropriate incentives for using online learning and technical training tools, a stubborn sense of territoriality among official database "owners" that inhibits useful content in the public, digital commons, national connectivity programmes without relevant content, prohibitions on community radio, elite indifference to the plight of migrants and their remittance economies, plus the unspoken fear of the risk of financial authorities imposing some form of taxation on remittance revenues. Each of these issues deserve a more extensive commentary beyond the scope of this paper. Again, the organisational and technological pieces are present; it is the negotiating process among culturally distinct actors with differential power that requires our attention.

Opportunity cost calculator

An online software tool for calculating the cost of not reforming the current rules, tariffs and options for remittance transfer is needed. A careful costing of current remittance transfer fees, together with a calculation of unregulated Internet access costs, including connectivity in all towns and villages, say, above 2500 inhabitants, could establish benchmarks for remittance-receiving countries. Due diligence could establish benchmarking remittance transfer fees pegged at, say, 2.5 per cent of the amount sent,[22] together with a complementary benchmarking of Internet access fees with widespread, low cost WiFi connectivity (and no doubt other factors). These data would allow for the creation of an opportunity cost calculator. Such a calculator could ascertain for policy makers, migrant organisations, MFIs, donor agencies and related NGOs, the price differential being paid by migrants and their families in different sectors of the remittance transfer, inter-family communications, microfinance savings, investment and service options value chain. Countries could be ranked according to the opportunity costs being paid ABOVE the benchmark reasonable profit costs (null opportunity cost), and econometric algorithms can estimate the multiplier effects of resources in local and regional markets presently lost to controlled markets with usurous surcharges, regulatory constraints, limited investment options and public policy occur focusing on the multiplier effect of opening labor markets and approving short term subsidies for telecommunications tariffs (e.g. broadband Internet by satellite) and other fixed costs. The opportunity cost calculator is a planning and negotiating tool available to all actors in this complex scenario.

New technical and service options

Transferring value with state of the art smart or stored value cards (SVCs) is another regulatory and IT access challenge.[23] The extensive network of MFIs and their branch offices, once connected to the Internet, can now offer many financial and commercial services via SVCs.[24] Local merchants can be offered fixed wireless Internet connectivity by MFIs in small towns in return for allowing their clients to purchase goods and services with their smart cards. Such a possibility pits MFIs in competition with large commercial outlets already linked to commercial MTOs. This option would require SVC readers at these commercial establishments, a start up cost readily absorbed by the volume of purchases that remittance receiving families generate. In effect, under these circumstances local MFIs also become ISPs, offering connectivity to their crosstown clients and a range of services the emerging information technologies now permit. With long range fixed wireless WiMAX technology on the immediate horizon, underused transponders on satellites, and the unlicensed Wifi tools now reaching maturity and commodity prices,[25] microfinance organisations need to confront the issues of both installing telecenters in their branches while simultaneously offering connectivity to local merchants that benefits the latter and their clients using their stored value cards charged periodically with remittance transfers from relatives in the North or elsewhere in country.[26]

Additional services can be leveraged with MFIs employing smart cards. For example, migrants' hometown associations (HTAs) in conjunction with their regulated microbank could negotiate collective medical and accident insurance for their respective membership and clients on both ends of the migration circuit. These contracts could also be guaranteed by government bodies who are presently taxed to provide competent health services to their citizenry. In other words, migrants and their families could have access to professional health services, independent of the legal status of the remittance-sending family member. A novel start up in Kenya and Uganda now offers medical vouchers for services back home.[27] It is not inconceivable that migrant remittances will transform social and health services in their countries of origin over the next few years, if the digital tools are available and the regulatory ambience is supportive.

Agricultural production and remittance-anchored credit programmes

With the present growing rate of international migration and remittance transfers, both commercial banks and MFIs can amplify their agricultural credit portfolios. In Mesoamerica, barely 5% of remittance revenue is invested in productive endeavors. To a large measure, this situation is due to the limited strategic vision and resources of microbanks as well as the regulatory constraints to which they are subject; however, the absence of reliable management information systems also hinders this alternative. To enhance agricultural production with remittance-anchored MFI credit schemes, a set of software tools is required that link databases, public and private with decision support tools. This is a task for donor and official agencies working with HTAs and MFIs, and many agreements must be negotiated before an operational programme can be fielded.[28]

New alliances underway

Unquestionably, the dynamic remittance market together with information technologies is catalyzing new alliances among institutions on both ends of the migration circuit. Today, credit unions in the United States are working with traditional money transfer operators (MTOs), to provide the lowest cost remittance sending service on the Mesoamerican market.[29] Participating credit unions in many states now offer a special remittance receipt window for Latino migrant clients sending money home to family members with accounts at local savings and loan cooperatives. The capital and credibility to participating microfinance institutions in Mesoamerica while saving money for many families. This precedent has jump-started other policy options. For example, Mexico's official BANSEFI now provides a back office software system and remittance transfer services from many MTOs in the United States for the family of seven microfinance institutions that by law this agency now regulates.[30] Credit unions are engaged in outreach programmes in Latino migrant communities inside USA, albeit belatedly, and this 'banking the unbanked' effort is proving fruitful. One paradoxical element of this U.S. situation is that Latino migrants have limited access to the Internet, as cybercafes are not common and public library services, while ample, are not culturally congenial.

What remains to be defined are the set of agreements that must be negotiated among different actors in this complex array of companies, NGOs, government bodies, donor organisations and international agencies in order to create an optimal, null opportunity cost model for remittance transfers and associated services. As suggested above, a series of benefits could accrue to migrants and their families, in the North and the South, if these accords were in place. These agreements require a degree of political will among actors with marked power differentials and who traditionally refrain from negotiating novel alliances: state agencies, private companies and civil society groups. As an example, the negotiated set of arrangements between Mexico´s official Banco de Servicios Financieros and a range of private MTOs and microfinance institutions anchored in a civil society tradition is noteworthy (see note 26). The World Council of Credit Unions' (WOCCU) project with private MTOs is increasing the clout of national networks of cooperating microfinance bodies in Central America, and this will no doubt eventually lead to adjustments in regulatory frameworks throughout the region. To my mind, it is incumbent upon the international agencies, public and private, to create the incentives and political pressure to push this process forward and extend it to all remittance dependent countries.

Towards an integral policy

On balance, remittance transfer reform is linked to the focused emergence of a community informatics perspective among HTAs, MFIs and policy-linked government agencies. This can occur along with a territory-anchored rural development strategy.[31] Every migrant exporting region constitutes a territory that is socially constructed, i.e. it shares a cultural and linguistic identity, a social capital and resource base as well as investment potentials for its inhabitants, wherever they may reside. HTAs are a de facto extension of the home territory, a unique condition whereby the "belonging sentiment" permits gearing remittances for productive and institutional transformations back home. If our common goal is to reduce rural (and periurban) poverty and catalyze a democratic process, employing a null opportunity cost remittance transfer strategy may be effective. To be sure, any productive changes using these voluminous resources require a series of novel alliances amongst a diverse set of institutional players active in specific regions around the globe. This is a heterogeneous process with as yet unwritten rules. These alliances will be hybrids; and as examples here attest, they are beginning to be negotiated on a piecemeal basis. The politics of remittance transfer reform needs to be recognized as such, while producing scalable, accountable and legitimate policy options that permit negotiations to be actively pursued. This, I firmly believe, is our task.

Endnotes

[1] No discussion of remittances, their amounts, patterns and impacts, can occur without a tribute to Manuel Orozco, who with sensitivity and timely acumen has produced a series of studies that profile this phenomena in Latin America and allow others to discuss the issues intelligently. Some of his papers are available in the DOCUMENTOS section of www.migracionydesarrollo.org. In particular, consult his "Mexican Hometown Associations and Their Development Opportunities", http://meme.phpwebhosting.com/~migracion/modules/documentos/manuel_oroxco2.pdf

[2] The Declaration of Principles agreed at the World Summit on the Information Society in Geneva, December 2003, emphasize a "commitment to build a people-centred, inclusive and development-oriented Information Society". This is the overall context for remittance-pegged services and the Pacific Islands states, the subject of this conference, are one of the best examples to be found

[3] Dennis Ahlburg, cited in D.N. Addy, B. Wijkströn and C. Thouez, MIGRANT REMITTANCES COUNTRY OF ORIGIN EXPERIENCES: STRATEGIES, POLICIES, CHALLENGES AND CONCERNS, a paper prepared for the International Migration Policy Programme (IMP), for a London, U.K. conference, October 2003. www.impprog.ch

[4] Ibid. IMP document, p. 3.

[5] Consult the Community Informatics Journal online: www.ci-journal.net

[6] http://www.regulateonline.org/2003/dp/dp0307.htm Robin Mansell writes: "Electronic commerce can be defined as the application of ICTs to support global networks, a variety of business oriented software applications, and business processes involved in trading in goods and services. The main conclusion of the analysis is that the inclusion of developing countries in the potential benefits of new forms of electronic commerce will require measures that address country and sector specific characteristics of markets in which firms operate as well as measures that address the issues raised by the advent of ICT supported means of electronic trading."

[7] http://www.pewhispanic.org/site/docs/pdf/Remittances_Senders_and_Receivers_LAC_2003_Final.pdf. This 2003 Pew Hispanic Center commissioned survey found that 40% of the adult, foreign-born Latino population in the United States, some 6 million people, send money home on a regular basis. Money Transfer Operators capture 70% of these resources, banks 11% and 17% goes through informal channels. In Mexico, 18% of the population receives money from family members in the North; in Ecuador, 14% and 23% in Central America. See also Billions in Motion, 2002: http://www.pewhispanic.org/site/docs/pdf/billions_in_motion.pdf

[8] http://www.regulateonline.org/2003/dp/dp0307.htm Robin Mansell writes: "Electronic commerce can be defined as the application of ICTs to support global networks, a variety of business oriented software applications, and business processes involved in trading in goods and services. The main conclusion of the analysis is that the inclusion of developing countries in the potential benefits of new forms of electronic commerce will require measures that address country and sector specific characteristics of markets in which firms operate as well as measures that address the issues raised by the advent of ICT supported means of electronic trading."

[9] El Salvador is completely dollarized since 2002, i.e. U.S. coins circulate as well as paper tender. In Ecuador, the legal currency is U.S. dollars, but the coinage is Ecuadorean.

[10] The Mexican Private sector reports that the informal sector accounts for 12.5% of gross domestic product. http://www.reforma.com/negocios/articulo/413126

[11] Consult the programme of the Multilateral Investment Fund and research documents relating to remittances. www.iadb.org/fomin A synthetic overview is available: Remittances to Latin America and the Caribbean - Goals and Recommendations, May 2004

[12] Consult Manuel Orozco, "The Remittance Marketplace:Prices, Policy and Financial Institutions", available at: www.pewhispanic.org

[13] Consult the International Remittance Network programme of the World Council of Credit Unions. http://www.woccu.org/prod_serv/irnet/index.php

[14] Cementos Mexicanos offers such a programme. See www.cemexmexico.com in Servicios, Construmex menu.

[15] Consult: Michael Gurstein, "Effective Use: A Community Informatics Strategy Beyond the Digital Divide", FIRST MONDAY, December 2003. http://www.comtechreview.org/article.php?article_id=56

[16] Consult an overview of microfinance regulation: www.iris.umd.edu/adass/proj/Zambia_comparative.pdf

[17] See E. Tanner and K. Hawkins, "Bridging Latin America's Digital Divide: Government Policies and Internet Access, JOURNALISM AND MASS COMMUNICATIONS QUARTERLY; Autumn 2003; 80,3; pp. 646-665.

[18] The forthcoming WiMAX technology promises to offer cost effective connectivity solutions that will pressure regulatory entities to make market entry requirements and voice over Internet Protocol telephony rules more flexible than today's environment. http://www.alvarion-usa.com/runtime/materials/pdffiles/WiMAX_WP.pdf

[19] See www.wimaxforum.org

[20] Consult useful regulation sources at: http://www.infodev.org/projects/314regulationhandbook/ and http://www.regulateonline.org/

[21] Michael Gurstein, personal communication, 4 June 2004.

[22] Suggested by a reputable source as the cost plus breakeven point for the transfer services.

[23] Consult sample suppliers: http://www.alaric-systems.co.uk/ and http://www.epso.info/epso/index.html

[24] The competition is already stiff in this category. For example, consult: www.no-borders.com, www.emida.com, www.worldpay.com

[25] See note 15; for wireless Internet information: http://www.w2i.org/ and http://www.iptel.org/

[26] A related, privacy-sensitive issue is one of biometric identification cards to reduce fraud and enhance security. See www.theregister.co.uk/2004/05/21/biometric_trial_glasgow/

[27] See www.mamamikes.com

[28] A FAO-FORD Foundation supported demo project in conjuntion with a Canadian company provides one example. http://mockups.ictdevgroup.com/pesa

[29] Consult the Remittances secton of www.woccu.org

[30] See details at: http://www.lared-delagente.com.mx/htmls/productos_y_servicios/remesas.html

[31] The baseline document for Desarrollo Territorial Rural can be found at: www.fondominkachorlavi.org/dtr/sintesis.doc. This strategy calls for intense GIS-anchored data, and implies HTAs are an extension of local space; thus, remittances may focus on productive issues.

Overseas Migration in the Household Economies of Microfinance Clients: evidence from Sri Lanka

Judith Shaw, International Development Programme, RMIT University, Melbourne

Introduction

Over the last quarter of a century the Sri Lankan economy has undergone a profound structural shift towards the metropolitan non-farm sector, with significant effects on the rural labour market. Smallholder agriculture and fisheries, traditionally the principal source of household income in rural coastal communities, are in long-term decline and cannot support further employment growth. Similarly, there is little scope for growth in large-scale rural wage employment, with an ongoing decline in the role of the public sector, traditionally an important rural employer, and the concentration of manufacturing investment in the Colombo region. In response to local economic stagnation rural households have turned to non-local alternatives, and remittances from overseas workers have become a mainstay of the rural economy.

An estimated one million Sri Lankans – around 13 per cent of the labour force – work abroad (GoSL 2002). The money they send home accounts for 30 per cent of national savings and 9 per cent of GNP, making people Sri Lanka's third largest export after garments and tea. The 'unskilled labourer' category accounts for 70 per cent of officially registered departures. Over 80 per cent of unskilled migrant workers are women, working mostly as domestic servants. The Middle Eastern countries of Saudi Arabia, Kuwait, UAE, Qatar and Egypt absorb around 80 per cent of female labour migrants, and account for 56 per cent of remittances to Sri Lanka (Central Bank 2004).

Given their high and growing significance for national income and household livelihoods in developing countries, documented elsewhere in this volume, there has been increasing policy interest in remittances as a development resource. In particular, there has been interest in the scope for enhancing the development impacts of remittances by channelling them through financial institutions. Microfinance has emerged as a key agent in the delivery of remittance-linked products. Internationally, the microfinance sector has begun to respond to demand for financial products which make international transfers easier and cheaper, assist migrant-sending households with cash management, and make the saving and investment of remittance income more accessible and attractive (ACCION 2004, USAID 2004). In Sri Lanka, however, MFIs have been slow to recognise the importance of this potentially valuable market, and few have developed products targeting migrant workers and their families. Despite the centrality of labour migration in the household economies of many microfinance clients, little is known about the financial services that migrant-sending households and returnees want and use, or the impacts of microfinance on them.

This paper reviews the uses of microfinance by members of a rural MFI which includes both migrant and non-migrant households in its client base. It examines the socioeconomic characteristics, household economies and investment behaviour of migrant workers and their families, and in the concluding section, suggest MFI programme design options aimed at promoting the contribution of overseas income to local economic and human development.

Background and methodology

This paper is based on a 1999 sample survey conducted in Hambantota district in Sri Lanka's south-east. Located 250 kilometres from the capital, Hambantota is a relatively remote location and one of Sri Lanka's poorest districts, ranking below the national average on household income, employment, literacy, and access to electricity, safe water and sanitation (United Nations Development Programme 1998). The principal economic activities in the district are semi-subsistence paddy cultivation and fishing, with some small-scale enterprises in trade, services and manufacturing in the more urbanised regions along the coast. With high demand for Muslim labour in the Middle East, Muslims are over-represented among Sri Lankan female labour migrants, and due to its high local Muslim population, Hambantota is one of Sri Lanka's principal migrant-sending regions[1].

