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30 March 2020

Further information in writing in addition to oral evidence given by Professor Gibril Faal to the House of Lords International Relations and Defence Committee on the topic of UK and Sub-Saharan Africa, held on 11 March 2020

1. Development of the African Union's African Diaspora Investment Fund and specific actions the UK Government can undertake to support its implementation

1.1 From commitment to corporate and operational framework

In May 2012 at the Global African Diaspora Summit (GADS) in South Africa, the African Union Heads of State and Government agreed: *"to adopt five legacy projects.....Use financial instruments focusing on investments to facilitate the mobilization of capital that would strengthen links between Africa and the Diaspora.....Explore the possibility of creating a Development Fund and/or African Diaspora Investment Fund to address development challenges confronting Africans in the continent and the Diaspora"*. In September 2018, the African Union Commission (AUC) and the German Agency for International Development (GIZ) commissioned GK Partners (led by Professor Gibril Faal) *'to establish the design and implementation framework for the African Diaspora Investment Fund in accordance with the Action Plan of the Global African Diaspora Summit'*. GK partners produced a report in May 2019 which set out key findings and made 10 major recommendations including the setting up of a continental African Diaspora Finance Corporation (ADFC) with three main products, namely: **Diaspora Bonds**, **Mutual Funds**; and an innovative finance mechanism in the form of **Remittance Match Funding (RMF) Endowment Fund**. The full report (120 pages) is entitled 'Strategic, Business and Operational Framework for an African Diaspora Finance Corporation: African Union Legacy Project on Diaspora Investment, Innovative Finance and Social Enterprise in Africa', and the AU has published an abridged version (20 pages)[1].

The ADFC mission is to: *'mobilise direct and indirect diaspora funds for structured investment in socially responsible and impactful ventures and schemes'*. The ADFC business model is based on: attracting US$200m investment in its first Diaspora Mutual Fund and Diaspora Bond from African migrants, multigenerational diasporans, and impact and ethical 'friends of Africa' investors; and raising a further US$50-100m Endowment Fund in the

[1] https://au.int/sites/default/files/documents/37383-doc-adfc_business_framework_-_abridged_version.pdf

first year through the innovative finance mechanism of Remittance Match Funding (RMF) from 2-3 participating OECD and other countries.

1.2 Viability of an African Diaspora Finance Corporation (ADFC)

The AU-GIZ sponsored study analysed a range of factors including: Context of Diaspora Investment in Africa; Structured Diaspora and Portfolio Investment in Africa; ADFC Purpose, Investment Strategy, Products and Services; Access to Diaspora and Migrant Savings; Feasibility, Viability, Operational and Management Framework; ADFC Start-Up Programme.

Annual African migrant savings is conservatively estimated to be US$33.7 Billion (i.e. US$1,980 average savings x 17 million African migrants living outside the continent). This does not include the millions of multigenerational African diasporans. If 1% of annual African migrant savings of US$33.7 Billion is invested in Africa, this will mean inflow of US$337m. Furthermore, if investment of US$1,000 is attracted from 1% of the 40 million African-American diaspora (i.e. 400,000 people) annual inflows will be another US$400m. Amongst other things, these facts demonstrate the business and financial viability of a structured and regulated African diaspora investment business.

At the June 1987 Annual General Meeting of the African Development Bank (AfDB), a resolution was passed for the bank to undertake feasibility studies on financial facilities to promote intra-African and external trade. The study was completed in 1992, forming the basis for the creation of the African Export-Import Bank (Afreximbank), which started operations in 1994. In its first year, Afreximbank's paid up capital was US$137m and total assets were US$144m. In 2017, paid up capital was US$2.12 billion and total assets were US$11.9 billion. As Afreximbank has successfully stimulated and expanded trade finance in Africa, ADFC has the potential to stimulate and establish diaspora finance as a vibrant new sector in the financial ecosystem.

