



## **Democratic Republic of Congo (Congo-DRC) and Republic of Congo (Congo) Country Study**

A part of the report on Informal Remittance Systems in Africa, Caribbean and Pacific  
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## TABLE OF CONTENTS

<b>1. Introduction.....</b>	<b>3</b>
<b>2. Methodology .....</b>	<b>3</b>
<b>3. Definition of ‘informal’ and ‘funds’ .....</b>	<b>4</b>
<b>4. The importance of the Congolese diaspora in informal remittances.....</b>	<b>5</b>
<i>Informal remittances .....</i>	<i>5</i>
<i>Characteristics of the Congolese diaspora in France.....</i>	<i>6</i>
<b>5. From the circulation of money to its disappearance.....</b>	<b>10</b>
<i>The ‘envelopes’ .....</i>	<i>10</i>
Hand delivery .....	10
Couriering.....	10
<i>Cheque Transfers.....</i>	<i>12</i>
<i>Institutionalized and organized bodies .....</i>	<i>13</i>
Missionary networks used for money transfers.....	13
Informal remittance businesses .....	14
<i>Informal money transfers during the crisis.....</i>	<i>15</i>
Westerns .....	16
Not-for-profit organizations.....	17
<b>6. Conclusion: Informal remittances and development .....</b>	<b>18</b>
<b>Bibliography.....</b>	<b>21</b>

## 1. Introduction

Many types of operators compete to deliver informal remittances between France and the two Congos: the Democratic Republic of Congo (Congo-DRC) and the Republic of Congo (Congo). Results drawn from the analysis of the relationship between these three countries can be applied to activity between other European and ACP countries. I will show that, for the Congolese, informal remittances take place in the historical context resulting from the armed political violence of the 1990s.

I will begin by presenting my methodology, and will then propose a definition of “informal”. Third, I will consider the two Congos and the historical conditions under which different forms of remittances have emerged. Fourth, I will examine each type of informal remittance. I will thus be able to map the principal actors, institutions and forms of interaction involved in each system. Lastly, I will address the question of development.

## 2. Methodology

Congo-DRC and Congo are similar in ways that justify studying them together. There is a vast literature on both countries<sup>1</sup> in which data on remittances is collected. This literature principally examines formal or semi-formal transfer businesses. Researchers show that the amounts of remittances, which are sent on an individual basis, are generally small. They are mostly used for direct consumption by the immediate family of the migrant in the countries of origin. Researchers emphasize the social value of these remittances sent to environments where resources are scarce. Therefore, they appear to ensure survival rather than long-term development. However, some research shows that remittances have the potential to contribute to development. Although investment expenditures tend to be rare and are primarily directed toward real estate and, sometimes, local business, investment also may affect production in the local economy.

Other studies propose estimates of remittances. Estimates are based on two kinds of information. First, figures provided by the heads of formal transfer businesses are used. This information is rarely supported through verification of financial records because access is denied by top management. Second, researchers ask members of the diaspora to provide an estimate of the money they send. The first set of figures at least allows for the possibility of estimating the amount of remittances, whereas the second only reveals aspirations – i.e. how much is the person able to send – but does not necessarily provide information regarding the channel used.

The rare estimates established on the basis of information provided by transfer businesses relate to each country individually. To my knowledge, only Musila (2003) has tried to propose an estimate for several European Union countries for the year 2000. He evaluates more than 20 Congolese transfer businesses which are both viable and reliable, and estimates that US\$ 15 million is transferred.

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<sup>1</sup> For articles on this subject, please see: Bagalwa-Mapatano and Monnier 2002; Biaya 1987; Garson and Tapinos 1981; Kadima 1999; Mayoyo Bitumba Tipo-Tipo 1995; Musila 2003 ; Sumata 2001, 2002; Trefon 2004.

In the case of estimates drawn from members of the diaspora, no study is able to ascertain the volume of money sent annually because strict accounts are not kept.

This general overview demonstrates that it is almost impossible to find precise analyses of informal remittance systems, such as those that I will examine below. In most cases, researchers only refer to these systems in order to modify their estimates and show that actual transfers are larger in volume.

In this paper, I will attempt to identify the value of funds passing through the informal system. With this purpose in mind, I will limit my observations to a circumscribed area, that of the two Congos. Since the 1990s, I have been conducting research on irregular Congolese migrants (those who do not hold a residence or work permit). This work has involved regular travel between France and the two Congos. My familiarity with the area and the historical depth of the data collected are major advantages for this study. In particular, I have updated my data. In order to study current networks, I have drawn from a body of work composed of results from research conducted during the 1990s. This work has been regularly supplemented by bibliographic research and socio-economic studies involving observation and interviews conducted with 27 Congolese people living in the Ile-de-France region.