The sample consisted of 142 respondents who were selected randomly from the membership lists of the Women's Development Federation (WDF), an NGO which provides microfinance and social services to around 28,000 households in Hambantota District. Originally formed in the early 1990s to target the poorest rural families in the region, subsistence farmers, fishing households and landless labourers remain its primary constituency. It has however expanded its outreach during the 1990s to include non-poor farming households and an urban clientele of traders and public servants in regional towns. The main survey instrument was a structured questionnaire, followed by focus group discussions and in-depth interviews with selected respondents. The survey sample included 18 'recipient' households, which were in receipt of overseas remittances at the time of the survey; and 21 'returnee' households, in which a worker had returned from abroad within the five years prior to the survey. All migrants from the recipient and returnee households were female domestic servants working in the Middle East. The remaining 103 households, which had not received remittance income in the five years prior to the survey, were classified as 'non-migrants'.

Characteristics of migrants

Female migrant-sending households are poorer than average, but they are not among the poorest. Prior to departure, 33 per cent of the WDF migrant-sending households were below the poverty line, in comparison with a nationwide rural poverty incidence of 26 per cent (DCS 2002), indicating a pre-departure poverty profile above the national average. In their local context, however – that is, among the members of a poverty-focused MFI in one of Sri Lanka's poorest districts – migrant-sending households tend to come from the middle rather than lower ranks. A poverty rate of 46 per cent among non-migrant households (Table 1) indicates that WDF members who migrate were less likely to be poor at the time of departure than those who did not.

There is evidence of disincentives to migration at the lowest and highest income levels: migrant-sending households were clustered just above and just below the poverty line, while non-migrants were more evenly distributed across the income spectrum (Table 1). Non-poor women are reluctant to migrate, as domestic service overseas is widely viewed as an unattractive option. 'Horror story' narratives of drudgery, isolation, physical and sexual abuse, the withholding of pay by employers and agents, and the squandering of savings by profligate male relatives have considerable popular currency and are extensively reported in the national media. The low social status of domestic service creates an additional disincentive for the non-poor: although a small number of middle class women migrate, it is usually considered a matter of shame by the migrants and their families.

Table 1: Migrant and non-migrant households: pre-departure household economic status (per cent)

Pre-departure economic status*	Recipients and returnees	Non-migrants
Extreme-poor	10	17
Poor	23	29
Near-poor	49	22
Non-poor	18	32
Total	100	100

* At the time of the survey the household poverty line for a family of five was 5,000 rupees (about $US70) per month. In extreme-poor households incomes were below 67 per cent of the poverty line; poor households: 67-100 per cent; near-poor: 101-150 per cent and non-poor: more than 150 per cent.

While female migration is driven primarily by poverty-linked 'push' rather than 'pull' factors, there is evidence that the poorest households are under-represented, a finding supported by evidence elsewhere in Hambantota district that migration rates are highest among the high-status *govigama* (farmer) caste, lower among the lower-status *navandanna* (artisan) caste, and non-existent in the very poor *rada* (washermen's) caste (Mook 1992). For the poorest, social isolation, illiteracy and unfamiliarity with bureaucratic procedures are barriers to negotiating pre-departure administrative arrangements with government agencies. They are less likely to possess birth certificates and other documents required for passport applications, or to meet the basic educational and health qualifications required by employment agents. They have difficulty raising finance for visas, airfares and other pre-departure expenses. For female household heads, who are over-represented among the extreme-poor, inability to make suitable arrangements for the care of their children is a significant obstacle (see case study 1).

Case study 1:

Seelawathie is a 33-year old widow who lives with her young son. Farming was the household's main income source until the year prior to the survey when, following the death of her husband in a road accident, the family paddy fields were occupied by Seelawathie's brother-in-law, in accordance with customary tenure arrangements. Without farm income, Seelawathie makes a precarious living breaking granite chunks with a hammer and chisel, but her productivity is limited by poor health and undernutrition. As she has completed six years of schooling and can read and write, she possesses the educational qualifications required for overseas domestic service. She would like to work overseas, but her prospects of securing foreign employment are remote, given her poor health, inability to raise the initial outlays for travel abroad, and difficulty in finding suitable accommodation for her son.

Most migrants are married and have children. Households prefer to send mature married women to the Middle East, due to fear of moral corruption and damage to the marriage prospects of single females. In addition, host countries impose age restrictions: Saudi Arabia, for instance, only admits domestic servants aged between 30 and 43. Among the 39 migrants and returnees, 36 were married at the time of departure, and 32 had children under 15.

Migrant-sending households were more urban than non-migrants. Remote rural areas tend to be poorly integrated into the cash economy, remain relatively insulated from the cultural pressures of globalisation, and have sociocultural prohibitions on female migration. Thus, the sample migrants were more likely than non-migrants to come from semi-urban locations in and around regional towns, and along the built-up arterial coastal road which links Hambantota with Colombo and the metropolitan Western Province. The relatively under-developed agrarian hinterland, in which around 75 per cent of the district's population live, accounts for only 38 per cent of female migrants.

Migration and household income

In 1999 housemaids were paid 5,000 to 7,000 rupees per month ($70 – $100), far more than they could expect to earn locally, and their remittances averaged close to $50, enough to lift their families above the poverty line. As Table 2 indicates, remittances made a major direct contribution to the income portfolios of recipient households, accounting for 42 per cent of household income. A marked improvement in the poverty profile of recipient and returnee households, with a decline in poverty rates from the pre-departure 33 per cent to 21 per cent at the time of the survey, demonstrates the transformative impact of migration. Recipients and returnees are substantially better-off than non-migrants on indicators of both cash income and living standards. Interestingly, although cash incomes are highest among recipients (Table 2), the highest average living standards, in terms of housing quality and household asset ownership, are found among returnees (Table 3). This apparent paradox may be due in part to the high propensity of recipient households to engage in short-term consumption expenditure, discussed below.

Table 2: Mean contribution of income sources to household income

	Recipients		Returnees		Non-migrants	
Income source	**USD per month**	**Per cent**	**USD per month**	**Per cent**	**USD per month**	**Per cent**
Wage employment in Sri Lanka	15	12.6	16	14.4	27	30.8
Remittances	50	42.0	–	–	–	–
Household microenterprises	51	43.0	87	80.5	56	62.8
Other n.e.s.*	3	2.4	5	5.1	6	6.4
Total	**119**	**100.0**	**108**	**100.0**	**89**	**100.0**

* Pensions, welfare payments, rent, gifts from relatives

Table 3: Recipients, returnees and non-migrants: household asset ownership and housing quality (per cent)

Migration status	'High level' ownership of household goods*	'High level' housing quality**
Recipient	44	69
Returned migrant	56	79
Non-migrant	28	51

* Ownership of household goods valued at more than Rs. 50,000 ($715)
** Brick dwelling with latrine and separate cooking and sleeping areas

As Table 2 indicates, migration is associated with a shift in the composition of the household economy towards self-employment, with a sharp increase in the importance of microenterprises in returnee households, both in absolute terms and as a share of household income. Thus, the aggregated data suggest that in general, remittances play an important role in supporting microenterprise growth. There are, however, substantial differences *between* returnee households in their ability to transform remittances into productive investment, and it is to this question that we will now turn.

The returns to microenterprise investment vary across occupations. Disparities in microenterprise earnings reflect differential occupational choices, which in turn are a function of household location and economic status. The Hambantota microenterprise sector, by far the major contributor to household income, can be classified broadly into two categories: a large group of low-value 'survival' occupations, and a smaller group of higher-value 'entrepreneurial' activities. Survival microenterprises are part-time semi-subsistence activities such as petty trade and fishing. The are characterised by minimal skills and capital requirements. With low barriers to entry, they operate in saturated markets. They require few or no fixed assets and have a very limited capital absorptive capacity. As they generate incomes which are well below the poverty line, they are typically combined with wages and other self-employment activities in a diversified household portfolio. By contrast, 'entrepreneurial' occupations – such as carpentry, food processing and vehicle repairs – are capable of generating sustainable poverty-clearing incomes, and tend to be primary rather than secondary income sources. They require more intensive capital inputs, with high recurrent expenses and 'lumpy' fixed asset requirements. They respond well to investment, as they operate in strong markets and often have substantial growth potential (Shaw 2004).

The key link between migration and productive investment lies in the ability of some households to make use of remittances to switch from marginal survival enterprises to more profitable entrepreneurial activities. For most WDF clients, the high capital requirements of entrepreneurial occupations create an effective barrier to entry, as they exceed the maximum loan size available from the WDF's group-based non-collateralised lending facility. Two thirds of returnee households, however, took up entrepreneurial activities following the migrant's return, using their overseas savings to obtain collateralised loans or combining direct investment of savings with non-collateralised

WDF loans (see case study 2). Overall, returnee microenterprises perform strongly in comparison with those of non-migrants: they are more highly capitalized, with mean fixed asset values of Rs.109,000 ($1,560) and Rs.49,000 ($700) respectively; they are more likely to employ non-household labour, and as Table 2 shows, they generate substantially higher earnings.

Case study 2:

Indrawathie aged 39 lives with her husband and two children aged 15 and 17. Their highly successful enterprise is the outcome of several years of planning and a combination of strong business and practical skills, high motivation, and an above-poverty-line base income level which facilitated the accumulation of savings. Between 1988 and 1995 Indrawathie worked as a housemaid in Saudi Arabia, saving most of her wages, while her husband maintained the household by working as a lobster fisherman. On her return the family invested her savings of Rs.150,000 and an additional WDF loan of Rs.50,000 in a poultry-rearing project. Since 1995 the business has expanded from an initial 360 birds to 1,500, and earns about Rs.12,000 per month. The business is now the sole source of household income, the husband having abandoned fishing in order to work full-time with Indrawathie on the poultry project.

While there are some notable success stories, migration does not generate universal sustained improvements in household income. A third of returnee households did not switch to higher-earning microenterprises, but resumed their pre-departure patterns of activity upon the migrant's return. A handful reported diversifying into additional low-value, semi-subsistence activities such as the purchase of a cow or pair of goats, but otherwise there was little evidence of productive investment of overseas earnings among this group. Willingness and ability to convert overseas income into development capital is related to location and household economic status: non-poor, urban households tend to invest their overseas earnings, while poorer and rural clients are more likely to spend it on consumption and housing. Poorer households are under greater pressure to divert income flows to consumption, and face an array of sociocultural and human capital-related barriers to entering high-earning occupations (Shaw 2004). In addition, they are risk-averse, preferring diversification into multiple low-value activities rather than specialization in a single higher-value occupation, thereby sacrificing the prospect of higher incomes for greater security. Urban returnees were more likely to invest in microenterprises, whereas their rural counterparts tended to use their savings for housing improvements, a reflection of market and infrastructure constraints in remote areas and consequent scarcity of investment opportunities (Shaw 2004).

Migration appears to have beneficial impacts on women's economic capacity after they return. Returnees are more likely than other women to run microenterprises: in returnee households 48 per cent of microenterprises are operated by women, in comparison with 37 per cent in non-migrant households. In general, men's microenterprises earn more on average than women's, a finding which is well-documented in the microfinance literature. In Hambantota, one reason for the stronger performance of male-managed microenterprises was a tendency for men to assume control of high-earning projects begun by their female relatives, while women retain marginal, semi-subsistence activities. Among returnees, however, there were several notable exceptions, in which women retained the management of their high-value trade, food-processing and livestock projects, or shared responsibilities equally with male relatives. It appears that women are particularly likely to retain control of projects which are financed by their overseas earnings, suggesting a connection between the size of women's economic contributions and their intra-household bargaining power and economic independence.

How microfinance can assist migrant households

Migration contributes to income diversification, asset building and housing improvements and, for a smaller number, sustained improvements in income generating capacity. Poorer households, however, face particular difficulties in transforming remittance income into sustained improvements in well-being. A pressing priority for Sri Lankan MFIs is the development of services which promote the use of remittance income to support sustained poverty reduction. For poorer households, overseas employment is often a short-term survival measure. While remittances lift their incomes above the poverty line while they last, they tend to relapse into poverty soon after the migrant's return, leading many women to make two or three repeat journeys to the Middle East without breaking out of the 'consumption trap'. While it is inevitable – and usually desirable – that remittance income should support short-term living standards, particularly in low-income households, there is considerable scope for MFIs to support longer-term human capital and business development. Microfinance design features of relevance to migrant-sending households include pre-departure credit for prospective migrants, convenient cash management services for recipients, savings programmes supporting education, housing improvements and business investment, and business development services which assist poorer households to make the all-important transition from survival activities to higher-return microenterprises.

Migration involves substantial up-front costs to the migrant. Contrary to accepted microfinance best practice, which holds that clients should have a free hand in determining the allocation of their resources, many Sri Lankan MFIs lend only for a restricted range of purposes. The WDF offers loans at its annual standard interest rate of 36 per cent annually for microenterprise development and for some narrowly specified additional items such as housing and medical emergencies, but does not issue pre-departure credit for migrant workers. Consequently, most of the sample migrants borrowed from moneylenders, at monthly interest rates between 10 and 20 per cent, to cover their recruitment and travel expenses. The repayment of these loans is a significant financial burden, typically consuming the first six months of a housemaid's pay and, where a migrant returns early, can result in a net loss from the migration. Clearly, access to pre-departure micro-loans would substantially reduce the costs of migration.

Microfinance has an important role to play in reducing the diversion of remittance income to unnecessary consumption expenditure. As Table 2 above shows, income from wage employment and microenterprises was lowest in recipient households, suggesting that remittances displace domestic household income sources. There is substantial Sri Lankan evidence that remittances have the pernicious effect of creating an incentive for recipients to reduce their labour force participation or engage in excessive consumption spending. There is a well-documented tendency for family members in recipient households to stop working or trying to find work, relying instead on their monthly 'petro-dollar cheques', and of expenditure on alcohol, gambling and other wasteful consumption (Mook 1992, Patrick 1997, Gamburd 2000, see also case study 3).

Case study 3:

Sriya lives in a single room clay hut with her husband, a fisherman, and two sons aged 13 and 14. Two years ago she went to Kuwait to work as a housemaid to save money for a new brick house. She returned after only nine months, following a letter from her mother warning her that all was not well at home, to find that her husband had moved in with another woman, leaving the boys to fend for themselves. The money she sent home while she was working has disappeared. She does not know what happened to it, but believes that her husband, a heavy drinker, spent it on alcohol. The two boys, who stopped attending school during Sriya's absence, do not want to go back to school and work in the lagoon with their father, who has returned to the family. Sriya's plans for a new house have not diminished and she intends to return to the Middle East. This time, however, she says that she will send money not to her husband but to her mother for safekeeping.

There is a clear gap in the market for products which reduce diversion of income to non-productive uses. MFIs can act as 'delegated monitors' for remittance senders by providing secure savings programmes, thereby mitigating the moral hazard generated by the inability of migrant workers to observe and monitor expenditure at home (Chami et al 2003). Where remittance funds are channeled through MFIs to recipients, services aimed at improving recipient management of household finances are also of primary importance. Among the sample there was considerable evidence of poor budgeting by male recipients, many of whom were unaccustomed to large amounts of cash-in-hand, and unfamiliar with the management of routine household expenses, traditionally a woman's task. Financial literacy training for recipients is a 'credit-plus' service that the WDF and other microfinance NGOs in Sri Lanka are particularly well-equipped to provide, given their community development focus and experience in training and awareness-raising. Other potentially useful services include direct deposit facilities, whereby funds are transferred directly to an MFI account which is readily accessible to recipients, rather than sent directly to them as a lump sum. Similarly, bill-paying services linked to direct deposit accounts have advantages of convenience and security and reduce the need for unnecessary handling of cash.