Advocacy by the Federation of West African Chambers of Commerce and Industry led to Ecopromotions S.A. being incorporated in 1984 as a vehicle to raise funds for feasibility studies and promotion of a bank for regional trade and economic development. This led to the setting up of Ecobank Transnational Incorporated (ETI) in 1985, with the largest shareholder being the ECOWAS[2] Fund for Cooperation, Compensation and Development (ECOWAS Fund). Between 1986 and 1988, ETI received technical assistance from Citibank, laying the ground for operations and regional growth. In 1985, Ecobank's share capital was US$100m. In 2017, shareholder equity was US$2.17 billion, total assets were US$22.4 billion, income was US$2.28 billion and profit was US$229m. Ecobank operates in 36 Sub-Saharan African countries as a pan-African institution, bridging the Francophone-Anglophone divide and serving 14 million customers. The Ecobank experience demonstrates that African institutions can create successful multinational financial companies, handling

[2] ECOWAS is the Economic Commission for West African Countries, set up in 1975, comprising 15 member states

millions of customers, whilst utilising state of the art technology. ADFC aspires to comparable business efficacy and excellence.

Analysis of the innovative finance mechanism called 'UnitAid' indicated that in its first 10 years 2006 to 2016, US$2.67 billion was raised from a US$1 Solidarity Levy on airline tickets. Inflows from the participating countries were: France (US$1.6 billion); United Kingdom (US$607m); Norway (US$183m); Brazil (US$90.3m); Spain (US$81.6m); Republic of South Korea (US$51m); Chile (US$33.5m); Others (US$20.8m). Incorporating innovative finance in an ADFC portfolio will reinforce its feasibility, viability and sustainability.

The AU-GIZ sponsored study demonstrated that each of the proposed ADFC financial products (Diaspora Bonds, Mutual Funds and Remittance Match Funding Endowment Fund) is feasible (i.e. practicable to implement), viable (i.e. worthwhile doing for financial and socio-economic and development reasons) and sustainable (i.e. capable of growth and self regeneration).

1.3 UK government actions to support ADFC implementation

To translate its commitment for a legacy project on diaspora investment into practical reality, the African Union is pursuing a start-up programme for the setting up of an African Diaspora Finance Corporation (ADFC) in 2020/21. The government of the United Kingdom can support the African Union's ADFC programme within the framework of its various commitments, including: Statement of the UK-Africa Investment Summit (Jan 2020); AU-Africa Joint Communiqué (Feb 2019); UN Sustainable Development Goals (Sep 2015); Addis Ababa Action Agenda on Financing for Development (Jul 2015). The UK government can provide specific support including the following:

i. Endorse the AU's business framework for the African Diaspora Finance Corporation (ADFC) and champion its implementation by providing strategic, partnership, technical and financial support as appropriate;

ii. Provide financial, partnership and technical support for the organisational and legal structuring of ADFC as a treaty-based multilateral financial institution; and support the ADFC implementation role/office;

iii. Subscribe to the Remittance Match Funding (RMF) innovative finance mechanism, and provide match funds pooled into an ADFC Endowment Fund; and co-lead with the AU, the exercise to sign up other OECD and Middle Eastern countries on the RMF innovative finance scheme[3];

iv. Provide financial support to facilitate technical partnership for the registration of ADFC with the Financial Conduct Authority to enable it to

[3] Similar to the leadership provided by the government of France to UnitAid at its inception of in 2006

issue and market Diaspora Bonds and Mutual Funds in the UK and other international capital markets.

v. Support the business strategy of starting ADFC operations with initiation of the RMF innovative finance mechanism Endowment Fund, and leveraging it design, develop and issues Diaspora Bonds and Mutual Funds; and support the innovation of ADFC being the first continental social enterprise finance institution in Africa, run as a world class socially responsible corporation.

2. How the UK government approach can be structured to ensure constancy in its engagement with the African diaspora

2.1 UK's longstanding engagement in diaspora-development

The diaspora charitable organisation African Foundation for Development (AFFORD) was set up in the UK in 1994. It is a pioneer in demonstrating the nexus between migration, diaspora and international development, and an innovator in framing concepts, policies and practices in the emergent field of diaspora-development. This leadership has been recognised globally, resulting in it being given prominent status in diverse United Nations (UN) and other international forums, and serving as the strategic partner of the African Union Citizens and Diaspora Directorate (AU-CIDO) in the UK. The Department for International Development (DFID)'s first White Paper 'Eliminating World Poverty: A Challenge for the 21st Century' (1997) stated that: "*We will seek to build on the skills and talents of migrants and other members of ethnic minorities within the UK to promote the development of their countries of origin*".