### **3. Definition of “informal” and “funds”**

I will use two definitions of “funds”. The first definition draws upon the type of expenditure the money is used for. Here the term “funds” refers to the circulation of diaspora money from the host country to the country of origin. The money is to be used for expenditures other than those connected to tourism. These funds are used to help the family, start a business, for construction and so on. The second definition draws on the legal dimension. The money transported often exceeds the maximum allowed by governments. When leaving Congo, for example, you cannot have more than 100,000 CFA francs (€15,000) in your possession.

I consider “informal” to be an appropriate qualifier in order to speak about the means of circumventing the law in the context of certain social realities. A specific practice is not informal in and of itself. It becomes informal in relation to an institutional framework which plays a role in defining it as such. By “law”, I refer to the official rules applied by the state. In this particular case, regardless of whether remittances are formal or informal, they involve the same processes, mechanisms and social and economic dynamics to transfer money from the sender in the host country to the receiver in the country of origin. Only the relationship to the state, demonstrated through mechanisms used to circumvent its constraints, distinguishes the two.

In order to examine the notion of “circumvention” and the manner in which it develops with respect to the law, I suggest that informal operations take shape and are interwoven into the framework of the legal system itself. Therefore, the execution of informal remittances does not amount to mere ignorance of the law, or the rejection of its existence. Quite the contrary, the informal remittance is linked to the law in a complex fashion, and has a relationship which is both symbiotic and antagonistic to the law. Even if those who take part in the informal partially escape the control of state agents, the dominant culture profoundly influences their entire value system.

The “informal” is not equivalent to the “illegal”. In many cases, members of the diaspora wish to send remittances legally, but lack the formal means to do so. Furthermore, irregular migrants cannot use formal systems because they are not able to prove their identity. These two cases alone demonstrate the importance of the distinction that must be made between “informal” and “illegal”. In the first case, decisions made by state elites produce informal systems. In the second case, it is the status of the migrant that is irregular, and not the status of the remittance. Of course, there are cases in which remittances can become illegal. In summary, reflection upon the concept of the “informal” forces us to adopt a different perspective on the law. The law is the product of a constant conflict between rulers and ruled, and is not simply a given or natural state of affairs. The law legislates in order to distinguish that which is acceptable from that which is illegal. From time to time, it designates the informal as illegal though, most of the time, the law adopts an attitude of indifference with respect to the informal.

#### **4. The importance of the Congolese diaspora in informal remittances**

##### *Informal remittances*

In the two Congos, the phenomena studied can be divided into two periods. In the first period, from independence until the end of the 1980s, remittances were not common. However, since the 1990s, armed urban conflicts (the devastation of cities and political clashes) resulting from the crisis of democratic transition changed the situation and increased the volume of remittances. I will discuss this period of rapid change. Although the periods in which the changes took place are not the same and the realities of the two countries are different, the pattern and sequence of events are relatively similar.

During the first period, few people received money from friends or family living in Europe. There are two possible explanations for this.

The first relates to the low level of social pressure attached to this type of migration, which did not predispose migrants toward involvement with the country of origin. This was an individualistic form of migration. The person who decided to migrate had to mobilize the resources necessary for a successful trip by him or herself. Consequently, migrants did not feel indebted to family or friends. Since this was a personal project, the migrant alone would benefit from its success. Some even used illegal means in order to leave. There were widespread accounts of migrants leaving the country after illegal dealings with, or even the sale of, their families' property without the owners' consent. For these people, migration was a means of self-imposed exile so as not to be punished. Whether these stories are true or not is of little importance. Their broad circulation demonstrates that individual migration was generally seen as an antisocial act.

Commitment to the country of origin was also weak with respect to Congolese who migrated in the context of a collective project as scholarship recipients, students and government interns. They had the security of becoming high-ranking civil servants upon their return. These migrants were under pressure from the state and their family and friends, who were awaiting the return of these powerful civil servants in order to

make demands of them. Migration thus offered a time of rest where the individual would build his or her future and that of the family.

The second explanation is the stability of official institutions which transfer funds. First, the postal system functioned relatively well in these countries. Money could be sent in the form of money orders or moneygrams, depending on the urgency of the transfer. In the 1970s, the crisis of the postal and banking systems of Zaïre began. From 1985 onward, the same phenomenon took place in Congo-Brazzaville.

The low volume of informal remittances during the first period is based on two features: first, the individualistic structure of this migration and, following this, the stability of financial institutions. The armed urban conflicts of the 1990s would further destabilize the official system. New social realities came to the fore, first in Congo-DRC and, subsequently, in Congo. I am not claiming that the crisis spread from one country to the other. On the contrary, these dynamics were specific to each country. The following table summarizes the main socio-economic indicators of these countries.

*Table 1. Socio-economic indicators of the two Congos*

	Congo	Congo-DRC
Population (thousands)	3,018	50,948
Density (inhabitants/km <sup>2</sup> )	8.8	21.7
Annual growth rate (1995–2000) (%)	3.0	2.6
Life expectancy (1995–2000) (years)	50.9	50.5
Urban population (%)	61.7	30.0
Human Development Index (HDI)	0.502	0.429
Total GDP (\$ millions)	2,077	38,621
GDP per capita	727	801
Rate of inflation (%)	3	555.7

Source: *L'état du monde 2002*, Paris: La Découverte 2001: 144–145.

