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Leveraging Human Capacity and Financing from the Diaspora

Which Migration Policies for Africa in the 21st Century?

It is estimated that Africa loses in excess of 70,000 skilled professionals annually to emigration, resulting in a huge human capacity deficit in the Continent.¹ At the same time, the remittance inflows from Africa's Diaspora have increased by 260 per cent in the last decade from US\$11.2 billion in 2000 to almost US\$40 billion in 2010. Thus, Africans' emigration is at the center of a dilemma: should African governments encourage emigration to increase the remittances accruable from the Diaspora, as a response to the development financing deficit? Or should they put in place policies to reverse brain drain to reduce the chronic human capacity deficit? How should they strike a balance between the two objectives? This brief looks into this dilemma and makes some recommendations as to the mobilization of emigrants for the development of their countries of origin.

1 The Two Faces of African Emigration

According to recent estimates² more than 30 million Africans were living outside their countries of origin in 2010, accounting for about 3 per cent of the continent's population. While the vast majority of these migrants remain in Africa, about 7.2 million of these are thought to live in OECD countries, of which six million are in Europe and North America. The top emigration countries are Egypt and Morocco which to-

gether, account for over 22 per cent of the African Diaspora. The other countries with a high stock of emigration include Burkina Faso, Zimbabwe, Mozambique and Cote d'Ivoire. A different picture emerges, however, when the number of emigrants as a percentage of a country's population is considered. Cape Verde has by far the highest ratio, with over 37 per cent of its population in the Diaspora. This is followed by Sao Tome and Principe, Lesotho and Eritrea with 22.0, 20.5, and 18.0 per cent respectively.

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¹ Human capacity refers to the availability of people with the ability to analyze development needs, define objectives, design and implement strategies, policies, and programs, and raise resources to meet those needs and deliver services (Ngaruko, 2004).

² World Bank, 2011.

In total, some 70,000 skilled professionals are thought to leave Africa each year, leaving the Continent with an enormous human capacity gap. About 65,000 African-born physicians and 70,000 African-born professional nurses were working in OECD countries in 2000. There are over 20,000 Nigerian-born doctors practicing in the United States alone and 60 per cent of all Ghanaian doctors trained locally in the 1980s have left the country. There are more Ethiopian professionals, including medical doctors working in the United States than in Ethiopia, and 80 per cent of sub-Saharan African countries fall short of the minimum World Health Organization standard of 20 physicians per 100,000 people.³

As Figure 1 illustrates, the emigration rate of the tertiary-educated population ex-

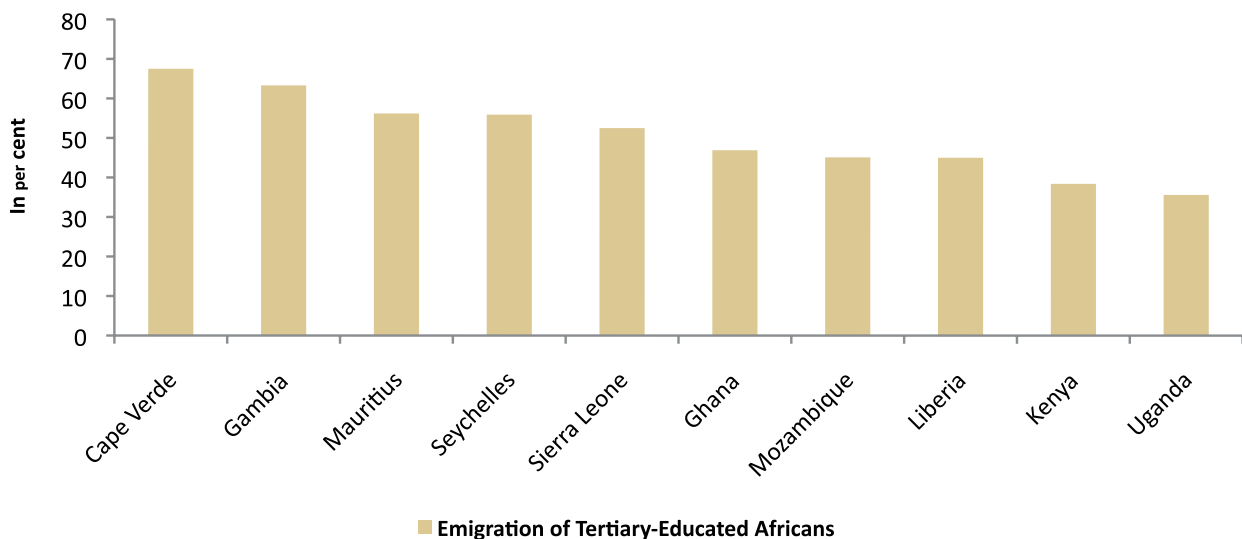
ceeds 50 per cent in Cape Verde, the Gambia, Mauritius, the Seychelles and Sierra Leone. The emigration of medical personnel is particularly significant, with 28 per cent of physicians and 11 per cent of nurses trained in the region having emigrated by 2000. Thus, it is estimated that more than one third of Africa's highly qualified human resources are in the Diaspora. As a consequence of this brain drain, about US\$4 billion is spent annually, representing 35 per cent of official development assistance to Africa, to employ about 100,000 expatriates⁴.

