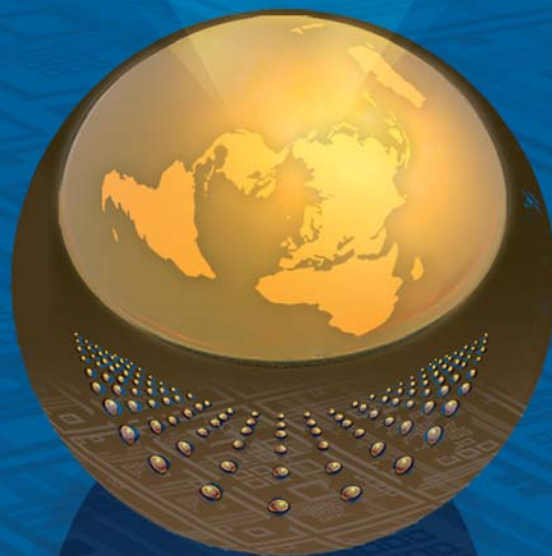


Financing Facility for Remittances



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances



Promoting innovative remittance markets and
empowering migrant workers and their families

The Facility

In 2009, migrant workers worldwide sent home over 300 billion dollars to family members in developing countries. These funds, known as remittances, provide the basic food, clothing and shelter that are essential to lifting millions of people out of poverty. The truly transformative potential of these funds, however, lies in their investment in education, healthcare and small businesses. The Financing Facility for Remittances (FFR) is a multi-donor facility, administered by the International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations dedicated to the eradication of rural poverty. The FFR has been working since 2006 with the goal of increasing the development impact of remittances and enabling poor rural households to advance on the road to financial independence.

The FFR cofinances development projects in close collaboration with public, private and civil-society partners. Furthermore, it acts as an information broker to facilitate the dissemination, replication and scaling up of remittance-related best practices. Through the contributions of its members – comprised of donor countries and institutions – the US\$18 million Facility has initiated over 40 projects in 38 countries throughout the developing world. These projects focus on three core objectives:

- 1. Promote access to remittances in rural areas**
- 2. Link remittances to rural financial services and products**
- 3. Develop innovative and productive rural investment opportunities for migrants and community-based organizations**

FFR members are actively engaged in the decision-making process at key points. Members share their technical expertise and competency, allowing for cross-learning and knowledge-sharing of best practices from FFR projects worldwide.

The members of the FFR are as follows:

- Consultative Group to Assist the Poor (CGAP)
- European Commission (EC)
- Government of Luxembourg
- Ministry of Foreign Affairs and Cooperation of Spain (MAE)
- Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB)
- United Nations Capital Development Fund (UNCDF)
- International Fund for Agricultural Development (IFAD)

In conjunction with its operational activities, the Facility fosters strategic cooperation among governments, international development institutions, and leading organizations in the field of migrant remittances. As one of the leading actors dealing with migration and development, the FFR also actively contributes its experiences to the Group of Eight Working Group on Remittances and to the Global Forum on Migration and Development, among others.

In short, the Facility works to empower migrant workers and their families to overcome the need to migrate.

Guiding principles

Rural remittances

Around 30 to 40 per cent of total remittances go to rural areas, where they have a much greater impact than in urban centres. Rural areas are traditionally prone to domestic migration, which makes the sizeable inflow of remittances that stimulates local commerce and creates new livelihoods in rural communities even more important. The FFR provides the link between remittances and rural development.

Promoting innovation

Innovation is at the core of all FFR activities: at both the operational and policy levels, innovative solutions have been used to reduce the cost of remittance transfers and broaden the geographic outreach of financial services. The Facility supports entrepreneurial approaches, as evidenced by projects utilizing mobile banking technology and postal networks, in addition to a variety of savings, loan, housing and insurance products.

Partnerships for success

The FFR cofinances new and sustainable initiatives with partners throughout the public, private, and civil-society sectors. These institutions are typically microfinance institutions, credit unions, NGOs and international money transfer operators, but also commercial banks, cooperative banks and local financial service providers.

