



**IMPLEMENTING A USER-OWNED, LOW COST
REMITTANCE SERVICE THAT WILL BECOME A PLATFORM
FOR LOCAL SOCIAL AND ECONOMIC DEVELOPMENT**



THE PROJECT

The International Network of Alternative Financial Institutions (INAFI International) is implementing a User-Owned, Low Cost Remittance Service. This pilot project intends to:

- provide an alternative to the current cash-to-cash dominated remittance services;
- increase financial literacy among remittance senders and recipients; and
- link remittances to microfinance services allowing access to bank accounts, savings, credit facilities and innovative remittance-based products and services.

With the support of the International Fund for Agricultural Development (IFAD) under its Financing Facility for Remittances (FFR), the service will initially target the important Spain-Senegal corridor and it will therefore be implemented at two INAFI member Micro Finance Institutions in Senegal, being FDEA and U-IMCEC. Once the expected results are achieved, the service could easily be rolled out to other Micro Finance Institutions and to other countries.

INAFI believes that low cost transfer of remittances is a necessary tool to bring financial services closer to poor people and expects that this innovative new service will serve as a platform to promote local, social and economic development. To implement the User-Owned, Low Cost Remittance Service, INAFI signed a partnership agreement with the Barcelona-based Federation of Associations of Senegalese Migrants (CASC) and AUXFIN. Leila Rispens-Noel, Senior Adviser of INAFI, provides technical advice based on her extensive expertise in the field of migration, remittances and development.

ABOUT INAFI



INAFI, founded in 1995, counts today 146 member organizations, including four large networks, in 39 countries. Together they serve more than 26 million clients with a combined portfolio of USD750 million in credit and USD350 million in savings. INAFI aims to contribute to poverty alleviation through the development of a holistic financial services approach that ensures significant outreach with a focus on the poorest and addresses the broader aspects of human and social development. As such, INAFI has for many years actively been involved in the debate surrounding remittances and their impact on the remittances receiving economies. INAFI promotes the links between migration and development by linking microfinance institutions and migrant associations in leveraging the development potentials of remittances. Thereby, it counts on the support from external experts and hard work of INAFI's global and regional networks.

"INAFI is convinced that remittances sent by migrants have a great development potential and therefore remittances is a key theme in our strategic development plan. New initiatives to leverage remittances for development by linking microfinance and remittances are now being initiated by our network in several countries around the world. We are delighted by the support of IFAD to this specific initiative for which our expectations are very high."

HON. Soukeyna Ndiaye Ba
(Executive Director of INAFI)

THE PARTNERS

AUXFIN



AUXFIN, established in 1994, has several tested tools and highly-experienced consultants to assist in the Project. The organisation has 35 staff of which 10 developers in Nepal and 2 developers in Poland. AUXFIN will provide the UMVA system, a platform and software developed for small banks, with special functions for migrants and their needs for remittances services. It will also provide AUX-EL for training.



THE PARTNERS

CASC

CASC is a federation of 53 associations of Senegalese migrants in Catalonia, founded in Barcelona in 2003 with the objective to contribute to the institutional development of these associations and to promote co-operation and interrelation between the Senegalese community and the Spanish and Senegalese public administrations. CASC was involved in the Project design from day one and will promote the Project amongst its members in Spain.



FDEA

FDEA is a Senegalese Microfinance Institution founded in 1987. FDEA's mission is to create an institutional framework adapted to the needs, technical capabilities, and socio-economic realities of poor and disadvantaged entrepreneurs. It has 85,600 clients and members and a loan portfolio of EUR 2 million, mostly funded by client savings of EUR 1.8 million. The clients are being serviced through a network of 20 branches.



U-IMCEC

U-IMCEC aims to contribute to improving incomes and well-being of families and microentrepreneurs through access to financial services for creating income generating activities, especially for women and the poor and vulnerable. U-IMCEC is an initiative of the Christian Children's Fund and provides micro finance services through its network of 41 branches. It counts more than 72,000 members, 131 staff, a loan portfolio of EUR 11 million and total savings of EUR 6.9 million.



