

CHAPTER 2

COMPENDIUM OF POLICIES AND PRACTICES OF THE LDCs IN THE AREA OF REMITTANCES

INTRODUCTION

In the context of the Ministerial Conference of the Least Developed Countries (LDCs) on Enhancing the Development Impact of Remittances, IOM is pleased to provide this compilation of remittance information from 12 LDCs. A questionnaire (attached in the Annex) was sent by IOM to (16) LDC governments that represent countries having significant remittance flows, requesting a range of information relating to policies and practices concerning the flow and use of remittances. This compendium is a compilation of the responses to that questionnaire. Apart from minor editing to clarify responses or to facilitate a degree of stylistic consistency, no attempt has been made to analyse or draw conclusions from the information presented here.

The questionnaire was designed to collect selective, recent and relatively concise information in order to provide a “snapshot” of key remittance issues, policies and practices in LDCs. We believe that the responses are useful and illuminating. The process of compiling this information points to the continuing need for improved information and data collection sharing concerning remittances to LDCs.

This document is organized with comparative tables first, followed by country sections. The topics covered are remittance flow data, policies and mechanisms to attract remittances or those that may divert remittance flows to informal channels, policies to enhance the development impact of remittances, institutional framework, and related emigration and diaspora policies.

I would like to thank Jennifer Petree and Sonam Namgyel of IOM’s Labour Migration Division for the compilation and analysis. Thanks are particularly due to LDC governments and officials who responded to the questionnaire survey. I would also like to thank Meera Sethi, Sarah Mohsen and IOM colleagues who followed up on the information request and Awa Sanou Gueye for the translation of the compendium into French.

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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													
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							

* tbc

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\$) AND PROPORTION
OF TOTAL FLOWS IN RELATION TO GDP

Remittance Flows	Uganda	Cambodia	Bangladesh	Mali	Burundi	Tanzania
2003 Formal			US\$3.062 bn		US\$2,893,813	US\$1.9 mio
2003 Informal						
2003 Total Estimated Flow	US\$ 297 mio	US\$162.8 mio		US\$138.38 mio	-	
2003 Total as a Percentage of GDP	4.60%	3.70%	5.90%	3.28%	0.48%	0.02%
2004 Formal			US\$ 3.372 bn	US\$110 mio	US\$4.139 mio	US\$ 3.4 mio
2004 Informal				\$130 million		
2004 Total Estimated Flow	US\$ 291 mio	US\$142 mio		US\$240 mio		
2004 Total as a Percentage of GDP	3.70%	2.90%	5.98%		0.60%	0.03%

TABLE 1.3
MAIN REMITTANCE INFLOWS

Remittance Sending/ Receiving Country	USA	Canada	UK	Australia	Europe	Central Africa	South Africa	Middle East	Asia	Japan
Bangladesh	X							X		
Burundi	X	X			X					
Cambodia	X			X	X					
Ethiopia	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 THAT ATTRACT
REMITTANCE INFLOWS OR THAT MAY DIVERT REMITTANCE FLOWS
INTO INFORMAL CHANNELS**

