Charting a Feasible Course for The Gambia Diaspora Investment Strategy

The Commonwealth

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Contents

List of Figures, Tables and Boxes

Figures

Tables

Boxes

Acronyms and Abbreviations

DDI	direct diaspora investment
GDP	gross domestic product
CepRass	Center for Policy, Research and Strategic Studies
ECOWAS	Economic Community of West African States
GIEPA	Gambia Investment and Export Agency
ICT	information communication and technology
MoFA	Ministry of Foreign Affairs
MSDG	Migration and Sustainable Development in the Gambia
MTO	money transfer operators
NDP	National Development Plan
NGO	non-governmental organisation
NRI	non-resident investor
OECD	Organisation for Economic Cooperation and Development
PPP	public-private partnership
SDG	Sustainable Development Goal
SMEs	small and medium-sized enterprises
TCP	Technical Cooperation Programme

Executive Summary

The Gambia is a developing African tourist destination with a population of about 2.4 million. Following several macroeconomic reforms between 2008 and 2010, the economy of the Gambia has been growing, with GDP growth averaging 5.5 per cent during this period. The onset of the COVID-19 pandemic affected the economy reversing the economic gains that had been achieved. With regards to doing business, The Gambia has experienced improvements in the ease of doing business with an overall score of 50.3 in the World Bank's Doing Business project, albeit being ranked at 155 out of 190 countries. Infrastructure quality has also improved in the Gambia with the number of internet users and mobile subscriptions increasing over the years. In terms of financial inclusion access to financial services remains higher in urban areas relative to rural areas. However, overall financial inclusion remains low with only 19 percent of the population having access to financial services.

Remittances to the Gambia have been steadily increasing. In 2021, The Gambia received US$777 million in remittances (63 percent of its GDP). In 2014 the Gambia was the 10th highest remittance receiving country in the world and the 3rd highest in Africa. Recognizing the important role the diaspora plays in The Gambia, in recent years the Government has put in place several initiatives aimed at enhancing diaspora engagement and investment including the Migration and Sustainable Development in The Gambia (MSDG) project, which is now in phase 2; as well as the formation of a Diaspora directorate.

The Gambia has been experiencing high levels of emigration, which has seen the number of Gambian migrants go up from 36,280 in 1990 to 139,210 in 2020. The United States hosts the largest number of Gambians abroad, followed by Italy and the United Kingdom. The Gambian diaspora profile includes both skilled and unskilled professionals, who emigrate via formal and informal routes. The Gambia had the 15th highest rate of emigration of highly educated individuals. However, 57 per cent of the highly educated Gambian diaspora are estimated to be work in low- and medium-skilled jobs.

Studies have shown that the diaspora community from developing countries hold a substantial amount of savings that they are interested in investing in their countries of origin. The challenge that remains is leveraging these diaspora savings to boost investment in their countries of origin.

Considering the challenges faced when translating diaspora savings into investments, the Commonwealth Diaspora Finance project is aimed at encouraging diasporas to invest in their family's country of origin. This includes providing technical assistance to countries to identify the best tools and strategies to help them increase diaspora investment. This report, therefore, is aimed at assessing the current Gambian diaspora policy framework and environment to suggest strategies that can be implemented in the short, medium, and long term to enhance or spur Gambian diaspora investment. This report is based on a combination of desktop research and key stakeholder interviews conducted between 16 and 22 March 2022.

The Gambia's Diaspora Strategy is crucial to the country's future development. Going forward, the current strategy could be better sequenced to include practical and doable steps to assure effective implementation. In the short term a reduction in remittance costs is a low-hanging target and can be addressed almost immediately. To support this, the government must regularly publish money transfer operator costs, which will boost competition and integrate mobile money networks. To enhance diaspora engagement and investments, continued efforts towards building trust, boosting awareness, and seeking technical assistance for complex initiatives such as diaspora bonds will be crucial. Lastly, there is a need to continue prioritizing the improvement of enabling business environment.

