

Preparatory Meeting of Senior Officials For the Ministerial Conference of the Least Developed Countries on the Development Impact of Remittances

Cotonou, 9 February 2006.

Report of the Preparatory Meeting of Senior Officials

CHAPTER I

Introduction

1. The Programme of Action of the Least Developed Countries for the Decade 2001-2010 adopted at the Third United Nations Conference in Brussels on 20 May 2001 and endorsed by the General Assembly resolution 55/279 on 12 July 2001 underscores crucial importance of mobilising domestic and external resources for achieving its objectives, goals and targets.
2. The Programme of Action calls on the LDCs to increase domestic resource mobilization and create enabling environment for foreign direct investment (FDI) and other private external flows, while recognising the critical role of Official Development Assistance (ODA) and comprehensive external debt solution for these countries, trapped in extreme poverty.
3. The 2004 High-Level Segment of the Economic and Social Council (ECOSOC) of the United Nations which undertook an in-depth and comprehensive review of the theme “Resources mobilization and enabling environment for poverty eradication in the Least Developed Countries (LDCs) in the context of the implementation of the Brussels Programme of Action for the decade 2001-2010” has identified remittances, as a possible source of external financing for development.
4. The present Ministerial Conference of the Least Developed Countries on the Development Impact of Remittances is being organized by the Government of Benin, in collaboration with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing Countries (UN-OHRLS) and the International Organization of Migration (IOM), as a follow up to the 2004 High-Level Segment of ECOSOC, to further explore the development potential of remittances and provide concrete and practical recommendations to the LDCs and their development partners.

CHAPTER II

Organizational matters

A. Opening and duration of the preparatory meeting

5. The senior officials held a preparatory meeting in Cotonou, Benin on 9 February 2006 to consider all the agenda items, including the draft outcome of the Conference and the present report.

6. H.E. Mr. Rogatien BIAOU, Minister of Foreign Affairs and African Intergration of Benin opened the meeting with an introductory statement. He expressed his satisfaction on the interest shown by the LDC's on the Development Impacts of Remittances issue.

B. Officers

7. The Preparatory Meeting elected by acclamation Benin as Chairman and Bangladesh as Rapporteur.

C. Adoption of the agenda

8. The Preparatory Meeting adopted its provisional agenda and organization of work as follows:

1. Opening of the session.
2. Adoption of the agenda and programme of work.
3. Election of the Chairman and the Rapporteur.
4. Presentations and Panel discussions
5. Adoption of the report of the Meeting
6. Other business.

D. Documentation

9. The Meeting had before it the following documents:

- (a) Provisional agenda and organization of work
- (b) Background papers on remittances in the LDCs
- (c) Compendium of policies and practices of the LDCs in the area of remittances
- (d) Draft outcome document

CHAPTER III

Organization of work

10. The meeting has been held in four sessions dedicated to presentation and panel discussion on : a) overview of migrant workers' remittances, b) improving remittance services c) enhancing the development impact of remittances and d) the draft outcome of the conference and its follow up.
11. In this context, participants listened to the message of the host country during the opening ceremony as well as several papers delivered by eminent speakers and exchanged views on the following topics :
 - 'Analytical Overview of Migrant Workers' Remittances' presented by Mr. Dilip RATHA, Senior Economist, Development Prospects Group, International Finance Team.
 - 'Remittances to LDCs. : Issues, Policies, Practices and Enhancing their Impact on Development' presented by Mr. Nilim BARUAH, Head of Labour Migration Service and H. E. Mr. Zul Kifl SALAMI, Minister of Planning and Development in Bénin.
 - 'Core Principles, strategies and Initiatives in Improving Remittances Services' presented by Mr. Pascal I. KOUPAKI, Special Counselor to the Governor of Central bank of West African States.
 - 'Lowering Costs and Expanding Access and Provision of Information' presented by Mahfuzur RAHMAN, Director, Ministry of Foreign Affairs of Bangladesh.
 - 'Partnerships' presented by Ms. Sharmy SOBHAN, Executive Director of Fonkoze/USA (Micro-Finance NGO) and Mr. Fred OLADEINDE, President of the Foundation for Democracy in Africa.
 - 'Policy options for enhancing the impact of remittances on development' presented by Ms. Loretta FORAN, Investment Economist, African Development Bank and Mr. Yiping ZHOU, Special Unit for South-South Cooperation, UNDP.
 - 'Role of migrants workers associations and local development associations' presented by Mr. Gibril FAAL, President of AFFORD U. K.
 - 'Leveraging Remittances: Role of Banks and Financial Institutions' presented by Mr. Claude SUMATA, SOAS, University of London; Mr. Makarimi ADECHOUBOU, Regional Technical Manager, UNCDF Financial Inclusion Practice Area and Mr. Fred KWIBA, Foundation for Democracy in Africa.

Papers presented and subsequent discussions highlighted the following major evidences:

- The volume of migrant workers' remittances to their countries of origin are in excess of Official Development Assistance (ODA) in some countries and have become an important source of funding of the national economy ;
- It is observed that there is a constant increase in the global volume of remittances by migrant workers
- Two major circuits exist in the remittances by migrant workers : the official structure and the informal means. In some cases, the informal channel is a more dominant platform for remittances in spite of the risks generally linked to the amorphous and unstable character of this option

* Remittances by workers are largely responsible for satisfying social needs of many families in the countries of origin and, to some extent, for funding local development efforts ;

* The need to undertake and improve the continuous sharing of national experiences in order to draw lessons on best practices which could help improve remittance services of migrant workers funds enhance their impact in poverty reduction and sustainable development ;

* Several factors constitute impediment to remittances by migrant workers. These include :

- The high cost of services linked to formal remittances structures ;

- taxation of remittances through the control of exchange rates or the retention of part of the remittances ;

- restriction on foreign currency possession;

* In order to overcome this handicap, several solutions were proposed including the reduction of the cost of remittances in formal sector aimed at encouraging its increase, the positive and encouraging national policies in the area of remittances in sending and receiving countries

*Migrant workers and local development associations must be closely involve in discussion and initiatives undertaken at national and international levels; so as to make use of their contributions as key actors and propotion of local development through the considerable flow of funds which benefit LDCs.

CHAPTER IV

Action taken by the Preparatory Meeting

12. The Preparatory Meeting adopted a final draft of the outcome document and recommended it to the Conference for its consideration and adoption.

CHAPTER V

Recommendations of the Preparatory Meeting

13. The Meeting recommends to the Conference for its consideration and adoption the draft outcome document entitled “Ministerial Declaration of the Conference of Least Developed Countries on the Development Impact of Remittances”, which is contained in annex I to the present report.

CHAPTER VI

Adoption of the report of the Preparatory Meeting

14. At its last session Mr, Manfuzur Rahman of (Bangladesh), the Rapporteur of the meeting, introduced the draft report of the Preparatory Committee.

15. At the same session, the Meeting adopted the draft report after necessary amendments.