Core focus

The FFR concentrates its efforts on five focus areas which are key to leveraging the development impact of remittances. Each area is subdivided into issues of specific relevance to the Facility's goals:

Market development

1

- Regulatory framework analysis
- Market openness and promotion
- Reducing cost of remittances



Innovative business models

2

- Microfinance
- Postal networks
- Commercial banking



New technologies

3

- Mobile financial services
- Card-based solutions
- Money transfer integration systems



Financial access and services

4

- Savings mobilization and banking the unbanked
- Cross-selling of financial products (housing/insurance)
- Financial literacy



Migrant investment and entrepreneurship

5

- Productive investment schemes for migrants
- Skill development and transfer
- Market development for migrants (nostalgic trade, skills transfer)



Portfolio at a glance

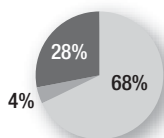
FFR's portfolio includes over 40 innovative projects in 38 countries across the developing world. The grant financing totals US\$18 million – US\$8 million of which consists of contributions from beneficiaries and partners.

Project types per region

- 1. Improve remittance transmission and access to remittance services in rural areas
- 2. Link remittances to financial services and products in rural areas
- 3. Develop innovative and productive rural investment channels and opportunities for migrants and community-based organizations

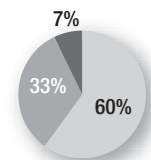
Latin America and the Caribbean

Bolivia
Brazil
Colombia
Costa Rica
Ecuador
Haiti
Jamaica
Mexico
Nicaragua
Paraguay
Peru



Africa

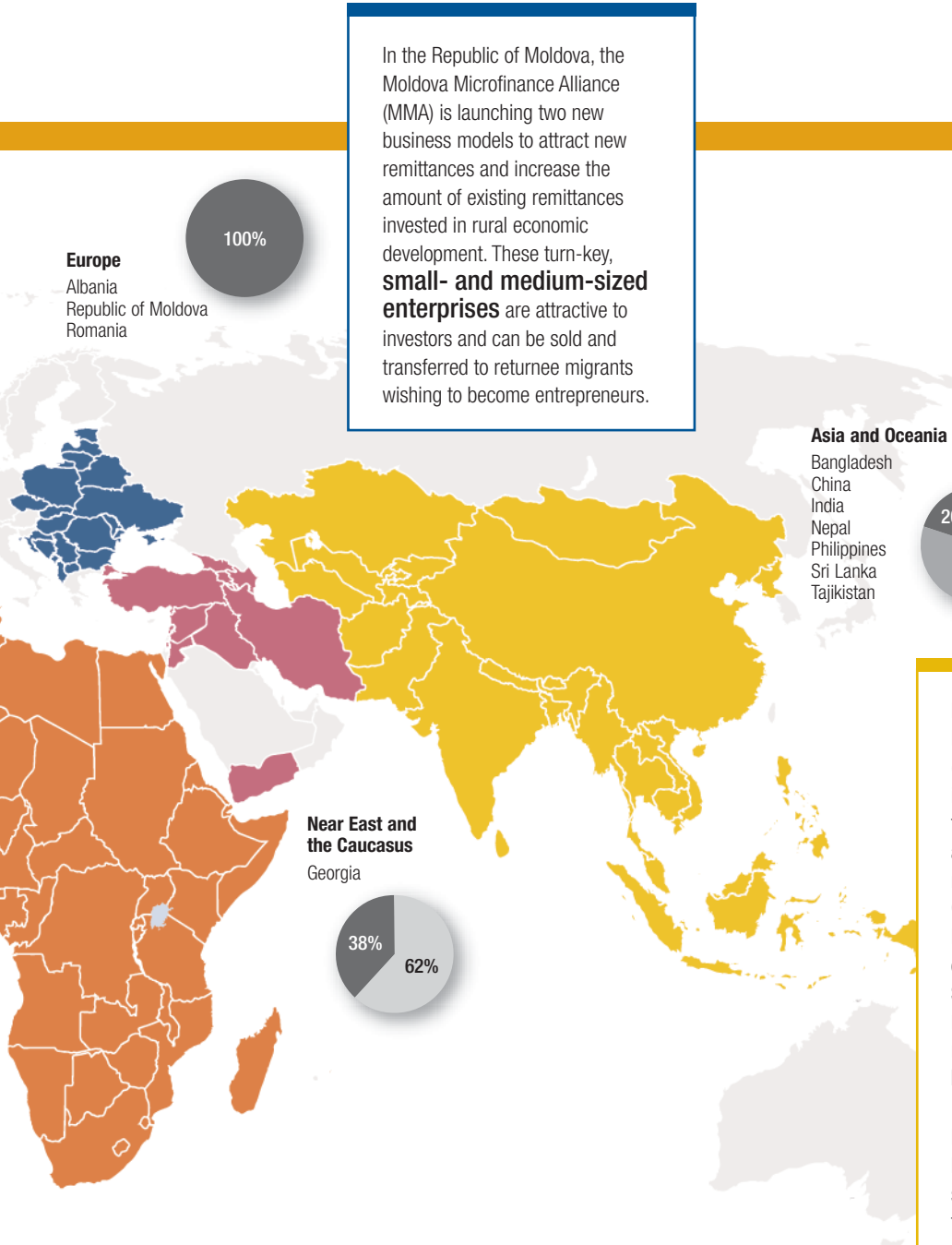
Benin
Burkina Faso
Cameroon
Democratic Republic of the Congo
Ethiopia
Madagascar
Malawi
Mali
Mauritania
Morocco
Niger
Nigeria
Senegal
Sierra Leone
Somalia
Uganda



