Harnessing diaspora Resources

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Global Africa

In many ways we should just explicitly admit that the International Decade is a conversation about Global Africa – its history, present and future. Also, the way it coheres internally and its demands to external forces. So when I speak about harnessing and mobilising diasporas resources for African development, it is within the context of this broader Global Africa – and not always as tragedy, though tragedy there is aplenty. My organisation also works on the basis of win/win – so Africa benefits, the diaspora should also see clear benefits.

Two examples demonstrate the potential of this Global Africa, beyond tragedy:

The African Continental Free Trade Area (AfCFTA) was launched this year by the AU. AfCFTA will create a single market for goods and services, with free movement of people and capital, and lead to a continental customs union, which will bring together over a billion people in 5 countries with a combined nominal GDP of US$3.4 trillion. Kwame Nkrumah who dreamed of this over 60 years ago would be very happy, especially as it means that a united Africa would be stronger in trade negotiations, rather than be picked off individually to sign one-sided deals. AfCFTA would also begin the process of moving towards a single African currency. Why is this latter point important? Currently the combined nominal African GDP calculated at market or government exchange rates is US$3.4 trillion, about the size of the UK economy. However, if we calculated GDP on Purchasing Power Parity (PPP) based on the internal purchasing power of individual currencies, then Africa’s GDP more than doubles in size to US$7.2 trillion, with only China, the EU, the US, and India, having a higher global GDP than Africa. We can immediately see the advantage of a single currency, within an enlarged trading area (whether ECOWAS or the continent), which minimizes the use of third-party currencies to do business amongst ourselves. Why does
Benin need to purchase dollars first in order to buy oil from next door Nigeria? It also positions Africa as the fifth global economic pole.

The second example is about demography.

In 2100 the world’s population will be 11.2 billion. Just under half, 5 billion, of the people of the world will be African. Over the next 81 years these demographic realities will drive the challenges on the African continent in different spheres including environmental and climate change, education and jobs, migration, food and water, poverty, inequality and development, urbanisation, infrastructure, energy, industrialisation and automation, partnerships and the governance and institutions needed to meet this changed demographic.

The 5 billion Africans present challenges and opportunities for policy makers, business and development practitioners. The visions and programmes of national and regional governments; the AU’s 2063 Action Plan, and the global Sustainable Development Goals (SDGs) already have agendas and plan in place to address many of the central challenges, but these need to be animated and millions need to be mobilised and included to play their own role. Take for instance the area of labour mobility.

The diaspora is a product of migration, both voluntary and involuntary, and represents a massive resource, given the skills and knowledge that have been lost to the continent as part of these migratory flows. With its rising population, Africa is also likely to remain a net exporter of labour, in which case migration to Europe and other parts of the world will continue, with the diaspora remaining an important political, social, cultural and economic force. Indeed, including those in the historical diaspora beyond Africa, to the projected African population, then a clear majority of the world’s population may well comprise people of African descent. Already diaspora remittances are currently over US$87 billion annually, and diaspora skills and knowledge transfer are at the cutting edge of many technological and other developments taking place on the continent.

Africa’s current population is 1.2 billion with over 20 million coming onto the job-market every year. By 2100 however, Africa will need to be finding jobs for over a 100 million young people coming onto the job-market annually, and at a
time when robotics and automation are replacing human labour. How will these numbers be educated, skilled and provided with employment or self-employment? What is the role of the diaspora in meeting these challenges? How do we turn these challenges into opportunities along the migration and development nexus, demonstrating that the diaspora can contribute meaningfully to tackling arguably the most critical issue - the support (through financial, intellectual investment and business development advice) of the small and medium sized enterprises (SMEs) which will generate the millions of jobs that are necessary.

This diaspora is a historical and contemporary fact with accompanying disasters and tragedies that we have heard about. Historically it was largely created by acts of wickedness and cruelty. It was also driven by a criminal business and geopolitical enterprise – to control labour, markets and geography, dominated by the Western world. Today as the world begins to reconfigure itself again economically and geopolitically, especially with China’s Belt and Road initiative, where does Global Africa, the fifth economic pole, sit? What is vision for the historic and contemporary diasporas as part of this Global Africa?

Twenty years ago, the issue of diasporas and their involvement in the development of their countries of heritage barely registered on the political agenda. It was only after 2002 when the World Bank and IMF published figures demonstrating that diaspora of remittances far outstripped Overseas Development Aid (ODA) that people began to notice.

