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MULTILATERAL INVESTMENT FUND

REGIONAL

**APPLICATION OF GENERAL PRINCIPLES FOR LATIN AMERICAN
AND CARIBBEAN REMITTANCE MARKETS**

(RG-M1083)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Gregory Watson (MIF/OPS); Pedro de Vasconcelos (MIF/IKM); Miguel Almeyda (COF/CME); Carla Bueso (MIF/DEU); Diego Buchara (LEG); and Federico de Arteaga (MIF/OPS), Project Team Leader.

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ABBREVIATIONS

AWP	Annual work plan
BIS	Bank for International Settlements
CCC	Coordination and Convergence Committee
CEMLA	Centre for Latin American Monetary Studies
CESI	Committee on Environment and Social Impact
CPSS	Committee on Payment and Settlement Systems
FCD	Financial Sector and Capital Market group
PCR	Project completion report
PCU	Project coordination unit
PPMR	Project performance monitoring report
REMS	Remittances subgroup
WHF	Western Hemisphere Payments and Securities Settlement Forum

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I. EXECUTIVE SUMMARY

Beneficiary countries:	Mexico and 22 other countries ¹	
Executing agency:	Centre for Latin American Monetary Studies, A.C. (CEMLA)	
Beneficiaries:	<p>The direct beneficiaries are the central banks and other authorities in the region (Latin America and the Caribbean) involved in the regulation, operation and measurement of the remittance market, specifically those in countries with high remittance flows that are participating in the project. The project will benefit at least 23 central banks, 15 directly through missions, and eight indirectly through regional seminars and other events to disseminate information.</p> <p>The indirect beneficiaries are the recipients of remittances from family members, as the project will promote their formal participation in the payment system, reduce the net cost of the remittances they receive, and facilitate their access to more secure remittance services.</p>	
Financing:	Modality:	Nonreimbursable FCD/REMS
	MIF (Window I) ²	US\$1,759,300 (46%)
	Executing agency	US\$2,053,346 (54%)
	Total	US\$3,812,646
Objectives:	<p>The goal of the project is to help increase net receipts of remittances in the region, by reducing the cost of sending remittances in a more transparent, efficient, affordable, competitive and secure market. The purpose is to have the authorities (central banks and superintendencies) implement the General Principles for International Remittance Services. To this end, the project will include the following components: (1) strengthening remittance market reporting; (2) transfer of knowledge and awareness-raising; and (3) technical assistance and dissemination.</p>	

¹ Twenty-three central banks that are members of CEMLA are participating in the project.

² Includes US\$30,000 for cluster coordination activities.

Execution schedule:	Execution: 48 months. Disbursement: 54 months.
Special contractual conditions:	Conditions precedent to the first disbursement of the MIF funds: (i) the coordinator of the project coordination unit has been selected; and (ii) the Operating Regulations agreed on with CEMLA have entered into force.
Exceptions to Bank policies:	None.
Coordination with other official development finance institutions:	Institutional agreements with other agencies are at the very heart of project execution. There are no similar projects in Latin America and the Caribbean financed by other financial institutions.
Environmental and social review:	The Committee on Environment and Social Impact reviewed the project at its 9 June 2006 meeting. It did not request that any actions be taken.

II. BACKGROUND

- 2.1 The importance of remittances has been illustrated exhaustively. Suffice it to say that in 2005, remittance flows in Latin America and the Caribbean reached US\$56.3 billion, exceeding direct foreign investment flows and official external assistance in the region combined. An estimated 150 million individual transactions are executed each year involving 20 million families, who receive between US\$200 and US\$300 per remittance. Accordingly, remittances can represent a significant percentage of GDP for certain recipient countries.
- 2.2 As a source of income for the recipient households, remittances contribute significantly to poverty reduction, particularly in developing countries. The volume and stability of remittances have sparked interest on the part of analysts and politicians; however, the data presented on these transactions often differ depending on the source, compilation procedures and measurement methodology used.
- 2.3 The importance of remittances, and the difficulties associated with them, have been increasingly recognized in recent years. In particular, at the Sea Island summit in June 2004, the G-8 countries approved a series of measures with developing countries designed to reduce the cost of remittance services.
- 2.4 Two separate task forces were created to address: (1) the issue of measurement of remittance flows from a macroeconomic perspective; and (2) the operation of

remittance markets from a payment-system perspective. In reference to the second subject, a task force was created under the leadership of the World Bank and the Committee on Payment and Settlement Systems³ of the Bank for International Settlements (BIS). The task force is responsible for developing a series of principles for international remittance services and is comprised of payment-system experts from the central banks of both sending and receiving countries and from international financial institutions. The MIF participated in both task forces.

