

**Twentieth Meeting of the  
IMF Committee on Balance of Payments Statistics  
Washington, D.C., October 29–November 1, 2007**

**Remittances: Progress on Definitions and Compilation Guidance**

**Prepared by Statistics Department  
International Monetary Fund**

## **Background**

The importance of sharpening concepts and improving the quality of statistical information on remittances was emphasized by the G-8 Heads of State at their meeting at Sea Island (United States) in 2004. At this meeting, they called for the establishment of a statistical working group, to be led by the World Bank, for improving data on remittances.

In January 2005, the World Bank hosted an international conference on the topic of statistics on remittances, with the objective of clarifying the needs of data users and agreeing on a strategy for improving the availability and accuracy of remittances data. The meeting, jointly organized with the IMF, was attended by almost 60 participants representing data users and compilers from various countries and international organizations. The G-8 governments were represented by an official from the U.S. Department of Treasury.<sup>1</sup>

## **Compilation Guidance**

At the January 2005 meeting, it was agreed that the balance of payments accounts provide the appropriate framework for collecting, reporting and improving official statistics on remittances; that balance of payments concepts and definitions relating to remittances should be reviewed; and that improved guidance for collecting and compiling remittance statistics, including through the use of household surveys, was needed. It was also agreed that that it would be useful to form a working group (subsequently named the Luxembourg Group) to review methods and, in the medium term, develop more detailed guidance for compiling remittances data. The overview paper presented at the 2006 Committee meeting ([BOPCOM-06/03](#)) reported on the first meeting of the Luxembourg Group (June 26-27, 2006) and the Group's purpose of and modalities for collecting the material that will allow the publication of a Compilation Guide. An important goal is for the guide to contain a list of promising approaches for compiling remittance data.

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<sup>1</sup> Further information on the meeting, including all papers and presentations, is available at <http://www.worldbank.org/data/remittances.html>.

The Group held two subsequent meetings, hosted by the Deutsche Bundesbank on December 4-5, 2006 and by the Banco Central do Brasil on June 26-27, 2007. At the meeting in Germany, the guide's outline was agreed. During early 2007, the first full draft of the guide was completed. Most members of the Group contributed chapters or sections, and the IMF was responsible for coordination and editing. At the meeting in Brazil, the Group endorsed the draft guide and suggested various additions and revisions. The draft is now being reviewed further before its posting on the IMF website for public comments. Publication of the guide is expected in mid-2008.

The draft guide identified as the main compilation methods those that are based on transactions data (ITRS), direct reporting by money transfer operators, household surveys, and various approaches using models. These methods have different strengths and weaknesses that are discussed in detail in the guide. The availability of source data, and the relative merits of alternate data sets, may vary from country to country.

Most countries represented in the Luxembourg Group use a combination of the methods listed above. Also, some use data from administrative records. The members of the Group have agreed that no single source is likely to yield sufficient data for the compilation of high quality remittance data. Instead, innovative combinations of different sources hold the best promise for obtaining the most significant and durable improvements in the quality of remittance data. The guide, therefore, will provide assistance to compilers in choosing an appropriate compilation strategy, including practical guidance in the choice of data sources and techniques for combining data from different sources.

The Center for Latin America Monetary Studies (CEMLA) also is developing a compilation guide on remittances, for use by its member countries. This work was undertaken as part of a joint project with the Multilateral Investment Fund of the Inter-American Development Bank. The CEMLA compilation guide promotes standardized compilation techniques for use by its member countries. The IMF, World Bank, and others have been providing technical advice for this work.

## **Concepts and definitions**

At the 2006 meeting of the Committee, a paper was presented outlining the progress that had been achieved in improving methodological and compilation guidance (BOPCOM-06/03). Specifically, the Interagency Technical Sub-Group (TSG) on the Movement of Natural Persons (which was overseeing much of the work on concepts and definitions) prepared a paper covering its proposed definitions of remittances for consideration ([BOPCOM-06/04](#)). The TSG recommended the replacement of “workers’ remittances” with “personal transfers” in the standard components of the balance of payments accounts, and the adoption of “personal remittances”, “total remittances”, and “total remittances and transfers to non-profit institutions serving households” as new, supplementary items. The Committee agreed with all of these proposals.

The current draft of the *Balance of Payments and International Investment Position Manual* reflects these decisions and provides detailed definitions of the new items along with a detailed appendix on remittances. It also reflects earlier decisions by the Committee, including the decision in 2005 to remove migrants’ transfers and the concept of migrant from the balance of payments framework ([BOPCOM-05/35](#)).

## **Reporting to G-7 Finance Ministers**

The international meeting in January 2005 agreed that the World Bank, the IMF, and a few partner countries in collaboration with the U.N. Statistics Division would prepare a report for the G-7 Finance Ministers. The final report was submitted by the World Bank in August 2007. The report describes the results of the conceptual work in the context of the revision of the *Balance of Payments Manual* and outlines the progress made in improving compilation guidance in the context of the Luxembourg Group.