

DRAFT SPEECH

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Migration for Structural Transformation

Paul Akiwumi

Director, Division for Africa, LDCs and Special Programmes

*Excellencies,*

*Ladies and Gentlemen,*

Few topics have dominated international debates and the media the way migration has. We have all seen images of overloaded boats crossing the Mediterranean and heard stories of migrants living in precarious situations. We have also heard how migration has influenced political outcomes in destination countries. Amidst all of this, we should not forget that migration has offered opportunities for a better life for millions of people and that migration has been a source of economic prosperity for migrants and for destination countries alike.

This year is a historical year both for the world and for Africa. It is historical for the world because the first Global Compact on Migration will be adopted in December in Marrakech. And it is historical for Africa because it has been the year of the launch of the Single African Air Transport Market, and that of the signature of the Agreement for the establishment of the African Continental Free Trade Area and the Protocol on the Free Movement of Persons on the continent.

Despite these processes, some questions have remained unanswered: how can migration contribute to economic development? What are the challenges and opportunities? Is it good for Africa? How can Africa better harness its benefits both for sending and destination countries? And should African migration be supported by development partners?

Aware of the importance of shedding light on these important issues, our membership asked us, in paragraph 76 (aa) of the Nairobi Maafikiano, to continue our research and analysis on the impact of migration on development and trade capacity and complement the work of other organizations.

The Economic Development Report 2018 is our contribution to this request and to the historical processes mentioned earlier. It builds on previous work by UNCTAD on migration and related issues, including the 2012 Least Developed Countries Report on *Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities* and the Economic Development in Africa Report 2017 on *Tourism for transformative and inclusive growth*.

The 2018 Economic Development in Africa Report is about migration and structural transformation, or in other words, how migration relates to economic development and trade perspectives in Africa and thus impacts the structural transformation of the continent.

In this endeavour, our objective was threefold: One, to present substantiated facts about patterns of African migration and channels through which it affects socio-economic development outcomes in Africa. Two, to provide recommendations which support the implementation of African migration policy frameworks and three, to provide analytical inputs to African countries during the dialogue on the Global Compact on Migration for safe, orderly and regular migration.

The report's analysis complements the current bias towards humanitarian issues in addressing migration in the international debate and sheds light on its economic and trade dimensions.

Let me share with you **our key findings and messages** of the report:

***First, migration is necessary for the continent's structural transformation.***

Intra-African migration, in particular, has a positive economic impact and is good for the continent's socio-economic transformation. However, African countries must implement adequate policies to properly harness its benefits.

Migrants make an important contribution to the GDP of host countries through income, consumption and taxes. In Côte d'Ivoire, for instance, migrants contribute to about 19 per cent of GDP, in Rwanda it is about 13 per cent. The evidence also shows that migrants spend an estimated 85 per cent of their incomes on average in destination countries. If migrants were granted residence and work permits, they could contribute fully to the tax system and social insurance schemes of their host economies.

Migration is also associated with growth in labour productivity in destination countries. Migrants' skills and technology as well as their determination to succeed can boost labour productivity. The report finds that migration in Africa stimulates within sector labour productivity in agriculture, construction, mining, services, information technology and manufacturing.

As higher labour productivity is a key driver of economic growth, immigrants boost GDP per capita. Our research suggests that based on past migration movements and scenarios, immigration will boost GDP per capita in Africa from US\$2,008 in 2016 to US\$3,249 in 2030. This is equivalent to an annual growth rate of GDP per capita of 3.5 per cent. This increase in GDP per capita could lift thousands of people out of poverty, enabling them to enhance their social and economic welfare.

***Second, migration can contribute to skills development.***

As many migrants move to countries and sectors that are more technology intensive, there is an opportunity to learn and absorb new technology. This is, for instance, an experience of many migrants from Burkina Faso. Prior to migration, many work in low-skilled occupations, while in their destination they are working in semi-skilled occupations. Upskilling also occurs through on the job training programmes, as well as through the opportunity to invest income into further education. When migrants return home they can contribute to the building of productive capacities in origin countries with accumulated knowledge, experience and networks.

African countries with skills shortages should thus facilitate movements of prospective migrants through conducive policies and skills recognition. Rwanda is a case in point. Through its labour legislation, citizens from EAC Partner States are allowed to work in Rwanda. Combined with policies that attract investment in knowledge-based sectors, migrants could not only fill shortages but also

contribute to the development of academia, education, engineering, finance, hospitality and financial services through the exchange of skills.