- 2.5 It is important to note the difference in focus of the two task forces. While both address issues relating to remittances, the measurement task force specifically addresses measurement at the national level, while the General Principles task force addresses only the remittance market.
- 2.6 The remittance measurement task force, established under the leadership of the United Nations Statistics Division, consists of experts on balance-of-payments statistics from central banks and international organizations. A series of meetings have been held in order to form a consensus on the definition of remittances (from a balance-of-payments perspective) and seek best practices for measuring remittances. As part of the MIF's efforts on this task force, the Improving Central Bank Remittance Reporting and Procedures project (RG-M1059) was approved in 2005 under the leadership of the Centre for Latin American Monetary Studies (CEMLA). This project has been executed with such success that the demand for remittance measurement missions has exceeded the initial financing obtained.⁴
- 2.7 In fulfillment of the G-8 mandate, the World Bank and the Bank for International Settlements⁵ issued the General Principles for International Remittance Services in March 2006. The purpose of that report was to analyze the payment system aspects of remittance markets and provide general principles to help countries improve the markets' operation. The application of those principles⁶ is expected to help achieve economic policy objectives such as improving the security and efficiency of international remittance services, which requires a regulatory scheme that promotes competition, transparency, accessibility and soundness of remittance services.
- 2.8 The General Principles will be published officially in September 2006. Both remittance service providers and government authorities will have a role to play in implementing the principles. In addition, international and regional coordination will be required to implement the principles in the participating countries.

³ CPSS.

⁴ See paragraph 9.1.

⁵ BIS.

⁶ The principles fall within the following categories: transparency and consumer protection; payment system infrastructure; legal and regulatory environment; market structure and competition; governance and risk management; the role of remittance service providers; and the role of public authorities.

- 2.9 **Rationale.** The rationale for the project is that it is the next logical step in improving the region's remittance markets. As indicated in the background section, the MIF approved the Improving Central Bank Remittance Reporting and Procedures project (RG-M1059), to fulfill the G-8 objectives relating to improved statistical measurement of remittances. This new project will make Latin America and the Caribbean the first region to also comply with the second pillar of the G-8 mandate relating to the General Principles for International Remittance Services. It will also fuel the MIF's work to make the Latin American and Caribbean remittance markets the most transparent and least expensive, and will significantly improve the region's remittance transfer infrastructure.
- 2.10 The project is highly **innovative** because it will serve as a model for other regional development banks⁷ and create a body of documents explaining substantive aspects of implementation of the General Principles at the country level. The project will also bring together under one roof the various ongoing efforts relating to remittances and payment systems. The executing agency is CEMLA, which is also executing the MIF-financed project to improve remittance measurement.
- 2.11 The institutional point of reference for the program will be the Western Hemisphere Payments and Securities Settlement Forum (WHF), an initiative that has evaluated payment systems in the vast majority of the region's countries, paving the way for national projects to modernize those systems. The WHF, for which CEMLA serves as technical secretariat, has established close coordination among the participating institutions, which include the World Bank and the BIS as part of the core team, and will facilitate institutional convergence with the remittance measurement program that will make central banks take a comprehensive approach to handling remittances.

III. OBJECTIVES AND COMPONENTS

- 3.1 The goal of the project is to help increase net receipts of remittances in the region, by reducing the cost of sending remittances in a more transparent, efficient, affordable, competitive and secure market. The purpose is to have the authorities (central banks and bank superintendencies) implement the General Principles for International Remittance Services. To this end, the project is divided into three components: (1) strengthening remittance market reporting; (2) transfer of knowledge and awareness-raising; and (3) technical assistance and dissemination. The plans and itemized contents and budget for the following activities will be described in the annual work plan.

⁷ The Asian Development Bank and European Bank for Reconstruction and Development are looking to the MIF for a model for regional implementation of the General Principles.