FIGURE 2.1
OFFICIAL EXCHANGE RATE

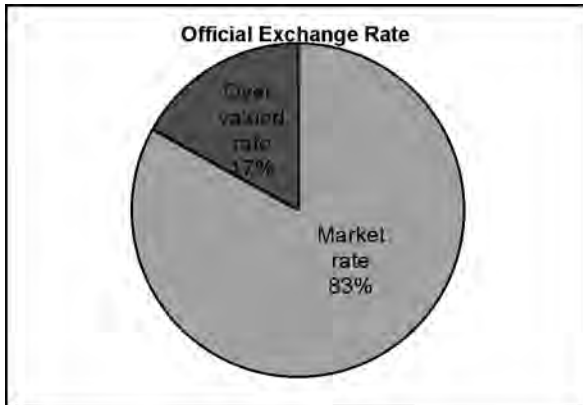


FIGURE 2.2
TAXATION AND REMITTANCES

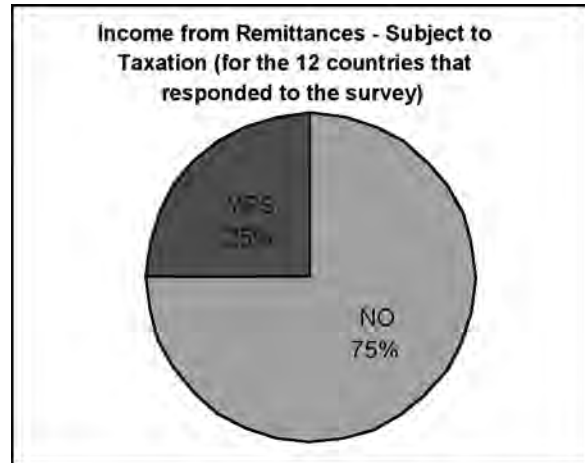


FIGURE 2.3
REPATRIABLE FOREIGN CURRENCY
ACCOUNTS FOR NATIONALS

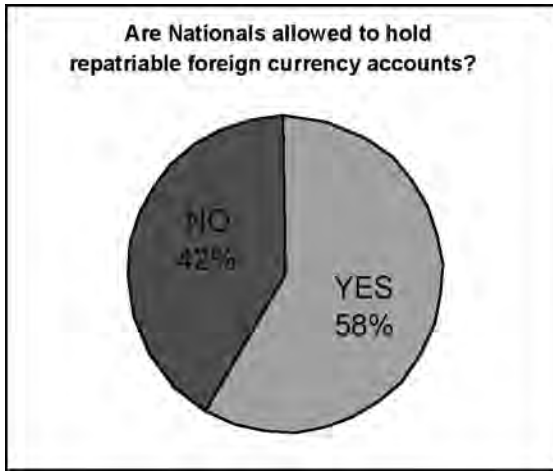


FIGURE 2.4
PROPORTION OF COUNTRIES WITH ACCESS TO
FOREIGN EXCHANGE



TABLE 2.1
MOST COMMON CHANNELS THROUGH WHICH RECIPIENTS RECEIVE REMITTANCES (BY RANK)

	Formal Transfer Channels				Informal Transfer Channels	
	Money transfer companies	Banks	Postal service	Recruitment agencies	By hand	<i>Hawala/Hundi</i> (third-party informal operators)
Afghanistan	2	1				1
Bangladesh		1	2			1
Benin	2	3	1		1	2
Burundi	1	3			2	
Cambodia		1			1	2
Ethiopia	2	1				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 = second most common channel
3 = third most common channel

TABLE 2.2
QUALITY OF REMITTANCE DELIVERY SERVICES TO RURAL AREAS AND MEASURES TAKEN TO
IMPROVE SERVICES TO RECIPIENTS IN RURAL COMMUNITIES

Afghanistan	Very limited service, as formal banking institutions lack a provincial bank network. Currently there is a domestic electronic fund transfer system to provincial centres.
Bangladesh	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).
Burundi	There are banks and microfinance institutions located in small numbers throughout the country. MUTEK's microfinance outlet is in the neighbourhood of Buyenzi in Bujumbura. The creation of a cooperative by the Burundi diaspora allowed the establishment of an agency that provides door-to-door service.
Ethiopia	Money transfer agencies have been expanding their networks outside the major cities.
Haiti	Remittance services extend well into rural areas.
Mali	Informal services provided by commercial merchants are the most prevalent, but there are many security problems in connection with rural service delivery. Distribution services are mainly concentrated in urban areas. Delivery to service areas outside urban centres is done mainly through families (social networks).
Tanzania	Currently delivery services are situated in the cities, although there are plans to extend them into the interior. However, these plans will move in line with the expansion/networking of commercial banks as 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.
Uganda	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						
Haiti						
Lesotho						
Mali	X	X		X	X	X
Tanzania	X					
Uganda			X	X		

