

## Understanding Global Remittances Corridors in the Democratic Republic of Congo (DRC)

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## EXECUTIVE SUMMARY

The Democratic Republic of Congo (DRC) has a long standing history of migrant flows, and historically flows to and from Europe have been of particular importance. However, substantial political and economic upheavals from the 1990s onwards have been associated with major changes to the pattern of Congolese migration. Congolese emigrants increased in numbers, were increasingly undocumented, became less likely to return to DRC,<sup>1</sup> and began to move to a greater variety of international destinations. In Europe and Africa respectively, France and South Africa became increasingly popular destination countries.<sup>2</sup> While educated, wealthier Congolese are still more likely to migrate, since the 1990s political pressure has meant that emigrants have increasingly come from all social classes.<sup>3</sup>

In light of these diverse migrant flows, this report has sought to obtain an understanding of the major global remittance corridors of the DRC, including the split between formal and informal channels, the value of funds sent and received, the regulatory environment, and the remittance product market. Information and data was obtained through a review of existing research on DRC migration and remitting patterns, as well as primary research interviews with senders and receivers of remittances domestically, the Congolese diaspora (in Belgium, France, USA, Canada, China, India, South Africa and Angola), and foreigners living in the DRC.

### ***The regulatory environment***

While some aspects of the regulatory environment for remittances in the DRC were found to be fairly permissive (with, for example, microfinance institutions allowed to offer remittance services, which is fairly rare in the region), other aspects of the regulatory framework are likely to increase the barriers to formalisation of the industry. In order to obtain a Category B licence to conduct foreign remittances, operators must offer remittance services as their

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<sup>1</sup> (Flahaux, Schoumaker, Gonzalez-Ferrer, & Baizan, 2013, p. 5)

<sup>2</sup> (Schoumaker & Flahaux, Changing patterns of Congolese migration, 2013, p. 5)

<sup>3</sup> (Flahaux, Schoumaker, Gonzalez-Ferrer, & Baizan, 2013, p. 6)

main activity, which limits their ability to cross-subsidise their overhead costs by offering other financial services.

In addition, DRC has implemented fairly strict interpretations of money laundering requirements in the remittance market. Restrictions on large value transactions are often stricter in terms of transaction size limits than FATF recommendations:

- Amounts larger than US\$10 000 must go through a credit institution
- Amounts larger than US\$10 000 can't be paid in cash or bearer securities, without receiving central bank permission<sup>4</sup>
- Customer identification procedures are required when the transaction amount is greater than US\$10 000, or the legal source of funds is not known, or the customer is making multiple small transactions
- "When a transaction involves a sum in Congolese francs equal to or greater than US\$10,000 and is carried out under unusually or unjustified complexity, or appears to have no economic justification or lawful purpose, the credit institution is to inquire about the origin and destination of the funds as well as the purpose of the transaction and the identity of the economic actors involved in the transaction."<sup>5</sup>
- Anyone involved in foreign exchange trading, must verify the identity of all customers trading US\$500 or more

### ***Remittance market dynamics***

High levels of economic and political stability in the DRC, including a period of hyperinflation and subsequent dollarization of the economy, led to the collapse of the retail banking system in the 1980's. While the banking system did begin to revive in the mid-2000's, much of the Congolese economy, including remittance markets, still operates informally.

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<sup>4</sup> Instruction N° 15 bis sets out conditions under which payments larger than US\$10 000 can be made.

<sup>5</sup> Article 11, Loi N° 04/016 du 19 Juillet, translated using Google Translate

Informal remittance channels include:

- *Physical delivery of cash*: referred to by some commentators as the envelope system, the physical transmission of cash either by oneself or by an intermediary is a major remittance channel to and from DRC. The primary research we conducted found widespread use of the envelope system, and found that individuals may make substantial efforts to hide the money transported in their luggage, to avoid airport and border controls.
- *Informal remittance businesses* with hawala-type business models are fairly prevalent. Typically, they occur where a legitimate business owner has operations in both the origin and destination country for the remittance.<sup>6</sup> The remitter usually has a relationship of trust with the business owner. On this basis, they deposit money with the business in the sending country, and the recipient can then pick up funds from the branch in the receiving country.
- *Goods remittances* are not only common, but are sometimes used as a means of dealing with restrictions on cash remittances, particularly when the sender is in Asian countries (China, India, etc.)

The formal remittances channels identified in the study included:

- *Commercial banks*: All the 15 banks operating in the DRC offer international bank transfer services to their clients. Overall though the use of formal banking channels has been limited and instead banks have been used largely to complete the back end of a transaction.
- *NGOs*: A specific channel used between France and DRC is via NGOs. These are businesses which are registered as NGOs in France, which means they are not liable for tax, but in DRC are "*private businesses involved in many activities (travel, telephone*

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<sup>6</sup> Bazenguissa-Ganga also found evidence of more complex remittance systems, involving business people appointing correspondents in DRC to conduct remittance work for them. However, he found that this system was typically extremely expensive, and appears as a result to have been pushed out of operation.

booths, etc.).<sup>7</sup> This type of remittance is formal to the extent that it involves use of a registered NGO, which is regulated as regards the manner in which it undertakes a transaction

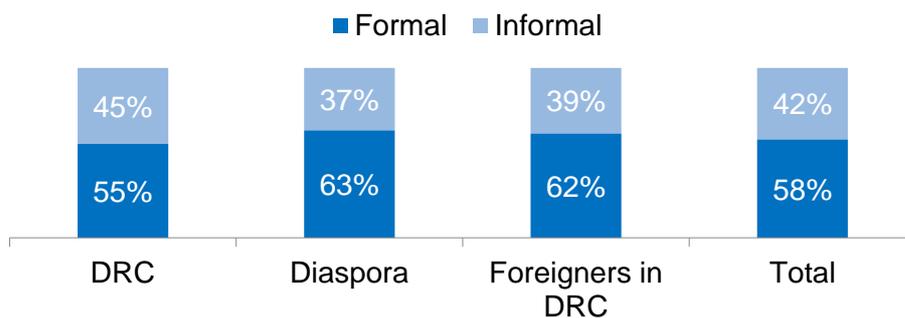
- *Money transfer agencies* play a crucial role in DRC remittance markets. The primary research revealed that among the various money transfer agencies, Western Union, MoneyGram and Banques were among the most popular remittance agencies with 54%, 29% and 18% of respondents interviewed being aware of these agencies respectively.

### Remittance behaviour findings

Our primary research covered 105 people, interviewed in DRC and abroad, with data obtained over October 2017 to late November 2017. This sample size is not large enough to provide statistically relevant results, but does provide an interesting test of remittance patterns which we could cross check against other available literature source.

Of those interviewed, 58% remitted via formal practices and 42% via informal ones (based on the number of times each corridor is used). It is notable that use of informal channels remained fairly high among foreigners resident in DRC, DRC residents and the DRC diaspora (see figure below).

Figure 3: Practices for sending and receiving money in DRC

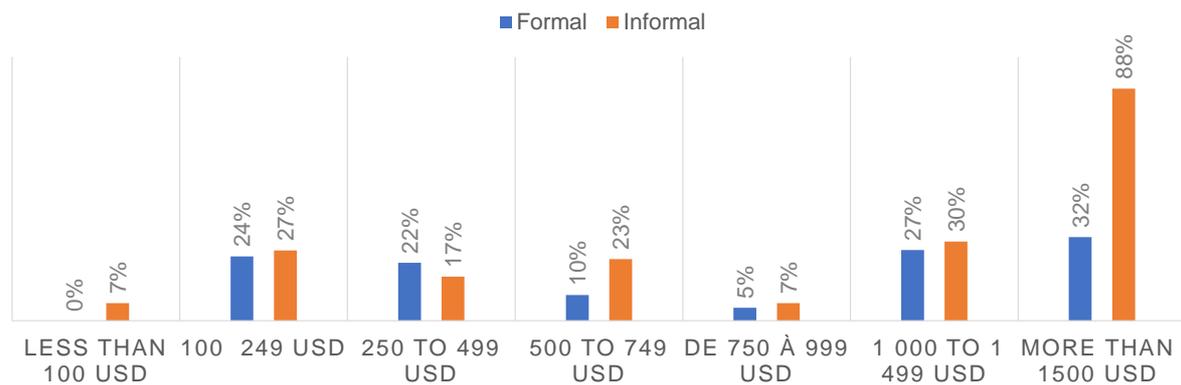


Source: Remitter interviews, 2018

<sup>7</sup> (Bazenguissa-Ganga, 2005, pp. 17-18)

When further examining the amount received by use of formal and informal channels, the use of informal channels were prevalent for transactions above US\$1 500 (see figures below). This at least partially reflects widespread use of informal channels by businesses, which has complicated the process of analysing inter-personal remittances, which are the focus of this research.

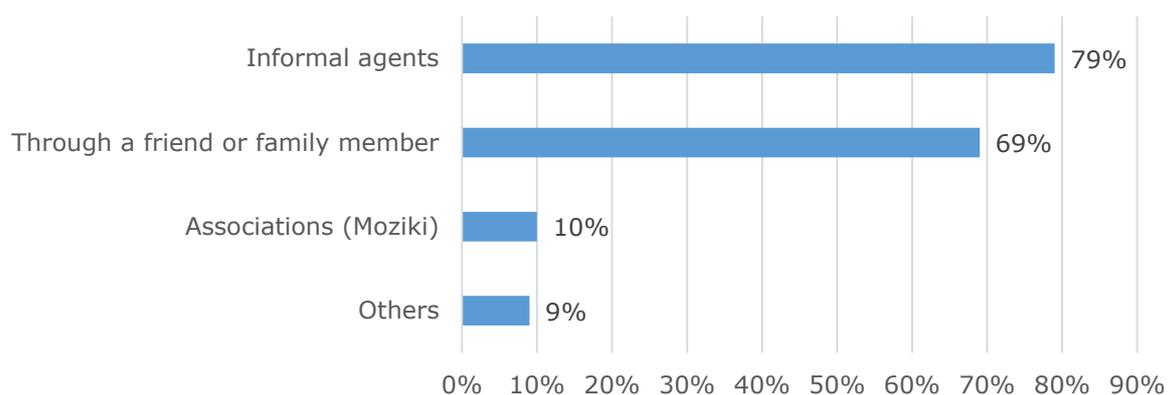
Figure 5: Amounts received through formal/informal channels



Source: Remitter interviews, 2018

The most commonly used informal practice is an informal remittance agent, followed by giving money to a friend or relative who is travelling (see figure below; the question posed to interviewees was “Under informal practices which one do you do most?”).

Figure 10: Description of informal practices



Source: Remitter interviews, 2018

Further to this end, we have considered the factors which influence consumer choice and usage of the various remittance channels. The study revealed the following to be determinants of consumer choice:

- **Costs:** the cost of formal corridors is perceived as very high, especially when the amount sent is small
- **Amounts to be sent:** while it is very expensive to send very small amounts formally, amounts over US\$10 000 receive too much regulatory attention if sent formally. Both the bottom and top end of transaction sizes thus are more likely to be sent informally
- **Urgency:** the higher the urgency, the more likely the money will be formally remitted.
- **Availability:** the availability of the channel strongly influences its use. Where formal channels are less prevalent (for example in Angola, because of regulatory issues), informal channels will predominate.
- **Risk:** cheap, informal methods of remitting often involve more risk of theft or other losses. In our sample, those conducting business transactions seemed more willing to accept the risk/cost trade-off of informal remittance methods.

### *Literature survey*

In order to estimate the size of the Congolese cross border remittance market, it was crucial to develop an understanding of the pattern of remitting by DRC emigrants. This included the proportion of migrants who remit, the average amount they send per transaction, and the frequency with which they remit. Our review of the available literature suggested the following findings:

#### *Proportion of migrants remitting*

The study identified the strong cultural expectations around the economic role that that migrants should play in their households of origin. This was found to increase the social pressure to remit. Findings from the research revealed that the proportion of emigrant Congolese who remit is proportionately high. One study of remitting patterns of Africans in the OECD found that 72% of DRC migrants remitted, one of the highest proportions of any of the group surveyed.<sup>8</sup>

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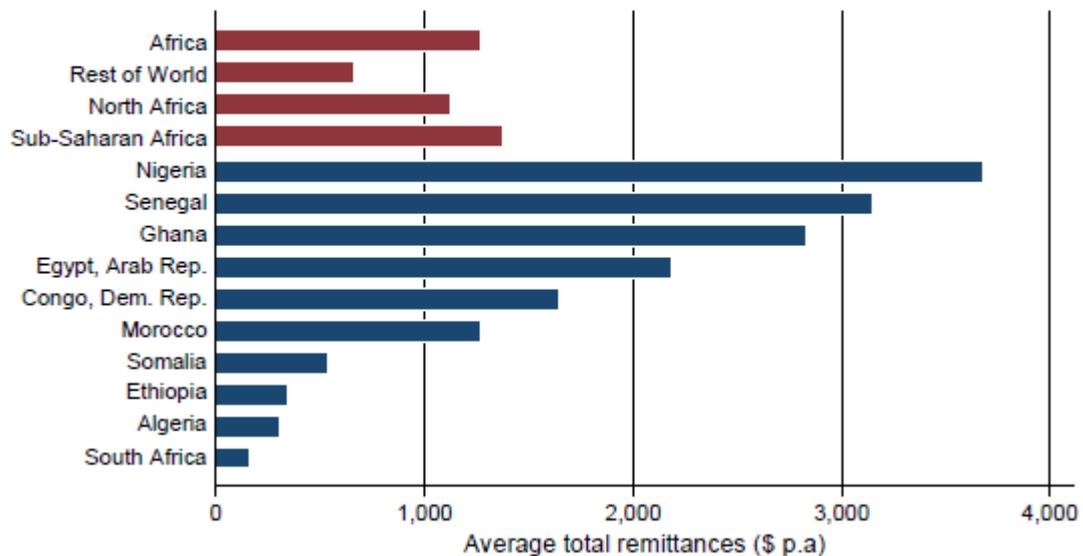
<sup>8</sup> (Bollard, McKenzie, & Morten, 2010, p. 9)

### *Amount remitted and frequency of remitting*

Various studies have analysed the average remittance patterns of émigré Congolese. As shown in

Figure 11 figure below, a review of data on over 12 000 African migrants in nine OECD countries,<sup>9</sup> including 139 DRC emigres, found that they send home on average US\$1 764 per annum. Remittances comprised on average 12% of annual income (see figure below).<sup>10</sup>

Figure 11: Total remittances by country of birth, African migrants in the OECD



Source: (Bollard, McKenzie, & Morten, 2010, p. 11)

Another study of 46 DRC migrants living in Antwerp in the Netherlands in 2011 found that the largest group of respondents, remitted monthly and €500-999 at a time. This is in stark contrast to an earlier 2006 study of migrants in the Netherlands, with 218 respondents from DRC, which found that the most frequent pattern of remitting by DRC emigres was quarterly, and that most remitted €100 or less at a time. The reason for the substantial difference in the findings is not known, but the larger sample size of the 2006 study suggests it is more likely to be reliable. It is also supported by the findings of another study of remittances received by households in Kinshasa (Mobhe, 2010), which found that the majority of households (74%) received remittances of less than US\$150 with the last remittance made.

### *Use of remittance channels*

<sup>9</sup> Australia, Belgium, France, Italy, Netherlands, Norway, Spain, United Kingdom and United States

<sup>10</sup> (Bollard, McKenzie, & Morten, 2010, p. 44)

We found that research surveys which included analysis of the channels by which remittances were sent had widely differing results. Two of the studies examined suggested that formal remittance agencies are the most important remittance channel. The first, examining households in Kinshasa, found that 82% of remittances travelled by remittance agency, while the second, examining Congolese in the Netherlands, found that 59.2% use Western Union and 23.4% use MoneyGram.

However, other studies suggest that the majority of remittances to and from the DRC travel via informal channels (which is consistent with our primary research). For example, Grabel (2008), finds that 55% of remittances from Belgium to Congo and Nigeria travelled informally. Nzamawita (2016) assessed the channels used by DRC migrants in Cape Town and found that the Congolese made abundant use of informal channels, particularly via bus (50% of cash remittances).

#### *Migration behaviour and residence status*

Residence status impacts on the use of remittance channels, and undocumented status can deter use of formal channels. Research conducted in 2006, on Congolese living in the Netherlands found that 44% of migrants obtained Dutch nationality, however there was no clarity as regards the remaining 56% split out by residence status.<sup>11</sup>

South Africa, conversely, has undertaken a number of studies which have questioned residence status. Kankonde (2009), surveyed the Congolese living in South Africa and found that *"The majority of Congolese migrants interviewed in the survey were documented: 179 [70%] of respondents were asylum seekers; 49 [20%] refugees; 20 [8%] had a South African identity book; and 20 [8%] had passports from Congo with a valid visa."* Nzimande (2016) and Inaka (2014), examining Congolese populations in Cape Town and Pretoria respectively, also found low levels of undocumented migration.

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<sup>11</sup> (Mohogu, 2006)

What was however clear from the literature survey was that the destination of the migrant influences remitting behavior. DRC emigres to African countries are typically less educated and poorer than those who emigrate to developed countries, and as a result earn less and remit less than developed world migrants.