- 3.2 **Component 1: Strengthening remittance market reporting (MIF US\$184,650, local counterpart US\$582,300).** The objective of this component is to collect information on national remittance markets, to evaluate the extent of compliance with the General Principles, with a view to producing descriptive reports and recommendations.
- 3.3 The main activity under this component will be country missions to evaluate compliance with the General Principles. The MIF resources will be used to finance consultancies to provide technical assistance for preparing the reports and recommendations.
- 3.4 These missions will be conducted jointly with the participation of experts who will conduct meetings with the principal stakeholders in the remittance markets of the respective countries.
- 3.5 The project is expected to result in: (i) an understanding and evaluation of the degree of compliance with the General Principles in at least 15 countries in which missions are conducted; (ii) recommendations for the authorities based on the evaluations, for greater compliance with the General Principles; and (iii) publication of statistical data relating to remittances.
- 3.6 The outcomes of this component will also serve as input for preparing the country documents called for under component 2, and the resulting recommendations will serve as the basis for preparing the implementation plans provided for under component 3.
- 3.7 **Component 2. Transfer of knowledge and awareness-raising (MIF US\$284,880, local counterpart US\$904,100).** The objective of this component is to make the authorities aware of the need to make improvements based on the outcomes and recommendations of the missions' work.
- 3.8 The principal activities of the transfer of knowledge and awareness-raising component that will be financed with MIF resources are consultancies to provide technical assistance for: (i) publication of country and regional documents; (ii) regional seminars; and (iii) events to heighten local stakeholders' awareness.
- 3.9 Each mission will produce a confidential report with recommendations for each country's authorities. Each mission will result in the publication of country documents available to the public that describe the remittance market and application of the General Principles. Regional seminars will be held, with the participation of representatives of all the participating central banks, to report on project progress and lessons learned. Lastly, to create an environment conducive to implementation of the missions' recommendations, events will be organized to heighten awareness among the segments of public opinion involved in the process of change.

- 3.10 The expected outcomes are preparation of: (i) 15 country documents (one per country mission), as well as their translation and publication; (ii) a comparative regional document, as well as its translation and publication; (iii) four seminars, one per year (45 officials per event), on implementation of the General Principles at the regional level; and (iv) five events to heighten awareness beginning in the second year.
- 3.11 The outcomes of this component will also help to create an environment conducive to implementation of the missions' recommendations contained in the implementation plans provided for under component 3.
- 3.12 **Component 3. Technical assistance and dissemination (MIF US\$930,550, local counterpart US\$347,200).** The objective of this component is to implement the recommendations from the country missions regarding the General Principles and to disseminate the lessons learned in the process regionwide.
- 3.13 The main activities in this component that are financed with MIF resources are consultancies to provide technical assistance for implementing the recommendations emanating from the country missions, i.e.: (i) technical assistance and support for the payment system infrastructure for implementing the country missions' recommendations; (ii) dissemination of outcomes; and (iii) participation in specific technical events relating to the project.
- 3.14 In coordination with central banks that so request, an implementation plan, based on the recommendations of the country missions, will be prepared to determine specific technical assistance and information technology needs in each instance. This plan will include a timetable for technical assistance in the various areas addressed in the missions' recommendations, including technology requirements to improve the interoperability of the payments system.
- 3.15 In order to present outcomes and lessons learned during the course of the project, a regional seminar will be held for the central banks participating in the project. The executing agency will also participate in international events, to announce project outcomes, in order to generate forums for cooperation with other regions.
- 3.16 The expected outcomes are: (i) technical consulting assignments in eight countries beginning in the second year; (ii) a regional seminar at the end of the project to present project outcomes and lessons learned; and (iii) participation by the executing agency in at least eight technical events relating to specific aspects of the project.

IV. COST AND FINANCING

- 4.1 The total cost of the project is estimated at US\$3,812,646. The MIF would contribute US\$1,729,300⁸ (46%), in nonreimbursable funding from the Technical Cooperation Facility (Window I). The Bank's total contribution includes US\$30,000 that it will use for remittance cluster coordination activities, in accordance with document MIF/GA-14-1. The balance of US\$2,053,346 (54%) will be from CEMLA as the local counterpart contribution, at least 50% of which will be in cash. MIF resources will also finance the cost of technical assistance and the design of promotion and training tools, as well as administrative expenses (of the project coordinating unit) and procurement of equipment for implementing the program.
- 4.2 The estimated project budget is presented in the following table.

(in U.S. dollars)

Components/budget categories	MIF contribution	Local counterpart	Total
Personnel (PCU)	160,000	155,216	315,216
Logistics	4,968	64,530	69,498
Component 1	184,650	582,300	766,950
Component 2	284,880	904,100	1,188,980
Component 3	930,550	347,200	1,277,750
<i>Subtotal</i>	<i>1,565,048</i>	<i>2,053,346</i>	<i>3,618,394</i>
Contingencies (5%)	78,252		78,252
Baseline, midterm and final evaluations	70,000		70,000
Audits (4)	40,000		40,000
TOTAL	1,729,300	2,053,346	3,782,646
Cluster coordination activities	30,000		30,000
GRAND TOTAL	1,759,300	2,053,346	3,812,646
Percentages (excluding cluster activities)	48%	52%	100%

- 4.3 The **local sustainability** of project outcomes will be ensured by implementation of the recommendations, which will instill awareness among the direct beneficiaries of the need for ongoing evaluation of the remittance market's performance and provide them with the institutional mechanisms for that task.
- 4.4 The **regional stability** of the project will be ensured by the convergence of the WHF and the remittance measurement program, which will establish permanent

⁸ Does not include cluster activities.

institutional mechanisms under the Secretariat of CEMLA, in order to support individual country efforts.

