

# Diaspora Involvement in Development Cooperation. The case of Belgium and the Democratic Republic of Congo (DRC)

Prepared for IOM by

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# Table of contents

|   |    |
|---|----|
| Acknowledgements  | 3  |
| Executive Summary   | 9  |
| Foreword  | 11 |
| <hr/>   |    |
| 1.1 Introduction  | 18 |
| 1.2 Congolese migrant development organizations in Belgium                                  | 20 |
| 1.2.1 Definition  | 20 |
| 1.2.2 Statute   | 20 |
| 1.2.3 Number  | 21 |
| 1.2.4 Members and management  | 25 |
| 1.2.5 Activities  | 30 |
| 1.2.6 Funding   | 33 |
| 1.2.7 Collaboration   | 35 |
| 1.3 Belgian migration and development policy  | 38 |
| 1.3.1 The federal level   | 39 |
| 1.3.1.1 Belgian development cooperation   | 39 |
| 1.3.1.2 The migration and development programme   | 41 |
| 1.3.1.3 <i>Cellule Diaspora</i>   | 45 |
| 1.3.1.4 Senate hearings and Global Forum on Migration and Development                       | 46 |
| 1.3.1.5 Federal Incentive Fund ( <i>Federaal Impulsfonds/Fonds d'impulsion</i> )            | 47 |
| 1.3.2 Regional and community governmental levels  | 48 |
| 1.3.2.1 Walloon Region  | 48 |
| 1.3.2.2 Flemish Region  | 49 |
| 1.3.2.3 Brussels Capital Region   | 50 |
| 1.3.3 Municipalities  | 50 |
| 1.4 Development NGOs  | 51 |
| 1.5 Migration and development actors in the DRC   | 53 |
| 1.5.1 Vice Ministry for Congolese living abroad   | 53 |
| 1.5.2 Development NGOs  | 54 |
| 1.6 Obstacles for the enhancement of Congolese migrant organizations' impact on development | 58 |
| 1.6.1 Development impact and effectiveness of MDOs  | 58 |
| 1.6.2 Training and advice   | 59 |
| 1.6.3 Funding   | 60 |
| 1.6.4 Coordination and information  | 61 |
| 1.6.5 Cooperation, building synergy and ownership   | 62 |

|   |           |
|---|-----------|
| 1.6.6 Congruency with the conclusions of the Global Forum on Migration and Development                              | 63        |
| 1.6.7 Migrant organizations and the fourth pillar of development cooperation  | 65        |
| 1.7 Towards an operational model to support migrant development organizations                                       | 68        |
| 1.7.1 Objectives of the model   | 68        |
| 1.7.2 A schematic model   | 69        |
| 1.7.3 Identification of actors: who can do what?  | 73        |
| 1.8 Conclusion  | 79        |
| Abbreviations   | 81        |
| Table of Boxes  | 84        |
| References  | 86        |
| Appendix: people interviewed  | 91        |
| <b>2. Enhancing the Development Impact of Remittances through Microfinance. From Belgium to Kinshasa – DR Congo</b> | <b>95</b> |
| <hr/>   |           |
| 2.1 Introduction  | 96        |
| 2.2 Research methodology  | 97        |
| 2.3 Microfinance and Remittances  | 99        |
| 2.3.1 Introducing Moneytrans  | 99        |
| 2.3.2 Introducing microfinance in Kinshasa  | 99        |
| 2.3.3 Introducing the Regulatory Framework  | 100       |
| 2.4 Adding a microfinance component to the Moneytrans-type remittances value chain?                                 | 102       |
| 2.4.1 The survey  | 104       |
| 2.4.1.1 Household characteristics and activities  | 104       |
| 2.4.1.1 Household characteristics and activities  | 104       |
| 2.4.1.2 Information on economic activities  | 105       |
| 2.4.1.3 Current credit services use and access  | 106       |
| 2.4.1.4 Demand for financial products linked to remittances   | 107       |
| 2.4.2 Leveraging the impact of remittances through microfinance   | 108       |
| 2.4.3 Challenges, risks and opportunities   | 113       |
| 2.4.4 Public policies   | 114       |
| 2.4.4.1 The market structure  | 115       |
| 2.4.4.2 Operating money transfer and microfinance   | 117       |
| 2.4.4.2.1 Delivering  | 117       |
| 2.4.4.2.2 Marketing and Customer services   | 119       |

|   |     |
|---|-----|
| Recommendations                         | 119 |
| 2.5.1 Donors                            | 120 |
| 2.5.2 Authorities                       | 121 |
| 2.5.3 MTOs and financial intermediaries | 121 |
| Abbreviations                           | 123 |
| References                              | 124 |

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## Executive Summary

The first report looks at the numbers, structures, and activities of Congolese migrant organizations in Belgium and their current possibilities to play a significant role as development actors for their country of origin. The researchers explore the feasibility of a schematic model of a support structure involving a government fund to enhance the development impact of remittances in the Democratic Republic of Congo. They conclude that there is a great need for coordinating current initiatives of the various migrant organizations active in development, as well as for capacity building and systematic fundraising, before such a schematic model can realistically be implemented in Belgium. Funding avenues should be systematically explored, depending on the nature and the specific situation of the migrant organization and its development project. Special attention should be paid to the potential role of local actors such as municipalities in this context, as well as potential federal budget lines that could be applied to, while not neglecting the importance of synergies and partnerships with development NGOs already active in the DRC.

The second report is the outcome of the research entrusted by IOM to PlaNet Finance Belgium with the purpose of analysing possible ways of enhancing the development impact of remittances by linking them to microfinance.

In the case of the DR Congo, the question is of great importance, considering the weaknesses of the financial sector and the need to respond to the enormous unsatisfied demand for financial services. It is therefore useful to consider the potential role of remittances and their impact on the development of the financial sector targeting low-income households.

This study aims (1) to assess how microfinance can leverage the impact of migrant remittances from Belgium to Kinshasa, (2) to evaluate possibilities and operational

modalities for linking remittances to microfinance in line with the DR Congo's development priorities (DSCRP); and (3) to offer recommendations.

The study is based on the specific case of Moneytrans which is a private money transfer operator dealing with remittance flows between Belgium and Kinshasa. The indications are that channelling remittances into microfinance could leverage their development impact by providing a means by which to increase the access of migrants, recipient families and low-income persons to economic opportunities and/or reduce their vulnerability to external shocks.

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## Foreword

Migrants keep in touch with relatives, friends and the larger society of origin. They always have. Migrants send money back home, try to support their families, and thus impact on the development – economically as well as socially- of the society of origin. They always have. This impact seems to become more important as the number of international migrants keeps on growing. According to the figures provided by the United Nations, the total number of international migrants has almost doubled the last two decades and was estimated to be over 190 million people in 2005. Although these figures are high in absolute terms, they are low in proportion. Less than 3 percent of the world's population migrates, and the highest net emigration rates observed today are much lower than the nineteenth century transatlantic migration from European countries like Ireland or Italy. However, this doesn't change the fact that the migratory pressure is growing in many regions, particularly in sub-Saharan Africa, and with it the interest in the potential use of migrant worker remittances for development.

In the Kingdom of Belgium, the potential role diaspora communities can play for the development of their countries of origin has been recognised and promoted in various programmes since 2001. In most recent years, the Belgian government has spoken out in favour of creating a European "remittances and development fund,"<sup>1</sup> which would support the funding of development projects through migrant remittances. The idea of empowering diaspora communities to become dynamic actors in development is also one of the International Organization for Migration's (IOM) core policy objectives, which it pursues also in the framework of different types of migration and development programmes.

The recent renewed interest in migrant worker remittances has motivated the Belgian Development Cooperation and IOM to commission a two-part research project, which sets out, in a first step, to examine the following questions: how can government development cooperation collaborate with civil society diaspora organizations? Can a development

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<sup>1</sup> Then Minister of Development Cooperation Armand de Decker, see *Communiqué de Presse du 13 juillet 2006*.  
<http://presscenter.org/archive/other/4d794a6af11d01bd7d09743fcde2c5e4/lang=fr>.

fund or another institutional structure be created that supports or fuels development initiatives of the diaspora and if so, how would it work? To answer these questions, the Higher Institute of Labour Studies from the University of Leuven (*Katholieke Universiteit Leuven*) has carried out research, looking at current Congolese diaspora organizations and asking to what extent they can collaborate within a formal structure.

As this research shows, there still is a long way to go before a phase of consolidation and systematic collaboration will be possible. This can be derived from the mere description of the projects in the report. Many are extremely small scale initiatives by an individual or a small group, which most probably will disappear as soon as the initiator disappears or stops the project.

In particular, the first study sets out to understand who the actors are in Belgium and what can be done to enhance the development impact of remittances in this country as well as in the DRC. According to the World Bank's online *Migration and Remittances Factbook*, in 2005 the country counts<sup>2</sup>, 571,625 emigrants or 1 per cent of the population. The stock of foreigners who resided in the same year in the DRC is approximately identical: 538,838.

Table 1 gives an idea of the growth of remittances in all developing countries.<sup>3</sup>

Table 1

| (US\$ billion)                  | 1995        | 2000        | 2001        | 2002         | 2003         | 2004         | 2005         | 2006          | 2007e        |
|---------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|---------------|--------------|
| <b>Inward remittance flows</b>  | <b>57.5</b> | <b>84.5</b> | <b>95.6</b> | <b>115.9</b> | <b>143.6</b> | <b>161.3</b> | <b>191.2</b> | <b>221.3*</b> | <b>239.7</b> |
| <i>World</i>                    | 101.6       | 131.5       | 146.8       | 169.5        | 205.6        | 231.3        | 262.7        | 297.1         | 317.7        |
| <b>Outward remittance flows</b> | <b>12.4</b> | <b>11.5</b> | <b>13.6</b> | <b>20.4</b>  | <b>23.8</b>  | <b>30.9</b>  | <b>36.0</b>  | <b>44.2**</b> |              |
| <i>World</i>                    | 98.6        | 110.1       | 118.8       | 131.3        | 146.8        | 166.2        | 183.4        | 207.0         |              |

\* 1.9% of GDP in 2006. \*\* 0.4% of GDP in 2006. This table reports officially recorded remittances. The true size of remittances, including unrecorded flows through formal and informal channels, is believed to be larger.

Source: World Bank<sup>2</sup>

<sup>2</sup> <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/CongoDem.Rep.pdf>.

<sup>3</sup> <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Developing.pdf>.

Not every region contributes equally to the total amount. While in 2006 the Latin American and Caribbean diasporas and the South Asians sent respectively 56.5 US\$ and 39.8 US\$ to their regions of origin, Sub-Saharan African diasporas transferred officially 10.3 billion US\$ in the same year. In 2003, the officially recorded transfers were only 6 billion US\$. The growth is impressive, but it is not clear yet to what extent this growth indicates a better registration, a better use of official channels or larger sums transmitted. Table 2 gives the (officially recorded) growth of the remittances in Sub-Saharan Africa. Reliable remittance data are for the DRC currently not available.

Table 2

| (US\$ billion)                  | 1995       | 2000       | 2001       | 2002       | 2003       | 2004       | 2005       | 2006         | 2007e       |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|
| <b>Inward remittance flows</b>  | <b>3.2</b> | <b>4.6</b> | <b>4.7</b> | <b>5.0</b> | <b>6.0</b> | <b>8.0</b> | <b>9.3</b> | <b>10.3*</b> | <b>10.8</b> |
| <i>All developing countries</i> | 57.5       | 84.5       | 95.6       | 115.9      | 143.6      | 161.3      | 191.2      | 221.3        | 239.7       |
| <b>Outward remittance flows</b> | <b>2.0</b> | <b>2.5</b> | <b>2.3</b> | <b>2.5</b> | <b>2.8</b> | <b>3.0</b> | <b>3.3</b> | <b>2.9**</b> |             |
| <i>All developing countries</i> | 12.4       | 11.5       | 13.6       | 20.4       | 23.8       | 30.9       | 36.0       | 44.2         |             |

\* 1.6% of GDP in 2006. \*\* 0.4% of GDP in 2006 This table reports officially recorded remittances. The true size of remittances, including unrecorded flows through formal and informal channels, is believed to be larger.

Source: World Bank, 2008 <sup>2</sup>

In the past, remittances attracted the interest of policy makers and researchers as an economic factor illustrating the benefits of international labour migration. Now, more and more, remittances are also evaluated in relation to microfinance. While considerable in the aggregate (see tables 1 and 2), remittances are mainly transactions of small individual size. The transmission channels used are often informal or situated in an unregulated or parallel circuit: money is transported “en valise” or remitted by traditional parallel systems like the *hundi* or *hawala* system or other similar structures.

Because of the small amounts that are remitted by most of the migrants, remittances are increasingly seen in connection with microfinance, which is our other main focus in the second study. The use for development of linking remittances and micro-finance has been demonstrated most clearly in South Asia and in particular, Bangladesh, where remittances accounted for 8.8% of the country’s GDP in 2006.<sup>4</sup>

<sup>4</sup>

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Bangladesh.pdf>.

However, the existing historical tradition of working with microfinance institutions (MFIs) in South Asia cannot be compared with the situation in Sub-Saharan Africa and particularly not with the Democratic Republic of Congo, which is still a war-torn country lacking stability as well as the necessary structures to make the development of a financial sector possible, even on a small scale. Examples that work in Bangladesh don't necessarily function in the DRC. It is indeed hard to find any large-scale development project funded by the Congolese diaspora. Many small diaspora organizations are however undertaking or planning to start small development projects in the DRC, albeit not always successfully. The first study will look into the question as to what obstacles migrants and migrant organizations encounter when planning or implementing development or investment projects for their country of origin.

The lack of financial means and expertise in development management often present significant obstacles for the implementation of these projects. Furthermore, almost no means are made available to assist Congolese diaspora organizations in the development of projects in the DRC. In addition, the diaspora in is often unable to contribute significantly to official development cooperation due to the heterogeneity, small size, lack of expertise as well as structural difficulties of the Congolese diaspora organizations.

In accordance with the above reflections, a second set of questions, addressed in the second part of this publication, were related to the potential role of microfinance in enhancing the development impact of migrant remittances towards the DRC. In collaboration with Moneytrans, one of the leading money transfer operators (MTO) in the DR Congo, PlaNet Finance Belgium, an NGO specialized in microfinance,<sup>5</sup> conducted market research in order to assess the financial needs and investment goals of recipients and micro entrepreneurs in Kinshasa, and to explore the possibilities, politico-institutional and administrative conditions, and potential benefits of adding microfinance services on a MTO-type value chain.

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<sup>5</sup> PlaNet Finance Belgium is a non-governmental organization (NGO) accredited by the Belgian Ministry of Development Cooperation, whose aim is to alleviate poverty worldwide through the development of microfinance. For further information, please visit: [www.planetfinance.org](http://www.planetfinance.org).

This research indicates that channelling remittances through microfinance could provide a means to increase the ability of migrants, recipient families and/or low-income persons to achieve economic opportunities and/or reduce their vulnerability to external shocks.

However, for the proposed model of transfer based microfinance services to emerge, a number of actions need to be taken by the relevant stakeholders. This would allow the creation of a new channel for funds coming from Belgium or other northern countries that could be directed into productive investment and development.



1. Strengthening migrant organizations' involvement in development cooperation. The case of Congolese (Democratic Republic of Congo) migrant organizations in Belgium

## 1.1 Introduction

In 2005, we studied the use and the impact of remittances from Belgium to the DRC. The study also touched upon collective remittances and development projects of migrant organizations. In other countries, migrant communities have developed strong organizations that have financed, built or implemented infrastructure projects, schools, hospitals, irrigation systems and so on. Famous examples include the Mexican and other Latin American Home Town Associations in the US and the Moroccan NGO *Migration & Développement* in France (see Wets et al. 2004). However, in the Belgo-Congolese context, the study

*"found no large-scale development projects funded by the diaspora. However, a lot of small diaspora organizations are undertaking or planning to undertake small development projects in the DRC. The efficacy of these projects is hindered by a lack of financial means and expertise in development management. Furthermore (...), no means are available to assist Congolese diaspora organizations in the development of projects in the DRC. In addition, the heterogeneity and small size, as well as the organizational difficulties, of the Congolese diaspora organizations, hinder the involvement of the diaspora in development cooperation"*  
(De Bruyn & Wets 2006, p. 29).

In this paper, we will focus entirely on Congolese migrant organizations in Belgium that are – or intend to be – involved in development projects in the DRC. Moreover, in the 2006 study, we already proposed a schematic model and fund (see De Bruyn & Wets 2006, pp. 75-77) to support migrant associations and initiatives carried out with collective remittances. We will now explore the feasibility and operational modalities of this schematic model and of a fund in the Belgian-Congolese context. In order to do this, we need a better understanding of (1) the activities and nature of Congolese migrant development organizations; (2) existing supportive initiatives in Belgium and Kinshasa,

DRC; and (3) the obstacles for Congolese migrant organizations to be actors in development.

In addition to document analysis, we have interviewed 48 people in Belgium and in Kinshasa, DRC in March and April 2007, including representatives of migrant organizations and their partners, development non-governmental organizations (NGO), governmental institutions, and financial actors (see appendix).

The first four chapters describe the Belgian and Congolese context of migrant organizations that are or wish to be involved in development projects, including the supporting governmental and non-governmental framework. The first chapter describes and analyses Congolese migrant organizations involved in development projects. It is important to note that we did not carry out a representative survey of Congolese migrant organizations. Based on our interviews – mainly focused on Kinshasa - we can only draw general conclusions for Belgium and the Congolese capital region, which need to be confirmed in future studies. The following chapters provide an overview of initiatives and stances of Belgian governmental authorities (chapter 2) and development NGOs (chapter 3), as well as migration and development actors in Kinshasa, DRC (chapter 4).

The information in these four chapters will allow us to identify in chapter five the main obstacles for Congolese migrant organizations to be involved in development. In this chapter, we also argue that migrant organizations are part of broader set of development actors, known as fourth pillar organizations. To address the obstacles, the last chapter (chapter 6) presents a support model for migrant organizations.

This paper reports on several organizations. They are mostly indicated by the acronym of their name. The abbreviations are listed at the end of the report. These “profiles” can be found throughout the text in boxes.

## 1.2 Congolese migrant development organizations in Belgium

### 1.2.1 Definition

This chapter gives an overview of the characteristics of Congolese migrant organizations and development initiatives of the diaspora. It is however useful to explain shortly what we mean by migrant organization and diaspora. For migrant organization we will use a slightly modified definition of De Haas (2006, p. 7): "a migrant organization is any kind of organization consisting mainly of migrants and their descendants, irrespective of the specific activities of such organizations." Unfortunately, there is no specific term in English to denote a migrant organization that focuses on development cooperation. In French, the term *Organisation de Solidarité Issue de l'Immigration* (OSIM) is commonly used and captures the focus group of our research quite well. For the purposes of brevity, in this paper we will use the (although, we agree, unsatisfactory) term migrant development organizations (abbreviated as MDOs), by analogy with development NGOs.

As De Haas, we also use Van Hear et al.'s (2004, p. 3) definition of Diaspora: "Diaspora are defined as populations of migrant origin who are scattered among two or more destinations, between which there develop multifarious links involving flows and exchanges of people and resources: between the homeland and destination countries, and among destination countries."

### 1.2.2 Statute

There is no specific statute for migrant organizations. The majority of migrant organizations are de facto organizations (Kagné & Martiniello 2001), a sizeable minority are registered as non-profit organizations<sup>6</sup> and NGOs are very rare. The NGO statute – and to a lesser extent - the non-profit organization statute require certain legal and

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<sup>6</sup> In Dutch: *vereniging zonder winstoogmerk* (*vzw*); and in French: *association sans but lucratif* (*asbl*).

administrative conditions, and financial costs which might explain the existence of a large number of informal organizations (Kagné & Martiniello 2001 and Gatugu 2004). Especially migrant organizations encounter difficulties to be recognised as NGO, since the majority of the management must have Belgian citizenship according to Belgian legislation<sup>7</sup>. In fact, one of the only examples of an African (incl. DRC) migrant organization recognized as an NGO is the *Conseil des Communautés africaines en Europe/Belgique* (CCAEB).

Another feature of Congolese migrant organizations is that many exist for a relatively short time, or are inactive for longer periods. Organizations might merge with each other (for instance to obtain a better position to receive subsidies – see for instance NkongaKasàlà in box 1 - or because of certain affiliations among members.

### 1.2.3 Number

It is very difficult – if not impossible – to determine the exact number of Congolese – or other - migrant organizations in Belgium. First, migrant organizations do not have a specific legal statute. They can be registered as non-profit organizations or non-governmental organizations. This statute does not give any information about the ethnic origin of the organization. Secondly, not all migrant organizations are officially registered as non-profit organizations or NGOs. Most of these are de facto organizations. Thirdly, one single and unambiguous list of registered non-profit organizations who label themselves as migrant organization does not exist. Different lists circulate among umbrella organizations and governmental institutions and at different governmental institutions. Fourthly, even within these lists, it is not always clear whether the listed organizations are still in existence and operational or whether they have merged with other organizations or changed the name (for instance to obtain a better position to receive subsidies – see for instance NkongaKasàlà in box 1 -, or because of certain affiliations among members).

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<sup>7</sup> This rule is meant to prevent competition for national subsidies between Belgian and international NGOs, which are especially abundant in Brussels because of the presence of the many international institutions (EU, NATO, etc.). For more information on the legal framework on NGOs, NPOs and de facto organizations, see [www.coprogram.be](http://www.coprogram.be), [www.acodev.be](http://www.acodev.be) or [www.procura.be](http://www.procura.be).

