



Africans in the Diaspora: A Force for Good

Almaz Negash
African Diaspora Network (ADN)
July 28, 2021

Introduction

The U.S. Black population is diverse in ethnicity, identity, and origin. According to the Migration Policy Institute,¹ approximately 2 million immigrants from sub-Saharan Africa lived in the United States in 2018. While this represents only 4.5 per cent of the country's 44.7 million immigrants, it is a rapidly growing group. In the United States, the sub-Saharan African population increased by 52 per cent between 2010 and 2018. These numbers reflected only the contemporary African diaspora (i.e. new immigrants), although the Black population in the country is 46.8 million strong², of which approximately 4.4 million, are Afro-Caribbean.

Just as globalization is a process that has been with us since the first Africans left the continent to inhabit other parts of the world, processes of diaspora have been with us since the beginning of time. Driven by economics, politics, war or a vision for a new life, humanity has migrated from country to country, bridging cultures and nations, and bringing new perspectives and possibilities to both host countries and countries of origin.

¹ Carlos Echeverria-Estrada and Jeanne Batalova, "Sub-Saharan African immigrants in the United States", *Migration Information Source* (online journal of the Migration Policy Institute) Spotlight article, 6 November 2019. Available at www.migrationpolicy.org/article/sub-saharan-african-immigrants-united-states-2018.

² Tamir, Christine. "The Growing Diversity of Black America." *Pew Research Center*, Pew Research Center, 2021, <https://www.pewresearch.org/social-trends/2021/03/25/the-growing-diversity-of-black-america/>. Accessed 27 July 2021.

As we consider modern Africa and the place of capital, enterprise and impact investing within it, discussions often focus upon the critical role of foreign direct relief, development and investing. Accordingly, much of our mainstream culture's attention is focused on the actions of foreign aid organizations, governments of the global North offering assistance to the global South, and regional or national initiatives within the diverse community that is Africa today.

Receiving less attention, however, is the potential – and critical – role to be played by Africans of the diaspora: those Africans presently living overseas in the United States, Europe and elsewhere around the world who maintain close personal and business ties with the nations from which they and their communities came.

The impact of the diaspora

With Africa being the “world's youngest continent” and future base of the global economy, Bill Gates estimates that the continent, as a whole, will outpace India and China in terms of workforce by 2040. Recognizing that there is a gap in the market, African Diaspora Network continues to amplify the work of the diaspora. Innovators and investors from around the world can benefit from a more connected and mobilized African immigrant network that energizes our local and global networks to shape an inclusive, innovative future for the planet.

The African diaspora contributes much to the United States and to Africa. In the United States, there is a significant number of intelligent and skilled sub-Saharan Africans. Sub-Saharan African immigrants have higher educational attainment compared to immigrants overall and native-born U.S. citizens. According to a report by the Migration Policy Institute,³ tabulated with data from the U.S. Census Bureau, 40 per cent of sub-Saharan Africans ages 25 and over in 2017 held a bachelor's degree or higher, compared to 31 per cent of the total foreign-born population and 32 per cent of the US-born population. In the same year, about 75 per cent of sub-Saharan immigrants ages 16 and over were in the civilian labour force, compared to 66 per cent of foreign-born and 62 per cent of native-born adults, respectively. In addition, a high percentage of sub-Saharan Africans were employed in management, business, science and arts occupations. According to a study by New American Economy,⁴ African immigrants earned more than USD 133 billion in 2018

³ Ibid.

⁴ New American Economy, “Power of the purse: The contributions of Black immigrants in the United States”, research article, 19 March 2020. Available at <https://research.newamericaneconomy.org/report/black-immigrants-2020>.

alone, paid almost USD 36 billion in taxes and had a spending power of nearly USD 98 billion.

The challenge of an African “brain drain” has long been recognized as a serious hindrance to capitalizing on Africa’s opportunities. Indeed, the continent loses millions of highly skilled, professional Africans who migrate to the United States and other countries, resulting in a severe brain drain. It has never been easy to calculate the value of the economic loss and/or human capital loss when Africans leave their home country. Overcoming “brain drain” requires the involvement of the African diaspora.

The African diaspora does not forget their home continent. Besides being committed to the communities they live in, the African diaspora also sends remittances home. According to the World Bank,⁵ remittances to Sub-Saharan Africa were approximately USD 42 billion in 2020. This amount is less than in previous years due to COVID-19, but nevertheless shows the diaspora’s commitment to the continent. According to the study, “The Diaspora and Economic Development in Africa”,⁶ African diasporans also contribute to human capital and democratic development in Africa.

The African diaspora making a difference: Beyond giving to family and friends, to becoming entrepreneurs

According to the *United Nations World Population Prospects: The 2017 Revision*,⁷ Africa will be home to 2.2 billion people by 2050. This will require targeted new enterprise growth in areas that can enhance food supply, healthcare services and educational solutions within local communities. This presents a wonderful opportunity for the diaspora to explore business development on the continent.

Indeed, there is no lack of talent in Africa. According to *African Economic Outlook 2017*,⁸

⁵ World Bank, “Defying predictions, remittance flows remain strong during COVID-19 crisis”, press release, 12 May 2021. Available at www.worldbank.org/en/news/press-release/2021/05/12/defying-predictions-remittance-flows-remain-strong-during-covid-19-crisis.