When summarising the results of the literature survey, we have therefore distinguished between African and non-African migrants. Our proposed estimates of remitting behaviour by destination of migration are thus as shown below:

#### *Non-African migrants*

- *Proportion remitting*: the literature surveyed suggested that between 46% to 80% of Congolese resident in the developed world remit. Our estimate is thus set at an intermediate level of 60%.
- *Amount remitted*: Congolese resident in the developed world are typically better educated, and likely have access to better work opportunities. We therefore estimate that they send home on average US\$1 000 per annum. Undocumented migrants will have fewer earning opportunities than documented migrants. As a result, undocumented migrants will remit 10% less than the average, while documented migrants will remit 20% more.
- *Use of remittance channels*: most undocumented migrants will use informal remittance channels, as will up to 30% of documented migrants.

#### *African migrants*

- *Proportion remitting*: while the proportion of DRC migrants to African countries who remit is probably lower than for those who migrated to developed countries, evidence suggests that it is probably still fairly high. We therefore suggest that a likely proportion remitting is 45%.
- *Amount remitted*: lower educational status and poorer working opportunities mean that average Congolese émigré in an African country remits around US\$500 annually. Undocumented migrants will have fewer earning opportunities than documented

migrants. As a result, undocumented migrants will remit 10% less than the average, while documented migrants will remit 20% more.

- *Use of remittance channels:* most undocumented migrants will use informal remittance channels, as will up to 60% of documented migrants.

These estimates are based on what we think is reasonable, given the available data. We would welcome any comments or additional data sources that could be used to refine the estimates further.

### **Migration dynamics**

Good quality statistics on migrant populations are typically quite difficult to come by. The only available data may be time series of formal immigration or emigration. While the quality of this data is often of concern, and the availability of information on undocumented migrants is typically poor, a more fundamental issue is the difficulty of translating flow data into stock numbers. Formal migration data gives you information on the number of people who have crossed a border in a given year, but typically gives no indication as to whether people have since died, returned home, or moved on to a third country. Trying to calculate a stock of migrants from such flow data is thus a non-trivial task

In light of these issues the study relied on a wide examination of all available data sources, and qualitative analysis of country characteristics, to obtain an estimate of migrant populations. We note that whilst this approach lacks some precision, by cross checking top-down estimates with bottom up data sources, we hope to have avoided large estimation errors. Additionally, we have considered previous research conducted by the FinMark Trust regarding the size of migrant populations.

Our approach was thus to:

- Examine available data on refugee populations
- Review what is known about wider migration trends from the DRC
- Review data sources in destination countries, including migrant population size estimates, and data on documented and undocumented migrants

- Estimate the most likely size of the migrant population, broken down roughly into refugees, other documented migrants and undocumented migrants

### *Refugee populations*

Data over the period 2013 to 2017, reveals the following trends regarding the total number of DRC refugees, asylum seekers and other persons of concern (excluding internally displaced persons), as recorded by UNHCR, for the 9 countries of concern, as well as China and India. As can be seen, where data has been tracked, most of these countries have seen substantial increases in the size of the refugee population from the DRC (see table below).

Table 1: DRC populations of concern in countries of asylum, 2013-2017

	Mid 2013	Mid 2017	% change
Rwanda	72 501	83 003	14%
Burundi	49 693	61 999	25%
Angola	21 039	46 121	119%
South Africa	13 386	32 454	142%
France	17 573	16 454	-6%
Congo-Brazzaville	51 974	15 182	-71%
Canada	13 249	2 296	-83%
United States of America	-	2 078	
Belgium	-	1 413	
India	-	92	
China	-	21	
All others	354 679	426 760	20%

Source: UNHCR databases, available from <http://www.unhcr.org>

Furthermore, according to UNHCR, approximately 524 971 refugees from neighbouring countries (Rwanda, Central African Republic, Sudan, Angola, etc.) live in the DRC; most of which are located in refugee camps.

### *Migration trends*

While historically, international travelers from the DRC concentrated largely on Europe, and travel was confined to the elite, more recent studies have revealed quite diverse migration patterns and by a wider spectrum of social class. Mobhe (2007), examining the remittances received by Kinshasa households with migrant members, found a fairly equal split of migration to Africa and Europe, for example (53% versus 40% respectively).

Economic development and improved political stability have made countries such as Angola and South Africa more attractive in the last 20-30 years, and more recent research on migration patterns suggests that emigration to other African countries is growing faster than that to Western countries.<sup>12</sup> Research also suggests that the proportion of Congolese who are travelling without formal documentation is increasing. Schoumaker & Flahaux (2013) found that while visa overstays were found to be the primary source of undocumented DRC migrants, there was also evidence of increasing use of false documents and smugglers. Since 2000, an estimated one in six DRC migrants to the UK or Belgium “said he or she had used false documents, someone else’s documents and/or paid smugglers.”<sup>13</sup>

#### *Data sources in destination countries and migrant population estimates*

Data collated on the DRC diaspora in the 9 countries of interest, were cross checked against several data sources for reasonableness. Official data sources such as time series on migration from country statistical agencies and census data were preferred when possible, but even with higher quality data sources, it should be noted that inconsistencies and errors were on occasion identified.<sup>14</sup>

The table below summarises our estimates as regards population size, and attempts to further sub-divide the émigré population by migration status. For the purpose of this exercise, we assume that in the developed world, 1 migrant in 3 is undocumented. In contrast, in African countries, 9 migrants in ten are assumed to be undocumented. This is because it is much easier for an undocumented migrant to travel cross-border to a country in the same continent; and because many of the countries in the region do not have well-developed immigration frameworks, which makes it more difficult to achieve the status of a

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<sup>12</sup> (Flahaux & Schoumaker, 2016)

<sup>13</sup> (Schoumaker & Flahaux, 2013, p. 17)

<sup>14</sup> This can be illustrated by examining the South African and US examples. The South African statistical agency itself reported that its agents struggled to make contact with and get correct information from immigrants, which affected the quality of its data collection. Similarly, the US Census produces a massive underestimate of Congolese population size, when contrasted with time series data on naturalisation of DRC citizens – possibly such naturalised citizens report their nationality to the Census as American rather than Congolese, resulting in under-reporting.

documented migrant. The exception is South Africa, where we rely on the assumption made by FinMark Trust (2016) that 74.3% of Congolese are documented.

Table 2: Estimated size of the DRC émigré population in the nine countries of interest

	Estimated documented migrants	Estimated undocumented migrants	Total
Angola	30 000	270 000	300 000
Belgium	21 000	10 500	31 500
Burundi	17 342	156 075	173 417
Canada	20 000	10 000	30 000
Congo (Brazzaville)	17 292	155 631	172 923
France	60 000	30 000	90 000
Rwanda	23 144	208 294	231 438
South Africa	47 608	16 467	64 075
United States	20 000	10 000	30 000
<b>Total</b>	<b>256 386</b>	<b>866 967</b>	<b>1 123 353</b>

Source: Various, as discussed in the text above; own estimates

### Remittance market estimate

A remittance market estimate was then produced by combining the results of the literature survey as regards average remitting patterns, with our estimates of migrant population size, adjusted on further consideration of the specific circumstances of each country. The table below summarizes the total estimated remittances into the DRC from the 9 destination countries. Total remittances are estimated to comprise US\$305 per annum, of which 81% is estimated to flow via informal channels. The largest of these remittance markets is Angola, followed by France and Congo-Brazzaville. 58% of remittances are estimated to come from other African countries.

Table 3: Remittances to DRC from nine migrant destinations

	Total migrants	% remitting	Average amount remitted annually	Total informal remittances (US\$m)	Total formal remittances (US\$m)	Total remittances (US\$m)	% informal
Angola	300 000	50%	\$500	\$67.95	\$1.80	\$69.75	97%
Belgium	31 500	65%	\$1 000	\$15.97	\$6.55	\$22.52	71%
Burundi	173 417	30%	\$425	\$19.50	\$1.06	\$20.56	95%
Canada	30 000	60%	\$1 000	\$9.72	\$10.08	\$19.80	49%
Congo (Brazzaville)	172 923	50%	\$500	\$38.13	\$2.08	\$40.20	95%
France	90 000	65%	\$1 000	\$45.63	\$18.72	\$64.35	71%
Rwanda	231 438	30%	\$450	\$27.56	\$1.50	\$29.06	95%
South Africa	64 075	45%	\$550	\$10.74	\$7.07	\$17.81	60%
United States	30 000	60%	\$1 050	\$10.21	\$10.58	\$20.79	49%
<b>Total</b>	<b>1 123 353</b>			<b>\$245.40</b>	<b>\$59.44</b>	<b>\$304.84</b>	<b>81%</b>

Source: Remitter interviews, 2018

We have further cross-checked these numbers against official sources. Most formal remittances to DRC seem to occur via money transfer agencies. As at 2016, the Central Bank of Congo reported that these agencies had received US\$335 million, and a small additional amount in euro. This is substantially larger than our estimate of only US\$52 million per annum travelling formally for the nine sample countries. However, we suspect that in practice, a large proportion of these funds represent business transactions rather than inter-personal remittances, as distrust of the banking system is still high.

These numbers illustrate the extent of the informalisation of the cross-border remittance market, and the relative importance of remittances from other African countries. Given that the bulk of remittances likely come from other African countries, a focus on facilitating regional markets would be appropriate.

## 1. INTRODUCTION

Although it is one of the largest and most resource-rich countries in Africa, the DRC is among the poorest nations in the world.<sup>15</sup> The DRC was colonised by King Leopold II of Belgium, who was allocated the Congo Free State after the Berlin International Conference between 1884 and 1885. Substantial European immigration occurred in the colonial period, and the Belgian population was approximately 89 000 by 1959, working as civil servants, missionaries, or employees of mining companies.<sup>16</sup> In addition, immigration from neighbouring countries like Rwanda and West African countries occurred to meet manpower needs, especially within the mining industry.

Independence from Belgium was achieved in 1960, and emigration of Congolese<sup>17</sup> citizens to Europe began to increase post-independence. Most of these initial emigrants were members of the Congolese elite going to study in Europe (particularly Belgium), who usually intended to return to DRC after the completion of their studies.<sup>18</sup>

While the economy of the DRC had experienced a number of periods of stability and growth after 1960, by the end of the Cold War a massive economic upheaval was beginning to take shape. In the 1980s external debt had risen unsustainably, and by the 1990s, government tax receipts had dropped sharply, GDP itself had started to contract, and the economy descended into hyperinflation. GDP more than halved between 1990 and 2003,<sup>19</sup> and by 1994, annual inflation had reached 23 773%.<sup>20</sup> This economic instability was mirrored by political upheaval, and the 1990s in DRC were characterized by the growth of political violence under President Mobutu. The regime change to Laurent-Désiré Kabila in 1997 and Joseph Kabila in 2001 was associated with further violence.

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<sup>15</sup> <https://www.worldatlas.com/articles/the-poorest-countries-in-the-world.html>

<sup>16</sup> (Flahaux & Schoumaker, 2016)

<sup>17</sup> Please note that we use the term "Congolese" to refer to DRC citizens, and that for the purpose of this report citizens of Congo-Brazzaville are thus not included unless explicitly stated.

<sup>18</sup> (Schoumaker & Flahaux, 2013, p. 5)

<sup>19</sup> (Lendele & Kimona-Mbinga, 2005)

<sup>20</sup> (Sumata, 2002, p. 622)

These upheavals were associated with major changes to the pattern of Congolese migration. Congolese emigrants increased in numbers, were increasingly undocumented, became less likely to return to DRC,<sup>21</sup> and began to move to a greater variety of international destinations. In Europe and Africa respectively, France and South Africa became increasingly popular destination countries.<sup>22</sup> While educated, wealthier Congolese are still more likely to migrate, since the 1990s political pressure has meant that emigrants have increasingly come from all social classes.<sup>23</sup>

While the Belgian community remains the largest non-African immigrant community in the DRC, the 1990s also saw an influx of foreigners, from locations such as Lebanon, India, Pakistan, and West Africa, seeking business opportunities in the DRC. More recently, substantial Chinese immigration has occurred, associated with a number of infrastructure projects by the Chinese state, including the building of new presidency facilities, stadium, roads, etc. These projects brought a huge Chinese community, which is growing as they are venturing mining and other business fields.

Today, the migrant community in the DRC is huge and extensive, from all corners of the world, and emigrants from the DRC are widely distributed too. In many Congolese communities, it would be quite uncommon to find a family without at least one relative living abroad; such migrants are often the hope of the family, regarded as primary breadwinners for the relatives remaining at home. Among the wealthy, it still remains common to send children abroad to finish their education (South Africa, Morocco, India, USA, Belgium, etc.) due to a high regard for imported diplomas.

## **1.1 Methodology**

The overall objective of this project is to better understand the global remittance corridors of the Democratic Republic of the Congo, including:

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<sup>21</sup> (Flahaux, Schoumaker, Gonzalez-Ferrer, & Baizan, 2013, p. 5)

<sup>22</sup> (Schoumaker & Flahaux, 2013, p. 5)

<sup>23</sup> (Flahaux, Schoumaker, Gonzalez-Ferrer, & Baizan, 2013, p. 6)

- The major corridors (formal as well as informal) in and out of the DRC; including refugees' corridors
- The volumes and values involved;
- The levels of informality;
- The blockages to increasing formal channels;
- The regulatory environment;
- The products (and their pricing) currently available in their remittance markets;
- The systematic constraints at the first, middle and last mile to the formalization of remittances.

We proceed from the premise that "*the stock of migrants ... is the primary determinant of remittances.*"<sup>24</sup> In other words, in order to derive an estimate of the size of the remittance market, we must first estimate the numbers of migrants to and from the DRC. Once an estimate of the total migrant population has been derived, it is then possible to make assumptions about remitting behaviour, and produce an estimate of total market size.

### **1.1.1 Primary research**

The research combined a review of available research on DRC migration and remitting patterns with a primary research phase. During the primary research, interviews were conducted with the following:

- Regular Congolese senders who use formal and informal corridors;
- Regular Congolese receivers who use formal and informal corridors;
- A few interviews with the Congolese diaspora (Belgium, France, USA, Canada, China, India, South Africa and Angola);
- Few interviews with foreigners living in DRC (Belgium, France, USA, Canada, China, India, South Africa and Angola);
- Interviews with those in charge of international banks transfers;
- Intercepts in DRC international airports and borders (Territory and rivers).

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<sup>24</sup> (Freund & Spatafora, 2005)

Data were collected from early October 2017 up to late November 2017. Overall, we conducted 126 interviews for this study.

Table 4: Number of interviews conducted

Congolese in Kinshasa	IDI's	Intercepts	Total
Kinshasa	6	6	12
Lubumbashi	5	3	8
Matadi	4	0	4
Goma	4	5	9
Kisangani	4	0	4
Kasumbalesa	0	3	3
Bukavu	0	2	2
Beni	0	3	3
Bunia	2	0	2
Kalemie	2	0	2
<b>Sub-total</b>	<b>27</b>	<b>22</b>	<b>49</b>
Foreigners in DRC			
BELGIUM	4		4
France	4		4
USA	4		4
CANADA	4		4
CHINA	4		4
INDIA	4		4
SOUTH AFRICA	4		4
ANGOLA	4		4
<b>Sub-total</b>	<b>32</b>	<b>0</b>	<b>32</b>

Congolese diaspora	IDI's	Intercepts	Total
USA	4		4
CANADA	4		4
INDIA	3		3
CHINA	4		4
SOUTH AFRICA	4		4
ANGOLA	4		4
BELGIUM	4		4
France	4		4
<b>Sub total</b>	<b>31</b>		<b>31</b>
Interviews with remittance agents			
Interview with BCDC	1		1
Interview with Afriland First Bank	1		1
Interview with Express Union	1		1
Congo Central Bank agent	1		1
<b>Sub total</b>	<b>4</b>		<b>4</b>
Interviews with informal agents			
Angola	2		2
DRC	5		5
<b>Sub total</b>	<b>7</b>		<b>7</b>
Interviews with refugees			
Mbandaka (Central African)	1		1
Kalemie (Burundian)	1		1
Bunia (Sudanese)	1		1
<b>Sub total</b>	<b>3</b>		<b>3</b>
<b>TOTAL</b>	<b>104</b>	<b>22</b>	<b>126</b>

Source: Remitter interviews, 2017

### 1.1.2 Choice of countries for examination

To narrow down the list of countries to which significant immigration and emigration occur, we examined data from the DRC migration office, as regards the most common foreign destinations among Congolese, and most common foreigners' communities in DRC. Given the shared language and colonial history, it is common cause that Belgium and France are

the top emigration destinations for Congolese in Europe. Outside of Europe and Africa, the United States and Canada appear to be the most popular destinations.

Within Africa, neighbouring states such as Congo-Brazzaville, Uganda, Angola and Rwanda appear to hold the majority of migrants from the DRC. However, the pattern of migration appears to be fairly fluid, with political violence and upheavals associated with rapid changes in population movements. While remittances are an important part of the support network for displaced persons, it requires a more on-the-ground research method to uncover the type of systems that arise in rapid response to great upheaval than we had at our disposal. Our preference therefore was for countries with more established patterns of primarily economic migration. To that end we have examined Rwanda, Angola, Congo-Brazzaville, South Africa and Burundi – the major exclusions arising from this decision making process are Tanzania and Uganda.