Another corollary of the massive emigration of African professionals is the remittance flow to Africa. These hit the US\$40 billion mark in 2010, accounting for approximately 2.5 per cent of Africa's GDP and 12.2

“Africa loses 70,000 skilled professionals to emigration annually; this results in a huge capacity gap.”

“As a consequence of the massive brain drain, about US\$4 billion, representing 35 per cent of official development assistance to Africa, are spent annually to employ about 100,000 expatriates.”

Figure 1 Emigration of Tertiary-Educated Africans in 2010 (%)



Source: World Bank: Migration and Remittances Fact Book 2011.

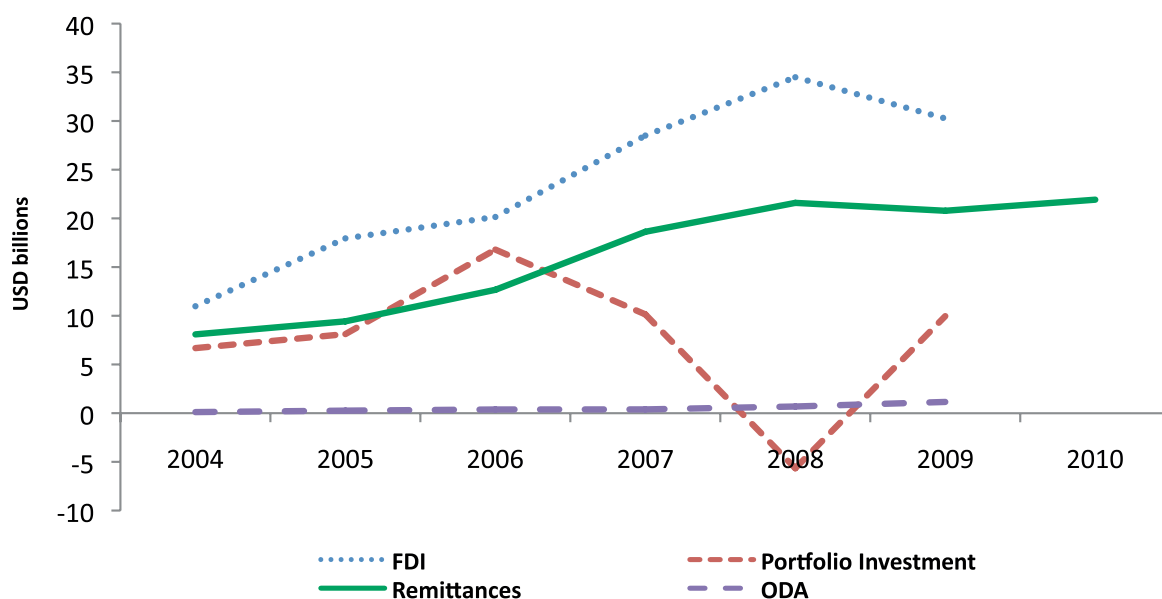
³ Woldetensae, 2007.
⁴ AHEAD, 2007.

Table 1 Remittances to Africa and other Developing Countries, 2004-2010 (USD billion)

	2004	2005	2006	2007	2008	2009	2010
Africa	19.4	22.6	26.6	36.8	41.2	38.2	39.7
All Developing Countries	159.3	192.1	226.7	278.8	324.8	307.1	325.5

Source: World Bank: Migration and Remittances Fact book 2011.

Figure 2 Remittances & Other Inflows In Africa (2004-10)



Source: World Bank: Africa Development Indicators 2011.

per cent of remittance inflow to all developing regions (Table 1). Nigeria is Africa’s highest recipient of remittances, accounting for about 25 per cent of the US\$40 billion in 2010. This is followed by Egypt (USD 7.7 billion), Morocco (6.4 billion) and Sudan (USD3.2 billion). However, in terms of proportion of GDP, Lesotho tops the pack with a remittance to GDP ratio of 25 per cent. Other countries with high remittance as a share of GDP are Togo, Cape Verde, Guinea-Bissau and Senegal.

