



African
Foundation for
Development

Informal Interactive Hearings of the General Assembly on Migration & Development

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International Migration & Development: Challenges for social & economic policies in sending & receiving countries Statement by Chukwu-Emeka Chikezie, African Foundation for Development (AFFORD), UK

I Introduction

1. Distinguished Participants, AFFORD welcomes this opportunity to make a brief statement. We make three suggestions to Member States on policies they may adopt in order to enhance the contribution that migration makes to development.
2. These recommendations are:
 - (a) to apply tax relief on remittances for international development;
 - (b) provide more integrated support for migrant-led transnational enterprise, &
 - (c) include migration issues within development strategies & North-South bilateral negotiations on development cooperation.

II Tax relief on remittances

3. We call upon Member States represented here to endorse the call at the 9/10 February 2006 Cotonou meeting on Migrants' Remittances by Ministers & Heads of Delegations of Least Developed Countries who urged "Governments of host countries to consider introducing tax relief for remittances similar to tax incentives provided for investment funds and charitable donations."
4. Such a move would complement other initiatives, such as reducing remittances transaction costs & extending financial access to the "unbanked".
5. Tax relief on remittance flows *for development*, as we propose, would provide the following additional benefits, all of which are objectives of existing policy initiatives:
 - (a) increase productive & regenerative uses of remittances;
 - (b) increase volume of remittances used for developmental purposes;
 - (c) increase use of formal channels for remittance flows;



- (d) increase appreciation of migrants' contribution to international development;
 - (e) encourage more collective development initiatives, eg by hometown associations
 - (f) challenge existing notions of developing regions as helpless & totally dependent upon handouts from rich donor nations.
6. To date, we have focused our efforts on the UK tax regime. Tax relief on remittances in the UK would use the following mechanisms, which might be adapted for other States:
- (a) tax relief goes into a central pot, not back to the individual (unlike Gift Aid, domestic tax relief for charitable donations by high-rate tax-payers);
 - (b) remitters must channel money via accredited & participating money transfer agents;
 - (c) remittances must go to accredited participating recipient organizations or entities in developing countries;
 - (d) the RemitAid™ Corporation claims tax relief from the host government body for the sums transferred;
 - (e) the RemitAid™ Corporation transfers funds to the RemitAid™ Development Fund;
 - (f) the RemitAid™ Development Fund disburses funds for appropriate purposes, through a transparent application process by suitable bodies.
7. Initial consultations have strongly endorsed this proposal & AFFORD & GK Partners (initiators of the RemitAid™ concept) are collaborating to consult more widely with stakeholders & develop technical specifications for a fully workable tax relief system on remittances (including a pilot scheme).

III Supporting migrant-led transnational enterprise

- 8. As the Secretary-General's report points out, "migrant entrepreneurs often generate increased trade with the countries of origin by selling goods produced in those countries."
- 9. We call upon both originating & host Member States to cooperate to provide integrated support at both ends of the supply chain of the migrant-origin country trade link.
- 10. To give one example, in the UK, African-owned food businesses often find their businesses hampered by a failure to satisfy food regulators' requirements because of capacity constraints on their side & on their

suppliers' side in Africa. To overcome these challenges, host country government agencies responsible for domestic small business support & for international development/cooperation must work together & with origin country business/export support agencies to achieve the desirable outcome of productive businesses, economic regeneration, & job-creation in both originating & host countries. The principle applies to other business sectors, & countries.

11. This is just one of many areas, in a more transnational era, in which the lines between domestic & international policy are blurred & demand more "joined-up" government to achieve key policy outcomes.

IV Incorporating migration/diaspora issues into development policies & bilateral development cooperation agreements

12. We call upon developing country Member States to fully incorporate strategies for harnessing the benefits of migration for development into their overarching development policies & strategies & bilateral agreements with host countries where their citizens & descendants reside.
13. In recent years, we have witnessed a welcome & growing interest among African governments to engage more constructively with their citizens & descendants of citizens abroad (& with the African diaspora more generally) with a view to harnessing their resources for development.
14. However, these efforts have often started out as special initiatives (sometimes Presidential ones) that are disconnected from mainstream development strategies. This often dissipates energy, stretches limited institutional capacity, & undermines efforts to harness migration's benefits for development. It also often means that bilateral development cooperation agreements with donor nations that are also host countries overlook important ways that those host countries can engage constructively with migrant & diaspora communities to contribute to the development of their regions of origin.

V About AFFORD

15. AFFORD is a UK-based, African diaspora-led organization that works to maximize the contribution that African migrants & diaspora individuals & communities make to Africa's development. We do this primarily by

harnessing the diaspora's resources to support small & medium sized enterprises in Africa with a view to improving business performance & creating jobs, especially for young Africans.

16. AFFORD is present here today as a member of *Connections for Development (CfD)*, a network of migrant, diaspora & minority communities in the UK with a shared interest in supporting international development in the *Global South*.
17. The recommendations made here have emerged from consultative processes AFFORD has undertaken among African groups & other development stakeholders in the UK.
18. We thank the UK Department for International Development (DFID) for financial support to CfD & AFFORD for some of the consultations & in enabling us to participate in these hearings.
19. Chukwu-Emeka Chikezie is Executive Director of the African Foundation for Development (AFFORD). Before AFFORD, he was senior industry analyst for a consulting firm; lecturer in media studies at a London university; administrator establishing an international institute for telecoms regulators at another London university; a freelance journalist; & an IT systems analyst. Chukwu-Emeka is of Sierra Leonean/Nigerian origin.
20. Thank you