### Box 1 NkòngaKasàl<sup>8</sup>

*Mme Kabangu, Belgian resident of Congolese origin, visited her family in the DRC regularly. On each visit, she was confronted with poverty and other community related problems in her country of origin, and at a certain moment in the 1990s she felt the urge to take action. She decided to visit poor communities in Kinshasa and other areas, look for like-minded people and found out what kind of actions could be taken. In 1997, she founded the organization Nkònga-UFD (Union des femmes pour le développement) together with a couple of friends and people she met in the DRC. The organization's objectives include poverty alleviation, women's emancipation, support for small and medium enterprises (SME), education, health improvement and cultural interchange. Together with local partners an office was opened in Mbùjimâyi and small agricultural projects were developed in several rural villages and cities in Kasai.*

*Some years later Mme Kabanga met Prof. Kabuta, who teaches at the University of Ghent and was President of an organization called Kasàl<sup>a</sup>. Both organizations had similar objectives and the two presidents decided to merge their organizations into NkòngaKasàl<sup>a</sup>. Since both of them are living in different regions of Belgium (i.e. Flanders and Wallonia), the merger also opened up opportunities to apply for funds with the different regional governments.*

*For several years, the organization has also been running a project in Kinshasa, located in Kingabua, Limete. Among other issues, the organization tries to sensitize the inhabitants on health and environmental risks and, together with the inhabitants, the project also includes small scale waste management activities. Belgian volunteers can also participate in NkòngaKasàl<sup>a</sup>'s activities. They have to pay their own flight ticket, while the organization takes care of the accommodation (in people's private homes). The volunteers can hold workshops (e.g. agricultural techniques, English language) or assist the inhabitants in their work for the organization. Until now, the projects of the organization are mainly funded by its own means (either of the members in Belgium or in the DRC) and by the organization of events. In addition, the city of Waregem has donated 1.000 euro for the project and some equipment (mainly seeds) has been donated by the FAO, amongst others. However, the finding additional finances and equipment remains a main problem for the organization.*

<sup>8</sup>

Interview with Ms. Chantal Tshibola and Prof. Jean Kabuta of NkòngaKasàl<sup>a</sup> in Belgium and Mr. Gerard Ntumba and Mr. Mbenza Godé in Kinshasa, DRC.

An educated guess might indicate a total of around 2000 migrant organizations, be it de facto, non-profit or non-governmental organizations in Belgium. According to estimations, there are some 1000 to 1200 migrant organizations in Flanders (Loose & Wets 2007 and interview with Christopher Oliha, former President of the *Forum voor Ethnisch-Culturele Minderheden*). A survey by Irfam of 2002 found 370 migrant organizations of African or Turkish origin (Gatugu 2004), of which 140 are of Sub-Saharan origin.

In general, data on Congolese migrant organizations are very difficult to find and are by no means exhaustive. We will mention some available sources here. The MIDA<sup>9</sup> database of IOM incorporates more than sixty Congolese migrant organizations, while the *Forum voor Ethnisch-Culturele Minderheden*, an institution which acts as a mouthpiece for ethnic minorities in Flanders, has recorded 10 Congolese migrant associations in Brussels. The Platform of African Communities, a federation of African organizations in Brussels and Flanders, has 73 members, but this also includes other than Congolese associations. In her study, Soenen (2006) identified 75 different Congolese migrant organizations for the whole of Belgium in 2003.

In Flanders, a number of these organizations have grouped themselves into federations. These federations are member of the above-mentioned Forum for Ethnic and Cultural Minorities. Although not intended to be mono-cultural or mono-ethnic, most of the federations group migrant organizations of the same migrant community. Congolese migrant organizations primarily belong to the following two federations:<sup>10</sup>

- *Raad van de Afrikaanse Gemeenschappen in Europa/ afdeling Vlaanderen* (RVDAGE/VL) and their French-speaking counterpart *Conseil des Communautés Africaines en Europe/Belgique* (CCAEB))
- Platform of African Communities

<sup>9</sup> For more information on MIDA: see box 16.

<sup>10</sup> For a complete list of federations, see [www.minderhedenforum.be](http://www.minderhedenforum.be).

In the French speaking part of Belgium, official federations as in Flanders do not exist, because of differing regional policies. However, some organizations, such as Moja<sup>11</sup> and the already mentioned CCAEB, act as similar federations.

The majority of migrant organizations do not explicitly focus on carrying out activities in the country of origin or on migration and development. Most concentrate on activities in Belgium, related to integration, promotion of their own culture, education, emancipation, political activities, offering of specific services (see Kagné & Martiniello, 2001; Kagné, 2005 and Gatugu, 2004). For instance, a survey of 317 migrant organizations in 2002 – including 31 Sub-Saharan migrant organizations - in Flanders of Meireman (2003), showed that less than one third was involved in development cooperation related activities. The exact number of Congolese migrant organizations and individuals that are undertaking or financing projects in the DRC is not known. One of the very recently created organizations, the *Coordination générale des migrants pour le Développement* (CGMD), is aiming to become a kind of federation of MDOs (see box 2).

Box 2 *Coordination générale des migrants pour le Développement* (CGMD)<sup>12</sup>

*After the Platform migration and development terminated its activities (see below), a few former participants decided in 2005 to create an organization to represent migrants and migrant organizations active in the field of development. The organization includes experienced migrant organizations from Sub-Saharan Africa as well as from Latin America. The objective of the CGMD is to act as a spokesperson and lobbyist for MDOs, share and disseminate information about and to MDOs and build the capacities of MDOs by providing training, for example. Importantly, CGMD ([www.cgmd.be](http://www.cgmd.be)) does not claim to represent all MDOs – at least at this moment -, nor that it should be the only organization with this goal. CGMD has already organized or participated in the organization of a number of conferences and information dissemination activities (for instance about possible funding programmes) and has received support from some governmental institutions, such as the Walloon Region, and from NGOs such as CNCD. CGMD is now in the process of attempting to obtain official recognition as an NGO.*

<sup>11</sup> See [www.moja.be](http://www.moja.be).

<sup>12</sup> Interviews with Mr. Wamu Oyatambwe, Mr. Pambu Kita Phambu and Mr. Papa Sene of CGMD.

#### 1.2.4 Members and management

The membership and the size of the management board differ greatly among organizations. Motivations to form a migrant organization are multiple and include political affiliation, geographic or ethnic origins, profession, business or economic interests, religion, and university affiliation (see Kagné and Martiniello, 2001 and Kagné 2005 for examples). The *Union Kasaïenne de l'Extérieur (UKE)*, for example, groups migrants from the Kasai regions in the DRC (see box 3) and Tshela works primarily with people active in the health sector. In addition, the term “Congolese migrant organizations” might be misleading in a number of cases. Some organizations have members of different origins, who all work on a common project. Some of the bigger migrant organizations operate networks. For example, this is the case of *Moja* and the *Conseil Général des Africains en Belgique*, which group and represent Sub-Saharan African migrants in Belgium; *Africanaxis*, a network of professionals of African origin in Belgium; or *Fédération des Congolais de l'Etranger*, a network of Congolese migrants residing abroad.<sup>13</sup>

##### Box 3 Union Kasaïenne de l'Extérieur (UKE)<sup>14</sup>

Victor Diela is an IT-professional, working for a hospital near Brussels. He studied in Mons and Brussels and has been living in Belgium for 27 years. Originally, he and his family came from the region of Kasai. He still feels strongly connected to this region, and for this reason he and some like-minded friends founded the *Union Kasaïenne de l'Extérieur (UKE)* in 2004. The UKE (see also their website <http://www.doublej-webdesign.be/SITEuke/>) is an organization of migrants or their descendants of the provinces Kasai Oriental and Kasai Occidental (East and West Kasai). It aims to promote and market the entire region (which is called le Grand Kasai on their website) and undertakes some initiatives to improve the infrastructure and employment conditions in the region. For instance, UKE bought 120 typewriters (given the electricity

<sup>13</sup> For more information about these organizations, see [www.moja.be](http://www.moja.be), [www.africanaxis.org](http://www.africanaxis.org) and [www.f-ce.com](http://www.f-ce.com).  
<sup>14</sup> Interview with Mr. Victor Diela of UKE.

*shortage in the region, computers were not purchased) which were sent to Kinshasa with the help of the Belgian Defence Ministry and from there to Kasaï by the UKE. Ongoing and planned projects include the support for children's education and the renovation of emergency rooms in hospitals in Mbuji-Mayi and Kananga. UKE has asked several organizations, money transfer agencies and other companies for financial support to fund specific projects, flight tickets to Kinshasa, office costs, etc., but to no avail until now. In the meantime initiatives are funded by own means and by money collected through events or the selling of support cards (10 US\$ each). In total, about 4,000 euros have been collected.*

Sometimes the boundaries between migrant organization and non-migrant organization become very diffuse, such as *Mamas for Africa*, which was founded by a woman with a Belgian background, but is managed by people of different origin (see box 4). However, most Congolese migrant organizations (esp. de facto organizations) are relatively small - sometimes consisting of only two or three members – although organizations of many more members do exist. Smaller MOs, and especially MDOs, are usually founded by one or two individuals, who are often family or very close friends. The boxes show examples of this: Cyprien Wetchi for *Les Amis de Wetchi* (see box 5), Ms Osumbu and her husband and her brother for *Oser la Vie* (see box 6), Alphonsine Yamba Sakina for *OSEFM* (see box 7), etc. Often in small organizations, family members or close friends occupy management positions without actively being involved. Soenen (2006) explains this partly by referring to a migrant's individual strategy of creating associations in order to access subsidies or receive administrative advantages. Subsidizing agencies and governmental institutions are more likely to support organizations than individuals. Moreover, organizations may grow very quickly in size depending on the activity proposed by the initiator, or may merge with other organizations.

#### Box 4 Mamas for Africa (MFA)

*Hilde Mattelaer participated for almost 20 years in the NGO Doctors without Vacation, an organization in which doctors - from Belgium as well as from other countries - work during their holidays in hospitals in African countries. In addition, she had a lot of contact with women of African origin in Belgium, who regularly return to their countries of origin. Confronted with social and economic problems of women in certain African countries, she decided to set up the non-profit organization Mamas for Africa (MFA) in 2001. MFA gives material, financial and other kinds of support to income-generating and other microprojects of women in the DRC, Rwanda and Burundi. Women can apply for a five-year support to MFA, and the board of directors decides which projects to retain. The managers of the selected projects have to submit annual financial and general reports. In addition to Ms Mattelaer and a friend of Belgian origin, the board of directors consists of three women of Congolese and two of Burundian origin. They also do the follow up and evaluation of the projects. MFA gets its financial resources from various governmental and non-governmental donors. Ms Mattelaer, who is also the President of MFA, notes in an interview conducted by the magazine Kerk + Leven, "I would have preferred an African mama as President [of MFA], but in our western world, this would be counterproductive for our organization. An African who asks for sponsoring or signs mailings will be turned down. We cannot take this risk, because we are a small voluntary organization that depends entirely on donations" (Van Halst 2006).*

In addition to political, ethnic, professional, business, religious or academic reasons or links to the country of origin, for many MDOs the motivation to set up an organization and start a project comes from one or two individuals who "wanted to do something" for their region or their country of origin, as the examples in the boxes show. Another reason for embarking in development oriented – especially economic – projects might include the socio-economic situation of migrants in Belgium. Unemployment or – more frequently – underemployment (especially of highly skilled groups) might urge individuals to look for other income generating activities or activities which require their specific underused skills and offer more fulfilment.

### Box 5 Les Amis de Wetchi<sup>15</sup>

*In 1993, Cyprien Wetchi created the association "Les Amis de Wetchi" as a kind of homage to his father who had passed away shortly before. Mr Wetchi is one of the driving forces behind 'Télé-Matongé', a weekly programme about the African diaspora and the multicultural aspects of Brussels, broadcast on the regional television station Télé Bruxelles. The association is also based in the Brussels neighbourhood popularly known as Matonge (in the municipality of Ixelles) because of the large Congolese community residing there. In addition to activities for young people (such as workshops about video, hairdressing, and computer applications) of the neighbourhood, the association also collects money and goods to finance schools in the DRC. In 2005 for instance, "Les Amis de Wetchi" launched an activity entitled "un banc pour tous". This activity aimed to collect money to finance school desks and entry fees for children. According to Cyprien Wetchi, the association managed to gather 20,000 euro in 2006. The main sources of this money were gifts of individuals. Money was also collected during particular events, such as neighbourhood parties.*

### Box 6 Oser la Vie<sup>16</sup>

*In February 2004, the Belgian television station RTBF broadcasted the documentary "Les nouvelles stratégies du diable" ("New strategies of the Devil"). The documentary describes the situation of "child witches" in the DRC, children who are accused of sorcery and possessing devilish powers. The accused children can be subjected to exorcism, violence, exile, or ultimately they may even be killed. Although not a new phenomenon, the practice of demonising certain children has increased dramatically in the last decade. This phenomenon might be explained by (1) the disruption of family structures due to the social and economic crisis and political conflicts in the last years, and (2) the rising popularity of revivalist churches, where preachers pay a lot of attention to the fight against Satan,. Shocked by this documentary, Mme Osumbu and her husband travelled to Kinshasa and visited street children and child wizards and their families.*

<sup>15</sup> Interview with Cyprien Wetchi.

<sup>16</sup> Interview with Ahindo Osumbu in Belgium and with Armand Osesa of Oser la Vie in the Kinshasa, DRC.

After this visit, they created the association Oser la Vie (see their website <http://oserlavie.skynetblogs.be/>). In total, some ten people (of Belgian and of Congolese origin) are involved in the organization, of which Ms Osumbu and her husband are the driving forces in Belgium, while her brother takes upon this role in Kinshasa.

In Belgium, the organization collects money and resources and organises a programme in which donors can become a kind of foster parents of the children in the DRC, by providing financial resources for their education, health care etc. In total, 16 children are now supported in Masina by donors in Belgium. The awareness raising campaign has also led to collaboration with the Brussels theatre group, Théâtre de poche, and the CANACU théâtre and other NGOs in Kinshasa. The theatre groups have developed a piece in which the mechanisms which lead to blaming a child of witchcraft as well as the childrens' situation is explained in a playful manner. "Un enfant c'est pas sorcier" was staged 60 times in the first half of 2007 in Kinshasa, Kisangani and Bukavu. The campaign was subsidized by the CGRI, the government of the French community and the centre Wallonie-Bruxelles in Kinshasa.

In addition to subsidies for specific events, and monthly contributions of foster parents, Oser la Vie collects money through one-off events.

#### Box 7 Œuvre sociale pour l'encadrement des filles mères (OSEFM)<sup>17</sup>

Alphonsine Yamba Sakina, a mother of six, employed in a family services centre and politically active for the Christian-democratic party CdH, is also the president and cofounder of Œuvre sociale pour l'encadrement des filles mères (OSEFM), an organization that addresses the needs of young single mothers. OSEFM started its activities in the beginning of the 1990s, in collaboration with the Centre de formation professionnelle (i.e. training centre) in Kinkole. At the moment, OSEFM supports 31 young single mothers (between 14 and 20 years old) in improving their learning skills and getting access to schooling. The organization has received

<sup>17</sup> Presentation by Ms Alphonsine Yamba Sakina at the workshop *Transferts financiers de l'immigration et de développement*, organized by Caritas Belgium, 9 March 2007, Brussels, see <http://www.caritas-int.be/index.php?id=452&L=5>.

*financial support from various sources (including. donations by individuals, subsidies from NGOs and religious centres).*

### 1.2.5 Activities

As is the case for migrant organizations, the nature and activities of Congolese MDOs are very heterogeneous. We have identified the following activities in our interviews:

- Setting up of small enterprises: e.g. projects supported by *OCIV entreprendre*, *Mamas for Africa*
- Socio-cultural projects: e.g. *Congo Cultures*
- Social projects : e.g. *Oser la Vie* (against child abuse), *Les Amis de Wetchi* (material for schools)
- Socio-economic projects with the region of origin: e.g. *UKE*
- Money transfer organization: e.g. *Africa Synergies International*
- Exchange of competencies and expertise: e.g. *Transfaires*
- Health care: e.g. *BAC*, *Tshela*, *Cap Santé*
- Education and training: e.g. *OSEFM*, *Lifaco*
- Community development: e.g. *NkongKasàla*
- Women empowerment: e.g. *Mamas for Africa*

Many MDOs are involved in several different activities, in Belgium or in the DRC. For instance *Les Amis de Wetchi* also organizes workshops for young people in Brussels, *Congo Cultures* organizes cultural activities in Belgium (see box 8). In addition, most of these migrant organizations also send goods or money to their family and friends of their members. It is therefore sometimes difficult to differentiate between individual and collective remittances.

#### Box 8 Congo Cultures (CC)<sup>18</sup>

*Congo Cultures (CC) was created in 1995 as an informal organization by Congolese migrants in Belgium, including people who were employed in the development NGO sector. Six years later, it was formalized into a non-profit organization. The organization's activities and objectives focus on promoting Congolese culture and cultural production in Belgium and stimulating intercultural dialogue (see their website <http://www.congocultures.net/>). One of the projects of CC concentrated on supporting the production of a CD by Congolese disabled musicians. CC identified Centre des Jeunes Bolimbo, a youth centre, as a partner and obtained further funding from CIRE within its programme Migr'actions. One of the conditions for funding in this programme was to collaborate with a Congolese NGO, Programme régional de formation et d'échanges pour le développement (PREFED, see box 19). However, due to diverging objectives (see below,) this collaboration was not always successful.*

In general, the scale of the activities of most MDOs is rather small. Initiatives such as the Mexican Home Town Associations (HTA) or initiatives of the Senegalese and Malian migrant Communities do not exist within the Congolese migrant community.<sup>19</sup> While some MDOs have already begun implementing their projects, most development projects are still in the planning phase. Furthermore, most MDOs start from small projects in well-defined localities, often where there is a link with some friends or families. Family or friends are often managing a project in the DRC, such is the case for *Oser la Vie*. In a second stage, organizations tend to enlarge their regional focus to other areas. Some organizations take a broader focus already from the start, for example UKE, which concentrates on the Kasai regions, or Mamas for Africa, which operates in different countries.

There is a huge interest of MDOs and other organizations to set up money transfer systems. We have analysed the methods to transfer money to the DRC in an earlier

<sup>18</sup> Interview with Mr Wamu Oyatambwe of CC in Belgium and Mr Evariste Ossamalo Tosua of *Centre des Jeunes Bolingo* in Kinshasa, DRC.

<sup>19</sup> For examples of HTA see for instance Orozco 2000, Orozco 2005, Orozco & Rouse 2007 and Orozco & Welle 2004. For examples of the Senegalese and/or Malian diasporas, see Migrations Etudes 1998, Penent 2003 and Yatera & Masson 2006.

publication and described the importance of informal systems, including so-called *phonies* (see De Bruyn & Wets 2006). The success of organizations such as the Belgo-Burundian cooperative *Mutualité des Grands Lacs/Mutec* established by Burundian migrants in Belgium, as well as the existing demand among migrant communities for cheaper and more extensive money transfer services has prompted several new initiatives, which, however, have rarely exceeded the planning stage until now. Box 9 gives the example of Africa Synergies International. Another innovative initiative which Congolese and other migrant organizations participate in is *Cybro* (for more information, see their website [www.cybro.tv](http://www.cybro.tv)).

#### Box 9 Africa Synergies International (ASI)<sup>20</sup>

*One of the many reasons why migrants send money to their family is to finance health care of their family members. When someone is ill, he or she or a family member of the sick person may ask the migrant to send money to pay the medicine, the hospitalization costs or the doctor's fees. Since formal health insurance systems are practically nonexistent in the DRC, costs related to the treatment of illness or injury have to be paid on the spot. However, senders of remittances sometimes complain about the lack of control over the use of their remittances, which are often used for other than the intended purposes.*

*Mr Bokoto, a member of the Congolese diaspora in Belgium, and his non-profit organization, Africa Synergies International (ASI), have developed a system which addresses the problem of control and of insurance, and in addition, lowers the cost of sending remittances for health care purposes. The system works as follows: In Belgium, the sender goes to the ASI office and fills in a form in which he or she identifies the beneficiaries, the type of health care insurance, as well as the hospital. The sender has the choice out of two health care insurances: (1) a health care insurance to address future costs and for which he or she has to make monthly payments, or (2) a single money transfer to pay urgent health care costs. In both cases, the sender has to pay a service fee of 15 euro. This fee discourages customers from opting for the single transfer, and encourages them to take an insurance, which only entails an annual service fee of 15 euro. ASI*

<sup>20</sup> Interview with Mr Jean-Baptiste Bokoto of ASI in Belgium and Mr Alpha Bokolombe Apanda of ASI in Kinshasa, DRC.

*works together with an association of physicians in the DRC, linked to ten hospitals in Kinshasa and two in Lubumbashi. The beneficiaries in the DRC receive a corresponding card, which they have to submit to the specific hospital they are being treated at.*

*According to Mr Bokoto, between 600 and 700 people have used the system, of which one fifth have opted for the insurance formula. The latter pay 25 euro a month on average.*

*At the moment, the system still encounters some problems. Firstly, the number of customers has to increase to make it financially sustainable. ASI has applied for subsidies with several organizations but until now has not received a positive answer. Secondly, the organization needs ambulances to take patients to the hospital, as well as computer equipment and medicine. Thirdly, the system is not entirely comprehensible for all beneficiaries, who often expect all costs to be covered by the person sending the money, while the fees are in fact only partially covered.*

## 1.2.6 Funding

The lack of funds is the most often quoted reason why most projects of MDOs fail to surpass the design phase.

In general, three different sources of funding can be identified: (1) own means and fundraising among friends and acquaintances, (2) money received through organizing activities and (3) application for grants and subsidies.