Migrants from India and China are also increasingly playing a role in the development of the Congolese economy. For this reason we included Chinese and Indian migrants in the primary research, and have included a discussion of remittance patterns between DRC and these countries.

### **1.1.3 Limitations**

It should be noted that the estimates we provide of the size of the remittance market are imprecise and remain open to interrogation. The caution in a previous FinMark-commissioned report which used the same methods remains relevant:

*Note that the findings are an estimate in all instances, based on certain explicitly disclosed assumptions. In an ideal world, market size calculations would be based on hard data. In the absence of such data, our point of departure has been that it is still meaningful to develop an estimate compiled from best available data sources, even if they are not complete, combined with well-reasoned, if not fool proof, assumptions. In this sense, an estimate is deemed better than no data at all. We*

*would welcome any feedback or contribution that will contribute to an improved understanding of the scope of the remittances market<sup>25</sup>*

As regards the primary research we conducted, the goal was primarily to get an indicative sense of the nature of the remittance market, as sample sizes were insufficient to obtain statistically significant results. The following factors influencing data quality should also be noted:

- **Fear of respondents during interviews:** no matters how our interviewers tried to convince them that they are from control office, there was still fear among respondents
- **Oversight:** remembering exact amounts received or transferred was not easy for people we interviewed.
- With the current political situation in DRC, the country is a good target for **money launderers** so, we avoided going into this field as it was extremely insecure. Moreover, we focussed on the main project subject which is financial inclusion: money movement from people to people and not from people to companies. We especially included small business people as they are many among travellers at borders.

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<sup>25</sup> (FinMark Trust, 2012)

## 2. REGULATORY ENVIRONMENT

The regulatory environment of remittances can play a substantial role in influencing the cost and ease of formal remitting. The access implications of regulatory design thus should be explicitly taken into account, alongside the achievement of other objectives, such as combatting money laundering, for example.

### 2.1 DRC remittances regulations

Remittance agencies ("*Messageries Financières*") are regulated in terms of the *18th May 2001 (006) Administrative provisions related to remittances activities (Congo Central Bank)*. In DRC, two categories of remittances are allowed for regulation, as follows:

- **Category A:** local remittance agencies
- **Category B:** remittances with foreign countries.

The requirements for registering a remittance agency are fairly permissive. Provisions related to category B overall say that any person fulfilling the requested documents and procedures can carry out deals in remittance activities category B. However, remittances activity should be his/her main activity, which limits the ability of money transfer agents to offer other sorts of financial services. Banks can also provide remittances services, and DRC allows microfinance institutions to pay out cross-border remittances. A study of 50 African countries found that only 3 (DRC, Ghana and Kenya) permit microfinance institutions to play this role, while the rest restrict licensing permission for cross border remittances to banks and foreign exchange bureaus.<sup>26</sup>

Article 10 of the *18th May 2001 (006) Administrative provisions related to remittances activities* states that cross-border remittances are limited to a maximum of \$2 500 per transaction and per person (no time limit is however specified as to how frequently such transactions can occur). In practise however, this restriction does not seem to be observed, and despite a

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<sup>26</sup> (Adovor, 2011, p. 12)

number of discussions with regulators, we were not able to fully understand why this is the case. Instead, the transaction size at which regulatory restrictions begin seems to be US\$10 000.

DRC's anti-money laundering laws<sup>27</sup> impose restrictions on large value transactions.

- Amounts larger than US\$10 000 must go through a credit institution
- Amounts larger than US\$10 000 can't be paid in cash or bearer securities, without receiving central bank permission<sup>28</sup>
- Customer identification procedures are required (official photo identification document and proof of address) when the transaction amount is greater than US\$10 000, or the legal source of funds is not known, or the customer is making multiple small transactions
- "When a transaction involves a sum in Congolese francs equal to or greater than US\$10,000 and is carried out under unusually or unjustified complexity, or appears to have no economic justification or lawful purpose, the credit institution is to inquire about the origin and destination of the funds as well as the purpose of the transaction and the identity of the economic actors involved in the transaction."<sup>29</sup>
- Anyone involved in foreign exchange trading, which presumably would include cross-border remittance agencies, must verify the identity of all customers trading US\$500 or more

It should be noted that the 2012 recommendations of the Financial Action Task Force (FATF) are for a threshold of US\$15 000 rather than US\$10 000, and suggest that the limit for customer identification verification requirements for cross border wire transactions should be no more than US\$1 000. Thus the restrictions in the DRC's money laundering regulations do appear to be somewhat more stringent than is required by international guidance, despite the fact that DRC is not a member of FATF at present. Discussions with regulator

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<sup>27</sup> Loi N° 04/016 du 19 Juillet Portant Lutte Contre le Blanchiment des Capitaux et le Financement du Terrorisme

<sup>28</sup> Instruction N° 15 bis sets out conditions under which payments larger than US\$10 000 can be made.

<sup>29</sup> Article 11, Loi N° 04/016 du 19 Juillet, translated using Google Translate

representatives suggest that there were two major influences guiding the decision on transaction size restrictions, as follows:

- Alignment with Belgian size limits, as a major remittance partner
- Concern expressed internationally, and particularly by American counterparts, that the DRC was an international hub of money laundering activity

Despite these stringent requirements, we found substantial reporting of evasion of money laundering requirements during the interview process. For example, business people described splitting money out among groups of well-known friends to send either through remittance agencies or through bank to various receivers; and sending money on circuitous routes via different countries, as follows:

*"Yes at times, I can give my money to my friends to send and we share the money and each one sends to different receiver, but all is my money which I will collect once I arrive there"*

*"If I want to send money to USA for example, I will first send it to Belgium through an agent, from there the money will be sent to USA through Western Union because from here if the amount is high I will face complications."*

In addition, interviewees reported that they found the documentation requirements at formal remittance agencies onerous, and that this played a role at times in deciding to choose informal methods of remitting instead. There does thus appear to be some evidence of restrictions in the formal remitting system pushing remitters into informal markets.

In addition, remittance agencies interviewed suggested that the restriction on offering other types of financial services was problematic. Specifically, without the ability to diversify their revenue sources, they found it difficult to afford the regulatory fees associated with the legal requirements. Further interrogation of these claims by the regulatory authorities is warranted.

*"We are present in several countries and the growth is fast such as in Cameroon, we have almost 500 agencies, in Brazzaville (Republic of Congo) also many because in those countries you can mix other financial activities to cover your costs but here in*

*DRC we only have remittance as our main source of income making it difficult for us to gain profit and increase our agencies”*

*As regards the deposits required by the Central Bank for new agencies: “This condition does not exist in other countries where we have a representation and even if it does exist, the amount is not that expensive...Remember I told you our only source of income is remittance”*

The 2016 annual report of the Central Bank of Congo reports that during the year, 10 new money transfer agency licenses were issued, and six withdrawn, for a total number of licensees at year end of 74. This does not provide much support for the contention of operators that this is a sector in decline.

While the goal of the regulatory restrictions is to reduce money laundering activity, the picture that emerged from interviewing stakeholders is of a market where access to formal remittance systems is difficult, and as a result there is widespread use of informal remittance systems. It thus seems likely that the appropriate balance between anti-money laundering objectives and the facilitation of access to financial services has not been achieved yet in this market, with negative implications for both access and AML outcomes.

It should be noted that the restrictive regulatory environment in DRC is not the only influence on access to remittance services, and that on a country-pair basis, remitters reported that several countries were particularly difficult to access, as follows:

- **China, India and Angola:** while it is possible to send money to China, India and Angola, sending money from these locations to DRC is extremely difficult
- **South Africa:** the key problem for remitters to and from South Africa is the need to have formal migration status in South Africa, which is difficult to achieve

In contrast, remitting to and from Belgium and France is regarded as relatively simple, and to a slightly lesser extent, so is Canada and the United States.

### 3. REMITTANCE MARKET DYNAMICS

With high levels of economic and political upheaval causing substantial emigration, the cross-border remittance market in the DRC has become increasingly important to a large proportion of the population. However, at the same time that this form of financial services has become more critical, the operation of formal financial markets was put under extreme stress (see the example of UBC in Box 1). The retail banking system essentially collapsed in the 1980s, and was only revived in the mid-2000s.<sup>30</sup> As a result, much of the remittance market, and in fact the Congolese economy as a whole, operates informally.<sup>31</sup>

During the crisis period in the 1990s, the banking sector was largely crippled. The sector was nationalised in 1995, with interest rates reaching as high as 200% at times,<sup>32</sup> and a widespread withdrawal of savings from banks taking place.<sup>33</sup> In combination with hyperinflation, this resulted in the de facto dollarization of the DRC's economy. Even relatively small purchases (for example, school fees, doctor's fees or telecoms costs) are regularly made in dollars, and at times the state has accepted the payment of tax in dollars as well.<sup>34</sup> Sumata (2002, 623) describes the impact on the formal economy and banking system as follows:

*During the 1980s and 1990s the former Zairian economy witnessed the expansion of an active parallel economy (MacGaffey, 1991; Cour, 1989; Sumata, 2001a). The foreign sector of the economy was at the forefront of these parallel economic activities, encouraged by a system of mis-invoicing, smuggling and diversion of remittances from Congolese migrants to the parallel market for foreign exchange. According to the*

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<sup>30</sup> (Thom, et al., 2016, p. 16)

<sup>31</sup> .A money transfer operator interviewed during the primary research phase spelled out this link between the banking system and MTOs as follows:

*"I don't take money from Kinshasa for remote areas transactions, I take it from banks there so, if there is no bank in a remote area even if there are business opportunities in these areas, I will not open an agency there... it is impossible"*

<sup>32</sup> (Sumata, 2002)

<sup>33</sup> (Lendele & Kimona-Mbinga, 2005)

<sup>34</sup> (Lendele & Kimona-Mbinga, 2005)

*Governor of the Central Bank of Congo there was about \$700m within this parallel channel yet only \$8.6m as bank reserve in all the commercial banks in 1999.*

The cross-border remittance systems that have developed in DRC have done so in response to these wider system dysfunctions, and the market has as a result been largely informal in nature. We now describe what is known about the various formal and informal cross-border remittance channels in DRC. It should be noted that we have relied heavily on the seven types of remittance channels described by Bazenguissa-Ganga (2005, 10-19).<sup>35</sup>

### **Box 1: Union des Banques Congolaises (UBC) as an illustration of banking system fragility**

In 1920, Banque de Bruxelles established Crédit Général du Congo (CGC) with its administrative headquarters in Brussels and head office in Leopoldville (Kinshasa). In 1989, the shareholding of the renamed Union Zaïroise de Banques was owned 25% by Banque de Bruxelles Lambert, 28% by the Zaïre government and 48% by the Financial Corporation for Overseas Countries (SFOM). In 1991, Union Zaïroise de Banques had 16 agencies in Zaïre and was the second largest bank in the country. In 1995, the Zaïre government nationalized all banks and sacked all staff. By 2005, the bank was almost bankrupt, so it was acquired by the newly established Banque Congolaise and renamed Union des Banques Congolaises (UBC). Banque Congolaise was in turn liquidated in 2011, due to excessive bad debts, the bulk of which were from government. UBC was the first bank in DRC to represent Western Union, and to carry out remittances via selling money transfer services.

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<sup>35</sup> Bazenguissa-Ganga identifies the following types of remitting:

- The 'envelopes': Hand delivery and Couriering
- Cheque Transfers
- Institutionalized and organized bodies: Missionary networks used for money transfers and Informal remittance businesses
- Informal money transfers during the crisis: Westerns and Not-for-profit organizations

## 3.1 Informal channels

### 3.1.1 *Physical delivery of cash*

Bazenguissa-Ganga refers to the physical delivery of cash as the envelope system, and distinguishes between individuals who transport money themselves, and those who rely on an intermediary to do so. Transporting money oneself means less risk of theft by an intermediary, but practically the ability to do so is dependent on whether you can afford to travel, and even then the possibility of theft and the regulatory framework makes it difficult to cross customs while carrying large amounts of cash. The primary research we conducted found widespread use of the envelope system, and found that individuals may make substantial efforts to hide the money transported in their luggage, to avoid airport and border controls:

*"My brother living in France was to get married here back home, he used to send me a lot of money, hidden inside an envelope to organize everything here. At times, someone will bring me an envelope with a lot of money inside it, with amount reaching up to 8 000 USD but the carrier will not know that there is money inside the envelope... and after the wedding he started to build his house and we are still using the same practice..."*

*"See my daughter: I take my body powder, I put my money inside and I refill it with powder; at control point, they cannot check because it is inside my sanitary items, they can't even imagine and I travel with it... if you don't do that you cannot survive in your business because sending in this way costs a lot and requires too much procedure..."*

Privacy, low trust and scarcity of travellers prevented the parents interviewed from using this corridor to send money to their children studying abroad.

If you can't transport money yourself, it may then be possible to use an intermediary. A known and trusted intermediary is preferred, but the relationship may be fairly tenuous, as below:

*"Any person who does not have an immediate family member or friend about to travel and does not want to pay fees or experience the delays involved in sending*

*money through official channels will go to the airport on the days that there are flights to their country. They will try to find a person among the passengers that they know fairly well, and with whom they have friends or acquaintances in common. If they are deemed trustworthy, the sender confirms that the traveller will actually go to the city where the recipient lives. The sender will then ask the traveller for a personal favour by carrying the money to a third party. The person who first receives the money in the country of origin is not necessarily the recipient. He or she is chosen from among acquaintances that the sender and carrier have in common.*

*One indicator of the widespread use of this system of money transfer is the sense of a large crowd at the airport each time there are flights to Congo. A large number of those present are not accompanying anyone. They are looking for a carrier. If the attempt is unsuccessful, the sender returns another time.*<sup>36</sup>

Where money is transported by intermediaries, we found that groups of business travellers may cooperate to reduce the risk of customs trouble. Crossing airports and borders with more than 10 000 USD is complicated, so groups of travellers will share the amounts to balance the cash between themselves. Those having much money do give to those who have less; at the final destination, everyone takes back his/her money.

*"I can have may be 15 000 USD and my brother has may be just 4 000 USD, I will give him part of my money and once we reach our destination, I take back my money"*

*"Yes at times, I can give my money to my friends to send and we share the money and each one sends to different receiver, but all is my money which I will collect once I arrive there"*

There is some evidence that remitters from African origin countries may be using this system, but with couriers travelling via overland buses rather than by air. Nzamawita (2016, 66) reports that Congolese living in Cape Town, South Africa use a "so-called "Congolese Agency", situated in Cape Town's CBD, [which] operates a weekly express bus that departs from South Africa to Lubumbashi (Town in the DRC), and participants use the bus passengers to send remittances." 50% of the group sampled in this study were sending money home using this

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<sup>36</sup> (Bazenguissa-Ganga, 2005, pp. 11-12)

method. In our primary research, respondents indicated that sending money overland via buses was especially prevalent in the eastern DRC (Beni, Bunia, Goma, Bukavu, and Kisangani).

Another technique reported in the primary research phase was that of hiding money inside cars shipped to the DRC, particularly from Belgium. This practice was at one point widely used, but has tapered off sharply since the government imposed a ban on importing cars older than 10 years, which has substantially reduced the number of cars imported from Belgium.

Bazenguissa-Ganga reports that in these types of transactions, typically no fee is paid to the courier of the cash. The system is thus trust based and fuelled by altruism. However, it is also characterised by a fair amount of deception, theft and misrepresentation at the point that border inspections occur:

*"If you declare what you have to these offices, they will make everything to take a big part of it; this is why I never declare the total amount that I have"*

*"We all know that in the control offices people don't declare the entire money they carry; they declare a very small part of it. Sometimes, we push and catch some of the amount but honestly, amounts not declared are very high. Let me give you an example, someone can tell you that he has 10 000 USD while he has may be 25 000 USD, you see the difference? Very high."*

### **3.1.2 Informal remittance businesses**

Bazenguissa-Ganga suggests that hawala-type systems of money transfer are in place in the Congolese diaspora. Typically, they occur where a legitimate business owner has operations in both the origin and destination country for the remittance.<sup>37</sup> The remitter usually has a relationship of trust with the business owner. On this basis, they deposit money with the business in the sending country, and the recipient can then pick up funds from the branch in

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<sup>37</sup> Bazenguissa-Ganga also found evidence of more complex remittance systems, involving business people appointing correspondents in DRC to conduct remittance work for them. However, he found that this system was typically extremely expensive, and appears as a result to have been pushed out of operation.

the receiving country. Where fees are levied, they usually amount to only 2-4% of the value of the transaction, and where the relationship between the remitter and the business owner is good, the transaction may be undertaken for free. The business owner potentially benefits by being able to move capital out of DRC, or by speculating on exchange rates. Our primary research found some evidence of use of this kind of system of remitting between countries within the region, as follows:

*"Yes, at times, when I am travelling, I give money to someone here and I will collect it from another person once I am in Benin to buy my goods"*

*"My father lives in Germany and usually sends me money through Western Union, but at times he sends it to a woman in my neighbourhood who is like an agent; I don't like to go there because, when you come out of her house, everyone around knows that you have for sure received some money; I have kept on pointing this insecure and risky way out to my dad but he is the one deciding; I have no choice since I need money"*

The same author also mentions remittances undertaken informally by missionaries, using church infrastructure to store deposits of cash which can then be released to relatives as desired. However, this channel seems to be rarely used and is not emphasized.