1. Introduction

1.1 Overview of The Gambia

1.1.1 Socio-economic trends

In 2016, democracy in The Gambia was restored once again with a change in government that came after 22 years of dictatorship. This ushered in the new era of hope since the post-independence period from 1965 to 1994 and filled citizens with a sense of renewed confidence in the Government.

Endowed with a beautiful coastline, The Gambia is a blossoming African tourism destination. However, its development is constrained by, among other things, its small population of just 2.4 million and a limited land mass of only 11,265 sq km, the smallest in mainland Africa. Like the broader continent, the country has a burgeoning youth population, with 64 per cent of the adult population between the ages of 15 and 35. Of the total population, 5 per cent have attained tertiary education, while 18 per cent and 28 per cent have attained secondary and primary school education, respectively (FinMark Trust, 2019). Adult literacy rates currently stand at 50 per cent, with males having higher literacy (62 per cent) than females (42 per cent).

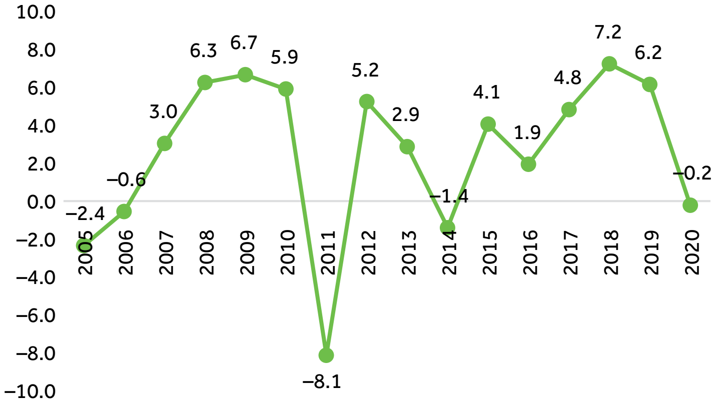
On the economic front, The Gambia remains largely reliant on agriculture and small-scale manufacturing focused on the production and processing of peanuts, fish and animal hides. At present, tourism is the country's third-largest sector, but it continues to expand, particularly under the new government, and contributes valuable stores of foreign exchange second only to those received through remittances.

Following several macroeconomic reforms between 2008 and 2010, the Gambian economy performed relatively well, with GDP growth averaging 5.5 per cent during this period. Even as the world grappled with a global economic crisis, growth in 2009 remained relatively high, buoyed by a stellar rebound in agriculture that largely outweighed a fall in tourism and remittances (IMF, 2010).

Unfortunately, The Gambia's upward trajectory was derailed in 2011 owing to drought that stunted agriculture and precipitated an 8.1 per cent decline in the economy (AfDB, 2012). Growth picked up in the following years and, though quite volatile, by 2018 had reached new heights (see Figure 1.1). This performance was largely underpinned by the regime shift, which brought with it improved confidence, a record increase in tourist arrivals and increased foreign reserves (World Bank, 2022a). However, in 2020 GDP again declined, this time from 6.2 per cent to –0.2 per cent, on account of the COVID-19 pandemic and an associated reversal in tourism arrivals. Remarkably, despite the global situation in 2020, record levels of remittances were received, preventing an even more substantial decline in the country's economy.

The COVID-19 pandemic also reversed gains in poverty reduction, with poverty (US$1.9 in 2011 purchasing power parity) in The Gambia increasing from 8.4 per cent in 2019 to 9.2 per cent in 2020 (World Bank, 2022a). GDP per capita has nonetheless continued to increase, averaging US$714 between 2012 and 2021 and reaching its

Figure 1.1 GDP growth (annual %)