Most Congolese MDOs use their own means at some point or another to start, develop or implement a project. In general, the amounts invested are relatively small. As demonstrated in an earlier publication (De Bruyn & Wets, 2006), the Congolese diaspora transfers the vast majority of remittances to close and extended family and friends as an additional source of income for them. This is also the case with other diasporas, as numerous studies have shown (Munzele Maimbo & Ratha, 2005). Individual or collective remittances for development oriented community or regional purposes do exist, but on a very small scale. MDOs and their projects rely primarily on volunteers.

Most organizations managed to collect gifts and donations from friends and acquaintances who sympathized with the organization or with the proposed project. However, none of the organizations interviewed in this study had had access to a sufficient and regular flow of financial resources from within the diaspora. Large collective remittance flows such as in the Senegalese, Malian or Mexican diasporas are thus not existent in the Congolese diaspora. This may be due to the fact that neither the political stability, nor the socioeconomic environment of Mexico, Mali or Senegal can be compared with the instable conditions in Congo.

Special events were also organized to raise funds, such as barbecues, cultural performances, etc, but the sums of money collected in this way remain rather modest in most cases (some thousands of euro) and insufficient to finance long-term development projects. In some cases however, the amount was sufficient to carry out a single project. For instance, the collected 20,000 euro allowed *Les Amis de Wetchi* to reach the objective of buying benches for a school in Kinshasa.

Only a small minority of MDOs benefited from subsidies or grants from governmental institutions. In a further section of this paper, we will list the different subsidizing programmes and agencies in Belgium, as well as the problems encountered in applying for funds. In addition to development cooperation funding programmes, MDOs apply for funds with regional and municipal governments. Furthermore, sometimes governmental institutions or companies provide some assistance to logistics, e.g. when the Ministry of Defence transports goods to Kinshasa for MDOs or other civil society organizations. *La ligue des familles congolaises* (Lifaco), for instance, has transported goods for projects to the DRC (see box 10). Interestingly, it seems that most MDOs direct their efforts to apply for funds mainly to governmental agencies. The more established MDOs and especially those that have operational links with other organizations (such as Transfaires with Irfam), are obviously in a stronger position to ask for funds. The business sector and other civil society actors other than development NGOs are not often contacted.

Box 10

*La ligue des familles congolaises (Lifaco)*<sup>21</sup>

*Emmanuel Biniamu is of Congolese origin and lives in Belgium. He is active in several civil society associations, such as la Ligue des familles congolaises (Lifaco) of which he is the President. Lifaco is a small organization based in Belgium and in Kinshasa. The organization intends to defend the rights and interests of Congolese and African families, who are member of the organization, to organize debates on immigration issues and to offer legal or administrative support to its members. In the DRC, Lifaco wants to set up a stitching training course for young girls in the district of Tshangu. Biniamu has visited the district several times and the organization has collected sewing machines. The sewing machines were transported to Kinshasa by an airplane of the Ministry of Defence.*

### 1.2.7 Collaboration

Only few MDOs work together with institutional or other actors in Belgium or in the DRC. Congo Cultures (CC) has worked together with a theatre company, Transfaires with IRFAM (see box 11) and some have been working together with Congolese development NGO in the context of the migration and development programmes of the Belgian development cooperation. Moreover, among the MDOs themselves, there is a lack of coordination and cooperation. However, Congolese MDOs operating on health issues, for example, have already taken some encouraging steps, supported by the DGCD, to enhance cooperation (see box 12).

Box 11 Transfaires

*In 2000, IRFAM (Institut de Recherche, Formation et d'Action sur les Migrations), an action oriented research and training centre focusing on migration issues, based in Liège, carried out a study on the skills profile and labour market integration of different migrant groups in Belgium, and the need for certain skills in certain Sub-Saharan African countries. The institute concluded that certain countries had skill gaps that could be filled by competencies available but*

<sup>21</sup>

Interview with Mr Biniamu of Lifaco.

*underused (because of unemployment) in diaspora communities of Belgium. As a consequence of the study, IRFAM and members of the African diaspora created the organization Transfaires see ([www.transfaires.net](http://www.transfaires.net)). It focuses among other issues on setting up projects in partnership with actors in developing countries (incl. the DRC), which involve the transfer of skills and competencies of members of the (African) diaspora. One of the most important projects in this regard was VITAR 2, in which the Congolese development NGOs such as Ceprosoc were involved. The Walloon governmental institutions and the EU provide funds. Besides IRFAM, Transfaires has also collaborated with other Belgian NGO and Brussels governmental institutions.*

#### Box 12 BAC, TSHELA and Cap Santé<sup>22</sup>

*Three migrant organizations are bundling their forces to strengthen the health sector by setting up a federation of Congolese migrant organizations in Belgium, that are active in the health sector in the DRC. With active support of the Minister of development cooperation, the organizations have already organised a meeting in Belgium and the DRC to establish a partnership.*

*Firstly, Tshela (Technique de Soin de la Haute Ecole Libre Africaine, see their website [www.tshela.org](http://www.tshela.org)) is a non-profit organization set up by people of Congolese and Belgian origin working in the health care sector in Belgium. It intends to organize training courses in health issues in Kinshasa. Funding comes from pharmaceutical companies and the local government of Brussels.*

*Secondly, the Benelux Afro Center (BAC) (and their Flemish counterpart Afrikans vzw) is an initiative of Ndudi Phasi, a Belgian doctor of Congolese origin. BAC has carried out preparatory vocational training and literacy programmes for people of Africian origin in Belgium in collaboration with and/or funded by governmental and employment institutions. The organization is also recognized as a social economy organization by the federal government, which implies that employees are partly subsidized by the government. In addition to these economic integration projects, BAC also focuses on development projects in the DRC. One of the projects for which it received funding through the IOM MIDA (Migration pour le*

<sup>22</sup> Interview with Ms Rachel Izizaw of Tshela.

Développement en Afrique) project and a Brussels local government institution, was the equipment of training centres in Kinshasa with second-hand computers. A second project involves the computer processing of data in the health care sector in the DRC.

Thirdly, Cap Santé (see [www.cap-sante.org](http://www.cap-sante.org)) is a network of members of mainly the Congolese diaspora, working or involved in the health care sector. Since 2004, Cap Santé organizes annual meetings on different health care issues. Cap Santé and BAC are the only migrant organizations which receive funding at the moment via the migration and development budget line of the DGCD (see below).

## 1.3 Belgian migration and development policy

For a layperson, it is not easy to find one's way through the multitude of governmental institutions and organizations responsible for defining Belgian policy on migration and development and who can or do support migrant associations in their efforts to carry out development activities in their countries of origin. The Belgian context is especially complicated due to its multilayered institutional structure (see box 13). In addition, in the last two decades this structure, has been - and still is – evolving. Responsibilities are shifting from one institution to another, and/or from a federal level to more local level, coupled with the creation of new institutions. Consequently, migrant organizations – as well as other governmental and non-governmental actors - find it very difficult to know which institutions can offer them support for which kind of activities and at what level. In addition, until very recently, migration and development was not an issue of interest for the Belgian, regional or local governments. A comprehensive migration and development policy is still not in place. In this chapter, we will describe the approach to migration and development of the different governmental levels, mainly from the development cooperation perspective. It is, however, important to bear in mind that the development and support of migrant organizations is strongly influenced by the integration policies of the different governments.<sup>23</sup>

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<sup>23</sup> See the website of the Centre for Equal Opportunities and Opposition to Racism and its pages on equal opportunities (see <http://www.diversiteit.be/CNTR/default.aspx>).

### Box 13 The Belgian governmental levels

*Belgium is a federal state, comprised of three communities (based on language): the Flemish, the French and the German speaking communities; and three regions (based on area): Brussels Capital, Flemish (i.e. Flanders), and Walloon (i.e. Wallonia) Regions. Each of these regions and communities has its own institutions and government (except the Flemish Community and the Flemish Region, which have merged theirs). Regional authorities are responsible for issues related to the territory, such as economy, employment, agriculture, water policy and housing. They also have authority over the provinces (ten in total) and municipalities (589 in total). Communities have authority over cultural issues, such as education and sports. The federal government executes authority over the other issues, such as foreign affairs, defence, etc. Looking at three policy fields (migration, integration, and development cooperation) which are often mentioned when approaching 'migration and development', we see that migration is a competency of the federal level. Integration related issues are spread out over different institutions at the federal and community level. Development cooperation was until recently entirely organized at the federal level, but since 2001 parts of it are and will further be decentralised to the Regions and Communities (for a very good overview of Belgian development cooperation, see Develtere 2005).*

#### 1.3.1 The federal level<sup>24</sup>

##### 1.3.1.1 Belgian development cooperation

The Belgian international cooperation is governed by the Law of 25 May 1999. On the federal level, the Belgian government distinguishes three kinds of development cooperation.

First, the direct bilateral cooperation incorporates all government-to-government cooperation. The Belgian Development Cooperation (*Direction Générale de la Coopération au Développement, DGCD*) is responsible for the preparation and the financing of cooperation

<sup>24</sup> This chapter is largely based on De Bruyn & Wets 2004, pp. 51-55 and De Haas 2006, pp. 81-84.

with other governments, while the Belgian Technical Cooperation (BTC) takes care of the implementation. The direct bilateral cooperation focuses on 18 partner countries, including the DRC.<sup>25</sup>

Second, the multilateral development cooperation refers to cooperation via multilateral organizations such as United Nations institutions and the International Organization for Migration (IOM).

Third, the DGCD also funds actions, programmes and projects of civil society organizations or institutions, that focus on development cooperation. In contrast to direct bilateral cooperation, the indirect bilateral cooperation does not necessarily have to focus on the 18 partner countries.

Three different actors are identified within non-governmental cooperation: (1) recognized NGO, (2) universities and scientific institutions; and (3) 'other partners'. To manage the relationships with each of these actors, the DGCD has created three departments. Migrant organizations that are officially recognized as NGO directly apply for funds of the indirect bilateral cooperation. The DGCD negotiates outline agreements with recognized NGOs, including the objectives of the actions and their methods of execution. Importantly, these agreements focus on five-year programmes. However, many migrant organizations have difficulties to adhere to the criteria to obtain NGO status. Especially the criterion according to which the majority of the management board has to have the Belgian nationality is a serious impediment. Of the 135 recognised NGO,<sup>26</sup> only very few can be considered as migrant organizations. CCAEB - RVDAGE/VL is one of the notable exceptions.

Consequently, migrant organizations' main possibility for gaining federal funds is via the budget for 'other partners'. The DGCD grants subsidies to non-profit organizations, i.e. organizations which do not fulfil the criteria for recognized NGO, specialized in training

<sup>25</sup> The other countries are: Algeria, Benin, Bolivia, Burundi, Ecuador, Mali, Morocco, Mozambique, Niger, the Palestinian Territories, Peru, Rwanda, Senegal, South Africa, Tanzania, Uganda, and Vietnam.

<sup>26</sup> See [www.coprogram.be](http://www.coprogram.be) and [www.acodev.be](http://www.acodev.be) for a complete list of NGOs.

and education in Belgium or developing countries. Six different programmes have been established:

- programmes of the APEFE and VVOB;
- trade-union programmes;
- the programme of the Union of Belgian Cities and Municipalities (Union des Villes et Communes Belges/Vereniging van Belgische Steden en Gemeenten, UVCB/VBSG);
- 'Migration and Development' programmes;
- international group traineeships in Belgium and in the development countries;
- social and cultural aid in Belgium.

The most directly relevant programme for MDOs is the one on 'Migration and Development'.

#### 1.3.1.2 The migration and development programme

The roots of a federal policy to support migrant organizations to undertake development projects in their country of origin can be retraced to the return programmes for undocumented migrants at the end of the 1990s. In 1997, the DGCD created the budget line Voluntary Return and Reintegration Programme, to assist legal and irregular immigrants to return to their country of origin on a voluntary basis. Five NGO were given the responsibility to implement this programme: the Red Cross and the Young Women Christian Association (YWCA), the *Overlegcentrum voor de Integratie van Vluchtelingen* (OCIV), the *Coordination des Initiatives pour et avec les réfugiés et étrangers*, and the *Collectif des femmes*. While the first two NGO focused on the organization of vocational and SME management training programmes in Belgium, the latter three also offered technical and financial assistance (up to 2,500 euros) to establish a micro-enterprise in the country of origin (Phlix & Darteville 2005). The programme ran until 2002 and resulted in the creation of 289 small companies, of which 43 were set up in the DRC. However, it is not

clear how many of these enterprises still survived after one year, and an evaluation of these supporting programmes by the consultancy firm ACE Europe showed that on average, the number of one-person micro enterprises was rather high, with the migrant entrepreneurs themselves contributing only 10% of the grant (Phlix & Darteville 2005).

In 2002, the Secretary of State for Development Cooperation changed the focus of the programme from voluntary return to a programme that was more in line with the objectives of development cooperation. Consequently, the name of the programme changed into "Migration and Development" and emphasis was put on enabling diasporas to be involved in the development of their country of origin, without necessarily returning to it. Implementing partners in this programme included OCIV, CIRE, YWCA and IOM through its MIDA programme. Apart from YWCA (see De Bruyn & Wets 2006 for more info), the organizations identified the Congolese diaspora as one of their target groups. Boxes 14 to 16 describe these three programmes.

By the end of 2006, the only programme which was still running and receiving funds from DGCD was the MIDA programme implemented by IOM. For various reasons, the other three programmes were suspended, although they fulfilled a demand within the diaspora communities. The DGCD decided to provide directly funds to migrant organizations, but at the moment only BAC and Cap Santé are funded within this programme for their initiatives on health care. It is not clear to what extent the programme will be extended to other migrant organizations.

#### Box 14                    OCIV migration et développement<sup>27</sup>

*The Overleg Centrum voor Integratie van Vluchtelingen (OCIV, Consultation Centre for the Integration of Refugees) started in 1998 with its programme « OCIV entreprendre ». In the beginning, the programme targeted the reintegration of rejected asylum seekers and undocumented migrants by assisting them to set up micro enterprises in their countries of origin. The approach failed because of lack of interest from the target group. Subsequently, the*

<sup>27</sup> Interview with Anton Van Assche, ex-collaborator of OCIV, Phlix and Darteville 2005 and De Bruyn & Wets 2006.

NGO shifted its focus to migrants who had been residing in Belgium for more than one year and who wanted to set up a micro enterprise in the country of origin. Return was not an objective anymore. OCIV assisted potential migrant entrepreneurs by providing them with information, references where they could apply for further assistance or funds, advice about the feasibility of their business plan, and – if the business plan was evaluated positively - preparatory training and financial support (credit or subsidy up to 5,000 euro, minimum contribution of the migrant entrepreneur was 10%). Although the programme targeted a number of countries of origin (first 14, later 7), most of the applicants were of Congolese (DRC) origin. In each of the target countries, OCIV worked together with a local partner that had experience in providing support to micro entrepreneurs and was paid by OCIV. CEDITA was the partner in the DRC. The partner in the country of origin assisted the micro entrepreneur or his or her partners in setting up the business. By 2002, 36 companies had been created in the DRC (Phlix & Darteville 2005). An evaluation in 2002-2003 resulted in the reorientation and renaming of the programme: OCIV Migration et Développement. Instead of concentrating on micro enterprise creation, the new programme enlarged its focus to development projects of migrants and migrant organizations, and reinforcing sustainable links between target groups in the country of origin and the migrant (organization). Projects supported included only economic initiatives with a social objective. Geographically, the target countries were limited to only the DRC. The partner in the DRC remained the same. Applicants could get a support up to 2,500 euro, on the condition that he or she contributed the same amount. For this programme, OCIV also collaborated with the French NGO pS-Eau in the EU funded VALEPRO (Valorisation de l'épargne des migrants par l'appui à des activités productives) programme.

In October 2005 the programme "OCIV migration et développement" was suspended, presumably because of the decision of OCIV to focus entirely on refugee issue in Flanders (OCIV was also renamed Vluchtelingenwerk Vlaanderen, Refugee Work Flanders). Although in its course the programme encountered problems, such as lack of business attitudes, planning and preparation of entrepreneurs, inappropriate small-and-medium-enterprise support and financial support of the programme, lack of needs assessment, and impact assessment – several of which were resolved to a lesser or greater extent in the running time of the programme –, it did respond to an existing and large demand within the diaspora community.

### Box 15 Coordination et initiatives pour et avec les réfugiés et étrangers (CIRE)<sup>28</sup>

*CIRE is an umbrella organization of 18 Belgian NGO and non-profit organizations focusing on asylum seekers and refugees. From the end of the 1990s until 2002, CIRE developed and implemented the programme Voluntary Return and Reintegration. Similar to OCIV Entreprendre, CIRE gave advice, information, training and subsidies (up to 4,500 euro, and up to 90% of the budget needed by the applicant) to migrants who wanted to set up businesses in their country of origin. Initially only accessible for irregular migrants or students, from 2001 the programme opened itself up to migrants who had been residing in Belgium for more than one year. Although a significant proportion of applicants were of Congolese origin, the majority came from South America. In the countries of origin (24 initially, later reduced to 10), CIRE worked together with local organizations. At the end of the programme, 7 enterprises were created in the DRC.*

*Following an evaluation in 2002-2003, CIRE changed the programme and renamed it to Migr'Actions. The target group comprised migrant organizations which wanted to carry out development projects in the country of origin. The programme offered training to migrant organizations about technical, financial and participatory aspects of project management. In addition, the partner organizations in the countries of origin provided assistance in the execution of feasibility studies, needs (of the beneficiaries of the project) identification and assessment, implementation and evaluation of the projects and information about funding channels. Lastly, applicants could get a subsidy of up to 10,000 euro. The Programme régional de formation et d'échanges pour le développement—(PREFED) was the partner organization in the DRC.*

*Projects were selected by CIRE, the partner organization and a steering group consisting of representatives of migrant organizations, development NGO, and the academic field.*

*In 2006, the programme was suspended, due to a reorientation of the focus in the Migration and Development budget line of the DGCD.*

### Box 16 Migration for the Development of Africa (MIDA)

<sup>28</sup> Interview with Françoise Raoult of CIRE, Phlix & Darteville 2005 and De Bruyn & Wets 2006.

*In 2001, the IOM launched the programme Migration for the Development of Africa (MIDA) Great Lakes, which is funded by the DGCD. MIDA Great Lakes is a capacity building programme that aims to develop potential synergies between the skills and know-how of member of the diaspora and the needs of their countries of origin. The programme specifically targets the countries and the diaspora of Burundi, Rwanda and DRC and focuses on three different types of transfers of capacities and resources: physical transfers (i.e. short or longer visits of qualified members of the diaspora to their countries of origin); remittances (i.e. support of financial projects and investments of the diaspora); and virtual transfers (i.e. use of internet and virtual resources to exchange knowledge). Until now, the first component has received most attention. If an institution, organization or business active in the sectors of health care, education or rural development lacks a specific expertise which it cannot find in its own country, it can turn to the MIDA to look for a qualified member of the diaspora to fulfil the required function temporarily or help train local staff. MIDA has established a database of migrants of Congolese, Burundian or Rwandan origin who are willing to work in their country of origin for a certain period of time.<sup>29</sup>*

### *1.3.1.3 Cellule Diaspora*

Another initiative supported by the DGCD and initiated in 2007 – which does not feature in the migration and development programme – was the creation of an assistance unit to potential entrepreneurs from the African diaspora within the Chamber of Commerce, Industry and Agriculture Belgium-Luxemburg-African-Caribbean-Pacific (CBL-ACP). This assistance unit is better known under its French name “*Cellule Diaspora*”, since most applicants are French-speaking.<sup>30</sup> Organizations such as BIO (the Belgian Investment Company for Developing Countries), that carries out feasibility studies and gives financial support and the *Centre pour le développement de l'entreprise* (CDE) for the Development of Enterprises, that carries out feasibility studies, gives technical and field assistance to investors and entrepreneurs often receive “spontaneous, unstructured”<sup>31</sup> demands of

<sup>29</sup> For more information on this programme see the MIDA website: [www.midagrandslacs.org](http://www.midagrandslacs.org).

<sup>30</sup> [http://www.cblacp.org/en/cellule\\_diaspora\\_en.html](http://www.cblacp.org/en/cellule_diaspora_en.html).

<sup>31</sup> Citation in CBL-ACP (2007), p. 1.

migrant entrepreneurs of African origin.<sup>32</sup> Before applying to such organizations, the migrant entrepreneurs can contact the *Cellule Diaspora* that will advise them about submitting project proposals (CBL-ACP 2007 and Government of Belgium & Task Force GFMD 2007). According to its coordinator,<sup>33</sup> the Cellule Diaspora aims to be a front door open to those seeking guidance in the preparation of their business project. However, many would-be entrepreneurs are not well prepared to become manager of a business however small, nor do they have the minimum funds required for their venture. He also observes that many migrants, including university graduates, find it difficult to find their way through the institutional labyrinth in order to obtain any assistance.

#### 1.3.1.4 Senate hearings and Global Forum on Migration and Development

Parallel to the programme, Belgian politicians and policy makers showed their interest in the link between migration and development by creating a Special Committee on the issue in 2004, which organised eight hearings with experts. The Committee concluded in its report *Migrants and development: forces for the future*, that there was a lack of awareness about migration issues on the part of development NGO. It also acknowledged the potential role migrant organizations could play in development but added that the latter were rarely involved or mentioned in development policies, and had very limited access to funding of the DGCD.<sup>34</sup> The Committee proposed the establishment of a governmental coordinating body on migration and development as well as the opening up of funding opportunities for migrant organizations. The recommendations made by the Committee were not translated into concrete results. Three years later, the Special Committee on Globalisation organised similar hearings on migrant remittances. The conclusions of this report did not have any recordable impact until now (Sénat de Belgique Commission spéciale mondialisation 2007). Furthermore, in July 2007, the Belgian government hosted the First Global Forum on Migration and Development in Brussels (see [www.gfmd.be](http://www.gfmd.be)).