MFIs can add value to microenterprises by supplementing credit with non-financial business development services, and a variety of non-financial services may be appropriate for migrant households. The tendency of some households to resume marginal survival-level activities upon the migrant's return, described above, suggests a particular need for business development services aimed at encouraging poorer returnees to take up non-traditional, higher-earning occupations. Substantial evidence that minimalist microcredit tends to support familiar low-value activities suggests that credit-plus services are necessary to encourage movement into new higher-value occupations. Information, training and technical assistance services expand the range of activities open to prospective microentrepreneurs and enable them to make informed choices, thereby reducing the risks of investing in untried activities.

Conclusion

At the household level, the economic impacts of migration are enhanced by convenient cash management services and opportunities to leverage funds and build financial assets. At the community level, given the inability of the public and largescale private sectors to absorb the growing labour force, the harnessing of overseas income to support local enterprise growth is of considerable strategic importance in the development of sustainable rural livelihoods. By being attentive to the needs of migrants and returnees and developing services which are appropriate and attractive to this significant market segment, MFIs can play an important role in strengthening the contribution of remittances to sustained improvements in living standards.

A final caution: while the potential economic benefits of female labour migration are clear, policy-makers and development practitioners need to recognize and address its substantial personal and social costs. The risk of abuse is all too real for domestic servants in foreign countries, who are among the most vulnerable of all workers, entirely dependent on their employers for their basic needs, and with no effective avenue of redress. The children of women working overseas bear a disproportionate share of the costs of migration, with above average rates of under-nutrition and weaker educational performance (DCS 1995, de Brujn et al 1992). Another cost relates to high family breakdown and divorce rates among migrant households. There is some evidence that the cause-and-effect relationship is reciprocal, with some women migrating after a separation or to escape an unsatisfactory marriage (Patrick 1997). Families are, however, more likely to break up during the twelve months after return than at any other time, suggesting that many break-ups are in part a consequence of the migration itself (de Brujn et al 1992).

The social and personal sequelae of migration call for interventions at the community and national level. These range from improvements to consular services and the closer regulation of working conditions overseas to appropriate community support services for recipients and returnees, including the children of migrant workers. Microfinance provides a useful means of harnessing remittances for poverty reduction but in isolation its effects will be limited: financial services should be part of a comprehensive policy framework which also addresses the non-financial needs of migrants and their families.

Endnotes

1 The shock of the December 2004 tsunami, which was profound in the Hambantota region, has further increased the importance of labour migration, at least in the medium term, as remittances are on of the few substantial income sources not affected by the disaster, and have a key role in supporting consumption and asset replacement.

References

de Brujn, B J, T Schampers, J D Speckman and E Zijleman (1992): Labour Migration, Household Structure and their Impact on the Well-Being of Children, in Eelens, F, T Schampers and J D Speckman, Eds: *Labour Migration to the Middle East: From Sri Lanka to the Gulf*, Kegan Paul International, New York, 159-182

Chami, Ralph, Connel Fullenkamp and Samir Jahjah (2003): *Are Immigrant Remittance Flows a Source of Capital for Development?* Working Paper WP/03/190, IMF Institute, Washington D C

Department of Census and Statistics (1995): *Indicators on Selected World Summit Goals for Children and Women*, Department of Census and Statistics, Colombo

Department of Census and Statistics (2002): *Household Income and Expenditure Survey Preliminary Report*, Department of Census and Statistics, Colombo

Gamburd, Michele (2000): *The Kitchen Spoon's Handle: Transnationalism and Sri Lanka's Migrant Households*, Cornell University Press, Ithaca

Mook, T (1992): Middle East Migration at the Micro-level: A Village Case Study, in Eelens, F, T Schampers and J D Speckman, Eds: *Labour Migration to the Middle East: From Sri Lanka to the Gulf*, Kegan Paul International, New York

Patrick, Ian (1997): *The Role of Labour Migration in Development: the Case of Sri Lanka, PhD Thesis*, La Trobe University, Melbourne

Shaw, Judith (2004): Microenterprise Occupation and Poverty Reduction in Microfinance Programs: Evidence from Sri Lanka, *World Development* 32, 7, 1247-1264

Bibliography on Migration and Remittances

Geoff Bertram, School of Economics and Finance, Victoria University of Wellington
March 2005

Adams, Orvill, and Barbara Stilwell, "Health Professionals and Migration", *Bulletin of the World Health Organisation,* 82(8): 560, August 2004 http://www.who.int/bulletin/volumes/82/8/en/560.pdf

Adams, Richard and John Page, *The Impact of International Migration and Remittances on Poverty*, World Bank Poverty Reduction Group, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/RemitImpact.doc

Adams, Richard (World Bank), *Using Household Surveys to Study Remittance Flows in Developing Countries*, paper for World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/5aAdams.pdf

Addy, David Nii, Boris Wickstrom. and Colleen Thouez, *Migrant Remittances - Country of Origin Experiences: International Migration Programme*, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/REMITPAPER.doc

AFFORD, n.d., "Diaspora and Development: University of Hargeisa, Somaliland Case Study." African Foundation for Development

Afsar, Rita. 1998. "Rural-urban migration and development: evidence from Bangladesh", pp. 318-356 in R. Bilsborrow (ed.), *Migration, Urbanization and Development: New Directions and Issues.* Norwell MA: United Nations Population Fund and Kluwer Academic Publishers

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Microfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena, http://www.iadb.org/mif/v2/files/agendaREM_CO_Sep04.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Transnational Communities: International Experience in Remittances" , 28 February 2003, Washington DC, http://www.iadb.org/mif/v2/files/feb.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference on Las Remesas de España a Latinoamérica como Instrumento de Desarrollo, 28 January 2003, Madrid, http://www.iadb.org/mif/v2/files/agendaSP.pdf

Agenda, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances and the US Financial System, 22 November 2002, Washington DC, http://www.iadb.org/mif/v2/files/agendaNOV22.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/agendaBRMay04.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/AgendaGU2003Sep03eng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Ecuador", 12 May 2003, Quito, http://www.iadb.org/mif/v2/files/may12.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: Lima Statement on Remittances", 27 March 2004 Lima, Peru, http://www.iadb.org/mif/v2/files/agendaPE2004eng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City, http://www.iadb.org/mif/v2/files/agendaME2003eng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as an Instrument for Development", 24 November 2003 Washington DC, http://www.iadb.org/mif/v2/files/agendaDC2003NovEng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York, http://www.iadb.org/mif/v2/files/agendaREM_NY_Nov04.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: The First State-by-State Analysis of Remittances from the United States to Latin America", 17 May 2004, Washington DC, http://www.iadb.org/mif/v2/files/agendaREM_May17.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/FirstagendaDCeng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances as a Development Tool in the Caribbean, 17 September 2002, Kingston, Jamaica, http://www.iadb.org/mif/v2/files/agendaJAeng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances as a Development Tool: the Dominican Republic Case, 13 February 2002, Santo Domingo, http://www.iadb.org/mif/v2/files/agendaDReng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances as a Development Tool: the Salvadorean Case, 8 February 2002, San Salvador, http://www.iadb.org/mif/v2/files/agendaESeng.doc

Agenda, Multilateral Investment Fund/Interamerican Development Bank Second Regional Conference on Remittances as a Development Tool, 26 February 2002, Washington DC, http://www.iadb.org/mif/v2/files/agendaDCeng.doc

Agenda, IDB conference on Migration and Remittances in the Context of Globalization: The Case of Japanand Latin America, 6 April 2005, Okinawa, http://www.iadb.org/mif/v2/files/agendaJP05.pdf

Agricultural Growth, London: Overseas Development Institute, June 2004, http://www.livelihoods.org/hot_topics/docs/Deshingkar_ODI2004.doc

Ahlburg D and Brown RPC, "Migrants' intentions to return home and capital transfers: a study of Tongans and Western Samoans in Australia". *Journal of Development Studies* 1998, 35:125-151

Ahlburg D, "Remittances and their impact: a study of Tonga and Western Samoa". *Pacific Policy Papers*. No.7. Canberra: National Centre for Development Studies, Australian National University 1991.

Ahlburg, D. 1995. "Remittances and income distribution in Tonga." *Population Research and Policy Review*.

Ahlburg, D. 1996. "Demographic and social change in the island nations of the Pacific" *Asia-Pacific population research report No 7.* Honolulu: East-West Center.

Ahlburg, D. and Levin, M.J. 1990. *The Northeast passage: a study of Pacific islander migration to American Samoa and the United States*. Pacific research monograph No 23, Australian National University, Canberra.

Alfieri, Alessandra, Ivo Havinga, Jurgen Schwarzler and Ralf Becker, *Statistical Framework for the Measurement of Mode 4 - a proposal (draft)* TSG/1/12, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-12.pdf

Alfieri, Aleesandra, and Ivo Havinga (United Nations Statistics Division), *Definition of Universe for the Framework on The Movement of Natural Persons*, presented to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/15
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-15.pdf

Alfieri, Aleesandra, and Ivo Havinga (United Nations Statistics Division), *Definition of Universe for the Framework on The Movement of Natural Persons*, presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/15a,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-15a.ppt

Alfieri, Alessandra, Ivo Havinga, and Vetle Hvidsten (United Nations Statistics Division), *Definition of Remittances and Relevant BPM5 Flows*, presented to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons – Mode 4, Paris, January 31-February 1 2005, Document TSG/2/16,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-16.pdf

Alfieri, Alessandra, Ivo Havinga and Vetle Hvidsten *Definition of Remittances and Relevant BPM5 Flows* presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/16a, http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-16a.ppt

Aldrich, R. 1993. *France and the South Pacific since 1940*. Honolulu: University of Hawaii Press.

Alvarez, Carmen, *A New Direction for the Remittances Business in the Dominican Republic*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York, http://www.iadb.org/mif/v2/files/alvarez_NYNov04.pdf

Alvarez, Carmen, ReD de Remesas Dominicanas: *A New Statement of Direction for the Remittance Business in Dominican Republic*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: Lima Statement on Remittances", 27 March 2004 Lima, Peru, http://www.iadb.org/mif/v2/files/BHD_PE2004.pdf

Amjad R: "Impact of workers' remittances from the Middle East on Pakistan's economy: some selected issues." *The Pakistan Development Review* 1986, 25:757-782.

Ammassari, Savina, and Richard Black, 2001, "Harnessing the Potential of Migration and Return to Promote Development: Applying Concepts to West Africa." Sussex Migration Working Paper,
http://www.sussex.ac.uk/migration/publications/working_papers/mwp3.pdf

Ammassari, Savina, 2003, "From Nation-Building to Entrepreneurship: the Impact of Élite Return Migrants in Côte d'Ivoire and Ghana." Paper presented at the International Workshop on Migration and Poverty in West Africa, March 13–14, University of Sussex,
http://www.gapresearch.org/production/SAVINAAMMASSARI.pdf

Amuedo-Dorantes, Catalina and Susan Pozo, "On the Use of Differing Money Transmission Methods by Mexican Migrants", *Working Paper E2004/06,* Fundacion Centro de Estudios Andaluces, 2004, (http://public.centrodeestudiosandaluces/uces.es/E200406.pdf)

Amuedo-Dorantes, Catalina and Susan Pozo, “Remittances as Insurance: Evidence from Mexican Migrants”, July 2002, http://www.focal.ca/pdf/migration_report.pdf

Amuedo-Dorantes, Catalina and Susan Pozo, “Workers’ Remittances and the Real Exchange Rate: A Paradox of Gifts”, *World Development* 32(8): 1407-1417, 2004.

Amuedo-Dorantes, Catalina, Cynthia Bansak, and Susan Pozo, “On the Remitting Patterns of Innigrants: Evidence from Mexican Survey Data”, September 2004, http://www.frbatlanta.org/news/CONFEREN/payments04/Amuedo-Dorantes.pdf, forthcoming in *Economic Review*, Federal Reserve Bank of Atlanta, 1st Quarter 2005.

Anarfi, John K., K. Awusabo-Asare, and N.N.N. Nsowah-Nuamah. 2000. “Push and Pull Factors of International Migration: Country Report Ghana.” *Eurostat*, Luxembourg.

Angelucci, Nicola, *Uso Productivo de las Remesas*, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/nicolaangelucci.ppt

Annex I: Methodology, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/Comparativeremittan4.pdf

APEC, *APEC Initiative on Remittance Systems: Background*, 2003, http://www1.worldbank.org/finance/html/amlcft/ARS%20Background.htm

APEC /World Bank, *Informal Funds Transfer Systems in the APEC Region: Initial Findings and a Framework for Further Analysis*, paper prepared for the meeting of Asia and Pacific Economic Cooperation (APEC) Finance Ministers and Deputies, September 1-5, 2003 http://www1.worldbank.org/finance/html/amlcft/docs/ARS/Informal%20Funds%20Transfer%20Systems%20in%20the%20APEC%20Region.pdf

Appleyard, R.T. and Stahl, Charles W., *South Pacific Migration: New Zealand Experience and Lessons for Australia*, AUSAID, May 1995, http://www.ausaid.gov.au/publications/pdf/idis42_southpacificmigration1995.pdf

Aranda, Joaquin, *La Emigración Precedente de Iberoamerica ; Especial Referencia a los Emigrantes de Colombia, Ecuador y R. Dominicana*, Multilateral Investment Fund/Interamerican Development Bank Conference “Remittances as a Development Tool in Ecuador”, http://www.iadb.org/mif/v2/files/MurciaEC.ppt

Asian Development Banks, *Enhancing the Efficiency of Overseas Workers Remittances*, 2 vols, July 2004, http://www.adb.org/Documents/TARs/PHI/tar-phi-4185.asp, also at http://www.worldbank.org/data/Remittances/5iRogers.pdf and http://www.worldbank.org/data/Remittances/5hRogers.pdf

Asian Development Bank, *Technical Assistance (financed by the Japan Special Fund) for the Southeast Asia Workers’ Remittance Study*, Document TAR: STU 38233, December 2004, http://www.adb.org/Documents/TARs/REG/tar-stu-38233.pdf

Asian Labor News, *China: Migrant workers' remittances to overtake agriculture as biggest rural earner*, 27 February 2004, http://www.asianlabour.org/archives/001031.html

Atingi-Ego, Michael (Bank of Uganda), *Measuring Workers’ Remittances*, World Bank International Technical Meeting on Measuring Migrants’ Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/4eAtingi-Ego.pdf

Azzam, Henry T. 2002. “Hawala: The Poor Man's Private Banking Vehicle Is Under Attack.” *Jordan Times*, June 2.

Bach, Stephen, “Migration Patterns of Physicians amnd Nurses: Still the Same Story?”, *Bulletin of the World Health Organisation* 82(8): 624-625, http://www.who.int/bulletin/volumes/82/8/en/624.pdf

Badiee, Shaida (World Bank) *Strategy, method for improving concept of remittances and data: next steps*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/6cBadiee.ppt

Bagasao, Ilsefonso F., Ma. Elena Piccio, Ma. Lourdes T. Lopez, and Peter Djinis, *Technical Assistance Final Report: Enhancing the Efficiency of Workers Remittance - Market Study*, Asian Development Bank, PHI $185, July 2004, http://www.worldbank.org/data/Remittances/5iRogers.pdf

Bagasao, Ilsefonso F., Ma. Elena Piccio, Ma. Lourdes T. Lopez, and Peter Djinis, *Technical Assistance Final Report: Enhancing the Efficiency of Workers Remittance - Market Study Volume II*, Asian Development Bank, PHI:4185, July 2004,
http://www.worldbank.org/data/Remittances/5hRogers.pdf

Bair, Sheila, *Improving Access to the US Banking System Among Recent Latin American Immigrants*, Multilateral Investment Fund/Interamerican Development Bank Conference "Transnational Communities: International Experience in Remittances", 28 February 2003, Washington DC, http://www.iadb.org/mif/v2/files/28doca.pdf

Barham, Bradford and Stephen Boucher. 1998. "Migration, remittances, and inequality: estimating the net effects of migration on income distribution." *Journal of Development Economics* 55: 307-331.