Congo-DRC was the first to be affected. A serious political and economic crisis began in the mid-1970s (Sumata, Trefon and Cogels 2001). The country underwent a prolonged recession that created a crisis in the labour market and uncontrolled inflation, resulting in a drastic reduction of individual purchasing power. In 1994, economic growth declined considerably, exacerbated by hyperinflation. In addition, foreign debt increased during this period, reaching US\$ 12.5 billion in 1997. GDP decreased by an average of 5.5 per cent a year from 1997–2000. Under these conditions, the government was no longer able to pay the salaries of civil servants regularly (Sumata 2001). Poverty worsened and affected the majority of Kinshasa households, for whom the food budget constituted over 50 per cent of expenses. GDP per capita did not amount to more than US\$ 68.3 in 2000; an average of US\$ 0.19 per inhabitant, per day.

From 1990 onward, this economic crisis echoed the political crisis – the result of the failure to establish a democratic system. The unity of the country was shattered. The outbreak of violence in urban areas and armed civil conflicts disrupted social life. Between 1991 and 1993, regular raiding of stores and houses by unpaid soldiers as well as devastation caused by armed thieves in the cities and the countryside destroyed the economy. The situation was exacerbated by the effects of the

genocide of Rwandan Tutsis in 1994 and of the civil wars that took place in the country.

In Congo, the economic crisis had been chronic since the 1970s and measures taken to remedy the situation were challenged from civil society. At the end of the 1990s, these challenges were taken up by former political leaders who had been demoted and were now demanding the implementation of multi-party democracy. The National Sovereign Conference, held from February to June 1991, resolved the crisis by instituting a new political order. However, this political order resulted in a series of armed confrontations which came to a head with the events of 1998. "Blockade and cleansing" operations took place in the areas in the south of the capital and the four southern regions of the country (Niari, Bouenza, Lékoumou and Pool). These operations forced almost 800,000 people to take refuge in the forest.

The events that took place in these two countries show that in Congo-DRC informal remittances began to increase at the time of the raiding between 1991 and 1993. The elites wanted to protect their assets as quickly as possible by transferring them to another country. In emphasizing these facts, I wish to call attention to the fact that raids made the corruption of elites public. However, the war reversed transfers back into the country.

In Congo-Brazzaville, the informal transfer system gained momentum following the events of the Bacongo district in 1998. Members of the diaspora, who had not received news of their forcibly displaced families, decided to help them.

By reconstructing these two periods, we can understand the growth of informal remittances in the historical context in which they emerged. Furthermore, it is possible to address the issue of economic efficiency with respect to cost, reliability, accessibility and speed.

#### *Characteristics of the Congolese diaspora in France*

Emigration of a family member, supported by the entire family, is one of a number of alternatives available to Congolese households since the crises of democratic transition. Indeed, money sent by a migrant brings relief to family members who have remained in the country of origin. For example, according to data collected by Sumata (2001), in 1991 and 2001, transfers to Kinshasa amounted to 80 or even 100 per cent of the cash available to households. Consequently, the strategies employed by heads of households were based not only on their own sources of revenue but also on the resources sent to them by members of the diaspora.

This diaspora, which is fairly large, was formed in two waves. The first wave arrived in the context of political measures taken by the colonial powers to reinforce colonial states by training elites. Former students and interns benefited from these measures. Some preferred staying in Europe to returning to their country. The second wave began in the 1970s and continued to increase in size. It included a large group of irregular migrants who sought to obtain legal status by any possible means. The distinction between these two categories must be made carefully.

The first category, those who have legal status, can be identified from official figures provided by various censuses. They are summarized in the table below.

*Table 2. Census figures on Congolese migrants in France*

Country	1968	1975	1982	1990	1999
Congo	1,172	3,435	8,940	12,755	33,148
Congo-DRC	--	--	6712	22740	40 000

Source: National Institute of Statistics and Economic Research (INSEE)

Residents from Congo-DRC became the third-largest sub-Saharan group in France as of 1990. The 1999 figures are difficult to confirm. While these figures may be inaccurate, at the very least they indicate a large movement of people as a result of the armed confrontations that followed the political crises in both countries.

It is very difficult to give a reliable estimate of irregular migrants who are part of the diaspora and send remittances. Nevertheless, we can provide this estimate using some figures and hypotheses. The set of relevant figures is drawn from statistics on failed asylum-seekers. For the purposes of this paper, it is possible to suppose that these figures, which are established through procedures to separate “real” from “bogus” refugees, in fact make us aware of the reality of irregular migrants. Once refugee status is granted, the migrant is no longer irregular. However, in the case of the refusal of a migrant’s claim, he or she is once again “irregular”, as most of them continue to live in France.

