African Diaspora and Remittances

Introduction

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In the current era of intensifying global human and capital flows, diaspora contribution to the development of their home countries is crucial. Nowhere is the role of diaspora in sustaining local livelihoods and supporting national development as evident as in Africa, where about 40% of the population still lives in poverty. Innovative development financing that includes novel engagement from the diaspora remains at the forefront of policy debates. The new 2030 Agenda for Sustainable Development of the United Nations highlights the positive contribution of migrants and diaspora for achieving sustainable development. It emphasizes the need to study how migration and remittances can be leveraged for improved development financing through reducing remittance costs and mobilizing diaspora savings and collective remittances. The Addis Ababa Action Agenda on financing new sustainable development goals that was defined during the Summit of July 2015 includes a target of reducing the transaction cost of remittances to 3% by 2030. African Union leaders have outlined the need to diversify and improve development financing from domestic as well as private sources, pointing out that novel mechanisms are needed for harnessing and investing remittances for national development, as well as making remittance transfers more cost-effective and enhancing their role in financial inclusion (African Union 2014).

Together with the Constituency for Africa and other African diaspora organizations, CFLP participated in co-organizing the forum “Africans and the African Diaspora: Co-Defining Paths for Africa’s Transformation” (September 2014, Washington DC). It focused on how African diaspora members in the United States contribute to their communities of origin through individual and collective remittances and co-define paths for Africa’s social and economic transformation. It brought together African diaspora members, policy makers, financial institutions, and scholars of migration for discussions about leveraging African diaspora contributions for Africa’s development. The forum built on the development agenda of the African Union voiced at the Global African Diaspora Summit in 2012, which focused on creating possibilities for sustainable dialogue, partnerships, and Pan-Africanist solidarity to advance Africa and its Diaspora. This collaborative Policy Report is an outcome of some of the discussions that started at this forum.

Official migrant remittances to Sub-Saharan Africa are estimated at $40 billion in 2015, and the remittance flows have increased about six-fold since 2000 (The World Bank 2015). Some estimates