Barry, Nancy, *Women's World Banking*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York,
http://www.iadb.org/mif/v2/files/frumkin_NYNov04.pdf

Barry, Nancy, *Women's World Banking: Microfinances and Remittances*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena,
http://www.iadb.org/mif/v2/files/barryCO2004.pdf

Barry, Nancy, *Women's World Banking: Microfinances and Remittances*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City,
http://www.iadb.org/mif/v2/files/BarryGU2003eng.pdf

Belkindas, Misha (World Bank) *Summary of Session 2,* World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005,
http://www.worldbank.org/data/Remittances/6bBelkindas.ppt

Belo, Pedro, presentation to Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/pedrobelo.doc

Bendixen, S. *Remittances and the Dominican Republic*, Multilateral Investment Fund/ Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York, http://www.iadb.org/mif/v2/files/bendixen_NYNov04.pdf

Bendixen and Associates, *Billions in Motion: Latino Immigrants, Remittances, and Banking*, Powerpoint slides, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances and the US Financial System, 22 November 2002, Washington DC,
http://www.iadb.org/mif/v2/files/nov22a.ppt

Bendixen, Sergio, *Receptores de Remesas en Ecuador: Una Investigación del Mercado*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Ecuador", 12 May 2003, Quito, http://www.iadb.org/mif/v2/files/BendixenEC.doc

Bendixen, Sergio, *Encuesta de Opinion Publica de Receptores de Remesas en Colombia*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena, http://www.iadb.org/mif/v2/spanish/files/BendixenCO2004.pdf

Bendixen, Sergio, *Estudo sobre os Destinatários de Remessas no Brasil*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/Bendixen_BR_May04

Bendixen, Sergio, *Las Remesas Como Instrumento del Desarrollo: Informe Sobre las Remesas de Estados Unidos a America Latina*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: Lima Statement on Remittances", 27 March 2004 Lima, Peru, http://www.iadb.org/mif/v2/files/BendixenPE2004spa.pdf

Bendixen, Sergio, *Receptores de Remesas en Centroamerica*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/BendixenGU2003spa.pdf

Bendixen, Sergio, *Receptores de Remesas en Mexico*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City, http://www.iadb.org/mif/v2/spanish/files/BendixenME2003spa.pdf

Bendixen, Sergio, *Remittance Senders and Receivers:Tracking the Transnational Channels*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as an Instrument for Development", 24 November 2003 Washington DC, http://www.iadb.org/mif/v2/files/StudyBendixen2003Nov.pdf

Bendixen, Sergio, *State by State Survey of Remittance Senders: U.S. to Latin America*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: The First State-by-State Analysis of Remittances from the United States to Latin America", 17 May 2004, Washington DC, http://www.iadb.org/mif/v2/files/Bendixen_May17_2004.pdf

Bendixen, Sergio, *Survey of Remittance Senders: U.S. to Latin America*, Multilateral Investment Fund/Interamerican Development Bank Second Regional Conference on Remittances as a Development Tool, 26 February 2002, Washington DC, http://www.iadb.org/mif/v2/files/bendixen.ppt

Bendixon, Sergio, *Receptores de Remesas en Mexico Encuesta de Opinion Publica*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City, http://www.iadb.org/mif/v2/files/BendixenencuestaME2003.pdf

Bertram G: "Sustainable development in South Pacific micro-economies." *World Development* 1986, 14:809-822.

Bertram, G. 1986. "'Sustainable development' in Pacific micro-economies." *World Development* 14 (7):809-822.

Bertram, G. and Watters, R.F., 1985. "The MIRAB economy in South Pacific microstates." *Pacific Viewpoint* 26(3):

Bertram, G. and Watters, R.F., 1986. "The MIRAB process: some earlier analysis and context." *Pacific Viewpoint* 27(1):47-57.

Bertram, G., 1993. "Sustainability, aid, and material welfare in small South Pacific island economies, 1900-1990." *World Development* 21(2):247-258.

Bester, Hennie, Louios de Koker, and Ryan Hawthorne, *Access to Financial Services in South Africa: A Brief Case Study of the Effect of the Implementation of the Financial Action Task Force Recommendations*, G:enesis Analytics Pty, April 2004,
http://www.livelihoods.org/hot_topics/docs/SouthAfrica_Case%20Study.doc

Bibliography on Microfinance and Migrant Remittances
http://www.gdrc.org/icm/remittance/bibliography.html

Black, Richard, Russell King, and Richmond Tiemoko. 2003. "Migration, Return and Small Enterprise Development in Ghana: A Route Out of Poverty?" *Sussex Migration Working Papers No. 9,* Sussex Centre for Migration Research.
http://www.gapresearch.org/production/RICHARDBLACK.pdf

Blackwell, Michael, and David Seddon, *Informal Remittances from the UK: Values, Flows and Mechanisms,* UKDFID Report March 2004,
http://www.livelihoods.org/hot_topics/docs/UK_Remittances.pdf

Blanchet, G., 1985. *L'Économie de la Polynésie Française de 1960 à 1980.* Tahiti: ORSTOM Travaux et Documents 195.

Bodman, Samuel W., *Remarks by Deputy Secretary of the Treasury Samuel W. Bodman at the IDB Conference on Remittances*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: The First State-by-State Analysis of Remittances from the United States to Latin America", 17 May 2004, Washington DC,
http://www.iadb.org/mif/v2/files/BodmanDC2004.pdf

Bouhga Hade, Jacques, *A Theory of Worker Remittances With an Application to Morocco*, IMF Working Paper WP/04/194, October 2004,
http://www.imf.org/external/pubs/ft/wp/2004/wp04194.pdf

Braga Martes, Ana Cristina *Compromisso do Retorno*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/Braga_BR_May04.ppt

Breslin, Patrick and Carlo Dade, 'Approaches to Increasing the Productive Value of Remittances: IAF and Other Case Studies in Financial Innovation and International Cooperative Community Ventures', paper presented at a conference held at the World Bank, March 19, 2001, summary at
http://www.id21.org/society/S7bpb1g1.html

Brown RPC, Connell J: *Migration and remittances in Tonga and Western Samoa. Report prepared for the ILO*, Geneva Brisbane: The University of Queensland 1993.

Brown, R.P.C., "Comparative labor market performance of visaed and non-visaed migrants: Pacific islanders in Sydney", *Journal of Population Economics* 11(3): 395 - 411 August 1998,
http://www.springerlink.com/app/home/contribution.asp?wasp=c76d83291c3c455c8798b94277
1d2106&referrer=parent&backto=issue,6,8;journal,27,37;linkingpublicationresults,1:100520,1

Brown RPC, Connell J: "The global flea market: migration, remittances and the informal economy in Tonga." *Development and Change* 1993, 24:611-647.

Brown RPC, Foster J, Connell J: "Remittances, savings, and policy formation in Pacific island states." *Asian and Pacific Migration Journal* 1995, 4:169-185.

Brown RPC, Poirine B: *Intergenerational transfers with impure altruism: an analysis of migrants' remittance.* Discussion Papers. No. 224. Department of Economics, The University of Queensland, Brisbane 1997.

Brown RPC, and Walker A: *Migrants and their remittances: results of a household survey of Tongans and Western Samoans in Sydney.* Pacific Studies Monograph. No.17. Centre for South Pacific Studies, Sydney: University of New South Wales 1995.

Brown RPC: “Consumption and investments from migrants' remittances in the South Pacific.” *International Migration Papers*. No. 2. Employment Department, International Labour Office, Geneva: ILO 1995.
http://www.ilo.org/public/english/protection/migrant/download/imp/imp02.pdf

Brown RPC: “Do migrants remittances decline over time? evidence from Tongans and Western Samoans in Australia.” *The Contemporary Pacific* 1998, 10:107-151.

Brown RPC: “Estimating remittance functions for Pacific island migrants.” *World Development* 1997, 25:613-626.

Brown RPC: “Hidden foreign exchange flows: estimating unofficial remittances to Tonga and Western Samoa.” *Asian and Pacific Migration Journal* 1995, 4:35-54.

Brown RPC: “Migrants' remittances, savings and investment in the South Pacific.” *International Labour Review* 1994, 133:347-367.

Brown, R.P.C. , Foster, J., and Connell, J., 1995. “Remittances, savings, and policy formation in Pacific Island states.” *Asian Pacific Migration Journal* 4(1):169-185.

Brown, R.P.C., 1994. “Migrants' remittances, savings and investment in the South Pacific.” *International Labour Review* 133(3):1-19.

Brown, Richard P.C., *Remittances in Pacific Economies: A Potential Source of Investible Funds for MFIs?* Powerpoint slides, presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004, www.fcd.org.au/files/BrownREMIT.df

Brown, Stuart (National Statistics United Kingdom) *Remittances data in UK BoP, Methodology, data sources and weaknesses*, presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31- February 1 2005, Document TSG/2/12,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-12.ppt

Buch, Claudia M., Anja Kuckulenz, and Marie -Hélène Le Manchec. 2002. “Worker Remittances and Capital Flows.” Working Paper, Kiel Institute of World Economics.
http://ideas.repec.org/p/kie/kieliw/1130.html

Buchan, J. and J. Sochalski ‘The migration of nurses: trends and policies’, *Bulletin of the World Health Organisation* 82(8): 587-594, 2004,
http://www.who.int/bulletin/volumes/82/8/en/587.pdf

Buencamino, Leonides, and Sergei Gorbunov. 2002. “Informal Money Transfer Systems: Opportunities and Challenges for Development Finance.” DESA Discussion Paper no. 26, United Nations. http://www.un.org/esa/esa02dp26.pdf

Bullock, Colin, Remittances: *The Jamaican Experience* Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances as a Development Tool in the Caribbean, 17 September 2002, Kingston, Jamaica, http://www.iadb.org/mif/v2/files/jamaica2.ppt

Calari, Cesare, *Address* to the International Conference on Remittances, London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/RemitSpeech.doc

Cameron, J., 1991. “Economic development options for the Federated States of Micronesia at independence.” *Pacific Studies* 14(4):35-70.

Brown, Stuart (National Statistics United Kingdom) *Remittances data in UK BoP, Methodology, data sources and weaknesses*, presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31- February 1 2005, Document TSG/2/12,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-12.ppt

Cappariello, Rita (Banca d'Italia) *Measures of Workers' Remittances in Italy*, presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/13,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-13.ppt

Castillo, Jaime, *Estrategias de Movilizacion de Remesas: Una Vision de Conjunto*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena,
http://www.iadb.org/mif/v2/spanish/files/castilloCO2004.pdf

Chalamwong, Yongyuth. 1998. "Dilemmas of rapid growth: international migration and cross-border flows in Thailand." Pp. 167-176 in Organization for Economic Co-operation and Development, *Migration and Regional Economic Integration in Asia*. Paris: Organization for Economic Cooperation and Development.

Chamratrithirong, Apichat, K. Archavanitkul, K. Richter, P. Guest, V. Thongthai, W. Boonchalaksi, N. Piriyathamwong and P. Vong-Ek. 1995. *National Migration Survey of Thailand*. IPSR Publication No.188. Mahidol University, Nakhon Pathom, Thailand: Institute for Population and Social Research.

Chant, Silvia and Sarah A. Radcliffe. 1992. Migration and development: the importance of gender. Pp.1-29 in Silvia Chant (ed.), *Gender and Migration in Developing Countries*. London and New York: Belhaven Press.

Chaudhuri, Jayasri Ray.1993. -. New Delhi: Sage Publications.

Chimhowu, Admos (IDPM, University of Manchester), Jenifer Piesse (Kings College, London) and Caroline Pinder (WISE Development Ltd), *Assessing the Impact of Migrant Workers' Remittances on Poverty*, Presented at the EDIAS Conference on New Directions in Impact Assessment for Development: Methods and Practice 24 – 25 November 2003,
http://www.enterprise-impact.org.uk/word-files/Chimhowu.doc

Conference Note, International Conference on Remittances, London, 9-10 October 2003, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP),
http://www.livelihoods.org/hot_topics/migration/remittances.html#3

Conference Report and Conclusions, International Conference on Remittances, London, 9-10 October 2003, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP),
http://www.livelihoods.org/hot_topics/migration/remittances.html#3

Connell J: *Migration and development in the South Pacific*. Pacific Research Monograph No.24. Canberra: National Centre for Development Studies, Australian National University 1990.

Connell, John, "Migration, rural development and policy formation in the South Pacific", *Journal of Rural Studies* 1987; 3(2):105-21.

Connell J: *Remittances and rural development: migration, dependency and inequality in the South Pacific*. Occasional Paper. No.22. Canberra: National Centre for Development Studies, Australian National University 1980.

Connell, J. and Brown, R.P.C., 1995. "Migration and remittances in the South Pacific: towards new perspectives". *Asian and Pacific migration journal* 4(1):1-34.

Connell, J., 1987. *Migration, employment and development in the South Pacific*. Noumea: South Pacific Commission.

Connell, J., 1988. *Sovereignty and survival: island microstates in the Third World*. Sydney: University of Sydney research monograph 3.

Connell, J. and Brown, R.P.C., *The remittances of migrant Tongan and Samoan nurses from Australia, Human Resources for Health* 2004, 2:2,
http://www.human-resources-health.com/content/2/1/2 and
http://bmc.ub.uni-potsdam.de/1478-4491-2-2/1478-4491-2-2.pdf

Conroy, John, *Everything Old is New Again: Viewing Pacific Island Migration and Remittances Through the Lens of Human Capital Theory*, presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004,
http://www.fdc.org.au/files/ConroyREMIT.pdf

Cortina, Jeronimo, and Rodolfo de la Garza, *Immigrants' Remitting Behaviour and its Developmental Consequences for Mexico and El Salvador*, Tomas Rivera Policy Institute, December 2004, http://portal.sre.gob.mx/ime/pdf/remit.pdf

Country Statistics Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/Comparativeremittan2.pdf

Cox, Donald, "Motives for Private Income Transfers", *Journal of Political Economy* 95(3): 508-546, June 1987.

Cross, Catherine, *Migrant Workers' Remittances and Micro-Finance in South Africa*, ILO Social Finance Program, June 2003,
http://www.ilo.org/public/english/employment/finance/download/cross.pdf

Crush, Jonathan, South Africa: *New Nation, New Migration Policy?* Southern Africa Migration Project, June 2003, http://www.migrationinformation.com/Profiles/display.cfm?ID=131

Dade, Carlo, The Development Potential of Remittances in Latin America, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/carlodade.doc

Damia, Violetta, *Capturing Information on Remittances and Other Flows - A Fact-Finding in Europe,* Powerpoint presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, European Central Bank,
http://www.worldbank.org/data/Remittances/3cDamia.ppt, presented to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/7,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-7.ppt#276

de Haan, Arjan, and Ben Rogaly, eds. 2002. "Labour Mobility and Rural Society." *The Journal of Development Studies* 38(5), June.

de Haan, Arjan. 2000. "Migrants, Livelihood and Rights: The Relevance of Migration in Development Policies." Social Development Working Paper no. 4, Department for International Development, London.

De Luna Martinez, Jose, *Preliminary Findings of a Survey with Central Banks on Remittance Issues*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/3dMartinez.ppt#355

Deborah Waller Meyers (1998) *Migrant Remittances to Latin America: Reviewing the Literature.* Working Paper. Inter-American Dialogue and the Tomás Rivera Policy Institute
http://www.iadialog.org/publications/meyers.html

Deshingkar, Priya, *Understanding the Implications of Migration for Pro-poor Agricultural Growth*, Overseas Development Institute, 2004,
http://www.livelihoods.org/hot_topics/migration/remittancesindex.html

DeWind, Josh, and Philip Kasinitz, "Everything Old is New Again? Processes and Theories of Immigrant Incorporation", *International Migration Review* 31(4): 1096-1111, Winter 1997.

Diaz-Briquets S, Weintraub S: *Migration, Remittances, and Small Business Development: Mexico and Caribbean Basin Countries* Boulder: Westview Press 1991.