These figures are drawn from the annual reports of the government body responsible for asylum claims in France, the French Office for the Protection of Refugees and Stateless People (Office Français de Protection des Réfugiés et des Apatrides, or OFPRA). 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 were accepted out of 2,901 claims which were made, leaving 2,196 rejected claims.

For a more precise appraisal, I will use OFPRA’s annual reports from 2001 to 2003. These figures reflect the armed political conflict of the 1990s. I will only focus on failed claimants, keeping in mind that some migrants did not seek asylum and others sought asylum in several countries at once.

*Table 3: Number of asylum claims recorded each year by OFPRA*

Year	Congo-DRC			Congo		
	Claims Accepted	Percentage of claims made	Number of rejected claims	Claims Accepted	Percentage of claims made	Number of rejected claims
2001	737	22.6	2,525	288	34.7	830
2002	1,236	21.8	4,434	513	19.4	2,645
2003	1,141	14.0	7,009	509	15.1	3,371
Total			13,968			6,846

Source: OFPRA 2002, 2003, 2004.



The sum of these figures is 60,683,<sup>2</sup> a figure is close to that of migrants with official status. In order to provide an estimate of the size of the Congolese diaspora, I will focus on the end of the 1990s, which covers the most intense period of armed political crisis in the two Congos. This period resulted in a transformation of the methods of sending remittances within these groups. The figures in the following table provide a basis for estimates:

*Table 4: Estimate of the size of the diaspora at the beginning of the 21st century<sup>3</sup>*

Year	Population with official status	Population with refugee status	Population irregular migrants	Total
1999	73,148	5,568	37,673	116,389
2000	73,148	6,273	39,869	119,270
2001	73,148	7,298	43,224	123,650
2002	73,148	9,047	50,303	132,478
2003	73,148	10,697	60,683	144,508

This group lives mainly in the area around Paris in the département of Seine Saint-Denis, followed by Val d'Oise and Val-de-Marne. Paris is the fourth-largest area, followed by Essonne, which has large concentrations of this diaspora in the communes of Grigny and Ris-Orangis.<sup>4</sup>

The Congolese diaspora is composed of a variety of individuals who have integrated in different ways into French economic life. They have followed their migration career path more or less successfully. Congolese migrants earn money essentially in two ways: through legal work and through informal activities.

In terms of formal work, Musila's research on the Ile de France region is informative.<sup>5</sup> Musila (2003) shows that members of the Congolese-DRC diaspora participate in different areas of economic life. The majority (approximately two-thirds) earn their living from low-skilled professions (delivery, work in small shops, cleaning, construction, security), one-quarter have started their own business and the rest hold a position of responsibility in a government or private-sector enterprise.

This study also reveals that the diaspora is quite entrepreneurial. The number of companies with the status "Société à responsabilité limitée" (SARL) "Limited liability companies" in the Ile de France region increased from 50 to 2,000 between 1993 and 2001. These businesses (Musila studied 183 businesses) are in the following sectors: services (37 per cent), exotic foods (28 per cent), organization and facilitation of ceremonies and audio-visual services (15 per cent), import-export (12 per cent) and a miscellaneous mixture (small businesses offering technical or social services, accounting firms, print media, etc.).

<sup>2</sup> I arrived at this figure by adding the following figures: 37 673 + 2196 + 13968 + 6846. Of course, I do not mean to suggest with this estimate that all failed claimants remain in France and live illegally.

<sup>3</sup> In order to estimate the annual figure of refugees and irregular migrants, I added the number of the following year to that of the preceding year.

<sup>4</sup> For accounts of the way of life of these migrants, please see Association Cercle Zaïre-France 1993; Bidimbou 1991; Doumat 2000; Gandoulou 1989; Poiret 1996.

<sup>5</sup> Musila 2003.

Lastly, the study identifies the multiple functions of these businesses. They are all involved in the transfer of funds, to different degrees. The hairdressing salon or the transfer business also sells tapes or telephone cards; the accounting firm also provides a base for a cleaning service... Unfortunately, no comparable study of the formal activities of the Congolese is available.

My research<sup>6</sup> has demonstrated that irregular migrants from the two Congos embark on illegal dealings and other informal commercial activities.

The resources which Congolese migrants draw from these various activities help them to send remittances. The volume of money and goods sent home fluctuates. In a 2001 study in Kinshasa, Sumata shows that the average monthly amount sent by migrants varies between US\$ 75 and US\$ 150.<sup>7</sup> Bagalwa-Mapatano and Monnier collected data in Switzerland from money transfer businesses that indicate amounts in the range of US\$ 500 per month.<sup>8</sup> Aside from funds which are sent regularly, unforeseen expenses that families must meet can generate transfers in the range of US\$ 400–500 for funerals and up to US\$ 3,000 when helping a family member immigrate using underground networks.

## **5. From the circulation of money to its disappearance**

Informal remittances involve connections between people or businesses. Certain transactions take place in the context of interpersonal relationships, whereas others are mediated by institutionalized and organized bodies. This study demonstrates that with the gradual emergence of different situations, money circulates less and less and is replaced by the value that it represents. I have identified seven types of situations. Each of these will be discussed in detail below.