Our primary research also found some evidence of use of Moziki or fellowship/cultural associations to remit. Moziki are voluntary associations that can be organised for a number of reasons. For example, members of a Moziki may form a savings club, while others remit goods home which are then sold for cash. Members within a Moziki have trust relationships with each other which can also be used for remittances purposes. Thus when a Moziki member travels, they may be asked to transport remitted funds on behalf of a member or their relative.

*"I recently travelled to Paris and my aunt gave me 3 000 Euros to bring it in DRC to someone; it was her friend's money with whom she does Moziki in Paris"*

It should be noted that barriers to use of formal remittance methods increase outside of the urban centres, as the transport infrastructure of the DRC is weak, and the number of retail

financial outlets is limited. For these and other reasons, some commentators suggest that the vast majority of remittances travel by informal methods.<sup>38</sup>

### **3.1.3 Goods remittances**

Our primary research indicated that good remittances were also sometimes used as a means of dealing with restrictions on cash remittances, particularly when the sender is in Asian countries (China, India, etc.)

*"If someone is residing in a country where sending is not possible, goods are shipped, and the receiver in DRC sells the goods and takes the money from the sales"*

## **3.2 Formal channels**

It is not always clear whether a specific channel used to remit is fully formal or not, as transactions which have a formal back-end may involve considerable ambiguity when the identity of the transacting parties, or the basis on which the transaction occurs, is taken into account. Nevertheless, it is possible to loosely distinguish between three forms of formal channels, namely banking, NGOs and money transfer agencies.

### **3.2.1 Banking**

All the 15 banks operating in the DRC (Access Bank; Advans Bank, Afriland First Bank, BCDC, BGFI, BOA, Byblos Bank, Ecobank, FBN Bank, Raw Bank, Pro Credit, Sofibanque, TMB, UBA, City Bank, Standard Bank) offer international bank transfer services to their clients. All these banks work in partnership with either Western Union or Money Gram for remittances but, some of them also have their own remittance service:

- AfriCash from UBA;
- Rapid Transfer from Ecobank;
- Regional Ecobank card;

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<sup>38</sup> (Thom, et al., 2016, p. 32)

- China Card of Rawbank;
- AfriFlash of Afriland.

Historically, however, direct use of formal banking channels has been limited, and instead banks have been used indirectly to complete the back end of a transaction. In particular, efforts have often been made to avoid using Congolese banking systems while transacting. The mechanics of this are as follows:

*"Members of the diaspora return to their country with a small amount of money, or without money, in order to avoid hassle at customs. Upon arrival, they rely on their reputation for financial integrity to borrow from merchants, especially foreigners, or some expatriates. They either know this person or are introduced by a third person who knows both of them. The merchant or foreigner gives cash in exchange for a cheque drawn on a bank in the host country. The client may give a small extra amount to seal the agreement. The merchant then deposits the cheque into his own bank account abroad, sending it either by mail, through friends leaving for Europe or with the client upon his return.*

*The second type is when a local holder of a European bank account acts as an intermediary between local inhabitants and exchange and loan operators for money transfers, but the details of the exchange remain the same as with the first type."*<sup>39</sup>

We found an example of a form of the second type of transfer during our primary research, as follows:

*"When I wanted to buy my car here in DRC, making transfer from my French account to here was complicated so I made the deal with those guys and I paid him back in France from my account."*

### **3.2.2 NGOs**

A specific channel used between France and DRC is via NGOs. These are businesses which are registered as NGOs in France, which means they are not liable for tax, but in DRC are

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<sup>39</sup> (Bazenguissa-Ganga, 2005, p. 13)

"private businesses involved in many activities (travel, telephone booths, etc.)."<sup>40</sup> This type of remittance is formal to the extent that it involves use of a registered NGO, which is regulated as regards the manner in which it undertakes a transaction. However, the transaction itself is arguably inherently fraudulent, as follows:

*"These NGOs are primarily located in two areas: Grigny and Saint-Denis. Large numbers of compatriots, living in public housing projects, are concentrated in these two areas. The official activity of these NGOs is food convoys (bags of rice and so on). The contract is in the form of a sponsorship connecting two families. The sender proposes to sponsor a family from Congo-DRC. It is, of course, actually his or her own family."<sup>41</sup>*

### **3.2.3 Money transfer agencies**

The first money transfer agency to enter the DRC market was Western Union, in 1999.<sup>42</sup> From its launch, it targeted all social classes. Implementation of the Western Union model was however complicated by the initial use of only banks as partners, as bank presence within the country at that time was limited. It is only after few years that they started including other partners and banks' presence also increased; as a result, today Western Union's presence is widespread.

BCDC has been a Western Union Financial remittance partner since 2001. CFC, derived from BIAC, is to date the largest Western Union agent in DR Congo with 160 branches across the country and an annual portfolio of nearly half a million customers. CFC is positioned among the top five African agents. Apart from Western Union, other transfer companies started to settle in the DRC from 2006. This is the case of Money Gram with Rawbank.

Western Union was the most known and used remittance agency among those interviewed in our research, as per the figure below.

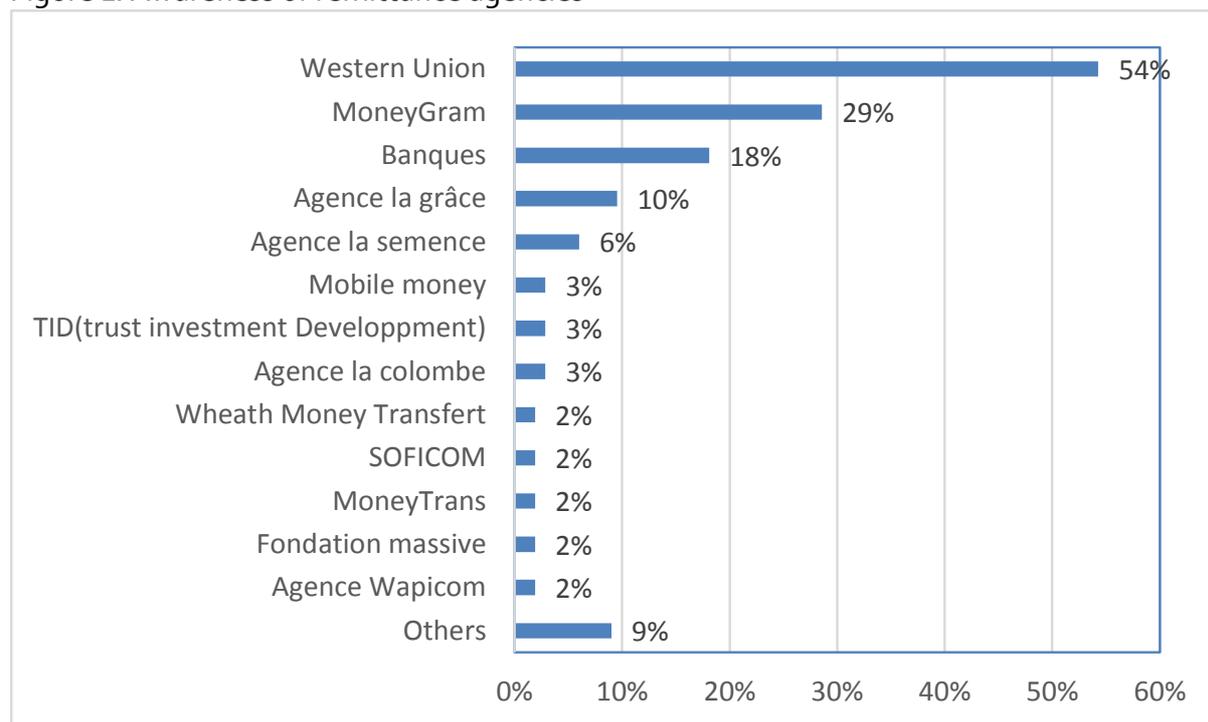
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<sup>40</sup> (Bazenguissa-Ganga, 2005, pp. 17-18)

<sup>41</sup> (Bazenguissa-Ganga, 2005, p. 18)

<sup>42</sup> (Lobo, 2012). Western Union entered the DRC market in partnership with UBC Bank, prior to the development of a regulatory framework for remittances in DRC. Congo Central Bank (BCC), informed of this activity at UBC Bank, in October 1995 put in place appropriate regulations for remittances, which have since been amended in July 2006.

Figure 1: Awareness of remittance agencies



Source: Remitter interviews, 2018

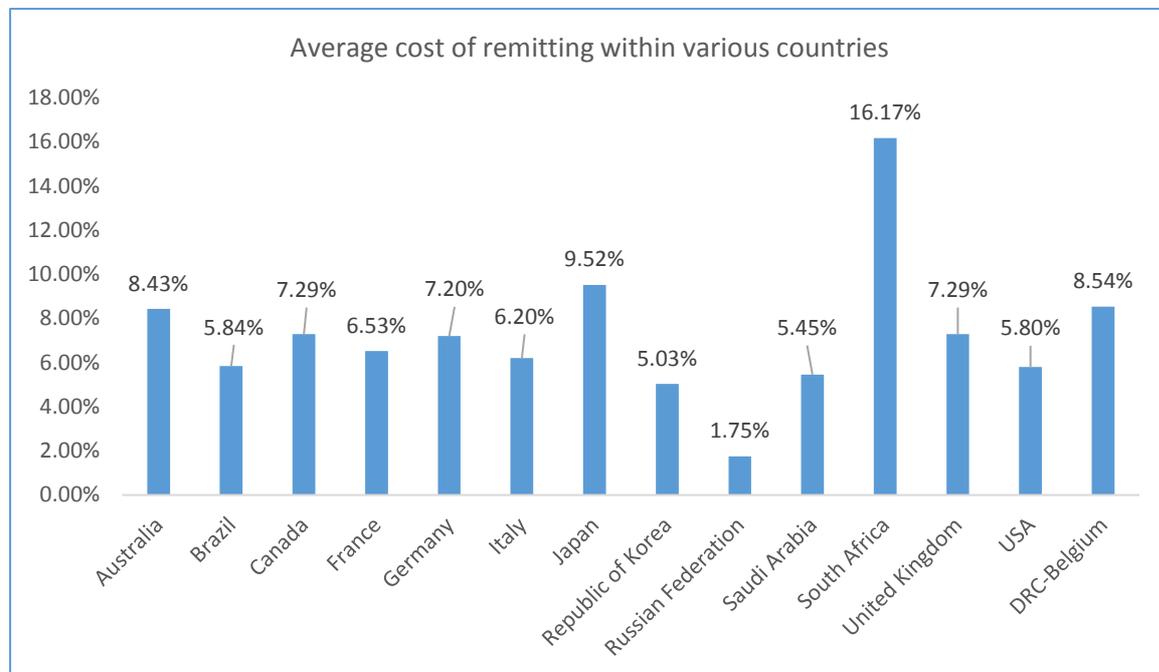
### 3.3 Remittance prices

In order to estimate the total cost of a remittance transaction, it is necessary to have insight both into the margin the agent is making on the exchange rate, and other applicable fees. While we were able to collect information on other fees, the only source of exchange rate margin data that we could find was the World Bank’s Remittance Prices Worldwide database, and they only collect information for the Belgium-DRC corridor. On this corridor in the fourth quarter of 2017, the exchange rate margin was on average 4.6% of transaction value, for both €140 and €345 transaction sizes, and the total fee was 8.54% of transaction value at €140, and 6.99% for a transaction of €345. As can be seen, exchange rate margins therefore potentially comprise a substantial proportion of the total transaction fee.

In Figure 2 below we plot the cost of the Belgium-DRC channel against G20 prices, again as collected by the World Bank’s Remittance Prices Worldwide database. As can be seen, the Belgian channel is moderately expensive on comparison. However, Belgium-DRC is one of the better established remittance channels feeding into DRC, and competitive pricing is

more likely to be established on this channel than on the other channels from DRC. It is likely that the true average price of remitting to and from DRC is thus substantially higher than this.

Figure 2: Average cost of remitting US\$200/€140, G20 countries and Belgium-DRC



Source: Remittance Prices worldwide Issue 24, December 2017; World Bank’s Remittance Prices Worldwide database Q4 17 for Belgium-DRC

The data we collected on remittance prices as reported by banks and money transfer agencies in DRC, which excludes exchange rate fees, is appended to the document.

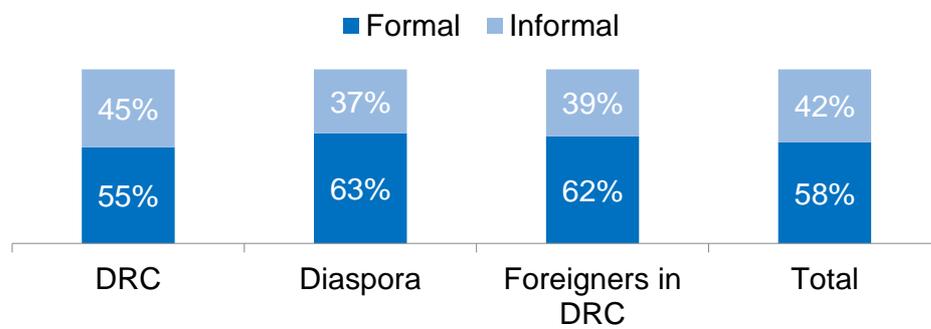
We also were able to collect some information on informal remitting fees, particularly on the DRC-Angola corridor. During discussions with market participants, it was widely reported that the standard fee was 5% of the remitted amount, and we found that this was correct when we tested the market by sending money via an informal agent. However, again this does not include exchange rate margins.

### 3.4 Primary research – remittance behaviour findings

Our primary research covered 105 people interviewed in DRC and abroad. Of those interviewed, 58% remitted via formal practices and 42% via informal ones (based on the

number of times each corridor is used). It is notable that use of informal channels remained fairly high among foreigners resident in DRC, DRC residents and the DRC diaspora.

Figure 3: Practices for sending and receiving money in DRC

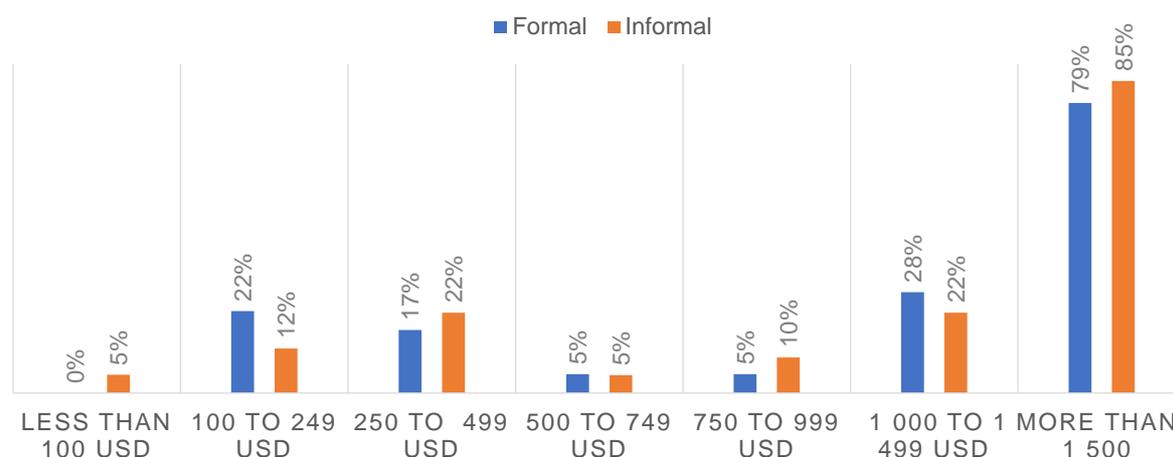


Source: Remitter interviews, 2018

While the sample size is small and thus not statistically representative, it is nevertheless interesting to observe that the amount sent through formal and informal channels stayed quite similar, even as transaction size increased – see

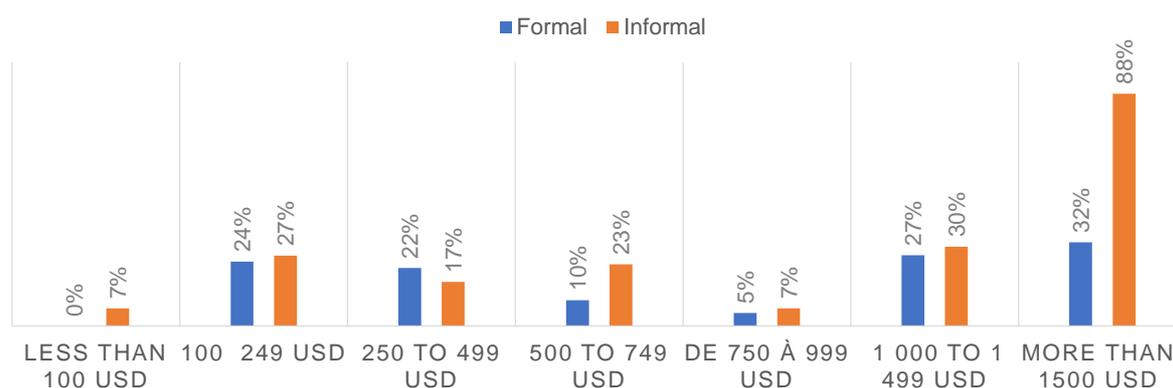
Figure 4. Even more curiously, when we examined the amount received by use of formal and informal channels, the use of informal channels was most marked for transaction sizes above US\$1 500 – see Figure 5. This is of concern from a money laundering perspective.