Globally, we now understand that 250 million diasporas remit about half a trillion US dollars, each impacting on average 4.5 people (i.e. over a billion people) in their country of heritage, thus making the them the foremost contributors to development. As we noted, US$87 billion was sent solely by the African diaspora.

Nevertheless, as recently as 10 years ago, it was an uphill struggle convincing African Governments to create structures to engage their foremost contributors to development, whether though investment or skills transfer programmes. Fast forward to 2019 and most governments have now created diaspora departments, offices, special representatives, or commissions. At the continental level the African Union describes the diaspora as its sixth region and
is busily establishing frameworks to harness diaspora skills and talents, as well as financial resources, through the creation of a Diaspora Investment Fund.

The Diaspora Fund is important. Take the case of Nigerian. As other Foreign Direct Investment (FDI) flows decline (falling nearly 40 per cent from $9.64 bn in 2015 to $5.12 bn in 2016, and dropping further to US$ 3.5 billion in 2017), Diaspora Direct Investment (DDI) has been increasing. Remittances to Nigeria sent through formal channels amounted to $22 billion dollars in 2017, and was probably as high as $32 billion if those sent through informal channels were also included. The World Bank has estimated that 25 per cent of these remittances represent investment of some kind. Nigerian DDI thus accounts for between US$5.5–US$ 8 billion, which compares favourably with the declining FDI figures.

Also, the overall remittance figures of between US$ 22-32 billion also compares favourably with the budget of the Federal Government of around US$ 20 billion. And these remittances tend to be counter cyclical, increasing in times of natural and politico-economic catastrophes, when FDI heads for the doors, as well as not incurring the other outflows typical of ODA and FDI such as interest, debt and dividend payments, repatriation of funds to pay for expatriate professionals as well as product and service suppliers.

The diaspora is thus sustainably committed. So why has it been so difficult to leverage their resources for large scale strategic investments, rather than the small-scale peer to peer investments to relatives and house building that so much remittances represent? The key issues is, establishing an enabling environment that facilitates diaspora investment and creating viable investment and financial products, such as diaspora bonds, that people can access. Trust, however, appears to underwrite these two factors – trust in the government that creates the enabling environment, and trust in the financial institutions that market the investment products. As someone remarked, trust arrives in a donkey cart, but flees in a Ferrari.

Finally, as part of Global Africa - the diaspora needs to be involved in key discussions about global trade. Key areas for African exports are unprocessed goods, especially agricultural products. Another key export area is labour. If we look at our longstanding trading relations with the West, over the last 400 years, we notice a recurring pattern. At its heart have been the same two areas – our
labour and our unprocessed resources. Our labour was initially enslaved and put to work for free. A short interregnum followed slavery’s abolition, but barely 50 years later from the 1880s onwards, full control was assumed over all our human, and unprocessed material resources through colonisation. This came to an end only with independence, finally in 1994 in South Africa.

Similarly, the West now wants to trade with Africa – but is not really interested in trading African labour (one of our key areas of comparative advantage). Judging by the current visa regimes, the West is also not interested in allowing our potential global African businesses unfettered market access and the freedom to circulate as they seek to vertically integrate their businesses, small or large.

Serious trade deals that avoid being one-sided and puts African interests first, would include important elements about movement of labour, and unfettered market access for African business people and businesses (including for raw and increasingly value-added goods).

This conference also wanted some practical suggestions – so I will make a series of recommendations across the 3 areas of history, justice and development, and these will focus on things that are largely within the power and control of Global Africa to enact, if it so wishes:

- We need to begin a serious discourse about Global Africa, its complexity and diversity, focusing also on reconnections and linkages – emotional and financial flows (visas, direct flights, business relationships, tourism).
- This would include a discourse about the History of Africa. The AU can kick this off – Beyond Nkrumah and Haile Selassie, it can tell the story of Africa in its grounds – from Lucy, first state in Egypt, first women leaders, etc, creating a visual coherence that we want curriculums to attach. The curating of this would be an interesting exercise, with contemporary historians building on the UNECSO African volumes
- Diaspora/Migration Observation institutions (Africa needs to own the expertise around its own Global migration experience, historic and contemporary
- Return of artefacts and human remains
- Diaspora Day of mourning
These measures will begin to achieve the 7 ‘R’s Recognition, Remembrance, Reparations, Restitution, Restoration, Reconnection and Return