



The Activities of the Global Remittances Working Group:

G8 International Conference on Remittances

Rome, November 9, 2009

Massimo Cirasino

Dilip Ratha

Coordinators, GRWG



THE WORLD BANK

Global Remittances Working Group

Outline:

1. Milestones
2. Organizational Chart
3. Key Features
4. Thematic Areas

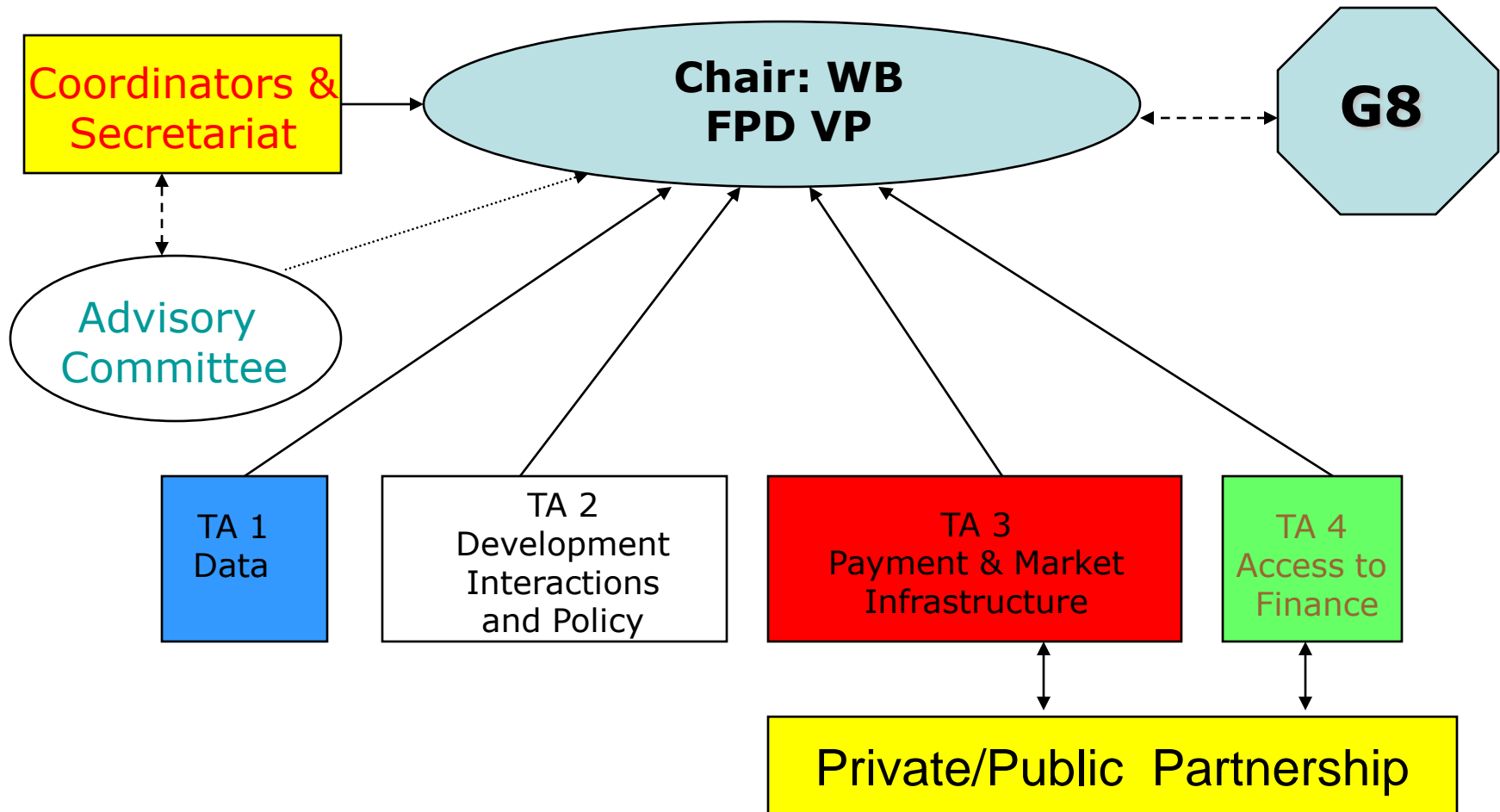
The Global Remittances Working Group: Milestones