Figure 4: Amounts sent through formal/informal channels



Source: Remitter interviews, 2018

Figure 5: Amounts received through formal/informal channels

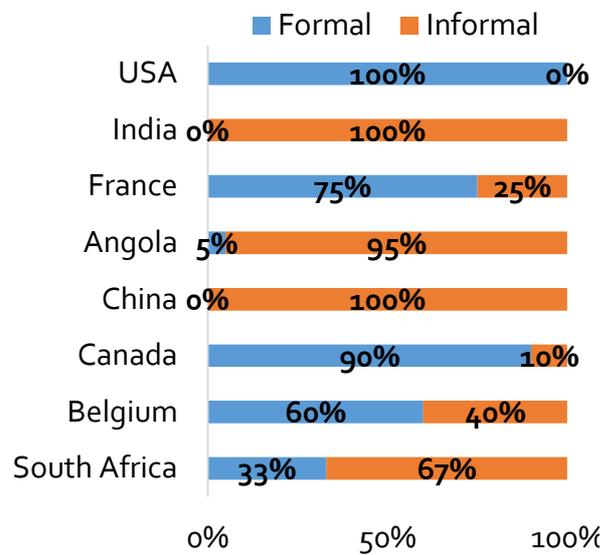


Source: Remitter interviews, 2018

Figure 6 and Figure 7 below detail the remittance patterns of DRC citizens living in foreign countries, versus citizens of those countries living in the DRC. These findings echo the impressions given of the ease of remitting formally in each of these locations, as summarised at the end of section 2.1. Unproblematic destinations such as Canada, the United States, France and Belgium see high levels of formal remitting, both by the DRC diaspora and by expatriates in DRC. South Africans and Angolans living in DRC remit by formal methods, but DRC citizens in Angola and South Africa remit largely informally. This pattern is even more pronounced for India and China, which is consistent with Indian and Chinese regulations

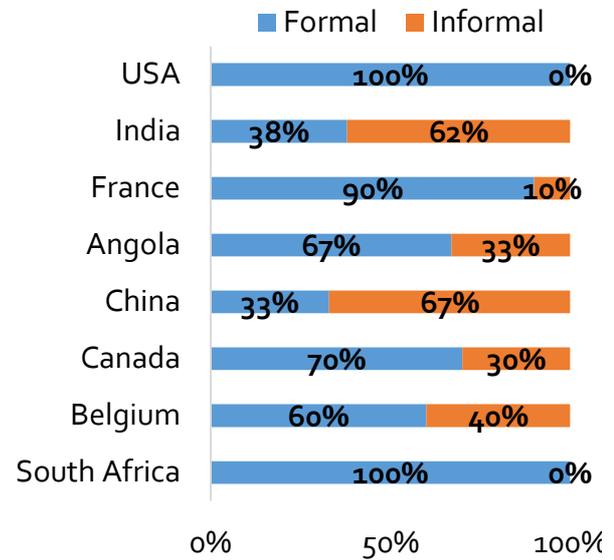
favouring the receipt of remittances, and making it more difficult to send remittance to other countries.

Figure 6: Practices among Congolese diaspora per country



Source: Remitter interviews, 2018

Figure 7: Practices among foreigners living in DRC



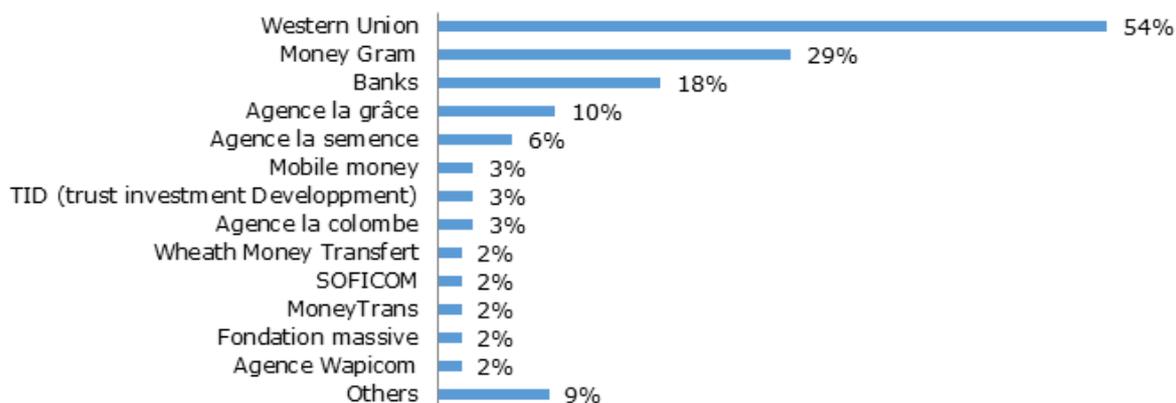
Source: Remitter interviews, 2018

As shown in

Figure 8, Western Union was the most used formal remittance method, followed by Money Gram; other agencies such as la Grace, La Semence, TID, etc. are progressively gaining space within the usage sphere among Congolese living in DRC and abroad. Western Union is described as reliable, trusted, and fast, with a wide distribution network; but expensive and requiring many documents. MoneyGram is well-known but not highly used; point of sales are available everywhere but again it is perceived as expensive by users. The Congolese agency La Grace is gaining space progressively; it is cheaper than the market leaders and is perceived to not request as many documents as Western Union and Money Gram. Remittance agencies are found to be much better in terms of speed of service than banking transfers:

*“With Western Union, I am sure my child studying in Egypt will receive the money I have sent the next five minutes while, with bank transfer, it will take may be 4 days...”*

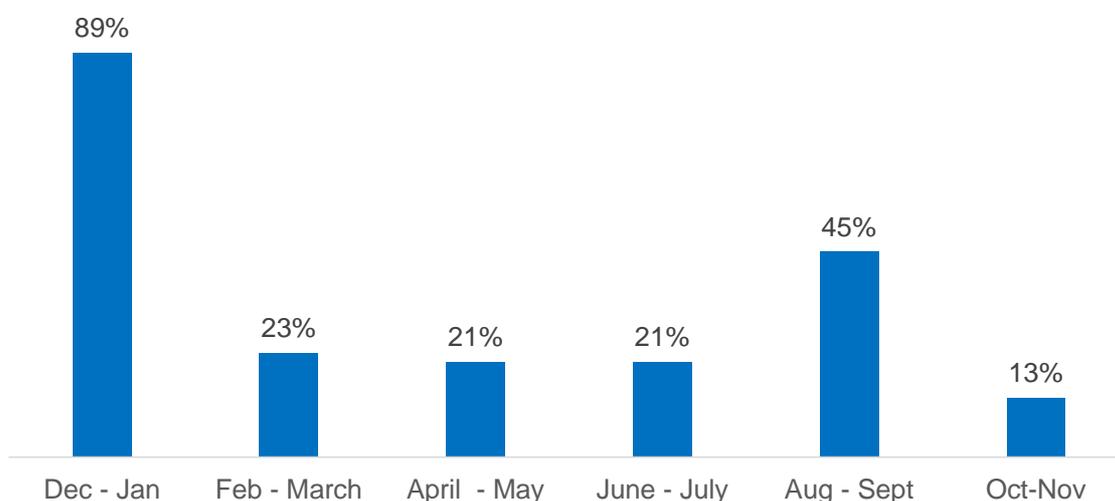
Figure 8: Description of formal practices



Source: Remitter interviews, 2018

Bank transfers are reported to be used mostly to pay school fees in advance; January, August, September and October are periods during which bank transfers for school fees are mostly done. Because the need for payment is known in advance, the 3-4 days needed to complete the transaction can be accommodated.

Figure 9: Seasonality in remittance patterns



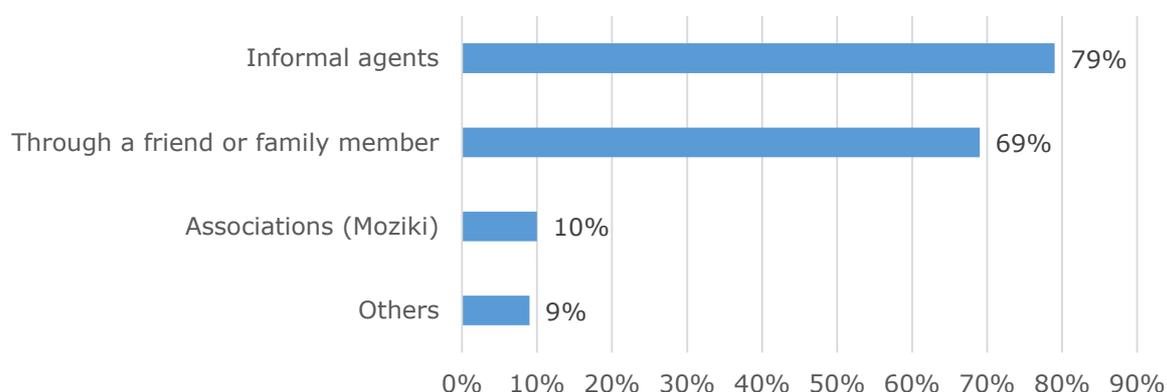
Source: Remitter interviews, 2018

It should be noted that use of the China Card from Rawbank seems to be have been problematic for interviewees, and little evidence was found of ongoing use as a result:

*"Before, I was using the China Card of Rawbank, but one day, I arrived in China and I could not withdraw my money, I was obliged to borrow in China from friends to make my purchases, since that day I stopped using it and started going with my cash"*

Figure 10 shows the most commonly used informal practice is an informal remittance agent, followed by giving money to a friend or relative who is travelling.

Figure 10: Description of informal practices



*Question asked: Under formal/informal practices, which one do you do most?*

*Source: Remitter interviews, 2018*

The factors which influence consumer choice and usage of various remittance channels were found to be highly dependent on the following:

- **Costs:** the cost of formal corridors is perceived as very high, especially when the amount sent is small
- **Amounts to be sent:** while it is very expensive to send very small amounts formally, amounts over US\$10 000 receive too much regulatory attention if sent formally. Both the bottom and top end of transaction sizes thus are more likely to be sent informally
- **Urgency:** the higher the urgency, the more likely the money will be formally remitted.

*"If my child who studies in Egypt asks me money and the need is urgent, I am obliged to go to Western Union because after 5 minutes, he will receive the money"*  
Sender.

- **Availability:** the availability of the channel strongly influences its use. Where formal channels are less prevalent (for example in Angola, because of regulatory issues), informal channels will predominate.
- **Risk:** cheap, informal methods of remitting often involve more risk of theft or other losses. In our sample, those conducting business transactions seemed more willing to accept the risk/cost trade-off of informal remittance methods. Conversely, tolerance of risk as regards payment of school fees or medical costs was very low, and thus use of formal channels was high.

### 3.5 Literature survey – Congolese migration and remittance behaviours

In order to estimate the size of the Congolese cross border remittance market, it is crucial to derive an understanding of the pattern of remitting of DRC emigrants. This includes the proportion of migrants who remit, the average amount they send per transaction, and the frequency with which they remit. Considerable data is also available as regards the channels used to remit, with more limited information to be found on migrant's residence status (which in turn tends to affect the ability of the migrant to remit via formal channels).

#### 3.5.1 *Proportion of migrants remitting*

It is clear is that there are a number of strong cultural expectations around the economic role that migrants should play in their households of origin, and that as a result, the social pressure to remit for DRC emigres is strong.

*"The degree of economic hardship in DRC has made migrant members the only economic providers for many households. In order to induce them to provide social goods, popular culture has invented new social strata among migrants (mikilistes in Lingala jargon): the class of "vrais mikilistes" (meaning real migrants) and the one of "faux mikilistes" (fake or unsuccessful migrants). The upper class of "vrais*

*mikilistes” is essentially defined as constituted of migrants who are able to assist their families at home (Lanquetin, 2006; Mowoso, 2007), while that of “faux mikilistes” is defined as economically “unsuccessful or useless migrants”, or those unwilling to assist their families. To qualify as “vrais mikilistes”, remittances (money and other material such as clothes) are specific items one absolutely has to send home (Mowoso, 2007). Otherwise, to use Congolese jargon “bako pimela ye bileyi”<sup>43</sup> meaning one’s “real migrant” status will not be acknowledged (Lanquetin, 2006). These socially constructed migrant identities are the basis of not only individual migrants’ social dignity, but of their families’ dignity as well. The consecutive social effects of remitting or not, are to be classified in either one of the two social classes. However, the social category of “faux mikiliste” is so socially stigmatizing that Congolese migrants would resort to remittances at all costs to escape the stigma attached to it, even by sending money to musicians who sing about them.*<sup>43</sup>

As a result, the proportion of emigrant Congolese who remit is proportionately high. One study of remitting patterns of Africans in the OECD found that 72% of DRC migrants remitted, one of the highest proportions of any of the group surveyed.<sup>44</sup>

Other findings include the following:

- A study of DRC citizens in Europe differentiated between those who have since returned home and those who have not, and found that 26% of returnees remit versus 46% of those who have not returned.<sup>45</sup>
- A study of DRC emigres in the Netherlands in 2011 found that 80% of the 46 respondents were remitting<sup>46</sup>
- A 2007 survey examined remittances received by Kinshasa households with migrant members.<sup>47</sup> 61% of migrants had remitted, and the higher the level of education of the migrant, the more likely they were to remit – 68% of those with tertiary education remitted as opposed to 60% with secondary, and 48% with less than secondary.<sup>48</sup> The

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<sup>43</sup> (Kankonde, 2009, p. 40)

<sup>44</sup> (Bollard, McKenzie, & Morten, 2010, p. 9)

<sup>45</sup> (Flahaux, Schoumaker, Gonzalez-Ferrer, & Baizan, 2013)

<sup>46</sup> (Michielsen, Notteboom, & Lodewyckx, 2012)

<sup>47</sup> (Mangalu Mobhe, Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants, 2010)

<sup>48</sup> (Mangalu Mobhe, Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants, 2010, p. 11)

country of migration also affected the likelihood of remitting, with only 53% of migrants to Africa remitting, versus 71% of migrants to Europe and 73% of migrants to America or Asia.<sup>49</sup>

- A 2016 study of African migrants in Cape Town South Africa found that, of the 23 DRC emigres interviewed, 35% remit cash, 4% remit goods, and 61% remit cash and goods.
- A 2016 study of remittances in SADC estimated that 45% of Congolese resident in South Africa remit<sup>50</sup>

Migration and remittance behaviour in DRC has always been strongly tied to education. Many DRC citizens migrate temporarily to study, in which case they receive remittances from the DRC, are unlikely to remit to the DRC, and are likely to return home. More educated Congolese are also more likely to emigrate, although the impact of education of migration has decreased over time. For example, while those with some form of tertiary education were twice as likely as those with secondary education to migrate to Europe in the 1980s, this ratio has substantially reduced by the 2000s.<sup>51</sup> Higher levels of education tend to improve earning potential, and thus the affordability of remitting.

### **3.5.2 Amount remitted and frequency of remitting**

Various studies have analysed the average remittance patterns of émigré Congolese. As shown in

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<sup>49</sup> (Mangalu Mobhe, Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants, 2010, p. 5)

<sup>50</sup> (FinMark Trust, 2016, p. 54)

<sup>51</sup> (Schoumaker & Flahaux, Changing patterns of Congolese migration, 2013, p. 15)

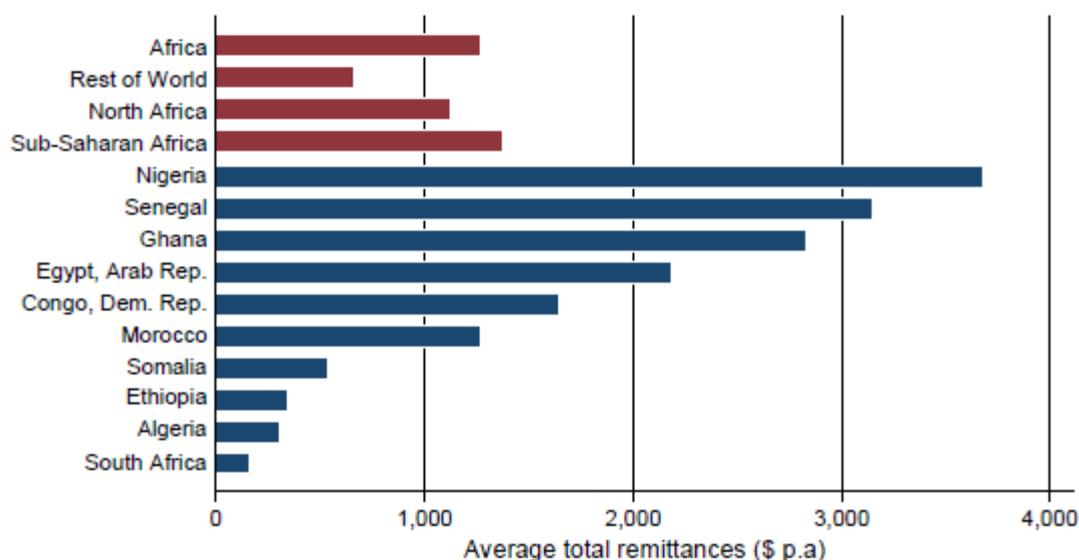
Figure 11 below, a review of data on over 12 000 African migrants in nine OECD countries,<sup>52</sup> including 139 DRC emigres, found that they send home on average US\$1 764 per annum. Remittances comprised on average 12% of annual income.<sup>53</sup>

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<sup>52</sup> Australia, Belgium, France, Italy, Netherlands, Norway, Spain, United Kingdom and United States

<sup>53</sup> (Bollard, McKenzie, & Morten, 2010, p. 44)

Figure 11: Total remittances by country of birth, African migrants in the OECD



Source: (Bollard, McKenzie, & Morten, 2010, p. 11)

Another study of 46 DRC emigres in Antwerp in the Netherlands in 2011 found that the largest group of respondents remitting monthly, and €500-999 at a time.

