

COMPENDIUM OF POLICIES AND PRACTICES OF THE LEAST DEVELOPED COUNTRIES IN THE AREA OF REMITTANCES



IOM International Organization for Migration
OIM Organisation Internationale pour les Migrations
OIM Organización Internacional para las Migraciones

INTRODUCTION
Section I - DATA ON REMITTANCE FLOWS AND MIGRATION

TABLE 1.1 - Collection of Remittance Data

Country	Kind of Remittance Data													
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Bangladesh	X	X		X		X								
Burkina Faso	X	X	X	X		X	X	X				X	X	X
Burundi	X	X		X	X	X	X						X	
Cambodia	X													
Ghana	X		X	X		X								
Lesotho	X		X	X		X				X	X			
Mali	X			X	X	X	X						X	
Tanzania				X	X	X	X							X
Uganda	X	X		X	X	X	X							

Key:

A = Total formal flow

B = Number of Annual Transactions

C = Frequency of Transfers

D = Remittance methods/channels

E = Cost of Transfer

F = Remittance sending country

G = Remittance receiving

city/province/region/community

H = Gender of Remittance sender and/or receiver

I = Age of remittance sender

J = Income of remittance sender

K = Employment activity of remittance sender

L = Legal/migration status of remittance sender

M = Principal uses of remittances

N = Other

TABLE 1.2 - Total Remittance Flows for 2003 and 2004 (In US\$) & the Proportion of this Total Flow in Relation to GDP

Remittance Flow	Uganda	Cambodia	Bangladesh	Ghana	Mali	Burundi	Tanzania
2003 Formal	-	-	\$3.062 billion	\$1.017 billion	-	2,893,813	\$1.9 million
2003 Informal	-	-	-	-	-	-	-
2003 Total Estimated Flow	\$297 million	\$162.8 million	-	\$1.017 billion	\$138.38 million	-	-
2003 Total as a percentage of GDP	4.60%	3.70%	5.90%	12.80%	3.28%	0.48%	0.02%
2004 Formal	-	-	\$3.372 billion	\$1.287 billion	\$110 million	\$4,139,065	\$3.4 million
2004 Informal	-	-	-	-	\$130 million	-	-
2004 Total Estimated Flow	\$291 million	\$142 million	-	\$1.287 billion	\$240 million	-	-
2004 Total as a percentage of GDP	3.70%	2.90%	5.98%	14.50%	-	0.60%	0.03%

TABLE 1.3 - Main Remittance Inflows

Remittance Sending Country	USA	Canada	UK	Australia	Europe	Central Africa	South Africa	Middle East	Asia	Japan
Remittance Receiving Country										
Bangladesh	X							X		
Burundi	X	X			X					
Cambodia	X			X	X					
Ethiopia	X				X			X		
Ghana	X	X	X		X					
Haiti	X	X								
Lesotho							X			
Mali	X				X	X			X	
Tanzania	X				X			X		
Uganda	X		X							X

Section II – POLICIES AND MECHANISMS TO ATTRACT INFLOW OF REMITTANCES, OR THOSE THAT MAY DIVERT REMITTANCE FLOWS TO INFORMAL CHANNELS