In Peru, the Center for the Advancement of Women (CEPROM) is encouraging migrants and their families to forge ties with regional and local governments to promote co-development processes that help generate **productive investment opportunities** and lessen the need to migrate. After a series of training sessions for transnational families, new family-run, market-oriented businesses have been created at the local, national and international levels.

In Haiti, Fonkoze is expanding and improving remittance transfer services in rural areas by introducing an **IT platform**. Savings accounts, together with financial services for receiving remittances, are made available to families living in isolated rural areas that have no experience with financial institutions. The virtual infrastructure ensures sustainability even in the event of damage to the organization's physical assets.

In Francophone Western Africa, the Universal Postal Union (UPU) is working with **regional postal networks** and the International Telecommunication Union. As a result, rural post offices in Benin, Burkina Faso, Mali, Mauritania, the Niger, and Senegal have now extended their remittance services and related products to poor rural populations in remote areas.



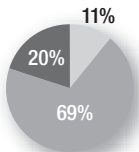
In the Republic of Moldova, the Moldova Microfinance Alliance (MMA) is launching two new business models to attract new remittances and increase the amount of existing remittances invested in rural economic development. These turn-key, **small- and medium-sized enterprises** are attractive to investors and can be sold and transferred to returnee migrants wishing to become entrepreneurs.

Europe
Albania
Republic of Moldova
Romania



Asia and Oceania

Bangladesh
China
India
Nepal
Philippines
Sri Lanka
Tajikistan



Near East and the Caucasus
Georgia



In Tajikistan, the Foundation for International Community Assistance (FINCA International) is working on increasing economic opportunities for remittance receivers in rural areas. The project is developing a remittance transfer facility with the Common Web Interface for Multiple Money Transfer Operators. It also created **low-cost rural savings products linked to remittances**, and an innovative migrant credit product currently being tested in the market.

In Nepal, the Centre for Micro-Finance (CMF) is promoting migrant savings and investments through the training of community-based microfinance institutions in migrant workers' home villages. These institutions are learning how to **diversify remittance management services** and to provide essential training to the local men and women. The project is empowering migrant workers and their families through awareness-raising campaigns, which encourages greater participation and motivates potential clients to join microfinance institutions.

In Ethiopia, Oxfam Novib is promoting the use of **an online, real-time remittance processing system** that allows for faster and cheaper money transfer services. As a result, a remittance network is being established between Ethiopian microfinance institutions and partners in the United States. The institutions are developing new remittance-based products and services, including **transnational mortgages**.

In Senegal, the Group for Research and Technology Exchange has developed a **housing loan product** for remittance-sending Senegalese migrants in northern Italy. The product has been developed in close collaboration with the migrant population itself and is adapted to their specific needs while remaining financially profitable for service providers. As a result, Senegalese migrants will be able to allocate a portion of their remittances to housing savings accounts.