Table 5: Amount sent by DRC emigres in 2011, Netherlands

Amount transferred (€)	Cash	Goods
Less than 100	0	0
100-249	1	4
250-499	2	2
500-999	11	10
1 000-1 499	6	5
1 500-1 999	7	2
2 000-2 999	4	3
More than 3 000	6	5

Frequency of sending	Cash
Weekly	2
Monthly	19
3-4 times a year	11
1-2 times a year	2
In case of emergency	9
Never	0

Source: (Michielsen, Notteboom, & Lodewyckx, 2012)

In contrast to this, an earlier 2006 study of migrants in the Netherlands with 218 respondents from DRC found that the most frequent pattern of remitting by DRC emigres was quarterly,

and that most remitted €100 or less at a time. The reason for the substantial difference in the findings is not known, but the larger sample size of the 2006 study suggests it is more likely to be reliable.

Table 6: Remittance patterns, DRC emigres in the Netherlands

	<b>Frequency of sending</b>		<b>Amount sent each time</b>
Once a month	19.4%	€100 or less	49.5%
Every 3 months	40.3%	€100 – 200	33.9%
Every 6 months	13.9%	€201 – 300	7.3%
At least once a year	16.7%	€301 or more	9.2%
Once every few years	9.7%		

Source: (Mohogu, 2006, p. 15)

A 2007 survey examined remittances received by Kinshasa households with migrant members, including migrants in all destinations.<sup>54</sup> Given the higher income of Kinshasa residents when compared to the rest of the country,<sup>55</sup> some care should be taken in interpreting these results. Nevertheless, the great majority of remittances made were fairly small in size, with 74% of households receiving less than US\$150 with the last remittance made.

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<sup>54</sup> (Mangalu Mobhe, Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants, 2010)

<sup>55</sup> (Thom, et al., 2016, p. 12)

Table 7: Amounts transferred in the last transfer by Congolese migrants

Amount (US\$)	Proportion (%)
Less than 150	74
150 to 299	17
300 to 449	5
450 to 599	1
600 and above	3
<b>Total</b>	<b>100</b>

Source: (Mangalu Mobhe, *Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants*, 2010, p. 8)

The bulk of households indicated that migrants remitted occasionally, or when the household had a problem.

Table 8: Migrants who have made cash transfers to households in Kinshasa by frequency

	Number of respondents	Proportion (%)
<b>Frequency of remitting</b>		
At least monthly	80	13,3
At least quarterly	78	13,0
Occasionally	260	43,1
If there is a problem	185	30,7
<b>Total</b>	<b>603</b>	<b>100</b>

Source: (Mangalu Mobhe, *Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants*, 2010, p. 8)

It should be noted that the studies referred to above either exclusively study remittances by DRC citizens resident in first world countries, or use data sets which include migrants in all locations. Migration studies however suggest that migrants to African countries have lower education levels on average, and are thus likely to remit less. Available studies from African destinations loosely support this. As shown below, a 2016 study in Cape Town, South Africa

found that the median remitted amount was around R2 000, which is in the region of US\$140-170, depending on the prevailing exchange rate.

Table 9: Amount of money remitted each time and frequency of remitting, DRC emigres in Cape Town

	% remitters		% remitters
<R500	0%	After 3 months	8
R500-R1000	9%	Twice a year	16
R1000-R1500	27%	Yearly	4
R1500-R2500	46%	Only once	17
R2500-R5000	0%	Whenever possible	38
>R5000	18%	After a few years	17

Source: (Nzamawita, 2016, pp. 63, 65)

Note: When interpreting the frequency of remitting data, it should be noted that the inclusion of the answer “whenever possible”, and the exclusion of an option to respond “monthly,” raises the possibility that some monthly remitters have instead answered whenever possible.

Some of these studies also collected informal evidence of extremely high levels of remitting from Congolese resident in South Africa:

*“In some cases, migrants not only deprive themselves in order to be able to remit, but, while complaining about it, continue to send money home even after they have learnt that the money they send is being —misused. A woman was reported by her friends to constantly indebt herself for buying her baby’s milk each month after sending all her earnings. As a car-guard supervisor complained: “It is good to send money home, but not the way Congolese do. How can someone who earns ZAR 1,200 per month send ZAR 700? I am telling you what I see with my guys here. One needs to invest for himself first and once stable, think about the family. Otherwise you will go back empty handed.”<sup>56</sup>*

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<sup>56</sup> (Kankonde, 2009, p. 49)

Finally, a 2016 study of remittances in the SADC region estimated, based on available data, that DRC citizens resident in South Africa probably remitted approximately R7 000 per annum.<sup>57</sup>

### **3.5.3 Use of remittance channels**

We found that research surveys which included analysis of the channels by which remittances were sent had widely differing results. Two of the studies examined, as shown in Table 10 and

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<sup>57</sup> (FinMark Trust, 2016)

Table 11 below, suggest that formal remittance agencies are the most importance remittance channel. The first, examining households in Kinshasa, found that 82% of remittances travelled by remittance agency, while the second, examining Congolese in the Netherlands, found that 59.2% use Western Union and 23.4% use MoneyGram – see the tables below.

Table 10: Migrants who have made cash transfers to households in Kinshasa by method of sending

	<b>Number of respondents</b>	<b>Proportion (%)</b>
<b>Mode of remitting</b>		
Delivery by self	32	5,3
Courier	69	11,4
Remittance agencies	496	82,2
Other	7	1,1
<b>Total</b>	<b>603</b>	<b>100</b>

Source: (Mangalu Mobhe, 2010, p. 8)

Table 11: Use of remittance methods, Congolese in the Netherlands

	%
Western Union	59.2%
MoneyGram	23.4%
Bank	0.5%
Mail or money order	2.3%
People travelling	0.9%
African transfer agencies	13.8%

Source: (Mohogu, 2006, p. 47)

However, it should be noted that other sources claim that a large proportion of remittances to and from DRC travel via informal channels, which is in fact what our primary research found as well. For example, a 2005 survey found that 55% of remittances from Belgium to Congo and Nigeria travelled informally.<sup>58</sup> A 2016 study conducted in Cape Town, admittedly with a very small sample size, found that Congolese were overwhelmingly using informal channels, and specifically remitting via bus, as per the table below.

Table 12: Channels for goods and cash remittances, emigres in Cape Town

	Goods remitted	Cash remitted
Through friend or relative	7%	-
Through Taxi or Bus	67%	50%
Take it myself when going home	-	-
Official money transfer	20%	5%
Use informal goods/money transfer agency	-	36%
Use formal courier company	-	-
Bank transfer	-	9%
Other methods	7%	-

Source: (Nzamawita, 2016, pp. 66-67)

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<sup>58</sup> (Gabel, 2008)

### 3.5.4 Migration behaviour and residence status

Few of the studies identified included questions about the residence status of Congolese migrants. One 2006 example interviewing Congolese in the Netherlands found that 44% had obtained Dutch nationality, but did not clarify how the remaining 56% split out by residence status, so it is not possible to extrapolate, for example, what proportion were undocumented.<sup>59</sup>

The exception was research conducted in South Africa, where we found three reports which questioned residence status. Kankonde's 2009 survey of Congolese in Johannesburg found that

*"The majority of Congolese migrants interviewed in the survey were documented: 179 [70%] of respondents were asylum seekers; 49 [20%] refugees; 20 [8%] had a South African identity book; and 20 [8%] had passports from Congo with a valid visa."*

Similarly, a 2016 study in Cape Town found that only 17% of DRC migrants were undocumented, as per the table below.

Table 13: DRC migrants in Cape Town, documentation types

	Number of respondents	%
Refugee status permit	6	26%
Asylum seeker permit	4	17%
Work permit	0	0%
Partnership permit	3	13%
Permanent residence	3	13%
Study permit	1	4%
Business permit	1	4%
Undocumented	4	17%
Other	1	4%
<b>Total</b>	<b>23</b>	

Source: (Nzamawita, 2016, p. 59)

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<sup>59</sup> (Mohogu, 2006)

A 2014 study by Inaka in Pretoria again found that relatively few respondents were undocumented – see Table 14. However, the study examined only the employed, and it is easier to gain employment if documented; and Inaka himself acknowledged that:

*"it was difficult to identify in any straightforward way whether or not an informant had legal status. This was an ever-present reality for my informants – to give one example; I missed an interview with a prospective informant because he was expelled from South Africa to the DRC. As that informant was at that time a competitor for an official federation of martial arts in Pretoria, I had thought that he was a documented worker. Surprisingly, two days before the date of our appointment, the police arrested him as an undocumented migrant. Then, they sent him home later on. Another day, I was obliged to interrupt an interview with seven members of a Congolese association. What happened was that when we had just started discussing about their association, they saw from afar agents of home affairs (wearing orange uniforms on which it is written: 'MUNICIPAL PATROL') with police officers. Five of them immediately left their beers and ran away. I was surprised, and I asked the two who stayed behind to explain the situation. They openly said that their comrades have many problems with their migratory documents."<sup>60</sup>*

Table 14: Migration status of Congolese migrant workers in Pretoria, South Africa

	<b>Elites</b>	<b>Middle classes</b>	<b>Working class</b>	<b>Total</b>	<b>%</b>
Naturalised SA	3	3		6	13%
Permanent resident	1	3	1	5	11%
Work permit		2		2	4%
Asylum seeker		5	12	17	37%
Refugee		9	4	13	28%
Undocumented			1	1	2%
No answer			2	2	4%
	<b>4</b>	<b>22</b>	<b>20</b>	<b>46</b>	

Source: (Inaka, 2014, p. 198)

<sup>60</sup> (Inaka, 2014, p. 31)

In contrast, FinMark Trust (2016) estimated that 74.3% of Congolese migrants resident in South Africa held formal residence status.

### **3.5.5 Summary of findings on remittance patterns**

From the literature survey, it is clear that substantial differences exist between remittance behaviour depending on the destination of the migrant. The Congolese populations who emigrate to African countries are typically less educated and poorer than those who emigrate to developed countries, and as a result earn less and remit less than developed world migrants. When summarising the results of the literature survey, we will thus need to distinguish between African and non-African migrants.

#### ***Non-African migrants***

- *Proportion remitting*: the literature surveyed suggested that between 46% to 80% of Congolese resident in the developed world remit. Our estimate is thus set at an intermediate level of 60%.
- *Amount remitted*: Congolese resident in the developed world are typically better educated, and likely have access to better work opportunities. We therefore estimate that they send home on average US\$1 000 per annum. Undocumented migrants will have fewer earning opportunities than documented migrants. As a result, undocumented migrants will remit 10% less than the average, while documented migrants will remit 20% more.
- *Use of remittance channels*: most undocumented migrants will use informal remittance channels, as will up to 30% of documented migrants.

#### ***African migrants***

- *Proportion remitting*: while the proportion of DRC migrants to African countries who remit is probably lower than for those who migrated to developed countries, evidence suggests that it is probably still fairly high. We therefore suggest that a likely proportion remitting is 45%.
- *Amount remitted*: lower educational status and poorer working opportunities mean that average Congolese émigré in an African country remits around US\$500 annually.

Undocumented migrants will have fewer earning opportunities than documented migrants. As a result, undocumented migrants will remit 10% less than the average, while documented migrants will remit 20% more.

- *Use of remittance channels:* most undocumented migrants will use informal remittance channels, as will up to 60% of documented migrants.

These estimates are based on what we think is reasonable, given the available data. We would welcome any comments or additional data sources that could be used to refine the estimates further.

## Box 2: Developed world ex-pats in DRC

There is a fairly substantial community of developed world expatriate contract workers in DRC, including individuals of Belgian, French and South African extraction. Many travel alone, leaving families at home - however, even given this pattern of migration, they tend to utilise the remittance market fairly little. For most of them, salaries are directly transferred into a home country account, and living expenses (accommodation, medical care, school fees, etc.) are taken care of by their employer.

“My salary is transferred in my account in Belgium. I don’t really need money here because my company takes care of everything. On Friday, I receive cash from my company and I manage but if it happens that I need money I will then use my Visa card to withdraw some money. I do that on very rare occasions because it is very expensive.”

“When I see required charges to send money from here, it is very expensive, besides bank transfer is very complex, so I don’t have an account here, my salary is directly transferred into my account in France and if I need money, which is not usually common, I make just one Visa withdrawal per month and that’s all.”

Most expats surveyed suggested that when they do remit, they mainly use formal channels. Visa card transfers were repeatedly mentioned as a way of both sending and receiving money, and Western Union was also mentioned by a South African expat. One French respondent was however remitting informally to evade regulation and taxes in both the DRC and France.

“I am obliged to use this way because, I ever reached a cumulated sending of 30 000 USD, I got many issues with formal auditing here; also, taxes in France are very high so, while behaving like this, we manage to bypass to some of them. I receive my salary in cash, I send part through someone, which will be saved there and I will be living here with the remaining.”

### Box 3: Remittances to and from China and India

The regulatory framework in both India and China make it much easier to remit from the DRC than to send money into the DRC. In China, access to US dollars is limited, and thus it is difficult to physically send dollars home. Instead, remitters must either send goods home which can be sold for cash, or make use of informal remittance agents (which principally service Chinese business people, but can accommodate DRC emigres, and are reputed to be centred around Guangzhou in China).

“We have families in DRC and what we do at times is that, if we have money and we want to send it through, the easiest way is to buy goods here, send them to the person, request that the beneficiary can sell them, and take the money from the sales”

Money transfer agents are apparently much less cumbersome to use to send money to China than are bank transfers, and Chinese resident in DRC make substantial use of informal channels:

“When I was there in China, my money was coming only through Western Union, if it is sent by bank, it will be complicated because the Chinese law on withdrawing money from an account is complex; when US dollars enters China, it does not come out easily so it is very complex there.”

“I am a business man here, this is my shop; when I want to buy materials in China, I will see one of my fellow brother here who owns money into his account in China, he will buy the materials for me there and I will pay him back the money here. In this way I don't spend more.”

Ex pat Chinese workers at Chinese companies in the DRC are typically treated similarly to other expats, with salaries paid into accounts in China.

Congolese resident in India are often studying there, and even if working, struggle to earn enough to remit much home. These affordability constraints are then reinforced by regulatory constraints. Some use of informal channels was however found:

“I have worked here in India for 3 years and I support my family living in DRC financially on a monthly basis. I send money to my younger sister in Kinshasa for her monthly needs or school fees.....and I have project to restart my father 'farm in DRC so I also send money for this project regularly. I used to send money through a small agency; the fee was 10%. Over the past three 3 months, I have a friend who was here with me, but who is there in Kinshasa now and we do this practice: I put money on his account here in India, and he gives the cash to my family in DRC because you also know, it is not possible to send money from here to DRC through MoneyGram. I also have never gave money to someone who was travelling to DRC to hand it over to my family.”

Indians living in DRC make widespread use of informal channels to remit home, but Congolese remitting to India tend to use Western Union, to some extent because they are often remitting to support students or those undergoing medical treatment in India, which makes senders risk averse.

## 4. MIGRATION DYNAMICS

Statistics on the migrant population from any given country are typically quite difficult to come by. What is usually available for analysis is time series of formal immigration or emigration, which does not translate easily into estimates of the stock of migrants in a country, for the following reasons:

- **Data quality:** not all countries track emigration and immigration well, so the quality and/or availability of the data series may be poor
- **Undocumented migrants:** only documented migrants are recorded, which means that if levels of undocumented migration are high, the formal data may be of little analytical value
- **Translating flow data into stock numbers:** formal migration data gives you information on the number of people who have crossed a border in a given year, but typically gives no indication as to whether people have since died, returned home, or moved on to a third country. Trying to calculate a stock of migrants from such flow data is thus a non-trivial task

Thus, while a number of international bodies attempt to track migrant populations, in practice the quality of these databases is often poor. This is illustrated in

Table 15, which contrasts data on the Congolese diaspora from two such databases: the UN Population division's total estimates of migrant stock, and the UNHCR's estimates of populations of concern. The Kenyan and Zambian examples are particularly telling – for both, the UNHCR estimate of the number of persons of concern alone is larger than the UN Population division's estimate of the total quantity of DRC emigres in the country, which should not be possible.

