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MIGRANTS, NOT OUTCASTS

Harnessing the Zambian diaspora

Tamara Billima & Felix Mwenge, Zambia Institute of Policy Analysis and Research

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ZAMBIA



TOTAL REMITTANCES RECEIVED ANNUALLY (USD) 2016 - **\$3.84 MILLION**

Foreign LFPR - The foreign-born participation rate is calculated as the share of employed and unemployed foreign-born persons aged 15-64 in the total foreign-born population (active and inactive persons) of that same age.

Native LFPR - The native-born participation rate is calculated as the share of employed and unemployed native-born persons aged 15-64 in the total native-born population (active and inactive persons) of that same age.

Source: UN (2017)

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Introduction

The Government of the Republic of Zambia has been paying greater attention to labor migration in recent years. In particular, there has been a shift from seeing emigrants as agents of “brain-drain” to seeing them as potentially critical players in the development of the country. As with many countries around the globe, migrant remittances in Zambia constitute a significant share of the Zambian economy though this has been declining since the early 2000s.¹ Nonetheless, beyond remittances, the Zambian diaspora offers the potential to promote investment, skills transfer and political engagement in the country.

Harnessing the potential of the diaspora, defined by the African Union¹ (AU) as peoples of African

origin living outside the continent, to play a more focused role in economic and social development has become a common subject across the African continent. This has prompted many countries in the region to begin to explore specific initiatives aimed at engaging with this community. The

African Union (AU) has been at the forefront of these efforts.

Against this backdrop, as a member of the AU, Zambia has also initiated a number of initiatives to strengthen its ties with its diaspora across the globe. This paper reviews

Zambia’s current relationship with its diaspora: existing initiatives to strengthen ties, as well as barriers to progress. It examines the approaches that other African countries are adopting in an effort to inform Zambian initiatives.

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¹The African Union (AU) is a [continental union](#) consisting of all 55 [countries](#) on the [African](#) continent. It was established on 26 May 2001 in [Addis Ababa, Ethiopia](#), and launched on 9 July 2002 in [South Africa](#) with the aim of replacing the [Organization of African Unity](#) (OAU).

Diaspora engagement and remittances in Africa:

An overview

The African Union's Agenda 2063ⁱⁱ urges its member states to establish a Diaspora Office to explore strategies for engaging this community. At the national level, diaspora engagement varies across countries in the region. The Ministry of Foreign Affairs tends to be where the office of diaspora affairs is housed, with some exceptions. In Tunisia for instance, the Secretary of State for Migration and Tunisians abroad (SEMTE) under the Ministry for Social Affairs is responsible for coordinating and supervising diaspora issues.² Other bodies such as the Advisory Council of Tunisians Abroad and the Agency for Migration and Development work with this body. The goal of such offices is to become a one-stop resource linking the diaspora to different businesses and opportunities, ministries, departments and agencies in the country as a means of promoting their involvement. The government's intent and method for engaging with the community can be enshrined in a specific policy, as with the 2015 National Diaspora Policy in Kenya for instance.³

The AU's spotlight on connecting with the diaspora has prompted various initiatives at the regional and member-state level. Three types of initiatives stand out. These are, (i) engaging the diaspora to help build human capital; (ii)

representing diaspora interests in political affairs and expanding engagement by fostering political participation; and (iii) formalizing and securitizing remittances. We shall consider each of these in turn.

Engaging the diaspora to build human capital

This can take various forms, from promoting education exchanges to hiring professionals that have international experience to return to their country of origin to work with governments.

In West Africa for example, the Economic Community of West African States (ECOWAS)ⁱⁱⁱ established the ECOWAS Academic Mobility Program designed to boost access to education in areas of strategic importance to the region, including by providing scholarships at Masters and PhD levels.⁴ Essentially, the idea is to create an environment that encourages educated individuals to pursue studies in fields specific to the interests of West Africa. Only ECOWAS Member State nationals are eligible to pursue higher education through this scheme.

In Sierra Leone, it is the Office of Diaspora Affairs under the Office of the Presidency that runs all diaspora-related matters. One of its key priorities

ⁱⁱ In 2015, African leaders adopted Agenda 2063 as the continent's new long-term vision for the next 50 years aimed at leveraging Africa's significant resources for the benefit of the continent's people.