- 4.5 The executing agency must present its sustainability strategy at a **workshop** one year prior to project completion.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

- 5.1 The executing agency for the project will be the Centre for Latin American Monetary Studies (CEMLA) (www.cemla.org), a nongovernmental, not-for-profit organization providing training, dissemination, research and technical cooperation to central banks in Latin America and the Caribbean. CEMLA is comprised of 47 institutions, central banks from the countries in the region and in Europe, and other regional institutions. All the central banks in Latin America and the Caribbean are associated members of CEMLA.⁹ The Centre's budget is funded by contributions from the associated and collaborator members. Its primary objectives are to: (i) promote a better understanding of monetary and banking matters and policies in the area; (ii) assist in improving training for personnel of the central banks and other financial institutions in Latin America and the Caribbean through seminars and special training courses and publication of research studies; (iii) conduct research and systematize results in the above areas; and (iv) provide information to members concerning events of international and regional interest in the field of monetary and financial policy.
- 5.2 CEMLA has extensive experience in executing multiyear projects, coordinating at the national and international institution level, and organizing training events. The training of officials through courses and workshops, dissemination of new ideas and techniques through seminars and publications, and exchange of experience among specialists have been its usual areas of operation. In recent years, the Centre has interacted with its members in a new way—through multiyear technical assistance programs. In this context, two such programs are especially relevant to this project: (a) under the Improving Central Bank Remittance Reporting and Procedures project (RG-M1059), the Centre is the executing agency for efforts aimed at more accurately measuring remittance flows; (b) as technical secretariat for the WHF since 1999, the Centre, together with the World Bank and the BIS, coordinates a program to evaluate the payment systems of the countries in the region. The program, whose members and participants include 30 of the region's member central banks, provides specific recommendations for the modernization of payment systems.
- 5.3 The project **coordination unit** (PCU) will operate in CEMLA and will be composed of a project coordinator, project administrator and technical assistant, all

⁹ CEMLA's collaborator members include the Federal Reserve System and the Bank of Spain.

- of whom are financed by the MIF, together with a payment systems expert and accountant financed by CEMLA. The PCU's functions and the terms of reference for its members are set out in the Operating Regulations. The PCU will operate on the basis of an annual work plan (AWP) for technical coordination, overall project execution and the channeling of no-objection requests in connection with the procurement of goods and services for the project.
- 5.4 In executing the project, the PCU will use the institutional mechanisms already in place under the WHF and will coordinate closely with the project coordination unit of the remittance measurement program, as described below.
- 5.5 The WHF consists of a technical secretariat (CEMLA), an International Advisory Council composed of payment system experts from different national and international financial institutions, and a Working Group on Payment System Issues composed of representatives from the region's participating central banks. The Coordination Group for management of the WHF consists of the World Bank, the Committee on Payment and Settlement Systems of the BIS, and CEMLA.
- 5.6 The remittance program consists of a PCU (CEMLA), an International Advisory Council on Remittances composed of experts on statistical measurement of remittances drawn from various national and international financial institutions, and a Working Group on Family Remittances composed of representatives from participating central banks in the region.
- 5.7 A **Coordination and Convergence Committee (CCC)** will be established, consisting of CEMLA, the World Bank and the MIF. The CCC will be an advisory body responsible for establishing the principal guidelines for implementing the program in parallel with the remittance measurement program to leverage synergies and economies of scale in executing the respective programs.
- 5.8 **Execution period.** The project is expected to be executed in 48 months, with a disbursement period of 54 months.
- 5.9 **Readiness.** The project's objectives, components and activities have been agreed on. The executing agency has committed to contributing the counterpart funding, at least 50% of which will be in cash. In addition, the principal eligibility criteria have been agreed on for the various components and activities, profiles have been established for the PCU members, terms of reference have been prepared for the principal consulting assignments, and the Operating Regulations have been drafted.
- 5.10 **Procurement.** The PCU will follow the Bank's policies and procedures on the procurement of goods to be financed with Bank resources and of consulting services (documents GN-2349-6 and GN-2350-6). Quality-and cost-based selection will be used for procuring consulting services. The Bank will review ex ante the selection and hiring process for contracts valued at less than US\$30,000. Goods

will be procured through shopping, as set forth in the Bank's policies (document GN-2349-6). The program's technical files contain the proposed Procurement Plan, which will be revised annually.