TABLE 3.2
SAVINGS AND DEPOSITS

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

SECTION IV: EMIGRATION POLICIES THAT MAY AFFECT REMITTANCES

TABLE 4.1
MEASURES TO PROMOTE MANAGED LABOUR MIGRATION AND SUPPORT SERVICES TO MIGRANTS

Measures to promote managed labour migration strategies												
	A	B	C	D	E	F	G	H	I	J	K	L
Bilateral governmental arrangements		X										
Recruitment agencies		X								X		
Government agency assigned to promote labour migration such as the External Employment Unit		X										X
Support services to migrants												
Labour attachés		X				X						
Welfare fund		X										
Assistance from missions abroad	X				X				X	X		

Key:

A = Afghanistan
B = Bangladesh
C = Benin
D = Burkina Faso
E = Burundi
F = Cambodia

G = Ethiopia
H = Haiti
I = Mali
J = Lesotho
K = Tanzania
L = Uganda

SECTION V: INSTITUTIONAL FRAMEWORK

TABLE 5.1
GOVERNMENT AGENCY 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 settlement and compiling statistics on labour exports.
Haiti	Ministry of Haitians Living Abroad – created a very short time ago, it 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, with the following structure: 1. Ministry of Employment and Labour, 2. Lesotho Bank, 3. Mineworkers Representatives, 4. Recruitment Agency.
Mali	The Malian Ministry of the Exterior and African Integration and the Ministry of Economics and Finance also works on co-development projects and is charged to deal with questions concerning migration and remittances.

SECTION VI: OTHER RELEVANT DIASPORA-RELATED POLICIES

TABLE 6.1
OFFICIAL GOVERNMENTAL RELATIONS WITH NATIONAL DIASPORA COMMUNITIES ABROAD

	Diaspora congresses/ events	Diaspora celebration day	Information/ websites	ID cards	Dual nationality	Voting rights	Diaspora associations (HTAs) abroad
Afghanistan							
Bangladesh				X ²			
Benin	X	X	X			X	X
Burundi	X		X	X ³	X	X	X
Cambodia							
Haiti	X ⁴	X ⁵	X ⁶				X ⁷
Lesotho							
Mali	X ⁸		X ⁹				X
Tanzania							
Uganda							

Key:

1 = CIP (NBR).

2 = Passports.

3 = Multiple conferences abroad and cultural events.

4 = Diaspora Week.

5 = www.Haiti2004lakay.org.

6 = Invitations are made for religious festivals and there are contacts with HTAs over the web.

7 = Diaspora Forum in October 2003.

8 = Website of Maliens Abroad.

9 = 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 programmes are formally in place. There are initial discussions on establishing a worker remittance programme 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.

Unrestricted access to foreign exchange by nationals

Yes

Repatriable foreign currency accounts held by nationals

Allowed

Most common channels through which recipients receive remittances

Formal Transfer Channel 1: Electronic transfers (Swift)

Formal Transfer Channel 2: Money service providers (e.g. Western Union)

Informal Transfer Channel: *Hawala* System

Remittance delivery services to rural areas

The quality of service is very limited as formal banking institutions lack provincial networks. A domestic electronic fund transfer system has been introduced to provincial centres.

Support services to migrants

Consular and embassy services overseas

UNHCR assistance (in relation to asylum and refugees)

IOM (voluntary return assistance and return of qualified nationals)

Cooperation arrangements

These exist with countries hosting Afghan migrants regarding such migration and related concerns, and with the following international organizations in relation to migration and remittances:

ILO and UNHCR

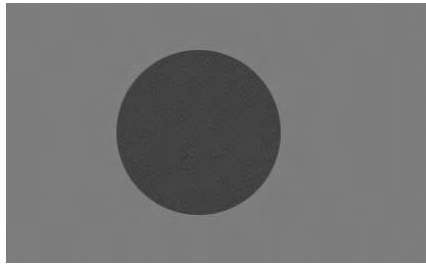
Agreements concluded with UNCHR and various European countries concerning refugees and asylum seekers.

Trilateral dialogue initiated between Pakistan, Iran and Afghanistan in late 2005 on migration with the assistance of IOM.

Annual bank 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 are documented by the Central Bank.

Type of financial flows included in remittance data collection

Remittances are received through banking channels.