Dieng, Seydi Ababacar. 1998. "Les pratiques financières des migrants Maliens et Sénegalais en France." Epargne sans frontières, Techniques financières and developpement, no.50, March-April.

Dilip R: *Workers' remittances: An important and stable source of external development finance*. Global Development Finance 2003. Chapter 7 Washington DC: The World Bank 2003.
http://siteresources.worldbank.org/INTRGDF/Resources/GDF2003-Chapter7.pdf

Dippelsman, Robert (IMF Statistics Department), *Residence of Households, Issues paper, Balance of Payments Technical Expert Group (BOPTEG) # 8*, TSG/1/13, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons – Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-13.pdf

Docquier, Frédéric, and Hillel Rapoport. 2004. "The Economics of Migrants' Remittances." In *Handbook on the Economics of Reciprocity, Giving and Altruism*, ed. L.-A. Gerard-Varet, S.-C. Kolm, and J. Mercier Ythier. Amsterdam: Elsevier North-Holland.

Doorn, Judith van. 2002. "Globalisation, remittances and development." International Labour Organization (ILO), Social Finance Unit, Geneva.
http://www.ilo.org/public/english/dialogue/actrav/publ/129/8.pdf

Dwyer, Paul, *Remittances and Microfinance: Colombian Case Study and Best Practiced in the Region*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena, http://www.iadb.org/mif/v2/files/dwyerCO2004.pdf

Duarte Sales, Alfonso (Bank of Mexico) *Income earned abroad, Mexico*, TSG/1/23, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-23.pdf

El-Qorchi, Mohammed, Samuel M. Maimbo, and John F. Wilson. 2002. "Hawala: How Does This Informal Funds Transfer System Work, and Should It Be Regulated?" *Finance and Development* 39(4), December 2002, Internatiional Monetary Fund, Washington, D.C.

El-Sakka, M.I.T., and Robert McNabb. 1999. "The Macroeconomic Determinants of Emigrant Remittances." *World Development* 27(8), August.

EL-Sakka, Mohammed. 1997. "Migration Remittances: Policy Options for Host and Countries of Origin." Department of Economics, Kuwait University.

Erb, Guy F., *Remittances in Latin America and the Caribbean Region*, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/guyerb.ppt#259

Espinosa, Mario Lopez, *Remesas de Mexicanos en el Exterior y su Vinculacion con el Desarrollo Economico, Social y Cultural de sus Comunidades de Origen*, International Labor Office,
http://www.ilo.org/public/english/employment/finance/download/imp59.pdf

Faeamani S: The impact of remittances on rural development in Tongan villages. *Asian and Pacific Migration Journal* 1995, 4:139-156.

Faini, Ricardo (Italian Ministry of the Economic and University of Breccia), *Migration, Remittances and Growth,* September 2002,
http://www.wider.unu.edu/conference/conference-2002-3/conference%20papers/faini.pdf

Fall, Abdou Salam. 2003. "Enjeux et défis de la migration internationale de travail ouestafricaine." International Migration Papers, no. 62F, International Migration Branch, International Labour Organization, Geneva.

Fantom, Neil (World Bank) Report on UN Technical Subgroup Meeting on Measuring Remittances, Washington D.C., Jan-Feb 2005, Document TSG/2/5,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-5.ppt

Fargues, Philippe, Árab Migration to Europe: Trends and Policies", *International Migration Review* 38(4):1348-1371, Winter 2004.

Federal Reserve Bank of Dallas, *Workers' Remittances to Mexico*, Business Frontier Issue 1, 2004,
http://www.dallasfed.org/research/busfront/bus0401.html

Festival of Finances! presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003.

FinMark, African Families, African Money Bridging the Money Transfer Divide: A study on the South African money transfer (Environment for FinMark Trust / 2003) (PDF)
http://www.livelihoods.org/hot_topics/docs/FinMarkRemit.pdf

FOCAL, *Final Report: Hemispheric Integration and Transnationalism in the Americas*, February 16- 17 2004, Guatemala City, http://www.focal.ca/pdf/migration_report.pdf

Forsyth DJC: Migration and remittances in the South Pacific Forum island countries. Monograph. Suva, Fiji: Department of Economics, University of the South Pacific 1992.

Foster J., The relationship between remittances and savings in small Pacific island states: some econometric evidence. *Asian and Pacific Migration Journal* 1995, 4:117-138.

Friesen, W., 1993. Melanesian economy on the periphery: migration and village economy in Choiseul. *Pacific Viewpoint* 34(2):193-214.

Frumkin, Samuel, *Remittances: A Gateway to Banking for Unbanked Immigrants*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York, http://www.iadb.org/mif/v2/files/frumkin_NYNov04.pdf

Gallo, Ester, *Unorthodox sisters: gender relations and transnational marriages among Malayali migrants in Italy*, Sussex Migration Working Paper 17, Sussex Centre for Migration Research, August 2003,
http://www.sussex.ac.uk/migration/publications/working_papers/mwp17.pdf

Gammeltoft, Peter. 2002. "Remittances and Other Financial Flows to Developing Countries." Centre for Development Research Working Paper 02.11, Copenhagen, August.
http://www.cdr.dk/working_papers/02-11-abs.htm

Gnisci, Donata, Marie Trémolières, and Karim Hussein. 2003. "Conflits et migrations involontaires en Afrique de l'Quest: Bilan et enjeux régionaux avec une étude de cas sur la Côte d'Ivoire." Étude Préliminaire, Sahel - West Africa Club, OECD, Paris.

Goldfarb R, Havrylshyn O, Mangum S: Can remittances compensate for physician outflows? The case of Philippine physicians. *Journal of Development Economics* 1984, 15:1-17.

Goldstein, Sidney.1989. Changing forms of migration to big cities: Bangkok and Shanghai compared. Pp. 273-287 in *International Population Conference*, vol. 2. New Delhi: International Union for the Scientific Study of Population.

Goldring, Luin, 'Individual and Collective Remittances to Mexico: A Multi-dimensional Typology', *Development and Change*, 35(4) September 2004

Goldring, Luin *Re-thinking remittances: social and political dimensions of individual and collective remittances*, Center for Research on Latin America and the Caribbean, CERLAC Working Paper Series, York University, February 2003, http://www.yorku.ca/cerlac/papers/pdf/Goldring.pdf

Goldring, Luin, "Exploiting remittances: good for Mexico's development?" *ID21 Society and Economy*, February 2005, http://www.id21.org/zinter/id21zinter.exe?a=0&i=s7clg2g1&u=425b027c

Gonçalves Guimarães, Ivan, *O impacto das remessas no desenvolvimento econômico local*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro,
http://www.iadb.org/mif/v2/files/GuimaraesBRMay04.ppt

Grace, David, *Case Study: Integration of Financial Sector Services, World Council of Credit Unions*, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003,
http://www.livelihoods.org/hot_topics/docs/RemitFinancial.ppt

Grace, David, *Microfinanzas y Remesas: La Experiencia de Cooperativas de Ahorro y Credito*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/GraceGU2003spa.pdf

Grace, David, *The Developmental Potential of Remittances and the Credit Union Difference*, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/davidgrace.doc

Grieco EM: *The Remittance Behaviour of Immigrant Households: Micronesians in Hawaii and Guam* LFB Publishing 2003.

Grillo, Ralph, and Bruno Riccio. 2003. "Translocal Development: Italy-Senegal." Paper presented at the International Workshop on Migration and Poverty in West Africa, March 13-14, University of Sussex. http://www.sussex.ac.uk/migration/research/transrede/workshop/IWMP6.pdf

Grillo. Ralph, "Islam and Transnationalism", *Journal of Ethnic and Migration Studies* 30(5): 861-878, September 2004.

Guerrero, Rosabel (Central Bank of Philippines), *Statistical measurement of overseas Filipino workers' remittances: present practices and future direction*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005,
http://www.worldbank.org/data/Remittances/4dGuerrero.ppt

Guest, Philip.1998. "Assessing the consequences of internal migration: methodological issues and a case study on Thailand based on longitudinal household survey data." Pp. 275-218 in R. Bilsborrow (ed.), *Migration, Urbanization and Development: New Directions and Issues.* Norwell MA: United Nations Population Fund and Kluwer Academic Publishers.

Harrison, Anne (OECD), *Working Abroad - the Benefits Flowing from Nationals Working in Other Economies*, OECD Round Table on Sustainable Development November 19 203, updated September 2004, http://www.worldbank.org/data/Remittances/3aHarrison.pdf

Harrison, Anne, Tolani Britton and Anika Swanson, *Working Abroad - the Patterns of Migration Flows and Remittances Across Countries*, Powerpoint presentation to Round Table on Sustainable Development, http://www.worldbank.org/data/Remittances/3bHarrison.ppt#257

Harrison, Anne, Tolani Britton and Annika Swanson, *Working Abroad - the benefits Flowing from Nationals Working in Other Countries* OECD General Secretariat, September 2004,
http://www.oecd.org/dataoecd/30/20/32297831.pdf and
http://www.worldbank.org/data/Remittances/3aHarrison.pdf

Harrison, Anne, Tolani Britton and Annika Swanson, *Working Abroad - the Patterns of Migration Flows and Remittances Across Countries*, Powerpoint presentation to World Bank International Technical Meeting on Measuring Migrant Remittances, January 24-25, 2005, http://www.worldbank.org/data/Remittances/3bHarrison.ppt

Harrison, Anne, Vangelis Vitalis, and Simon Upton, *Sustaining Whose Development? Analysing the International Effect of National Policies* United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons – Mode 4, Paris, TSG/1/18 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-18.pdf

Harrison, Anne, and Tolani Britton (OECD), *Providing services to foreign nationals* TSG/1/17, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-17.pdf

Hayes, G., 1992. "Polynesian migration and the demographic transition: a missing dimension of recent theoretical models", *Pacific Viewpoint* 33(1):1-35.

Hayes, G., 1993. "'MIRAB' processes and development on small Pacific islands: a case study from the southern Massim, Papua New Guinea", *Pacific Vewpoint* 34(2):153-178.

Heering, Liesbeth, Rob van der Erf, and Leo van Wissen, "The Role of Family Networks and Migration Culture in the Continuation of Morocccan Migration: A Gender Perspective, *Journal of Ethnic and Migration Studies*, 30(2): 323-337, March 2004.

Helweg AW: Emigrant remittances: their nature and impact on a Punjab village. *New Community* 1983, 10:435-443.

Hernandez-Coss, Raul, The U.S. - *Mexico remittance corridor: lessons on shifting from informal to formal transfer systems,* World Bank Working Paper No 47, 2005, http://www-wds. worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000090341_20050228151447

Hezel, F.X. and Levin, M.J., 1996. "New trends in Micronesian migration: migration to Guam and the Marianas, 1900-1993." *Pacific Studies* 19(1):91-114.

Hezel, F.X. and McGrath, T.B., 1989. The great flight northward: FSM migration to Guam and the Northern Mariana Islands. *Pacific Studies* 13(1):47-64.

Higgins, Matthew L., Alketa Hysenbegasi, and Susan Pozo, "Exchange-Rate Uncertainty and Workers' Remittances", *Applied Financial Economics* 14(6):403-411, 2004, http://ideas.repec.org/e/ppo83.html

Hinajosa, Raul, Transnational Migration, Remittances, and Development in North America: Globalization Lessons from the OaxacaCalifornia Transnational Village/Community Modeling Project, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City, http://www.iadb.org/mif/v2/files/Hinojosa2003MEeng.pdf

Hoddinott : Modelling remittance flows in Kenya. *Journal of African Economies* 1992, 1:206-232.

Hollifield, James F., "The Emerging Migration State", *International Migration Review* 38(3): 885-912, Fall 2004.

Hooper, A., 1993. The MIRAB transition in Fakaofo, Tokelau. *Pacific viewpoint* 4(2):241-264.

Horst, Cindy, *Xaawilandhe Importance of Overseas Connections in the Livelihoods of Somali Refuges in the Dadaab Refugee Camps of Kenya*, University of Ansterdam, WPTC-02-14, http://www.transcomm.ox.ac.uk/working%20papers/horst2.pdf

Hugo, Graeme.1995. International labor migration and the family: some observations from Indonesia. *Asia and Pacific Migration Journal* 4 (2-3): 273-302.

Hussein, Mushtaq, *Measuring Migrant Remittances: From the Perspective of the European Union*, presented to International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/2eHussain.pdf, also presented to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/6, http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-6.pdf

IADB and Multilateral Investment Fund, *Remittances to Latin America and the Caribbean: Goals and Recommendations: Lima Statement 2004,* http://www.iadb.org/mif/v2/files/Statement_Lima2004eng.pdf

IADB Multilateral Investment Fund, Remittances as a Development Tool, http://www.iadb.org/mif/v2/remitconfmain.html

ID21 Society and Economy, Remittances: *Fuelling Consumption or Aiding Development?* February 2005, www.id21.org/society/Sbpb1g1.html.

Iglesias, Enrique V., Opening Remarks, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances and the US Financial System, 22 November 2002, Washington DC, http://www.iadb.org/mif/v2/files/EVINov22.doc

Iglesias, Enrique, *Opening remarks*, Multilateral Investment Fund/Interamerican Development Bank Conference "Transnational Communities: International Experience in Remittances", 28 February 2003, Washington DC, http://www.iadb.org/mif/v2/files/28docc.doc

Iglesias, Enriue V., *Introductory Remarks*, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,http://www.iadb.org/mif/v2/files/iglesias.doc

ILO, Employment Sector C Social Finance Unit C, *Making the Best of Globalization: Migrant Worker Remittances and Micro-Finance,* ILO Workshop held 20-21 November 2000, http://www.ilo.org/public/english/employment/finance/download/remitt.pdf

ILO, *Reducing Vulnerability: Remittances* http://www.ilo.org/public/english/employment/finance/vulnerab/remitt.htm

Informe Final: Estudio sobre las Remesas Enviadas por los Inmigrantes Latinoamericanos Residentes en Espana a sus Paises de Origen Multilateral Investment Fund/Interamerican Development Bank Conference on Las Remesas de España a Latinoamérica como Instrumento de Desarrollo, 28 January 2003, Madrid, http://www.iadb.org/mif/v2/files/espana.pdf

International and Financial Accounts Branch, Australian Bureau of Statistics, *Residence of Households, Issues paper, Balance of Payments Technical Expert Group (BOPTEG) # 8a*, TSG/1/14, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-14.pdf

Jacobs, Dirk, and Jean Tillie, "Introduction: Social Capital and Political Integration of Migrants", *Journal of Ethnic and Migration Studies* 30(3): 419-427, May 2004.

James, K.E. "Migration and remittances: a Tongan village perspective", *Pacific Viewpoint* 1991, 32:1-23.

James, K., 1993. "The rhetoric and reality of change and development in small Pacific communities", *Pacific Viewpoint* 34(2):135-152.

Jennings, Andrew, and Matthew Clarke, *The Development Impact of Remittances to Nicaragua*, Powerpoint slides, presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004, http://www.fdc.org.au/files/JenningsREMIT.pdf

Johnson, G.E. and W.E. Whitelaw.1974. Urban-rural income transfers in Kenya: an estimated remittances function. *Economic Development and Cultural Change* 22(3): 473-479.

Jost, Patrick, and Harjit Singh Sandhu. 2002. *The Hawala Alternative Remittance System and Its Role in Money Laundering*. Interpol, Austria.
http://www.interpol.int/Public/FinancialCrime/MoneyLaundering/hawala/default.asp

Juinio, Regina, *Statistical Measurement of Migrant Workers: Present practices and Future Direction* Reserve Bank of the Philippines, TSG/1/20, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons – Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-20.pdf

Kabbucho, Kamau, Cerston Sander and Peter Mukwana, *Passing the Buck - Money Transfer Systems: the Practice and Potential for Products in Kenya,* Micro-Save Africa, May 2003,
http://www.bannock.co.uk/PDF/MTKenya.pdf

Kakazu, H., 1994. *Sustainable development of small island economies*. Boulder Co: Westview Press.