FIGURE 2.1 - Official Exchange Rate

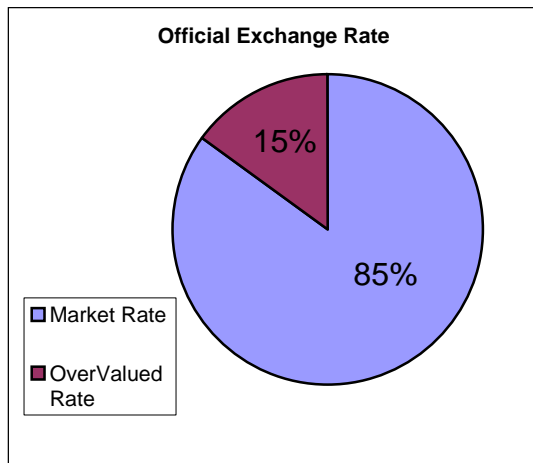


FIGURE 2.2 - Taxation and Remittances

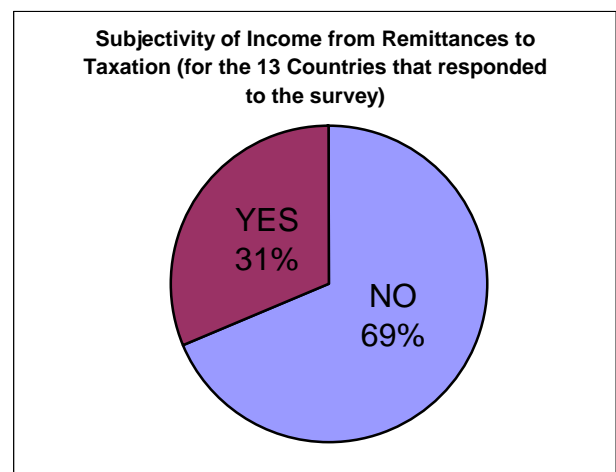


FIGURE 2.3 - Repatriable Foreign Currency Accounts for Nationals

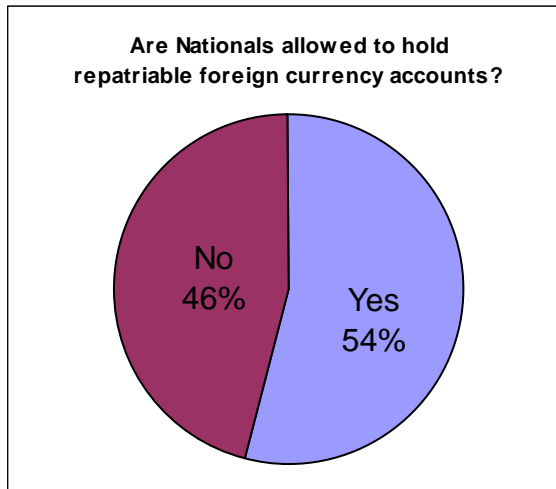


FIGURE 2.4 - Proportion of Countries with Access to Foreign Exchange

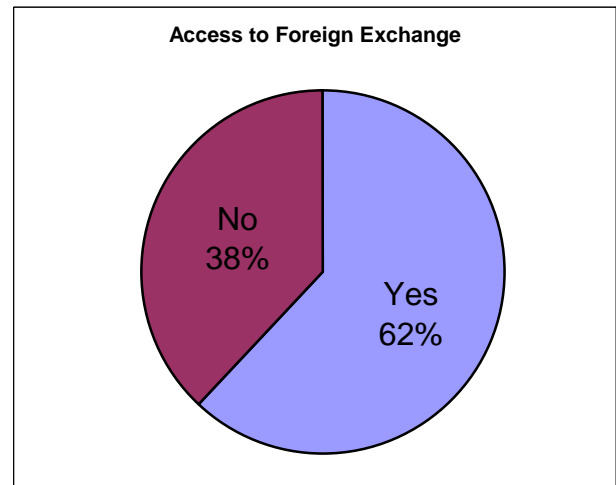


TABLE 2.1 - Most Common Channels through which Recipients Receive Remittances (by rank)

Countries	Channels through which recipients receive remittances					
	Formal Transfer Channels				Informal Transfer Channels	
	Money Transfer Operators	Banks	Postal Service	Recruitment Agencies	Hand Carry	Hawala/Hundi (third party informal operators)
Afghanistan	2	1				1
Bangladesh		1	2			1
Benin	2	3	1		1	2
Burundi	1					
Cambodia		1			1	2
Ethiopia	2	1			2	1
Ghana	2	1	3		1	
Haiti	1	2			1	2
Lesotho		1		2		
Mali	2	1			2	1
Tanzania	2	1			1	
Uganda	1	2	3		2	1

Key:

1 = Most common channel 2 = 2nd common channel 3 = 3rd common channel

TABLE 2.2 - Quality of Remittance Delivery Services to Rural Areas and What Measures are being taken to improve service to recipients in these rural communities

<i>Afghanistan</i>	Service is very limited as formal bank institutions lack provincial bank network. Currently there is a domestic electronic fund transfer system to provincial centers.
<i>Bangladesh</i>	As an initiative to improve delivery services to rural recipients, the Government is reviewing a project to be adopted and implemented under the title "Financial Services for the Poor (FSP) Program and implementation and Proposed G8 Remittance Partnership" in collaboration with DFID (UK).
<i>Burundi</i>	There are banks located in small frequency throughout the country. MUTEK's micro finance outlet is in the neighborhood of Buyenzi in Bujumbura. The creation of a cooperative by the Burundi's Diaspora allowed the establishment of an Agency (Small agency that provides door to door service).
<i>Ethiopia</i>	We have learned that money transfer agencies have been expanding their networks outside the major cities.
<i>Ghana</i>	<p>The players in the remittance delivery market in an effort to bridge the distance between them and their recipients have taken steps to expand the delivery points in both the urban and rural areas through the banks and post offices. Again, the ARB APEX Bank, the umbrella of the rural banks, has had arrangement with the commercial banks and the remittance companies to increase the effort to make the delivery points closer to the rural recipients.</p> <p>The system of unofficial transfers used to dominate the delivery channel but with the opening and liberalization of the Ghanaian economy, Money Transfer Operators have continued to increase. Prudent fiscal and monetary management resulting in improved macroeconomic conditions has increase consumer confidence in Ghana's economy and has therefore enhanced transfer delivery.</p>
<i>Haiti</i>	Remittance services extend well into rural areas.
<i>Mali</i>	Informal services provided by commercial merchants is the most prevalent, but there are many cases of problems with security during rural service delivery. Distribution services are mainly concentrated in urban areas. Delivery to service areas outside urban centers is done mainly through families (social networks).
<i>Tanzania</i>	Currently delivery services are situated in the cities, although there are plans to penetrate into the interior. However, these plans will move in line with the expansion/networking of commercial banks given that they are the main players in the market. In the past, only one bank was commissioned to deal with Western Union transfers. However, Western Union has now commissioned other commercial banks as agents as well.
<i>Uganda</i>	Through acquaintances/individuals, micro-finance institutions with linkages to Western Union, and banking institutions with rural branches.

**Section III – POLICIES TO ENHANCE THE DEVELOPMENT IMPACT OF
REMITTANCES**

TABLE 3.1 - Services for Migrants to Encourage Investments from Remittances

	Matching funds for local development projects	Matching funds for housing	Information about govt./development projects needing support	Partnerships with local/national/international development agencies	Credit incentives	Business development incentives
Afghanistan						
Bangladesh						
Benin						
Burundi	X	X		X		
Cambodia						
Ethiopia						
Ghana						
Haiti						
Lesotho						
Mali	X	X		X	X	X
Tanzania	X					
Uganda			X	X		

TABLE 3.2 - Savings and Deposits

Do people commonly use banks for depositing their savings?	
Yes	No
Bangladesh Benin Burundi Ethiopia Lesotho Mali Tanzania Uganda	Afghanistan Cambodia Ghana Haiti

Section IV – EMIGRATION POLICIES THAT MAY AFFECT REMITTANCES

TABLE 4.1 - Measures to Promote Managed Labour Migration & Support Services to Migrants

	A	B	C	D	E	F	G	H	I	J	K	L	M
Strategies													
<i>Measures to Promote Managed Labour Migration</i>													
Bilateral Governmental Arrangements		X											
Recruitment Agencies		X									X		
Governmental Body assigned to promote labour migration such as the External employment Unit		X											X
<i>Support Services to Migrants</i>													
Labour Attaches		X				X							
Welfare Fund		X											
Assistance from Missions abroad	X				X			X		X	X		

