ROLE AND CONTRIBUTION OF GHANAIAN DIASPORAS IN THE DEVELOPMENT OF GHANA

Nandita Khakhlary
PhD Research Scholar, Centre for African Studies, Jawaharlal Nehru University, New Delhi.

Abstract
There was a time when outward migrations was considered as a negative phenomenon or lose of human resources for a country. It was also seen as traumatic experience for the ones who were forced to migrate due to some socio-political or historical crises. However, with the passing of time, globalization has created very complex interconnections across the world today. People move across borders not because of compulsion but free will and desire for better life opportunities. Such large number of migration has created modern day diaspora and the international community has profoundly acknowledged their remarkable role and contribution in the process of development of their homeland. Ghana is one such example.

Introduction:-
In the recent times, the significant role and contribution of the Ghanaian diasporas in development debates have received a substantial importance due to their potential in supporting the efforts of the government in multiple fields of development. This recognition has led to a number of policy initiatives by the Ghanaian government, such as PANAFEST during President Rawlings era, the Joseph Project and the establishment of the Non-Resident Ghanaian Secretariat, to fully tap into the skills, knowledge and capital of Ghanaians abroad for the development of the country (Manuh et al, 2005). In order to achieve maximum investment participation from the Ghanaians living abroad and accelerated development of the home country, the government of Ghana has created a considerably friendly atmosphere for private sector participation in the governance over the years.

There have been some distinct attempts to create formal agencies and mechanisms for Ghanaians living outside the country to send remittances to their friends, relatives and also towards developmental projects in their hometowns. According to the World Bank data, the flow of personal remittances grew from 1.29 million US$ to a huge amount of 2155.49 million US$ in the year of 2012. Also, according to the balance of payment estimates of Bank of Ghana in 2011, an amount of $2.6 billion were received as remittances. These serious cash flows into the Ghanaian economy have created a growing awareness among the governmental institutions that the diaspora can contribute in many significant ways to the socio-economic and other fields of development of Ghana.

Remittance and its effect:-
Remittances are part of items classified as transfers on the balance of payment (Addison, 2005). The balance of payment is a statistical statement that takes into account all transactions between residents and non-resident for a period of time (Acheampong, 2012). It includes goods and services account, primary income account, the secondary income account, capital account and the financial account. The balance of
payment manual contains both current transfers and capital transfers that are recorded in the current account and the capital account respectively. Even though a number of reasons have been attributed to why migrants send money back home, there are some most common interests or motives behind that. These include self-interest motive, altruistic motive, loan repayment and co-insurance, regarded as the family contract.

The self-interest motive suggests that after saving and accumulating enough capital, the migrants in diasporas wishes to invest in their home country. The idea to invest back home becomes desirable and attractive due to the fact that many members of the diaspora community harbor the dream of belongingness and returning to the homeland one day. According to Black et al, a close examination of the Ghanaian migrants’ remittance behaviours indicates support for the altruism perspective (Tiemoko, 2005). The self-interest perspective can be seen as the livelihood school of thought as the sending of remittances is also an obligation on the part of the migrant to the family left behind in the home state. To reduce the level of vulnerability and also to protect the family financial crisis, the comparatively successful members of a household financially support the other members and provide a protective social net against any financial risk. This serves as a livelihood strategy for households to diversify their income source.

The loan repayment motive focuses on the family as a unit of analysis. Due to their commitment or family obligations, migrants send remittances to families back home for loan or debt payment which might have resulted from the cost of educating the migrant at home before his departure. The loan or debt could also arise from assisting the migrant to travel and the initial cost of helping migrants to settle in the host country. Apart from the loan repayment motive, there is the issue of co-insurance as well. Remittances are sometimes sent because of insurance considerations of migrants at home. As migrants in host countries, there is always a kind of risk or fear factor involved among the migrants that compels them to consider about alternative measures of survival by accumulating assets or property back home. This is to guard against any such circumstances where they may be forced to leave or lose employment in the host country as it serves as an economic protection or insurance.

