

African Diaspora Network Impact and Innovation Forums 2022

“Beyond Remittances”

U.S.-Africa Leaders Summit 2022 High-level Working Lunch

Summary- Highlights - Action Steps



Context:

Diasporans represent a powerful constituency in the economic development of Africa and the U.S. African immigrants in the United States earned \$55.1 billion in 2015, contributing significantly to the U.S. economy with \$40.3 billion in spending power and \$14.8 billion in tax payments (New American Economy 2018). The World Bank records over \$80 billion sent to and within Africa in 2020. This magnitude of remittances strongly reflects the commitment of Africans in the diaspora to participate in the economic development of their home continent. Diasporans are by far the largest investors in Africa, yet remittances have limitations. What is the role of the diaspora in scaling up and uplifting communities in Africa?

By 2050, Africa will be home to 2.2 billion people (2017 UN Population Report). This will require targeted new enterprise growth in areas that can enhance food supply, healthcare services, and educational solutions within local communities. The African diaspora has an opportunity to explore business development on the continent. Potentially at the heart of leveraging diasporans is their untapped value in financing social enterprises and mission driven for-profits and collaborating with local leaders to structure capital investments that optimize local impact.

Critical to Africa's economic development is the creative engagement and strategic collaboration of Africans, African diasporans, and friends of Africa. This session examines new approaches to Diaspora engagement beyond remittances and approaches to sustainable investment.

- How do we engage the African diaspora to invest back into their communities?
- What new approaches and investment opportunities are trending across the continent?
- What public-private partnerships can be leveraged to help diasporans go beyond remittances?
- How can African governments create an enabling ecosystem for diasporans to invest?
- How do we bring greater visibility to grassroots African entrepreneurs making an impact in their communities?

On the first day of the U.S. - Africa Leaders Summit, the African Diaspora Network (ADN) and the U.S. Department of State hosted a high-level working lunch to discuss the African Diaspora's contributions to Africa's growth and development beyond remittances. The high-level lunch was sponsored by the Bill & Melinda Gates Foundation and convened government leaders, African Ministers of Economy and Finance, private sector leaders, and diaspora leaders.

The U.S. Department of State partnered with the African Diaspora Network to leverage its expertise in building lasting partnerships that will channel diaspora remittances into productive investments in Africa. The session was held on December 13, 2022, and featured robust discourse on innovative means for harnessing remittances to boost economic development and COVID-recovery on the African continent.



Thomas Debass, Managing Director, Office Of Global Partnerships at The U.S. Department of State (MC) began the discussion on “Beyond Remittances” by sharing, “I've learned a great deal, and I know this is the first conversation of many. We are a partnership office, so we want to see you not just pontificate about things, but just do it. Like the Nike commercial. Just do it.”

Thomas then introduced

Dorothy McAuliffe, Special Representative for Global Partnerships at the U.S. Department of State, for opening remarks. Ms. McAuliffe set the stage for the keynote presentation and panel discussion, emphasizing the importance of remittances, “The importance of remittances cannot be overstated or ignored. Remittances from the African Diaspora increased by 6.2% in 2021. At this session, it is



important for us as stakeholders to look forward, identify the next steps, and take action to make remittances more productive for Africa.”



After opening remarks from Ms. McAuliffe, Professor Kevin Urama, Chief Economist of the African Development Bank (AfDB), then delivered a keynote address. He shared the importance of moving beyond remittances to investment in Africa, “Despite its challenges, Africa is yearning for investors to unlock its full potential. Today, Africa loses about 2 billion USD in brain drain in the health sector. It will take Africa to build the Africa we want, a continent we are all proud to call home. Only

Africans can build Africa with partnerships, with friends and neighbors everywhere. The innate desire and responsibility to proactively build the Africa we want is in all Africans everywhere. However, the African Diaspora needs to be recognized, trusted, and engaged at all levels. Let us stand together as Africans everywhere to build inclusive growth and sustainable development in Africa.”

Next, the “Beyond Remittances” panel took the stage. Moderator Almaz Negash, Founder and Executive Director of the African Diaspora Network, began by thanking the event partners and sponsors and welcomed the audience and esteemed speakers. Ms. Negash led the panel in a robust discussion on what is needed for diasporans to give beyond remittances,



“The success of Africa will be secured when remittances are no longer needed. We need to look beyond remittances and develop a platform where those in the diaspora can invest in African countries other than their home country. We also need to reduce

the high cost of remitting money to the continent while providing the right tax incentives to the diaspora.

“We cannot play the victim card anymore. We must showcase the capability of the Africans and friends of Africa. And I say this with all my heart. Yes, we are Africans, but the number of friends of Africa that support the continent is incredibly inspiring. The love and engagements I've seen for the continent and the kind of collaboration people want to do are much bigger than what I've noticed in 2014. And this tells me that we're going nowhere but up with what we have done.”



Professor Gibril Faal FRSA, OBE, JP, Director of GK Partners & Visiting Professor in Practice, London School of Economics and Political Science (LSE), expressed that there is a need for vehicles to drive progress. Professor Faal explained, “There are four main types of diaspora financial activities: Diaspora Remittances, Diaspora Philanthropy, Diaspora Direct Investment, and Diaspora Portfolio Investment. Each of these four different types of diaspora finance has a whole rationale, history, and dynamics within them and will remain so. This work

we're doing with the African Union focuses on diaspora portfolio investment because it is the least developed of all these.”