Type of remittance data being collected

Total formal flow

Total annual transactions

Remittance methods/channels

Countries from where remittances originate

Total remittance flows and the proportion relative to GDP

2003 formal flows US\$ 3.062 billion

2003 as share of GDP 5.90%

2004 formal flows US\$ 3.372 billion

2004 as share of GDP 5.98%

Origin of 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 range 20-50 years

Rural urban origin both

Level of formal education all levels

Socio-economic level all levels

Primary use of remittance transfers

Food and 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 mortgaged land
Other
Homestead land purchase
Gifts/donations to relatives
Finance pilgrimage for relatives
Furniture
Insurance
Community development activities

Official exchange rate

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

Unrestricted access to foreign exchange by nationals

Yes

Taxation and remittances

Income from remittances is not 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, relevant information pamphlets 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

Remittance transfer agencies
Banks
Informal remittance systems

Intervening changes in the transfer mechanisms

Current regulatory arrangements require inward remittances to be channelled through banks in Bangladesh.

Remittance delivery services to rural areas

Measures to improve service – 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. *Wage Earners' Development Bond* – this can be purchased by the wage earner abroad in his own name or in the name of any other person. The Bond(s) mature five years from the date of purchase. The Bond(s) earn an annual interest of 12 per cent, payable on a half-yearly basis in Bangladesh currency. The money invested in the purchase of Bond(s) and the interest earned on the investment in the Bond(s) are exempt from income tax.
2. *US Dollar Investment Bond* – this may be issued in the name of the holder of a Foreign Currency Account against remittances from abroad into the account. The Bond(s) mature three years from the date of issue. The bondholder is entitled to draw interest on a half-yearly basis at 6.5 per cent per annum in US dollars. The money invested in the purchase of Bond(s) and the interest earned on the investment in the Bond(s) are exempt from income tax.
3. *US Dollar Premium Bond* – this may be issued in the name of the holder of a Foreign Currency account against remittances into the account from abroad. The Bond(s) mature three years from the date of issue. The bondholder is entitled to draw interest on a half-yearly basis at 7.5 per cent in Bangladesh currency at the USD/BDT rate. The money invested in the purchase of Bond(s) and the interest earned on the investment in the Bond(s) are exempt from income tax.

Savings and banks

People commonly use banks to deposit their savings.

Annual bank audits

Yes

Measures to promote managed labour migration

Bilateral government arrangements with some countries, including Malaysia, Kuwait and Qatar for the migration of skilled labour/professionals are in place.

Measures to provide support services to migrants

The Ministry of Expatriate Welfare and Overseas Employment oversees migrant-related affairs and administers a “Wage Earners Welfare Fund” under which expatriates and returning migrants are provided with financial and other support services. This also provides for the repatriation of bodies from abroad.

Bilateral arrangements

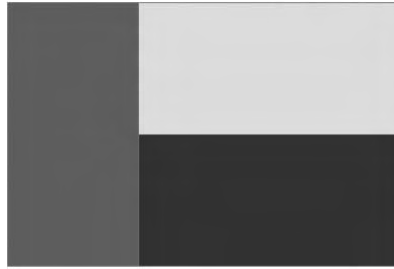
Bilateral agreements have been signed with Malaysia, Kuwait and Qatar.

Cooperation arrangements

These exist with countries hosting Bengali migrants regarding such migration and related concerns, and with international organizations in relation to migration and remittances: Remittance facilities within exchange houses in various countries.

IOM and the Ministry of Expatriate and Overseas Employment and BMET have been cooperating in this regard.

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 are 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 such as 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.

Unrestricted access to foreign exchange by nationals

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: Transfer companies
Formal Transfer Channel 3: Banks

Informal Transfer Channel 1: Personal

Informal Transfer Channel 2: Informal transfer companies

Savings and banks

People commonly use banks to deposit their savings.

Annual bank audits

Yes

Formal relations between the government and their diaspora communities abroad

Diaspora congresses and/or events

Diaspora Celebration Day

Information/websites

Voting rights

Relationship with diaspora associations abroad.

BURKINA FASO



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.