Key:

A = Afghanistan

B = Bangladesh

C = Benin

D = Burkina Faso

E = Burundi

F = Cambodia

G = Ethiopia

H = Ghana

I = Haiti

J = Mali

K = Lesotho

L = Tanzania

M = Uganda

Section V – INSTITUTIONAL FRAMEWORK

TABLE 5.1 - Government Body Dedicated to the Issue of Migration and Remittances

Afghanistan	Ministry of Labour and Social Affairs
Bangladesh	Ministry of Expatriate and Overseas Employment
Benin	Ministry of the Interior, Security and Decentralization
Cambodia	The Department of Migrant Labour under the Ministry of Vocational Training and Labour – The department is responsible for managing and developing migration labour policies, dispute solutions, and compiling statistics on labour exports.
Haiti	Ministry of Haitians living Abroad – Created a very short time ago and has an economic focus and tries to encourage remittances and investments
Lesotho	Ministry of Employment and Labour – responsible for the administration of the deferred pay fund. The structure is as follows: 1. Ministry of Employment and Labour, 2. Lesotho Bank, 3. Mineworkers Representatives, 4. Recruitment Agency.
Mali	Malien Ministry of the Exterior and African Integration and the Ministry of Economics and Finance also works on co-development projects and is charged with addressing questions about migration and remittances

Section VI – ANY OTHER RELEVANT DIASPORA-RELATED POLICIES

TABLE 6.1 - National Government's Formal Relationship with National Migrant
Diasporas Abroad

	Diasporas Congresses and/or events	Diasporas Celebration Day	Information/websites	Identification Cards	Double Citizenship	Voting Rights	Diaspora associations (HTAs) abroad
Afghanistan							
Bangladesh				X ¹			
Benin	X	X	X			X	X
Burundi	X			X ²	X	X	X
Cambodia							
Ghana	X ³	X ⁴			X	X ⁵	
Haiti	X ⁶	X ⁷	X ⁸				X ⁹
Lesotho							
Mali	X ¹⁰		X ¹¹				X ¹²
Tanzania							
Uganda							

¹ CIP (NBR)

² Passports

³ Emancipation Day

⁴ Panafest

⁵ Bill is currently in parliament to allow voting rights

⁶ Multiple conferences abroad and cultural events

⁷ Diaspora Week

⁸ www.Haiti2004lakay.org

⁹ Invitations are made for religious festivals and there is also contact with HTAs over the web.

¹⁰ Diaspora Forum in October 2003

¹¹ Website of Maliens Abroad

¹² High Council of Maliens abroad

AFGHANISTAN



Government body dedicated to the issue of migration and remittances

Ministry of Labour and Social Affairs

Remittance data collection

Currently no remittance programs are formally in place. There are initial discussions on establishing a worker remittance program in collaboration with a commercial bank and the central bank

Taxation and remittances

Income from remittances is not subject to taxation

Official exchange rate – at market rate

Access to foreign exchange – yes

Repatriable foreign currency accounts held by nationals: Afghanistan allows this

Most common channels through which recipients receive remittances:

Formal Transfer Channel 1	Electronic transfers (swift)
Formal Transfer Channel 2	Money service providers such as Western Union (average fee of 2-3 percent)
Informal Transfer Channel 1	Hawala System

Remittance delivery services to rural areas

Quality of Service is very limited as formal bank institutions lack provincial bank networks. Now there is a domestic electronic fund transfer system to provincial centers

Support services to migrants

General embassy services available overseas

UNHCR assistance (in terms of asylum and refugees)

Cooperation arrangements

With countries of migrant destination that address issues of migration of Afghani nationals and indirectly support or hinder remittances & with international organizations on the topic of migration and remittances:

- ILO and UNHCR
- Existing agreements with UNCHR and various countries in Europe and Afghanistan in dealing with refugees and asylum seekers
- Trilateral dialogue to be initiated between Pakistan, Iran and Afghanistan in late 2005 on migration and remittances

Subjectivity of banks to annual audits - Yes

BANGLADESH



Government body dedicated to the issue of migration and remittances

Ministry of Expatriate and Overseas Employment

Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection – remittances are received through banking channels

Kind of remittance data being collected:

- Total formal flow
- Number of annual transactions
- Remittance methods/channels
- Remittance sending country

Total remittance flows & the proportion of this total flow in relation to GDP

2003 Formal - \$3.062 billion

2003 total as % of GDP – 5.90%

2004 Formal - \$ 3.372 billion

2004 total as % of GDP – 5.98%

Main remittance inflows

Saudi Arabia

United States

United Arab Emirates

Legal migration status of remitters

Total number of migrants (2003)	3.58 million
Professional	4.40%
Skilled	31.80%
Semi-skilled	16.66%
Unskilled	47.14%

Additional information on remitters

Age Ranges	20-50 years
Place of origin (rural/urban)	Both
Level of Formal Education	All levels

Socio-economic level

All levels

Primary use of remittance transfers

- Food & Clothing
- Home construction/repair
- Agricultural Land Purchase
- Repayment of Loan (for migration)
- Social Ceremonies
- Sending family member abroad
- Investment in Business
- Repayment of Loan (for other purposes)
- Healthcare/Medicine
- Savings/Fixed Deposit
- Education
- Release of Mortgage Land
- Other
- Taking Mortgage of Land
- Homestead Land Purchase
- Gifts/Donations to Relatives
- Send relative for pilgrimage
- Furniture
- Insurance
- Community Development Activities

Official exchange rate – There is no official exchange rate. Banks transact remittances - each at their own published exchange rates in line with market rates in a floating exchange regime of Taka

Access to foreign exchange – Yes

Taxation and remittances – Income from remittances is subject to taxation

Information to nationals abroad on remittance channels and costs – All information regarding remittance channels is available on Bangladesh Bank’s website: www.bangladesh-bank.org. In addition pamphlets in this regard are distributed

Repatriable foreign currency accounts held by nationals: Bangladesh allows this

Most common channels through which recipients receive remittances:

Formal Transfer Channel 1:	Banks
Formal Transfer Channel 2:	Post office
Informal Transfer Channel:	Hundi

Main players in the remittance delivery market - Banks

How has this market changed overtime?