The flow of remittances to Ghana is substantial in both absolute and relative numbers. According to the Bank of Ghana (BOG, 2009) the country received a record $1.97 billion in formal remittances in 2008. This compares favorably to the economy as a whole, as well as to major exports and other capital transfers across the nation’s borders. Based on data for 2008, drawn from the BOG (ibid.), remittances accounted for 13.5 percent of the country’s $14.5 billion GDP. Another point of comparison, official development assistance (ODA) to Ghana stood at 66 percent of recorded remittances in 2008, a share that dropped to 40 percent in 2009 (Addison, 2005). Addison (2005) claims that as much as 50 percent of the total flow of remittances to Ghana could be of informal nature, while Mazzucato et al. (2005) suggest that the informal part to be as high as 65 percent, i.e. almost two times the size of recorded transfers. In sum, literature suggest that remittances improve the welfare of households (Quaracky, 2006) and finance some community-level projects (Kabki et al, 2004, Zan, 2004), that they reduce poverty but increase income inequality (Adams et al. 2008, Mazzucato, 2008) and that they support private-sector growth by being invested in small businesses (Black et al., 2003).

Channels of remittance transfer:-
Migrant workers living in the diaspora use various channels to remit family and friends back home. These channels can be both formal and informal. The formal channels include Financial Institutions and Money Transfer Operators. The informal channels include informal intermediary financial operations, self carry or person to person etc. and cross-border consumer goods. However, apart from self-carry, the other methods of remittances through the informal channels are more risky because they are based on trust and no official records. Thus, in event of non-delivery of the remittance to the recipient, the migrant’s opportunity to seek legal redress is non-existing or a chance of success is very limited due to lack of sufficient or documentary evidence. Therefore, in terms of estimating Ghana’s remittance flow, the challenge remains the same, as the migrants tend to use various different channels for the transfer of remittances, which involves informal means, making it difficult to record the actual flow of remittances at a given time. In Ghana, however, the most popular estimates come from the balance of payment of the Bank of Ghana (Addison, 2005) and World Bank’s available data.

1 Appendix E comments on the extreme discrepancy between the estimates of remittance flows made by Bank of Ghana and those made by the World Bank.
2 ODA data drawn from OECD aid statistics, accessed online at [http://www.oecd.org/].
Business activities and investments by diasporas:-

The review of literature explains that by depending on the business sector, there are mainly three types of transnational business activities carried out by the Ghanaian diaspora communities living in Europe and North American countries. Firstly, the transfer businesses, through which the transfer of goods and money take place between the host and the origin countries. Secondly, there are many small scale cultural and ethnic businesses, such as retail stores or restaurants through which the diaspora communities import and sell groceries, ethnic products and other goods from Ghana. Thirdly, medium and large scale business set ups which emerge through the capital or savings of diaspora members or returnees in Ghana.

In the first two sectors, the Ghanaian migrants operate only in small or micro enterprises. The poor conditions on the job market often leads to Self-employment among the diaspora communities. In Europe, Ghanaians’ business activities are frequently in freight and shipping to Ghana, as well as with other African countries (Schmelz, 2009). For example, in Hamburg, the Ruhr region and in the Rhine-Main metropolitan area in Germany, Ghanaians operate businesses in the ‘International Transport and Logistics Industry’ in their country of origin, as well as throughout the African continent, creating jobs in some cases (Schmelz, 2009). The service providers of Ghanaian origin in the African-European shipping and trade sector, offer legal or management consultancy or translation services to their fellow countrymen.

Apart from this, there are many Afro-shops, internet cafes and other small scale shops such as art and handicraft shops, hair salons, as well as clothing and grocery booths at markets particularly in the areas with larger Ghanaian concentration in the diasporas in host countries, which are run by the Ghanaian migrants. In the USA and Canada, Ghanaians also operate small restaurants, bars and clubs. These small enterprises are often combined with an import/export business for various African products that are sought by members of the Ghanaian community. This kind of business activities not only improve the economic conditions of the diaspora communities in Europe and North America, but contribute to the economic development of Ghana as well.