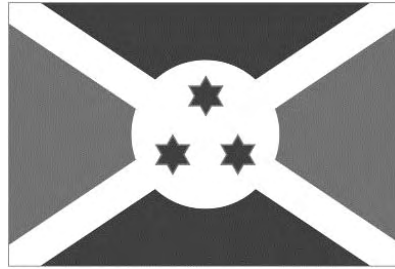
Taxation and remittances

Income from remittances is subject to taxation in Burkina Faso.

Repatriable foreign currency accounts held by nationals

Burkina Faso does not allow this.

BURUNDI



Data on remittance flows and migration

Remittance data are documented by the Central Bank.

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:	US\$ 2,893,813
2003 Total as % of GDP:	0.48%
2004 Formal:	US\$ 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.

Unrestricted access to foreign exchange by nationals

Yes

Taxation and remittances

Income from remittances is not 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 is 16% for transfers up to US\$100, the lowest is 4% for transfers US\$3,500).

Formal Transfer Channel 2: Money Gram (fees: the highest is 12% for transfers of up to US\$100, the lowest is 3% for transfers up to US\$10,000).

Formal Transfer Channel 3: La Mutec (free if one has an account with MUTEK).

Informal Transfer Channel: By hand.

Main players in the remittance delivery market

Remittance companies: MUTEK, Western Union, Money Gram

Banks: BANCOBU, IBB, BCB

Informal remittance systems: By hand

How has this market changed over time?

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

Remittance delivery services to rural areas

There are banks and microfinance institutions located in a few places throughout the country. MUTEK's micro-finance outlet is in the neighbourhood of Buyenzi in Bujumbura.

Measures to improve service – The creation of a cooperative by 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: MUTEK is micro-finance institution that mobilizes savings and offers credits at very low interest rates (according to the financial situation of the market) to associations of farmers, workers, bank employees.

Savings and banks

People commonly use banks to deposit their savings.

Annual bank audits

Yes

Bank failures in 2004

Two failures are recorded: Banque de Commerce et de Développement (BCD) and Burundi Direct (microcredit).

Cooperation arrangements with international organizations on migration and remittances

IOM works with Burundi within the framework of MIDA through:
transfers of competence,
financial transfers with expatriates in the European Union.

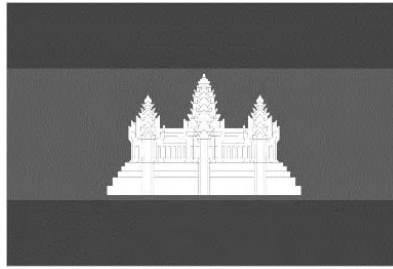
Formal relations between the government and their diaspora communities abroad

Diaspora congresses and/or events
Identification cards (passports)
Dual citizenship
Voting rights
Relationship with migrants/diaspora associations abroad.

Other policies and measures in place

Through MIDA – Burundi benefits from virtual transfer of knowledge.

CAMBODIA



Government body dedicated to the issue of migration and remittances

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

Data on remittance flows and migration

Remittance data are documented by the Central Bank.

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

Remittance data are 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 abroad.

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 the data to 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:	US\$ 162.8 million
2003 Total as % of GDP:	3.70%
2004 Total estimated flow:	US\$ 142 million
2004 Total as % of GDP:	2.90%

Main remittance inflows

Top three remittance-sending countries:
United States
Australia
France

Official exchange rate

Overvalued rate

Unrestricted access to foreign exchange by nationals

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 have been collected on remittance delivery services to rural areas. Remittance data are estimated based on general trends of the economy.

Other measures to improve services – System of deploying labour attachés is another way of facilitating both remittances and some support services to migrant labour.

Savings and banks

People do not commonly use banks to deposit their savings.

Annual bank audits

No

Measures to provide support services to migrants

The employment agencies under contract provide support services to migrants. However, the Ministry of Vocational Training and Labour plans to deploy labour attachés to monitor and provide legal aid to migrants.

Bilateral/regional arrangements

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

ETHIOPIA



Data on remittance flows and migration

Remittance data are documented by the Central Bank.

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

In the compilation of the country's Balance of Payments, private individual transfers include both workers' remittances and migrant transfers. These refer to funds by migrant workers to their families, and transfer of goods and financial assets by migrants.