The regulatory arrangements require inward remittances to be channeled through banks in Bangladesh

Remittance delivery services to rural areas

Measures to improve service – As an initiative to improve delivery services to rural recipients, the Government is reviewing a project to be adopted and implemented under the title “Financial Services for the Poor (FSP) Program and proposed G8 Remittance Partnership” in collaboration with DFID (UK)

Other measures – A DFID supported project is under preparation

Measures to attract investment from remittances:

1. *Wager Earners' Development Bond* - can be purchased by the wage earner serving abroad in his own name or in the name of any other person in his application. The Bond(s) shall mature for payment on or after five years from the date of its purchase. The Bond(s) shall carry interest at the rate of 12 percent per annum payable on half-yearly basis in Bangladesh currency. The money invested in the purchase of Bond(s) and interest accrued/earned on the investment in the Bond(s) shall be free from income tax
2. *US Dollar Investment Bond* - may be issued in the name of holder of a Foreign Currency Account against remittances from abroad to the account. The Bond(s) shall be matured for payment after completion of three years from the date of its issue. The Bondholder will be entitled to draw interest on half-yearly basis at 6.5 percent fixed rate per annum in USD. The money invested in the purchase of Bond(s) and interest accrued/earned on the investment in the Bond(s) shall be free from income tax
3. *US Dollar Premium Bond* - may be issued in the name of holder of a Foreign Currency account against remittances from abroad. The Bond(s) shall be matured for payment after completion of three years from the date of its issue. The Bondholder will be entitled to draw interest on half-yearly basis at 7.5 percent fixed rate per annum in Bangladesh currency at the USD/BDT rate. The money invested in the purchase of Bond(s) and interest accrued/earned on the investment in the Bond(s) shall be free from income tax

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

Measures to promote managed labour migration

Bilateral Governmental arrangements with few countries including Malaysia, Kuwait and Qatar for migration of skilled labour/professionals are in place

Measures to provide support services to migrants

Ministry of Expatriate Welfare and Overseas Employment oversee the migrant related affairs and administers a “Wage Earners Welfare Fund” under which expatriates and returning migrants are provided with financial and other support services including the carrying of dead bodies from foreign destinations

Bilateral arrangements

Bilateral agreements have been signed with Malaysia, Kuwait and Qatar

Cooperation arrangements

With countries of migrant destination that address issues of migration of Bengali nationals and indirectly support or hinder remittances & with international organizations on the topic of migration and remittances:

- Remittance facilities with Exchange Houses of various countries
- IOM – IOM has been working with the Ministry of Expatriate and Overseas Employment and BMET

BENIN



Government body dedicated to the issue of migration and remittances

Ministry of the Interior, Security and Decentralization

Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection – Remittances arrive in Benin through banks, the postal service or money transfer companies like Western Union and are also often hand carried

Primary use of remittance transfers

- Food
- Healthcare/Medicine
- Housing
- Education
- Water/Electricity/Fuel
- Transportation
- Communication
- Household Electronics/Appliances
- Clothing

Official exchange rate – at market rate

Access to foreign exchange - yes

Taxation and remittances – Income from remittances is subject to taxation

Repatriable foreign currency accounts held by nationals: Benin does not allow this

Most common channels through which recipients receive remittances:

Formal Transfer Channel 1	Post
Formal Transfer Channel 2	Society of funds transfer
Formal Transfer Channel 3	Banks
Informal Transfer Channel 1	Personal
Informal Transfer Channel 2	Informal transfer societies

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

National government's formal relationship with national migrant diaspora abroad:

- Diaspora Congresses and/or events
- Diaspora Celebration Day
- Information/websites
- Voting Rights
- Relationship with migrant Diaspora associations (HTAs) abroad

BURKINA FASO



Collection of remittance data

Kind of Remittance Data being collected:

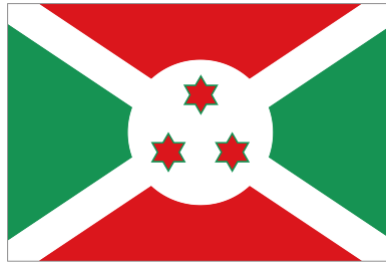
- Total Formal Flow
- Number of annual transactions
- Frequency of transfers
- Remittance methods/channels
- Remittance sending country
- Remittance receiving city/province/region/community
- Gender of remittance sender and/or receiver
- Legal/migration status of remittance sender
- Principal uses of remittances
- Other

Official exchange rate – at market rate

Taxation and remittances - Income from remittances is subject to taxation in Burkina Faso

Repatriable foreign currency accounts held by nationals: Benin does not allow this

BURUNDI



Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection - Family aid, medical expenses

Collection of remittance data

Kinds of Remittance data being collected:

- Total Formal Flow
- Number of annual transactions
- Remittance methods/channels
- Cost of Transfer
- Remittance sending country
- Remittance receiving city/province/region/community
- Principal use of remittances

Total remittance flows

2003 Formal	\$2,893,813
2003 Total as % of GDP	0.48%
2004 Formal	\$4,139,065
2004 Total as % of GDP	0.60%

Primary use of remittance transfers

- Food
- Healthcare/Medicine
- Housing
- Education
- Water/Electricity/Fuel
- Transportation
- Communication
- Household Electronics/Appliances
- Clothing