These figures account for only officially recorded remittances and do not include data from about half of the continent’s

countries that do not report remittance data regularly. When the inflows to these countries and the unrecorded flows to the rest of Africa through informal channels are added, the true size of the remittances will be substantially higher.

In addition, not only have remittance inflows, they have also been more stable than other financial inflows and more countercyclical, thus, sustaining consumption and investment during recessions. Despite a modest decline due to the global financial crisis, they have also remained more resilient compared with foreign direct investment and portfolio investment, to the point

that they have become Africa's most significant source of net foreign inflows after foreign direct investment (Figure 2).

2 Experiences of Engagement of the Diaspora

There is a growing consensus that the African Diaspora can have a significant impact in the development of their home countries. The challenge however, is in designing effective channels through which the Diaspora can be fully tapped for national development. Many schemes have been used

Box 1 Engaging the Diaspora to Fill the Financing gap: the Cases of Eritrea and Tunisia

Eritrea: The country has an exceptionally close integration of its 1 million Diaspora in its economic and political life. These emigrants were a major source of funding for the war of independence against Ethiopia (1961-1991). The government has built on this relationship by soliciting a voluntary contribution of 2 per cent of annual income on the adult members of the Diaspora. The encouraging outcome was near-universal compliance, with most people seeing it as a duty to their country of origin and not as a burden.

Tunisia: The government employed exemptions from customs duty on imported equipment; stocks made available to eligible investors; and annual development support days which enable Tunisian entrepreneurs and Diaspora to interact as a means of fostering partnerships. This initiative has been successful, resulting in the establishment of over 10,000 enterprises worth US\$300 million and job creation of 50,000. Remittances represented 5 per cent of GDP and 22 per cent of national savings.

Source: Newland and Patrick, 2004.

by governments as well as donors for this purpose. Overall, governments have mostly focused on the objective of filling the financing gap, with uneven success, while donors have mainly sought to fill the capacity gap, with limited success.

Tunisia and Eritrea are success stories with respect to the first objective (Box 1). However, most other countries have recorded limited results. Experience shows that most of the schemes adopted by various governments have not played the expected transformational role. These include the establishment of ministries or departments dedicated to attracting and cooperating with the Diaspora (Ethiopia and Ghana), the creation of fora for dialogue between overseas citizens and government officials on ways of improving the economy (Nigeria); the facilitation of movements through extension of dual citizenship and non-residents' investments by lowering barriers; the promotion of cost-effective, reliable and fast services for the Diaspora (Ghana and Ethiopia); and the provision of short-term academic appointments in local universities to Diaspora members (Nigeria). In most countries, there has so far, been limited evidence of significant brain gain; successful leveraging of remittances; institutionalized incentives to spur the Diaspora into action; and frameworks to effectively and sustainably promote their engagement. If Africa is to leverage on the skills and resources of the Diaspora, it is imperative that existing policies and incentive mechanisms be reviewed⁵.

Development partners have primarily focused on human capital programs, although some program sought to increase

“The remittance inflows from Africa’s Diaspora have hit the USD40 billion mark, accounting for 2.5 % of Africa’s GDP and 12.2 % of remittance inflows to all developing regions.”

“Remittance inflows have been more stable and more countercyclical than other financial inflows, thus sustaining consumption and investment during recessions.”

⁵ Pitamber, et al., 2011.

“In their strategies of engagement with Africa’s Diaspora, governments have focused more on filling the financing gap, while donors have mainly sought to fill the capacity gap.”

“Overall, strategies focusing more on filling the financing gap have recorded more success than those seeking to fill the capacity gap.”

and channel remittances for enhanced growth. This has resulted in programs designed to encourage emigrants to return to their countries of origin. Some of such programs include the following:

- The “Return of Qualified African Nationals” by the International Organization for Migration. This program, however, has had limited success as it was only able to reintegrate only about 100 Africans annually between 1983 and 1999⁶.
- By initiating the “Transfer of Knowledge through Expatriate Nationals” (TOKTEN) program, the UNDP sought to provide opportunities for highly-skilled and qualified emigrants to make contributions to their home countries through cost-effective short-term consultancies, with the average cost of a TOKTEN consultant amounting to about one-quarter the cost of a standard international expert consultant. Between 1977 and 1997, the program was only able to place 5000 volunteers on assignments in 49 developing countries.⁷ One important lesson that can be drawn from the TOKTEN experience is that Diaspora programs that depend almost entirely on physical relocation of a small number of highly-skilled Diaspora can barely fill Africa’s enormous capacity gap.
- The World Bank sought to circumvent this problem by initiating a program to connect highly skilled emigrants with their countries of origin for service delivery, mainly through the use of virtual means. However, narrow bandwidths in the home countries have prevented the full harnessing of the video, audio and written transmissions. As a result, the pro-

gram has barely moved beyond the pilot phase, with little evidence that it has significantly enhanced knowledge exchange and information sharing.⁸

Hence, the question of how to engage the Diaspora to fill Africa’s capacity deficit remains open, compounded by the conflicting need for Africa to keep its emigrants abroad for continued remittance inflows.