VI. MONITORING AND EVALUATION

- 6.1 The Bank's Country Office in Mexico will be responsible for oversight and control activities, monitoring compliance with contractual clauses, processing disbursement requests and receiving the audited financial statements. CEMLA will present semiannual status reports in accordance with the Bank's standard reporting requirements.¹⁰ A closing workshop will be scheduled for the end of project execution to evaluate outcomes obtained and actions required to enhance the project's impact.
- 6.2 One audit will be conducted per year, including one at the end of project execution. At the start of the project, the Bank, in cooperation with the executing agency, will contract consulting services for the evaluations and for developing the baseline for the indicators and outcome monitoring system; this consultant will participate in the closing workshop.
- 6.3 CEMLA will submit a final progress report. In addition, two evaluations will be conducted: the first when 50% of the funds have been disbursed or 50% of the project has been executed, whichever occurs first; the second evaluation will be performed three months before the end of project execution. Based on the logical framework indicators and the progress reports, the evaluations will determine whether there were significant disparities in the execution of activities, recommend corrective measures, and emphasize lessons learned and how to share those lessons with other projects in the remittance cluster.

VII. BENEFITS, BENEFICIARIES, AND RISKS

- 7.1 **Benefits.** The project will help make international remittance services more secure and efficient, by promoting greater transparency and consumer protection, an improved payment system infrastructure for small cross-border payments, a more sound legal and regulatory framework, greater competition and market access, and more developed risk management systems.
- 7.2 **Beneficiaries.** The direct beneficiaries are the central banks and other authorities in the region (Latin America and the Caribbean) involved in the regulation, operation and measurement of the remittance market, particularly those in the countries participating in the project that have high remittance flows. In addition, their

¹⁰ Progress reports at 30 May and 30 November.

organizational structures, electronic payment systems and procedures for small transactions and rulemaking capacities would be strengthened. The project would benefit at least 23 central banks, 15 directly through missions to those countries and another eight indirectly through their participation in regional seminars and other dissemination events.

- 7.3 Other indirect beneficiaries are the recipients of family remittances; the project will promote their formal participation in the payment system, lower the net cost of remittances, and facilitate their access to more secure remittance services.
- 7.4 The project is also expected to produce less tangible benefits, such as the adoption of best practices in the current international regulation and statistics procedures, and the creation of a frame of reference for similar projects in other regions of the world.
- 7.5 **Risks.** One potential risk is that the central banks' will lose interest in the project and in implementing the General Principles. A second risk relates to the willingness of the institutions involved to provide timely information in the manner required by the evaluation missions. To mitigate these risks, participation criteria have been developed to ensure the commitment of those authorities participating directly in the project, and activities have been planned to heighten awareness and demonstrate the importance of the participants' contribution and the results of their involvement.

VIII. SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1 The Committee on Environment and Social Impact (CESI) recommended that socio-cultural considerations and the potential environmental impact of project activities be borne in mind; it also requested that the risk represented by investments in infrastructure and activities having undesirable effects on cultural and natural attractions be highlighted. Given the nature of the project, it will not produce any of these types of impact. At its 9 June 2006 meeting, the CESI did not recommend any actions to be taken in the context of this project.

IX. SPECIAL CONSIDERATIONS

- 9.1 Both the Background (paragraphs 2.6 to 2.11) and Execution Mechanism (paragraphs 5.2 to 5.7) sections of this document indicate that this project will be executed in parallel with the Improving Central Bank Remittance Reporting and Procedures project (RG-M1059), with CEMLA serving as the executing agency for both. In light of the synergistic ties between the two projects and their comprehensive approach to the issue of remittances, there has been a strong positive impact on the interest of beneficiaries in the evaluation and technical assistance components originally contemplated in connection with remittance

measurement. For this reason, additional separate funding is planned for project RG-M1059 simultaneously with the approval of the project under consideration, in order to address this increased demand.

**APPLICATION OF GENERAL PRINCIPLES FOR LATIN AMERICAN AND CARIBBEAN REMITTANCE MARKETS
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Objectives	Indicators	Means of verification	Assumptions
GOAL			
To help increase net receipts of remittances in the region, by reducing the cost of sending remittances in a more transparent, efficient, affordable, competitive and secure market.	Each of the following indicators are to be verified in at least five of the countries that have received technical assistance: 1) Reduced cost of sending remittances; 2) Increased regulated and controlled participation of entities in the remittance market; 3) Increased proportion of remittances channeled through formal payment systems; 4) Increased coverage and reach of “remittance distribution points.”	Ex post evaluation through surveys and information generated by the market and the authorities.	Financial flows remain unrestricted in the sending and receiving markets.
PURPOSE			
To support the central bank and other pertinent authorities in implementing the General Principles for International Remittance Services.	At the project's conclusion, at least eight central banks or other entities have adopted plans to implement the General Principles and another 15 have actively participated in the program.	<ul style="list-style-type: none"> • Baseline and monitoring of indicators • Progress reports from each country • Comparative analysis reports • Midterm and final evaluations by external consultant • Project completion report (PCR) • Project performance monitoring report (PPMR) • Progress reports and final report of the executing agency • Letters of commitment and timetable for implementing recommendations • Minutes of sustainability and closing workshops 	<ul style="list-style-type: none"> • There is an agreement between the various members of the Western Hemisphere Payments and Securities Settlement Forum (WHF) and the remittance measurement program regarding joint procedures for project execution. • The beneficiary central banks are committed to implementing the project.