Kapur D, McHale J: Migration's new payoff. *Foreign Policy* 2003, 48:49-57.

Kapur, Devesh, *Remittances: The New Development Mantra?* Harvard University, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/RemitImpact.doc

Ketkar, Suhas, and Dilip Ratha. 2001. "Development Financing During a Crisis: Securitization of Future Receivables." Economic Policy and Prospects Group, World Bank, Washington, D.C.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=632651

Kim, I., Sidgwick, E., and Duprat, M-H, 1995. *Kiribati: recent economic developments*. Washington DC: IMF staff country report 95/117.

Koc, Ismet, and Isil Onan. 2001. "The Impact of Remittances of International Migrants on the Standard of Living of the Left-behind Families in Turkey." Conference Proceedings, XXIV IUSSP General Conference, Salvador, Brazil, 18-24 April 2001.
http://www.iussp.org/Brazil2001/s20/S26_03_Koc.pdf

Koc, Ismet, and Isil Onan, "International Migrants' Remittances and Welfare Status of the Left-Behind Families in Turkey", *International Migration Review* 38(1): 78-112, Spring 2004.

Koning, Antonique, *Microfinances and Remittances*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City,
http://www.iadb.org/mif/v2/files/KoningGU2003eng.pdf

Korovilas, James P., *The Albanian Economy in Transition: The Role of Remittances and Pyramid Investment Schemes*, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003,
http://www.livelihoods.org/hot_topics/docs/RemitAlbania.doc

Lachaud, Jean-Pierre. 1999. "Envoi de fonds, inégalité et pauvreté au Burkina Faso." Working paper, Centre d'Economie du Développement de l'Université Montesquieu-Bordeaux IV.
http://econpapers.repec.org/paper/monceddtr/40.htm

Las Remesas de Emigrantes Entre Espana y Latinoamerica: Resumen Ejecutivo Multilateral Investment Fund/Interamerican Development Bank Conference on Las Remesas de España a Latinoamérica como Instrumento de Desarrollo, 28 January 2003, Madrid,
http://www.iadb.org/mif/v2/files/resumen28jan.pdf

Lam, John Hon Kwan, (Census and Statistics Department, Hong Kong) *Statistics related to GATS Mode 4 Trade in Services for Hong Kong, China* TSG/1/24, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons – Mode 4, Paris, 15-16 September 2004, China http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-24.pdf

Lemaitre, Georges, *Migration statistics and the movement of natural persons under GATS mode 4,* TSG/1/25, powerpoint slides presented at United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons – Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-25.ppt

Llanos, Theodore P. 1997. Factors determining migrant remittances: the case of Greece. International Migration Review 31(1): 72-87.

Loomis T: Cook Island remittances: volumes, determinants and uses. In *Migration and Development in the South Pacific*. Pacific Research Monograph No. 24. Canberra: National Centre for Development Studies, Australian National University (Edited by: Connell J). 1990, 61-81.

Lucas R.E.B. and Oded Stark, "Motivations to remit: evidence from Botswana", *Journal of Political Economy* 93(5): 901-918, October 1985.

Macpherson C: Changing patterns of commitment to island homelands: a case study of Western Samoa. *Pacific Studies* 1994, 17:83-116.

Macpherson C: Economic and political restructuring and the sustainability of migrant remittances: the case of Western Samoa. *The Contemporary Pacific* 1992, 4:109-136.

Maimbo, Samuel Munzele, *The Money Exchange Dealers of Kabul: A Study of the Hawala System of Afghanistan,* Finance and Private Sector Unit, South Asia Region, World Bank, June 2003,
http://www1.worldbank.org/finance/html/amlcft/docs/ARS/The%20Money%20Exchange%20Dealers%20of%20Kabul.pdf

Mann, Michael (Bureau of Economic Analysis, US), *BEA's measures of workers' remittances and transfers through charitable organizations*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005,
http://www.worldbank.org/data/Remittances/4bMann.ppt

Map Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/Comparativeremittan1.pdf

Map showing Latin American and Caribbean Foreign-Born Population of the USA Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/Comparativeremittan3.pdf

Maphosa, France, *The Impact of remittances from Zimbabweans Working in South Africa on Rural Livelihoods in the Southern Districts of Zimbabwe*, The Council for the Development of Social Science Research in Africa (CODESRIA), 2004. http://migration.wits.ac.za/Maphosa.pdf

Marcus, G., 1981. Power on the extreme periphery: the perspective of Tongan elites in the modern world system. *Pacific viewpoint* 22(1):48-64

Martin, Philip, Susan Martin, and Patrick Weil. 2002. "Best Practice Options: Mali." Cooperative Efforts to Manage Emigration (CEME), University of California, Davis.

Martin, Philip, Manolo Abella and Elizabeth Midgley, "Best Practices to Manage Migration: The Philippines", *International Migration Review* 38(4): 1544-1559, Winter 2004.

Martin, Susan, *Remittance Flows and Impact*, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/susanmartin.doc

Massey, Douglas S. and Emilio Parrado, 1994. "Migradollars: the remittances and savings of Mexican migrants to the USA." *Population Research and Policy Review* 13(1): 3-30.

Massey, Douglas S. and Lawrence C. Basem 1992. "Determinants of savings, remittances, and spending patterns among U.S. migrants in four Mexican communities." *Sociological Inquiry* 62(2): 185-207.

Massey, Douglas S., J. Arango, G. Hugo, A. Kouaouci, A. Pellegrino and J.E. Taylor. 1993. Theories of international migration: a review and appraisal. *Population and Development Review* 19(3): 431-466.

Massey, Douglas, and Chiara Capoferro, "Measuring Undocumented Migration", *International Migration Review* 38(3): 1075-1102, Fall 2004.

Mattoso, Jorge, Remessas de Recursos de Brasileiros Residentes no Exterior, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/Mattoso_BR_May04.ppt

Mayo, L.W., 1988. "U.S. administration and prospects for economic self-sufficiency: a comparison of Guam and select areas of Micronesia." *Pacific studies* 11(2):53-75.

McDonald, David ed., *On Borders: Perspectives on Cross-Border Migration in Southern Africa*. SAMP (Southern African Migration Project) / Idasa, CapeTown and New York: St. Martin's Press, 2000.

McDowell, C. and A. de Haan, *Migration and Sustainable Livelihoods: A Critical Review of the Literature,* IDS Working Paper No. 65, 1997, http://www.id21.org/society/1bkh7.html

Mejia, Alfonso, "Migration of Physicians and Nurses: A Worldwide Picture" *International Journal of Epidemiology* 7(3): 207-215, 1978, reprint available at
http://www.who.int/bulletin/volumes/82/8/en/626.pdf

Meyers, Deborah W., The Regional Map: Flows and Impact of Remittances in LAC, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/FirstagendaDCeng.doc

Meyers, Deborah W., *Migrant Remittence to Latin America: Reviewing the Literature*, Tomas Rivera Policy Institute Working Paper, May 1998, http://www.iadialog.org/publications/meyers.html

Michelik, Pawel, Measuring migrants' and temporary worker remittances in Balance of Payments statistics: Poland - a case study, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005,
http://www.worldbank.org/data/Remittances/4aMichalik.ppt

MIF (Multilateral Investment Fund). 2003. *Transitional Communities: International Experiences in Remittances*. Inter-American Development Bank, Washington, D.C.

MIF/IADB, Conference study, *Remittance Receipts in the Dominican Republic and Remittance Senders from the US,* Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York,
http://www.iadb.org/mif/v2/files/studyremit_NYNov04.pdf

Miike, Kiyoharu, *Evolução da Emigração Nipo-Brasileira para o Japão,* Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/Miike_BR_May04.ppt

Mistiaen, John (World Bank) *Questionnaire for Collecting Data from Senders of Remittances*, 2005, http://www.worldbank.org/data/Remittances/5cMistiaen.pdf

Mistiaen, John (World Bank), *Household survey data on remittances in sending countries. Sampling and questionnaire design: options and uses*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005,
http://www.worldbank.org/data/Remittances/5bMistiaen.ppt

Mohar, Javier Gavito, *The Mexican Case*, Multilateral Investment Fund/Interamerican Development Bank Second Regional Conference on Remittances as a Development Tool, 26 February 2002, Washington DC, http://www.iadb.org/mif/v2/files/mexico.ppt

Muliaina, Tolu, *Remittances and Development in Samoa*, presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004,
http://www.fdc.org.au/files/ConroyREMIT.pdf

Myrhe, David, *Six Obervations on the Role of HTAs in Transnational Rural Development*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/MyhreGU2003eng.pdf

Nagarajan, Geetha. 2002. "Going Postal to Deliver Financial Services to Microclients." *ADB Finance for the Poor*, 14(1), March 2003.

Nakanishi, Toru. 1994. "Urban labor markets in the Philippines and Thailand." Pp. 355-386 in *Urbanization and Urban Poor in Developing Countries*. IDE Research Series No.447. Tokyo: Institute of Developing Economies.

Narsey, Wadan, *Regional Integration or Remittances: What Options?* presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004, presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004,
http://www.fdc.org.au/files/NarseyREMIT.pdf

National Survey on Family Remittances, Guatemala August 2003, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/SurveyRemitEnglish.pdf

Newland, Kathleen, and Erin Patrick, Beyond Remittances: The Role of Diaspora in Poverty Reduction in their Countries of Origin A Scoping Study by the Migration Policy Institute for the Department of International Development, Migration Policy Institute, Washington DC, July 2004,
http://www.livelihoods.org/hot_topics/docs/MPIDiaspora.doc or
http://www.livelihoods.org/hot_topics/migration/remittancesindex.html

Nino, Juan Antonio, Grupo Financiero *Uno Presentacion*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena,
http://www.iadb.org/mif/v2/spanish/files/ninoCO2004.pdf

Nivat, Dominique, Banque de France, *The Measurement of Workers' Remittances in the Balance of Payments*, February 2005,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-11.ppt#256, and presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons – Mode 4, Paris, January 31-February 1 2005, Document TSG/2/11, http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-11.ppt

NOMRA. 1998. "International Migration and Africa: Trends and Prospects for the 21st Century." UNESCO, Paris.

Nyberg Sørensen, Ninna, Nicholas Van Hear, and Poul Engberg-Pedersen. 2002. *State of the Art Overview: The Migration-Development Nexus: Evidence and Policy Options*. Centre for Development Research Policy Paper, Copenhagen, April.
http://www.cdr.dk/working_papers/02-6-abs.htm

Oberai, A.S. and H.K. Manmohan Singh. 1983. *Causes and Consequences of Internal Migration: A Study in the Indian Punjab*. Delhi: Oxford University Press.

Oberai, A.S., Pradhan H. Prasad and M.G. Sardana. 1989. *Determinants and Consequences of Internal Migration in India*. Delhi: Oxford University Press.

OECD (Organisation for Economic Co-operation and Development). 2002. "Trends in International Migration." OECD Annual Report, Paris.

Okamotto, Paulo. *Programa Sebrae Para O Dekassegui Empreendedor*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/OkamottoBR04.ppt

Omer, Abdusalam. 2002. *Supporting Systems and Procedures for the Effective Regulation and Monitoring of Somali Remittance Companies (Hawala).* United Nations Development Programme, Somalia. http://www.so.undp.org/Remittance/ssp-hawala.pdf

Orford, Tom, *Remittance data in the UK Balance of Payments: methodology, data sources and weaknesses*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/4cOrford.ppt#264

Orozco, Manuel, *Remitting Back Home and Supporting the Homeland: The Guyanese Community in the U.S.,* working paper for the US Agency for Internal Development GEO Project, October 25 2002, http://www.guyana.org/govt/Remitting_homeland.pdf

Orozco, Manuel, *Worker Remittances in an International Scope*, working paper commissioned by the Multilateral Investment Fund of the Interamerican Development Bank, March 2003,
http://www1.worldbank.org/finance/html/amlcft/docs/ARS/Worker%20Remittances%20in%20an%20International%20Scope.pdf and
http://www.iadialog.org/publications/country_studies/remittances/worldwde%20remit.pdf

Orozco, Manuel, *Remesas y Microfinanzas: en la Interseccion del Desarrollo*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Microfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena,
http://www.iadb.org/mif/v2/spanish/files/orozcoCO2004.pdf

Orozco, Manuel, *Tendencias Futuras de las Remesas Hacia America Latina*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City,
http://www.iadb.org/mif/v2/files/OrozcoME2003.pdf

Orozco, Manuel, *Worker Remittances: An International Comparison*, Multilateral Investment Fund/Interamerican Development Bank Conference "Transnational Communities: International Experience in Remittances" , 28 February 2003, Washington DC,
http://www.iadb.org/mif/v2/files/28feb1.pdf

Orozco, Manuel, *Family Remittances to Latin America: The Marketplace and its Changing Dynamics,* Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/orozco.doc

Orozco, Manuel, *Hometown Associations and their Present and Future Partnerships: New Development Opportunities?* Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City, http://www.iadb.org/mif/v2/files/Orozco2ME2003.pdf

Orozco, Manuel, *Money, Markets and Costs, Multilateral Investment Fund/Interamerican Development* Bank Second Regional Conference on Remittances as a Development Tool, 26 February 2002, Washington DC, http://www.iadb.org/mif/v2/files/orozco.ppt

Orozco, Manuel, *Macroeconomic Determinants of Remittances in the Dominican Republic*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York, http://www.iadb.org/mif/v2/files/orozco_NYNov04.pdf

Orozco, Manuel, *Migration and Development: Integration to the Global Economy and Policy opportunities for Donors*, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/RemitPolicy.ppt

Orozco, Manuel, *Remittances in the Caribbean*, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances as a Development Tool in the Caribbean, 17 September 2002, Kingston, Jamaica, http://www.iadb.org/mif/v2/files/jamaica3.ppt

Orozco, Manuel, *Remittances to Latin America and the Caribbean: Issues and Perspectives on Development* report commissioned by the Organization of American States, September 2004, http://www.frbatlanta.org/news/CONFEREN/payments04/orozco.pdf

Orozco, Manuel, *Remittances to Latin America and the Caribbean: Issues and Perspectives on Development* report commissioned by the Organization of American States, September 2004, http://www.frbatlanta.org/news/CONFEREN/payments04/orozco.pdf

Orozco, Manuel. 2002. *Worker Remittances: the Human face of Globalization*, Working Paper commissioned by the Multilateral Investment Fund, Inter-American Development Bank, October 10, 2002.

Orozco, Manuel. 2003a. "Remittances, Markets and Development." Inter-American Dialogue, Washington, D.C.

Orozco, Manuel. 2003b. "Worker Remittances: An International Comparison." Working Paper commissioned by the Multilateral Investment Fund, Inter-American Development Bank, February.

Orozco, Manuel. 2003c. "Worker Remittances in an International Scope." *Inter-American Dialogue Research Series*, Washington, D.C.

Orrenius, Pia, *Immigration, Economic Growth and Recent Policy Impacts*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: The First State-by-State Analysis of Remittances from the United States to Latin America", 17 May 2004, Washington DC, http://www.iadb.org/mif/v2/files/Orrenius_May04.ppt

Otero, Maria, *Accion Internacionale: Potencial de Canalizacion de Remesas para Inversion*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/OteroGU2003spa.pdf

Patterson, Neil (IMF), *Summary of Session* 1, World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/6aPatterson.ppt#261

Patterson, Neil, and Margaret Fitzgibbon (International Monetary Fund Statistics Department), The *Revision of the fifth edition of the Balance of Payments Manual - Progress and Plans*, TSG/1/6, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004,
http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-6.pdf

Pejaranonda, Chintana, Sureerat Sanitipaporn and Philip Guest. 1995. Rural-urban migration in Thailand. Pp. 171-143 in *Trends, Patterns and Implications of Rural Urban Migration in India, Nepal and Thailand*. Asian Population Studies Series No. 138. New York: United Nations.