Main remittance inflows

Top three remittance-sending countries (based on the size of Ethiopian diaspora):

USA

Europe

Middle East

Measures to improve the collection of future remittance data

To enhance remittance inflow, the government has adopted the following measures:

- a) NBE issued Directive No. FXD/25/2004, amending Directive No. FXD/24/2004 to allow Ethiopians abroad and foreign nationals of Ethiopian origin to open foreign currency accounts in any of the authorized commercial banks in Ethiopia.
- b) Ethiopian embassies abroad are also doing their best to improve the flow of remittances.

Official exchange rate

At market rate.

Unrestricted access to foreign exchange by nationals

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 agencies (Western Union & Money Gram).

Informal Transfer Channel 1: *Hawala* houses/informal systems in the cities.

Informal Transfer Channel 2: Cash transfers through individuals travelling 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 the parallel and official exchange rate, transfers through official channels have increasing substantially.

Remittance delivery services to rural areas

Money transfer agencies have been expanding their networks outside major cities.

Savings and banks

People commonly use banks to deposit their savings.

Annual bank audits

Yes

LESOTHO



Government body dedicated to the issue of migration and remittances

The 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 are documented by the Central Bank.

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 status: 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

Recruitment agencies

Remittance delivery services to rural areas*

No formal delivery service currently exists.

Individualized accounts and transfer has been suggested.

Savings and banks

People do not commonly use banks to deposit their savings.

Annual bank 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 and the agency offices.

Measures to provide support services to migrants

There are consular offices in RSA with which the Ministry of Employment and Labour liaise on all issues concerning Basotho Migrant workers.

Bilateral arrangements

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

*tbc

MALI



Government body dedicated to the issue of migration and remittances

The Malian Ministry of the Exterior and African Integration, and the Ministry of Economics and Finance also work on co-development projects and are charged with addressing questions on migration and remittances.

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 are recorded as part of the balance of payments under "worker transfers", which conform to the guidelines of the 5th edition of the Balance of Payments Manual of the IMF (MBP5). Bank transfers, travellers' 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 concern 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 Malian community in France.

Total remittance flows

2004 Formal	US\$110 million
2004 Informal	US\$130 million
2004 Total estimated flow	US\$240 million

Main remittance inflows

Top three remittance-sending countries:

France

United States

Central Africa and Asia

*tbc

Official exchange rate

At market rate.

Taxation and remittances

Income from remittances is subject to taxation in Mali.

Unrestricted access to foreign exchange by nationals

Yes

Information on remittance channels and costs

Malian 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: Malian Banks (fees: EUR 8-10 for transfers up to EUR 300)

Formal Transfer Channel 2: Western Union (fees: 18% to 4%)

Formal Transfer Channel 3: Postal service (fees: French banks = EUR 15 to 20)

Informal Transfer Channel: Informal operators (fees: fax=3% to 10%)

Main players in the remittance delivery market

Banks: Malian banks and their field offices

Informal transfer systems: Merchants in Mali and abroad who assist with fund transfers via fax.

Remittance delivery services to rural areas

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

Measures to provide support services to migrants

Assistance is provided via consulates and their social services in addition to the Malian 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 heading 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

People commonly use banks to deposit their savings.

Annual bank audits

Yes

Cooperation arrangements

With countries of migrant destination that address issues of migration of nationals: A French-Malian 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 in 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.

Formal relations between the government and the diaspora communities abroad

Diaspora congresses and/or events (Diaspora forum in October 2003).

Information/websites (website of Malians abroad).

Relationship with migrant/diaspora associations abroad (High Council of Malians abroad).

TANZANIA



Data on remittance flows and migration

Remittance data are 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' remittances cover transfers by workers who are employed in their new location abroad for a year or more to residents in their former location.

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	US\$ 1.9 million
2003 Total as % of GDP	0.02%
2004 Formal	US\$ 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 ascertained. There is also a need for the government 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 to improve access to rural communities.

Official exchange rate

At market rate.

Restricted access to foreign exchange by nationals

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. Information is also available through the Internet as 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 US\$10)

Formal Transfer Channel 2: Western Union

Formal Transfer Channel 3: Money Gram

Informal Transfer Channel: Friends and relatives travelling 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 the 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 greater confidence in using formal transfer mechanisms. It takes a maximum of 2 to 3 days to reach the beneficiary.