These types of situation can be classified by the phases during which they emerge. The first five came into existence when the irregular diaspora was smaller in France. The last two types of situation were directly connected to the crisis of democratic transition. This classification is, of course, arbitrary. These types of situations continued in the other phases.

### *The “envelopes”*

Two types of informal remittance systems can be distinguished here: hand delivery of cash remittances by the migrants themselves and couriering of cash.

#### Hand delivery

This type of informal remittance system involves the migrant traveller. Many use this means, especially during their vacation. The money that is brought back is used to support business, build a house and so on. This type of transfer is the most secure, given that the absence of intermediaries reduces the risks. However, travellers

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<sup>6</sup> MacGaffey and Bazenguissa-Ganga 2000.

<sup>7</sup> Sumata 2001.

<sup>8</sup> Bagalwa-Mapatano and Monnier 2002.

encounter problems at the borders of their country. Existing laws require everyone to declare money transported with them in order to combat black-market money exchange and capital flight.

### Couriering

This type of operation requires a third person. Two categories of people can be involved: an appointed family member or a mere acquaintance.

The first category is involved in the case of misfortune, death or serious illness of a family member that requires everyone's presence. The members of the family living in Europe appoint one person to represent them in the country of origin. Family members in the diaspora sometimes contribute toward the cost of the ticket. The representative carries the necessary money and goods. In the case of a funeral, the minimum amount is €15,000.

This situation cannot be grouped together with hand delivery of funds by migrants themselves, since the trip is made on a collective basis. Symbolically, it is the entire family in the diaspora that travels. This social commitment is significant and determines the way these resources are used. The money was collected according to strict rules. All family members know the amount. In addition, upon return, the representative must give a detailed report on the use of the resources. The public dimension of this type of transfer must be emphasized. The third party is the group itself, which embodies and applies its own law.

This type of trip takes place very rarely for a family. It only happens when everyone is certain that the family member who is ill will not survive much longer. The social pressure driving the members of the diaspora to react is the obligation to bury family members decently. Money put toward this end is very rarely stolen. There is a moral imperative to respect the soul of the dead. When all these aspects are considered, this type of transfer, where a representative makes the journey, is one of the most secure means of informal remittance transfer. It is also quite common for some family members or friends to take advantage of the trip in order to give the representative money for their own affairs.

In order to analyse the second case of couriering, which ideally involves a person who is not a member of the family, I will first give a general explanation.

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.<sup>9</sup>

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.

In general, the sender has to specify the reasons why he is sending the money. Three reasons are generally given: a funeral, in cases where it is claimed that the family does not have a representative; a contribution toward medical costs for a sick family member; and help for a family member to meet social obligations (coming out of mourning, an engagement, unforeseen circumstances and the like). This type of remittance is characterized by the identification of the suffering person. This tactic is used in order to commit the third party to this person.

If the traveller agrees, the sender gives him the envelope. During the flight, before the airplane arrives, the sender calls his family to inform them of the money transfer. Depending on the arrangements that are made, the traveller either goes to the house of the recipient or vice-versa.

The use of an envelope is a striking aspect of this type of transfer. This type of packaging not only hides money but also keeps it all in one place. It is mandatory for the sender to count the money in front of the carrier and then to seal the envelope. The carrier, upon arrival, repeats this process with the recipient. Underpinning this procedure is the common conception of money as causing problems. In order to avoid these problems it is best to communicate clearly. In this instance, counting the money and agreeing on the amount before transmitting it is the only way to do this. Furthermore, moving money around in an envelope makes it appear to be a letter in the case of a search at the border.

Whether the money arrives at its destination in its entirety is another issue. It suffices to say that this service is very fast. As in the case of the representative, the transfer takes the time of the trip. However, the presence of an intermediary adds an extra degree of risk. On the other hand, the sender does not pay a fee.

In conclusion, two observations can be made about money transfer in the context of interpersonal relations. First, money moves with people from one country to another. The only problems are avoiding theft and customs controls at the border. Second, referring to misfortune proves to be effective in establishing the commitment of the carrier.

### *Cheque transfers*

In this case, money no longer moves. This operation often takes place in the opposite direction to that of the situations discussed above. The transfer is from the country of origin to the host country. There are several situations which must be examined. In

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<sup>9</sup> I created this scenario as an ideal type, drawing from my observations in Congo and in France.

order to carry out this operation, it is necessary to have an account in Europe where money can be transferred. I will examine two types of commercial activity in order to identify and analyse these types of transfers.

Under the first type, remittances operate in conjunction with exchange operations connected to loans. 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.

The extent to which we can consider these operations to be informal remittances must be clarified. I will summarize the role of the client, on the one hand, and, on the other hand, that of the money changer and lender.

In an operation of money exchange or advance, transactions involve institutions located in different countries. Expatriates often try to change their salary into foreign currency. In doing so, they are able to avoid unforeseeable variations in the exchange rate, and thus to send unspent money back to their country without paying transfer fees.

