



Migration and Development: Enhancing the developmental impact of Migration

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Migration and Development: Overview

The link between migration and development is now well established. African migrants which now constitute the so called sixth region of the continent provide indeed different forms of capital to their origin countries that have a developmental impact. These include social (networks developed in their host countries), Intellectual (skills and know-how), political (lobbying and advocacy), cultural (vulgarisation of the cultures of their origin countries) and financial (remittances, consumer products, etc..) capital. The question is how can the developmental impact of these contributions be maximised?

To answer this question, we need first to be in agreement as to what constitutes development, especially in the context of Africa. The term has a number of contested meanings running the full gamut of what governments do for their people, through what sympathetic outsiders can and should do for helpless poor people, to a set of favourable economic, social, political and cultural indicators. For the purpose of this paper, the term would be used to refer to improving the economic and social conditions of poorer people in a sustainable way.

Making abstractions of the governance issues that plagues most of the continent, there has been a tendency in the past for international institutions and NGOs to push for measures that end up improving the economic conditions of a few, but have limited impact on the development prospects of the countries in general. Take the case of microfinance, which although is a laudable concept and helps a number of families in improving their prospects, does not create enough jobs to make a sizeable impact in the reduction of the number of people living under one dollar a day in a given country. Take the HIPC (Highly Indebted Poor Countries) initiative. We are yet to see any post-HIPC country in Africa in which the economic and social conditions of the poor have been improved in a sustainable way.

What will have a lasting impact will be the creation of jobs, entrepreneurs and asset owners in the continent. These will lead to an increase in the per capita income of inhabitants as well as in an improvement in their social conditions as they become productive members of the society. Obviously, this is only possible through investments into the continent.

Measures and initiatives designed to improve the continent's potential to attract foreign direct investment as well as to support investment initiatives are thus welcome. A number of such recent initiatives include:

- The new IFC strategy for Africa including enhanced support to SMEs through the PEP Africa programme, direct lending to SMEs scheme and investment climate improvement initiatives
- The EU infrastructure trust that will fund trans-border infrastructure projects that link countries and regions of the continent, a key enabler of the continent's investment attractiveness.
- The Investment climate facility for Africa – a public-private initiative designed to help improve the investment climate in the continent

Role of the diaspora

What role can the ten million and six million Africans living and working in America and in Europe, respectively, play in this front? It must be engaged in the investment battle for Africa, by bringing to bear all the forms of capital at its disposal as: social, intellectual, political, cultural and above all financial.

According to a study made by the IOM, the “oversimplified views that remittances lead to excessive consumption, import dependency or unproductive investment in housing and land are no longer tenable” Remittances constitute an important source of foreign exchange and make contributions to the improvement of the lives of receiving families. According to Ghana’s foreign minister, money transfers for last year were around \$4.5 billion ... and family members abroad sending money home constitutes over 40% of total GDP

The African diaspora is a key component of the equation. Not only does it have the potential to invest in its own right, it also has the knowledge, expertise and experience that could be deployed in enabling foreign direct investment in the continent. African diaspora organisations around the world have embraced this idea and are now leading initiatives that strive to foster investment into the continent.

Initiatives of the diaspora

a). African diaspora investment forum

In June this year, our organisation, African Axis, hosted the African diaspora investment forum with the objective of providing the diaspora community with the platform to meet with key stakeholders in view of driving the twin agenda of encouraging it to invest and to serve as a catalyst for attracting investment into the continent. It attracted approximately 200 participants from the private and public sector with a sizeable attendance by members of the community.

- The presence of delegates from a number of African countries (including 21 persons from South Africa of which 2 premiers of provinces) is proof of the realisation on the part of African governments of the important role that could be played by the diaspora community in fostering investment into their countries.
- Examples of diaspora initiated investments in the continent were highlighted during the forum
- Finally, a number of recommendations designed to enable and encourage investment in general, and diaspora investment in particular, were made to the receiving and sending countries, African regional organisations and trade blocks, to international multilateral organisations and the to diaspora community. A report containing these recommendations is available on the organisation’s website for download.

b). Direct Expatriates Nationals Investment (DENI)

This scheme is being led by a diaspora organisation in the United States. The objective is to pool the resources of the diaspora community of a given country in view of constituting a sizeable sum that will be used in purchasing a state-owned enterprise (electricity, telecom, water, etc..) in that country. The privatized company

will be run on a professional basis, generate income to the government (through the sale – this is neither a loan nor a grant), generate dividends for the investors (diaspora community and their dependents) and help build the culture of ownership within the country.

c). REMIT Aid

From the UK diaspora organisation comes the call for governments of host countries to introduce tax relief for remittances similar to tax incentives provided for investment funds and charitable donations. The idea is to consider remittances as charitable donations and hence should benefit from tax relief. Also international development projects such as community and social enterprise ventures in health and educational facilities as well as investments in qualifying business start-ups will also qualify for tax relief. These twin measures will go along way in increasing the size and developmental impact of remittances.

Migration: obstacle or opportunity for development

The pull factor of economic and demographic challenges in Europe (ageing population, skill and labour shortages, transformations of migratory flows, global competition for the highly skilled) and the push factors in Africa (wage differentials, established transcontinental networks based essentially on family) means that the African diaspora community in Europe is set to grow. With the new set of initiatives in a number of European countries designed to encourage the migration of skilled migrants, his community will increasingly be made up essentially of skilled work force.

The negative and the relatively positive impact of this on home countries' development prospects have been well documented. The damage caused by the brain drain on the continent's social and economic development is hardly offset by the financial and knowledge transfers made by this community.

The challenge is: What can Africans in the diaspora in Europe do in order to tip the balance in favour of a more positive impact on the continent and thus making migration an opportunity for development?

This paper posits that the community should be actively engaged in activities that will strengthen the continent's private sector. Not only should it take the lead to invest in the continent, it should additionally serve as a catalyst for foreign direct investment by making use of its network and knowledge resources it has built over time. In so doing, it will contribute to the creation of enterprises capable of absorbing the continent's workforce (thus stemming the outflow of migrants) and ultimately contribute to the continent's development. Additionally, investment in the continent might just constitute the first step to brain drain reversal. The African governments on their part should make internal changes that would enable the diaspora to remain emotionally tied and economically attracted to it.