It is generally recognised that the UN Secretary General's Global Commission on International Migration (GCIM) 2004/05 set the framework for the formalisation of migration and development policy globally. GCIM triggered the first UN High Level Dialogue (HLD) of 2006 and the annual Global Forum on Migration and Development (GFMD) starting in 2007, and ultimately led to the Global Compact for Migration in 2018. DFID partnered with AFFORD in 2006 and funded the 'diaspora launch' of the GCIM report in the UK. In 2006/7, DFID also partnered with VSO and AFFORD to pilot structured Diaspora Volunteering, leading to the establishment of a UK national Diaspora Volunteering Initiative, and the opening of AFFORD's first continental chapter in Sierra Leone in 2008. In 2011, DFID partnered with Comic Relief to co-finance the Common Ground Initiative (CGI) for diaspora and small organisations. In 2016, the DFID-Comic Relief partnership led to further financing of the Diaspora Finance Initiative (DFI). This is a snapshot of impactful practice-based UK government engagement with diaspora-development organisations.

2.2 The need for constancy in diaspora engagement and support

In the past two decades, there has been global concern about the negative development effects caused by the absence of genuine development partnership between governments and diaspora organisations. Addressing the second UN HLD Interactive Hearings in July 2013, I stated that: *"Currently, at best the relationship is one of prospection – of occasional exploratory engagement. At worst, it is one of suspicion and mistrust.....genuine partnership can only exist when suspicions are allayed and prospection surpassed.....the only practical way is through* ***actual, direct, consistent and substantive*** *engagement. Therefore, today, I offer nothing but a reminder, brutal in its simplicity.....For partnership to work, common purpose is not enough. Institutions should understand, acknowledge, value and support migrant and diaspora initiatives.....Migrants and diaspora suffer from consultation fatigue. They crave substantive participation, whereby they act and speak for themselves – supported by their friends and advocates. They are and should be treated as principals in any engagement; not recipients of enlightened benefaction."*[4].

For diaspora organisations working on socio-economic development in countries of origin and heritage, government engagement should constitute amongst other things: consultations on policy and programmes; dedicated grant funding of programmes and projects; commissioning of diaspora organisations and individuals for specialist research and community facilitation; sponsorship of complementary and joint events and ventures; and collaboration, co-working and partnership on special activities. At the said UN HLD Interactive Hearings, AFFORD facilitated the participation of Comic Relief to present CGI as an example and case study of UK national institutional funding targeted at diaspora organisations. The UK provided leadership in this

[4] http://hldcivilsociety.org/wp-content/uploads/2013/07/Gibril-Faal-Speech-at-UNHLD-15-July-2013.pdf

area, and AFFORD ensured that many European member states attended the Comic Relief presentation and participated in subsequent discussions on dedicated diaspora funding and trans-boundary finance.

Beyond funding, constancy in engagement can be enhanced through actual, direct, consistent and substantial nurturing of the ecosystem of diaspora-development organisations. Despite its innovative leadership in development policy and practice, the UK can only boast of a handful of diaspora organisations with an annual turnover of £1m, with most being micro-entities, almost totally dependent on volunteering. Although the diaspora-development paradigm values self-help volunteerism and the nimbleness and flexibility of small organisations, the ecosystem of UK diaspora-development organisations is unhealthy. The sector is in need of enhanced engagement, partnership and support from UK government as well as public and private institutions.

Given the longstanding engagement of UK government and institutions with the African diaspora-development sector, it is important to maintain progression and growth, rather than accept or tolerate retrogression and reversals. Organisations are also weakened by uncertainty, thus the need for continuity, improvement, long term commitment and support. Another concern that has been highlighted in the past decade is conscious or unconscious bias. This manifests itself through exclusionary practices I describe as substitution, marginalisation and minimalism.

There are instances when diaspora organisations spend years to develop concepts and practices, then toil and advocate for mainstream understanding and support. As soon as the development concept and/or practice gains currency, mainstream organisations are provided with the financial and institutional support to implement the very practices pioneered by the diaspora organisation. In most cases, the proffered reasons for this substitution are disingenuous and untenable. A case in point is work on Female Genital Mutilation (FGM), and the uneven funding of FORWARD, the pioneering diaspora charity set up in 1985.