Another significant sector of business investments by the diaspora communitieas is the agriculture and livestock trading. According to the Food and Agriculture Policy Decisions Analysis (FAPDA), more than 50 percent of Ghanaian population is engaged in agricultural employment. In addition to capital, educated Ghanaians contribute technical expertise and business skills to the agricultural business and food industrial activities, for examples, different kinds of business start-ups in the establishment of a poultry farm, fish farm, egg production and also cultivation and processing of tomatoes and citrus fruits. Plants such as medicinal herbs and nuts are cultivated and processed for medicinal and cosmetic use (Schröder, 2006).

Contribution of diasporas in the agricultural sector:-

Agriculture is Ghana’s one of the most important economic sectors as it employs more than half the population on a formal and informal basis. It accounts for almost half of GDP and export earnings. The country produces a variety of crops including yams, grains, cocoa, oil palms, kola nuts, and timber in various climatic zones which range from dry savanna to wet forest and which run in east-west bands across the country.

Beginning from the 1960s, farmers in Ghana faced with deterioration of necessary infrastructure, services and incentives to produce. They had to deal with fallen food production, increasingly expensive agricultural inputs like fertilizer etc because of overevaluation of the Cedi. By 1983, when drought hit the region, food shortages were widespread, and export crop production reached an all-time low. In early 1991, the government announced that one goal of the ‘Medium Term Agricultural Development Program 1991-2000’ was to attain food self-sufficiency and security by the year 2000. To this end, the government sought to improve extension services for farmers and to improve crop-disease research because, despite the statements concerning the importance of food crops, the plan was still heavily oriented toward market production, improvement of Ghana’s balance-of-payments position, and provision of materials for local industrial production. Furthermore, following World Bank guidelines, the government planned to rely more heavily on the private sector for needed services and to reduce the role of the public sector, a clear disadvantage for subsistence producers.

Under the Act 478, 1994, Ghana Investment Promotion Centre (GIPC) was established as an autonomous government agency mandated to encourage, facilitate and promote domestic and foreign investment. This Act guaranteed the freedom for non-Ghanaians to establish and run enterprises in potentially lucrative areas such as
natural gas, hydropower projects, fruits and vegetables farming, food processing including fish canning; production of agro-chemicals, pharmaceuticals and information technology. Later in 2013, under the Act of 865, 2013, the GIPC Act’s coverage was broadened and extended the activities that are reserved solely for Ghanaians and also increased the minimum capital requirements for entities with foreign participation. This development enabled the diaspora communities to take part and invest in many different sectors in Ghana, including the sector of agriculture.

An example of diaspora engagement in the agriculture sector is the MIDA-Italia Pilot Project supported by the Italian Ministry of Foreign Affairs (IOM, 2012). The Ghana Cooperative (Ghanacoop) initiative was developed by Ghanaian migrants in Italy in order to increase agriculture production and also export such products to the Italian market. In 2007, according to the organizations president, Thomas McCarthy, Ghanacoop made a profit of 1million Euros (Mr McCarthy, Ghanaweb, 2008). Ghanacoop aims at ensuring development through sustainable environmental processes of biological certification in vegetables and fruit production in Ghana.

**Non-profit engagement and social contribution of diasporas:-**

The Ghanaian diaspora communities in developed countries have become involved in many non-profit activities both at private level and through organisations or institutional level. Such involvement and activities by the diaspora communities contribute to Ghana’s social development in general. These non-profit activities mainly include the areas of health and education and infrastructure investments such as power and water supply in rural areas. The health sector in Ghana faces shortage of trained personnel, medicine, medical devices and equipments. Insufficient infrastructure with regard to the water supply and electricity, inadequate furnishings of schools etc are some of the prominent social problems in Ghana. Thus, the initiatives and engagements by the diaspora communities in these sectors primarily helps to meet the need for support in Ghana.

