

United Nations General Assembly Side Event 2021

Leveraging the Diaspora for the Benefit of Households and National Economies in the Countries of Origin and Destination

September 23 Session Summary- Highlights - Action Steps

United Nations General Assembly Side Event

Leveraging the Diaspora for the Benefit of Households and National
Economies in the Countries of Origin and Destination

Thursday, September 23, 7:00 AM PST, 10:00 AM EST, 2:00 PM GMT



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MODERATOR



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INTRODUCTORY REMARKS



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PROF. GIBRIL FAAL OBE, JP
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Organized by UNECA and African Diaspora Network



ECA



Context:

On September 23, African Diaspora Network (ADN) and UNECA hosted the virtual UN side event, “Leveraging the Diaspora for the Benefit of Households and National Economies in the Countries of Origin and Destination.”

The diaspora must position itself robustly to devise innovative ways of utilizing its resources toward improving livelihoods of households and national economies in the countries of origin and destination. Enhancing the socioeconomic and political relations between the diaspora and countries of origin is critical. This is because most African countries with economic resources and opportunities equally lack modern technical resources, skills and experience to support productivity. Strengthening the mutual economic relations between diaspora and these countries would lead to opening new markets to the surplus of African laborers (unemployment).

Remittances have both direct and indirect effects on the welfare of the population in the migrant sending countries. Evidence from some [studies](#) show that remittances reduce the depth and severity of poverty. Remittances have been found to have an income stabilizing effect at the household level. [Remittances](#) have been noted to cushion households in times of economic downturns, financial crises, and natural disasters because migrants living abroad send more money to help their families back home. [Migration](#) contributes to human capital formation as remittances are spent on education and health.

While remittances may seem to only benefit recipient families, they are capable of impacting the surrounding communities and government if applied strategically. ADN recognizes a need for an intra-African voice for collaboration and has been exploring new ground to untap the potential of financial inclusion, including elevating diaspora investments beyond remittances that can change the developmental landscape of local communities. Diaspora resources abound in a time of global migration, and the critical step is to strategically harness and activate the involvement of the diaspora for the development of the continent.



Almaz Negash, Founder and Executive Director of the African Diaspora Network, began the event by welcoming the attendees and introducing the esteemed speakers. She shared the key questions for the discussion:

1. How do we leverage the Diaspora's resources and bridge relations between countries of origin and destination to strengthen mutual economic relations and open new markets?
2. What collective power and leverage do remittances provide for communities across the continent?
3. How are Diasporic communities key enablers in the landscape of developmental finance in Africa?
4. What kinds of innovative finance mechanisms are being developed to facilitate remittances, diaspora investments, and overall financial inclusion for local communities?



Next, Edlam Abera Yemeru, Director, a.i., Gender, Poverty and Social Policy Division United Nations Economic Commission for Africa (ECA) Addis Ababa, Ethiopia, gave some introductory remarks. She said, "I bring you the compliments of the UNECA more broadly. The question of

migration, the issue of the diaspora is a priority for the African continent, particularly

because of the clear development potential of migration, more broadly, but also the diaspora that are already very much supporting the growth and transformation of the continent in many ways-knowledge, ideas, trade, investment, and so on and so forth. We recognize very much in the African continent that migration is a catalyst for realizing the sustainable development goals in Africa's own agenda."

Professor Gibril Faal, Director, GK Partners and FLIA Visiting Professor in Practice, London School of Economics, then spoke about the state of the diaspora. He said, "On remittance flows, if you take the \$85 Billion of 2019, that is the remittance that has gone through official means and mechanisms. When I did my study for the African Union, in 2019, I estimated that the real figure is closer to \$200 Billion. Another form of remittances that is not counted is in-kind such as equipment for businesses."



Orria Goni, SDG Finance and SSC Regional Advisor at Africa Finance Sector Hub, spoke about the importance of trust in diaspora investment. She explained, "There is a very interesting case where crowdfunding was used for the diaspora to invest in local projects. It was putting a strong emphasis on the issue of trust.