Table 15: Top 20 countries by size of DRC émigré population, total and populations of concern, 2017

<b>UN Migrant Stock by Origin and Destination 2017</b>		<b>UNHCR populations of concern, mid-2017</b>	
Uganda	298 749	Uganda	221 361
Angola	258 105	Rwanda	83 003
Rwanda	231 438	United Rep. of Tanzania	70 840
Burundi	173 417	Burundi	61 999
Congo	172 923	Angola	46 121
United Republic of Tanzania	105 174	<b>Kenya</b>	<b>33 844</b>
South Sudan	87 871	South Africa	32 454
France	77 889	<b>Zambia</b>	<b>24 731</b>
South Africa	50 340	Malawi	16 806
United States of America	25 147	France	16 454
<b>Zambia</b>	<b>21 960</b>	Congo, Republic of	15 182
Canada	21 445	South Sudan	14 795
Belgium	20 359	Mozambique	8 968
Central African Republic	18 733	Zimbabwe	8 007
United Kingdom	17 194	Central African Rep.	4 392
<b>Kenya</b>	<b>11 231</b>	Namibia	2 998
Germany	8 755	Brazil	2 313
Switzerland	7 125	Canada	2 296
Italy	6 194	Germany	2 149
Gabon	6 019	United States of America	2 078

Source: Globalisation and Poverty; UN Migrant Stock by Origin and Destination 2017 (UN Population Division), UNHCR mid-2017 statistics on refugees, asylum-seekers, internally displaced persons, returnees (refugees and IDPs), stateless persons, and others of concern

In practice, therefore, we instead rely on a wider examination of all available data sources, and qualitative analysis of country characteristics, in order to roughly estimate migrant populations. While this approach lacks precision, by cross-checking top-down estimates against bottom-up data sources, it hopefully avoids making large estimation errors.

Previous research conducted for the FinMark Trust as regards the size of migrant populations has relied on a four quadrant approach to analysing legal migration status, as shown in

Table 16 below. However, data sources on the Congolese diaspora do not consistently allow this approach to be used, and thus adaptations to the technique have been necessary.

Table 16: The four quadrant approach to analysis of migrant populations

	<b>Right to enter</b>	<b>No right to enter</b>
<b>Right to stay and work</b>	<p>Migrants with work or residence permits</p> <p>Permanent residents and those with citizenship status</p>	<p>Asylum seekers and refugees (have a legal right to enter, but no entry permit at time of entry)</p> <p>Beneficiaries of immigration amnesties</p>
<b>No right to stay and work</b>	<p>Migrants that enter on a permit which does not allow them to work, and then seek employment</p> <p>Migrants that enter legally but then fail to leave the country once their permits expire</p>	<p>Undocumented migrants</p>

*Source: Adapted from (FinMark Trust, 2012), based in turn on (Crush & Williams, 2001)*

Our approach is therefore as follows:

- We begin by examining available data on refugee populations
- We review what is known about wider migration trends from the DRC
- We then look at data sources in destination countries, including migrant population size estimates, and data on documented and undocumented migrants
- We conclude by making a call on the most likely size of the migrant population, broken down roughly into refugees, other documented migrants and undocumented migrants

As discussed in section 1.1.2, the countries which we are focussing on are Rwanda, Burundi, Angola, South Africa, France, Congo-Brazzaville, Canada, the United States of America and Belgium. Some discussion of India and China is also included as relevant.

## 4.1 Refugee populations

Table 17 below details total numbers of Congolese refugees, asylum seekers and other persons of concern (excluding internally displaced persons), as recorded by UNHCR, for the 11 countries of concern. As can be seen, where data has been tracked from 2013 to 2017, most of these countries have seen substantial increases in the size of the refugee population from the DRC.

Table 17: DRC populations of concern in countries of asylum, 2013-2017

	Mid 2013	Mid 2017	% change
Rwanda	72 501	83 003	14%
Burundi	49 693	61 999	25%
Angola	21 039	46 121	119%
South Africa	13 386	32 454	142%
France	17 573	16 454	-6%
Congo-Brazzaville	51 974	15 182	-71%
Canada	13 249	2 296	-83%
United States of America	-	2 078	
Belgium	-	1 413	
India	-	92	
China	-	21	
All others	354 679	426 760	20%

Source: UNHCR data bases, available from <http://www.unhcr.org>

According to UNHCR, approximately 524 971 refugees from neighbouring countries (Rwanda, Central African Republic, Sudan, Angola, etc.) live in the DRC; most of them are located in refugee camps. Of those we interviewed in the primary research phase, few send money through formal channels like remittances agencies or mobile financial services (MPESA). Others use informal remittance agents or give money to someone travelling.

*"I live here in Mbandaka since many years as a refugee, I am married here and I am from Central Africa Republic, I do my small business and I send money home through MPESA to my brother who lives at the border, from there, he will then resend money to my family through any other reliable channels... that is how I usually do"*

## 4.2 Migration trends

In the post-colonial period, emigration from DRC centred on Europe, and tended to be confined to travel by elites. More recent patterns of migration are however to more diverse locations, and by a wider spectrum of socio-economic classes.

For example, a 2007 survey examined remittances received by Kinshasa households with migrant members.<sup>61</sup> The study found that there was a fairly equal distribution of migrants between African and European destinations, with very few in other locations. Only one third of migrants were women.

Table 18: Distribution of Congolese emigrants from Kinshasa households by sex and continent of residence

	Women		Men		Total
	%	Number	%	Number	%
Africa	47.4	327	58.0	551	53.1
Europe	45.7	202	35.8	418	40.3
Other	7.0	35	6.2	68	6.6
<b>Total</b>		<b>564</b>		<b>1037</b>	

Source: (Mangalu Mobhe, *Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants*, 2010, p. 4)

This Kinshasa study probably underestimates the proportion of emigres who are located in other African countries, as Kinshasa residents are better placed to access offshore travel. Economic development and improved political stability have made countries such as Angola and South Africa more attractive in the last 20-30 years, and more recent research on migration patterns suggests that emigration to other African countries is growing faster than that to Western countries.<sup>62</sup>

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<sup>61</sup> (Mangalu Mobhe, *Les transferts des émigrés congolais vers les ménages de la ville de Kinshasa: niveau et déterminants*, 2010)

<sup>62</sup> (Flahaux & Schoumaker, 2016)

Research also suggests that the proportion of Congolese who are travelling without formal documentation is increasing. Schoumaker & Flahaux (2013) found that:

*"Almost one out of three migrants arriving in Belgium or the UK in the 2000s was undocumented in the first year, compared with about 10% before the 1990s. As these figures show, undocumented migrants are much more numerous than migrants arriving clandestinely (using false documents, other people's documents), showing that a significant proportion enter legally and overstay their visas."*<sup>63</sup>

While visa overstays were found to be the primary source of undocumented migrants, there was also evidence of increasing use of false documents and smugglers. Since 2000, an estimated one in six DRC migrants to the UK or Belgium "said he or she had used false documents, someone else's documents and/or paid smugglers."<sup>64</sup>

### **4.3 Data sources in destination countries and migrant population estimates**

We now collate available data on the size of the DRC diaspora in the 11 countries of interest, and suggest what we believe is a reasonable estimate of population size. Ideally, we were able to cross-check several data sources against each for reasonableness. Official data sources such as time series on migration from country statistical agencies and census data were preferred when possible, but even with higher quality data sources, it should be noted that inconsistencies and errors were on occasion identified.<sup>65</sup>

#### **4.3.1 Angola**

The Angolan legal immigration framework has been fairly unwelcoming for DRC emigres. Due to its proximity to the DRC, Angola experiences a large inflow of both Congolese refugee

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<sup>63</sup> (Schoumaker & Flahaux, Changing patterns of Congolese migration, 2013, p. 17)

<sup>64</sup> (Schoumaker & Flahaux, Changing patterns of Congolese migration, 2013, p. 17)

<sup>65</sup> This can be illustrated by examining the South African and US examples. The South African statistical agency itself reported that its agents struggled to make contact with and get correct information from immigrants, which affected the quality of its data collection. Similarly, the US Census produces a massive underestimate of Congolese population size, when contrasted with time series data on naturalisation of DRC citizens – possibly such naturalised citizens report their nationality to the Census as American rather than Congolese, resulting in under-reporting.

and economic migrants.<sup>66</sup> However, as at 2014 Angola had no formal migration policy framework in place, and “the few legal statutes governing migration in the country derive from Angola’s colonial heritage and have neither been amended nor reviewed since independence in 1975.”<sup>67</sup> As a result, the country has a fairly punitive approach to undocumented migrants. This is reinforced by public anxiety about the size of the migrant population in Angola, which was estimated to be around half a million individuals by press sources in 2015, with identification and expulsion of these individuals seen as a priority for police action.<sup>68</sup> Part of the pressure to prevent undocumented immigration comes from the association of such migrants with illegal diamond mining activities in Angolan territory.<sup>69</sup>

This kind of regulatory environment does not lend itself towards the collection of high quality data on migrant populations, partly because legal migration (which is easier to monitor) is not facilitated, and partly because undocumented migrants become extremely difficult to survey if they face a reasonable risk of detention and deportation. The best available data source on the amount of DRC emigres in Angola that we found was the UN Population Division 2017 estimate of 258 105 individuals. This is significantly lower than the press estimates of 500 000 individuals. We propose therefore to adjust the UN estimates up somewhat to 300 000 individuals, the vast majority of which are presumably of undocumented status.

#### **4.3.2 Belgium**

Belgium has a long-standing relationship with the DRC, including a substantial history of migration. As a result, there is a fairly large amount of research available on this migration corridor. Estimates of the size of the DRC population in Belgium include the following:

- Sumata (2018) suggests that in 2014, the Belgian Department of Federal Immigration recorded approximately 22 000 Congolese migrants. He further suggests that if

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<sup>66</sup> Lututala (2014, 28) points out that Angola has “considerably higher living standards and more job opportunities than the Democratic Republic of the Congo.”

<sup>67</sup> (Scalabrini Institute for Human Mobility in Africa (SIHMA), 2014)

<sup>68</sup> <http://www.redeangola.info/mais-de-meio-milhao-de-imigrantes-ilegais-no-pais/>

<sup>69</sup> <http://www.dw.com/pt-002/expuls%C3%A3o-de-imigrantes-n%C3%A3o-chega-para-resolver-problemas-das-lundas-em-angola/a-41718338>

undocumented migrants and second generation migrants are included, the diaspora might be as large as 40 000 individuals.<sup>70</sup>

- de Bruyn & Wets (2006) again put the size of the documented population at around 22 000, but suggest that some informants believe the total diaspora population may be as large as 80 000 individuals<sup>71</sup>
- de Bruyn (2017) estimates the size of the population of migrant background from the DRC in Belgium at 82 296 individuals<sup>72</sup>

The UN Population Division estimates the migrant stock of Congolese in Belgium in mid-2017 at 20 359 individuals (see Table 15).

These numbers fairly consistently cluster at around 22 000 to 20 000 documented migrants. However, less clarity is available as regards the rest of the migrant population. Second and third generation migrants typically have more tenuous ties to the home country, and are thus less likely to remit, so we would ideally prefer to omit them from the migrant population size estimate. The estimates that go as high as 80 000 individuals explicitly include these Belgian-born people, and are thus not fit for our purpose. Available data on the proportion of undocumented migrants entering Europe, however, suggest that they form the minority of travellers.

Our estimate of the remitting population of the DRC diaspora in Belgium is thus as follows:

- 21 000 documented migrants
- An additional 10 500 individuals (ie half again of the documented population) who are either documented, or are Belgian-born but retain sufficiently strong ties to DRC to remit
- The total estimated remitting population is thus 31 500

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<sup>70</sup> (Sumata, February 27, 2018)

<sup>71</sup> (de Bruyn & Wets, Remittances in the Great Lakes Region, 2006, p. 16)

<sup>72</sup> (de Bruyn, 2017)

### **4.3.3 Burundi**

We could find little available data on the size of the Congolese population resident in Burundi. Our estimate of this will thus be based on the UN Population Division 2017 estimate of 173 417 individuals.

### **4.3.4 Canada**

According to the 2016 Canadian census, 7 400 individuals with Congolese citizenship are resident in Canada.<sup>73</sup> However, this seems to substantially underestimate the total number of individuals of Congolese origin present in Canada. Time series data on the issuance of permanent residence status, for example, suggests that between 2000 and 2016, 24 590 individuals born in the DRC achieved permanent residence in Canada.<sup>74</sup> The estimate of Flahaux & Schoumaker (2016) of roughly 30 000 Congolese resident in Canada thus seems more likely to be accurate, and in fact may be an under-estimate of true population size.<sup>75</sup>

### **4.3.5 Congo-Brazzaville**

Much of the population of Congo-Brazzaville lives in close proximity to the border with DRC. The respective capital cities, Brazzaville and Kinshasa, face each other across the Congo River, and the countries share 1,229 km of border.<sup>76</sup> As pointed out by Lututala (2014, 27), prior to colonisation the DRC, Congo-Brazzaville and Angola all formed part of the Congo Empire. There are thus strong ethnic bonds between these regions that facilitate migration, and in fact in some cases patterns of circular migration exist that sustain families across borders. Economic migration from the DRC into Congo-Brazzaville is further incentivised by the better standard of living and better work opportunities across the border.<sup>77</sup>

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<sup>73</sup> Available from <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/dt-td/Rp-eng.cfm?TABID=2&LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GK=0&GRP=1&PID=110525&PRID=10&PTYPE=109445&S=0&SHOWALL=0&SUB=0&Temporal=2017&THEME=120&VID=0&VNAMEE=&VNAMEF=>

<sup>74</sup> <https://open.canada.ca/data/en/dataset/970ff3c4-50fd-4eeb-b402-f82f9ee22990>

<sup>75</sup> (Flahaux & Schoumaker, 2016)

<sup>76</sup> CIA World Factbook

<sup>77</sup> (Lututala, 2014, p. 28)

That being said, there appear to be substantial socio-economic tensions around migrant populations resident in Congo-Brazzaville. For example, in a period of instability a little over a month long in 2014, over 80 000 DRC emigres were reported to have been expelled from Congo-Brazzaville.<sup>78</sup> This speaks both to the level of risk of deportation migrants are exposed to, and to the size of the DRC population in Congo-Brazzaville.

In 2017, the UN Population Division estimated that 172 923 DRC emigres were situated in Congo-Brazzaville. Unfortunately, we were unable to find any additional data sources to cross-check against these numbers, and thus this is the estimate we will employ.

#### 4.3.6 France

As at 2014, official French data estimated the number of individuals born in the DRC and resident in France at 74 755.<sup>79</sup> The only other estimate of the size of the DRC population in France which we could find is made by Bazenguissa-Ganga (2005, pp. 9), who estimates that the total population of migrants from both DRC and Congo-Brazzaville in France in 2003 at 144 508 individuals. Given the much larger population size of the DRC when compared to Congo-Brazzaville, it can be presumed that the bulk of this total comprises DRC emigres.

Bazenguissa-Ganga bases his estimate on the official migration and refugee numbers, as well as an analysis of the high proportion of historical asylum claims by Congolese in France which have been turned down. His hypothesis is that most rejected asylum claimants continue to live in France as undocumented migrants, and thus that around 40% of the total migrant population is undocumented. As he observes:

*"From 1981 to 1993, OFPRA recorded 43,241 applications made by Congolese-DRC, with only 5,568 of these claims accepted and 37,673 refused. In 2000, 705 claims*

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<sup>78</sup> "These expulsions started as a result of a security operation by the Brazzaville police targeting irregular migrants, including members of the criminal DRC gang members, the "Kuluna". Six months ago, some Kuluna members had fled across the river to Brazzaville to escape the "Likofi" operation, an operation conducted by the Kinshasa police aiming to reduce street violence by arresting these youths. Unfortunately, the situation quickly escalated to include any foreigner, specifically Congolese from the DRC." See <https://reliefweb.int/report/democratic-republic-congo/direct-assistance-vulnerable-migrants-expelled-congo-brazzaville>

<sup>79</sup> Data from INSEE, available at [https://www.insee.fr/fr/statistiques/2874036?sommaire=2874056&geo=FE-1#IMG1B\\_V2\\_ENS](https://www.insee.fr/fr/statistiques/2874036?sommaire=2874056&geo=FE-1#IMG1B_V2_ENS)

*were accepted out of 2,901 claims which were made, leaving 2,196 rejected claims.*<sup>80</sup>

Given these considerations, it seems likely that the population estimate produced by official French statistics is likely to be on the low side. We therefore estimate that the total DRC population in France is approximately 90 000 individuals.

#### **4.3.7 Rwanda**

Since the Rwandan genocide in 1994, the border between Rwanda and the DRC has been characterised by armed conflict and the movement of refugees. Although the level of conflict is at present much lower than it has recently been, the border territory in Eastern Congo is still occupied by a number of militia groups and violence is thus ongoing.<sup>81</sup> This implies that not only is there likely to be an ongoing replenishment of the stock of DRC refugees in Rwanda, but also that remitting home will be made more difficult by the presence of armed combatants in the region.