ⁱⁱⁱ ECOWAS is the Economic Community of West African States which was established on May 28, 1975 via the treaty of Lagos. It is a 15-member regional group with a mandate of promoting economic integration in all fields of activity of the constituting countries. Member countries making up ECOWAS are Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo.

is to work with the government to address critical capacity gaps in the public sector by bringing in professionals and experts from the diaspora.⁵

Representing diaspora interests in political affairs and expanding engagement by fostering political participation

Working with the diaspora is a two-way street. The community must feel like their interests are represented which in turn fosters their involvement. Recognizing this, some countries have included diaspora residents in their legislatures. For instance, Algeria has eight seats reserved in the parliament for diaspora representatives. In Nigeria, diaspora issues are administered through the Nigerian Assembly, which has a Diaspora Committee in the House of Representatives and the Senate.⁶

Encouraging the diaspora to partake in elections is an important means of promoting engagement. In the election after the revolution,^{iv} the Tunisian diaspora was able to elect their representatives in the National Constituent Assembly (NCA) from abroad. The Sierra Leonean Office of Diaspora Affairs is also responsible for crafting the Migration Policy to equip the diaspora with the right to vote in the national election.⁷

Cape Verde has three diaspora districts^v – one district for voters residing in Africa, another for those residing in the Americas, and another for those living in Europe and the rest of the world.⁸ Mozambicans living in other countries in Africa make up the electoral district for Africa, while those living in European countries make up another district for which representatives are elected.⁹ This gives respective nationals not only space to participate in economic development but also in decision making at the political level.

Remittances

Remittances remain a significant source of finance for Africa. According to the AU, Africans living outside their homes sent a total of US\$ 65 billion in 2017, supporting at least 120 million family members living in countries of origin.¹⁰

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This amount is actually understated due to, among others, the general use of informal or unregulated remittance channels, and the relatively weak data collection capacity of many countries in Africa. The true size of remittances is thus yet to be known. Moreover, Africa remains the costliest

region in terms of remittance transfers. For example, the cost of sending money to Africa in the first quarter of 2018 was 1.53 percentage points more expensive than the global average

^{iv} The Tunisian Revolution, also called the Jasmine Revolution, was an intense campaign of civil resistance which led to the ousting of the Tunisian President, Zine El Abidine Ben Ali and his regime.

^v The Cape Verde constitution, adopted in 1992, made provision for the creation of diaspora districts for voters residing in Africa, America and Europe and the rest of the world to allow the diaspora to elect two representatives each to the National Assembly.

cost for the same period. Furthermore, an assessment of most expensive transfer corridors found that the top ten most expensive transfer corridors were all in Africa.¹¹

To address these challenges and other remittances-related issues in Africa, the African Institute for Remittances (AIR) was established as a Specialized Technical Office of the African Union (AU) following the decision by the AU Heads of State and Government in July 2012.¹² AIR's mission statement is to become "a center of excellence on African remittances driving the process of enhancement of market competition to make remittance transfers to and within Africa cheaper, safer, faster and legally-compliant so as to maximize their impact on the economic and social development of African countries.

The main objective of AIR is to improve the statistical measurement, compilation and reporting capabilities of member states on remittances data and appropriate changes to the legal and regulatory frameworks on remittances aimed at reducing costs of remittance transfers to and within Africa.

The United Nations 2030 Agenda for Sustainable Development notes the important role that diasporas play in development. Remittances are a key instrument through which this happens. The Agenda emphasizes the need to study how reducing remittance costs and mobilizing diaspora savings can help leverage them to better finance development.¹³

The African Development Bank estimates that since 1980 the amount of remittances in Africa grew at an average annual rate of 7 percent. In

2013 alone, remittances exceeded US\$60 billion, while Official Development Aid (ODA) for all donors amounted to US\$56 billion in the same year, including US\$45 billion for sub-Saharan Africa.¹⁴

The African Development Bank¹⁵ highlights a number of challenges related to harnessing remittances for development.

1. Lack of data on diaspora communities: Most African countries lack comprehensive information about the whereabouts and activities of citizens outside their home country and this makes it difficult to assess the potential for remittance capital. This also limits engagement, making it difficult to design policies that can effectively reach all those living and working outside the home country.
2. The excessive cost of transfers in formal circuits: The high cost of transferring remittance money affects the flow and volumes of transfers. Higher costs of transfer can be ascribed to a number of challenges including limited platforms or providers in the recipient countries. In most cases service providers are located in urban areas, making it difficult for rural recipients to access services.
3. The use of informal channels for sending money: Higher costs for transmitting remittances through formal channels drives many toward using informal channels. But these are often unreliable and they make it difficult for authorities to trace transfers. This further fuels the fragmentation and unpredictability of remittances, making it difficult to leverage them for larger investments in development.