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<sup>32</sup> Furthermore, a number of federal microfinance institutions (MFIs) provide services and loans to migrant entrepreneurs. However, these are mainly for supporting the creation of businesses in Belgium. Examples are the Fonds de participation, Brusoc, and Crédal (see *Participatiefonds 2006* for more information).

<sup>33</sup> E-mail communication with Mr. Bodson, Coordinator of the "Cellule Diaspora".

<sup>34</sup> *Commissie voor de Buitenlandse Betrekkingen en voor de Landsverdediging* 2004.

fmmd.org and boxes 23 and 24). It remains to be seen whether this event will result in a more profound and longer engagement of the Belgian government in policies linking migration and development.

#### 1.3.1.5 Federal Incentive Fund (*Federaal Impulsfonds/Fonds d'impulsion*)<sup>35</sup>

Notwithstanding the limited possibilities for MDOs to get funds for projects in their countries of origin, important subsidising channels exist on the federal level which have been specifically developed to fund projects of migrant organizations. The main funding mechanism is the *Federaal Impulsfonds voor het migrantenbeleid (FIM)/Fonds d'impulsion à la politique des immigrés*, (FIPI, Federal Incentive Fund).

In 1991, the federal government decided to set up a fund for migration policy, the Federal Incentive Fund (FIPI/FIM), to support projects that create favourable conditions for the integration of foreigners. The support is non-structural and is meant to give a boost to the migration and integration sector. The FIPI/FIM is managed by a Federal Committee constituted by representatives from Ministries responsible for different aspects of the Belgian minority policy on Federal as well as on the regional and community level. In addition, the Centre for Equal Opportunities and Opposition to Racism, which acts as the FIM/FIPI secretariat, is represented in the Committee. Based on the proposals from the different governmental bodies that are responsible for immigration issues, this committee annually decides on the allocation of subsidies. As integration is mainly an urban issue, 75 per cent of the means are reserved for the five major cities in the country.

It is an easily accessible fund that reaches out to organizations that often have difficulties in finding subsidies elsewhere. The main aim is to give an impetus and make sure that associations and civil society participate in integration policy.

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<sup>35</sup> More information can be found on the website of the Centre for Equal Opportunities: [http://www.diversiteit.be/CNTR/FR/equal\\_opportunities/federal\\_incentive\\_fund/](http://www.diversiteit.be/CNTR/FR/equal_opportunities/federal_incentive_fund/).

The Flemish committee decides on the projects in the Flemish speaking part of the country; the French speaking committee decides on the projects in the south of the country. A small share of the budget is foreseen for projects on the federal level.

This Fund is aimed at financing projects (of migrant and non-migrant organizations) concerning the improvement of living conditions and equal opportunities (incl. social cohesion, emancipation, participation etc) in Belgium (mainly the big urban regions). The subsidies of the Fund can therefore not be used to fund activities in the countries of origin.

### 1.3.2 Regional and community governmental levels

#### 1.3.2.1 Walloon Region<sup>36</sup>

In the French speaking part of Belgium, there is a growing support towards including migrants and migrant organization in development cooperation. In its 2005 *Contrat d'Avenir pour la Wallonie*, a policy document that identifies the future challenges of Wallonia, the Walloon government argues that individuals and actors from civil society, including migrants, should be more involved in development cooperation projects and initiatives. This has already resulted in some concrete governmental initiatives.

Between 2003 and 2006, the Walloon government subsidized six migrant organizations who undertook development projects in their countries of origin. This programme is currently being evaluated. In 2003, the Walloon Region created the *Cellule d'Appui pour la Solidarité Internationale Wallonne* (CASIW, Support Cell for Walloon International Solidarity) (), based in Namur. The CASIW's role is to promote the implication of the civil society in development cooperation, by offering advice about for example the feasibility of development projects and support to actors from civil society. Although open for all civil society organizations, in practice the service is mostly used by migrants and migrant organizations. To reinforce the cultural exchange between the DRC and Belgium, the

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<sup>36</sup> This partly is largely based on information provided by Jean-Pierre Lahaye of CASIW.

Walloon government also organised a two-month festival in September and October 2007 (see [www.yambi.be](http://www.yambi.be)), in which Congolese migrant organizations participated.

Very recently, the *Direction Générale d'Action Sociale et de la Santé*, responsible for integration issues, has opened its annual co-funding budget line for initiatives aimed at social integration, also to projects focusing on co-development. Importantly however, only the actions within the projects that take place in Wallonia are eligible for funding (see <http://mrw.wallonie.be/dgass/> for more information).

### 1.3.2.2 Flemish Region

The Flemish development cooperation policy does not focus on migration and development issues. Very recently though, it has shown interest in the involvement of civil society organizations (the so-called fourth pillar organizations) in development cooperation by organizing a conference on this issue and commissioning a report (see Develtere and Stessens 2007). We will come back to this in the next chapter.

The Flemish Region also founded the federation of migrant organizations and established an independent umbrella organization of migrant federations, i.e. the Forum of Ethnic and Cultural Minorities (*Minderhedenforum*) in 1999. This forum acts as a spokesperson for migrant organizations in Flanders. The *Minderhedenforum* has the role of supporting communication and consultation among migrant organizations in the development of policy strategies ([www.minderhedenforum.be](http://www.minderhedenforum.be)).

### 1.3.2.3 Brussels Capital Region

The Brussels Capital Region does not have an active development and migration policy. The Region does offer funding channels for certain (esp. urban renewal) activities in Brussels.<sup>37</sup> The different divisions of the French (i.e. *Commission Communautaire française*, COCOF) and the Flemish Communities (i.e. *Vlaamse Gemeenschapscommissie* (VGC)) in Brussels also offer funding possibilities. The latter also provides grants specifically to support migrant organizations.<sup>38</sup>

### 1.3.3 Municipalities

Municipalities have recently started to develop their own development cooperation policies, sometimes providing small financial subsidies to migrant organizations and other civil society organizations (see for instance NkongaKasàlà). In addition, several cities are twinned with cities in the DRC (Brussels/Kinshasa, for example).<sup>39</sup> The City of Brussels supports the training of civil servants in Kinshasa, but also receives requests of support by Congolese migrant organizations. Sometimes the City gives support, for example by printing promotion material, transporting material to or from the harbour of Antwerp, and providing conference or meeting rooms.<sup>40</sup> However, like other cities in Belgium, Brussels does not have a comprehensive and well-developed policy to engage in development cooperation with Congolese organizations. As some other Flemish and Walloon cities however, the city is interested in developing this approach in the future.

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<sup>37</sup> For more information, see <http://portail.irisnet.be/fr/citoyens/home.shtml>.

<sup>38</sup> For more information on subsidising channels of the VGC, see <http://www.vgc.be/Cultuur/SociaalCultureelWerk/Allochtonenverenigingen/>. For information on the French counterpart, see: <http://www.cocof.irisnet.be/site/fr>.

<sup>39</sup> The Brussels Capital Region consists of 19 different municipalities, each with their own local responsibilities and councils. The City of Brussels is one of these 19 municipalities.

<sup>40</sup> Interview with Ms Anne-Sophie Deneyer of the Cellule Egalité des Chances et Solidarité Internationale, City of Brussels.

## 1.4 Development NGOs

Many Belgian development NGOs are active in the DRC.<sup>41</sup> However, the suspension of the programs of OCIV, CIRE and YWCA and the reorientation within these NGOs away from migration and development has virtually deleted all structural or longer-term support for initiatives of MDOs from the NGO sector. The reorientation within these NGOs can be explained by the fact that their core business is indeed not development cooperation. Most development NGOs on the other hand did not show much interest in migration and development initiatives. One of the notable exceptions is the *Centre National de Coopération au Développement* (CNCD), the umbrella organization of French speaking development NGOs, which initiated the Platform for Migration and Development (see box 17). Furthermore, some development NGOs give financial or other support to MDOs on very ad hoc basis.<sup>42</sup>

### Box 17 Plate-forme Migration et Développement

*The first attempts to come to a participatory policy on migration and development were undertaken by some development NGOs. In 1999, a number of NGO (the Centre National de Coopération au Développement (CNCD), the Solidarité Socialiste (SOLSOC), the Centre de formation pour le développement (ITECO) and Oxfam-solidarité) created the Platform Migration and Development. In 2001, the Belgian Development Cooperation (DGCD) decided to financially support the Platform by according a grant to the CNCD. The Platform brought together Belgian migrants, migrant organizations, development NGO, and experts interested or working in development cooperation. Although not intended in theory, in practice the platform mostly targeted organizations of the French speaking part of Belgium. This can be explained by the fact that the project was initiated by the CNCD, which targets mainly French speaking NGOs. Its Flemish counterpart, 11.11.11, was and is less focused on migration and development issues. The Platform provided a possibility for discussion, exchange and*

<sup>41</sup> The European Network for Central Africa (Eurac), provides a list of development NGOs in Belgium and other European countries active in the DRC and other Central African countries: [www.eurac-network.org](http://www.eurac-network.org).

We also mention that a number of foundations – though mostly non-governmental institutions - also provide support for projects of migrant organizations in Belgium. The most important in this regard is the King Baudouin Foundation (for more info, see [www.kbs-frb.be](http://www.kbs-frb.be)).

*coordination of their activities, as well as aiming to better understand the type of development projects of migrant organizations and the problems they encounter in setting these up. The conclusions of the platform were also used to inform policy makers on possible migration and development strategies. The Platform ceased to exist in 2005, because of the suspension of subsidies by the DGCD and factors internal to the CNCD (Sacré 2004 & 2005).*

There are several reasons for this lack of support for MDOs. Among the most important first group of reasons, but often forgotten in the polarized debate between MDOs and Development NGOs, is the limited time, the limited financial resources and the limited capacities to deal with “migration and development” projects and with the activities of MDOs. With its limited resources, a development NGO has to make a choice between different policy issues to concentrate on, taking into account its own expertise. The link between migration and development is not among the highly prioritized issues within the development field. In addition, certain development NGO who want to engage in the topic do not know how this is best done. An example of an NGO which has recently shown interest in migration and development is Caritas Belgium, which has recently organized a series of workshops on the subject to prepare an elaborate policy strategy on the subject.<sup>43</sup> Second, development NGOs have been reticent to engage in ‘migration and development’ issues because of the idea that governments are mostly focusing on this issue as a means to reduce migration flows instead of a way to stimulate development of the countries of origin. This argument is supported by the focus on return programmes for migrants in past governmental migration and development policies. The increased attention paid to remittances as development tools is also criticized in this context. According to this train of thought, there is a danger that remittances are regarded as a replacement for official development aid, while the remittance flows do not per definition contribute to development. Third, not all development NGO consider migrants and MDOs as the most appropriate development actors for their countries of origin. MDOs lack the experience of working in this field and do not possess sufficient technical and other expertise. Merely being a former or actual resident of a country does not per se

<sup>43</sup> For more information see <http://www.caritas-int.be/index.php?id=452&L=5>.

imply a correct and sufficient knowledge of the development and other problems of this country. In addition, projects of MDO tend to target populations or areas with which the MDOs have a strong link. These are not necessarily the most vulnerable populations. Lastly, development NGOs are process oriented, while MDOs are oriented towards specific projects.

Thanks to the increasing international focus on migration and development, a stronger stance taken by migrant communities and MDOs and a genuine willingness to engage with migrant communities, the attitude of development NGO towards migration and development is now slowly changing. For instance, Bogdan van den Berghe, General Secretary of 11.11.11, the counterpart of CNCD in Flanders, said in an article with MO Magazine that the link between migration and development would play a greater role in the future plans of the NGO (Danckaers 2007). Furthermore, the organization is researching how it can reach out to and involve migrant communities in its activities, since until now their participation levels have been relatively low. Lastly, the General Secretary also mentioned his organization's interest in supporting civil society organizations, including MDOs, by providing expertise about technical issues, accountancy, fundraising, and methodology.

Moreover, in the French speaking part of Belgium, development NGOs and other NGOs, including CNCD, are currently developing a joint strategy to work on migration and development issues.

## 1.5 Migration and development actors in the DRC

### 1.5.1 Vice Ministry for Congolese living abroad

Following elections in the DRC in 2006, a Vice Ministry for Congolese living abroad was established (*Vice Ministère des Congolais de l'Etranger*). The Vice Ministry should, among other things, develop a migration and development policy for the DRC. Specific objectives of this policy should include the development of measures to attract investments of

Congolese living abroad, proposals to make the most of the contribution of remittances to the development of the DRC and the creation of some form of solidarity fund to assist the Congolese in emergencies. In the short and medium term, the Vice Ministry will organise a forum for Congolese living abroad, identify the diaspora abroad, set up a dialogue with the diaspora and designate focal points for the diaspora in the embassies and consulates, etc.

In this framework, the Vice Minister has already paid a visit to Belgium to meet representatives of the Congolese diaspora and other institutions.<sup>44</sup> The establishment of the Vice Ministry is however too recent to allow for a proper evaluation of its work.

### 1.5.2 Development NGOs

Our research identified four local NGO (CEDITA, Prefed, ATL and CEPROSOC) and one umbrella organization (CNONGD) working specifically on migration and development programmes or projects and/or collaborating with MDOs from Belgium. In most cases, foreign donors provided funds for these organizations. CEDITA and Prefed were partners of respectively OCIV and CIRE for migration and development programmes funded by the DGCD. CEPROSOC and CNONGD and have collaborated with Transfaires and Irfam in the past. Boxes 18 to 22 give a brief description of these Congolese development NGO.

Apart from CEDITA, the core activities of the other NGOs are not specifically focused on migration and development issues. All have considerable expertise in other areas, work with and receive support from Belgian development NGO.

Some local development actors have expressed doubts about the positive role MDOs and migrants can play in development, similar to those expressed by development organizations in Belgium. In addition, MDOs are seen as competitors for the limited funds of local development NGO.

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<sup>44</sup> Interview with Mr Sary Ngoy and Mr Robert Kumbu of the Cabinet of the Vice Minister in Kinshasa, DRC and Vice Ministère des Congolais de l'Etranger 2007.

Box 18 CEDITA<sup>45</sup>

Entrepren dre-Cedita (*Conseils, Entreprendre, Développement – Intégré, Transferts, Accompagnement*) is a Congolese NGO specialized in assisting entrepreneurs setting up businesses and has carried out several projects on return migration and migrant entrepreneurship. Between 1998 and 2005, CEDITA participated in the programmes of OCIV. In the context of this programme, CEDITA also published two practical guides for potential investors in Kinshasa and in rural areas: “Guide pratique pour une exploitation agricole” and “Guide pratique pour entreprendre à Kinshasa: description de 7 secteurs d’activités économiques”. In addition, CEDITA has collaborated with the French NGO pS-Eau and the Italian NGO CISP on similar projects and operated a programme called Migration and Development (Migration et Développement).

Box 19 Programme Régional de Formation et d'Echanges pour le Développement (PREFED)<sup>46</sup>

Prefed, an NGO established in 1988 in Kinshasa, organizes training and exchanges of experiences between development actors in the DRC. Until 2006, Prefed acted as partner organization of CIRE in its Migr'Actions programme. Prefed offered assistance to partner organization of migrant organizations in the development, implementation and evaluation of their projects. After the termination of the programme, Prefed did not engage in other projects related to migration.

Box 20 Action Tokende Liboso (ATL)<sup>47</sup>

Action Tokende Liboso (ATL) is an NGO based in Kinshasa. It is a member of the CNONGD and its secretary general was a former executive secretary of the CNONGD. Since 2003, ATL has gathered some experience on migration issues (although not specifically on migration and

<sup>45</sup> Interview with Mr André Mayengo of CEDITA.

<sup>46</sup> Interview with Mr Sylvestre Kambaza of PREFED.

<sup>47</sup> Interview with Mr Félicien Malanda of ATL.

development). The NGO worked together with CEDITA, and has participated in a project initiated by the Italian NGO CISP (Comitato Internazionale per lo Sviluppo dei Popoli) on irregular migration and micro enterprise generation. ATL was responsible for an awareness raising campaign in the DRC to discourage young people from attempting irregular migration. ATL is also member of the Réseau Afrique Migration, a network that resulted from the collaboration of CISP with other African NGOs on irregular migration issues (see <http://www.ram-network.org>).

#### Box 21 Conseil National des ONGs de Développement (CNONGD)<sup>48</sup>

The National Council of Development NGOs (CNONGD), created in 1990, is a national umbrella organization of development NGOs of the DRC.<sup>49</sup> About 565 NGOs are members of the organization. Among other objectives, the CNONGD promotes the interest of its members and acts as a communication and information dissemination platform. The CNONGD has working groups on different themes, regrouping NGO that are focusing on the same area (such as gender, environment and agriculture). Since 2003, a working group on migration and development (GTMD, Groupe de Travail Migration et Développement) has been in place. The creation of this working group followed the organization of a series of seminars by IRFAM and Transfaires on valuing the skills of Congolese migrants in Belgium. In subsequent years, the CNONGD participated in the VITAR 2 project on the transfer of skills of Congolese migrants, and some other activities organised by IRFAM and Transfaires. GTMD has 45 members, but only around ten are actively engaged in the work of the group. Important to note is that neither ATL, nor Cedita and Prefed are members. The GTMD has also applied for funds at the EU AENEAS programme with IRFAM and Transfaires, but without success. At the moment, GTMD is looking for other opportunities to work on migration issues.

<sup>48</sup> Interview with Mr Robert Mabala Kasongo, Mr Guy Mudumbula Makola, Mr Rodin Muvuyu Ndenu-Ghonu and Mr Jean Pierre Mbulumbulu of CNONGD and GTMD.

<sup>49</sup> Besides the national Council, each region has also their own regional council, Conseil Regionale des ONG de développement (CRONGD).

Box 22 Centre pour la Promotion Sociale et Communautaire (CEPROSOC)<sup>50</sup>

*CEPROSOC, established in 1985, is based in Kinshasa, and has a subsidiary in the province of Bandundu. As a development NGO, it has gained considerable experience in training, education, community work, micro credit, and gender issues. Several international organizations or NGO have partnered with or donated to the organization. CEPROSOC has also worked with Irfam and Transfaires in several activities related to the transfer of migrant skills (for instance VITAR2), and has assisted other migrant organizations such as Stichting Bambale and its partner in the DRC in its operations. In addition, it is member of the GTMD.*

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Interview with Mr Ferdinand Mafolo Ladha of CEPROSOC.

## 1.6 Obstacles for the enhancement of Congolese migrant organizations' impact on development

### 1.6.1 Development impact and effectiveness of MDOs

Numerous studies have set out to determine the impact of various aspects of migration on development.<sup>51</sup> However, little research has been carried out on the impact of Congolese MDOs. The discussion about the potential impact of MDOs on development is, in addition, not based on concrete information. The available research (for instance evaluations of the migration and development programmes) does not give clear conclusions on impact, and refers to the difficulty of impact assessment. In general, it is very difficult to assess the impact of MDOs on development. First, any assessment depends on the definition of development used and the aspects and issues taken into account as a result of this definition. Is development narrowed down to increasing purchasing power or national or regional economic growth, or does it also refer to social, environmental, participatory, cultural and psychological aspects? Or can it include the broader concept of sustainable development, or targets such as the Millennium Development Goals? Secondly, what level are we looking at: the national, regional, community or even the individual level? Considering the small scale of most of the MDO projects, the impact at national or even regional level in the DRC is arguably non-existent or at most very limited. Unlike the well-studied Mexican Home Town Associations, the Congolese MDO do not yet cover entire provinces or regions. Even if the intention is there (for instance as in the case of UKE), such projects have not been implemented on any large scale. At the very local level, on the other hand, the impact may be more tangible. Thirdly, before being able to effectively assess impact, it may be necessary to evaluate the design of MDO projects: What are their objectives; do these objectives address an existing demand? How was this demand identified? Does the project achieve the objectives and goals set?

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<sup>51</sup> For overviews on remittances, see for instance De Bruyn & Wets 2006, Munzele Maimbo & Ratha 2005 and World Bank 2006.

In the debates about the contribution of MDOs to development, two viewpoints can be identified. The first views the impact of MDO activities and role as positive (this opinion is often shared by migrant organizations themselves). Migrants, it is argued, tend to know the reality of their country and region of origin better than foreign development actors. Therefore, they are better placed to identify the needs and problems of the country or community of origin, and – because of their local knowledge – they are more efficient and effective in developing and implementing projects within these communities. This argument is supported by examples from other diasporas (for instance Mexican, Senegalese, Malian, North African) whose projects have demonstrated positive local developmental effects. However many MDOs and migrants do not feel that this unique position and know-how, is fully recognized by governments and development NGO.

The second view questions this supposed knowledge and expertise, positing that simply being a resident or former resident of a country does not per se imply a correct and sufficient knowledge of the development context and problems of this country. For this reason, there is a tendency to be more sceptical about the positive impact of MDOs. Nevertheless, the majority of the adherents of this second viewpoint would not go so far as to argue that MDOs have no role to play at all. Indeed many have acknowledged the activities of various Latin American, North and West African diaspora organizations. The majority of the MDOs and Congolese MDOs however do not yet possess the means to be on par with the most successful Mexican, Senegalese, Malian and North African organizations.