Pereira, Manuel Gomez, *Algumas reflexões sobre as remessas de emigrante*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/PereiraBR04.doc

Phar Kim Beng, *Workers' remittances not a long-term boon*, March 1 2005,
http://biz.thestar.com.my/news/story.asp?file=/2005/3/1/business/10286837&sec=business

Phillips, Melissa, *The role and impact of humanitarian assets in refugee-hosting countries*, Working Paper No. 84, Evaluation and Policy Analysis Unit, UNHCR, March 2003,
http://www.unhcr.ch/cgibin/texis/vtx/home/opendoc.pdf?tbl=RESEARCH&id=3e71f7fc4&page=research

Phongpaichit, Pasuk. 1982. *From Peasant Girls to Bangkok Masseuses*. Women, Work and Development Series, No. 2. Geneva: International Labour Office.

Phongpaichit, Pasuk. 1993. The labour market aspects of female migration to Bangkok. Pp. 178-191 in United Nations, Internal Migration of Women in Developing Countries. New York: United Nations.

Piesse, Jenifer, The Socioeconomic Impact of Remittances on Poverty Reduction presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003,
http://www.livelihoods.org/hot_topics/docs/RemitSEImpact.ppt

Piore MJ: *Birds of Passage: Migrant Labour and Industrial Societies* Cambridge: Cambridge University Press 1979.

Poirine B: "A theory of remittances as an implicit family loan arrangement." In *Two Essays on Aid and Remittances*. Pacific Studies Monograph No. 19. Centre for South Pacific Studies. Sydney: University of New South Wales 1995.

Poirine, B., 1994b. "Rent, emigration and unemployment in small islands: the MIRAB model and the French overseas departments and territories." *World Development* 22(12):1997-2010.

Poirine, B., 1995. *Les petites économies insulaires: théories et stratégies de développement*. Paris: Editions l'Harmattan.

Portes, Alejandro, "Immigration Theory for a New Century: Some Problems and Opportunities" *International Migration Review* 31(4): 799-825, Winter 1997.

Portes, Alejandro, and Josh DeWind, "A Cross-Atlantic Dialogue: The Progress of Research and Theory in the Study of International Migration", *International Migration Review* 38(3): 828-851, Fall 2004.

Puri, Shivani, and Tineke Ritzema. 1999. "Migrant Worker Remittances, Micro-finance and the Informal Economy: Prospects and Issues." Working Paper No. 21, Social Finance Unit, International Labour Organization, Geneva.
http://www.ilo.org/public/english/employment/finance/download/wpap21.pdf

Quibria MG, Thant M: “International labor migration, emigrants' remittances, and Asian developing countries: economic analysis and policy issues.” In *Research in Asian Economic Studies* (Edited by: Dulta M). Greenwich, Connecticut: Jal Press 1988.

Ramirez, M. Pilar, *Potential Role of Remittances in Microfinance* Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/pilarramirez.doc

Ramirez, Patricia, *Las Remesas y su Contribucion an le Economia Regional*, Multilateral Investment Fund/Interamerican Development Bank Conference “Remittances as a Development Tool in Central America: Empowering Microfinance”, 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/MinistraGU2003spa.pdf

Ratha, Dilip, *Workers' Remittances: An Important and Stable Source oif Development Finance*, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/RemitPres.ppt

Ratha, Dilip. 2003. “Worker's Remittances: An Important and Stable Source of External Development Finance.” in World Bank, *Global Development Finance 2003: Striving for Stability in Development Finance*, Volume I: Analysis and Statistical Appendix (157–75). Washington, D.C.: World Bank.

Reardon, Thomas. 1997. “Using Evidence of Household Income Diversification to Inform Study of the Rural Nonfarm Labor Market in Africa.” *World Development*, 25(5), May.

Rebelato, Odair, *Banco Postal: Bancarizacao, Cidadania, e Insercao Social*, Multilateral Investment Fund/Interamerican Development Bank Conference “Remittances as a Development Tool in Brazil”, 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/RebelatoBR04.ppt

Reddy, Mahendra, Manoranjan Mohanty and Vijay Naidu, “Economic Cost of Human Capital Loss from Fiji: Implications for Sustainable Development”, *International Migration Review* 38(4): 1447-1461, Winter 2004.

Reinke, Jens, and Neil Patterson, *Remittances in the Balance of Payments Framework*, Powerpoint slide presentation to International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, IMF, http://www.worldbank.org/data/Remittances/2bPatterson.ppt#256

Remarks by Senator Aloun N'dombet Assamba Minister of State Ministry of Industry, Commerce & Technology, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances as a Development Tool in the Caribbean, 17 September 2002, Kingston, Jamaica, 2002, http://www.iadb.org/mif/v2/files/jamaica1.doc

Remarks by The Honorable Sheila C. Bair, Assistant Secretary for Financial Institutions, Multilateral Investment Fund/Interamerican Development Bank Second Regional Conference on Remittances as a Development Tool, 26 February 2002, Washington DC, http://www.iadb.org/mif/v2/files/bair.doc

Remittances to Latin America and the Caribbean: Comparative Statistics, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/Comparativeremittan.pdf

Riak Akuei, Stephanie, *Remittances as Unforeseen Burdens: Considering Displacement, Family and Resettlement Contexts in Refugee Livelihood and Well-Being - Is there Anything States or Organisations Can Do?,* University College London, May 2004, http://www.unhcr.ch/cgibin/texis/vtx/home/%2B%2BwwBmeAJ0Iewxwwwwnwwwwwwwwh Fqo20I0E2gltFqoGn5nwG qrAFqo20I0E2glcFqcGnMoBBwDqn5Dzmxwwwwwww/opendoc.pdf

Ribadeneira, Santiago, *Mi Familia, mi Pais, mi Regreso*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena, http://www.iadb.org/mif/v2/spanish/files/ribadeneiraCO2004.pdf

Ribadeneira, Santiago, Mi Familia, mi Pais, mi Regreso: Crear Riqueza , Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Ecuador", http://www.iadb.org/mif/v2/files/RibadeneiraEC.ppt

Robinson, E.A.G. (ed) 1960. *Economic consequences of the size of nations*. London: Macmillan.

Robinson, Scott S., *Remittances, Microfinance and Community Informatics - Development and Governance Issues*, presented to FDC Workshop on Remittances, Microfinance and Technology (REMIT), Brisbane, June 2004, http://www.fdc.org.au/files/RobinsonpaperREMIT.pdf

Rodenburg, Janet.1993. "Emancipation or subordination? Consequences of female migration for migrants and their families." Pp. 273-289 in United Nations, *Internal Migration of Women in Developing Countries*. New York: United Nations.

Rogers, Julie (ADB) *Enhancing the efficiency of overseas workers remittances*, Powerpoint presentation to International Technical Meeting on Measuring Migrant Remittances January 24- 25, 2004, http://www.worldbank.org/data/Remittances/5fRogers.ppt

Ruiz-Eldredge, Augusto, *Sending Money Home: An Analysis of the Remittance Market Between the United States and the Dominican Republic*, Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York, http://www.iadb.org/mif/v2/files/ruizeldredge_NYNov04.pdf

Russell Stanton, Sharon, Karen Jacobsen, and William Stanley Deane. 1990. "International Migration and Development in Sub-Saharan Africa: Volume I, Overview." World Bank Discussion Papers, Africa Technical Department Series, no. 101, Washington, D.C.

Russell Stanton. 1990. "International Migration and Development in Sub-Saharan Africa: Volume II, Country Analyses." World Bank Discussion Papers, Africa Technical Department Series, No. 101, Washington, D.C.

Russell, Sharon Stanton. 1992. Migration, remittances and development. *International Migration* 30(3/4): 267-288.

Rutten, Lamon, and Okey Oramah. 2003. "Pre-financing Migrant Remittance Flows in Support of Agricultural Development in Africa." Economics Working Paper Archive, Washington University in Saint Louis. http://ideas.repec.org/p/wpa/wuwpif/0301001.html

Sanabria, Salvador, *Integracion, Organizacion, y Funcionamiento de las Comunidades Salvadorenas Transnacionales,* Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/SanabriaGU2003spa.pdf

Sanchez-Mejorado, Regina, *Remesas Estados Unidos - Mexico*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena, http://www.iadb.org/mif/v2/spanish/files/sanchezCO2004.pdf

Sander, Cerstin, Altemius Millinga, and Peter Mukwana. 2001. *"Passing the Buck - Money Transfer Systems: The Practice and Potential for Products in Tanzania and Uganda."* MicroSave-Africa, Kenya.

Sander, Cerstin and Issa Barro, *Etude sur le Transfert d'Argent des Emigres au Senegal et les Services de Transfert en Microfinance*, ILO Social Finance Programme, Working Paper 40, undated (but c. 2004). http://www.ilo.org/public/french/employment/finance/download/wp40.pdf

Sander, Cerstin and Samuel Maimbo, *Migrant Remittances in Africa: Reducing Obstacles to Developmental Contributions*. World Bank Africa Region Working Paper Series no. 64, World Bank, Financial Sector Vice Presidency, Africa, 2003.
http://www.sarpn.org.za/documents/d0000796/index.php

Sander, Cerstin and Samuel Munzele Mainbo *Migrant Labor Remittances in Africa: Reducing Obstacles to Developmental Contributions* World Bank Findings 247, February 2005,
http://www.worldbank.org/afr/findings/english/find247.pdf

Sander, Cerstin, "Migrant Remittances: A Profitable Proposition for the Financial Services Sector", *Developing Alternatives* 10(1): 13-16, Winter 2005,
http://www.dai.com/daideas/pdf/developing_alternatives/developing_alternatives_winter_2005.pdf

Sander, Cerstin, *Capturing a Market Share? Migrant Remittance Transfers and Commercialisation of Microfinance in Africa,* paper for Conference on Current Issues in Microfinance, Johannesburg, August 2003, http://www.bannock.co.uk/PDF/CapturingMarketShareFull.pdf

Sander, Cerstin, Issa Barro, Mamadou Fall, Mariell Juhlin et Coumba Diop: *Etude sur le transfert d'argent des émigrés au Sénégal et les services de transfert en microfinance*. Working Paper / Document de Travail No. 40, Employment Sector, Social Finance Unit / Le Programme Finance et Solidarité, International Labour Office (ILO/BIT), Geneva.

Sander, Cerstin, *Migrant Labour Remittances in Africa: Reducing Obstacles to Developmental Contributions* (Powerpoint slides) , Bannock Consulting, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, http://www.livelihoods.org/hot_topics/docs/RemitObstacles.ppt

Sander, Cerstin, *Migrant Remittances to Developing Countries: A Scoping Study: Overview and Introduction to Issues for Pro-Poor Financial services*, report for UK Department of International Development, Bannock Consulting, June 2003,
http://www.bannock.co.uk/PracticeMigrantRemittances.html

Sander, Cerstin, Peter Mukwana, Altemius Millinga, *Passing the Buck - Money Transfer Systems: The Practice and Potential for Products in Tanzania and Uganda*. MicroSave-Africa & Austrian Development Cooperation, 2001.

Sander, Cerstin, Samuel Munzele Maimbo, *Migrant Labor Remittances in Africa: Reducing Obstacles to Developmental Contributions*, Africa Region Working Paper Series No. 64 / 2003.
http://www.worldbank.org/afr/wps/wp64.pdf

Sander, Cerstin. 2001. *Passing the Buck - Money Transfer Systems: The Practice and Potential for Products in Tanzania and Uganda*. Presentation at Development Finance Seminar, Frankfurt, September.

Schoorl, Jeannette, et al. 2000. "Push and Pull Factors of International Migration: Comparative Report." Eurostat, Luxembourg.

Second International Conference on Hawala *Conference Statement* Abu Dhabi 5 April 2004,
http://www.cbuae.gov.ae/Hawala/statement-E.htm

Seddon, David, Jagannath Adhikari, and Ganesh Gurung. 2001. "The New Lahures: Foreign Employment and Remittance Economy of Nepal." *Nepal Institute of Development Studies*.

Sander, Cerstin and Issa Barro, *Etude sur le Transfert d'Argent des Emigres au Senegal et les Services de Transfert en Microfinance*, ILO Social Finance Programme, Working Paper 40, undated (but c. 2004). http://www.ilo.org/public/french/employment/finance/download/wp40.pdf

Sending Money Home: Remittance to Latin America and the Caribbean, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: Lima Statement on Remittances", 27 March 2004 Lima, Peru.

Shivani Puri and Tineke Ritzema, *Migrant Worker Remittances,Micro-finance and the Informal Economy: Prospects and Issues*. Working Paper N° 21, Social Finance Unit, ILO

Siddiqui, Tasneem and Choudhury R. Abrar, *Migrant Worker Remittances and Micro-Finance in Bangladesh*, ILO Social Finance Program, Working Paper 38, September 2003, http://www.ilo.org/public/english/employment/finance/download/wp38.pdf

Singer, Audrey and Anna Paulson, *Financial Access for Immigrants: Learning from Diverse Perspectives,* Brookings Institution Conference Report No 19, October 2004.

Singh, Bhupal (Reserve Bank of India, Mumbai) *Services Exports under Mode 4 of GATS: Exploratory Evidence from India*, presented to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, Document TSG/2/14
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-14.pdf

Singhanetra-Renard, Anchalee and Nitaya Prabhudhanitisarn. 1992. "Changing socio-economic roles of Thai women and their migration." Pp. 154-173 in S. Chant (ed.), *Gender and Migration in Developing Countries*. London and New York: Belhaven Press.

Skeldon, Ronald, "International Migration and the ESCAP Region: A Policy-oriented Approach", *Asia-Pacific Population Journal* 7(2): 3-22, 1992.
http://www.unescap.org/esid/psis/population/journal/1992/v07n2a1.htm

Skeldon, Ronald, *More than Just Remittances: Other Aspects of the Relationship etween Migration and Development,* United Nations Population Division, Meeting on International Migration, October 2004, http://www.un.org/esa/population/publications/thirdcoord2004/Skeldon_Paper.pdf

Small Enterprise Development Journal, special issue on migrant remittances March 2004.

Smith, Jeremy, *Remesas Comunitarias y el Desarrollo Rural*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City,
http://www.iadb.org/mif/v2/files/SmithGU2003spa.pdf

Smith, Jeremy, *Remesas Comunitarias y el Desarrollo Economico Local*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: the Mexican Case", 28 October 2003, Mexico City,
http://www.iadb.org/mif/v2/files/SmithME2003.pdf

Soares, Weber, O *Impacto das Remessas no Desenvolvimento Econômico Local*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/SoaresBR04.ppt

Solas, Grace E., untitled presentation, Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/gracesolas.doc

Solimano, Andres Remesas a los Países Andinos: *Tendencias, Costos e Impacto Económico*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Ecuador", http://www.iadb.org/mif/v2/files/SolimanoEC.ppt

Solimano, Andres, *Workers Remittances to the Andean Region: Mechanisms, Costs and Development Impact*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Ecuador",
http://www.iadb.org/mif/v2/files/SolimanoEC.doc

Solimano, Andres, *Remittances by Emigrants: Issues and Evidence*, WIDER Discussion Paper 2003/89, December 2003, http://www.wider.unu.edu/publications/dps/dps2003/dp2003-089.pdf

Soonthorndhada, Amara. 1987. *Circular Mobility of Female Labourers and Economic Development in Thailand*. V.R.E Series No.140. Tokyo: Institute of Developing Economies.

Spoonley, Paul, Richard Bedford and Cluny MacPherson, "Divided Loyalties and Fractured Sovereignty: Transnationalism and the Nation-State in Aotearoa/New Zealand", *Journal of Ethnic and Migration Studies* 29(1): 27-46, January 2003.

Standing G: "Income transfers and remittances." In *Migration Surveys in Low Income Countries: Guidelines for Survey and Questionnaire* Design (Edited by: Bilsborrow RE, Oberai AS, Standing G). London: Croom Helm 1984.

Stanwix C, Connell J: To the islands: the remittances of Fijians in Sydney. *Asian and Pacific Migration Journal* 1995, 4:69-88.

Stark O: Migration in LDCs: risk, remittances, and the family. *Finance and Development* 1991, 28:39-41.