Trust is a crucial issue when it comes to diaspora and mobilizing the diaspora. There were 38 localities that piloted that model of engaging diaspora and that approach to leveraging that local investment through trust-building, meaning diaspora was contributing with 10% and the rest was being put by the local municipalities. It was being leveraged and that was

the incentive. It was a way to recuperate the trust and promote transparency in the process.”

Thokozile Ruzvidzo, an expert in gender, poverty and social policy, spoke about what strategically harnessing and activating diaspora contributions looks like. She responded with several suggestions, “For a growing number of African countries, remittances constitute a significant percentage of GDPs. Remittances have proven they are resilient for a form of foreign direct investment and crucial for



direct support to households despite the impact of COVID. They are a crucial safety net for households. They provide access to services such as health, education, food, water, sanitation, electricity, and more. A large amount of families could not manage without the remittances that are coming from the diaspora.”

Suggested Action Steps:

- **Activate the Diaspora:** There is a critical need to strategically harness and activate the Diaspora as part of the sustainable economic development of the continent.
- **Invest in Africa:** Support from the diaspora and friends of Africa provides families with a crucial safety net and investment in African startups creates an opportunity for new and innovative ideas and allows local communities to thrive.
- **Make it Easier for the Diaspora to Contribute:** It is critical for governments to recognize:
 - 1) There is room to reduce the high cost and thereby have more transfers reaching households,
 - 2) Reduce informal movement to help migrants send remittances without fear of detection,
 - 3) Increase the benefits of the use of mobile funds through services such as M-Pesa (Kenya),
 - 4) Provide incentives linked to transfer volumes such as cash-backed programs for sending Diaspora funds.

Highlights

- Questions of migration and diaspora are pertinent to the continent because of the clear potential of migration and the diaspora who are supporting the growth of the continent in many ways (knowledge, ideas, trade, investment).
- There is still room for institutional frameworks, regulatory systems, and incentives for the diaspora to support the continent.
- The issue of Africa is not only going to be solved by Africans. It is our job to be ambassadors and engage friends of Africa as we see.
- It is imperative to ensure that remittance markets are enhanced.
- There is a key opportunity in what digital currencies can bring to the whole market of remittances (i.e., Philippines - web-based platform for mobile finance operators compliantly).
- Trust is a crucial issue when it comes to mobilizing the Diaspora.
- There is a critical need to strategically harness and activate the Diaspora as part of the sustainable economic development of the continent.
- In many African countries, remittances are a major source of foreign currencies and are a crucial safety net for households in providing access to services such as food, water, healthcare, etc.
- It appears that in some countries of destination, in spite of COVID-19, senders of remittances continued to send despite reductions in their own income – this proves the resiliency of the Diaspora.
- It is critical for governments to recognize: 1) There is room to reduce the high cost and thereby have more transfers reaching households, 2) Reduce informal movement to help migrants send remittances without fear of detection, 3) Increase the benefits of the use of mobile funds through services such as M-Pesa (Kenya), 4)

Provide incentives linked to transfer volumes such as cash-backed programs for sending Diaspora funds.

- The African Union is working to create an AU finance mechanism through three main methods: 1) Continental Diaspora Bonds , meaning that friends of Africa can be investing in those bonds and individual African Diasporans who may not be interested in their own country of origin but somewhere else, 2) Mutual Funds, 3) Innovative Finance: There would be a form of remittance matching, remittance tax relief by partner governments across the world

See the entire session recording [here](#).

Resources:

Click [here](#) to learn more about African Diaspora Network's Impact and Innovation Series.

Get to know the speakers better. Visit their organizations' websites.

- [UNECA](#)
- [GK Partners](#)
- [London School of Economics](#)
- [Africa Finance Sector Hub](#)
- Session recording:
<https://youtu.be/NQV6LESOHgc>

Thank You!

African Diaspora Network and UNECA are grateful to the panelists for sharing their insight on diaspora contribution! Thank you to everyone who joined!

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