### 1.6.2 Training and advice

Notwithstanding the experience and willingness of MDOs, many do not possess specific knowledge and expertise in organizational and project management, accountancy, development practices, technical issues, etc. There is therefore a demand for access to relevant training courses. However, attendance of such training courses would be need to fit in with the time and financial constraints of the migrants working in the MDOs for them to be able to benefit from them. Most members of migrant organizations have a job

or/and responsibilities in the household, and often work as non-paid volunteers in a migrant organization. The training courses needed to increase skills in project management would therefore have to be organized outside the official working hours for those volunteering with such organizations. Some institutions and NGO already offer such programmes.<sup>52</sup>

Because of the lack of expertise, many project proposals developed by MDOs do not meet the criteria and standards required to receive funding. Project development advice and assistance with feasibility studies might help MDOs to gain funding for their projects, however the two main actors offering such services (CIRE and OCIV), have now suspended their programmes. The resulting gap in support for MDOs has only partly been filled up by other organizations such as the recently established '*Cellule Diaspora*' at the Belgo-Luxembourg chamber of commerce.

### 1.6.3 Funding

Most MDO identify a lack of financial means and other resources as the most important barrier to the development of their activities. Collective remittances, fund-raising activities and governmental and other funding programmes clearly do not raise enough funds. Although migrant organizations can apply to some important funding channels in Belgium, most of these only provide funds for activities undertaken in Belgium, instead of projects in the countries of origin. In addition, non-profit organizations and de facto organizations are cut off from the main funding channels for development cooperation, which are only made open to 'development' NGO. Moreover, the poor quality of certain project also limits their chances to get funding. Training and advice would be of benefit in these cases. It should be mentioned here, that MDO tend look mainly towards official development cooperation institutions for funding, instead of also searching for funding in other sectors.

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<sup>52</sup> For instance the *General Information Cycle* of the Belgian Technical Cooperation (BTC) (see <http://www.btcctb.org/showpage.asp?PageID=1000>) and the *Intermédiaire en projets de solidarité internationale* offered by Forem (see [http://www.leforem.be/informer/se\\_former/seformer\\_forem\\_stagetranger\\_internation\\_cooperation.htm](http://www.leforem.be/informer/se_former/seformer_forem_stagetranger_internation_cooperation.htm)). The FOREM and its Flemish counterpart VDAB also offer a range of other sector specific training courses.

#### 1.6.4 Coordination and information

Although Belgium does not have a comprehensive migration and development policy, various governmental and non-governmental institutions and organizations are interested in the activities of MDOs and have developed some support tools and programmes as a result. However, there is a complete lack of coordination and information sharing on available support. This complicates the search for funding and supporting instruments and limits opportunities to find synergies among actors.

### 1.6.5 Cooperation, building synergy and ownership

Cooperation between MDO and other development-oriented actors (such as development NGO) is not clearly visible. Some MDOs have successfully cooperated with other organizations (for example *Congo Cultures*), but in general, this type of cooperation is more the exception than the rule.

The skills gap between development NGOs and MDOs is still big, although certain NGOs are in the process of identifying strategies to close this gap and offer support to MDOs. Collaboration between Congolese development NGOs and MDOs is still very rare. Both sectors risk becoming competitors for the same funds rather than becoming partners. One issue that arises from discussions on building synergies between these various development actors is the autonomy of the MDOs: should MDOs be acting on their own or in close partnership with qualified development NGOs? Do MDOs want to be associated with other organizations or keep their autonomy as development actors?

The success of migration and development programmes has, in the past, been affected by very differing views on ownership of development projects. On the one hand, there is a view that MDOs should be included in the strategies and projects developed by the traditional development actors in the DRC and Belgium, thus allowing their efforts to complement existing development efforts and reach the most vulnerable populations. However, on the other hand, most MDOs would like to work in a more autonomous manner, in particular because they tend to want to target groups with whom they have some kind of personal link (family or community of origin). Should MDOs be obliged to cooperate with other development actors, the resulting diminution of control over the selection of the target group may lead to a lack of commitment and enthusiasm on the part of MDOs. Between MDOs themselves, there is also a lack of coordination and communication.<sup>53</sup> This often results in a duplication of efforts, competition for the same limited resources and a reduced impact of activities.

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<sup>53</sup> This problem is less evident in the health sector, where coordination efforts have been strengthened.

### 1.6.6 Congruency with the conclusions of the Global Forum on Migration and Development

During the intergovernmental Global Forum on Migration and Development (GFMD), held in Belgium from 9 – 11 July 2007, civil society actors organized a Civil Society Day to discuss the same issues in parallel with governments.<sup>54</sup> The organizers of the GFMD supported this event. Some of the organizations mentioned in this paper also participated in the Civil Society Day. Notably, one of the topics discussed during this parallel event was the enhancement of the impact of migrant organizations or the diaspora on the development of the country of origin. Moreover, the recommendations of the Civil Society Day support many of the findings of this research paper: specifically needs relating to funding and capacity building, recognition of the development role of MDOs (by increasing the participation of MDOs in policy formulation) and the call for better communication and coordination both among MDOs and between MDOs and other NGOs (box 23 lists the recommendations of the GFMD in more detail).

Box 23 Recommendations for the theme “Strategies for building and/or strengthening diaspora/migrant organizations’ capacity for development” of the report on the Civil Society Day of the GFMD<sup>55</sup>

*Efforts should be made to ensure migration and development funding and programming directly involves diaspora organizations themselves and does not merely rely on intermediary NGOs to ensure their participation.*

*Migrants should have formal representation on all migrant-related policy bodies, including the GFMD. They should similarly participate in dialogues with receiving countries regarding the development of their country of origin.*

*Embassies/diplomats should be empowered to be centres of service to migrants. Sending governments should be encouraged to put in place mechanisms to interface with their diasporas.*

<sup>54</sup> For more information, see [www.gfmd-civil-society.org](http://www.gfmd-civil-society.org)

<sup>55</sup> King Baudouin Foundation 2007, p. 24.

*A fund should be designated by receiving governments (and at the regional level) to support actions that enhance the positive impact of migration on development. Such a fund can support diaspora-driven development initiatives and/or to support the capacity building of diaspora organizations.*

*Options for diaspora capacity building include developing diaspora-specific training programmes and curricula, or providing subsidies to migrant leaders to participate in existing capacity building programmes.*

*Governments can support migration networking events, activities, and mechanisms. These may focus on sector-specific diaspora networks.*

*Capacity building initiatives to date should be systematically evaluated to inform continuing and future efforts.*

*Government initiatives to support migration and development should be institutionalized so they are not dependent on individual government officials.*

Interestingly, the conclusions of GFMD itself also made similar recommendations: These recommendations included, *inter alia*: increased coordination between different levels of government, support for the organizational and representational capacity building of migrant organizations and the building of partnerships. However, it remains to be seen how these recommendations will be translated into governmental policies. (Box 24 lists the recommendations of the GFMD.)

Box 24 Recommendations for the theme *Partnerships with diasporas to enhance the development impact of their activities* of the Summary Report GFMD<sup>56</sup>

*Identify partners within the diaspora (numbers, location, skills, etc.) and support diaspora organizations' organizational and representation capacities.*

<sup>56</sup> Task Force for the preparation of the GFMD 2007, p.11

*Establish triangular partnerships between diasporas, home and host countries and increase coordination among different ministerial departments in home and host countries, between home and host countries, as well as between host countries harbouring diaspora of the same origin.*

*Enhance links between diasporas and countries of origin, including over generations, through regular dialogue and information channels (formal or informal, political involvement) and provide accurate information to diasporas about development and investment opportunities in countries of origin.*

*Create an enabling environment for diaspora activities for instance by providing multiple re-entry visas, dual citizenship, recognition of skills and portability of social welfare.*

*Enable the consultation of diaspora as well as the coordination of their interventions with national and local development plans to enhance their sustainability.*

*Further research the reciprocal influence between the integration of diasporas in the host country and their involvement in the development of their country of origin.*

### 1.6.7 Migrant organizations and the fourth pillar of development cooperation

In discussions on migration and development, MDOs are often considered as new actors in the development field, complementing and challenging traditional development actors, such as development NGOs. In many of the articles and policy papers on migration and development, MDOs are depicted as unique organizations, with a different approach to development. However, we argue that migrant organizations – especially those studied in Belgium – are not as unique in the development field as they are often portrayed. In fact, we argue that they are part of a broader and very heterogeneous group of civil society organizations and individuals that are engaged in development cooperation and that challenge traditional development actors. Patrick Develtere has coined the term “fourth pillar organizations” to describe this group of organizations (Develtere 2005).

In development cooperation, three ‘pillars’ of organization have already been identified. Use of the ‘three pillars’ terminology is now commonplace in Belgian academic writing

about the development field (see for instance Develttere 2005) The first 'pillar' refers to bilateral cooperation (i.e. government to government), the second 'pillar' encompasses multilateral cooperation (i.e. government donations to international institutions, such as World Bank and the EU, that in their turn invest in development countries). Development cooperation through NGOs makes up the third pillar. Added to these three traditional 'pillars', the fourth pillar, as identified by Develttere, consists of a very heterogeneous group of organizations that undertake development (or philanthropic) activities, including, for example, schools, trade unions, co-operatives, youth organizations, local authorities, businesses, and individuals (Develttere 2005 and Develttere & Stessens 2007). Box 25 gives an example from the DRC of fourth pillar organizations, as quoted in a study of Develttere & Stessens (2007).

On the basis of a survey carried out in 2006, Develttere and Stessens (2007) estimated that there could be some 1100 fourth pillar initiatives in Flanders alone, with between 25,000 and 60,000 participants. These initiatives, they suggest, mobilized between 47 to 68 million euros of private funding. It should be noted, however, that MDOs form only a small proportion of the total of these fourth pillar organizations.<sup>57</sup>

The proceedings of the GFMD ([www.gfmd-fmmd.org](http://www.gfmd-fmmd.org)) and a survey among fourth pillar organizations (see Develttere and Stessens (2007), identified the obstacles with which these organizations are confronted in their activities. Interestingly, the issues identified are the same as those identified for Congolese MDOs in this study: a lack of funding the need for capacity building and for collaboration with other development actors and a lack of acknowledgement of their contribution to development. In addition, the same debate about autonomy versus insertion in existing development strategies and initiatives was also raised by Develttere and Stessens. Interestingly, their research notes that 25% of the fourth pillar associations claim to have refused partnerships with or funding from Belgian institutions in order to preserve their autonomy.

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<sup>57</sup> To avoid confusion, we repeat that the total number of migrant organizations might be up to 2,000 in Belgium, but only a small proportion of these are engaged in development cooperation activities.

Box 25 Tâche d'huile Moliba<sup>58</sup>

*The Tâche d'huile Moliba association was set up by a Congolese man, with the aim to stimulate development in his village in the DRC by setting up and implementing various projects, such as making wells, farming, building schooling facilities, etc. A Belgian Catholic Priest, working in the same area, became involved in Tache d'Huile Moliba and, upon returning to Belgium, began looking for funding opportunities for the association. As a result, a number of actors are now supporting the association. For example the NGO CDI-Bwamanda advises them on the purchase of drilling material; a school in Ostend (Belgium) finances and develops sawing equipment for one of the projects; a Spanish NGO Manos Unidas finances the construction of schools; and the provincial government of West-Flanders subsides the purchase of a motor for a boat and rice husking machine.*

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Copied from Develtere & Stessens 2007, p.29

## 1.7 Towards an operational model to support migrant development organizations

### 1.7.1 Objectives of the model

In this chapter, we will propose an operational model to support the activities of MDOs and strengthen their capacity to run effective development projects. In the previous chapter, we identified the main obstacles for Congolese MDOs as actors in development. To summarize, the main issues to address in creating a support model are the following:

- Capacity building, including advice about the feasibility of projects and training in financial, project and organizational management, and on technical development related issues, etc;
- Funding, including subsidies, access to credit etc;
- Assistance in the implementation of projects in the DRC;
- Evaluation and impact assessment of projects of the MDOs;
- Information about possible funding mechanisms, training courses, potential partnerships and policies;
- Coordination of migration and development programmes and of the policies and intentions of Governmental institutions at all levels and coordination of development NGOs and other development oriented actors in Belgium and the DRC;
- Participation of MDOs in the development of migration and development policies and strategies.

### 1.7.2 A schematic model

In our report of 2006 (De Bruyn & Wets 2006, pp. 75-77) we proposed an initial version of a support model for migrant associations (see figure 1):

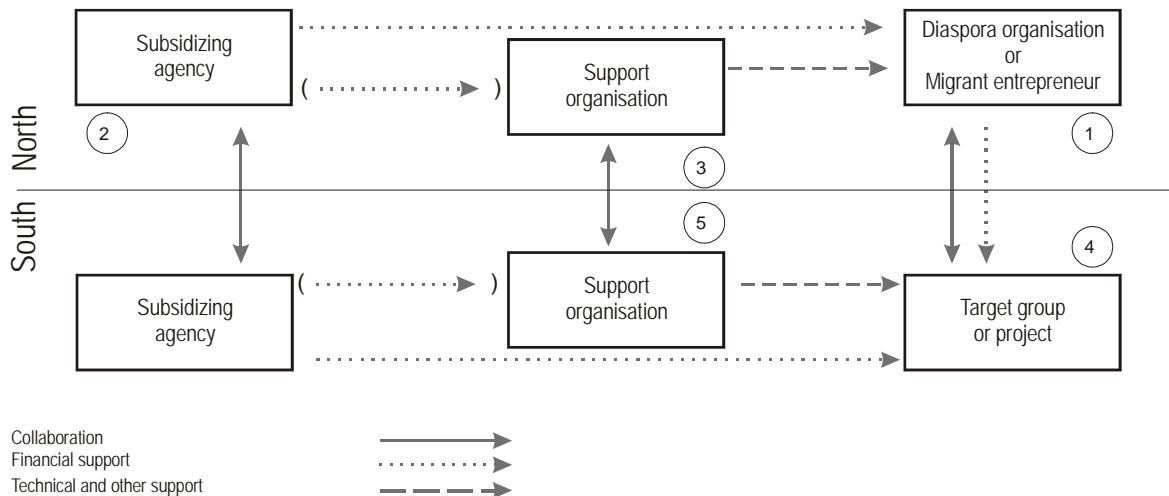


Figure 1 Model of collaboration

*The model presents a pragmatic approach. Migrant associations (1) can professionalize but often lack the time and the means to develop into full-grown development NGOs. Furthermore, in many cases, they have concrete ideas and some financial resources, but they lack additional financial means and certain administrative capacities to apply for development aid. The target group (4) could be expected to manage and implement their own projects (with or without extra schooling), but could lack certain technical expertise in project management and implementation. To address these problems, an organization (3) provides technical support in the development of a business plan or development project, as well as in the application for funding at relevant institutions. With the business plan or development project, the migrant association or individual can then apply to subsidizing institutions (2). In certain instances, the latter ((2) and (3)) [can be] the same (..). For the implementation of the project, a regional organization (5), selected and financed by the subsidizing and/or supporting organization ((2) or (3)), provides technical support. (..)*

This model is based partly on the Dutch *Low-Threshold Initiatives & Contact Information Centre for International Cooperation* (LINKIS) model, which has already been in operation

for some years, and the migration and development programmes of OCIV and CIRE.<sup>59</sup> Box 26 briefly explains the functioning of this model and box 27 gives an example of a Dutch based Congolese MDO, which has received support via LINKIS. A description of the CIRE and OCIV migration and development programmes can be found in De Bruyn & Wets (2004) and De Haas (2006).

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Other models are described in De Haas 2006, Ionescu 2007, De Bruyn & Wets 2004 and Wets et al. 2004.

## Box 26 The Dutch LINKIS model

*The Dutch development cooperation is characterized by a co-financing structure. The Directorate General for International Cooperation of the Ministry of Foreign Affairs (the Dutch counterpart of the Belgian DGCD) does not only provide regular project support for a wider number of NGOs, but also channels funds to a small number of Dutch development NGOs, so called co-financing agencies. Each of these NGOs has created a "Front Office", where fourth pillar organizations or individuals can apply for funding for small-scale development initiatives (up to 50,000 euros). The NGOs can develop their own terms of reference and policies. Next to these NGOs, a network of fifteen centres for international cooperation (i.e. COS) provide advice on feasibility of the projects, information about funding possibilities, etc. In 2004, donor NGOs and the COS decided to work together and created the LINKIS system. This is a digital counter, i.e. website, that allows fourth pillar organizations and individuals to gain an overview of the cofinancing and support structures available and also contributes to a better coordination of the partners involved in the network. In the last three years, more than 1,500 projects of fourth pillar organizations have received financial support through this network (De Haas 2006). According to an evaluation of Van der Meer for the period 2004- first half 2005, 12 to 15per cent of the applications came from migrant organizations (and 10per cent came from non-Western migrant organizations). Proportionately more applications of migrant organizations were approved than of other fourth pillar organizations (Van der Meer 2006).<sup>60</sup> Box 27 gives an example of a Congolese MDO based in the Netherlands that received support through the LINKIS network. Although different evaluations<sup>61</sup> have shown that there is still room for improvement, in general the LINKIS network has been assessed as successful.*

<sup>60</sup> Besides Van der Meer (2006), Sikkema et al. (2006) have also evaluated the front offices within the Linkis network.

<sup>61</sup> See Sikkema et al. (2006) and Van der Meer (2006). The latter focuses specifically on the effectiveness of the network for migrants and migrant organizations.

Box 27 Fondation Bambale<sup>62</sup>

Stichting Bambale (Bambale meaning group of friends, see website <http://www.dse.nl/~bambale/>) was created in 1997, by a group of people of Congolese origin living in Eindhoven, in order to alleviate socio-economic problems in the DRC. The group was enlarged with like-minded people of Dutch origin. Stichting Bambale's projects focus on agriculture, health and the environment, and training and are located in Kinshasa and in and around Kisantu, 100 km southwest of Kinshasa. Stichting Bambale set up a partner organization in Kinshasa, Fondation pour le Développement Stichting Bambale, which has its own management, consisting of 6 people. The foundation collaborates with other Congolese NGOs that are specialized in the specific activities of the foundation, for instance the Centre de promotion sociale et culturelle (CEPROSOC) and receives support from religious and other organizations in the Netherlands. The foundation has successfully applied for funds of up to several thousands of euros from Dutch development NGOs, making use of the LINKIS network. In addition, private companies, local government institutions and other private donations contribute financial and other resources to the organization. In 2004, a sponsor group was created by Stichting Bambale. This group is responsible for writing project proposals, the planning and implementation of activities to collect money, and for applying for funding.

The model proposed in figure 1 is a schematic model and cannot be immediately implemented within the Belgian-Congolese context. We propose an incremental process for the implementation of the model, which takes into account not only existing development initiatives, but also includes other actors that are able to provide useful contributions and those who have shown a willingness to be involved in migration and development. The previous chapters have shown that there is indeed a variety of scattered programmes, policies, intentions and concrete initiatives taken by various governmental and development oriented actors, including migrant organizations.

Moreover, the main objective of any support model should be to provide MDOs with services which address their needs, including capacity building, fundraising information,

<sup>62</sup> Interviews with Mr Massanguna and Mr Théo Iniete in Kinshasa, DRC.

implementation assistance, project evaluation and information on coordination, while at the same time enhancing the participation of MDOs in policy and strategy development, and the coordination of efforts.

### 1.7.3 Identification of actors: who can do what?

When looking at the implementation of such a support model, one of the first steps to take is to decide which organizations or individuals in Belgium to target. For example, should the support model target Congolese migrant organizations, all migrant organizations, only migrants coming from the eighteen partner countries of the Belgian development cooperation), or fourth pillar organizations in general?

The needs of MDOs identified in this paper are not limited to Congolese MDOs and are also evident in other MDOs in Belgium as well as in other fourth pillar organizations. Offering support services to Congolese MDOs alone would be restrictive, particularly given that the organizations that often partner or work with Congolese MDOs also need support. Mutual benefit could be gained from widening the support structure; for example, although including all fourth pillar organizations within the model could increase competition for limited resources, it could also stimulate synergy building and cooperation that is more effective. In addition, we think that there would be a greater interest from development NGOs to offer support services for a wider variety of organizations than for Congolese migrant organizations alone. Subsidizing agencies, development NGOs and other development actors have their own domains and geographic regions of interest, which do not necessarily match those of Congolese MDOs. However other migrant or fourth pillar organizations might work in the same regions or issues based on their expertise and interests.

Opening up the model to all fourth pillar organizations – as is the case in the LINKIS network - by no means prevents potential donors or service providers from concentrating on Congolese MDOs.

Important to note is that not all MDOs and other fourth pillar organizations demand the same services. Some might have enough funding or relevant and appropriate expertise or do not require any technical assistance.

Second, external funding for the projects and organizational development of MDOs and other fourth pillar organizations would enable initiatives to be carried out in a more effective manner, thus allowing for higher success rates. At the moment, other non-profit organizations and de facto organizations have very limited possibilities for accessing funding from governmental institutions (such as the DGCD) or development NGOs. Funding channels do exist, for instance the *Federaal Impulsfonds voor het Migrantenbeleid/ Le Fonds d'impulsion à la politique des immigrés* (FIM/FIPI), but do not support projects carried out abroad.

A first step would be to provide information (see below) on all existing governmental and non-governmental (including the private sector) funding mechanisms to support (1) the functioning of fourth pillar organizations in Belgium (e.g. availability of offices, meeting rooms, personnel, IT), and (2) the development and implementation of activities abroad.

In this paper, we have already listed some of instruments and relevant actors, such as FIM/FIPI, the budget lines on migration and development of the DGCD, BIO and CDE, municipalities, co-funding programme of DGASS or the King Baudouin Foundation.

A second step could entail the creation of a new budget line or fund to support MDOs or fourth pillar organizations in their activities and functioning, or the broadening up of existing support programmes to development-oriented activities in developing countries. The budget line could be a matching fund scheme or a programme to facilitate credit. The FIM/FIPI could be taken as an example. Important issues to be addressed in this context include the determination of the origin of the financial resources (DGCD, regional governments, business sector, public donations), the management of the fund and the responsible actor(s) in charge of allocation (the Dutch LINKIS model, municipalities,

DGCD, or migrant organizations themselves), and the definition of the eligibility criteria to access the resources of the fund. We recommend that MDOs should participate in answering these questions – especially the last one.