Official exchange rate – overvalued rate

Access to foreign exchange – Yes

Taxation and remittances – Income from remittances is subject to taxation in Burundi

Repatriable foreign currency accounts held by nationals: Burundi allows this

Most common channels through which recipients receive remittances:

Formal Transfer Channel 1	Western Union (fees - the highest cost is 16% (\$16) for transfers up to \$100, the lowest cost is 4% (\$150) to transfer \$3500)
Formal Transfer Channel 2	Money Gram (the highest cost is 12% (\$12) for transfers of less than \$100 and the lowest cost is 3% (\$300) to transfer \$10,000)
Formal Transfer Channel 3	La Mutec (Free if one has an account with MUTEC)

Main players in the remittance delivery market

Remittance Companies	MUTEC
Banks	BANCOBU, IBB, BCF
Informal Remittance Systems	Hand Carried

How has this market changed over time?

Banks continue to operate traditionally as do Western Union and Money Gram. MUTEC however is a private initiative of the Burundian Diaspora as of 26/7/2004. In February 2005, MUTEC opened a branch office in Buyenzi, a popular neighborhood in Bujumbura

Remittance delivery services to rural areas

There are banks located in a few places throughout the country. MUTEC's micro finance outlet is in the neighborhood of Buyenzi in Bujumbura

Measures to improve service – The creation of a cooperative by the Burundi's Diaspora allowed the establishment of a small agency that provides door-to-door service

Services for migrants to encourage investments from remittances

- Matching funds for local development projects
- Matching funds for housing
- Partnerships with local/national/international development agencies

Description of activities: MUTEC is an institute of micro finance that mobilizes savings and distributes credit at very low interest rates (according to the financial situation of the market) to associations of farmers, workers, employers of banks

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

Bank failures in 2004

Two failures recorded - Banque de Commerce et de Development (BCD) and Burundi Direct (micro-credit)

Cooperation arrangements with international organizations on the topic of migration and remittances:

IOM works with Burundi within the framework of MIDA through

- Transfers of competence
- Transfer Rivetels
- Financial transfers with Burundese residents living in the European Union

National government's formal relationship with national migrant diasporas abroad

- Diaspora Congresses and/or events
- Identification cards (passports)
- Double Citizenship
- Voting Rights
- Relationship with Migrants/Diaspora Associations (HTAs) Abroad

Other policies and measures in place

Thanks to MIDA - Burundi benefits from virtual transfer of knowledge

CAMBODIA



Body dedicated to the issue of migration and remittances

Department of Migrant Labour under the Ministry of Vocational Training and Labour. The department is responsible for managing and developing migration labour policies, dispute solutions, and compiling statistics on labour exports

Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection & definition used

Remittance data is included in balance of payments statistics in financial flows as private transfers. The definition covers migrant worker remittances and family support remittances provided by Cambodians

Collection of remittance data

Kind of Remittance Data being collected:

Total formal flow

If there are plans to establish a data collection system in the future, please explain what the plans are and what sort of data will be collected.

The National Bank of Cambodia will adopt ITRS to collect information about transfers made through the banking system. Currently, the classification of banking transactions is not consistent with the data provided by commercial banks

Total remittance flows

2003 Total Estimated Flow	\$162.8 million
2003 Total as a % of GDP	3.70%
2004 Total Estimated Flow	\$142 million
2004 Total as a % of GDP	2.90%

Main remittance inflows

Top three remittance-sending countries:

United States

Australia

France

Official exchange rate – overvalued rate

Access to foreign exchange – No

Taxation and remittances – Income from remittances is not subject to taxation in Cambodia

Repatriable foreign currency accounts held by nationals: Cambodia allows this

Most common channels through which recipients receive remittances:

Formal Transfer Channel 1	Commercial Banks
Informal Transfer Channel 1	Tourists/visitors
Informal Transfer Channel 2	Informal remittance companies

Main players in the remittance delivery market

Mainly informal remittance systems due to the weak banking system and small remittance flow

Remittance delivery services to rural areas

No data has been collected on remittance delivery services to rural areas. Remittance data is estimated based on general trends of the economy

Other measures to improve service – System of deploying Labour attaches will be another way of facilitating both remittances and some supporting services to migrant labour

Savings and banks

Do people commonly use banks for depositing their savings? – No

Subjectivity of banks to annual audits – No

Measures to provide support services to migrants

The employment agencies under contract provide supporting services to the migrants. However, the Ministry of Vocational Training and Labour plans on deploying labour attaches to monitor and provide legal aid to these migrants

Bilateral/regional arrangements

Cambodia entered into bilateral agreements with Malaysia, Korea and Thailand. Moreover Cambodia is under AFAS and GATS.

ETHIOPIA



Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection & definition used

In the compilation of balance of payments of the country, private individual transfers include both workers' remittances and migrants transfer. These again refer to funds by workers' to families and transfer of goods and financial assets by migrants

Main remittance inflows

Top three remittance-sending countries:

(Based on the size of Ethiopian Diasporas)

- USA
- Europe
- Middle East

Measures to improve the collection of future remittance data

To enhance inflow of remittances, the government has taken the following measures:

- a) NBE issued directive No. FXD/25/2004 as amendment to directive NO. FXD/24/2004 to allow Ethiopians abroad and foreign nationals of Ethiopian origin to open foreign currency account in any of the authorized commercial banks in Ethiopia
- b) b) Ethiopian embassies around the globe are also doing their best to improve the flow of remittances

Official exchange rate – at market rate

Access to foreign exchange – No

Taxation and remittances – Income from remittances is not subject to taxation in Ethiopia

Remittance channels and costs – Information on this is provided to nationals abroad through commercial banks and embassies

Repatriable foreign currency accounts held by nationals: Ethiopia does not allow this

Most common channels through which recipients receive remittances

Formal Transfer Channel 1	Commercial Banks
Formal Transfer Channel 2	Money transfer agents (Western Union & Money Gram)
Informal Transfer Channel 1	Hawala Houses/informal systems in the cities
Informal Transfer Channel 2	Cash transfers through individuals traveling to Ethiopia

Main players in the remittance delivery market

- Remittance companies
- Banks
- Informal remittance systems

How has this market changed over time?