This type of operation is most profitable for foreign merchants, who are often looking to diversify their assets. They speculate on exchange rates. The cheque proves to be a more competitive method than money because its movement is not subject to any control. It is more easily protected during customs controls and, regardless of the amount, is the same size and weight.

Lastly, for nationals, holding an account in Europe allows them to save money while avoiding unforeseen variations in exchange rates. This account can also be used to prepare future trips and help to meet expenses while out of the country.

In examining the case of merchants and nationals, two related aspects of money transfers can be addressed: money exchanges and the issue of remittances from the country of origin to France. Of course, exchange operations take advantage of the difference in rates between the black market and the official market. In Kinshasa, exchange on the black market results in a profit margin of 12–13 per cent. In Congo, where the exchange rate between the CFA franc and the euro is fixed, there are virtually no official financial institutions to carry out exchange operations. These operations are carried out informally and the money changer takes 2–3 per cent.

However, in Congo-DRC, the need for foreign currency is demonstrated by the dollarization of the economy.<sup>10</sup>

Those who have lost confidence in local currency use foreign currency for routine transactions. The fact of remittances moving from south to north is also significant, and must be emphasized. Unfortunately, it has not been possible to study this phenomenon in greater depth. I will return to this issue while addressing other types of informal remittances.

### *Institutionalized and organized bodies*

In this situation, there is a complete abstraction from money. Money and cheques do not circulate. They are replaced by the value that they represent, in an abstract form. This movement is possible because of the involvement of organized bodies and because it goes beyond mere interpersonal relations. These bodies take two forms: those which are developed in a religious context, and those within businesses.

#### Missionary networks used for money transfers

This system operated primarily from the country of origin to Europe. It was used by parents who had stayed behind to send money to their children to help them face hardships. They would deposit the money in a chapel in their country. They would then telephone their children and tell them to go to a particular centre in order to withdraw the money, after proving their identity. This type of transfer was underpinned by common religious beliefs. I will not examine this type of transfer any further.

#### Informal remittance businesses

This category involves bodies that are primarily engaged in commercial activities and that carry out transfers informally. Two cases can be distinguished: first, business owners in each country where the transfer will take place; second, coordination between a business owner and his correspondent in the country of origin.

The first case is based on the multiple activities of businesses. I will illustrate this case drawing from data collected in the context of two interviews: one with the owner of an exotic goods store in Paris and a craft business in Brazzaville; the other with the owner of two exotic goods stores in Paris and Kinshasa.

It is difficult to assess how many business owners are involved in these activities. We can assume that almost all engage in this activity. This operation involves depositing money at one of the stores. The majority of these operations take place in stores in Paris. Generally, the sender knows the owner well. He will only take the risk of entering into this type of transaction within a network of interpersonal relations. In view of the fact that the owner has two official and well-run businesses, the sender minimizes, in advance, the risk of the owner stealing his money. The owner then calls the person in charge of the other store and asks him to give the money to the recipient. There is no receipt or record of the transaction.

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<sup>10</sup> On the dollarization of the Congolese economy, see De Herdt and Marysse 2002.

In general, these transfers are only undertaken for people living in the same area as the other store. The fees for the client are low, at approximately 2–4 per cent. This rate varies depending on how close the relationship is between the owner and the client. Sometimes the client does not have to pay. The owner considers this operation as a personal favour.

All parties profit from this method. Money moves in the time it takes to make a telephone call. The low fees are an advantage for the client. But the paradoxical position of the owner must now be explained. How does he profit from this method? Informal remittances are not his primary activity, yet earning some money from commissions is an opportunity not to be missed. Furthermore, at the same time he transfers his own capital from his country of origin to Europe without moving money yet all the while reducing his assets in the country of origin. Essentially, he speculates on the value of his capital. Once the transaction is concluded, a further transfer is carried out. Aside from the remittance transferred for his client, the owner has a part of his monetary assets transferred from Congo to France. Third, he carries out an exchange operation. By transferring the value of his assets from one country to another, he converts the money that he has accumulated during his official business there, which is in local currency, into foreign currency. He thereby avoids the fluctuation of exchange rates. He also reduces the amount of money which is in the country of origin. This is a distinct advantage in the context of the looting that is common in unstable societies.

The second case is that of the owner and the correspondent with whom he is associated. This type of transfer involves several people, who are owners, know each other well and invest together. This system is no longer used because of the very high costs, and because more formalized companies, such as *Kin Express*, now control these channels. The involvement of many people provides considerable seed money. The case that I studied involves two friends who invested FFr 300,000 (€45,000). The correspondent, their right-hand man, is the brother of one of them. He keeps the capital and invests it according to the instructions that the owners give him by telephone.