Source: World bank, World Development Indicators

Table 1.1 Key macroeconomic trends, 2012–2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP per capita, current prices	742.8	700.5	607.4	649.5	684	676.7	729	768.9	769.7	819.2
Inflation	4.6	5.2	6.3	6.8	7.2	8	6.5	7.1	5.9	7
Imports (% of GDP)	13.7	–0.6	20.4	5.1	–3	22.6	8.4	11.1	0.9	26.3
Exports (% of GDP)	15.9	–8.3	–9.9	–11.8	13.9	6	26.3	19.7	–57.8	52
Gross debt (% of GDP)	49.5	58.2	71.1	69.4	80.9	87	83.6	83	83.5	82.3
Current account balance (% of GDP)	–4.5	–6.7	–7.3	–9.9	–9.2	–7.4	–9.5	–6.1	–3.6	–12.7
Exchange rate	32.1	36	41.7	42.5	43.4	46.6	48.2	50.1	51.5	53.25

Source: World Bank, World Development Indicators; IMF, 2021a.

highest level in 2021 at US$819 (see Table 1.1). With regards to inflation, following global trends, subdued aggregate demand contributed to decreased prices for Gambians in 2020. The price ease was supported by lower global oil prices induced by restricted travel worldwide. As in other countries, the combination of these factors negatively impacted imports and exports, with exports from The Gambia contracting sharply to –57.8 per cent. This was the first and largest contraction since 2015. Concomitantly, The Gambia's debt-to-GDP ratio rose to 82.3 per cent in 2020, with the country's debt now considered sustainable but at high risk of debt distress, the tail-end of an upward trend evident in the data since 2012 (IMF, 2020). In tandem, the Dalasi – US dollar exchange rate increased to 53.25 GMD, registering a 60.3 per cent depreciation in the currency when compared to the rate recorded at the beginning of the past decade (see Table 1.1).

1.1.2 Governance and the business enabling environment.

Between 2017 and 2020, governance in The Gambia as reflected by the World Bank's governance indicators has significantly improved when compared to the period between 2013 and 2016 (Box 1.1; World Bank, 2022c). This follows the change in political leadership that has brought about an improvement in the rule of law, political stability, accountability and control of corruption. Leadership change is also thought to have supported the increase in tourism over recent years as well as increased remittances.

In terms of the business environment, The Gambia has experienced improvements in the ease of doing business, albeit still ranked lowly at 155 out of 190 countries with an overall score of 50.3 in the World Bank's now discontinued Doing Business project (World Bank, 2019). Specifically, the Government showed the greatest improvement in its 'starting a business' score, with an increase from 70 per cent in 2019 to 84 per cent in 2020 (World Bank, 2022b). Furthermore, examining key infrastructure quality indicators shows that the number of people connected to the internet in The Gambia increased substantially between 2016 and 2020, as did the number of internet servers and of mobile subscriptions per 100 people (see Box 1.1; World Bank, 2022c).

1.1.3 Access to financial services and financial inclusion

In 2019, the FinMark Trust conducted a survey to support The Gambia's development of a National Financial Inclusion Strategy. The survey found that, with regards to financial infrastructure, the percentage of adults using banks was much higher in urban areas (96 per cent) compared to rural areas (34 per cent). The same trend was exhibited for ATM use, with 92 per cent of adults in urban areas

Box 1.1 The doing business environment in The Gambia

Table 1.2 Doing Business rankings, 2020

	Ranking	Score
Ease of doing business	155	50.3
Starting a business	119	84.6
Enforcing contracts	129	50.9
Getting credit	152	30
Getting electricity	165	49.6
Paying taxes	172	49
Protecting minority investors	170	24
Registering property	143	50.9