Since the devaluation of the domestic currency, the BIRR and the gradual elimination of the premium between parallel and official exchange rate, transfer through the official channel has been increasing tremendously

Remittance delivery services to rural areas

Money transfer agencies have been expanding their networks outside major cities

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

GHANA



Data on remittance flows and migration

Remittance data is documented by the Central Bank

Definition of remittances used

Unrequited transfers. It includes individuals and NGOs

Collection of remittance data

Kind of remittance data being collected:

- Total formal flow
- Frequency of transfers
- Remittance methods/channels
- Remittance sending country

If there are plans to establish a data collection system in the future, please explain what the plans are and what sort of data will be collected

Plans are underway to task the financial and non-financial institutions that receive remittances to seek further information such as the cost of transfer as well as the profile of the remitters, etc.

Total remittance flows

2003 Formal	\$1.017 billion
2003 Total Estimated Flow	\$1.017 billion
2003 Total as % of GDP	12.80%
2004 Formal	\$1.287 billion
2004 Total Estimated Flow	\$1.287 billion
2004 Total as % of GDP	14.50%

Main remittance inflows

Top three remittance-sending countries:

- United States and Canada
- United Kingdom
- Europe

Measures being planned or taken to collect/improve collection of future remittance data

Survey of financial and non-financial institutions receiving remittances to improve on data quality and to get further information on: cost of remittances, profile of remittances,

uses of remittances, etc. The Bank will also advocate for a new exchange control law to reduce cost of foreign exchange payment transactions by streamlining procedures, emphasizing more on monitoring for analytical and BOP purpose

Official exchange rate – at market rate

Access to foreign exchange – Yes

Taxation and remittances – Income from remittances is not subject to taxation in Ghana

Repatriable foreign currency accounts held by nationals: Ghana does not allow this

Most common channels through which recipients receive remittances

Formal Transfer Channel 1	Banks (fees: 2.75-3.25% of the face value)
Formal Transfer Channel 2	Remittance transfer companies (WU, Money Gram, vigo) – (fees: minimum of US\$10 and max of US\$50)
Formal Transfer Channel 3	Non-bank financial institutions (Telecom etc.) (Fees: French banks – 15 to 20 Euros)
Informal Transfer Channel 1	Visiting friends and relatives (fax = 3-10%)
Informal Transfer Channel 2	Undeclared foreign exchange at entry points

Main players in the remittance delivery market

Remittance Companies	Western Union, Money Gram, Vigo
Banks	ADB, CAL, Merchant Bank and BBG, SG/SBB
Other	Express Funds, First African, Telecash

Remittance delivery services to rural areas

The players in the remittance delivery market in an effort to bridge the distance between them and their recipients have taken steps to expand the delivery points in both the urban and rural areas through the banks and post offices. Again, the ARB APEX Bank, the umbrella of the rural banks, has made arrangements with commercial banks and remittance companies to increase efforts to bring the delivery points closer to the rural recipients

Other measures to improve service - Unofficial transfers used to dominate the delivery channel, but with the opening and liberalization of the Ghanaian economy, money transfer operators have continued to increase. Prudent fiscal and monetary management resulting in improved macroeconomic conditions has increase consumer confidence in Ghana's economy and has therefore enhanced transfer delivery

Savings and banks

Do people commonly use banks for depositing their savings? – No

Subjectivity of banks to annual audits – Yes

Measures to provide support services to migrants

Migrants have access to Ghana missions abroad for various services although services may be limited

Cooperation arrangements with international organizations on the topic of migration and remittances

The Bank of Ghana has been meeting with DFID, ACTIONAID and World Bank on their proposed study on remittances in Ghana but no formal agreement has been signed yet

National government's formal relationship with national migrant diasporas abroad

- Diaspora Congresses and/or events (emancipation day)
- Diaspora Celebration day (Panafest)
- Double Citizenship
- Voting Rights (Bill is currently in parliament)

LESOTHO



Government body dedicated to the issue of migration and remittances

Ministry of Employment and labour is responsible for the administration of the deferred pay fund. The structure is as follows:

1. Ministry of Employment and labour
2. Lesotho Bank
3. Mineworkers Representatives
4. Recruitment Agency

Data on remittance flows and migration

Remittance data is documented by the Central Bank

Definition of remittances used

The total amount of money remitted per month

Collection of remittance data

Kind of Remittance Data being collected:

- Total Formal Flow
- Frequency of transfers
- Remittance methods/channels
- Remittance sending country
- Income of remittance sender
- Employment activity of remittance sender

Main remittance inflows

Top remittance sending country – Republic of South Africa

Additional information on remitters

Age Range	30-50
Place of origin (rural/urban)	both
Level of formal education	mostly primary education
Socio-economic level	low-medium

Primary use of remittance transfers

- Food
- Healthcare/Medicine
- Housing

- Education
- Water/Electricity/Fuel
- Transportation
- Communication
- Household Electronics/Appliances
- Clothing

Official exchange rate – at market rate

Taxation and remittances – Income from remittances is not subject to taxation in Lesotho

Remittance channels and costs – The costs of remitting are borne by the employers and the fund itself. There is no cost to migrants

Repatriable foreign currency accounts held by nationals: Lesotho does not allow this