Since the 1990s, Ghanaian migrants who had access to higher education and other professional knowledge in Europe and North American countries have been engaged in various non-profit activities at individual level. These diaspora communities have also organised aid projects and infrastructure measures in their home villages/regions with a significant level of success. For instance, individual initiatives are responsible for establishment of kindergarten, hospital, community centre and schools that were built locally by as community project. In other cases, large in-kind donations, such as computers or table tennis tables for schools and medicine for a hospital in Accra are also initiated by the diasporas. For example, according to Orozco’s 2005 study on transnational engagement of Ghanaians in Germany half the associations had also carried out non-profit activities in Ghana. Training projects sponsored by individual associations prepare participants for vocations such as tailor/seamstress, carpenter or farming. Training in these vocations is linked to income-generating measures (Schröder, 2006).

Activities such as is volunteering and internships for a period of several months in the areas of education, health care, economic promotion and civil society, as well as a leadership programme are carried out by the diaspora communities. The target group of these projects are primarily second-generation family members living in Ghana. The Bonn-based African Youth Foundation (AYF) in Germany also sees itself as a platform for business activities on the African continent. The African Business and Entrepreneurship Network (ABEN) founded in 2007 promote networking, exchange and the presentation of African businesses from the diaspora.

The numerous church communities are also intensively committed, especially in health and education promoting activities in disadvantaged regions or urban neighbourhoods. In the church communities, women are particularly active (Sieveking, 2008). Funds raised by the parish members have been used to purchase beds, medical equipment, medicine and training equipment for health care institutions in the partner church communities in Ghana. In addition, construction and rehabilitation of school buildings was supported and teaching materials and equipment for schools in Ghana provided (Tonah, 2007).

The alarming rate at which the health professionals migrate has drawn high policy interest and led to a number of initiatives by the Ghanaian government to try and retain them. These include vehicle ownership schemes, improved access to local postgraduate training, deprived area incentives, health sector salary schemes, re-engagement of returnees, bonding systems and the Migration for Development Project Ghana, instituted by the International Organization for Migration and the Royal Netherlands Government (IOM, 2011). Even though the above named policies or interventions were meant to retain health professionals, a number of the policies have proved to be unsuccessful and have failed to retain doctors and nurses who are normally the target group within the health professionals (IOM, 2011). For example, despite some significant effort to increase access to local postgraduate
training a large number of doctors and nurses still prefer training abroad because of the experience and prestige associated with education abroad (Mensah et al., 2005).

The strong need and demand of proper medical healthcare and expertise in Ghana has led to some important policy interventions in the health sector. Among these include, the Migration for Development in Africa (MIDA) Ghana Health Project, which is a project with the ambitious objective of contributing to the development of human resource in the health sector of Ghana, started in the year 2002 (IOM, 2012). The main rationale of the initiative was to address the challenge of inadequate health personnel in the health sector by mobilizing diaspora resources to meet the needs of the health sector, which is critical to the Ghanaian economy for creating wealth through health (Anarfi et al., 2010). This project facilitates the health professionals from the Netherlands, UK, and other European countries to visit or return of Ghana on a regular but short time period to use their skills, expertise and knowledge and contribute in building the capacity of their local counterparts and serve in local health centres in both urban and rural areas. This practice further helps in dealing with the human resource gap in the health sector. The project was implemented by the IOM in close cooperation with the Ministry of Health of Ghana and Ghanaian diaspora groups in Europe. It was funded by the Dutch government by way of mobilizing human capital for sustainable development and poverty reduction in home countries of the professionals (Anarfi et al., 2010). The Migration for Development project was linked to the human resource policies and strategies of the Ministry of Health of the Republic of Ghana.

**Contribution in housing and construction:**

Over the years, Ghana’s real estate market has prospered as a result of growing demand for housing, hotels, office space, and commercial and industrial centres throughout the country, especially in the greater Accra, Ashanti, Western and Eastern regions. In Ghana owning a house is the dream of many citizens. The proportion of houses owned by members of the household was 57.4 percent in 2000 and 52.7 percent in 2010. On the other hand, the proportion of houses owned by a relative who was not a household member increased from 12.5 percent to 15.6 percent (Bank of Ghana, 2013). This could be explained by an increase in the practice where relatives who live abroad or in the diasporas, invest in building houses and allow other family members to occupy them.