One tool that is making it easier for diasporans to support businesses in Africa is NALA, a financial technology company. NALA provides the best FX rates to Tanzania, Kenya, Uganda, Ghana, and Rwanda from the U.S., supporting consumers and businesses that trade with Africa. Benjamin Fernandes, Founder and CEO of NALA, discussed the great interest among diasporans in giving to Africa and the need for tools like NALA to rise up to meet their interest, “There are a lot more



remittances that are happening directly that people don't know about. And I think the numbers are two to three times the size that they actually are listed for. Everybody in this room is interested in beyond remittances, which is why you are here today. If you don't take responsibility, you take orders. And that is a principle of life.”



Semhar Araia, Head of Diaspora Public Policy, Africa, Middle East, and Turkey Public Policy Team at Meta discussed how Meta is encouraging giving beyond remittances by offering tools that support entrepreneurs in Africa and worldwide.

She said, “At Meta, our products, Facebook, Instagram, and WhatsApp, are tools in which you can build groups, and communities worldwide are already utilizing them. We are also realizing that our platforms are critical in enabling entrepreneurs to

get their products into buyers' hands on the continent or vice versa.

“The African diaspora impact has really coincided with the trajectory of innovation and technology. We see that our tools and the ability of people to connect with their phones and find each other and build community is the next advent of this facet of diaspora.

“While Remittances will continue to exist, I think we will see new and creative ways in which diasporans can be investors and how they can either pool funds or be creative. Not just for emergencies or necessities like tuition and building a home, but really innovative projects.”

After the panel discussion, Atalla Motaz, Senior Program Officer, Global Policy & Advocacy, North America at Bill & Melinda Gates Foundation closed the session with, “This was a vibrant session to end an already very rich and thought-provoking day. We're delighted to really have the privilege and



honor to support ADN and to very humbly offer this modest meal to you all. We look forward to supporting the African Diaspora Investment Symposium in March, where these conversations will be continuing and deepening into the next level. The Gates Foundation, with its investments and partnerships in Africa, recognizes the important civic and economic role of Diaspora communities in that work.”

This important discussion on “Beyond Remittances” will continue at the African Diaspora Investment Symposium 2023 (ADIS23) hosted by the African Diaspora Network. For more information about ADIS23, visit our website [here](#).



Suggested Action Steps:

- **Make Remittances More Productive in Africa:** To maximize the impact of remittances in Africa, we need to securitize remittances and reduce the costs of sending money to the continent as well as adopt tax incentives for diasporans remitting funds to their home/preferred countries of residence since Africa remains the costliest region in the world. We also need to invest in research and development infrastructure, encourage brain circulation to counter the negative effects of brain drain, and collaborate with friends and like-minded people and organizations by building partnerships and crowdfunding platforms. We also have to support and implement capacity-building initiatives.

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- **Leverage Public-Private Partnerships to Go Beyond Remittances:** Due to the limitations of remittances, such as their non-scalability, we must harness public-private partnerships to help diasporans move beyond remittances. We need to align and partner with small businesses that are on the ground to co-create programs or initiatives with them. Partnerships to access diaspora savings are also very crucial. Diaspora organizations should help through these networks, formal and informal, to give confidence through effective word of mouth on the different vehicles and institutions through which they can channel their investment for both financial and social returns.
 - **Bring Greater Visibility to African Entrepreneurs Making Impact in their Communities:** There are many African entrepreneurs contributing significantly to their respective communities. However, not all of them will tell their story. Therefore, we need storytellers to share the successes of such entrepreneurs.

Upcoming ADN Engagement Opportunities:

Save the date for the following convenings:

- Accelerating Black Leadership and Entrepreneurship (ABLE) Pitch Session~ January 19, 2023. Learn more [here](#).
- African Diaspora Investment Symposium (ADIS23)~March 22-24, 2023. Learn more [here](#).

Learn more on our [website](#) and [subscribe](#) to our newsletter for updates and registration for all African Diaspora Network events!

Highlights

- Africa, though there are challenges, is yearning for investors to unlock its full potential.
- Some key solutions to make remittances more productive in Africa include:
 - Securitize and reduce costs
 - De-risk African markets
 - Invest in R&D infrastructure
 - Encourage brain circulation

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- Partner with friends and like-minded people & organizations to build partnerships with banks, crowdfunding platforms, as well as support and implement capacity-building initiatives
 - Adopting tax incentives for diasporans remitting funds to their home/ preferred countries of residence
 - Developing and launching a capacity-building and knowledge-sharing fund
 - Establishing National science foundations to track R&D progress
 - Creating interactive databases for knowledge capture
 - There are four main types of diaspora financial activities.
 - Diaspora Remittances - People sending money to friends and family.
 - Diaspora Philanthropy - People sending money to people they don't know.
 - Diaspora Direct Investment - People sending money for businesses that they manage or run themselves.
 - Diaspora Portfolio Investment - People sending money in regulated financial products.
 - Africa is the most expensive place to send money to in the world. It is also the lowest-income region in the world. There is a dollar shortage in the market. The dollar gap and currency risk are things to consider.

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

Resources:

Click [here](#) to learn more about the African Diaspora Investment Symposium and upcoming sessions.

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

- [The U.S. Department of State](#)
- [African Development Bank](#)
- [Meta](#)
- [NALA](#)
- [GK Partners](#)
- [London School of Economics and Political Science \(LSE\)](#)
- [Bill & Melinda Gates](#)

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- Session recording:
<https://youtu.be/HvxAb-uq4Mg>

Thank You!

African Diaspora Network is grateful to the speakers for sharing their insights on diaspora investment. Thank you to everyone who joined!

AFRICAN DIASPORA NETWORK - 4701 PATRICK HENRY DRIVE, BUILDING 25
SANTA CLARA, CA 95054

WWW.AFRICANDIASPORANETWORK.ORG