



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

**UNITED NATIONS TECHNICAL SUBGROUP ON
MOVEMENT OF NATURAL PERSONS**

ISSUE PAPER #3:

INSTITUTIONAL AND TOTAL REMITTANCES

Alessandra Alfieri and Ivo Hovinga¹
United Nations Statistics Division

¹ The paper represents the views of the authors and not those of the United Nations. The paper was discussed electronically by the TSG members.

1. Background

1. The United Nations Technical Subgroup on the Movement of Natural Persons (TSG) at its meeting in Paris (31 January – 1 February 2005), discussed Balance of Payments flows related to remittances based on the issue paper *Definition of Remittances and Relevant BPM5 Flows*.

2. The TSG agreed on the following issues:

- (a) New definition of “workers remittances” to be named “personal transfers”;
- (b) New definition of remittances;
- (c) Change in recording of migrants’ transfer.

3. There was not sufficient time for the TSG to discuss additional issues related to the definition of institutional remittances and total remittances. It was decided that deliberations on the above issues would be done electronically.

2. Institutional remittances

4. The TSG was prompted to develop a concept of institutional remittances by some countries that raised the issue of the importance of identifying flows sent by organized groups of migrants for the benefit of the communities in the home countries. These types of flows are directly linked to the movement of persons.

5. Institutional remittances could be defined in a narrow and broad sense. Below we discuss both definitions and provide examples of the types of transfers covered by both definitions.

Narrow definition of institutional remittances

6. In the narrow sense, institutional remittances would consist of current and capital transfers in kind made, or received, by resident households to or from abroad by non-profit institutions serving households (NPISH), government and non-financial and financial corporate sector. Transfers included in the narrow definition of institutional remittances are illustrated in Table I below. The 1993 SNA classification of distributive transactions (D) is used for ease of reference.

TABLE I. INSTITUTIONAL REMITTANCES

SNA and BOP transactions	Narrow definition			Broad definition			
	NPISH → hh	Government → hh	Corporations → hh	hh → NPISH	NPISH → hh +NPISH	Government → hh + NPISH	Corporations → hh + NPISH
Services Travel (part, COE related)							
Income COE							
Current transfers							
Current taxes on income, wealth, etc. (D.5) (COE related)							
Social contributions (D.61) (COE related)							
Social benefits other than social transfers in kind (D.62)							
Social security benefits in cash (D.621) ¹	√	√			√	√	
Social insurance benefits (D.622-D.623) ¹	√	√	√		√	√	√
Social assistance benefits (D.624)	√	√			√	√	
Social transfers in kind (D.63)	√	√			√	√	
Other current transfers (D.7)							
Miscellaneous current transfers (D.75)							
Personal transfers							
Workers remittances							
Other household transfers (e.g. gifts)							
Lotteries and gambling							
Compulsory payments (e.g. alimony)	√	√	√		√	√	√
Transfers to NPISH (e.g. donations)				√	√	√	√
Capital transfers							
Migrants' transfers							
Other capital transfers	√	√		√	√	√	√

¹ It includes: Sickness and invalidity benefits; maternity allowances; children' or family allowances, other dependents allowances; unemployment benefits; retirement and survivors' pensions; death benefits; other allowances or benefits (1993 SNA para 8.78).

7. Examples of types of transfers to households from NPISHs, government and corporate sector include the following:

NPISH → *households* include, among other things, collection by charitable organizations from migrants and sent directly to households in the home country.

Government → *households* include, among other things, as part of social insurance benefits payable to households, retirement and survivors' pensions, childrens' or family allowances paid directly to family members residing in the home country, etc.

Corporation → *households* include mostly benefits payable from social insurance schemes such as payment of family, education or other allowances in respect of dependences residing abroad, payment of retirement of survivors' pensions to former employees or their survivors living abroad.

Broad definition of institutional remittances

8. The broad definition of institutional remittances would consist of the total net receivable by households and NPISH from NPISHs, government and corporations sector. Table I above illustrates the types of flows included in the broad definition of institutional remittances.

9. The difference between the narrow and broad definition of institutional remittances consist of the inclusion of current transfers to NPISHs. These include, among other things, transfers to cover social assistance benefits as well as transfers in kind in the form of gifts of food, clothing, blankets, medicines, etc. to charities for distributions to households through NPHIS in the receiving country.

3. Total remittances

10. Another aggregate which has policy relevance and could be defined from the aggregates discussed above is total remittances. It could be defined as the sum of personal remittances, as defined in the outcome paper #1, and institutional remittances. Total remittances could also be added as a memorandum item in the standard balance of payments presentation.

4. Points for discussion

11. The TSG is invited to answer to the following questions:

- 1) Do you agree with the broad definition of “institutional remittances”? If not, do you agree with the narrow definition of “institutional remittances”?

- 2) Should BOP transfers to NPISH be separately identified from transfers to households in BOP standard presentation?
- 3) Do you agree with a definition of “total remittances” as the total of “personal remittances” and “institutional remittances” (see question 2 for definition on “institutional remittances”)?
- 4) Should institutional remittances and total remittances be memorandum items in the BOP standard presentation? Should they (or one of them) be supplementary items?