⁶ Blaise Gnimassoun, John C. Anyanwu, “The diaspora and economic development in Africa”, Bureau d’Économie Théorique et Appliquée working document no. 2018–08. Available at www.beta-umr7522.fr/productions/publications/2018/2018-08.pdf.

⁷ United Nations Department of Economic and Social Affairs, *World Population Prospects: The 2017 Revision* (New York, United Nations, 2017). Available at https://population.un.org/wpp/Publications/Files/WPP2017_KeyFindings.pdf.

⁸ African Development Bank (AfDB), Organisation for Economic Co-operation and Development (OECD), and United Nations Development Programme (UNDP), *African Economic Outlook 2017* (Abidjan, AfDB; Paris, OECD; and New York, UNDP, 2017). Available at www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEO_2017_Report_Full_English.pdf.

released by the African Development Bank, 22 per cent of Africa's working-age population – the highest rate in the world – are starting new businesses, and 20 per cent of new African entrepreneurs are introducing new products and services.

Unfortunately, new entrepreneurs are met with barriers, including limited access to finance, unstable and costly access to electricity, political instability, high tax rates, corruption, and customs and trade regulations. Africans in the diaspora cannot resolve all of these barriers, but they can provide resources and tools to equip local leaders to structure capital investments that optimize total impact.

The African Diaspora Network: Enabling diaspora investment, innovation, entrepreneurship and human capital development

Opportunities abound for innovation, social entrepreneurship and impact investing in both the United States and Africa. African Diaspora Network (ADN) believes there is a need for an intra-African voice for collaboration. There are over 46.8 million Black diasporans⁹ in the United States, composed of African-Americans, Afro-Caribbeans and new immigrants from Africa, who present countless opportunities for collaboration and community-building between the United States, Africa and globally.

Since 2010, ADN has energized collaboration among Silicon Valley entrepreneurs, philanthropists and African diasporans to uplift its local community towards the benefit of Africa. ADN is dedicated to providing virtual and physical forums to accelerate access to resources that foster partnership and knowledge-sharing, and advance investment opportunities.

One of the biggest challenges that Africans, Africans of the diaspora and Black Americans face is lack of access to capital for budding entrepreneurs to grow and scale the impact of their work. To address this issue, ADN has been mobilizing diasporans and friends of Africa to learn about and invest in grassroots African and U.S.-based Black entrepreneurs through its Builders of Africa's Future (BAF) and Accelerating Black Leadership and Entrepreneurship (ABLE) programmes.

BAF serves to showcase and award African entrepreneurs who are running early-stage for-profit and not-for-profit organizations that are addressing unique needs across the continent through technology or differentiated business models. These unique needs are in health,

⁹ Tamir, Christine. "The Growing Diversity of Black America." *Pew Research Center*, Pew Research Center, 2021, <https://www.pewresearch.org/social-trends/2021/03/25/the-growing-diversity-of-black-america/>. Accessed 27 July 2021.

education, energy, financial inclusion, gender inclusion, nutrition, commerce, industrial development and other areas of socioeconomic good. ABLE, another enterprise accelerator recently launched by the ADN, supports US-based founders and entrepreneurs. The programme will address the most important systemic barriers to Black entrepreneurship – that is, the absence of ongoing technical and mentorship support and access to capital for Black entrepreneurs, as recently noted by the US Federal Reserve and others.

Through the BAF and ABLE programmes, ADN demonstrates its commitment to connecting a global network of Africans, diasporans and friends of Africa to entrepreneurs, investors, academics and leaders of nonprofit organizations, corporations, and official development agencies. Together, cohorts from BAF and ABLE will learn, engage and co-create possibilities. The African diaspora will have a platform for learning about the innovative work of Africans, Africans from the diaspora and Black Americans, and the opportunity to invest in them.

Diaspora entrepreneurs are competing with “white social and business entrepreneurs for funds”. In a recent article published by *The Guardian*, “American venture capital and private equity is dominating Africa, but it’s mostly funding other white foreign founders as black entrepreneurs continue to struggle to raise financing.”¹⁰ There is a long way to go to unleash the abundant financial resources that are available in the United States and other countries for diaspora entrepreneurs to invest in their social enterprise. The question is, how can the diaspora turn remittances into investments to fund entrepreneurs? The conversation on the issue of remittances versus investments is ongoing.

Conclusion

African diasporans are a force for good, giving abundantly to the communities they live in and sending remittances back home to friends and family. Africans of the diaspora are by far the largest direct investors in Africa. Through remittances received, many families are able to sustain their lives.

Remittances are not easily scalable, which is why African governments must create an ecosystem conducive for diasporans to invest. Government leaders in Africa have to create long-term, sustainable partnership programmes with the diaspora. Engaging the diaspora is proven to strengthen the socioeconomic development of their home countries through capacity-building, skills transfer and partnerships.

¹⁰ Larry Madowo, Silicon Valley has deep pockets for African startups – if you’re not African. *The Guardian*, 17 July 2020. Available at www.theguardian.com/business/2020/jul/17/african-businesses-black-entrepreneurs-us-investors.

With Africa's growing population and high levels of youth unemployment, there is a need for sustainable investment, which is why diaspora engagement is critical. Diaspora investment in enterprises that can enhance food supply, healthcare services and educational solutions within local communities can add greater value. The African diaspora is generous and committed to the well-being of their families and communities. When presented with an opportunity and a trusted platform, they are willing and able to give to social enterprises and mission-driven organizations.