When a member of the diaspora wishes to make a transaction he goes to the owner. The owner contacts the correspondent by telephone and gives him the information necessary in order to be able to identify the recipient, find them and give them the money. During this time the sender stays with the owner. When the recipient arrives at the business, the correspondent calls his employer back in Paris so that the recipient can confirm his identity to the sender. The recipient confirms that the transaction has taken place. These procedures take a few hours. This is a secure means of transfer, as the recipient is identified. However, this service is very expensive. One-quarter of the money transferred is kept as commission (for the advance and the transfer).

The client specifies which type of goods he would like to send. The carrier can deliver money or food. In the case of the latter, the owner asks his correspondent to make the purchases. They work with local stores that specialize in the distribution of these goods. The purchases are paid for with a part of the deposit. The high fees are the result of the reliability of this method compared to other means of transfers. In a very

short period of time, all the people involved are called to action, and the money is only given to the owner when the client is certain that the recipient is in possession of the transferred goods.

However, capital must be supplied locally regularly so as not to interrupt service to clients. For this purpose, the owner sends money twice a month to the country of origin. He takes responsibility for all the difficulties involved in the transfer, thereby lessening these difficulties for his clients. In order to send money to his country he either goes himself, or uses the courier system.

High fees are charged because the owner must take many risks. In addition, he advances money to the recipient and, lastly, must regularly pay for a ticket to supply his deposit in his country. Nevertheless, he profits from this operation, particularly in the case of Congo-DRC, through speculation on the constant variation of exchange rates. The money to be transferred is given in foreign currency, therefore its value changes daily. Through strategic management of delays in transferring and price margins, the owner can make a profit. In this respect, this operation is also a form of value transfer. The amount of the debt is determined in local currency but moves in the form of foreign currency. It is, therefore, possible to speculate on the differences in the exchange rate of foreign and local currency.

#### *Informal money transfers during the crisis*

Some types of transactions from the previous period remain in force, such as transactions between businesses in the two countries and transactions within religious entities in the context of prayer groups. These types of transactions have been discussed above. I will now focus on the new forms of transactions. Two can be identified through their organizational form: individuals or *Westerns*, and NGOs.

#### Westerns

This system appears to be specific to people from Congo-Brazzaville. The Congolese in the diaspora use this term ironically to refer to those who claim to compete with Western Union. These agents operate individually, meaning that they do not own a business but have capital in their country. They focus their activities on the areas of Brazzaville that they are from. There is a Western in each of the following areas: Plateau des 15 ans, Mougali and Ouenzé. In the Bacongo area, three Westerns compete for clients.

The Western's reliability is the basis for his competitive advantage. Westerns perfectly illustrate my definition of "informal". They do not have offices, but there are set places in the city where they can be contacted. They will stroll around the cafés at Gare du Nord in the morning; then will disappear into the hairdressing salons in the 10th arrondissement around midday; and, finally, will head toward Château Rouge in the 18th arrondissement at around 5 pm. Westerns have mobile phones and it is, therefore, possible to reach them at all times.

Clients must use common sense, judgement and their knowledge of the *milieu* to get on the trail of a Western and track him down. Consequently, only people who are aware of it can access this system. This includes irregular migrants and residents of



areas where the money will be sent. As a result of the restricted access to the system, it is not necessary to show identity documents to carry out a transaction.

When the client finally comes to an agreement with a Western, they go to a telephone booth to call their country. The client pays for the call. The operator of the Western calls his representative and gives him the necessary information for the transaction: the identity of the recipient and the amount. The client informs the recipient of the transaction. The client asks him to bring papers to prove his identity if he does not know the correspondent.

Initially, the transaction was concluded in less than an hour. However, it became necessary to wait twenty-four hours once the system became overloaded and reached saturation point. In order to get around this bottleneck, a hierarchy was instituted based on the reason for the transaction and the amount. The hierarchy of reasons is as follows: first, death; then, illness. Other reasons are not as high on the agenda. With respect to the amount, the maximum is set at approximately € 1,500 per person, per day. The Western operator must delay and stop other transactions for emergencies. There is no receipt for the transaction. When the operator reaches his maximum daily sending capacity, he stops.

Westerns' commissions are competitive with those of more formal transfer businesses. We can extrapolate using the figures for total daily transfers discussed above. The operator claims to collect a minimum of € 4,000, meaning 80 families receiving transfers of € 50. In a year made up of 310 days, which excludes Sundays, a Western transfers € 1.24 million, meaning transfer to almost 2,000 families per month.

The actors become involved in the transaction because they know one another. A person that a Western does not know cannot contact him directly even if he lives in the area that the Western monopolizes. The person must be introduced by a third party. This system of controls maintains the secrecy around these types of transactions.

The Western does not own a business in the country of origin. He must, therefore, renew his capital. He uses the same means as the others: travelling himself or the courier system. Generally, Westerns see themselves as businessmen. Because they cannot work legally they create a business in order to earn money.

#### Not-for-profit organizations

My research has shown that certain non-governmental organizations (NGOs) informally couple their humanitarian aid operations with money transfer operations. In France these NGOs have established themselves as associations under the 1901 law. Their objective is to support families left behind in the country of origin.