FINANCING FACILITY FOR REMITTANCES



IFAD's US\$18 million multi-donor facility, Financing Facility for Remittances, increases economic opportunities for the rural poor through the support and development of innovative, cost-effective, and easily accessible international and/or domestic remittance services. The main objective of the Facility is to support projects and activities that:

- reduce the transfer costs of remittances
- develop institutional partnership
- bank the unbanked rural population
- promote innovative remittance and financial services
- promote productive rural investment of migrants' capital in their countries of origin.

THE SERVICE

The service will be offered to members. Membership can be obtained by any individual or entity by registering through the CASC, U-IMCEC or FDEA against the payment of a low, monthly fee. Such a membership will offer access to:

- a fast, free, secure and easy to use internet-based remittances service that allows full flexibility in terms of the amounts being sent and the frequency of sending
- a free communication tool
- video conferencing facilities
- e-learning courses.

Further benefits can be created by the users by negotiating tailor-made additional services from third party service providers.

THE MIGRANT DEVELOPMENT FUND

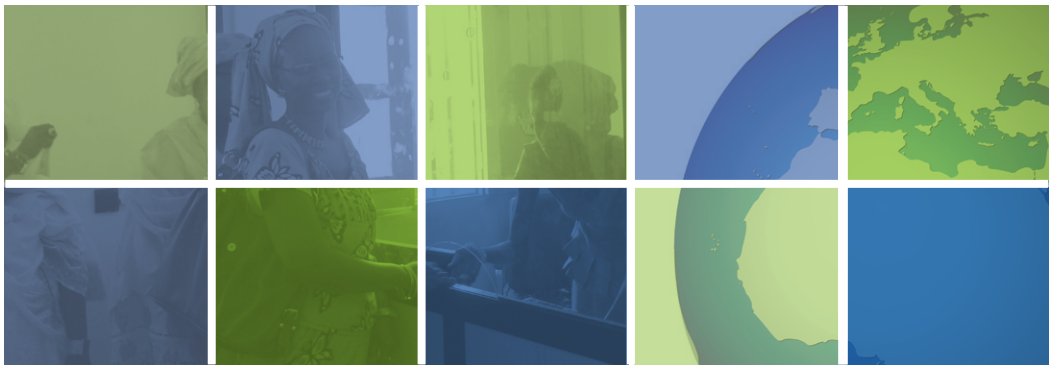
This service is expected to reduce the actual costs occurred by the remittance senders by around 90%. With that in mind, the CASC and its members took the initiative to set up a Migrant Development Fund that will be funded and managed by the migrant users of the service on the basis of a monthly contribution of 1 euro. Although this fund will be moderate in the beginning, its potential is enormous, taking into consideration the enormous number of Senegalese migrants. Moreover, it responds to the desire of the Senegalese migrants to contribute to the social and economic development of Senegal.

"We are excited to provide our tested UMVA tools and expertise to this ground-breaking initiative. It is a great opportunity for us to start working with INAFI and 2 of its member MFI's, thus expanding further the scope of our growing activities. New in this project is the Migrant Development Fund; the results of this project will have a large impact for migrants over the world."

Cornelis Heesbeen (CEO of AUXFIN)

OPENING THE DOOR TO AN SME DEVELOPMENT FUND

In addition to the Migrant Development Fund, discussions are being held amongst the partners to leverage the strong network of migrants, remittances receivers and Micro Finance Institutions by facilitating the set up of an SME Development Fund that will provide financial and technical support to SME initiatives that arise from the linkages between the migrants, the remittance receivers and the Micro Finance Institutions.



MORE INFORMATION:

Mr. Marco van Andel, an expert in microfinance, remittances and financial development was recruited as the project manager of this project.

For any queries, please send an e-mail to marcovanandel@hotmail.com, or contact INAFI through www.inafi.org/contact-us or info@inafi.org.

INAFI BOARD MEMBERS:

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"The idea of a user-owned, low cost remittance service has been on top of our agenda for several years and after so much hard work the moment has now come to start implementing the idea. We are convinced that we have the right partners to turn this idea into an innovative reality."

Amadou Bocar Sam
(President of CASC)