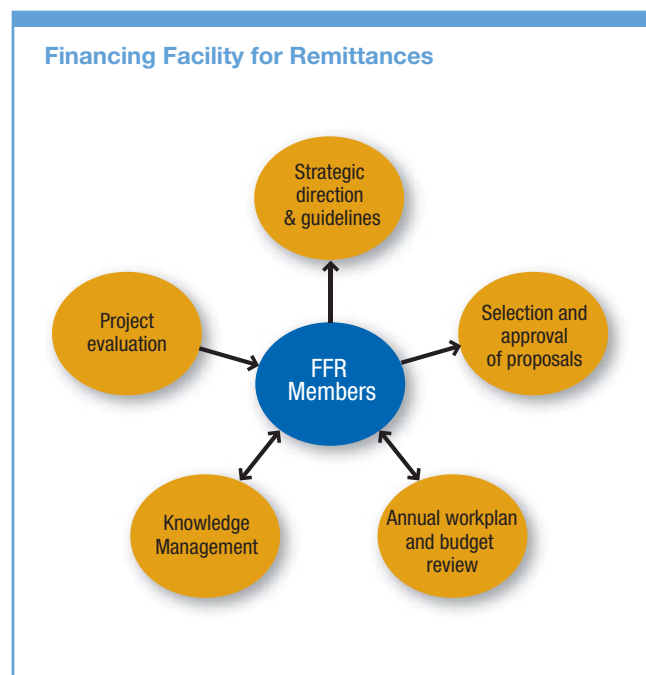
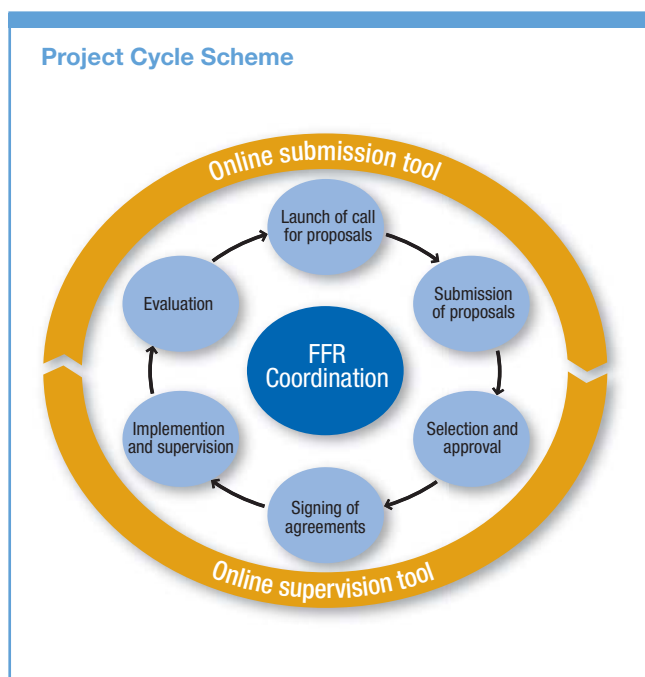
How the FFR operates

The FFR manages its strategic approach through project cofinancing, specifically through the launch of an annual “call for innovative and sustainable initiatives”. This call for proposals is a worldwide, flexible, demand-driven funding mechanism that cofinances the most innovative and promising initiatives, on a competitive basis. The FFR awards grants of up to US\$250,000 for projects with a maximum lifespan of two years.

During the call for proposals, interested organizations submit their applications through the FFR online submission tool. These are then reviewed by the Steering and Investment Committees, which play a central role in selecting and approving project proposals. The committees guarantee the quality of the process by setting out guidelines and contributing to project supervision.

Crucial to the project cycle is monitoring and evaluation, with real-time adjustment of project performance and enhancement of project impact. Monitoring and evaluation provides key criteria for the selection of project proposals and enriches future project design with best practices and lessons drawn from experience in the field. In this way, targeting and procedures in future projects are refined.

Lessons learned from major project experiences are disseminated through publications, events, and web tools, which promote the replication, scaling up and scaling out of successful practices and approaches.