- During the 2004 G8 Meeting at Sea Island, Remittances entered the G8 agenda
- 2006: Establishment of the Luxemburg Group on remittance data collection (flows) was established
- In January 2007, the General Principles on Remittance Services were released by the World Bank and CPSS creating the basis for future work on remittances
- In 2007, in Berlin, the G8 agreed to seven recommendations, among which was the creation of a Working Group on Remittances
- In September 2008, the World Bank, in cooperation with DFID, launched the Global Public Private Partnership on Remittances in Vienna
- In January 2009, the G8 Global Remittances Working Group was created, coordinated by the World Bank
- In May 2009, the G8 GRWG proposed the objective of the 5x5
- In July 2009, the G8 Heads of State endorsed the 5x5 objective

G8 5x5 Objective

- In many remittances corridors the cost of sending remittances is still high relative to the often low incomes of migrant workers and their families
- Reduction in cost would generate a net increase in income for migrants and their families in the developing world, estimated at 15 billion USD. This is particularly important for Small States where costs are relatively high
- **In light of this, the G8 Global Remittance Working Group and the World Bank have promoted the 5x5 objective: the reduction of the average cost of sending remittances globally by 5 percentage points over 5 years**
- **In July 2009, at L´Aquila summit, the G8 Head of States endorsed the 5x5 objective and made a pledge “to achieve in particular the objective of a reduction of the global average costs of transferring remittances from the present 10% to 5% in 5 years through enhanced information, transparency, competition and cooperation with partners”**
- The World Bank Remittance Prices Worldwide database provides a reference for monitoring progress on this objective on a biannual basis

The Global Remittances Working Group



Key Features of the GWGR

- The Global Working Group on Remittances (GWGR) is chaired by Janamitra Devan, Vice President, Financial and Private Sector Development
- The GWGR is supported by several Departments within the World Bank Group
- Interested G8 authorities form part of the Core Global Remittances Working Group
- An International Advisory Committee (IAC), consisting of 9 individual experts will provide technical guidance
- A plenary meeting held annually with all the stakeholders (e.g. Rome, 2009)
- A small secretariat responsible for ensuring appropriate coordination among the parties is housed at the World Bank Payment Systems and Remittances Unit.
- Massimo Cirasino (PSDG, World Bank) and Dilip Ratha (DEC/PREM, World Bank) are the two Coordinators of this Initiative;
- Overall coordination of TA1 and TA2 is provided by Dilip Ratha, and of TA3 and TA4 are by Massimo Cirasino.
- TA1 is led by Neil Fantom (DEC Data Group, World Bank), TA2 by Dilip Ratha, TA3 and TA4 by Massimo Cirasino

Core Remittances Working Group

- It comprises representatives from the World Bank Group and interested G8 authorities
- Its main functions are:
 - Steer the entire process
 - Set priorities for the four Thematic Areas
 - Review the products of the four Thematic Areas
 - Discuss and prepare the key documents to be submitted to the G8 for consideration
 - Ensure visibility of the project vis-à-vis external parties
 - Increase awareness on remittance related issues within the development community, in G8 countries and beyond
- The Group meets and interacts periodically, using all available forms of communication in order to be efficient and effective

International Advisory Committee

- It comprises 9 international experts
- Its main responsibilities are:
 - Provide technical advice and guidance to the Core GRWG
 - Bring to bear international and national expertise on a variety of aspects related to remittances
 - Assure consistency with the most up-to-date thinking on remittance matters
 - Review documents/reports prepared in the context of the four Thematic Areas
 - Present at and provide support for conferences, seminars and workshops
 - Help identify appropriate areas and resources for practical implementation of the G8 recommendations

International Advisory Committee

- IAC members can participate in the meetings of the Core Remittances Working Group, as observers, and interact regularly with the Thematic area leaders and the Secretariat

- IAC experts can participate in the production of some of the products. In this case, the individuals concerned will abstain themselves from participating in the review process of the outcomes they have contributed to produce