Remittance delivery services to rural areas

Quality – Currently delivery services are situated in the cities, although there are plans to expand 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 also 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 requirement for investment is TZS 100 million; for foreigners it is TZS 400 million. This gives incentives for Tanzanians to invest at home.

Savings and banks

People commonly use banks to deposit their savings.

Annual bank audits

Yes

Bilateral/regional arrangements

Tanzania is a member of the East African Community (EAC). In view of the need to facilitate the 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 the smooth movement of labour by the time member states are at a common market stage of integration.

Cooperation arrangements with international organizations on 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 by mobilizing financial and other resources of the Tanzanian diaspora to reduce poverty, as well to utilize 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 formulating strategies to manage migration in Africa.

Other policies and measures in place

Economic reforms have had an impact on 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 has also introduced incentives, including sales and import tax reduction on IT, hardware and software application.

UGANDA



Data on remittance flows and migration

Remittance data are 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 bureaux.

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 are being collected, but there are also plans to establish a formal system for such 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: US\$ 297 million

2003 Total as % of GDP 4.60%

2004 Total estimated flow US\$ 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.

Unrestricted access to foreign exchange by nationals

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 meetings with Ugandans abroad where official procedures are explained. In addition, relevant information is also available 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 bureaux (0.5-1% of value transferred)
Informal Transfer Channel 1: Foreign exchange bureaux
Informal Transfer Channel 2: Trading enterprises
Informal Transfer Channel 3: Acquaintances

Main players in the remittance delivery market

Remittance companies
Informal remittance mechanisms
How has this market changed overtime?
Increasing volumes transferred through foreign exchange bureaux 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 associated costs.

Measures to attract investment from remittances

Treasury Bills (91 days, 182 days, 273 days, 364 days)
Bonds (10 year, 5 year, 3 year, 2 year)

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 centre for this information.

Savings and banks

People commonly use banks to deposit their savings.

Annual bank 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).

ANNEX

QUESTIONNAIRE ON REMITTANCES

(For the Least Developed Countries)

Section I Data on Remittance Flows and Migration

1. Are remittance data currently collected by the Central Bank or another government institution?

Yes

No

2. If yes, what kind of financial flows are included in the remittance data collected and what is the definition of remittances used?

3. If yes, what kind of remittance data are being collected?

	Yes	No
Total formal remittance flow (annually)		
Total number of transactions/transfers (annually)		
Frequency of transfers by remitters		
Remittance methods/channels (remittance company, bank, etc.)		
Cost of transfer		
Remittance-sending country		
Remittance-receiving city/province/region/community		
Gender of remittance sender and/or receiver		
Age of remittance sender		
Income of remittance sender		
Employment activity of remittance sender		
Legal/migration status of remittance sender		
Principal uses of remittances		
Other (explain)		
Other (explain)		
Other (explain)		

4. If remittance data are NOT being collected, please explain why not. 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.

5. If you have been formally collecting remittance data, what were the total remittance flows (formal, informal/unrecorded and cumulative estimate) for 2003 and 2004 (in US\$) and the proportion of this total flow in relation to the Gross Domestic Product (GDP).

	Formal flow (US\$)	Estimated informal/unrecorded flow (US\$)	Total estimated flow (US\$)	Total flow as a percentage of GDP
2003				
2004				

6. Which primary countries do your remittance flows come from (top three remittance-sending countries)?

(1)

(2)

(3)

7. What is the legal/migration status of your remitters? Please respond with percentages.

Status of Remitters	As Percentage of Total Remitting Population
Low-skilled labour migrants (on legal and fixed-term contracts)	
High-skilled professionals (on legal and fixed-term contracts)	
Irregular migrants	
Asylum seekers/refugees	
Migrants with permanent residence status/citizenship	
Other (please specify)	

8. What is the gender breakdown of your remitting population?

	Percentage of Remitting Population
Women	
Men	

9. What else do you know about your remitters? Please explain.

	Yes	No	If yes, please explain what you know
Age range			
Place of origin (rural or urban)			
Level of formal education			
Socio-economic status			
Other (explain)			
Other (explain)			

10. Do you have any information about the primary uses of these remittance transfers?
Please explain.

Primary uses of remittances	Yes	No	If yes, please explain
Food			
Healthcare/Medicine			
Housing			
Education			
Water/electricity/fuel			
Transportation			
Communication			
Household electronics/appliances			
Clothing			
Other (explain)			
Other (explain)			

11. What measures, if any, are planned or should be taken to collect/improve the collection of future remittance data?

.....