FFR as an information broker



Global Forums on Remittances – conferences

The FFR is the driving force behind the Global Forum on Remittances, a series of groundbreaking regional and international conferences dedicated to highlighting the impact of remittances in developing economies. These events are devoted to the creation of wide-reaching synergies among government, civil society and the private-sector stakeholders.

Our remittance forums:

- **International Forum on Remittances 2007. Remittances as a Development Tool** (in partnership with the Inter-American Development Bank in Washington, DC)
- **Global Forum on Remittances 2009. Remittances as a Development Tool in Africa** (in partnership with the African Development Bank in Tunis)

Sending Money Home – publications

The FFR periodically releases new studies under the title *Sending Money Home*. These studies focus on central issues affecting remittances from both a global and regional perspective, stressing the impact of remittances in the developing regions of the world. *Sending Money Home* provides comparative indicators to measure the importance of remittances among regions and sub-regions, and highlights their potential to stimulate local economic activity. The studies also deal with regulatory and competitive issues and developments in financial mediation.



RemittancesGateway.org – portal

The RemittancesGateway.org web-portal provides a platform for continuing dialogue among stakeholders. This portal is a one-stop shop providing the latest news, information, documents and data from a broad range of institutions and stakeholders on the subject of remittances. As well as serving as a tool for information exchange and discussion, the Gateway provides both country-specific and topic-related information from around the globe.