Thematic Areas

- *The activities of each thematic area are organized according to the modalities indicated by the respective coordinators*
- *The G8 countries have nominated experts to all thematic areas at their convenience*
- *TA 1 will leverage on the work and structure of the Luxembourg Group and will integrate in its activities all other interested parties*

Thematic Areas

- *TA 2 will be organized around the different activities/projects proposed and approved by the Working Group. Interested parties will be able to participate in the technical work of the different projects, by contacting the TA leader*
- *TAs 3 and 4 will operate in collaboration with WB-DFID Private-Public Sector Partnership (PPP) for Remittances, officially launched in September 2008. Interested parties are invited to join the Consultative committee of the Partnership and/or any of the specific technical activities*

Thematic Area 3

Payment and Market Infrastructure

- Working towards a Sound, Predictable, Non discriminatory, and Proportionate Legal and Regulatory Framework (GP III): Identifying standard approaches
 - Regulatory reform is a particularly important issue in remittances
 - A Regional Study was initiated in Latin America and the Caribbean and leverages on existing WB work
 - The report will highlight best practices and accepted solutions to meet the objective
- Enhancing the transparency of remittance services to induce the continued reduction of remittance costs worldwide (GP I): Encouraging the creation of national price databases
 - Leveraging on the World Bank remittance prices database
 - Common Methodology for National Databases on Remittance Prices
 - Coupled with other consumer protection tools

Thematic Area 3

Payment and Market Infrastructure

- Encouraging payment infrastructure development to provide more efficient access to clearing and settlement services
 - Continued implementation of General Principles II and IV in reforms of national payments systems (e.g. additional resources devoted to payment system development and increased focus on retail payments)
 - Study to extract main lessons from payment infrastructure models to support the provision of efficient remittance services
- Analysis of the Benefits and Challenges of Industry Codes of Conduct
 - Positive experience to build on: UK Remittances Consumer Charter
 - Identify guidelines for the implementation of successful self-regulatory initiatives
 - Enforcement and Oversight

Thematic Area 4

Remittance-linked financial products and Access to Finance

- Study on Best Practices in Remittance-linked Financial Products
 - Many projects worldwide but so far no systematization of the lessons learned in remittance-linked financial products
 - Produce a Best Practices Note to guide financial institutions to provide more inclusive financial services to remitters and their families

Thematic Area 4

Remittance-linked financial products and Access to Finance

- “Bancarization” Indicators
 - Develop or adapt appropriate indicators on “banking” remittance senders and receivers and gather existing data to monitor evolution
- Standardization of Remittances Inclusion in Credit Scoring
 - Taking remittance flows into account when underwriting a loan
 - Seek common formats to standardize inclusion of remittance flows

Thematic Area 4

Remittance-linked financial products and Access to Finance

- Paper on financial instruments to raise external financing by targeting the diaspora*
- Paper on leveraging remittances for capital market access*

* **Linked with Thematic Area 2 (see below)**

Thematic Area 2

Interconnections with Migration and Development, and Policy

- Financial crisis on remittances (Semi-annual Report)
- Paper on the role of remittances during natural disasters
- Effects of remittances on poverty and labor market participation

Thematic Area 2

Interconnections with migration and development, and policy

- Findings of Central Banks Surveys on Remittances*
- Remittance Markets in Sub-Saharan Africa: Report of surveys of remittances service providers in Africa, France, the UK and the USA
- Report of Survey of African Embassies in Washington
- South-South and Intra-regional Migration in Africa and South Asia

* **Linked with Thematic Area 2 (see below)**

Thematic Area 2

Interconnections with migration and development, and policy

- Paper on financial instruments to raise external financing by targeting the diaspora*
- Paper on leveraging remittances for capital market access*

* **Linked with Thematic Area 4 (see above)**

Thematic Area 1

Data

- A note updating progress on the recommendations of the G8 Task Force on Remittances Data/Luxembourg Group
- Guidelines on how to capture unrecorded remittances through surveys of migrants and their households and other means
- A global survey of central banks - how central banks collect remittances data and regulate the remittance market

Thank you!