Similarly, there is a need for reducing information asymmetries about job opportunities so that prospective migrants can make more informed decisions. The ECOWAS online platform – Job Gateway or Accueil Emploi in French – provides an example which could inspire other regions. This platform links jobseekers to national and international employment opportunities.

***Third, intra-African migration contributes to greater intra-African trade.***

As in most regions of the world, migration has a pro-trade effect in Africa, which has the potential to boost economic and export diversification. Migrants create networks for future commerce while being abroad. Through their demand for products from home, they foster heritage trade. This is strongly reflected in food trade patterns. For instance, emigration from Zimbabwe to other African countries corresponds to a marked increase in Zimbabwe's food exports to other African countries, namely, from US\$100,000 in 2000 to US\$1 million in 2013. Migrants also boost services trade, as visiting family and relatives at home creates demand for tourism services in home countries.

***Fourth, African migrants - within and outside the continent - play a key role in the long-term development of sending countries.***

Remittance inflows to Africa have increased remarkably, from US\$38.4 billion on average in 2005-2007 to US\$64.9 billion in 2014-2016. However, the comparatively high cost of money transfers in Africa limits the beneficial impact of remittances and calls for actions to reduce these costs. In addition to cash or financial remittances, sending countries benefit from in-kind remittances, which typically include food, medicines, clothing, consumer durables and business equipment. While men are reported to send home higher amounts of cash remittances, our research shows that women transfer as much as men when both - cash and in-kind remittances - are considered. This is an often overlooked finding and is important as more women migrate. Lastly, there are the so-called social remittances, which are the ideas, know-how, practices, and skills, norms, beliefs, attitudes that migrants might be exposed to during their migration experience and take home upon their return or share with their families while away.

The contribution of migrants can be leveraged through partnerships with diasporas. Several countries foster partnerships with their diaspora through establishing dedicated government units and facilitating investment of the diaspora at home. Ethiopia, for instance, grants preferential treatment to its diaspora through tax-free importation of capital goods, period-bound tax exemption linked to particular investment areas, access to special foreign currency accounts and dedicated diaspora bonds. As a result, diaspora investors have participated in 2,967 projects in Ethiopia's manufacturing, agriculture and service sectors.

***Fifth, most African migrants stay within the continent.***

There is a misconception that Africans migrate predominantly outside the continent. This is not true: 53 per cent of all international African migrants reside within the continent.

***Sixth, there is a need to make migration policies more gender sensitive.***

There are almost as many women as men migrating in Africa, but women face higher risks and constraints. Women are more vulnerable to exploitation and assaults, face greater labour market discrimination, are less unionized, more likely to be in irregular status, and have greater family and care responsibilities at home. Migration policy frameworks should therefore be more gender sensitive. For instance, sectors with high female migrant participation, such as domestic services and the care economy, should support the regularization of these workers and have their voices heard in unions.

***Ladies and gentlemen,*** there are currently about 25 million international migrants in Africa. In our report, we show that their skills, their demand for goods and services, their contributions to taxes of host countries, and their remittances sent home can be a source for economic development in host and home countries. At the same time, benefits from migration are not automatic and various kinds of risks exist. This calls for actions at the national, regional and multilateral level to ensure that benefits are maximized and risks reduced.

And let's not forget that of the 25 million international migrants in Africa, about 5.5 million originate from outside the continent. Yes, migrants from outside Africa to Africa constitute now more than 20 per cent of all international migrants in Africa. And most likely, the increase from 3

million in 2010 to 5.5 million is an underestimation of the real phenomenon given the difficulty to properly record migration to Africa. This strong increase reflects that the continent's economic growth and opportunities have been attracting growing numbers of extra-continental workers and businesses. In fact, one may say that as international migration to Africa could also benefit from a more transparent and orderly governance framework. The skills and knowledge of migrants originating from outside of the continent have boosted productivity, created jobs and fostered trade. Although there is growing evidence that the skill composition of South-South immigrants moving into Africa today is changing, with more semi and low skilled migrants entering the continent.

And finally, more legal and better managed migration, at the global level, and within Africa, will result in better standards of living and more economic opportunities on the continent. These in turn will generate more intra-African migration and more intra-African trade. However, to intensify this virtuous circle, the world needs to hear Africa's voice in the negotiations for the Global Compact on Migration.

This is the point I would like to finish with: migration has the power to create a win-win situation. It is good for Africa and it is good for the rest of the world.