However, until recently, Ghana’s potential in the real estate sector in terms of opportunity exploration had remained largely unexplored. It is only in the twenty first century that the realization of benefit in the real estate sector has started to boom among the diaspora communities of Ghana. Among the variety of investments, home ownership is the first priority of the majority of Ghanaians living abroad. The high priority attached to home ownership in Ghana needs to be viewed in the context of both in their significance in cost and their intention to return to Ghana. As in other societies, home ownership is considered as economic success, social status and security. While home ownership is cherished, most of the Ghanaians do not have the financial resource to purchase or build a house. Therefore, international migration presents the only real opportunity to fulfill this dream. The process by which Ghanaian migrants build houses in Ghana has been described by Diko and Tipple, (1996) as a symbol of Ghanaian ingenuity and social cohesion. The process illustrates the strength of their ties to the homeland.

Recent developments in the Ghanaian economy indicate a boom in the construction sector, including the housing sector. It is argued that the boom in the housing sector is largely driven by the surge in remittances. Another opinion is that these are mainly driven by improved access to global financial markets owing to the stability of Ghana’s economy. In other words, non-resident Ghanaians who live in diasporas and have access to low interest global funds are increasingly investing in the housing sector (Bank of Ghana, 2007).

**Transfer of technology and know-how:**

Europe, North America and Ghana are connected by a long tradition of educating and training migrants that started back in the 1960s. Many Ghanaian graduates of European and American universities returned to Ghana once they completed their degrees and had positions of leadership in the government, the economy, politics and civil society. More often, know-how transfer in the case of the Ghanaian diaspora takes place on an individual basis and not via organised networks such as professional associations. The transfer of know-how and methodology takes place both in the context of formal university cooperation and in informal exchanges. Several university cooperations (exchange of academics, interns, etc.) between universities in host countries and the Kwame Nkrumah University of Science and Technology (KNUST), which has been initiated or promoted in the past through the engagement by academics of Ghanaian origin, for example, in the area of medicine with the University of Ulm, Germany. In 1984, a cooperative course entitled the SPRING Programme (Spatial Planning for Regions in Growing Economies) was
initiated between the University of Dortmund, Germany and KNUST. The programme has now become established as an independent course of study in Kumasi. DAAD is one such example which has more than 700 alumni in Ghana who are active in research and teaching and contribute to the transfer of knowledge and methodology and to innovation in the education and health care sector, the economy, the government and civil society. Medical doctors invest efforts in free treatment and shipment of donated medical devices and medicine. Highly qualified individuals who have high-level positions in academia or the health care sector do not restrict their involvement to Ghana, but are engaged in the cause of Africa as a whole.

A wide variety of forms are used to transfer know-how and methodology. Scientists of Ghanaian origin are involved in exchanges for teachers and professors, students and interns between the European and North American countries and Ghana. They invite specialists from Ghana to meetings, promote scholarships for post-graduates and post-doctoral students and researchers from Ghana and hold lectures and seminars in Ghana free of charge. In-kind donations, such as ICT, laboratory equipment and other teaching aids are also provided by Ghanaians living in diasporas who act as intermediaries.

Cultural contribution of diasporas:--
Through the home-town associations and different networks, the Ghanaians living in the diasporas are culturally linked to Ghana that they organize and participate in, the joint celebration of Ghanaian public holidays and ethnic festivals, their forms of worship, the patronage of Ghanaian food and dresses, and the creation of Ghanaian traditional institutions such as chiefs and queen mothers abroad (Nieswand 2003; Schildkrout 2006). Many European and North American cities have seen the spread of ‘Afro shops’ owned and managed by Ghanaians where their indigenous food items, cosmetics and other goods imported from Ghana and sold and bought by the Ghanaian migrants. Thus, their livelihood abroad is closely associated with the numerous cultural goods that they receive from home. Ghanaians abroad belong to a host of different social groups, clubs, networks and associations but irrespective of the form in which they are organized, these networks typically involve Ghanaians who share a common interest by coming from the same traditional area, town or village, belong to the same tribal or ethnic group, same religious denomination, belong to the same club (women’s association, sporting club etc) or are members of the same political party.