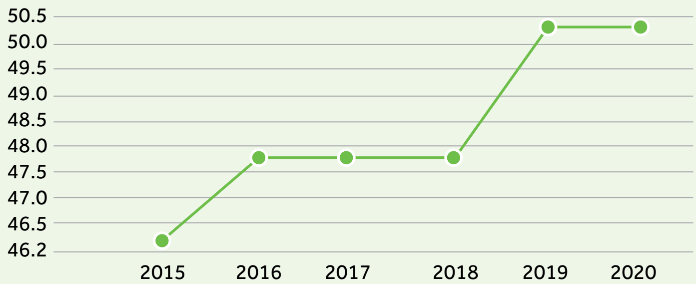
World Bank, 2022b

Table 1.3 Infrastructure Quality rankings

	2013–2016	2017–2020
Mobile cellular subscriptions (per 100 people)	117.3	123.6
Fixed telephone subscriptions (per 100 people)	2.5	1.7
Fixed broadband subscriptions (per 100 people)	0.1	0.2
Individuals using the Internet (% of population)	18.6	41.0
Secure Internet servers (per 1 million people)	7.2	30.9

Source: World Bank, World Development Indicators data for 2018

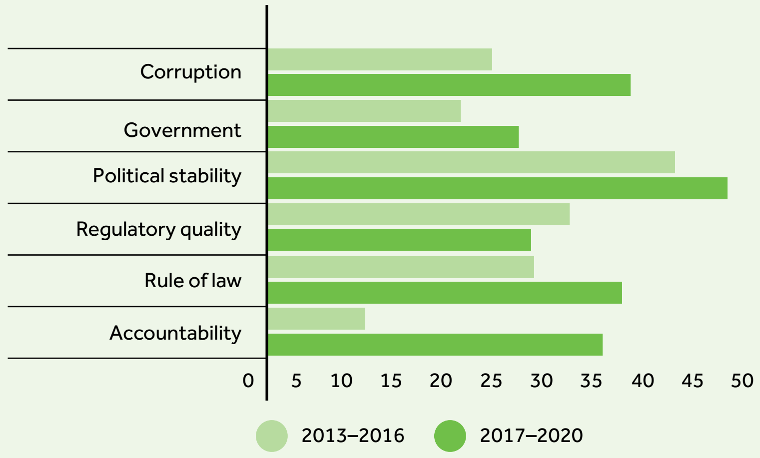
Figure 1.2 Ease of Doing Business scores, 2015–2020



Source: World Bank, 2022b

Box 1.1 (*Continued*) The doing business environment in The Gambia

Figure 1.3 Governance indicators (2020) percentile rankings



Source: World Bank, 2022c

Table 1.4 Financial sector statistics, 2020

Broad money (% of GDP)	51.4
Domestic credit to private sector (% of GDP)	7.9
Foreign direct investment, net inflows (% of GDP)	5.9

Source: World Bank 2022c

using ATMs compared to 51 per cent in rural areas. Additionally, the survey revealed that 65 per cent of the rural population and 89 per cent of the urban population had access to a mobile money agent. It also found that only 5 per cent of the population had a bank account, with only 2 per cent of adults relying on banking services. This was considerably lower than those who relied on other formal (11 per cent) and informal measures (12 per cent). International remittances were found to account for 85 per cent of those received, with only 15 per cent of remittances received being domestic (FinMark Trust, 2019).

The FinMark survey also looked at the level of financial inclusion generally and concluded that only 19 per cent of the population was formally served by financial services. A reported 69 per cent are excluded from the financial system altogether (ibid.).

1.2 Broad remittance trends and objectives of the Government

Gambian diaspora remittances have always made substantial contributions to the country's GDP. Up until 2017, remittance levels were consistent, with only small annual fluctuations. In that year, The Gambia was among the top 10 countries in the world dependent on remittances and third in Africa after Liberia and Comoros (UNDP, 2020). From 2017 onwards, however, remittance levels have increased dramatically, with each year representing a new record high. In 2021, The Gambia received US$777 million in remittances, which was 63 per cent as a ratio to GDP. The popular modes of sending money have been through informal means, but these were constrained by the onset of the COVID-19 pandemic. This suggests that remittance levels were already high and the apparent considerable increase over the past few years was due to them not being captured formally before.