Objectives	Indicators	Means of verification	Assumptions
COMPONENTS			
<p>1. Strengthening remittance market reporting</p> <p>Provide information on national remittance markets to evaluate the extent of compliance with the General Principles, with a view to producing descriptive reports and recommendations.</p>	<p>At least eight evaluation studies and assessments of compliance with the General Principles in different countries of the region is available by month 24.</p> <p>At least 15 evaluation studies and assessments of compliance with the General Principles in different countries of the region is available by month 48.</p>	<ul style="list-style-type: none"> • Reports from the 15 missions • Progress reports and final report of the executing agency • Midterm and final evaluations by the external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • The institutions involved participate and provide information on time and in the manner required. • The Bank for International Settlements has approved, translated and published the General Principles. • The guidelines for implementation of the General Principles have been written, translated and published. • The guidelines for missions have been written.
<p>2. Transfer of knowledge and awareness-raising</p> <p>Make authorities aware of the need to introduce improvements based on the results and recommendations of the missions' efforts.</p>	<p>The monetary authorities or other regulatory entities from at least 15 countries are informed of the results and recommendations of the studies and made aware of the need to adopt plans to harmonize with the General Principles.</p>	<ul style="list-style-type: none"> • Publications issued • List of participants in seminars and awareness-raising events • Progress reports and final report of the executing agency • Midterm and final evaluations by the external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • The institutions involved participate and provide information on time and in the manner required. • The principal intended stakeholders maintain their consensus, vision and unified action.

Objectives	Indicators	Means of verification	Assumptions
<p>3. Technical assistance and dissemination</p> <p>The objective of this component is to introduce the country missions' recommendations for implementing the General Principles and disseminate the lessons learned in the process at the regional level.</p>	<p>By month 48, the authorities in at least 10 countries (eight in execution and two in preparation) adopt plans to harmonize with the General Principles with technical assistance support from the project.</p> <p>During the same period, the lessons learned and national experiences from adoption of the General Principles are disseminated among the other participating countries.</p>	<ul style="list-style-type: none"> Letters of commitment and timetable for implementation of recommendations Attendance records in the project database and minutes of events Progress reports and final report of the executing agency Midterm and final evaluations by the external consultant PCR PPMR 	<ul style="list-style-type: none"> The institutions involved remain interested in making improvements to implementation of the General Principles.
ACTIVITIES			
<p>1. Strengthening remittance market reporting</p> <p>1.1. Country missions (evaluation of compliance with the General Principles)</p>	<p>1.1 Four country missions are conducted per year (15 by the end of the project) to evaluate the extent of compliance with the General Principles.</p>	<ul style="list-style-type: none"> Reports from the 15 missions Progress reports and final report of the executing agency Contracts for consulting services Midterm and final evaluations by the external consultant PCR PPMR 	<ul style="list-style-type: none"> Experts are available.

Objectives	Indicators	Means of verification	Assumptions
<p>2. Transfer of knowledge and awareness-raising</p> <p>2.1. Publication of country and regional documents</p> <p>2.2. Seminars</p> <p>2.3. Awareness-raising events for local stakeholders</p>	<p>2.1.1. Four annual country mission reports (15 by the end of the project) written and presented to the respective national authorities.</p> <p>2.1.2. Four country documents per year describing the remittance market (15 by the end of the project), written, translated and published.</p> <p>2.1.3. One comparative regional document written, translated and published at the end of month 48.</p> <p>2.2. Four seminars, one per year (45 officials per event) held at the regional level.</p> <p>2.3. Ten awareness-raising events held (one in each country receiving technical assistance for implementing the recommendations) beginning in the second year.</p>	<ul style="list-style-type: none"> • Publications issued • List of participants in seminars and awareness-raising events • Progress reports and final report of the executing agency • Midterm and final evaluations by the external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • There is demand for awareness-raising events. • The missions' recommendations require actions beyond the purview of the central banks.