In Germany for example, the most common village/area associations include the Ashanti Akim Kuo, Obo Citizens Union, Oguaa Kuo and many others. Even more common are the tribal/ethnic groupings and associations including the Ashanti/Asanteman Union, Brong/Ahafo Union, Ga Union, Fanti Union, Kwahu and Akuapem Union that are found in virtually all of the major towns including Hamburg, Stuttgart, Oberhausen, Dortmund, and Cologne, to mention only these few (Tonah, Steve, 2007). There are also several social clubs, groupings, religious bodies and numerous national associations called ‘Ghana Union’ that are found in all the major diaspora towns in Europe and North America. These socio-cultural bodies seek to unite Ghanaians in the host countries, coordinate their activities and serve as the mouth-piece of the Ghanaian community. Finally, the three major political parties in Ghana i.e. the New Patriotic Party, the National Democratic Congress and the Convention Peoples Party, all have very active branches abroad, especially in the UK and the USA. These political clubs bring together Ghanaians who share their party philosophy, policies and tradition (Tonah, Steve, 2007).

Challenges of diaspora participation in the development of Ghana:--
This study has revealed that there is no proper policy framework exists to effectively partner the diaspora for socio-economic development by the Ghanaian government. Also institutional mechanism to engage the diaspora is weak and the Ghanaian missions abroad are unable to provide reliable data on Ghanaian diaspora engagement. For example, The use of informal channels in sending remittances due to cost has accounted for the inability of the Bank of Ghana to provide actual estimates of remittance flow into the country. The lack of credible data on total remittances to the Ghanaian economy affects national planning, budgeting and integrating remittances into the economic policies of the government.

Ghanaians abroad have demonstrated their commitment towards nation building and development by keeping ties with friends, relatives and also keenly following public discourse on the various website, television and radio programs. But the existing national policies do not take into account the ethnic diversity of the diaspora and the concept of decentralization in Ghana. The unspoken lack of trust in the government by the diaspora makes it
difficult for effective engagement and sometimes the labelling of returnees who challenge the status quo and serve as a disincentive for socio-political reforms that would have aided development.

Summary:-

There is no doubt about the growing role and future potential of the diasporas in the socio-economic development of Ghana. However, what appears to be missing is a proper institutional framework and capacity to formulate and implement appropriate policies and effective strategies that will enhance and consolidate the full participation of the diasporas in development process. The primary need is for demonstrable political commitment to harness the diaspora resources and policy coherence at all levels to ensure Ghana fully benefit from the huge resources of the diasporas, especially those based in the developed countries.

So far, the effort of government in reaching the diaspora has been on make-shift basis. Such temporary initiatives are not sustainable and do not form any significant or systematic strategy to include the diaspora in development of the country. The public pronouncement of the Ghanaian government about the development role of the diaspora is not met with concrete national action plans and this breeds a lack of trust among members of the diaspora. Even though government has the desire to tap into the financial resources of the diaspora, it is constrained in granting full political rights to Ghanaians in the diaspora. For example, the limitations associated with the ‘Dual Citizenship Law’ and the lack of political will to implement the ‘Representation of People’s Amendment Law’ to allow non-resident Ghanaians to vote in national elections.

The private sector in Ghana which is still at a nascent stage has initiated some measures to enhance the inclusion of the diaspora in national development. However, these initiatives can succeed only when the government of Ghana would create the necessary investor environment, do away with bureaucratic corruption, delays, bribery practices that have creeped up in the public sector in Ghana. To know the Ghanaian diasporas and extract benefit from them should be the priority of the Ghanaian government. It only by knowing its diasporas that Ghana can make proper planning and their involvement in development process can be successful.

References:-