Remittances in The Gambia are mainly used for consumption to support health and education access and, to a lesser extent, social investment. Many households report remittances to be one of their main and relied upon sources of income (Avdiu and Meyer, 2021). Nevertheless, the costs of sending remittances to The Gambia remain high

9.2 per cent relative to the global average of 6.5 per cent and the Sustainable Development Goal (SDG) target of 3 per cent.

Recognising the important role the diaspora plays in The Gambia, the Government in partnership with other stakeholders has implemented several initiatives aimed at enhancing diaspora engagement and investment in recent years. This has included the establishment of the Migration and Sustainable Development in The Gambia (MSDG) project, now in phase 2 (see Table 1.5); the development of The Gambian National Development Plan (2018 to 2021); and the formation of a Diaspora directorate. The various government policies and strategies related to the diaspora all strive to foster diaspora engagement and dialogue, as well as increase diaspora investment. The Government has also developed a diaspora mentorship programme and is implementing various skills transfer initiatives to bridge capacity gaps.

1.3 Commonwealth Diaspora Investment Survey

As part of the Commonwealth Diaspora Finance Project, the Commonwealth commissioned a Commonwealth Diaspora Investment Survey in 2018. The survey was undertaken using a sample of six diasporas — from Bangladesh, Fiji, Ghana, Jamaica, Kenya and Nigeria — based in the United Kingdom (UK). It examined diaspora savings and investments in their countries of origin and covered current practices and motivations, obstacles to saving and investment and preferences for future saving and investment. The overall findings showed that the Commonwealth diaspora are highly engaged with their countries of origin, with support largely in the form of remittances to family and friends as well as gifts or charitable donations. It was also common for the diaspora to have some form of savings or deposit account in their home country. However, take-up of other products such as government bonds was relatively low.

From the quantitative and qualitative findings of the survey, a range of issues was found to present a barrier to saving and investment. Issues related to governance rank highest among these, with over half of respondents citing corruption as a key priority for governments to tackle. Other issues included political instability, security concerns, weak legal frameworks and enforcement, fluctuating currencies, lack of information and excessive red tape. Poor governance looms particularly large for those with greater formal investment potential such as business owners, for whom turmoil resulting from political instability, policy change and a weak legal framework can act as a serious disincentive.

In addition to highlighting some of the major obstacles to savings and investment, the survey also teased out some of the factors that would motivate the diaspora to invest more in their home economies. These included providing economic incentives for investment, improving technology to finance investment and opportunities to support the diaspora's move to their home countries. The survey indicated that the diaspora would be

Table 1.5 Gambian diaspora policy and initiative roadmap

2017–2018	• 2017: Diaspora Policy statement • Migration and Sustainable Development in the Gambia (MSDG1) • Technical Co-operation Programme (TCP) pilot phase • Annual Gambia Diaspora Month, 15 December–14 January
2018–2022	• The Gambia National Development Plan – Gambia Diaspora Strategy (2018–2021) • Gambia Diaspora Eighth Region of the Gambia (2018) • MSDG2 (2019–2022): Implementing the Gambian Diaspora Strategy • November 2021: Maiden Roundtable Conference with diaspora • October 2021: Diaspora mentorship programme with IOM
2021–2024	• MSDG3: Consolidation of the Gambian Diaspora Strategy

interested in projects that provide them with special economic rights as well as projects where their family members are likely to benefit. With regards to savings and investment, survey respondents highlighted their interest in setting up businesses, opening savings and deposit accounts and investing in the home-country stock market and government bonds. Moreover, the respondents felt that projects focused on poverty reduction, youth development, environmental sustainability, climate change, improving state business and reducing corruption would be of particular interest.