Section II Policies and mechanisms to attract inflow of remittances, or those that may divert remittance flows into informal channels

12. Is the official exchange rate overvalued or at world market rates?

Overvalued At world market rates

13. Is income from remittances subject to taxation?

Yes No

14. Do you allow repatriable foreign currency accounts held by nationals?

Yes No

15. Is there unrestricted access to foreign exchange?

Yes No

16. Do you provide information to nationals abroad on remittance channels and costs?

Yes No

If yes, please explain how:

.....

17. Please describe the most common channels (formal and informal/unrecorded) through which recipients receive remittances?

Formal transfers:

- (1)
- (2)
- (3)

Informal/unrecorded transfers:

- (1)
- (2)
- (3)

18. What are the average transfer fees for each of these remittance mechanisms?

Remittance transfer mechanism	Fee (as percentage of transferred amount)

19. Please explain who are the main players in the remittance delivery market in your country?

Remittance companies	
Banks	
Informal remittance systems	
Other (Please specify)	

How has this market changed over time? Please explain.

.....

20. Please explain the extent/quality of remittance delivery service to rural areas and what (if any) measures have been taken to improve service to recipients in rural communities?

.....

21. Please mention any other measures undertaken to improve remittance delivery and/or reduce transfer costs.

.....

Section III Policies to enhance the development impact of remittances

22. Has the government or any bank issued development bonds or any other financial instruments to attract investment from remittances?

Yes No

If yes, please provide a brief description.

.....

23. Do you offer migrants from your country any of the following programmes/services to encourage the investment of part of their remittances in development initiatives?

(Check “yes” or “no” in each case)

	Yes	No
Matching funds for local development projects		
Matching funds for housing		
Information about government/development projects needing support		
Partnerships with local/national/international development agencies		
Credit incentives		
Business development incentives		

If you answered yes to any of the above, please provide a brief description of your activities:

.....

24. Do people commonly use banks for depositing their savings?

Yes No

25. Are banks subject to an annual audit?

Yes No

26. How many bank failures were recorded in 2004?

.....

Section IV Emigration policies that may affect remittances

27. Are there measures in place to promote managed labour migration?

Yes No

If yes, please briefly describe:

.....

28. Are there measures in place to provide support services to migrants abroad?

Yes No

If yes, please briefly describe:

.....

29. Are there restrictions on emigration of women?

Yes No

If yes, please briefly describe:

.....

30. Have you entered into any bilateral or regional arrangements that give access to the labour market to your nationals?

Yes No

If yes, please briefly describe:

.....

Section V Institutional framework

31. Are there any ministries/departments/committees dedicated to the issue of migration and remittances? If so, please explain their structure and responsibilities/activities.

.....

32. Are there any cooperation arrangements with countries of migrant destination that address issues of migration of your nationals and indirectly support or hinder remittances? Please explain

.....

33. Do you work formally with any international organizations on the topic of migration and remittances? If so, please indicate which organization and the form of cooperation.

.....

Section VI Any other relevant diaspora-related policies

34. Does your government have a formal relationship with national diasporas abroad? If so, please explain what this relationship includes:

	Yes	No	Please Explain
Diaspora congresses and/or events			
Diaspora Celebration Day			
Information/websites			
Identification cards			
Dual citizenship			
Voting rights			
Relationship with migrant/diaspora associations abroad			
Other (please explain)			

If you have no formal relationship with your diasporas, please explain why not and if there are any plans to develop relationships with nationals living abroad in the future.

.....

35. If there are other policy measures such as e-learning, transfer of know-how, please specify:

.....