Understanding the Zambian diaspora & remittance flows

Like many other African countries, Zambia has a high number of skilled emigrants. But until recently, little attention had been given to how the country could tap into the diaspora's potential. Now there is a renewed effort to formulate an effective engagement framework that both responds to the needs of Zambians abroad and also ensures that those living and working abroad can invest back in Zambia through land acquisition, setting up businesses, and remittance capital.

In 2008, the Zambian government held consultative meetings with the diaspora to understand their needs. This led to the establishment of the Diaspora Liaison Office in 2009.¹⁶ Finally, the government put in place a mechanism by which to collect regular information on the diaspora and collate a central data base. To this end, the Zambian Government in cooperation with the International Organization for Migration (IOM) undertook the first ever Zambian Diaspora Survey in 2011.¹⁷ The survey covered a total of 725 people and was conducted online. The fact that the survey only reached those

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with an internet connection notwithstanding, the survey yielded some much-needed insights into the Zambian diaspora.

According to the survey, just under three out of every four Zambians living abroad were between the ages of 30 to 49 years; 36 percent were in the age group 30-39 years and 35 percent between 40 to 49 years of age. Those below 30, including children, only accounted for one percent. The rest were above the age of 49.

The survey results suggest that most Zambians migrate abroad seeking education, employment or business opportunities. Only one percent of those surveyed sought political asylum. The United Kingdom, United States of America and South Africa are the most common destinations for Zambian migrants.

Most Zambians, despite having moved abroad, maintain ties back home. 83 percent indicated that they had visited family and friends, and 25 percent had visited for business.^{vi} Approximately 71 percent of people indicated they would want to return to Zambia permanently, while 24 percent were unsure

^{vi} More than 70 percent of the respondents left Zambia over five years ago from the survey date, while at least two out of five respondents had left Zambia more than 10 years ago.

whether they would want to. Some barriers to their return included financial constraints, lack of dual nationality and lack of supportive integration policies. Introducing dual citizenship in the Constitution of Zambia would help rectify some of these challenges.

The World Bank Fact Book of 2011¹⁸ suggests that 17 percent of the Zambian population with tertiary education had migrated to other countries. This is corroborated by the results of the Zambian Diaspora Survey that shows that most of those leaving the country have higher levels of education. 37 percent of those surveyed said they had a master's degree; 27 percent had a bachelor's degree; and only 9 percent had post-high-school and secondary-level education. Health care, followed by accounting, banking, and finance, were the most prevalent professions among this group. Those with skills in information technology and engineering represented 10 percent of survey respondents. The diaspora is also active in investment and business activities. Approximately 31 percent of respondents said they had some form of private investment in Zambia, while 60 percent owned property or assets. 84 percent of the respondents expressed an interest in helping transfer skills that they had acquired abroad, to their home country.

Like other African countries, the Zambian diaspora sends money to support family,

friends and personal investments. 93 percent of the remittances transmitted back home were so to support parents, extended family, or dependents. Most of the money transmitted was used for household consumption rather than for investment. The major channel of cash transfers was Western Union/MoneyGram, which was used by 83 percent of respondents. About 36 percent

used banks to transfer money, while 27 percent used informal channels such as sending cash through friends.

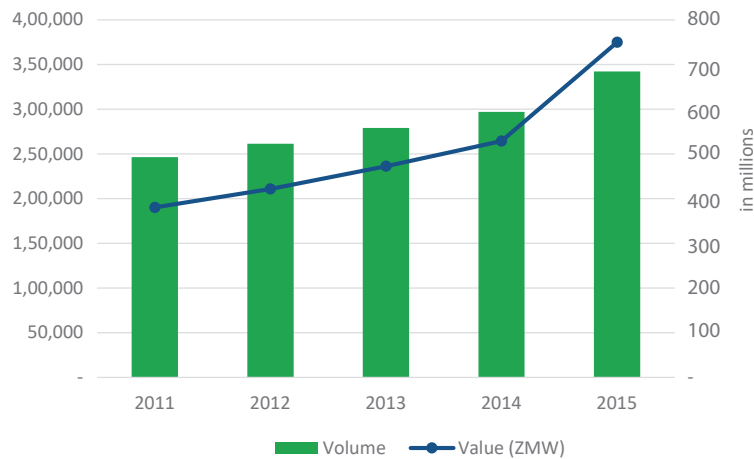
The Central Bank of Zambia notes that in addition to the growing volume of remittances, the value of international remittances doubled from US\$37 million in 2011 to US\$74 million in 2015 (**Figure 1**). This was equivalent to the 2015

budget allocation for school infrastructure.¹⁹ If one includes remittances transmitted through informal channels, the figure would be even higher. The World Bank estimates that in 2007 Zambia's total flow of remittances per annum from both informal and formal channels totaled approximately US\$ 200 million.²⁰ This amount is US\$80 million more than what was allocated to Social Protection in the 2015 Zambian national budget. The main sources of remittances are from the diaspora residing in the United Kingdom, United States of America, Democratic Republic of Congo and Australia.²¹ These trends illustrate the significant financial contributions that the diaspora can make if harnessed appropriately.