Stark, Oded and David E. Bloom. 1985. The new economics of labor migration. *American Economic Review* 75(2): 173-178.

Stark, Oded and Robert E.B. Lucas. 1988. Migration, remittances and the family. *Economic Development and Cultural Change* 36(3): 465-481.

Stark, Oded, J. Edward Taylor and Shlomo Yitzhaki.1988. Migration, remittances and inequality: a sensitivity analysis using the extended Gini index. *Journal of Development Economics* 28: 309-322.

Stark, Oded. 1982. Research on rural-to-urban migration in LDCs: the Confusion Frontier and Why We Should Pause to Rethink Afresh. *World Development* 10(1): 63-70.

Statement on Remittances, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: Lima Statement on Remittances", 27 March 2004 Lima, Peru, http://www.iadb.org/mif/v2/files/Statement_Lima2004eng.pdf

Stein, Eduardo, *Development Role of Remittances: The Case of Central Americans in the US,* presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003,
http://www.livelihoods.org/hot_topics/docs/RemitCAmericas.doc

Stigter, Elca, *Transnational Networks and Migration from Faryab to Iran,* Afghanistan Research and Evaluation Unit, February 2005,
http://www.areu.org.af/publications/Transnational%20Networks%20-%20Faryab.pdf

Suki, Leonora, *Financial Institutions and the Remittances Market in the Dominican Republic,* Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: An Analysis of the Remittance Market between the United States and the Dominican Republic", 23 November 2004, New York,
http://www.iadb.org/mif/v2/files/Suki_NYNov04.pdf

Suro, Robert, Sergio Bendixen, B. Lindsay Lowell, and Dulce C. Benavides, *Billions in Motion: Latino Immigrants, Remittances, and Banking*, Multilateral Investment Fund/Interamerican Development Bank Round Table on Remittances and the US Financial System, 22 November 2002, Washington DC, http://www.iadb.org/mif/v2/files/nov22b.pdf

Tacoli, Cecilia, and David Okali *The Links Between Migration, Globalisation and Sustainable Development*', World Summit on Sustainable Development, IIED in collaboration with the Regional and International Networking Group, RING, 2001, summary at
http://www.id21.org/zinter/id21zinter.exe?a=3&i=s10cct1g1&u=425b027c

Talento, Raymundo J. (National Statistical Coordination Board (NSCB) Philippines) *Measurement of the Migrant Workers in the Philippine System of National Accounts* (PSNA), TSG/1/21, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004,
http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-21.pdf

Taylor, J. Edward and T.J. Wyatt. 1996. "The shadow value of migrant remittances, income and inequality in a household-farm economy." *Journal of Development Studies* 32(6): 899-912.

Taylor, J. Edward. 1999. "The new economics of labour migration and the role of remittances in the migration process", *International Migration* 37(1): 63-88.

Taylor, John B., *Remittance Corridors and Economic Development: A Progress Report on the Bush Administration*, remarks presented at the "Payments in the Americas" Conference, Federal Reserve Bank of Atlanta, October 8 2004, http://www.treas.gov/press/releases/js2005.htm

Taylor, John B., *Workers' Remittances an Effective Anti-Poverty Tool*, Says US ,
http://usinfo.state.gov/wh/Archive/2004/Oct/12-528860.htm

Taylor, John B., *Remittance Corridors and Economic Development: A Progress Report on the Bush Administration,* remarks presented at the "Payments in the Americas" Conference, Federal Reserve Bank of Atlanta, October 8 2004, http://www.treas.gov/press/releases/js2005.htm, with media release http://usinfo.state.gove/wh/Archive/2004/Oct/12-528860/html

Terry, Donald F., *Latin American and Caribbean Remittances: The Next Five Years*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool: Lima Statement on Remittances", 27 March 2004 Lima, Peru,
http://www.iadb.org/mif/v2/files/TerryPE2004.pdf

Terry, Donald F., *opening remarks*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as an Instrument for Development", 24 November 2003 Washington DC, http://www.iadb.org/mif/v2/files/TerryNov2003eng.pdf

Terry, Donald F., *Receptores de Remesas en America Latina El Caso Colombiano*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena,
http://www.iadb.org/mif/v2/spanish/files/fomin_Colombia2004.pdf

Terry, Donald F., *Sending Money Home: Leveraging Billions Through Microfinance*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City,
http://www.iadb.org/mif/v2/files/TerryGU2003eng.pdf

Terry, Donald F., *Sending Money Home: Remittances to Latin America from the US, 2004,* Multilateral Investment Fund/Interamerican Development Bank Conference "Sending Money Home: The First State-by-State Analysis of Remittances from the United States to Latin America", 17 May 2004, Washington DC, http://www.iadb.org/mif/v2/files/map2004survey.pdf

Terry, Donald, *introductory comments*, Multilateral Investment Fund/Interamerican Development Bank Conference on Las Remesas de España a Latinoamérica como Instrumento de Desarrollo, 28 January 2003, Madrid, http://www.iadb.org/mif/v2/files/TerrySpain.doc

Terry, Donald, *Las Remesas Como Instrumento De Desarrollo En Ecuador*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Ecuador", 12 May 2003, Quito, http://www.iadb.org/mif/v2/files/TerryEC.doc

Thieme, Susan, *Savings and Credit Associations and Remittances: The Case of Far-West Nepalese Labor Migrants in Delhi, India*, ILO Social Finance Program Working Paper 39,
http://www.ilo.org/public/english/employment/finance/download/wp39.pdf

Tiemoko, Richard, *Migration, Return and Socioeconomic Change in West Africa: The Role of Family*, Sussex Migration Working Paper No 15, March 2003, http://www.sussex.ac.uk/migration/publications/working_papers/mwp15.pdf ; also at http://www.id21.org/society/s7crt2g1.html

Tiemoko, Richmond. 2003. "Migration, Return and Socio-Economic Change in West Africa: The Role of Family." Working Paper no. 15, Sussex Centre for Migration Research, University of Sussex. http://www.gapresearch.org/production/RICHMONDTIEMOKO.pdf

Timm, Roger, *Giros a Colombia: El Mercado y sus Costos*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances and Micrfinance: Colombian Case Study and Best Practice in the Region", 8 September 2004, Cartagena, http://www.iadb.org/mif/v2/spanish/files/timmCO2004.pdf

Tongamoa T: *International migration, remittances and Tonga*. Review 1990, 18:12-18.

Tongamoa T: *Migration, remittances and development: a Tongan perspective*. Unpublished MA Thesis, University of Sydney 1987.

Tonguthai, Pawadee. 1993. "Thailand." Pp. 96-18 in United Nations, *Urbanization and Socioeconomic Development in Asia and the Pacific*, Asian Population Studies Series, No.122. New York: United Nations.

Torres A., Federico, *El Capital de los Migrantes: Un Gigante Dormido?* Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC, http://www.iadb.org/mif/v2/files/federicotorres.doc

Toulmin, Camilla, Rebecca Leonard, and Thea Hilhorst. 2000. "Mali Poverty Profile." Drylands Project, International Institute for Environment and Development (IIED), London. May 2000.

Trager, Lilian. 1984. "Family strategies and the migration of women: migrants to Dagupan City, Philippines." *International Migration Review* 18(4): 1264-1277.

Trujillo, Mario, *Growing Remittances to Brazil,* Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro, http://www.iadb.org/mif/v2/files/Trujillo_BR_May04.ppt

United Nations General Assembly, *Draft Resolution: International Migration and Development* A/C.2/59/L

United Nations. 1982. *Migration, Urbanization and Development in Thailand.* ST/ESCAP/211. Bangkok: Economic and Social Commission for Asia and the Pacific.

United Nations, *Balance of Payments Technical Expert Group (BOPTEG), Outcome paper (BOPTEG) # 8,* TSG/1/15, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons - Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-15.pdf

United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, *List of Documents* http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-2.htm

United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons - Mode 4, Paris, January 31-February 1 2005, *Agenda*, http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-1.htm

United Nations Department of Economic and Social Affairs, *World Economic and Social Survey 2004 Part II: International Migration*, New York 2004, http://www.un.org/esa/policy/wess/wess2004files/part2web/part2web.pdf

USAID, Overview of Remittances,
http://www.usaid.gov/our_work/global_partnerships/gda/tab/RemittanceOverviewAug2004.doc

USAID, "Remittances at USAID", August 2004,
www.usaid.gov/our_work/global_partnerships/gda/RemittancesatUSAID.doc

Utsumi, Makoto, *Remittances as a Development Tool: A Regional Conference* Multilateral Investment Fund/Interamerican Development Bank Regional Conference on Remittances as a Development Tool, May 17-18, 2001, Washington, DC,
http://www.iadb.org/mif/v2/files/makotoutsumi.doc

Valle, Paulo Fontoura *Serviços Financeiros para Melhor Conduzir as Remessas ao Brasil: Tesouro Direto,* Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Brazil", 31 May 2004, Rio de Janeiro,
http://www.iadb.org/mif/v2/files/Valle_BR_May04.ppt

Van Dalen, Hendrik P., George Groenewold, and Tineke Fokkema *Remittances and their Effect on Emigration Intentions in Egypt, Morocco and Turkey*, Tinbergen Institute Discussion Paper TI 2005 030/1, March 2005, http://www.tinbergen.nl/discussionpapers/05030.pdf

Van Doorn, Judith, Remittances: *Characteristics and Development Perspective*, ILO, presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003,
http://www.livelihoods.org/hot_topics/docs/RemitPerspective.ppt

Vasconcelos, Pedro de (IADB), *Sending money home - Remittances as a development tool in Latin America and the Caribbean,* presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005,
http://www.worldbank.org/data/Remittances/5eVasconcelos.ppt

Vertovec, Steven, "Migrant Transnationalism and Modes of Transformation", *International Migration Review* 38(3): 970-1001, Fall 2004.

Vete MF: "The determinants of remittances amongst Tongans in Auckland." *Asian and Pacific Migration Journal* 1995, 4:55-68.

Walker AM, Brown RPC: "From consumption to savings? interpreting Tongan and Western Samoan sample survey data on remittances." *Asian and Pacific Migration Journal* 1995, 4:89-116.

Walter P., Reynold O., *Remesas Como Instrumento Del Desarrollo: Potenciando las Microfinanzas*, Multilateral Investment Fund/Interamerican Development Bank Conference "Remittances as a Development Tool in Central America: Empowering Microfinance", 3 September 2003, Guatemala City, http://www.iadb.org/mif/v2/files/WalterGU2003spa.pdf

Watanabe, Machiko. 1997. *Tai: kokunai jinko idou to sangyo kozo henka (Thailand: internal migration and structural change of industry).* Ohara Shakai Mondai Kenkyujo Zasshi 466: 1-19.

Whitwell, Chris. 2002. "New Migration in the 1990s: A Retrospective." Working Paper no. 13, Sussex Centre for Migration Research, University of Sussex.
http://www.sussex.ac.uk/migration/publications/working_papers/mwp13.pdf

Widgren, Jonas, and Philip Martin. 2002. "Managing Migration: The Role of Economic Instruments." Centre for Development Expert Working Paper, Copenhagen, February.
www.cdr.dk/migdevwall/papers/ManagingMigration.doc

Wilson, John (IMF), *Measuring the immeasurable: hawala international remittances via informal channels*, presentation to World Bank International Technical Meeting on Measuring Migrants' Remittances, January 24-25 2005, http://www.worldbank.org/data/Remittances/4gWilson.ppt

Wimaladharma, Jan, Douglas Pearce and David Stanton, *Remittances: the New Development Finance?,* presented to International Conference on Remittances, sponsored by Department for International Development (DFID) and the World Bank in collaboration with the International Migration Policy Programme (IMP), London, 9-10 October 2003, published in Small Enterprise Development 15(1): 12-19, March 2004, http://www.id21.org/society/s5ajw2g1.html and http://www.livelihoods.org/hot_topics/docs/remittance.pdf

Wimaladharma, Jan, Douglas Pearce and David Stanton Remittances: the new development finance?' Small Enterprise Development, Vol 15, no 1, pp12-19, by Jan Wimaladharma, Douglas Pearce and David Stanton, 2004

World Bank, *Global Development Finance 2003,* http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGDF/EXTRGDF2003/0,,contentMDK:20274650~menuPK:544505~pagePK:64167689~piPK:64167673~theSitePK:544497,00.html

World Bank, *Global Development Finance 2004,* http://web.worldbank.org/WBSITE/EXTERNAL/RESEARCH/EXTPROSPECTS/GDFEXT/GDFEXT2004/0,,contentMDK:20177059~menuPK:335441~pagePK:64097019~piPK:64096667~theSitePK:335432,00.html

World Bank: *Pacific Island Economies: Toward Efficient and Sustainable Growth* Washington, DC: The World Bank 1993.

World Bank, *Informal Funds Transfer Systems in the APEC Region: Initial Findings and a Framework for Further Analysis,* paper prepared for the meeting of Asia and Pacific Economic Cooperation (APEC) Finance Ministers and Deputies, September 1-5, 2003, http://www1.worldbank.org/finance/html/amlcft/docs/ARS/Informal%20Funds%20Transfer%20Systems%20in%20the%20APEC%20Region.pdf

World Bank, *International Working Group to Improve Remittance Statistics: Notional Terms of Reference,* December 17 2004, http://www.worldbank.org/data/Remittances/1bQuinn.pdf

World Bank., *International Technical Meeting on Measuring Migrant Remittances January 24-25, 2005* http://www.worldbank.org/data/remittances.html

World Bank Technical Subgroup on the Movement of Natural Persons, presentation to International Technical Meeting on Measuring Migrant Remittances January 24-25, 2004, http://www.worldbank.org/data/Remittances/2cAlfieri.ppt#256

World Council of Credit Unions Inc, *A Technical Guide to Remittances: The Credit Union Experience,* WOCCU Technical Guide #4, March 2004. https://www.woccu.org/development/remittances/index.php

World Trade Organization and OECD, *Background Note on Gats Mode 4 and its Information Needs,* presented to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons – Mode 4, Paris, January 31-February 1 2005, Document TSG/2/8, http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-8.pdf

World Trade Organization and OECD, *Background Note on Gats Mode 4 and its Information Needs,* Powerpoint presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons – Mode 4, Paris, January 31-February 1 2005, Document TSG/2/8a , http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-8a.ppt

Wucker, Michell, "Remittances: The Perpetual Migration Machine", *World Policy Journal* Summer 2004, pp. 37-46 http://www.worldpolicy.org/journal/articles/wpj04-2/Wucker.pdf

Yamaguchi, Eika (Bank of Japan) *Mode 4 eEtimation, Japan*, TSG 1/22, United Nations Department of Economic and Social Affairs Statistics Division, Meeting of the Technical Subgroup of the Task Force on International trade in Services, Movement of Natural Persons – Mode 4, Paris, 15-16 September 2004, http://unstats.un.org/unsd/tradeserv/TSG%2009-04-Paris/tsg0409-22.pdf

Yamaguchi, Eika (Balance of Payments Statistics Section, Bank of Japan), *Compilation Methodology for Workers' Remittances in Japan,* presentation to United Nations Department of Economics and Social Affairs, Technical Subgroup on Movement of Natural Persons – Mode 4, Paris, January 31-February 1 2005, Document TSG/2/10,
http://unstats.un.org/unsd/tradeserv/TSG%2002-05-Paris/tsg0502-10.ppt

Yang, E. and F. Kawawaki (ADB), *South East Asia Workers' Remittance Study*, December 2004,
http://www.worldbank.org/data/Remittances/5gRogers.pdf

Zlotnik, Hania, Measuring Remittances: *The Issue of Definitions* Powerpoint presentation to International Technical Meeting on Measuring Migrant Remittances January 24-25, 2004, UN Population Division, http://www.worldbank.org/data/Remittances/2dZlotnik.ppt#269

Zlotnik, Hania (UN Population Division), *Use of Surveys to Measure Remittances*, presentation to International Technical Meeting on Measuring Migrant Remittances January 24-25, 2004,
http://www.worldbank.org/data/Remittances/5dZlotnik.ppt#272