3 Sketching Out Migration Policies for Africa in the 21st Century

The modest results of past efforts of African governments and donors to design and implement migration policies leave the Continent with important questions: what could be an effective migration strategy for the Continent? Can Africa afford prioritizing, through its migration policy, between the financing and capacity deficits?

the reasons for migration differ considerably and depend on the situation and opportunities of each migrant in her country of origin versus the host country, an effective strategy would likely require genuine and full collaboration of stakeholders on both sides. In fact, such collaboration is rare. So far, cooperation efforts at governmental level have had limited scope and results. What African governments could do on their own can be guided by three core principles, namely:

- Refrain from choosing between brain drain reversals and remittances increases. Rather, governments should fo-

⁶ Kapur, 2006.

⁷ OECD (2009).

⁸ Ghana Diaspora Educational and Professional Network, The University of Calgary, Calgary, Alberta.

cus on improving the local enabling environment, and leave the decision to return from, or to stay in, host countries to the Diaspora members.

- Focus on broad benefits that stretch beyond remittance increases and brain gain, by considering the Diaspora as a source of benefits such as foreign direct investment, economic opportunities, market development (including outsourcing of production), technology transfer, leadership development and philanthropy, tourism, foreign relations, political development, policy reforms, as well as more intangible flows of knowledge, progressive social attitudes, cultural preservation, and a good image for the home country.
- Avoid a piecemeal approach and promote instead, a comprehensive and multidimensional approach to the problem of Diaspora resource mobilization, given the multifaceted reasons that lead to migration.

Building on the above principles, an effective strategy would need to include a combination of some of the following objectives:

- o **Improving the mechanisms for remittances**, with a view to lowering transaction costs, increasing the network of remittance transfer facilities and access to financial services; improving remittance securitization; and developing policies and institutions that offer support for the deployment of remittances to productive investments.
- o **Promoting retention**, with a view to providing sufficient incentives for highly-skilled Africans working in their countries to remain at home.
- o **Enhancing the conditions for permanent returns**, by addressing the causes

that led to emigration in the first place. These include uncompetitive salaries, inadequate infrastructure, political instability, violent conflict, etc.

- o **Facilitating short-term return engagements**, by using professionals from the Diaspora to fill gaps in areas where severe shortage of resources have been identified.
- o **Virtual participation**, with a view to providing opportunities for collaboration between members of the Diaspora and their local counterparts via the internet in long distance teaching and information sharing. This is likely to be more effective now than at the time of the World Bank's initiative, given the massive investments in high quality ICTs in Africa over the past years.
- o **Maintaining accurate information and database on the Diaspora**, with a view to facilitating the identification of needs and programs requiring Diaspora engagement and providing accurate and timely information on local conditions and opportunities.
- o **Strengthening institutional linkages** with the Diaspora. Allowing for dual citizenship and facilitating voting rights for oversea nationals could be part of the efforts to promote better engagement of the Diaspora.
- o **Engaging with host countries' governments** with a view to improving the conditions of the Diaspora. Easing the Diaspora members' return to host countries after they have gone back to their countries of origin, stopping the practice of obliging aid-recipient countries to hire foreign experts for technical assistance as part of the conditions for providing aid, and using suitably qualified Diaspora to perform these roles could be part of this engagement.

“The TOKTEN experience showed that programs that rely on physical relocation of highly-skilled Diaspora can barely fill the enormous capacity gap in Africa. Yet, the use of online connections of emigrants with their countries of origin did not yield much better results.”

“A sound strategy of engagement of the Diaspora should avoid choosing between brain drain reversals and remittance increases, and using a piecemeal approach, but should use a comprehensive and multidimensional approach.”

“A sound strategy should also focus on broad benefits that stretch beyond remittance increases and brain gain.”

4 Conclusion

Most Africans in the Diaspora have both the capacity and will to meaningfully take part in the economic, social and political development of the continent. They have three characteristics that position them to make unique contribution to the development of their home country: a strong motivation to make an impact despite and against many odds; knowledge and expertise of both global opportunities and local peculiarities; and the financial resources to take advantage of new opportunities. When these resources are combined, properly harnessed and effectively exploited, they offer an opportunity for innovative partnerships between the African Diaspora and their local counterparts for a real and sustainable development. However, an optimal realization of the African Diaspora’s potential as a full-fledged partner in the continent’s development efforts requires an enabling environment, which needs to be strengthened through appropriate policies and programs.

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