Our project beneficiaries and their partners

A Little World (ALW)	Crystal Fund	Instituto de Formación Bancaria (IFB)	Opportunity-US
AB Bank, Ltd.	Dedebit Credit and Savings Institution (DECSI)	Instituto de Migración y Desarrollo en la Región Andina (INMIGRA)	Oromia Credit Saving Share Company (OCSSC)
Academia de Centroamérica	DEVINPRO	International Agency for Source Country Information (IASCI)	Oxfam-Novib
Accès Banque Madagascar (ABM)	Dollex	International Network of Alternative Financial Institutions (INAFI)	PlaNet Finance
African Foundation for Development (AFFORD)	Espíritu de Santa Cruz	International Organization for Migration (IOM)	Postal Saving Bank of China
Amhara Credit and Savings Institutions (ACSI)	Etimos	Jamaica National Building Society Foundation (JNBSF)	Poste Maroc
Appui au développement autonome (ADA)	Fadugu	Jamaica National Money Services (JNMS)	Pourakhi
Asociación de Bolivianos en España	Federación Boliviana de Cooperativas de Ahorro y Crédito (FEBOCAC)	Jamaica National Small Business Loans (JNSBL)	Prime Bank, Ltd.
Association of Ethiopian Microfinance Institutions (AEMFI)	Federación de Cooperativas de Ahorro y Crédito de Santa Cruz	Konecta, S.A.	Programme d'appui aux mutuelles d'épargne et de crédit au Sénégal (PAMECAS)
Association of Peruvian Institutions in the United States and Canada (AIPEUC)	Fédération des associations Sénégalaises de l'Italie du nord (FASNI)	La Poste France Group	ProRuralInvest
Atikha Overseas Workers and Communities Initiatives, Inc.	Federation Humana People to People (HPP)	LBP Financial Services, SpA (LBP)	Psychologists without Borders
Axis Bank	Federation of Associations of Peruvians in Spain (FEDAP)	Lider	Punjab National Bank
Banca Popolare Etica	Filipino Women's Council (FWC)	Management Control Systems (MCS)	Red Nicaragüense de la Sociedad Civil para las Migraciones
Banco Continental SAECA	Finance Salone Limited	MapSwitch Uganda Ltd	Red Transaccional Cooperativa (RTC)
Banco de Oro (BDO)	First MicroFinanceBank in Tajikistan (FMFB)	MFO Crystal	Redeban S.A.
Banco Hipotecario Dominicano	Fondasyon Kole Zepòl (FONKOZE)	Microfinance International Corporation (MFIC)	Regional Government of Junin
Banco Nacional de Costa Rica (BNCR)	Fondo Financiero Privado Eco Futuro S.A.	Microfinanza, Srl	Servicio Holandés de Cooperación al Desarrollo (SNV)
Bank Asia, Ltd.	Foundation for Economical Development and European Integration (FEDEI)	Microinvest	Sèvis Finansye Fonkoze (SFF)
Basel Agency for Sustainable Energy (BASE)	Foundation for International Community Assistance (FINCA) International	Migom	Sintesis S.A.
Basic Unit for Resources and Opportunities of Bangladesh (BURO)	FINCA RD Congo SARL	Mobile Finance Eurasia	SMART Communications
BASIX	FINCA Tajikistan	Moldova Microfinance Alliance (MMA)	Softlinks
Business Consulting Institute (BCI)	FINCA Uganda	MoneyGram	Soro-soro Ibaba Development Cooperative (SIDC)
CAM	Fulliangpeng Township Rural Credit Cooperative	Movistar	State Bank of India (SBI)
Cameroon Cooperative Credit Union League (CAMCCUL)	Fundación Suiza de Cooperación para el Desarrollo Técnico (Swisscontact)	MTN Cameroon	Tadian Township Rural Credit Cooperative
Casa de Bolivia	Fundatia Dezvoltarea Popoarelor Prin Sustinere Reciproca	Mutuelle d'Epargne et de Crédit des Emigrés (MECE)	Tahiry Ifamonjena Amin'ny Vola (TIAVO)
Center for Micro-Finance (CMF)	Genesis Analytics, Ltd.	National Bank of Georgia	Telefónica
Centre d'Etudes Politiques Internationale (CESPI)	Giros y Finanzas Compañía de Financiamiento Comercial, S.A.	National Coordination of Associations and Peruvian Organizations in Italy (CONAPI)	Telegiros
Centre for Economic and Social Studies	Groupe de Recherche et d'Echanges Technologiques (GRET)	Nepal Institute of Development Studies	Transfer Express (TE)
Centro de Fomento a Iniciativas Económicas S.A.	Groupe La Poste	Nepalese Ministry of Labour and Transport Management	UNISStream
Centro de Incubación de Empresas del Instituto Tecnológico de Costa Rica	GSM Association (GMSA)	Nepalese Ministry of Women, Children and Social Welfare	United Nations Development Fund for Women (UNIFEM)
Centro de Promoción de la Mujer y el Desarrollo (CEPROM)	Habitat for Humanity Tajikistan (HFH)	NIPOST	Unitransfer
China Postal Savings Bank Co., Ltd. (PSBC)	Hatton National Bank, PLC.	Oceanic Bank International, Plc.(OBI)	Universal Postal Union (UPU)
Citibank N.A.	Himilo Relief and Development Association (HIRDA)	Ombona Tahiry Ifampisamborana Vola (OTIV)	Universidad de Cuenca
Comisión Asesora en Alta Tecnología de Costa Rica	IndePay Networks Pvt. Ltd	Open Revolution	UNO
Confédération des institutions financiers (CIF)	Indian Grameen Services (IGS)	Opportunity International (OI)	Veneto Banca
Cooperativa de Ahorro y Crédito Jardín Azuayo	Ingenicard Inc.	Opportunity International Bank of Malawi (OIBM)	Veneto Lavoro

International Fund for Agricultural Development (IFAD)

IFAD is an international financial institution and a United Nations specialized agency dedicated to eradicating poverty and hunger in the rural areas of developing countries. Through low-interest loans and grants to governments, IFAD builds and finances poverty reduction programmes and projects in the world's poorest communities. Seventy-five per cent of the world's poorest people, almost one billion women, men and children, live in rural areas of developing countries and depend on agriculture and related activities for their survival. IFAD focuses on poor, marginalized and vulnerable rural people, enabling them to access the assets, services and opportunities they need to overcome poverty. IFAD works closely with governments, other United Nations agencies, donors, non-governmental organizations, community groups and rural poor people themselves.

For more information, please visit www.ifad.org



International Fund for
Agricultural Development
Pedro De Vasconcelos
FFR Programme Coordinator
Via Paolo di Dono, 44
00142 Rome, Italy
Telephone: +39 06 54592012
Facsimile: +39 06 54593012
E-mail: remittances@ifad.org
www.ifad.org/remittances



February 2010