My research focused on the Paris region. I observed two NGOs, and interviewed two directors of different associations. The Congolese-DRC are the main organizers and maintain control throughout. They refuse the membership to people from other countries. These businesses are two-pronged. In France they present themselves as not-for-profit associations but, in Congo-DRC, they are private businesses involved in

many activities (travel, telephone booths, etc.). This duality cannot only be ascribed to a problem of differences in national legislation. It is also connected to an economic strategy of reducing fees. With the status of NGO, taxes do not have to be paid in France. Officially, an association operating in accordance with the French law of 1901 runs off membership fees, does not make a profit and does not pay taxes.

However, with the status of “business”, in Congo-DRC these organizations can levy taxes disguised as payment for a service rendered, the transfer. These NGO businesses are part of a process whereby the form of the organization and of the transaction change, depending on the place, yet that which is transferred remains the same.

The structure of these NGOs is comparable to that of the other transnational businesses. The only difference is the social or humanitarian nature of the entities which are connected across borders.

In France, people know about NGOs through word of mouth, and they advertise in Lingala, the common language of Kinshasa. In order to establish their legitimacy, the organizers invoke a humanitarian discourse, and recite the following slogan: “*to bongissa logomba na biso*”, “let us develop our country”. The concept of development does not imply a collective project. It merely aims to simplify the problems that compatriots in the diaspora encounter in transferring money to their families. The concept of development is intertwined with the theme of misfortune. Compassion appears to be the motivation for this humanitarian activity, which is coordinated and carried out by the NGOs.

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. The structure of the NGO is thus corrupted. Generally, in other organizations, donations are anonymous.

In order to send help or money, the client fills out a two-page form. This form has two columns. The left column is for the contact information of the sponsored family, and the right column is for the sponsoring family. The trust relationship is put in writing because the level of risk is very high. If there is a problem, the sponsor can use the second copy to take recourse. It is in the interest of the organizer of the NGO to minimize risks in order to avoid discovery of the NGO’s multiple activities. He checks with his correspondent and reimburses the sender promptly. The second reason for the use of a receipt has to do with the level of formalization and legal controls to which NGOs are subject. Associations must prove to the government that their accounting and management are rigorous.

However, in the case of a successful transaction, once the form is filled out and the money is deposited the sender tells his family to go to the business to retrieve the goods sent. The head of the NGO sends a fax to his correspondent. Taxes range from 5–10 per cent of the value of the goods sent. It is difficult to determine the motives of heads of NGOs. In the course of my research, it has become apparent

that, for them, the creation of the association amounts to creating a business to make money.

Members of the association did not object to this point of view. In their opinion, this activity meets a real need to help family members who have remained in the country of origin. These associations can be said to have “privatized”, and no longer necessarily operate on the basis of community-oriented motivations. They do not aim to create development projects in their country of origin.

## **6. Conclusion: informal remittances and development**

In conclusion, some projections can be made. If the hypothetical minimum amount that each member sends to his family each month is € 50, in 2003, total remittances to the Congos amounted to more than € 7 million.

Members of the diaspora with official status and refugees tend to send money through formal transfer operators (Western Union, mail, etc.) but also semi-formally in the context of the multiple activities of certain organizations (NGOs, churches, businesses) or, lastly, through entirely informal channels (hand delivery, courier, cheque). Irregular migrants, however, send remittances exclusively through informal channels (Westerns, hand delivery, courier) or semi-formally through social organizations mentioned above (NGOs, churches and businesses). People with official status use these channels because they appear to be more reliable and less subject to hassle, red tape and police control. Furthermore, they are connected to a political ideology of resisting the state and helping family members. For this reason, it is very likely that the largest amount of money moves through informal channels.

The case of the Congos is relevant to development in that it identifies the characteristics of specific migrations to Europe. Analyses often focus on societies that are rural, patrilineal, whose inhabitants have little or no formal education, and, above all, are driven by a community-oriented ideology. For example, research by the Panos Institute on the practices of Malian and Senegalese migrants shows how they participate in the development of their country of origin. This diaspora’s strength is automatically attributed to the community spirit which has been instilled in the context of a rural and agricultural society. Second, the key to the success of their projects lies in their capacity to identify the real needs of their region of origin, acting jointly with those who have remained in the country of origin. The final key to success is the ability of this diaspora to join together in order to act on a large scale, at the departmental, regional and national level.

However, Congolese migrants do not fall into this category. On the one hand, the members of this diaspora do not tend to create many associations. In addition, the majority of the members of this diaspora are from urban centres and are formally educated. Lastly, the Congos have undergone violent armed conflict. Nevertheless, this context has played a role in the rise of remittances in correlation with the increase of family and/or community feeling. However, in spite of their efficiency, there is no proof that remittances will maintain the same forms and volume if the historical context changes. Yet, an encouraging fact is that the desire to help the country’s development has grown among people who were not previously predisposed to this idea. This desire shows that development actions can also draw

on non-associative, private initiatives.

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