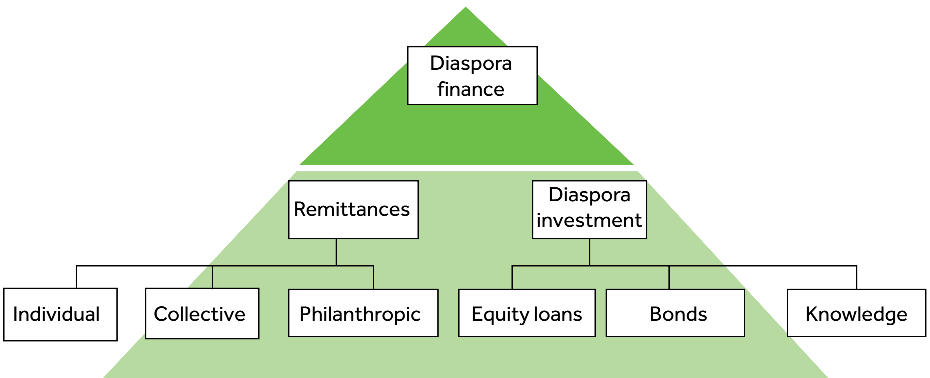
1.4 Report objectives and methodology

It is estimated that the diaspora community from developing countries holds up to US$500 billion in savings and surveys indicate that they are keen to invest back home (Benson et al, 2016). The challenge that remains is translating these diaspora savings into viable investments in countries of origin to fast-track economic development progress. Considering the challenges faced in translating diaspora savings into investments, the Commonwealth Diaspora Finance project is aimed at encouraging diasporas to invest in their family's country of origin. This includes providing technical assistance to countries to identify the best tools and strategies to help them increase diaspora investment. Initiatives such as equity loans and knowledge transfers make up diaspora investment instruments (see Figure 1.4).

This report, therefore, is aimed at assessing the current Gambian diaspora policy framework and environment to suggest strategies that can be implemented in the short, medium and long run to enhance Gambian diaspora investment. The report is built from a combination of desktop research and key stakeholder interviews conducted between 16 and 22 March 2022. The stakeholders interviewed include key government agencies involved in The Gambia diaspora initiative: the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Trade, Central Bank, Gambia Export and Investment Promotion Agency and Gambia Chamber of Commerce. These interviews helped identify the specific challenges and opportunities for diaspora investment in The Gambia and provided insight into the requirements needed to help foster such investment.

Before proceeding to discuss the specific challenges and opportunities, the report first provides an overview of the Gambian diaspora in Section 2 and the key remittance trends in Section 3. It then turns to the specific challenges and opportunities in Section 4. These, together with the assessment of push-pull factors from the Commonwealth Diaspora Investment Survey and literature on diaspora investment initiatives across the world, are used to create a framework for a critical assessment of The Gambia's diaspora policy framework in Section 5, with particular attention paid to the feasibility of the Government's current plans for facilitating diaspora investment. Lastly, in Section 6, the report discusses further policy actions for consideration by the Government and identifies areas for Commonwealth support.

Figure 1.4 Overview of diaspora finance



2. Overview of key emigration trends and statistics

2.1 Historic and demographic trends in emigration

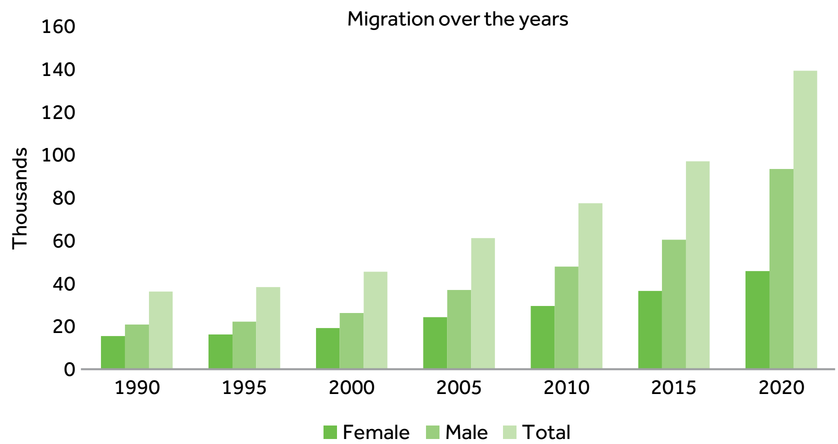
The Gambia has experienced a meteoric rise in emigration, which has seen the number of Gambian migrants go up from 36,280 in 1990 to 139,210 in 2020 (see Figure 2.1) (UN Population Division, 2020). This has been spurred by motivations to seek better education and employment opportunities abroad. With 7 per cent of the population estimated to have moved abroad, Gambia's emigration is double the global rate of 3 per cent (ibid).