Most common channels through which recipients receive remittances

Formal Transfer Channel 1	Commercial banks
Formal Transfer Channel 2	Recruitment Agencies

Main players in the remittance delivery market

Remittance Companies	Recruiting Agencies
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Remittance delivery services to rural areas

No formal delivery service currently exists
Individualized accounts and transfer has been suggested

Savings and banks

Do people commonly use banks for depositing their savings? – No

Subjectivity of banks to annual audits – Yes

Measures to promote managed labour migration

There is a recruitment agency in the country. All recruited persons' contracts are reviewed by the ministry of employment and labour before they can proceed to their destinations. Their records are kept at both the ministry's offices and at the agency offices

Measures to provide support services to migrants

There are consulate offices in RSA with which the ministry of employment and labour liaise within all the issues concerning Basetho Migrant workers

Bilateral arrangements

Lesotho and the Republic of South Africa have entered into a labour agreement to recruit Lesotho nationals

MALI



Government body dedicated to the issue of migration and remittances

Malien Ministry of the Exterior and African Integration and the Ministry of Economics and Finance also works on co-development projects and is charged with addressing questions about migration and remittances

Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection and definition of remittances used

The types of flows recorded include formal flows via banks, and informal transfers, although the exact amount is unknown. Data is recorded as part of the balance of payments under the name "worker transfers", which conform to the guidelines of the 5th edition of the balance of payments Manuel for the IMF (MBP5). Bank transfers, traveler's checks and foreign currency are included in the count. The methodology and definitions used are taken from the MBP5)

Collection of remittance data

Kind of Remittance Data being collected:

- Total Formal Flow
- Remittance methods/channels
- Cost of Transfer
- Remittance sending country
- Remittance receiving city/province/region/community
- Principal use of remittances

The recorded data mainly concerns the transfer of funds from France to Mali, which is without a doubt, the easiest transfers to measure due to the strong structure of the Malien community in France.

Total remittance flows

2004 Formal	\$110 million
2004 Informal	\$130 million
2004 Total Estimated Flow	\$240 million

Main remittance inflows

Top three remittance-sending countries:

- France
- United States
- Central Africa and Asia

Official exchange rate – at market rate

Taxation and remittances – Income from remittances is subject to taxation in Mali

Access to foreign exchange – Yes

Information on remittance channels and costs – Malien banks located overseas and local banks provide this information

Repatriable foreign currency accounts held by nationals – Mali does not allow this

Most common channels through which recipients receive remittances

Formal Transfer Channel 1	Malien Banks (fees: 8-10Euros for transfers up to 300 euros)
Formal Transfer Channel 2	Western Union (fees: 18-4%)
Formal Transfer Channel 3	Postal Service (fees: French banks = 15-20 Euros)
Informal Transfer Channel 1	Informal Operators (fees: fax=3-10%)
Informal Transfer Channel 2	Imported material methods of payment

Main players in the remittance delivery market

Banks	Malien banks and their field offices
Informal remittance systems	Merchants in Mali and abroad who assist with funds transfers via fax

Remittance delivery services to rural areas

Quality – Informal services provided by commercial merchants is the most prevalent but there are many cases of problems with security during rural service delivery. Hence, distribution is concentrated mainly in urban areas and delivery service to areas outside urban centers are done mainly through families (social networks)

Measures to provide support services to migrants – Assistance is provided via the consulates and their social services in addition to the Malien Ministry of Exterior and African Integration

Services for migrants to encourage investments from remittances

- Matching funds for local development projects
- Matching funds for housing
- Partnerships with local/national/international development agencies

- Credit Incentives
- Business development incentives

Description of Activities: Under the auspices of “co-development” an investment fund for local development has been operational since 2003. Credit tools for economic investment are in the process of being developed

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

Cooperation arrangements

With countries of migrant destination that address issues of migration of nationals and indirectly support/hinder remittances: A French-Malien committee gets together annually to address migrant issues that pertain to Mali and France

With International organizations on the topic of migration and remittances: Mali works with the French Development Agency to put into place mechanisms and tools to facilitate funds transfers. Also the BCEAO participates in francophone regional discussions about the role of remittances in the development process of countries of origin

National government’s formal relationship with national migrant diasporas abroad

- Diaspora Congresses and/or events (Diaspora forum in October 2003)
- Information/websites (Website of Maliens abroad)
- Relationship with migrant/Diaspora associations (HTAs) abroad (High Council of Maliens abroad)

TANZANIA



Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection and definition of remittances used

Currently the bank of Tanzania collects data on workers' remittances. Workers' remittance covers transfers by workers who are employed in their new economy for a year or more to residents of their former economy

Collection of remittance data

Kind of Remittance Data being collected:

- Remittance methods/channels
- Cost of transfer
- Remittance sending country
- Remittance receiving city/province/community
- Other

Total remittance flows

2003 Formal	\$1.9 million
2003 Total as % of GDP	0.02%
2004 Formal	\$3.4 million
2004 Total as % of GDP	0.03%

Main remittance inflows

Top three remittance-sending countries:

- United States
- Europe
- Far and Middle East

Primary use of remittance transfers

- Food
- Healthcare/Medicine
- Housing
- Education
- Water/Electricity/Fuel
- Transportation

- Communication
- Household Electronics/Appliances
- Clothing
- Home construction/repair

Measures to improve the collection of remittance data

First and foremost the number of Tanzanians living abroad should be obtained. There is also a need for governments to come up with policy measures that will encourage Tanzanians living abroad to take part in the available saving schemes and productive investments. At the moment, very few banks have accounts, which have direct links with Tanzanians abroad. There is also a need for increase in accessibility to the rural communities

Official exchange rate – at market rate

Access to foreign exchange – No

Taxation and remittances – Income from remittances is not subject to taxation in Tanzania

Remittance channels and costs

Information is sent through Tanzanian diplomatic missions and communities abroad (embassies). Information is also dispatched through the Internet since most of these banks have websites

Repatriable foreign currency accounts held by nationals – Tanzania does allow this

Most common channels through which recipients receive remittances

Formal Transfer Channel 1	Commercial Banks (fees: 1% of the amount with a minimum requirement of \$10)
Formal Transfer Channel 2	Western Union (no charges for receiving)
Formal Transfer Channel 3	Money Gram (no charges for receiving)
Informal Transfer Channel	Friends and Relatives traveling abroad

Main players in the remittance delivery market

- Banks
- Informal Remittance Systems
- Other

How has this market changed over time?

