

PART II

Microfinance and Money Transfers from Migrants Workers

ATTF

Pierre A. Bultez

LUXEMBOURG MICROFINANCE WEEK

CAPITAL MARKETS – EUROPEAN DIALOGUE – RURAL FINANCE

The Study

Cap Verde – Luxembourg

- Study conducted by Jean-Louis Guarniero at the request of the Ministry of Cooperation, through ATTF
- Extremely detailed and precise study of the various flows and impacts on the microfinance sector in Cape Verde
- For the first time we have such a study to help us to understand and tackle as much as possible the issues

Target of the Study Cap Verde – Luxembourg

- Understand the transfer of money between Luxembourg residents of Cap Verde to their home country
- Measure the “importance” of it
- Possible interconnection with the microfinance network in Cape Verde
- Possible improvements in both countries to facilitate the flow and the use of this money
- Extension to other countries’ residents in Luxembourg and/or abroad

Importance

- 2002: 0.75 MM €
- 2003: 1.24 MM €
- 2004: 1.50 MM €
 - Increase by 22.3% between 2003 & 2004
- What could it mean?
 - Improvement of the situation of the CV residents
 - Increase in the family care
 - Increase trust in the mother country

Connection with the Microfinance Sector

- NGO's in Cape Verde are the relay between the poorest and the “financial” market
 - Looking for increased capital and flow of money
 - Social and traditional solidarity
- = **driving forces to improve the situation**

How to improve the transfers?

- Improve the knowledge of the residents in Luxembourg
- Improve and formalise the access to financial institutions in Cape Verde
- Reduce the transfers' costs

Microfinance sector's improvements

- Specific legal and supervisory structure
- Technical assistance in many sectors:
 - Credit:
 - Portfolio of credits
 - Risk measurement
 - Etc.
 - Interest calculation based on a appropriate balance sheet structure
 - ALM
 - Internal controls
 - Savings' management
 - Etc.

What can we do in and from Luxembourg?

- **From Luxembourg:**

- Technical assistance:

- Drafting of appropriate legislation
 - Provide assistance in the various financial topics
 - Encourage the financing activities in this sector

- **In Luxembourg:**

- Improvement:

- Information to the CV Luxembourg residents
 - Formalisation and costs of the “formal” ways of transfers

Possible extensions

- Analyse other flows of transfers from Luxembourg to other countries
- Stimulate these transfers
- Promote the image of the microfinance sector
- Ensure a local follow up to assist the sector