Moreover, at a migration rate of 0.5 per cent of the population per year, The Gambia's net migration is among the 10th highest in Africa (Kebbeh, 2013). Men constitute the highest number of these emigrants, with female migration making up 32 per cent of the total as of 2020. This is a slight reduction from the 42 per cent of female migrants registered in 1990. Developed countries host the largest composition of migrants from The Gambia, supporting the hypothesis that the country's migration is driven by a desire for better economic prospects (see Figure 2.1).

2.2 Countries with the largest Gambian diaspora

The United States hosts the largest number of Gambians abroad, with 33,653 living there (see Figure 2.2). This is followed by Italy, which — despite having no historical ties with The Gambia — has witnessed a rapid increase in Gambian migrants from 84 in 1990 to 23,086 in 2020 (UN Population Division, 2020). The UK also hosts many Gambian migrants. Officially this is 20,000, but it is thought to be much larger (around 36,279) since estimates from the UK, along with those from the United States, tends to be underestimated as it misses irregular migrants (GK Partners, 2020). With regards to regional migration, a large number of Gambian emigrants are based in Senegal, a country with which The Gambia had formed a union under the Senegambia Federation (LSE, 2015). Migration to other Economic Community of West African States (ECOWAS) such as Nigeria is also high, and there has been a recent increase in migration to North African countries. This stems from North Africa being a pathway for migration to European countries such as Malta and Spain (ibid.). Migration

Figure 2.1 Gambian emigration (thousands), 1990–2020



Source: United Nations Population Division (2020).

Table 2.1 Emigration from The Gambia by regional development and country income status of destination, 2020

Regional development	
Developed regions	119,073
Less developed regions	20,137
Country income status	
High-income countries	119,064
Middle-income countries	15,110
Low to middle-income countries	14,979
Low-income countries	5,036

Source: United Nations Population Division (2020).

to countries such as Ghana has also increased over the years from 19 emigrants in 1990 to 1,888 in 2020, while Sierra Leone saw a dramatic decline from 5,240 to 524 emigrants over the same period (UN Population Division, 2020).

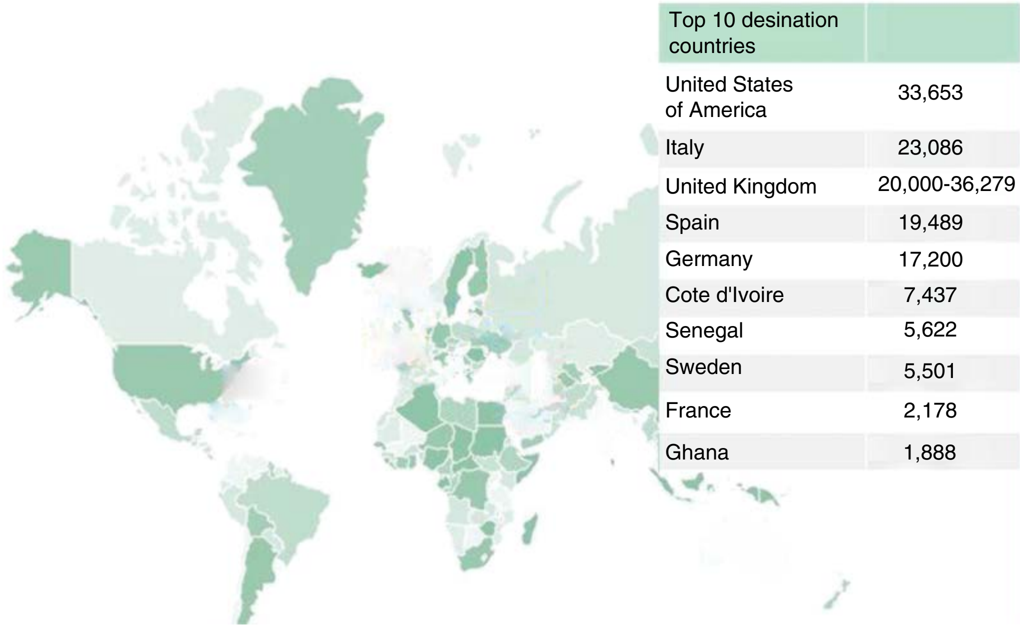
2.3 Mapping the characteristics of the Gambian diaspora in major destination countries