Third, there are already a number of actors who provide information about possible funding and capacity building programmes, advice about the feasibility of projects and training to fourth pillar organizations or migrant organizations. In this paper, we made reference to the CGMD (for information), CASIW (advice and information), Assistance Unit to would-be entrepreneurs from the African diaspora, BTC, Forem and VDAB (training) and– on an ad hoc base- some municipalities and development NGOs.

Optimizing the provision of information to MDOs or other fourth pillar organizations, the following avenues should also be explored and the following steps could be taken: (1) setting up a website and developing other information materials about available funding and capacity building programmes. The LINKIS website could be taken as an example. However, this is only possible where there is improved cooperation and coordination between the relevant actors (see below). (2) In a first stage, or complementary to the first proposition, umbrella organizations of migrant organizations could themselves take upon the role of information sharing specifically with MDOs. This is especially useful since they are best acquainted with the needs and demands of the migrant organizations. The CGMD is one organization that is currently performing this role. In order to extend and continue this role, funds could be made available to support these umbrella organizations.

A possible option for providing advice about feasibility and other aspects of development projects of fourth pillar organizations would be the LINKIS method (see box 26). In Belgium however, a system such as the COS network does not really exist, (although in Wallonia, CASIW is performing this role.) The following avenues are worth taking into consideration: (1) creating a similar institution in Flanders and extending its resources to perform this role. (2) involving development or other NGOs, that are interested in developing advisory instruments for fourth pillar organizations, or international organizations, such as IOM that work with migrant organizations.

Besides the availability of training courses, some development NGOs have shown interest in offering capacity-building courses about specific topics to representatives of fourth pillar organizations. Fourth pillar organizations, including MDOs, should be encouraged to discuss such possibilities (content, cost, possible funding and timing of the courses) with development NGOs.

Fourth, MDOs and other fourth pillar organizations that seek assistance from NGOs for implementing or developing their projects, and/or look for possible synergies with existing development projects or processes in the country of focus should be supported in the search. It is important not to coerce MDOs (or fourth pillar organizations) into collaboration with local NGOs or other actors but to identify, stimulate and facilitate possible synergies and partnerships. As with the LINKIS network, development NGOs and other actors in Belgium and developing countries could identify organizations that are interested in collaborating with or providing assistance to MDOs or other fourth pillar organizations and assist fourth pillar organizations in looking for partnerships.

Fifth, coordination of the scattered efforts of different governmental (intergovernmental, federal, regional and local; development-oriented and other departments such as integration-orientated actors) and non-governmental (incl. development and other NGOs, MDOs and other fourth pillar organizations, private sector) actors is arguably the most important recommendation for a successful institutional structure to support MDOs and other fourth pillar organizations. Interested and relevant actors should share their experiences, find common ground and build synergies. For this purpose, working groups should be formed. For example, a governmental working group with representatives of development cooperation and integration of the different governmental levels would enable better coordination and information-sharing.

In addition, the debate between MDOs, other fourth pillar organizations, development-oriented actors in Belgium, and in the countries in which fourth pillar organizations are implementing projects, needs to be stimulated in order to find complementary

partnerships and to explore how the efforts of the latter can contribute to the development plans of developing countries.

Sixth, the potential role of municipalities deserves a specific place in the support model. Municipalities are arguably the most easily accessible governmental level for migrant organizations. Furthermore, several migrant communities tend to be concentrated within one or more locations. In other countries, municipalities have twinned with the municipalities from which the migrant communities originate<sup>63</sup> (Government of Belgium & Task Force GTMD). Unfortunately, there is virtually no information available about the initiatives of municipalities to cooperate with MDOs. Therefore, we recommend filling this lacuna by carrying out a survey among municipalities, in order to explore the potential role municipalities could or would like to play in supporting MDOs.

In conclusion, the creation of a comprehensive institutional structure to support MDOs and other fourth pillar organizations is impossible without the engagement and involvement of relevant and interested actors. In addition, most of the latter are not yet entirely informed about each other's interests and initiatives. Therefore, the construction of a model to support MDOs and fourth pillar organizations in Belgium should start by enhancing the coordination and finding common ground between relevant and interested actors. Although we have listed existing initiatives in this paper, mentioned some interests and made some propositions about potential roles of organizations, the modalities and real willingness and possibilities are still matters to be discussed further.

For this reason, we propose to focus on building this common ground and bringing actors together. We recommend organizing one or more meetings between (inter)governmental institutions, development NGOs and migrant organizations that have already showed an interest in supporting MDOs to discuss the proposed model in this chapter. These include CGMD (migrant organizations); Caritas, 11.11.11 and CNCD (development NGOs); the DGCD and Cellule Diaspora; CASIW and responsible entities for development

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<sup>63</sup> See Piperno & Stochierro 2006 for examples.

cooperation within the regional governments (regional governments); UVCB/VBSG, VVSG, UVCW and AVCB/VSGB (municipalities), IOM (intergovernmental institutions). In addition, representatives of the LINKIS network could be invited to discuss their model and the usefulness of it in the Belgian context.

## 1.8 Conclusion

The role of migrant organizations in the development of their countries of origin has been increasingly acknowledged in recent years. The conclusions of the Global Forum Migration and Development in Brussels in July 2007 are an important illustration of the growing recognition of this role by policy makers, academics, NGOs and the private sector. However, it remains to be seen to what extent this acknowledgement will be translated into concrete measures to support migrant organization activities in various countries. In Belgium, for example, the debate on the potential role of migrant organizations as actors in development has really only just begun. Nevertheless, the first GFMD could be the starting point of an international process of the inclusion of migrants and their organizations in the debates and even policy making in development cooperation.

This paper has shown that Congolese migrant organizations cannot (yet) be compared with the well-established examples of Latin American Hometown associations in the US, Malian and Senegalese organizations in France or Moroccan NGOs such as *Migration et Développement*. However, although small-scale, there is undeniably an enthusiasm and willingness within certain parts of the Congolese diaspora to be involved in development cooperation. This potential is, however, hindered by a number of obstacles, such as a lack of (financial) means, specific expertise and training, information and cooperation, or as some may say, professionalism in field of development. Moreover, the initiatives and further development of Congolese and other migrant development organizations are also thwarted by the lack of a comprehensive institutional framework for support and capacity building. At first sight, the viewpoints of migrant organizations, development NGOs and governmental institutions seem to differ greatly, often resulting in frustration, non-cooperation or sheer indifference. However, when taking a closer look at the different development- oriented actors, similarities, common ground and complementarity are much greater than previously thought. The same can be said for the willingness to undertake action.

In this paper we have proposed a schematic model of collaboration to support MDOs, which is partly based on the Dutch LINKIS network. Central to this model is the provision of instruments, which allow MDOs to be informed, advised, funded and assisted in their activities. Our strategy to implement a concrete framework is based on (1) an incremental approach starting from what is already in place, which permits an incremental evolution to a comprehensive model, supported by all relevant actors; and (2) an approach in which migrant organizations are positioned in a broader context, allowing the creation of synergies and the enlargement of the social base for a supportive model.

First, in Belgium several governmental institutions and non-governmental organizations offer funding, training or advice facilities to migrant and other organizations. Although these do not necessarily cater for organizations that are undertaking development projects abroad, they might be opened up or act as an example. Furthermore, coordination and collaboration between the actors involved and those who are interested would allow them to find common ground and contribute to the establishment of a comprehensive framework. Next, we argued for the involvement – or at least exploration of the participation of local authorities in support and collaborating with MDOs.

Second, many of the needs and problems of MDOs are surprisingly similar to those of other civil society organizations. Considering MDOs as so-called fourth pillar organizations, with their own specific characteristics, would broaden the room for manoeuvre and to build synergies with organizations that would like to or are already offering services to small scale development actors.

## Abbreviations

|          |  |
|----------|--|
| APEFE    | Association pour la promotion de l'éducation et de la formation à l'étranger                               |
| ASI      | Africa Synergies International   |
| ATL      | Action Tokende Liboso  |
| AVCB     | Association de la Ville et des Communes de la Région de Bruxelles-Capitale                                 |
| BAC      | Benelux Afro Center  |
| BIO      | Belgian Investment Company for Developing Countries  |
| CASIW    | Cellule d'Appui pour la Solidarité internationale wallonne   |
| CBL-ACP  | Chambre de Commerce, d'Industrie et d'Agriculture – Belgique – Luxembourg – Afrique – Caraïbes - Pacifique |
| CC       | Congo Cultures   |
| CCAEB    | Conseil des Communautés africaines en Europe/ Belgique   |
| CDE      | Centre pour le Développement de l'Entreprise   |
| CEDITA   | Conseils, Entreprise, Développement – Intégré, Transferts, Accompagnement                                  |
| CEPROSOC | Centre pour la Promotion Sociale et Communautaire  |
| CGMD     | Coordination générale des Migrants pour le Développement   |
| CFSI     | Comité français pour la Solidarité Internationale  |
| CIRE     | Coordination et Initiatives pour Réfugiés et Etrangers   |
| CNCD     | Centre national de Coopération au Développement  |
| CNONGD   | Conseil nationale des Organisations non-gouvernementales de Développement                                  |
| COS      | Centrum voor Internationale Samenwerking   |
| CRONGD   | Conseil régionale des Organisations non-gouvernementales de Développement                                  |
| COCOF    | Commission communautaire française   |
| DGASS    | Direction générale d'Action sociale et de la Santé   |

|  |   |
|--|---|
| DGCD                                     | Direction générale de la Coopération au Développement                           |
| DRC                                      | Democratic Republic of Congo  |
| FAO                                      | Food and Agriculture Organization   |
| FOREM                                    | Office Communautaire et Régional de la Formation Professionnelle et de l'Emploi |
| GFMD                                     | Global Forum Migration and Development  |
| GTMD                                     | Groupe de Travail Migration et Développement                                    |
| HIVA                                     | Hoger Instituut voor de Arbeid  |
| HTA                                      | Home Town Association   |
| IOM                                      | International Organization for Migration  |
| IRFAM                                    | Institut de Recherche, Formation et d'Action sur les Migrations                 |
| IT                                       | Information Technology  |
| ITECO                                    | Centre de Formation pour le Développement et la Solidarité internationale       |
| KU Leuven Katholieke Universiteit Leuven |   |
| LIFACO                                   | Ligue des Familles congolaises  |
| MDO                                      | Migrant Development Organization  |
| MFA                                      | Mamas for Africa  |
| MFI                                      | Micro Finance Institution   |
| MGL                                      | Mutualité des Grands Lacs   |
| MIDA                                     | Migration for the Development of Africa   |
| MUTEC                                    | Mutualité d'Epargne et de Crédit  |
| NGO                                      | Non-governmental Organization   |
| NPO                                      | Non-profit Organization   |
| OCIV                                     | OverlegCentrum voor Integratie Vluchtelingen                                    |
| OSEFM                                    | Œuvre sociale pour l'encadrement des filles mères                               |
| OSIM                                     | Organisation de Solidarité Issue de l'Immigration                               |
| PREFED                                   | Programme Régional de Formation et d'Echanges pour le Développement             |
| RVDAGE/VL                                | Raad van de Afrikaanse Gemeenschappen in Europa afdeling Vlaanderen             |

|         |  |
|---------|--|
| SME     | Small and Medium Enterprise  |
| SOLSOC  | Solidarité socialiste  |
| TSHELA  | Technique de Soin de la Haute Ecole Libre Africaine                            |
| UFD     | Union des Femmes pour le Développement   |
| ULg     | Université de Liège  |
| UK      | United Kingdom   |
| UKE     | Union Kasaïenne de l'Extérieur   |
| UN      | United Nations   |
| US      | United States  |
| USAID   | United States Agency for International Development                             |
| UVCB    | Union des Villes et Communes Belges  |
| UVCW    | Union des Villes et Communes de Wallonie                                       |
| VALEPRO | Valorisation de l'épargne des migrants par l'Appui à des Activités productives |
| VDAB    | Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding                     |
| VLIR    | Vlaamse Interuniversitaire Raad  |
| VBSG    | Vereniging van Belgische Steden en Gemeenten                                   |
| VGC     | Vlaamse Gemeenschapscommissie  |
| VSGB    | Vereniging van de Stad en de Gemeenten van het Brussels Hoofdstedelijk Gewest  |
| VVOB    | Vlaamse Vereniging voor Ontwikkelingssamenwerking en Technische Bijstand       |
| VVSG    | Vereniging van Vlaamse Steden en Gemeenten                                     |
| YWCA    | Young Women's Christian Association  |

## Table of Boxes

|        |   |
|--------|---|
| Box 1  | NkòngaKasàlà.....   |
| Box 2  | Coordination générale des migrants pour le Développement (CGMD) .....   |
| Box 3  | Union Kasaïenne de l'Extérieur (UKE) .....  |
| Box 4  | Mamas for Africa (MFA) .....  |
| Box 5  | Les Amis de Wetchi .....  |
| Box 6  | Oser la Vie .....   |
| Box 7  | Œuvre sociale pour l'encadrement des filles mères (OSEFM).....  |
| Box 8  | Congo Cultures (CC) .....   |
| Box 9  | Africa Synergies International (ASI).....   |
| Box 10 | La ligue des familles congolaises (Lifaco).....   |
| Box 11 | Transfaires .....   |
| Box 12 | BAC, TSHELA and Cap Santé .....   |
| Box 13 | The Belgian governmental levels .....   |
| Box 14 | OCIV migration et développement .....   |
| Box 15 | Coordination et Initiatives pour et avec les Réfugiés et Etrangers (CIRE) ....  |
| Box 16 | Migration for the Development of Africa (MIDA) .....  |
| Box 17 | Plate-forme Migration et Développement .....  |
| Box 18 | CEDITA .....  |
| Box 19 | Programme Régional de Formation et d'Echanges pour le Développement<br>(PREFED)   |
| Box 20 | Action Tokende Liboso (ATL) .....   |
| Box 21 | Conseil Nationale des ONGs de Développement (CNONGD) .....  |
| Box 22 | Centre pour la Promotion Sociale et Communautaire (CEPROSOC).....   |
| Box 23 | Recommendations for the theme <i>Strategies for building and/or strengthening diaspora/migrant organizations' capacity for development</i> of The report Civil Society Day of the GFMD..... |
| Box 24 | Recommendations for the theme <i>Partnerships with diasporas to enhance the development impact of their activities.</i> of the Summary Report GFMD .....                                    |

|          |                              |
|----------|------------------------------|
| Box 25   | Tâche d'huile Moliba .....   |
| Box 26   | The Dutch LINKIS model ..... |
| Box 27   | Fondation Bambale .....      |
| Figure 1 | Model of collaboration.....  |

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## Appendix: people interviewed

### People interviewed in Belgium

| Name                   | Institution  | Date       |
|------------------------|--|------------|
| Norbert BAMPUNGA NGILA | Plate-forme africaine  | 27/03/2007 |
| Kris BERWOUTS          | Eurac  | 02/04/2007 |
| Emmanuel BINIAMU       | Afro-Europese Stichting,<br>Ligue des familles Congolaises                   | 23/03/2007 |
| Jean-Baptiste BOKOTO   | Africa Synergies International   | 03/04/2007 |
| Anne-Sophie DENEYER    | Cellule Egalité des Chances et Solidarité Internationale, Ville de Bruxelles | 22/03/2007 |
| Victor DIELA           | Union Kasaienne de l'Exterieur (UKE)   | 28/03/2007 |
| Moïse ESSOH            | Moja   | 28/03/2007 |
| Rachel IZIZAW          | Tshela   | 04/04/2007 |
| Carly KANYINDA         | Le Potentiel   | 22/03/2007 |
| Pambu KITA PHAMBU      | Coordination Générale de Migrants pour le Développement                      | 04/04/2007 |
| Jean-Pierre LAHAYE     | Cellule d'Appui pour la Solidarité Internationale Wallonne                   | 11/04/2007 |

|                                 |  |            |
|---------------------------------|--|------------|
| Ntambwe MODI                    | Raad van de Afrikaanse Gemeenschappen in Europa adreling Vlaanderen                | 22/03/2007 |
| Suzanne MONKASA                 | Congoforum, CCAB   | 12/04/2007 |
| Christopher OLIHA               | Forum voor Ethnisch Culturele Minderheden  |            |
| Ahindo OSUMBU                   | Oser la Vie  | 11/04/2007 |
| Wamu OYATAMBWE                  | Coordination Générale de Migrants pour le Développement,<br>Acodev, Congo Cultures | 02/04/2007 |
| Papa SENE                       | Coordination Générale de Migrants pour le Développement,<br>CAAD-Bruxelles         | 27/03/2007 |
| Sylvain SHOMBA<br>KINYAMBA      | Facultés des Sciences Sociales,<br>Administrative et Politiques, UNIKIN            | 19/02/2007 |
| Maddy TIEMBE                    | Actions, Femmes et Développement Int.<br>(Afede)                                   | 04/04/2007 |
| Chantal TSHIBOLA<br>Jean KABUTA | NkongaKasala   | 11/04/2007 |
| Antoon VAN COILLIE              | Blue Dolphin FS  | 06/04/2007 |
| Cyprien WETCHI                  | Les Amis de Wetchi   | 04/04/2007 |

People interviewed in the DRC

| Name                             | Institution   | Date                     |
|----------------------------------|---|--------------------------|
| Alpha BOKOLOMBE<br>APANDA        | Africa synergies  | 18/04/2007               |
| Mike GAMA LOBO                   | Foundation for International Community Advance (FINCA)  | 19/04/2007               |
| Nathan D. HULLEY                 | Hope RDC  | 23/04/2007               |
| Ngoy ISSIKIMO                    | Conseil régional des ONGs de développement  | 18/04/2007               |
| Sylvestre KAMABAZA               | Prefed (Programme Régional de Formation et d'Echanges pour le Développement)                                | 26/04/2007               |
| Déo KATULANYA ISU                | Mutuelle d'épargne et de crédit Kinshasa (Mecrekin)   | 23/04/2007               |
| N. Marie Marthe<br>LEBUGHE       | Banque Centrale du Congo (BCC), Direction de la Supervision des Intermédiaires Financiers                   | 16/04/2007<br>26/04/2007 |
| Robert MABALA<br>KASONGO         | Conseil national des ONG de développement (CNONGD) –<br>Groupe de Travail Migration et Développement (GTMD) | 21/04/2007               |
| Guy MUDUMBULA<br>MAKOLA          |   |                          |
| Rodin MUVUYU<br>NDENU-GHONU      |   |                          |
| Jean-Pierre Claude<br>MBULUMBULU |   |                          |
| Ferdinand MAFOLO<br>LADHA        | Centre pour la Promotion Sociale et Communautaire (CEPROSOC)  | 20/04/2007               |
| Félicien MALANDA                 | Action Tokende Liboso asbl  | 18/04/2007               |
| Mr. MASSANGUNA                   | Fondation Bambale   | 25/04/2007               |

|  |  |                          |
|--|--|--------------------------|
| Théo INIETE                                |  |                          |
| André MAYENGO                              | CEDITA   | 24/04/2007               |
| Oliver MEISENBERG                          | ProCredit Bank   | 19/04/2007               |
| Sary NGOY<br>Robert KUMBU                  | Cabinet du ministère de la diaspora                                  | 17/04/2007               |
| Gerard NTUMBA<br>Mr. MBENZA GODÉ           | Nkonga asbl  | 25/04/2007<br>27/04/2007 |
| Armand OSESA                               | Oser la Vie (Ahindo Osumbu)  | 24/04/2007               |
| Evariste<br>OSSAMALOTOSUA                  | Centre des Jeunes Bolingo (Wamu)                                     | 23/04/2007               |
| Jerôme ROUX                                | La région Bruxelles-Capitale   | 25/04/2007               |
| Sylvain SHOMBA<br>KINYAMBA                 | Facultés des Sciences Sociales, Administrative et Politiques, UNIKIN | 27/04/2007               |
| Benoit STANDAERT                           | Ambassade de Belgique  | 20/04/2007               |
| Pieter VERMAERKE<br>Simon KAYOYO<br>UMBELA | Ambassade de Belgique  | 20/04/2007               |

## 2. Enhancing the Development Impact of Remittances through Microfinance. From Belgium to Kinshasa – DR Congo

## 2.1 Introduction

In the Democratic Republic (DR) of Congo, as in most places in Africa, remittances represent a very important source of income for many people and certainly represent a direct link between migration and development.

Due to the financial and investment goals immigrants pursue for themselves and their families in their country of origin, IOM has tasked PlaNet Finance Belgium with conducting market research to analyze how to enhance the development impact of remittances transferred from Belgium to Kinshasa, DR Congo. More specifically, this research seeks to analyze the potential benefits of linking remittances to microfinance.

PlaNet Finance Belgium is a member of the PlaNet Finance global network, an international non-profit organization, whose mission is to alleviate poverty by contributing to the development of the microfinance sector. PlaNet Finance Belgium contributes to PlaNet Finance's mission by implementing microfinance programs in Africa, Latin America and in Asia and by raising awareness about microfinance in Belgium and in international organizations.

Microfinance can be defined as financial methodologies designed to provide services (credit, savings, insurance, etc.) to people generally excluded from the formal financial sector. Although traditionally focused on micro-loan products, the concept of microfinance has gradually expanded to include other financial services. One of its current challenges is to find efficient and reliable ways to provide a broader range of financial products appropriate for a large population who have limited access to the formal banking sector.