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Figure 1

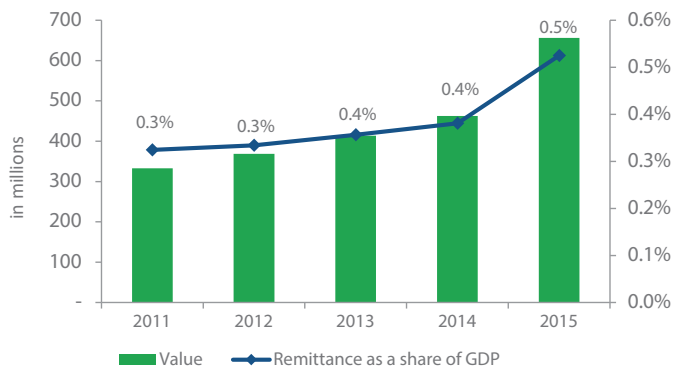
Volume and Value of Remittances in Zambia (2011-2015)



Source: Bank of Zambia National Payment System 2015

Figure 2

Value and Remittances as share of GDP



Source: BOZ National Payment System 2015

As a share of GDP, remittances have increased from 0.3 percent in 2011 to 0.5 percent in 2015 (**Figure 2**).

Improving Zambia's current framework for diaspora engagement

The Zambian government has come under some criticism over a lack of a proper policy framework to promote diaspora engagement.²² Policies for diaspora engagement must be developed further to properly harness the capacities of this community in service of the nation's development.²³ Recent government efforts aim to address some of the critiques by developing a diaspora policy that will include dual citizenship, investment targeted at the diaspora, land-allocation facilities, an improved mechanism for the transmission of remittances, and consular assistance and facilitation.²⁴ But to achieve these aims, the following recommendations are key.

First, these recent initiatives are spread across various government institutions such as the Zambia Development Agency, Ministry of Lands, Natural Resources and Environmental Protection, The Bank of Zambia and the Ministry of Foreign Affairs among others. The efforts must be coordinated across these different government agencies to avoid confusion and overlap.

Second, the government currently lacks sufficient data on Zambians living abroad. The Zambian Diaspora Survey is a promising step in this regard

and should be repeated at regular intervals. Collecting regular data and establishing a central registry that is updated frequently will be crucial to understanding the characteristics of the diaspora – from demographics, to how their expertise can be leveraged.

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Third, the government lacks proper institutional infrastructure, such as online services and an internet platform, that make it easier for people residing outside Zambia to connect with processes in Zambia, for instance to make financial

transactions, acquire land and complete business registration procedures. Part of this infrastructure entails setting up a one-stop shop that members of the diaspora can go to, to understand what investments the country needs and more importantly, how to make them.

Fourth, the government must work to make it easier and cheaper to transmit remittances. The average cost of sending remittances in Zambia is said to be higher than the global average, and higher than other countries in Africa.²⁵ The average cost is also higher than the recommended cost as per the Sustainable Development Goal 10.7c. The target under this goal notes that the cost should not exceed three percent in general

and not more than five percent for the most expensive corridor.²⁶ The main costs associated with remitting money include agent fees, bank charges, compliance costs, processing costs and administrative and per-transaction profits.

Fifth, Zambia must treat its diaspora more like its regular citizens. This entails enabling dual citizenship and the ability to vote remotely, providing them with the same benefits and rights as the domestic entrepreneurs and investors, and allocating parliament seats for members of the diaspora.

In conclusion, there is sufficient evidence that the diaspora, through remittances can contribute to the growth of African economies. Zambia must therefore make deliberate policies that aim to incorporate a mutually beneficial, efficient, and effective framework. To begin with, the government must invest in robust information systems that take stock of the Zambians living outside and a system of tracking remittances. Furthermore, policies that simplify processes for the diaspora to invest back in Zambia through various schemes such as land ownership should all be part of the priorities of the Government.

Endnotes

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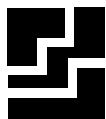
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Whitespace35

www.whitespace35.com

venkatesh@whitespace35.com

+91 97414 51309