The market has been growing significantly since liberalization of the financial sector. With the increasing number of commercial banks, it has been easy to transfer funds from one country to another and there is enhanced confidence in using formal mechanism of transfer. It takes maximum of 2-3 days to reach its beneficiary

Remittance delivery services to rural areas

Quality - Currently delivery services are situated in the cities, although there are plans to penetrate into the interior. However these plans will move in line with the expansion/networking of commercial banks given that they are the main players in the market

Other measure to improve service - In the past, only one bank was commissioned to deal with Western Union transfers. Currently, Western Union has commissioned other commercial banks as agents

Services for migrants to encourage investments from remittances

Matching Funds for local development projects

Description of Activities: If an investor is Tanzanian, the initial capital for investment is TZS 100 million but for foreigners it is TZS 400 million. This gives incentives for Tanzanians to invest at home

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

Bilateral/regional arrangements

Tanzania is a member of the East African Community (EAC). In view of the need to facilitate free movement of labour, EAC member countries will review and standardize labour laws and regulations related to labour standards. Liberalization of labour markets will be harmonized to allow smooth movement of labour by the time member states are at a common market stage of integration

Cooperation arrangements with international organizations on the topic of migration and remittances

There is a programme known as migration for development in Tanzania (MIDTA), which seeks to contribute to the socio-economic development of Tanzania through the mobilization of financial and other resources of the Tanzanian Diaspora to reduce poverty as well as utilization of their skills to strengthen the technical and institutional capacities of both the public and private sectors. MIDTA works with the International Organization for Migration (IOM) in collaboration with migration development in Africa (MIDA) in formulating strategies to manage migration in Africa

Other policies and measures in place

There are economic reforms that impacted the technology transfer sector indirectly leading to more involvement of the private sector and foreign investors who have invested in modern telecommunication systems and services, IT hardware and software application for domestic markets such as the expansion of mobile phone companies. The government also has introduced incentives, which include sales and import tax reduction on IT, hardware and software application

UGANDA



Data on remittance flows and migration

Remittance data is documented by the Central Bank

Type of financial flows included in remittance data collection

Returns and reports by money transfer firms (Money Gram and Western Union), commercial banks and foreign exchange bureaus

Collection of remittance data

Kind of Remittance Data being collected:

- Total Formal Flow
- Number of annual transactions
- Remittance methods/channels
- Cost of transfer
- Remittance sending country
- Remittance receiving city/province/region/community

Some remittance data is being collected but there are also plans underway to establish a formal system for data collection. Also, the implementation of the Foreign Exchange Act (2004) requires all persons licensed to deal in transfers to submit pertinent returns. Furthermore there are plans to collect relevant data via a National Household Survey

Total remittance flows

2003 Total Estimated Flow	\$297 million
2003 Total as % of GDP	4.60%
2004 Total Estimated Flow	\$291 million
2004 Total as % of GDP	3.70%

Main remittance inflows

Top three remittance-sending countries:

- United Kingdom
- United States
- Japan

Primary use of remittance transfers

- Food
- Healthcare/Medicine

- Housing
- Education
- Water/Electricity/Fuel
- Transportation
- Communication
- Household Electronics/Appliances
- Clothing

Official exchange rate – at market rate

Access to foreign exchange – Yes

Taxation and remittances – Income from remittances is not subject to taxation in Uganda

Remittance channels and costs

Information on remittance channels and costs is provided to nationals abroad during convocations of Ugandans abroad where official procedures are explained. In addition, there is also information on the government’s website

Repatriable foreign currency accounts held by nationals – Uganda allows this

Most common channels through which recipients receive remittances

Formal Transfer Channel 1	Remittance transfer companies such as Money Gram and Western Union (fees: 20% of value transferred)
Formal Transfer Channel 2	Banking institutions (fees: 10% of value transferred)
Formal Transfer Channel 3	Foreign exchange bureaus (0.5-1% of value transferred)
Informal Transfer Channel 1	Foreign exchange bureaus
Informal Transfer Channel 2	Trading enterprises
Informal Transfer Channel 3	Acquaintances

Main players in the remittance delivery market

- Remittance companies
- Informal Remittance systems

How has this market changed overtime?

Increasing volumes through foreign exchange bureaus due to Internet connections

Remittance delivery services to rural areas

Remittances are delivered to rural areas through acquaintances/individuals, micro-finance institutions with linkages to Western Union, and banking institutions with rural branches

Other measures to improve service – Foreign Exchange Act (2004) enjoins remittance companies to report costs associated

Measures to attract investment from remittances

Treasury Bills (91 days, 182 days, 273 days, 364 days)

Bonds (10year, 5year, 3year, 2year)

Services for migrants to encourage investments from remittances

- Information about government/development projects needing support
- Partnerships with local/national/international development agencies

Description of Activities: Uganda Investment Authority (UIA) is a one-stop center for this information.

Savings and banks

Do people commonly use banks for depositing their savings? – Yes

Subjectivity of banks to annual audits – Yes

Promoting managed labour migration – through the External Employment Unit (EEU)

Cooperation arrangements with international organizations on the topic of migration and remittances

International Organization for Migration (IOM)