Using Moneytrans as a case study, this research aims (1) to assess how microfinance can leverage the impact of migrant remittances from Belgium to Kinshasa, (2) to evaluate

possibilities and operational modalities for linking remittances to microfinance in line with the DR Congo's development priorities (DSCRP); and (3) to offer recommendations.

## 2.2 Research methodology

Given the interest of Moneytrans – a private money transfer operator (MTO) – in microfinance and its links with remittances, PlaNet Finance has taken the opportunity to conduct a specific case study involving Moneytrans and its own experience with remittance flows between Belgium and Kinshasa, DR Congo.

The methodology of this study relies on:

- The analysis of the current Moneytrans value chain, its business model, and its environment;
- The identification of existing operational links that could favour the creation of a financial provider targeting small and micro enterprises;
- Gathering the necessary information in order to ensure a good understanding of the environment;
- Exploring the financial needs and investment goals of senders and recipients of remittances, and of others who may indirectly benefit from them in Kinshasa.

In order to gather primary data from current and potential remittance clients, PlaNet Finance Belgium undertook a market research study to assess the relevance of adding a microfinance component to the remittance “value chain”, or chain of activities. This market research was designed by PlaNet Finance Belgium – according to the PlaNet Finance's Impact Knowledge Market (IKM) methodology<sup>65</sup> and adapted to the local environment. A survey was conducted in April and May 2007 with the help of 29

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<sup>65</sup> IKM is a program of impact assessment and market research using a multidisciplinary approach combining quantitative (surveys), qualitative (focus groups) and participatory (PRA appraisal) methods. IKM's objective is to provide information and make recommendations to strengthen the viability of MFIs, to assist in achieving social objectives and to support the design of policies for the development of microfinance and microenterprises.

Kinshasa University (UNIKIN) students in Economics. This report relies also on available literature on these topics (see references).<sup>66</sup>

The market survey distinguished between Moneytrans clients and non clients, and was conducted among 1,378 people distributed as illustrated in table 1.

Table 1: Sampling size and characteristics

| Sampling name | Characteristics   | Size |
|---------------|---|------|
| Category I    | Moneytrans clients within branches                                    | 460  |
| Category II   | Non Moneytrans clients<br>Microentrepreneurs in fixed shops/premises  | 462  |
| Category III  | Non Moneytrans clients<br>Hawkers or<br>Microentrepreneurs in markets | 456  |

Interviews were conducted in various Moneytrans branches and in the surrounding neighbourhoods in the municipalities of Masina, Kasa-Vubu, Ngaba and Gombe. The sampling was chosen randomly according to visible economic activity (markets, commercial zones, crafts, etc.) in each area.

Table 2 provides a summary of the visible economic activity by area in a scale defined by the researchers from 1 to 5, with 1 representing the highest rate.

Table 2: Economic activity weight by area

| Area      | Visible Economic Activity |
|-----------|---------------------------|
| Masina    | 1                         |
| Kasa-Vubu | 1                         |
| Ngaba     | 2                         |
| Gombe     | 3                         |

<sup>66</sup> A previous IOM paper focused on remittances in the Great Lakes Region and provides insight into the advantages and disadvantages of existing transfer methods, governmental and non-state initiatives regarding remittances, and the obstacles and opportunities for enhancing the development impact of these financial flows. See De Bruyn, Tom, and Wets, Johan, Remittances in the Great Lakes Region, IOM Migration Research Series n°25, International Organization for Migration (IOM), 2006.

## 2.3 Microfinance and Remittances

### 2.3.1 Introducing Moneytrans

Moneytrans offers cash-based electronic transfers. The company originally offered leading exchange services to customers in Spain, Belgium, Holland and Bulgaria. The group was founded in 1991 and extended its business in 2002 by developing low cost person-to-person money transfer services that allow consumers to send and receive money within minutes. This service, which was first introduced between Belgium and the DR Congo, is now offered worldwide.

Currently, Moneytrans has several branches in Kinshasa. In Belgium, there are Moneytrans outlets in Brussels, Antwerp and Liege.

Moneytrans services mainly target low-income customers. In Kinshasa, recipients receive money in US Dollars.

### 2.3.2 Introducing microfinance in Kinshasa

Kinshasa currently represents the country's largest microfinance market with 57 000 clients (60 000 bank accounts in the traditional sector for the whole country according to the Congolese Central Bank, or *Banque centrale du Congo* (BCC) statistics).

The microfinance market in the DR Congo is presently serviced by four types of actors:

- 1) Banks: ProCredit Bank is operating in Kinshasa and a Trust Merchant Bank (TMB) branch was under construction in the city centre as of March 2007;
- 2) Savings and credit cooperatives (SACCOs): Estimated to be 500 in the whole country, they are mainly very small structures and a large proportion of them are no longer operational. As of March 2007, only 38 of them have received authorization from the BCC to operate in the DR Congo;

- 3) Microfinance Institutions (MFI): As of March 2007, only 9 of them have been authorized to operate by the BCC in the DR Congo. Two of them belong to international networks, HOPE and FINCA, and both operating mainly in Kinshasa.
- 4) NGOs: Not recognized by BCC and operating mainly in rural areas with a very small market penetration.

In addition, there are many local informal credits and savings mechanisms such as "Papa cartes", "Mama cartes" (informal passbook) and rotating savings and credit associations (ROSCAs).

The population of Kinshasa is estimated to be between 8 and 10 million inhabitants, which is a sixth of the population of the DR Congo. According to preliminary research conducted in preparation of the DR Congo's Poverty Reduction Strategy Paper (PRSP),<sup>67</sup> only 8.8per cent of the active population is employed in the formal sector. No official statistics about the informal economy are available, but, according to the "*Diagnosis of the regulatory framework and access to financial services policies*" report of the Consultative Group to Assist the Poor (CGAP),<sup>68</sup> less than 0.01 per cent of the population currently holds a bank account. This gives an indication of the potential existing demand for financial services, and for microfinance in particular, as most of this population have low incomes and traditional banks concentrate their activities primarily on the public sector and corporate accounts.

### 2.3.3 Introducing the Regulatory Framework

According to the existing financial regulation, several different types of institutions are permitted to work in the area of loans provision and partial or comprehensive

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<sup>67</sup> Document de la Stratégie de Réduction de la Pauvreté, Ville-Province de Kinshasa (Draft 1) ; Unité de Pilotage du Processus DSRP, Kinshasa, July 2005.

<sup>68</sup> Translation of « *Diagnostic du cadre réglementaire et politique sur l'accès aux services financiers* ». See Isern, J; Crenn, T; Lhériaux, L and Masamba, R. , *Diagnostic du cadre réglementaire et politique sur l'accès aux services financiers*, Consultative Group to Assist the Poor (CGAP), April 2007.

microfinance services. Banking law n° 003-2002 lists five categories of institutions: banks, savings and credit cooperatives, savings banks, specialized financial institutions and finance companies. Microfinance Institutions, money transfer operators, non-profit organizations giving “social credits” and postal checks services complete this list.

Since 2002, the Congolese government has taken measures to reinforce the BCC's independence in defining and implementing monetary policies to ensure its supervisory and regulating role of financial intermediaries.

The BCC's “*Instruction N°1 to Microfinance Institutions*”<sup>69</sup> defines three categories of Microfinance Institutions:

- 1) 1<sup>st</sup> category Microcredit enterprises<sup>70</sup> (which offer loans of up to 250 USD): Their minimum capital is set at 15,000 USD and they are not authorised to collect savings. They are generally non-profit organizations;
- 2) 2<sup>nd</sup> category Microcredit enterprises<sup>71</sup> (with a minimum capital of 50,000 USD): Are allowed to provide loans without limitation, but are required to obtain an exceptional authorization from the Central Bank of Congo to collect savings. First and second category Microcredit enterprises have the choice between the *Private limited liability company*<sup>72</sup> or *Public limited liability company*<sup>73</sup> as their legal entity form;
- 3) Microfinance companies<sup>74</sup>: are allowed to collect savings and provide loans. Their minimum capital is set at 100,000 USD. They must be registered as a *Public limited liability company*.

In principle, the regulatory framework which applies to the microfinance sector is not very constraining. Nevertheless, Congolese financial regulations are institution-centric: Microfinance institutions are authorized to provide financial services such as granting

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<sup>69</sup> Translation of “*Instruction n°1 aux institutions de micro finance*”.

<sup>70</sup> Translation of “*Entreprise de Micro crédit*”.

<sup>71</sup> Idem.

<sup>72</sup> *Société Privée à Responsabilité Limitée*.

<sup>73</sup> *Société Anonyme à Responsabilité Limitée*.

<sup>74</sup> Translation of “*Société de Micro crédit*”.

loans and collecting savings, but they are not allowed to provide services such as money transfer. The latter may solely be provided by banks or specialized operators under specific regulations. Money transfer operators, for their part, are not allowed to carry out other financial operations such as loan provision and/or savings collections.

In addition, only public limited liability companies are allowed to collect savings. However, acquiring this legal form from the competent authorities<sup>75</sup> generally involves a lengthy procedure lasting several months and in some cases more than one year.

Moreover, microfinance operations require further regulation and specific supervision procedures that still need to be clearly defined.

Finally, the Congolese administrative environment is not in any way able to seriously protect investors against the risks arising from an unstable political, administrative and institutional environment, and tax regulations are complicated and problematic.

## 2.4 Adding a microfinance component to the Moneytrans-type remittances value chain?

There are many obstacles to overcome in order to create a sustainable and profitable financial sector that would offer broad access to financial services to large parts of the population. However, microfinance has proven to be one of the most efficient instruments to help create economic opportunities in developing countries.

There are well known examples of successful microfinance initiatives worldwide. The best known example is the Grameen Bank. Established in 1976 in Bangladesh, this MFI provides loans to people in rural villages excluded from the banking sector. Grameen Bank and its founder Muhamad Yunus received the Nobel Peace Prize in 2006 for “their

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<sup>75</sup> In this case, the Ministry of Economy, requiring the government and presidency's approval.

efforts to create social and economic development from below". Nowadays, institutions such as Bancosol in Bolivia, K-Rep in Kenya, Al-Amana in Morocco or Acleda in Cambodia serve millions of clients around the globe. Currently, some initiatives are being explored to determine the possibilities of linking microfinance and remittances in developing countries.

In the case of the DR Congo, the question is of critical importance considering the weaknesses in the financial sector and the need to respond to the enormous unmet demand for financial services. It is therefore useful to consider the potential role of remittances and their impact on the development of the financial sector, particularly financial services targeting low-income households.

The following chapter presents the results of the market research survey conducted in Kinshasa and provides observations on the associated risks and opportunities. It also raises a number of questions which may be the focus of future research.

## 2.4.1 The survey

The results are presented separately for two main groups – Moneytrans clients and non-clients. It should be noted that the information presented is not exhaustive and does not claim to provide exact numerical or percentage terms<sup>76</sup>, but at delivering a general view on each group's characteristics, financial needs and expectations on related products. For these reasons, terms such as "many" or "most" are used to indicate tendencies in the frequency of the responses.

### 2.4.1.1 Household characteristics and activities

| Moneytrans Clients   | Non-clients  |
|--|--|
| <ul style="list-style-type: none"><li>▪ The respondents' average age is 36 years with an almost equal proportion of men and women who are essentially Congolese nationals.</li><li>▪ The majority of respondents have a high level of education; more than a half have a university degree and a majority of the remaining having reached secondary school level.</li><li>▪ However, female clients seem to be less educated than men: only one out of three have reached university level.</li><li>▪ The average household profile of respondents is that of a family of five people, with 2.3 underage dependents and 2.4 dependents over the age of 18 years.</li></ul> | <ul style="list-style-type: none"><li>▪ Non client respondents are 35 years old on average with an almost equal proportion of men and women, essentially Congolese nationals.</li><li>▪ The level of education seems to be lower with over a half having reached secondary school level and only a small part being university graduates.</li><li>▪ Female respondents seem to be less educated than men: the majority having completed just primary education.</li><li>▪ The average household profile of respondents is that of a family of five people, with 2.3 underage dependents and 2.4 dependents over the age of 18 years.</li></ul> |

<sup>76</sup>

Detailed data are available for research purposes upon request at PlaNet Finance Belgium. Please contact [contactbelgium@planetfinance.org](mailto:contactbelgium@planetfinance.org) should you be interested.

#### 2.4.1.2 Information on economic activities

| Moneytrans Clients  | Non-clients  |
|---|--|
| <ul style="list-style-type: none"> <li>▪ More than a half of the respondents work in revenue generating activities and a large majority owns the business where they work.</li> <li>▪ Trade (food, clothing, consumer goods, etc.) is by far the most important activity of respondents in Kinshasa, followed by services such as telecommunication and transport. Other minor activities are mainly handicrafts, small industries and agriculture.</li> <li>▪ The majority of clients surveyed sell their products at their shop while the remaining sell in the street or in markets. Only a small number sells directly to companies.</li> <li>▪ On average, people have been working for more than four years in their business.</li> <li>▪ The majority of micro entrepreneurs surveyed finances their activities themselves and have no external sources of financing.</li> <li>▪ Family and friends or ROSCAs are alternative forms of financing.</li> </ul> | <ul style="list-style-type: none"> <li>▪ All people interviewed were working in income generating activities and three out of four own their business.</li> <li>▪ Trade (food, clothing, consumer goods, etc.) is by far the most important activity of respondents, followed by services such as telecommunication and transport. Other minor activities are mainly handicrafts, small industries and agriculture.</li> <li>▪ Nearly half of respondents sell their products at their shop while the remaining half sells in the street or in markets.</li> <li>▪ On average, people have been working for more than six years in their business.</li> <li>▪ Two thirds of respondents finance their activities themselves and have no external sources of financing.</li> <li>▪ The remaining finances their activities through either ROSCAs, family and friends, or even suppliers.</li> </ul> |

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Only a very small number of respondents have received financing from suppliers or banks.</li> <li>Nearly none of the respondents quoted MFIs or moneylenders as a potential source of financing.</li> </ul> | <ul style="list-style-type: none"> <li>Virtually none of the respondents have received financing from either MFIs or Banks.</li> </ul> |
|--|--|

#### 2.4.1.3 Current credit services use and access

| Moneytrans clients  | Non-clients   |
|---|---|
| <ul style="list-style-type: none"> <li>The great majority of clients surveyed have never requested credit from formal providers.</li> <li>Only a small proportion of respondents have applied for credit from a bank or Microfinance Institutions.</li> <li>The majority of the micro entrepreneurs need loans without distinction of category, gender, location type of activity the main reason being to start a new activity in the context of their existing business.</li> <li>The second main reason is to expand their activities, where expansion can be interpreted as an increase of business output or investment in new projects.</li> <li>A small percentage of respondents would need loans for consumption needs.</li> <li>When asked from whom they would prefer to borrow funds, most respondents quote MFIs, SACCOs, or banks.</li> </ul> | <ul style="list-style-type: none"> <li>The large majority of non-clients have never applied for credit from formal providers.</li> <li>Only a small proportion has applied for credit from formal sources, from MFIs rather than banks.</li> <li>The majority of non-clients need loans without distinction of category, gender, location type of activity, mainly for expanding their activities, where expansion can be interpreted as an increase of business output or investment in new projects.</li> <li>The second main purpose is to start a new activity in the context of their existing business.</li> <li>Very few respondents would need loans for consumption purposes.</li> <li>When asked from whom they would prefer to borrow funds, most respondents quote MFIs, SACCOs, or banks.</li> </ul> |

#### 2.4.1.4 Demand for financial products linked to remittances

In addition to loans, micro entrepreneurs who receive money transfers in Kinshasa would be interested in other financial products such as risk insurance, programmed savings and house loans.

- Risk insurance

A large majority of the respondents consider insurance to be a useful tool to protect against unexpected events or risks to life.

- Money transfers

The majority of respondents who receive remittances are interested in having their funds transferred into a bank account for reasons of security, better management, rapidity, convenience or simply to avoid queuing.

- Programmed saving

Nearly all of the respondents would be interested in a programmed savings product which would allow them to save a portion of the funds received through remittances. This would help to finance future expenses such as children education, insurance cast, health services, buying a house etc. Such savings would also be used for financing a microenterprise.

Nearly all of the respondents would be interested in using programmed savings as collateral for a loan.

- House loan

A majority of the respondents are interested in mortgages to buy homes.

Similarly, they would be interested in saving/transfer products that allow them to save up the initial amount necessary for a loan to buy a house or land plot. Most respondents estimate that the sender from which they receive remittances would also be interested in loans to buy a house or land plot in Kinshasa. However, not enough information is available on the preferences of remittance senders to support this.

## 2.4.2 Leveraging the impact of remittances through microfinance

The concept of microfinance has gradually broadened and one of its current challenges is to find efficient and reliable ways of providing a wider range of appropriate financial products to low income populations.

Several Microfinance Institutions throughout the world deliver money transfer services<sup>77</sup> in collaboration with MTOs or correspondent banks. That allows them to generate revenues through fee-based services, and to bolster the bottom line as they are generally provided at a low cost.

The following figure 1 illustrates how money transfers work. As stated above, a value chain is a chain of activities. Transfer products pass all activities of the chain and at each activity gains some value. The value chain categorises the generic value-adding activities. The "primary activities" include:

- Marketing and selling of transfer products in the country of origin;
- Origin and funding: choice of transfer product, form completion and collection of funds;
- Sending, clearing<sup>78</sup>, and settlement of transfer orders: funds moves between the sender and recipient;
- Paying of transfers: disbursement of the funds to the recipient;
- Providing customer services: answering client queries, providing information, etc.

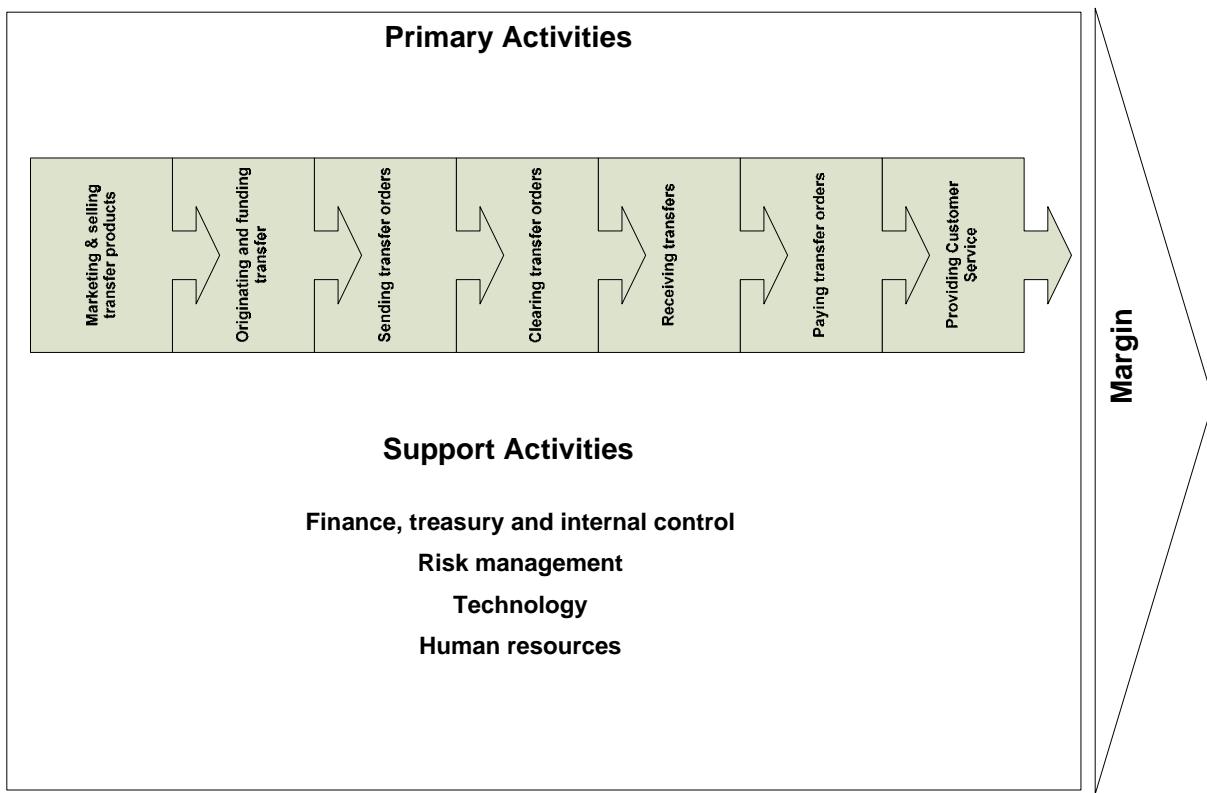
The "support activities" include the classical back office activities of any financial operator such as finance, treasury and internal control, risk management, IT, human resources and legal services.

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<sup>77</sup> Many MFIs through the world such as Fonkoze in Haïti deliver national and transnational money transfer services. Publications such as CGAP's "Making Money Transfers Work for Microfinance" provide more information on the topic.

According to CGAP's "Making Money Transfers Work for Microfinance", p. 28, clearing is the process of transmitting, reconciling, and in some cases, confirming transfer transactions prior to their final settlement (settlement is the process of discharging the claims of the institutions involved in a transfer).

Figure 1: Value chain of remittances (CGAP<sup>79</sup>)



The survey in this report highlights financial needs and investment goals of both direct recipients of remittances and indirect potential beneficiaries in Kinshasa.

As stated above, the demand for financial services in Kinshasa is enormous while access to banking services remains very low. This suggests that the involvement of any new reliable microfinance actor would certainly be welcomed by potential beneficiaries. Moreover, microfinance has proven to be one of the most efficient instruments to help create economic opportunities in developing countries.

