



CONCEPT NOTE

IGAD High Level Ministerial Roundtable Discussion on Remittances as a Tool for Financing Development and Meeting Food Security.

13 July 2015, Radisson Blu Hotel, Addis Ababa, Ethiopia

08:15 – 09:45 AM

(Closed door: invitation only)

Introduction

Over the last two decades, there has been a massive migration of people from the Horn of Africa to Europe, Middle East, Southern Africa, the United States and Canada either as refugees or migrant workers.

One of the most visible returns of international migration is remittances – transfer of the much-needed hard currency into local and national economies thus making significant contribution to development. International migration from the IGAD region has played a positive role in development and household food security.

Remittances are estimated to be in tune of \$400 billion a year globally. Of these, Africa receives only \$40 Billion a year. The IGAD region receives the biggest share of Africa remittances: it is estimated that in 2014 Somalia received \$1.3-1.5 Billion, Kenya around \$1.5 billion and Ethiopia \$9+ billion.

Remittances as a Tool for Financing Development

Remittances have increasingly been recognized as an important source of finance for development. The Monterrey Consensus and the Doha Declaration recognize remittances as a possible source for financing development - being “significant private financial resources for households in countries of origin of migration”

(Doha Declaration, Paragraph 29). Indeed, remittances have helped reduce poverty by increasing household income. Numerous studies have shown that remittances are, in most cases, used to pay school fees and also function as an informal and community-based health insurance. However, studies have also shown that, because of the cost of migration, remittances do not reach the poorest of the poor, but rather the middle classes, and they can even increase inequality.

Yet, it is often discussed how the potential of remittances for financing development could be further strengthened through channeling remittances into investment schemes and encouraging more savings. Studies have also shown that migrant workers are more willing to invest in their countries of origin if there is increased political and macroeconomic stability and if financial markets are sufficiently developed.

Thus, a critical starting point for the debate on remittance banking concerns what kind of financial services model is more appropriate at the local level. This begins by acknowledging the existence of very different models for the provision of financial services, as well as the advantages and limitations associated with each, rather than assuming a priori that private banking institutions from the formal sector will offer the best results.

Therefore, as long as the legal and structural context remains unchanged, remittance-based individual entrepreneurship will have little possibility of success, as investors face constraints that cannot be overcome simply by individual efforts.

This High Level meeting on the sidelines of the Third International Conference on Financing for Development Conference will bring together IGAD Ministers of Finance, senior level representative from IGAD Member State Central Banks, the World Bank, African Development Bank, the United Nations, representatives of Money Transfer Operators, and experts on the subject.

Objective

The objective of the High-Level Ministerial Roundtable Discussion on Remittances is to review linkages between remittances and household food security in IGAD Member Countries with a view to formulating appropriate policies that enhance remittances contribution to local, national and regional development.

Panelists of this roundtable discussion will also assess the impact that banking legislations in the US, the UK and Australia have had on Money Transfer Operators (MTOs) or remittance companies, positing challenges to access banking services – a much needed legal conduit to transfer money to receiving countries.

Key topics that will be addressed in the roundtable include:-

1. Options for policies to enhance the development impact of remittances
2. The role of diaspora as potential powerful agents of development in home countries and the region
3. The role of remittances in household food security
4. Mechanism for creating safe, transparent, affordable, and legal flows of remittances, while addressing national and international concerns and setting the foundation for robust regulations and reliable systems in the financial system across the IGAD region.

Organizer

The event is organised by the Intergovernmental Authority on Development (IGAD) with the support of the Ministry of Finance and Economic Development of Ethiopia (MoFED), the United Nations Development Programme (UNDP), and Sahan Research.

Programme

07:45 - 08:15	Registration
08:15 - 08:20	Welcome Remarks by the Minister for Finance and Economic Development of Ethiopia, HE Sufian Ahmed
08:20 - 08:25	Remarks by the Executive Secretary of IGAD, Amb. (Eng.) Mahboub Maalim
08:25 – 08:30	Statement by the UN Assistant Secretary-General and UNDP Regional Director for Africa, HE Mar Abdoulaye Dieye
08:30 - 08:40	Keynote Speech by the President of Somalia, HE Hassan Sheikh Mahamoud
08:40 - 08:50	Statement of IGAD Special Representative on Remittances, Hon. Hussein Halane
08:50 - 09:25	Statement by IGAD Member States (5 minutes each)
09:25 - 09:35	Statement by pre-selected Partners
09:35- 09:45	Communiqué and Closing Remarks