

PRESS RELEASE: AFFORD calls for remittances by Africans to be on G8 Summit Agenda

Date: June 13th 2005

At a meeting "to discuss the UK priorities for Africa leading to the Gleneagles Summit", the Chancellor of the Exchequer Gordon Brown has assured the Chair of the African Foundation for Development (AFFORD) Gibril Faal that remittances are on his agenda, as he prepares for the G8 Summit. He also invited Mr Faal to present to him a paper on remittances for further consideration, which AFFORD will generate as part of its annual African Diaspora & Development Day (**ad3**).

This year, **ad3** takes place on 2 July, focusing on mobilising diaspora resources to create and sustain enterprises and jobs in Africa. The keynote speaker is the 2004 Nobel Peace Laureate, Professor Wangari Maathai, who would be drawing upon her experience of working with grassroots women to plant millions of trees in a bid to save the environment, and provide a dignified means of income for the women.

The issue of remittances has steadily been moving up the political agenda. According to a recent World Bank study: "Informal transfers and formal but unrecorded transfers add another order of magnitude to remittance flows, bringing the estimated total to as much as \$200 billion - more than foreign direct investment."

The meeting to discuss the UK priorities for Africa held for NGOs, diaspora and faith groups was hosted by Gordon Brown and South African Finance Minister Trevor Manuel on 11 June, shortly after Mr Brown announced the agreement by G7 Ministers to cancel £30 billion of the debt owed by qualifying developing countries to multilateral financial institutions such as the World Bank and African Development Bank. Of the initial 18 countries qualifying for 100% debt relief, 14 are African. Although attention often focuses on aid, Faal made the point that apart from trade income, aid, foreign direct investment (FDI) and diaspora remittances are the three main forms of financial inflow to Africa.

"Only remittances reflect self-help by Africans and the inflows are not countered by future outflows from the continent," Faal noted. "Remittances are also direct investments through ordinary citizens, without the need of mediation by government or corporate bodies," he concluded.

Given that the meeting was about discussing UK priorities for Africa, at the G8 Summit, Faal suggested that remittances should be put on the agenda. AFFORD is greatly encouraged by the fact that the Chancellor confirmed that remittances are indeed on his agenda and invited Faal to present to him a paper on the points raised at the meeting for further consideration.

AFFORD gave evidence to the House of Commons Select Committee enquiry in 2004 in which ways of reducing the transaction costs of remittances were discussed. AFFORD hopes that the G8 will examine other innovative ways of extending the effectiveness of remittances, beyond just the issue of transaction costs. After the **ad3** event, Gibril Faal and AFFORD will publish proposals on how financial instruments used to encourage social enterprise and economic regeneration in the UK can be applied to the issue of 'remittances for international development'.

PRESS INFORMATION & NOTES:

REMITTANCE FIGURES: According to the World Bank's latest report 'Global Development Finance 2005: Mobilising Finance and Managing Vulnerability', "remittances now constitute the second largest flow of external finance, well behind foreign direct investment, but far ahead of official development assistance". The study quotes a 2002 survey that suggests that in 2002 Africa received 15% of the estimated \$80 billion of remittances captured by official statistics. However, analysts recognise that most remittances flowing into Africa flow through informal channels that are not recorded. "Informal transfers and formal but unrecorded transfers add another order of magnitude to remittance flows, bringing the estimated total to as much as \$200 billion - more than foreign direct investment," according to the Bank's study.

GIBRIL FAAL: Director of GK Partners, a company specialising in business advice on social enterprise, corporate social responsibility and public enterprise. Former lecturer on MSc programme in Global Development Management. Piloted a DTI-funded programme on social enterprise business support in Central London through Business Link. Written and presented several papers on social enterprise and international development. Mr Faal also sits as a magistrate at Wimbledon Magistrates' Court. Tel: 07951 877 449 / 0870 1904 178.

Gibril Faal highlights "three factors about remittances which makes it a more sustainable form of financing African development. Firstly, unlike Aid and FDI, remittances are based on self-help by Africans rather than a foreign benefactor. Secondly, remittance inflows to Africa are not countered by future outflows through interest, debt and dividend payments as well as retention and repatriation of funds for donor country expatriates and suppliers. Thirdly, remittances are direct investments on food security, education, health, small business start-up etc, made through ordinary citizens without the need for mediation by government or corporate bodies."

ad3: The annual African Diaspora & Development Day or **ad3** is organised by the London-based African Foundation for Development (AFFORD). This year's theme is "Enterprise Africa! Mobilizing the African diaspora's resources to create enterprises, jobs & wealth in Africa". The event will take place between 8.30am and 6pm on Saturday 2 July at The Rocket, 166-220 Holloway Road N7 8DB. Event will be followed by an Afro Rhymes & Rhythms session with DJs from the Shakara group - 7.00pm until late.

PROF. MAATHAI: Honourable Professor Wangari Maathai is Assistant Minister for Environment and Natural Resources, Republic of Kenya; Member of Parliament, Tetu Constituency, Nyeri District, Republic of Kenya; Founder and Former Coordinator, the Green Belt Movement. In 2004 Professor Maathai became the first environmentalist and first African woman to win the Nobel Peace Prize. The Norwegian Nobel Committee decided to award the Nobel Peace Prize for 2004 to Wangari Maathai for her contribution to sustainable development, democracy and peace. She is also President of the African Union's Interim General Assembly of the Economic, Social and Cultural Council (ECOSOC).

OTHER INFORMATION: According to the Greater London Authority, "black businesses make up 3% of all London's businesses. 29% of black business owners are women – the highest rate of ownership among women of any ethnic group. Black owned businesses provide over 40,000 jobs and have a total turnover of almost £1.8 billion (and growing)." Some 28 percent of these businesses are owned by black Africans (3,000 businesses) and mixed white and black Africans own 9 percent (900).

A study commissioned in 2004 by the Department for International Development estimated at £1.4 billion the total remittances flowing out of the UK toward developing countries, with £0.5 billion of this total flowing out through informal mechanisms. (See "Informal remittances from the UK: Values, Flows and Mechanisms - A report to DFID, March 2004, Michael Blackwell & David Seddon, Overseas Development Group, Norwich.)

AFFORD: AFFORD's recent achievements include

- Supported creation of two leading diaspora networks - African Diaspora Voices for Africa's Development (ADVAD); Connections for Development
- Provided Africa-related careers training for nearly 100 young Africans in London & secured internships in four African countries for young diasporic Africans
- Contributed to & helped shape policy debates around migration/diaspora & development with recommendations helping to influence government & funder policies
- Helped to place & keep the African diaspora's contribution to Africa's development firmly on the policy agenda
- Helped over 100 African diaspora organisations build their capacity as development agencies
- Initiated the UK's first award ceremony for Africans in the diaspora contributing to Africa's development
- Pioneered widely emulated models of mobilising the African diaspora through initiation of the precursor to the African Diaspora & Development Day in 2000
- Developed one of the UK's widest networks of African diaspora organisations & individuals working for Africa's development.

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