Lessons learned from the Moneytrans case tend to show that linking money transfers and microfinance could help in developing financial services in the DR Congo, and more particularly in Kinshasa: MTOs and MFIs would be able to attract clients who send or receive transfers and/or express the need for loans or savings products.

<sup>79</sup> Isern, J., Donges, W. and Smith, J.; Making Money Transfers Work for Microfinance Institutions, A Technical Guide to Developing and Delivering Money Transfers, Draft for Public Review, Consultative Group to Assist the Poor, December 2006.

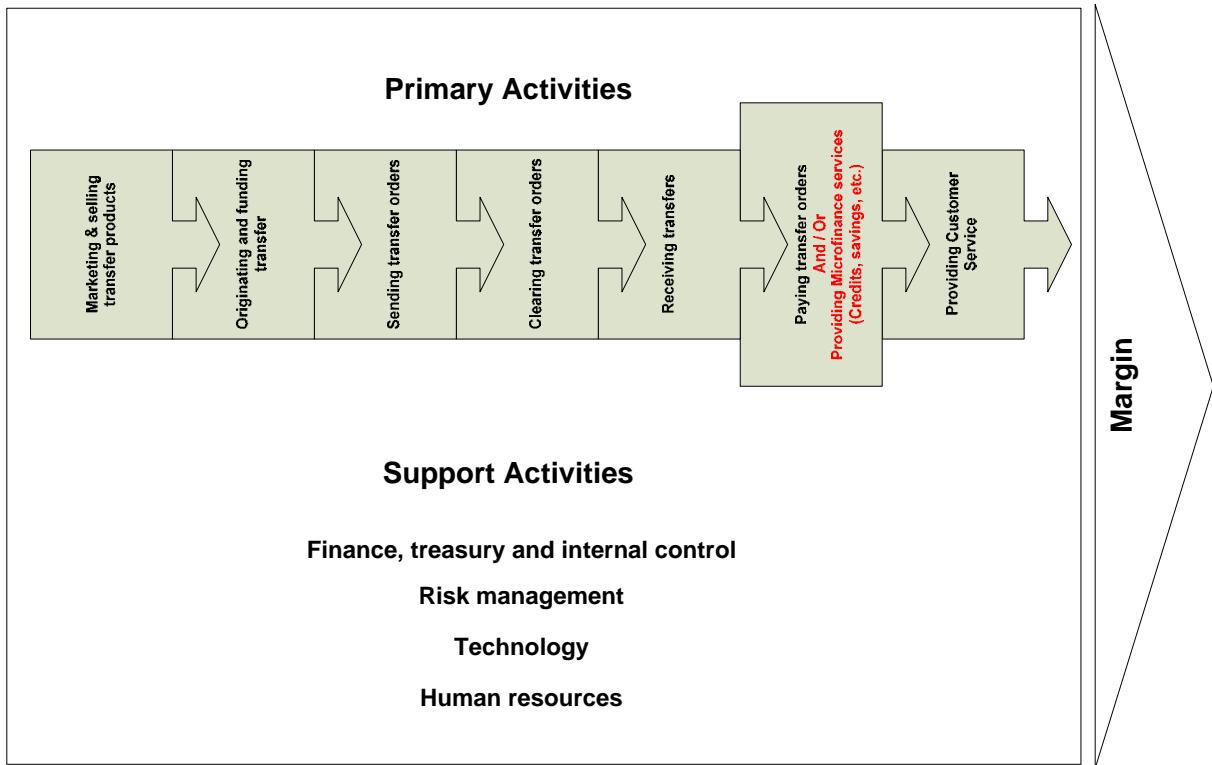
Linking remittances to microfinance products and services would then open doors to many opportunities such as:

- For the MTO: Improving cash management through the potential introduction of savings accounts;
- For the MFI: Savings collected from remittances will be an alternate source of funding, which will contribute to its development and financial sustainability. Similarly, MFIs will, benefit from the fee-based product as an additional source of revenue. Both of these benefits will serve to increase its loan portfolio and MFIs will be in a better position to achieve their social goals by reaching new clients;
- For the senders: Having the opportunity to access loans or savings products will likely contribute to their potential investment goals in Kinshasa and/or generate additional revenues for the recipients while reducing dependence on money transfers;
- For the recipients: Increasing their access to credit according to applied methodologies (i.e. compulsory savings) in order to create or develop income-generating activities, or protect themselves against risks by using savings products;
- For the micro-entrepreneur in Kinshasa (engaged in income generating activities): Benefiting from the provision of financial products and services partly sustained by remittances in order to jumpstart their businesses.

The two following figures aim to suggest how microfinance services can be added to generic money transfer products. The reader should keep in mind that the proposed schemes aim only to illustrate how remittances can be leveraged through microfinance. Additional activities and specific value chains are to be further developed. In the same way, proposed options can be split into separate products.

The following figure 2 illustrates how microfinance services delivered to recipients of money transfers.

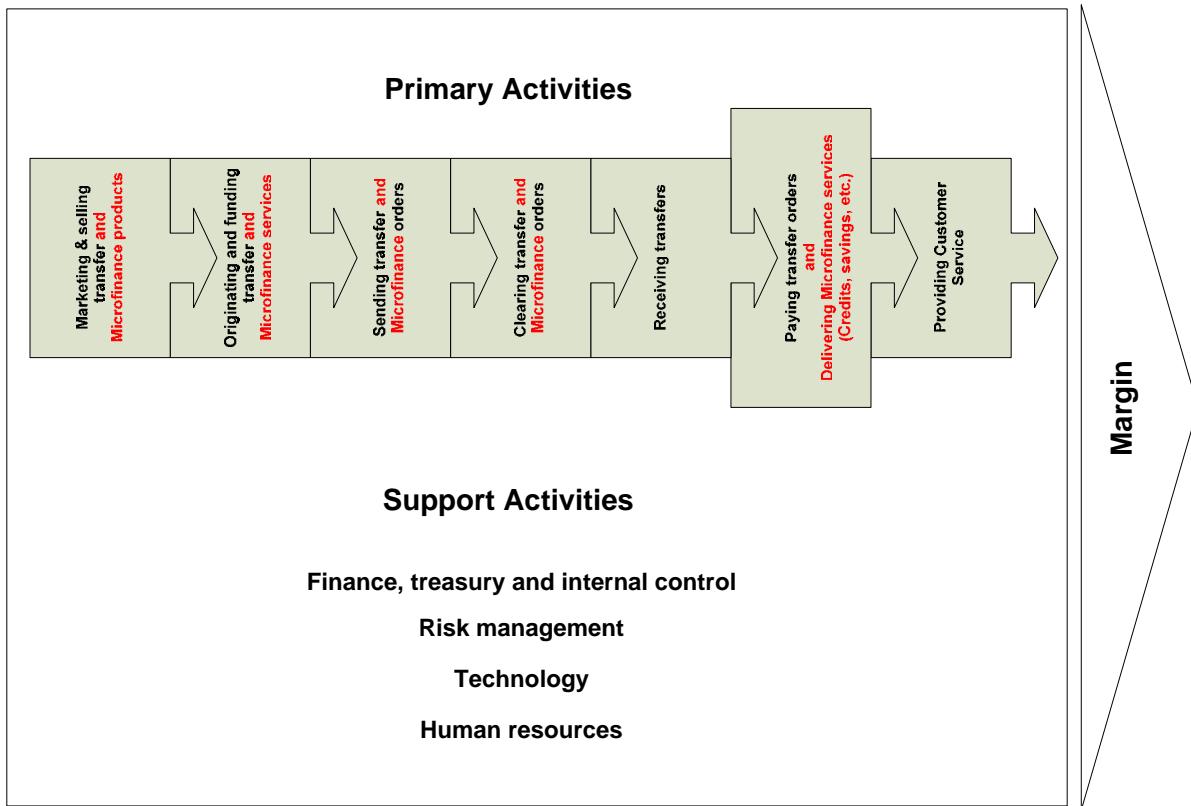
Figure 2: Value chain of remittances with provision of microfinance services to the receiving side



In this case, the value chain's "primary activities" include all the generic activities of money transfers. But, in addition, microfinance services are proposed to the recipient who can thus get the full sum of the transfer over the counter, wholly or partially deposit it into an account, use it as collateral to a loan, as payment of loan instalments, etc.

The following, figure 3, provides an illustration of microfinance services provided to senders and recipients on the basis of a generic value chain of money transfer.

Figure 3: Value chain of remittances with provision of microfinance services to the sending side and/or to the receiving side



The generic activities would be, in this case:

- Marketing and selling of transfer/microfinance products in the country of origin;
- Origin and funding: choice of transfer/microfinance product, form completion and collection of funds;
- Sending, clearing, and settlement of transfer/microfinance orders;
- Several options are to be considered in payment, for example:
  - The sender can opt for a classic transfer product and the funds are disbursed to the recipient in cash;
  - The funds can be deposited into the sender's account, he/she is the sender as well as the recipient;
  - The sender asks the MTO/MFI to wholly deposit the money into the beneficiary's account;
  - The sender asks the MTO/MFI to partially deposit the money into the beneficiary's account, the remainder is handed over the counter and the

balance is carried over in cash at a specific moment or in several instalments<sup>80</sup>;

- The sender or the recipient decides to wholly or partially deposit the money into an account, use it as collateral to a loan or even as payment of loan instalments, etc.

Some MTOs already target low-income clients. The question of their involvement, like that of any other actor, in the provision of transfer-based microfinance services would be in fact directly related to the existence of a strategic vision, existing products, and institutional structures able to support such an evolution and its success.

#### 2.4.3 Challenges, risks and opportunities

This report does not aim to provide a critical view of the existing legislation, public policies, or field actors, but rather provides the basis for further debate on the issue. To determine whether adding a microfinance component to its value chain is in its interest, an MTO would need to consider several points, in particular the opportunity of widening its delivery channel.

Nevertheless, considering that the microfinance sector in the DR Congo includes only a very limited number of professional and sustainable providers and that there are no large networks, the question, for MTOs, could be to assess whether offering additional services such as loans and savings collection could indeed be in their interest.

MTOs such as Moneytrans provide low-value money transfers internationally for people who lack access to or do not wish to use bank transfers. At the retail level, money transfers are usually a lower value transaction, especially for the typical customer base of an MFI. MTOs could take advantage in creating MFIs or associating with structures offering valued products such as credits and savings in Kinshasa, accordingly to their clients' needs and expectations as seen in the survey presented here.

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<sup>80</sup> Reminder: Proposed options can be split into separate products.

#### 2.4.4 Public policies

In the DR Congo, as previously mentioned, MFIs are currently excluded from currency operations and cannot access the payment system. A banking license is required for any MFI willing to act as an agent or subagent of a Money Transfer Operator or to establish a correspondent relationship with a commercial bank or other licensed financial institution. Moreover, MTOs are at present not allowed to provide microfinance services such as credits and savings to their existing client base.

Banks are authorized to offer these services. Nevertheless, it could be feasible for an MTO to obtain a banking license, given the right level of investment and a sustainable business plan. However, this approach would definitely modify the MTO's business and, possibly, affect its competitiveness due to higher operating costs, increased supervision and control, and existing entry barriers for new comers into the banking sector.

Banks in the DR Congo may be in a position to ascertain their competitive position in the transfer market, either by linking transfers to new financial services themselves or by partnering with existing MTOs.

Considering existing Congolese banking regulations, financial intermediaries offering cash-based electronic transfers that would like to diversify would probably have to consider other forms of money transfers. The market provides alternative mechanisms, such as account-to-account transfer, or a mix of cash and account, using, for example, the MFI's bank account or the client account within a financial institution. Moreover, technology is changing rapidly and may soon allow for suitable new forms of money transfers.

In order to assess the possibility of offering microfinance services from Belgium to Kinshasa, a thorough assessment of the regulatory framework, in Belgium and in the DR Congo would be essential. This has not been carried out within the present research. It can

however be noted that the current Congolese financial regulations and the weaknesses of the country's judicial system do not favour actors such as MTOs entering the microfinance market immediately.

At last, microfinance operations require further regulation and specific supervision procedures to protect public savings and individual investors that need yet to be clearly defined.

#### 2.4.4.1 The market structure

As shown in recent research<sup>81</sup>, money transfer companies are widely used by the Congolese diaspora. According to the Consultative Group to Assist the Poor (CGAP) in the publication "Making Money Transfers Work for Microfinance"<sup>82</sup>, the money transfer industry is broad and evolving rapidly. In Kinshasa, one of the most important trends is certainly an increased competition among formally licensed money transfer companies.

As the flow of remittances and other money transfers continues to expand, the local market is becoming more competitive and microfinance could provide new opportunities for MTOs and MFIs: given low levels of bank usage among money transfer clients, the size of international remittances in Kinshasa<sup>83</sup> and the microfinance potential penetration rate<sup>84</sup> into the market of 'unbanked' clients, MTOs and MFIs are probably in the best position to capitalize on this highly conducive context.

Similarly, banks could acquire the capacity to conduct proper due diligence and clearly understand the costs and benefits associated with a given new business line.

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<sup>81</sup> De Bruyn, Tom and Wets, Johan, Remittances in the Great Lakes Region, IOM Migration Research Series n° 25, International Organization for Migration (IOM), 2006.

<sup>82</sup> Isern, J., Donges, W. and Smith, J.; Making Money Transfers Work for Microfinance Institutions, A Technical Guide to Developing and Delivering Money Transfers, Draft for Public Review, Consultative Group to Assist the Poor, December 2006.

<sup>83</sup> Considering their confidentiality, some data will not be published in this report. Nevertheless, according to de Bruyn/ Wets (2006), 96,820,000 USD in remittances entered the country in 2004.

<sup>84</sup> See above results of the survey.

Nevertheless, managing successful microfinance operations involves creating targeted products and tailored services for the market, as well as providing the necessary infrastructure to support them.

#### 2.4.4.2 Operating money transfer and microfinance

The originality of the proposed new value chains is in the fact that funds sent from abroad have a variety of possible uses which go beyond the physical handover of a lump sum to the recipient. The proposed vision is that transfers may be used for saving, investing or financing health, education expenses as well as consumption. For that, and more particularly for transfer/microfinance services offered to senders and recipients, innovative financial services need to be attached to the transfer value chain. Therein lies the importance of every key step in the chain, in particular of marketing, delivering and customer services as they will drive the client's perception.

##### 2.4.4.2.1 Delivering

According to the Moneytrans case, currently, the transfers originate from offices in Belgium. The transaction starts with a form, either manual or digital, and is completed by the client with the assistance of a sales agent. The agent then initiates the transfer using the institution's established procedures.

Moneytrans is the sending and the receiving financial institution and it performs the exchange of information and calculation of balances in the clearing process<sup>85</sup> itself.

So far, in the money transfer process, the clearing process is transparent to clients, but it would be crucial for the sender and the recipient to receive specific information to understand how additional microfinance services would be provided and how they would be performed.

One of the most important phases, either in money transfer or in provision of microfinance services, involves fulfilling the requested operation while senders may have a variety of choices among products and services.

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<sup>85</sup> See above for an explanation of these terms.

Companies such as Moneytrans have developed adequate payment instruments and transfer mechanisms. Nevertheless, considering clearing and settlement as critical parts of the money transfer value chain, and even more with a microfinance component<sup>86</sup>, MTOs willing to get involved in microfinance have to assess the options available for paying out a money transfer linked to a microfinance product. For example and as assumptions:

- Disbursing the funds at a branch to the client (who then has the possibility of going to an MFI closeby);
- Senders and recipients holding accounts within the partnering Microfinance Institution<sup>87</sup> in Kinshasa, the beneficiary account then being credited<sup>88</sup>;
- The funds being disbursed to the MFI commissioned to directly credit the beneficiary account within the MFI.

Money transfer and microfinance products and services could also be provided by processes requiring inter-bank clearing and settlement. According to PlaNet Finance Management Information System (MIS) experts, some existing management information systems enable automated communication, record and control between standard money transfer software using Internet and those dealing with operations within MFIs. But it is important to remember that the quality of any computerized system relies, first of all, on the operators' integrity and competences.

From the clients' side, one of the perceived risks is that microfinance operations added to money transfer services could lead to misinformation between senders and recipients, since, for example, senders may decide to link their transfers to certain financial services (savings, insurance, loans, etc.) while recipients may expect a classical money transfer operation, (such as the full sum of the transfer being handed over the counter), leading to potential claims from the receiving side. Therefore a strong assessment is recommended in order to define the optimal setup of comprehensive transfer instructions and of the channels used to transmit payment instructions (either physical, electronic or both).

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<sup>86</sup> Adding a microfinance component to the transfer value chain increases the complexity of the clearing process since the same funds may feed a number of financial services at the receiving end for the same beneficiary.

<sup>87</sup> The partnering MFI is created or not by the MTO.

<sup>88</sup> The beneficiary could be the sender himself/herself supplying his/her own account within the MFI.

#### 2.4.4.2.2 Marketing and Customer services

Marketing is the value chain's first stage and associating money transfer services to microfinance's would require developing tailor-made marketing strategies targeting specific client segments and considering their needs and expectations (both senders and recipients). This may be challenging since both senders and recipients need to understand their interest in using such new financial services before they decide to use them.

Customer service is the final stage in the value chain. Activities include answering client questions, providing information on transfer services and other available financial services, maintaining accounts as well as resolving problems. Effective customer service – for both senders and recipients – would be crucial to the success of a program including money transfer and microfinance because it would generate the indispensable customer confidence, trust and loyalty, and would repeat business.

MTOs such as Moneytrans already have established relationships with their clients, and this is a strong asset in launching new products or creating linked new structures. Offering microfinance products would require adjusting the client approach in order to build a strong and profitable relationship with them.

## 2.4 Recommendations

This research stresses the fact that linking remittances to microfinance in a new fashion can enhance their development impact. However, in order for the proposed models of transfer based microfinance services to emerge, a number of actions need to be undertaken by the relevant stakeholders.

The following recommendations are put forward for the benefit of donors, financial authorities, MTOs and financial intermediaries in order to facilitate the development of innovative transfer based microfinance services.

### 2.5.1 Donors

By responding to low-income persons' financial needs, microfinance has proven to be one of the most efficient instruments to help create economic opportunities in developing countries.

In Kinshasa, providing financial services to people who usually do not have access to formal banking services requires increasing the coverage of their financial needs at the level of nine million inhabitants. The involvement of a variety of financial institutions offering a wide range of tailored financial services should then be welcomed by potential clients.

The role of donors is to increase incentives for financial intermediaries to enter into the provision of microfinance services, including those linked to remittances.

Donors could initiate discussions with potential stakeholders (i.e. MTOs and banks) on the opportunities and the means to support such initiatives in Belgium and/or in Kinshasa.

In addition, the availability of funds required should be explored to create and/or develop microfinance in Kinshasa and the DR Congo. Grants could be made available in the DRC for actors who decide to enter into the provision of microfinance services or to develop long term partnerships with existing financial intermediaries.

Moreover, an in-depth assessment should be carried out on the necessity of providing financial guarantees to promote trust between beneficiaries and financial intermediaries, established banks and microfinance actors, which will enable the provision of such financial services.

Finally, donors ought to carry out a more in depth assessment of the migrant's financial and investment needs and goals in order to explore innovative mechanisms aiming to encourage and to secure investments in the country of origin.

## 2.5.2 Authorities

Government action has given priority to the country's economic reconstruction and Congolese authorities have expressed their strong will to fight poverty. This study indicates that channelling remittances into microfinance could leverage their development impact by providing a means to increase the ability of migrants, recipient families and low-income persons to achieve economic opportunities or reduce their vulnerability to external shocks.

Considering that opportunities could be developed on the credits and the savings side, it must be noted that existing financial regulations ought to be adapted so that new actors could enter the microfinance market and that new transfer based microfinance services could be offered in the DRC, and contribute to the development of the financial sector in full respect of the law.

## 2.5.3 MTOs and financial intermediaries

The market research reveals that opportunities may indeed exist to offer valued services linking remittance with microfinance products.

Moreover, the involvement of any new reliable microfinance actor would certainly be welcome to respond an enormous unmet demand for financial services in Kinshasa.

The money transfer market is expanding rapidly and becoming more and more competitive. Experience shows that microfinance can be profitable and could then provide new economic opportunities for MTOs, while having a positive social impact. The development of transfer-based microfinance services means a new economic opportunity for MTOs, which may increase the value offered to their existing clientele and attract new clients while increasing the revenues through a new line of business.

Financial intermediaries in Belgium and in Kinshasa ought to review their existing product offering to include new products targeting senders and recipients of remittances that would in order to, for example:

- Savings account that could build up savings by Belgian residents that would later be transferred into investments in Kinshasa;
- Value-added services such as the possibility for a Belgian resident to take a loan for an investment in Kinshasa or to be disbursed in Kinshasa;
- Create investment vehicles that target Belgian residents interested in investing in Kinshasa;
- Collect savings from remittance sender in Kinshasa;
- Develop financial products targeting remittance recipients that allow productive investments.

Such an approach may open the door to the development of a new breed of innovative financial services that channels remittances for more productive uses - into investment, savings and insurance coverage, which will bring added value for both senders and recipients of remittances.

Nevertheless, a more thorough assessment would be required to support creation of appropriate products and services for the market segments and to develop the necessary infrastructure for successful implementation.

## Abbreviations

BCC: Central Bank of Congo (Banque Centrale du Congo)

CGAP: Consultative Group to Assist the Poor

DR Congo/DRC: Democratic Republic of Congo

DSRP/DSCRP: see PRSP

IOM: International Organization for Migration

MFI: Microfinance Institution, including banks providing microfinance services

MIS: Management Information System

MTO: Money Transfer Operator

PRSP: Poverty Reduction Strategy Paper

ROSCA: Rotating Savings and Credit Association

SACCO: Savings and Credit Cooperative

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