Objectives	Indicators	Means of verification	Assumptions
3. Technical assistance and dissemination			
3.1. Technical assistance for implementation of the country missions' recommendations	<p>3.1.1. Ten missions are held by the end of month 48 to coordinate plans to harmonize with the General Principles.</p> <p>3.1.2. Ten sets of plans to harmonize with the General Principles are adopted by the respective authorities by the end of month 48.</p> <p>3.1.3. By the end of month 48, eight countries have begun implementing their respective plans in the various areas of the General Principles and infrastructure support, with technical assistance provided by the project through consulting assignments.</p>	<ul style="list-style-type: none"> • Letters of commitment and schedules for implementation of recommendations • Attendance records in the project database and minutes of the events • Consulting contracts for technical assistance • Progress reports and final report of the executing agency • Midterm and final evaluations by the external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • The institutions involved remain interested in implementing the General Principles.
3.2. Seminar to disseminate project outcomes	3.2. One regional seminar to disseminate project outcomes and lessons learned is held by the end of the project.		
3.3. Participation in specific technical events relating to the project	3.4. The coordinator attends three technical events per year relating to the project's subject matter, to communicate project outcomes and establish forums for cooperation with other regions, beginning in the second six-month period.		

**APPLICATION OF GENERAL PRINCIPLES FOR LATIN AMERICAN AND CARIBBEAN
REMITTANCE MARKETS**

(RG-M1083)

SUMMARY OF ITEMIZED BUDGET

Category	MIF US\$	Local Counterpart US\$	TOTAL US\$
Coordination and Logistics	164,968	219,746	384,714
Personnel	160,000	155,216	315,216
Logistics	4,968	64,530	69,498
Component 1	184,650	582,300	766,950
1.1 Coordination of country missions (15 missions)	45,900	4,800	50,700
1.2 Country missions (Evaluation of fulfillment of General Principles) 15 missions	138,750	577,500	716,250
Component 2	284,880	904,100	1,188,980
2.1 Publication of documents: 6 country documents, 1 regional document and 1 set of guidelines	105,380	6,400	111,780
2.2 Seminars 4 (Principles) and 2 (sustainability and closing)	115,500	647,700	763,200
2.3 Awareness-raising events for local stakeholders (10)	64,000	250,000	314,000
Component 3	930,550	347,200	1,277,750
3.1 Technical assistance in implementing the recommendations from the country missions (10 countries)	915,000	232,000	1,147,000
3.2 Seminar to disseminate outcomes	8,300	107,950	116,250
Organization cost per event		6,700	6,700
Transportation, meals and beverages	8,300		8,300
International travel (45 persons in 1 event)		38,250	38,250
Per diem for participants (45 persons for 7 days)		63,000	63,000
3.3. Participation in specific technical events related to the project	7,250	7,250	14,500
SUBTOTAL	1,565,048	2,053,346	3,618,394
Contingencies (5%)	78,252		78,252
Baseline, monitoring and evaluation system, and two evaluations	70,000		70,000
Audits (4)	16,000		16,000
TOTAL	1,729,300	2,053,346	3,782,646
Cluster coordination activities	30,000		30,000
GRAND TOTAL	1,759,300	2,053,346	3,812,646
Percentages (excluding cluster activities)	46%	54%	100%

A. Projects in the remittances cluster

Project number and date of approval	Project title, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
EQU/MS-7425-BR 16 May 2001	Remittance fund for entrepreneurs: Dekassegui Fund Banco Sudameris de Inverimento (BSI). US\$5,000,000	28 January 2002 40 months	US\$1,730,260 (35%)	Project proceeding normally on the financial front. After a difficult year (2003), the pace of investment has picked up.
ATN/MT-7792-ME 20 February 2002	Strengthening of savings and credit unions Banco del Ahorro Nacional y Servicios Financieros (BANSEFI) US\$3,500,000	22 February 2002 42 months	US\$1,519,490 (43.41%)	The credit unions are interested in updating their records and systems to comply with the requirements of the new legislation. The project is proceeding satisfactorily and its objectives have been attained.
ATN/ME-7717 12 December 2001	Capitalization of remittances for local economic development Nacional Financiera US\$1,115,000	12 June 2002 36 months	US\$409,099 (36.69%)	The project is operating efficiently at present and significant progress has been made in designing and carrying out activities that were behind schedule owing to problems at the start of the project. The executing unit is working adequately with state coordinators and there is considerable interest by migrant investors and private investors to carry out projects in their communities of origin.
MIF/AT-531 64/MS-DR 30 April 2003	Distribution channels for remittances Banco BHD US\$2,500,000	N/A N/A	US\$0.0	The project is in the process of fulfilling the conditions precedent and an agreement is expected to be reached in the next few months.