The 2012 Rwanda census estimates that there are 158 829 international lifetime immigrants born in the DRC in Rwanda, and an additional 21 110 more recent immigrants from the DRC, for a total population size of 179 939.<sup>82</sup> This is in a similar ballpark to the 2017 UN Population division estimate of 231 438 Congolese in Rwanda. We found only these two data sources, and thus will adopt the more recent estimate of 231 438 Congolese in Rwanda.

#### **4.3.8 South Africa**

FinMark Trust (2016) examines available data on Congolese resident in South Africa and find reason to believe that official data collected by statistical agencies is likely to substantially understate true population size. While the 2011 Census found 25 630 Congolese in South Africa, and the 2016 Community Survey estimated that had increased to 31 504, Truen et al

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<sup>80</sup> (Bazenguissa-Ganga, 2005, pp. 8-9)

<sup>81</sup> See <http://www.easterncongo.org/about-drc/history-of-the-conflict> for a brief introduction to the history of the region.

<sup>82</sup> (National Institute of Statistics of Rwanda, 2014, pp. 35, 39)

suggest that a more realistic total population size estimate is 64 075 individuals.<sup>83</sup> 74.3% of these individuals are estimated to have documented migration status.

### 4.3.9 USA

An examination of US census data for the period 2008-2012 estimated that there were on average 15 000 individuals born in the DRC resident in the United States, comprising around 0.9% of total African immigrants in the US.<sup>84</sup> However, it should be noted that this contrasts with data released by the Department of Homeland Affairs, which suggests that in the period 2007 to 2016, 31 706 individuals from the DRC obtained lawful permanent resident status in the US.<sup>85</sup> Flahaux & Schoumaker (2016) suggested that approximately 30 000 Congolese were resident in the United States, which seems more likely to be accurate given the permanent resident numbers (and in fact could be an under-estimate).

#### Box 4: China and India

Migration between DRC and the Asian giants of India and China is of fairly recent origins, but may become more important going forward. In many cases these economic migrants have followed foreign direct investment by Indian and Chinese companies in the DRC. The Indian Embassy in Kinshasa estimates that 9 000 persons of Indian origin are resident in DRC, not counting Indian members of UN peacekeeping forces. The Chinese Embassy stated that between 4 000 and 5 000 Chinese citizens were resident in DRC in 2015, but this may be a significant underestimate. Emigration by Congolese to these Asian countries is likely fairly small, but may be increasing.

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<sup>83</sup> (FinMark Trust, 2016)

<sup>84</sup> (Gambino, Trevelyan, & Fitzwater, 2014)

<sup>85</sup> (Office of Immigration Statistics, 2017)

## 4.4 Summary of migration estimates

Table 19 below summarises our estimates as regards population size, and attempts to further sub-divide the émigré population by migration status. For the purpose of this exercise, we assume that in the developed world, 1 migrant in 3 is undocumented. In contrast, in African countries, 9 migrants in ten are assumed to be undocumented. This is because it is much easier for an undocumented migrant to travel cross-border to a country in the same continent; and because many of the countries in the region do not have well-developed immigration frameworks, which makes it more difficult to achieve the status of a documented migrant. The exception is South Africa, where we rely on the assumption made by Truen et al (2016) that 74.3% of Congolese are documented.

Table 19: Estimated size of the DRC émigré population in the nine countries of interest

	<b>Estimated documented migrants</b>	<b>Estimated undocumented migrants</b>	<b>Total</b>
Angola	30 000	270 000	300 000
Belgium	21 000	10 500	31 500
Burundi	17 342	156 075	173 417
Canada	20 000	10 000	30 000
Congo (Brazzaville)	17 292	155 631	172 923
France	60 000	30 000	90 000
Rwanda	23 144	208 294	231 438
South Africa	47 608	16 467	64 075
United States	20 000	10 000	30 000
<b>Total</b>	<b>256 386</b>	<b>866 967</b>	<b>1 123 353</b>

Source: Various, as compiled by research team

## 5. REMITTANCE MARKET ESTIMATE

The final step of the analysis is to combine the results of the literature survey as regards average remitting patterns, with the estimations of migrant population size, in order to derive an estimate of total remittance to DRC from the nine countries examined. We will also consider the specifics of the circumstances of each country in order to determine whether the averages need to be adjusted.

Please note that country population size and GDP per capita are derived from the CIA World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/>. Proximity to DRC is estimated using Google maps.

### 5.1 Angola

- **Total population:** 29,310,273 (July 2017 est.)
- **GDP per capita, PPP (current international \$):** \$6,800 (2017 est.)
- **Proximity to DRC:** shared border
- **Proportion of emigres refugees:** 15%

Angola represents a substantially more vibrant economic environment than the DRC, with per capita GDP of \$6 800 much higher than the DRC's \$800. The migrant population is principally economic migrants rather than displaced persons, and the shared border and short distances involved should make remitting relatively easy. However, restrictions on the export of capital are tight, which reduces use of formal channels.

*"Here in Angola, it is not easy to send money abroad through banks; I also use this channel because I don't like informal means. I am a well-known Congolese citizen living here, banks know me very well; this is why banks make transfer easier for me. But they don't allow any other Congolese citizen send money just like that."*

We therefore estimate that migrants in Angola will remit home the average amount for Africa; but that 5% more than average will remit, and only 20% of documented migrants will use formal channels. The total amount remitted to the DRC from Angola is thus estimated at US\$69.75m, of which 97% is remitted informally.

## 5.2 Belgium

- **Total population:** 11,491,346 (July 2017 est.)
- **GDP per capita, PPP (current international \$):** \$46,300 (2017 est.)
- **Proximity to DRC:** 6 243 km offshore (capital city to capital city)
- **Proportion of emigres refugees:** 4%

Belgium has a fairly large population of DRC migrants, and this community is of long standing. As a result, deep ties have developed between DRC and Belgium, and both formal and informal remittance channels are well developed. The Matonge district in Brussels, for example, houses numerous Congolese agencies between which members of the diaspora can choose. The proportion of emigres who are refugees is also low. As a result we assume that the proportion of Belgian migrants who remit is 5% above the average.

The resulting remittance market size estimate is \$22.52 million per annum, with 71% of funds travelling informally.

## 5.3 Burundi

- **Total population:** 11,466,756
- **GDP per capita, PPP (current international \$):** \$800 (2017 est.)
- **Proximity to DRC:** shared border
- **Proportion of emigres refugees:** 36%

Burundi is an extremely poor country, with GDP per capita levels equal to the DRC. Moreover, a high proportion of the migrant population is comprised of displaced persons, and remittances must occur across a border which is still subject to militia violence. We therefore assume that DRC migrants remit 15% less per annum than average, and that 15% fewer of them in fact remit.

The resulting market size estimate is US\$20.56 million annually, of which around 95% probably travels via informal channels.

## 5.4 Canada

- **Total population:** 35,623,680 (July 2017 est.)
- **GDP per capita, PPP (current international \$):** \$48,100 (2017 est.)
- **Proximity to DRC:** 10 446 km offshore (capital city to capital city)
- **Proportion of emigres refugees:** 8%

Canada is a high income country with a fairly permissive immigration regime, and the DRC population there has relatively few displaced persons. However, our primary research indicated that informal remittance channels are relatively undeveloped in Canada, and largely limited to giving money to someone travelling. We therefore assume that only 30% of documented migrants remit informally. The remittance market estimate is US\$19.80 million annually, with 49% of it travelling informally.

## 5.5 Congo-Brazzaville

- **Total population:** 4,954,674
- **GDP per capita, PPP (current international \$):** \$6,700 (2017 est.)
- **Proximity to DRC:** shared border
- **Proportion of emigres refugees:** 9%

Congo-Brazzaville closely resembles Angola as a migrant destination: it has significantly higher per capita GDP, the migrant population is principally economic migrants rather than displaced persons, and the shared border and short distances involved facilitate remitting. Therefore, as with Angola we assume that 5% more migrants will remit home than average. The resulting remittance market estimate is US\$40.20 million annually, of which around 95% travels via informal channels.

## 5.6 France

- **Total population:** 67,106,161
- **GDP per capita, PPP (current international \$):** \$43,600 (2017 est.)

- **Proximity to DRC:** 6 064 km offshore (capital city to capital city)
- **Proportion of emigres refugees:** 18%

Like Belgium, France has a fairly large population of DRC migrants, although of slightly more recent origins. The size of the community means that remittance channels are fairly well developed, and the proportion of emigres who are refugees is fairly low. The Chateau Rouge district in Paris in particular offers a wide range of options for formal and informal remitting. As a result we assume that the proportion of French migrants who remit is 5% above the average.

The resulting remittance market size estimate is \$64.35 million per annum, with 71% of funds travelling informally.

## 5.7 Rwanda

- **Total population:** 11,901,484
- **GDP per capita, PPP (current international \$):** \$2,100 (2017 est.)
- **Proximity to DRC:** shared border
- **Proportion of emigres refugees:** 36%

As seen in Burundi, in Rwanda a high proportion of the migrant population is comprised of displaced persons, and remittances must occur across a border which is still subject to militia violence. However, Rwanda has a substantially higher GDP per capita than Burundi, albeit lower than the other countries in this sample. We therefore assume that DRC migrants in Rwanda remit 10% less per annum than average, and that 15% fewer of them in fact remit.

The resulting remittance market size estimate is US\$29.06 per annum, of which 95% is estimated to travel informally.

## 5.8 South Africa

- **Total population:** 54,841,552
- **GDP per capita, PPP (current international \$):** \$13,400 (2017 est.)

- **Proximity to DRC:** 2,739 km overland (capital city to capital city)
- **Proportion of emigres refugees:** 51%

South Africa is the highest income of the African countries studied, and thus some proportion of DRC migrants are likely to have good earning potential there. However, the proportion of migrants who are displaced persons is high, and the overland route which informal remittances must follow is long. As a result we assume that migrants in South Africa remit 10% more than the regional average, and that only 50% of documented migrants use informal channels. The resulting remittance market size estimate is US\$17.80 million per annum, of which 60% travels via informal channels.

## 5.9 USA

- **Total population:** 326,625,791 (July 2017 est.)
- **GDP per capita, PPP (current international \$):** \$59,500 (2017 est.)
- **Proximity to DRC:** 10 528 km offshore (capital city to capital city)
- **Proportion of emigres refugees:** 7%

The United States has the highest GDP per capita in the sample group, and the émigré population established there has relatively low levels of displaced persons. We therefore assume that migrants in the USA remit home 5% more per annum than the average. In our primary research, respondents indicated that use of informal corridors is highly regulated and monitored in the United States, and that as a result, levels of use of informal channels are low.<sup>86</sup> As a result we assume that only 30% of formal migrants remit via informal channels.

*"I have use this way but only once, and I heard people talking bad things about it so I don't even think I will use it again"*

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<sup>86</sup> It should be noted that the primary research indicates that the first leg of the transaction may however be via informal channels, to a third country. For example one respondent stated that:  
*"My husband used to send us money for our feeding from Kinshasa but, when he was to send out highest amounts, he could not do sending anymore; he was obliged to first pass through someone and the person then does normal transfer to us here"*

The resulting remittance market size estimate is \$20.79 per annum, with 49% travelling via informal channels.

## 5.10 Summary: remittance market size estimate

We summarise our findings in Table 20 below. As can be seen, the total remittances into DRC from these nine destination countries is found to be in the region of US\$305 per annum, of which 81% is estimated to flow via informal channels. The largest of these remittance markets is Angola, followed by France and Congo-Brazzaville. 58% of remittances come from other African countries, and 92% of African remittances travel informally.

Table 20: Remittances to DRC from nine migrant destinations

	Total migrants	% remitting	Average amount remitted annually	Total informal remittances (US\$m)	Total formal remittances (US\$m)	Total remittances (US\$m)	% informal
Angola	300 000	50%	\$500	\$67.95	\$1.80	\$69.75	97%
Belgium	31 500	65%	\$1 000	\$15.97	\$6.55	\$22.52	71%
Burundi	173 417	30%	\$425	\$19.50	\$1.06	\$20.56	95%
Canada	30 000	60%	\$1 000	\$9.72	\$10.08	\$19.80	49%
Congo (Brazzaville)	172 923	50%	\$500	\$38.13	\$2.08	\$40.20	95%
France	90 000	65%	\$1 000	\$45.63	\$18.72	\$64.35	71%
Rwanda	231 438	30%	\$450	\$27.56	\$1.50	\$29.06	95%
South Africa	64 075	45%	\$550	\$10.74	\$7.07	\$17.81	60%
United States	30 000	60%	\$1 050	\$10.21	\$10.58	\$20.79	49%
<b>Total</b>	<b>1 123 353</b>			<b>\$245.40</b>	<b>\$59.44</b>	<b>\$304.84</b>	<b>81%</b>

Source: own estimates

We have also cross-checked these numbers against official sources. Most formal remittances to DRC seem to occur via money transfer agencies. As at 2016, the Central Bank of Congo reported that these agencies had received US\$335 million, and a small additional amount in euro (see Table 21). This is substantially larger than our estimate of only US\$52 million per annum travelling formally for the nine sample countries. However, we suspect that in practice, a large proportion of these funds represent business transactions rather than inter-personal remittances, as distrust of the banking system is still high.

Table 21: International transfers in DRC by licensed money transfer agents (“Messageries Financières”)

	<b>Amount</b>
International transfers received USD	335 518 871
International transfers received EURO	360 172
International transfers issued or sent USD	201 602 801
International transfers issued or sent EURO	0

*Source: Central Bank of Congo 2016 annual report*

It should also be noted that the World Bank Bilateral Remittance Estimates for 2016 for the DRC is only US\$5 million annually. These estimates are based on World Bank staff analysis of the IMF Balance of Payments Statistics database and data from other official sources, and presumably attempt to strip out business transactions.<sup>87</sup> While these other data estimates are of interest, they therefore do not provide much clarity on whether our estimates are likely to be correct or not.

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<sup>87</sup> A number of press sources have reported that remittances to the DRC in 2011 were USD9.3 billion (see <http://www.mbokamosika.com/article-la-rdc-a-re-u-de-sa-diaspora-9-3-milliards-usd-via-western-union-113456408.html>; <https://www.financialafrik.com/2015/12/22/la-diaspora-congolaise-genera-la-moitie-du-pib-du-pays-mais-reste-ignoree/>; <http://afrique.kongotimes.info/rdc/diaspora/5186-congo-milliards-usd-envoyes-congolais-diaspora-2011.html>). We have been unable to determine the source of this data and given that it does not correspond to other data sources, have not considered it further.

## 6. CONCLUSIONS

Substantial migration from DRC has been driven by severe economic and political upheaval. As a result, the remittances sent by Congolese migrants are disproportionately important to the households that receive them, and play a crucial role in stabilising household income for many recipients. However, political and economic instability have also destabilised the formal payments system, and driven a high proportion of payments into the cash economy, and informal transacting methods. Simultaneously, the regulatory environment seems to have become more focused on preventing money laundering abuses than on enabling access to finance. The opportunity to facilitate remittance markets in the DRC, and by doing so to improve the access of extremely vulnerable populations to financial services and resources, is thus large. Given that the bulk of remittances likely come from other African countries, a focus on facilitating regional markets would be appropriate.

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## 8. APPENDIX 1: MONEY TRANSFER AGENCY AND BANK PRICES BY TRANSACTION SIZE, EXCLUDING EXCHANGE RATE COST

While we were able to collect transaction fees from a number of institutions by transaction size, data on exchange rate costs were not available. The fees shown below therefore underestimate the true cost of transacting.

### **International bank transfer charges:**

- **Pro Credit bank** = 0.75% (VAT excluded) of the amount to be transferred without token; with token it is 0.35% (VAT excluded)
- **TMB bank** = 1% (VAT excluded) of the amount to be transferred; but the % reduced if the amount is higher.

### **MTO charges:**

Table 22: Western Union prices in USD

Transaction size in US\$	USA, Canada, India, China, Lebanon, Emirates and Turkey	Congo-Brazzaville	England, France, Belgium, Greece and Germany	Other African countries
0 - 50	6%	4%	6%	8%
51 - 200		5%	5%	5%
201 - 300			4%	4%
301 - 700				5%
701 - 900				3%
901 - 1 000	3%	3%	3%	3%
1 001 - 1 500				4%
1 501 - 2 000				2%
2 001 - 3 000				
3 001 - 4 000	2%	2%	3%	3%
4 001 - 7 500				

Source: compiled by research team

Table 12: Money Gram prices in USD

<b>Transaction size, US\$</b>	<b>Burundi, CAR, Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia</b>	<b>Belgium and France</b>	<b>China</b>
1 - 50	10%	12%	14%
51 - 100	9%		
101 - 200	6%	9%	11%
201 - 300	5%	8%	10%
301 - 400			9%
401 - 500			7%
501 - 800	7%		
801 - 1 000	4%	6%	6%
1 001 - 1 250			5%
1 251 - 1 500			
1 501 - 2 000			5%
2 001 - 4000	3%	4%	3%
4 001 - 9990			2%

*Source: compiled by research team*