Over the years, many diaspora organisations have participated faithfully and diligently in consultations and research exercises on specific themes or in relation to specific events led by the UK government, public institutions or large NGOs. They contribute valuable specialist knowledge and insights in preparatory processes, just to be sidelined from the resulting substantive actions and activities. This used to be a major problem a decade ago. However, I have noticed that there was almost total absence of diaspora finance, investment and enterprise themes and/or practitioners at the formal proceedings of the UK-Africa Investment Summit of January 2020. This absence occurred despite the fact that the government engaged with the UK diaspora investment sector in the preparatory phase. The lack of diaspora prominence contrasts with the demonstrable fact that the UK diaspora makes huge investments in the African social economy.

There are only a handful of UK African diaspora-development organisations that are over 20 years old, with turnover of £1m or above. Given the size of the diaspora-development economy which sends billions of pounds of remittances to Africa annually, there is a mismatch, especially if compared to vibrancy and strength of UK NGOs working in Africa. There are in fact UK diaspora organisations much older than 20 years, and many that had started as dynamic entities that faded away and died. One of causative factors for this scenario is that the UK government, funding and capacity development institutions do not proactively enable or nurture pluralism in this specialist sector. On the contrary, there are many instances when public officials adopt a minimalist approach, seeking to deal with just one or two African diaspora organisations, as 'representatives'. Although this may be convenient or expedient for management and bureaucratic reasons, it stifles the possible benefits that come with diversity and plurality. Diaspora organisations are diverse in their thematic interests, expertise, approaches and methodologies. The complexity of international development requires plurality of credible approaches and facilitation and accommodation of experimental strategies.

2.3 UK government actions for enhanced engagement with the African diaspora

The UK government has 25 years experience of engaging with its African diaspora on the issues of continental African development. 2020 is the year of SDG+5, the reality of Brexit, and the inaugural UK-Africa Investment Summit. This is an opportune time to reaffirm, expand and enhance UK government engagement and support of diaspora-development organisations, in pursuit of the *"ambition to be the investment partner of choice for Africa, create hundreds of thousands of jobs and ensure the mutual prosperity of all our nations"*[5]. The government can build on its actual and direct engagement, and support the African diaspora substantively and substantially by undertaking actions including the following:

i. Enhance support to the few exemplar diaspora-development organisations that have maintained engagement, interaction and collaboration with the government for over 20 years, to reinforce their resilience, expand their effective service delivery, and enhance their development impact;

ii. In the absence of statutory commitment of support (similar to CDC), articulate long term strategic and partnership commitment to UK diaspora-development organisations, and initiate a 10-year funding and financing programme, in line with the remaining 10 years of the SDGs;

[5] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/859314/2020_01_20_AIS_-_UK_Government_Statement_-_Final_Version.pdf

iii. Urgently renew and expand the Common Ground Initiative (CGI) funding scheme which began in 2011 and is currently in abeyance; urgently provide funding to partner diaspora organisations, to maintain, harness and optimise the positive momentum created by the programme;

iv. Raise awareness within government and at global platforms, the fact that the billions of pounds of annual diaspora remittances and investment to Africa are an integral part of the UK's contribution to international sustainable development, and fully integrate the diaspora in the formal policy processes on Africa, development, migration and related matters; encourage UK Development Finance Institutions (DFIs) such as CDC and PIDG to partner with and invest in innovative diaspora investment and enterprise schemes;

v. Co-sponsor an annual thematic and networking forum for exchange and engagement between government officials and diaspora-development practitioners and experts (this can be linked to the annual African Diaspora and Development Days [AD3] which is in its twentieth year, and is now held in collaboration with Chatham House); promote the government-diaspora co-hosting of side and consultative events linked to national, regional and international forums;

vi. Include UK African diaspora organisations, experts and practitioners in official UK delegations to relevant engagements and activities in the UK, Africa and globally, as is the successful engagement practice of several European countries[6]; appoint diaspora-development special and specialist envoys in government, and maintain technical and thematic expertise and specialism within DFID on migration, diaspora and development;

vii. Expand programmes of dedicated diaspora funding and co-finance, accompanied by capacity development, targeting small, innovative, social enterprise, humanitarian and volunteering projects; expand collaboration with diaspora organisations that manage small grant schemes reflecting the unexpected needs, challenges and opportunities arising from COVID-19, bearing in mind that the diaspora has experience of providing enterprise and livelihood support to Ebola affected countries.

Received 30 March 2020

[6] For example, France, Germany, Netherlands, Switzerland and others sponsor the participation of diaspora organisations and practitioners in the Global Forum on Migration and Development (GFMD), and incorporate them in national delegations for the purposes of credential clearances, co-organising side events etc.