Project number and date of approval	Project title, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
ATN/ME-7834-ME 4 April 2002	Investment of remittances Fundación para la Productividad en el Campo, A.C. US\$460,000	24 June 2002 36 months	US\$236,344 (51.38%)	Migrant groups are interested in investing in their communities and support for the program will identify alternative investment that can consolidate their interests. The executing agency has assimilated the Bank's methodology for selecting consultants, submitting reports, and requesting and justifying disbursements, a situation that initially led to major delays. At this writing, the executing agency has made progress in satisfying the requirements for the program components. Attaining the originally scheduled outcomes is feasible, although the execution period had to be extended.
ATN/ME-7886-ES 29 May 2002	Strengthening of financial services and remittances Federación de Asociaciones de Cooperativas de Ahorro y Crédito (FEDECACES) US\$1,500,000	16 July 2002 42 months	US\$331,464 (22%)	The project is proceeding slowly and some development objective indicators have not been met or are not being reported at this time. With international assistance, however, FEDECACES has taken steps and is expected to achieve them by the end of the program. Nevertheless, the flow of remittances has increased substantially in the two years the project has been under way.
ATN/ME-7599-EC 19 September 2001	Financing for Ecuadorian microenterprises for a line of credit Banco Solidario S.A. US\$200,000	16 November 2001 43 months	US\$153,790 (77%)	Progress on the project is considered to be highly satisfactory. All preestablished targets have been exceeded. There have been 39,162 transactions and the goal of 961 remittance accounts has been surpassed.
ATN/ME-8455-DR 1 October 2003	Financial and business services for remittance recipients Asociación de Instituciones Rurales de Ahorro y Crédito (AIRAC) US\$840,000	28 November 2003 48 months	US\$84,000 (10%)	The beneficiary has reported using its funds to procure a technological solution for providing remittance services for its members. There have been communication problems with the executing agency; the problems have been solved and positive changes have been noted as a result of the good outcomes of increasing customer membership by 25%, reducing transaction costs to \$1.50, and raising the average number of remittances processed by 30%.

Project number and date of approval	Project title, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
ATN/ME-8510-AR 19 November 2003	Expansion and strengthening of a microfinance institution FIE Gran Poder US\$390,640	27 March 2004 36 months	US\$46,903 (12%)	The conditions precedent have been fulfilled and the first disbursement has been processed.
ATN/ME 8379-NI 30 July 2003	Investment in Financiera Nicaragüense de Desarrollo (FINDESA) Financiera Nicaragüense de Desarrollo S.A. (FINDESA) US\$1,750,000	30 March 2004 48 months	US\$423,100 (79.62%)	The conditions precedent have been fulfilled. Investment has been made satisfactorily. The technical assistance and financing are being administered satisfactorily. A strategic partnership has been established with a finance company in Costa Rica and remittances are being channeled from Costa Rica to Nicaragua.
ATN/ME-8674-PE 7 April 2004	Support for returning entrepreneurs Japanese Peruvian Association (APJ) US\$500,000	13 May 2004 42 months	US\$50,000 (10%)	The project has been delayed because the executing unit has not fulfilled all necessary conditions for disbursement to continue.
ATN/ME-8655-RG 10 March 2004	MIF/IFAD partnership facility for rural private sector development Eligible executing agencies in the beneficiary countries US\$4,000,000	N/A N/A	US\$0.0 (0%)	A first call for proposals has been made. The first round of proposals contains a pipeline of projects for US\$3 million that will be submitted by short procedure within two months.

Project number and date of approval	Project title, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
ATN/ME-8695-RG 28 April 2004	Mobilization of remittances through microfinance institutions Fundación Centro Acción Microempresarial – Colombia (CAM) US\$824,770	23 July 2004 48 months	US\$82,477 (10%)	The conditions precedent have been fulfilled and the first disbursement has been processed.
PE-M1010 MIF/AT-621 17 November 2004	Enhanced development impact of Peruvian workers' remittances from Japan Banco del Trabajo US\$7,200,000	April 2005 N/A	US\$0.0 (0%)	Signature is slated for the first week of April.
ATN/ME-8897-RG 13 October 2004	Financing for microenterprises and SMEs through formal financial intermediaries ProCredit (ES), Fin ProCredit (NI), Sociedad Fin Ecuatorial (EC), Caja Los Andes (BO) US\$8,200,000	April 2005 6 years	US\$0.0 (0%)	This project is complying with the conditions precedent. Signature is planned for April 2005.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/06

Regional. Nonreimbursable Technical Cooperation ATN/MT-____-RG for the
Application of General Principles for Latin American
and Caribbean Remittance Markets

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the “Centro de Estudios Monetarios Latinoamericanos, A.C.”, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to technical cooperation for the application of general principles for Latin American and Caribbean remittance markets.

2. That up to the amount of US\$1,759,300 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/RG-757994-06
RG-M1083