2.3.1 Demographic characteristics and educational attainment

The Gambian diaspora profile includes both skilled and unskilled professionals, who emigrate via formal and informal routes. In 2014 it was found that out of 144 countries assessed globally, The Gambia had the 15th highest rate of emigration of highly educated individuals (Arslan et al, 2015). However, 57 per cent of the highly educated Gambians are estimated to work in low- and medium-skilled jobs. Further, Gambian migrants in high-skilled jobs only constitute 18.5 per cent of Gambians abroad. The Gambia, as a proportion of its population, also had the highest rate of irregular migrants using the perilous Saharan-Mediterranean route to Europe (Faal, 2020). It is assumed that such migrants are from more low-income and uneducated backgrounds. In 2016, 8 per cent of the irregular migrants in Spain were young Gambians, and 6.6 per cent of arrivals by sea in Italy were Gambians, the latter increasing by 41 per cent from 2015 (ibid).

In 2016, 27 per cent of the Gambians who arrived in Italy were unaccompanied and separated children, mostly aged 15–17, an increase of 150 per cent from 2015 (ibid). This intense and dysfunctional pattern was due almost entirely to the political environment under the former dictatorship and the severe economic problems it created. It is not surprising then that the new democratic Government has within its objectives, programmes and policies to reduce the pattern and trend of irregular and dysfunctional migration; protect vulnerable Gambian migrants; and expand and enhance diaspora contributions to development.

Figure 2.2 Top destinations for the Gambian diaspora



Top 10 desination countries	
United States of America	33,653
Italy	23,086
United Kingdom	20,000-36,279
Spain	19,489
Germany	17,200
Cote d'Ivoire	7,437
Senegal	5,622
Sweden	5,501
France	2,178
Ghana	1,888

Source: United Nations Population Division (2020); MSDG (2020).

2.3.2 Characteristics of Gambians in Spain

Emigration from The Gambia dates back before independence in 1965, with most Gambians migrating to the UK to seek further education. In recent years, migration to Spain has increased, possibly because of its proximity to the UK. Common occupations for Gambians living in Spain include:

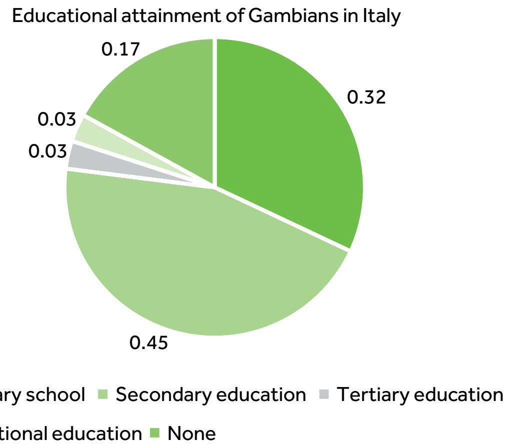
- Low-paid agriculture jobs
- Domestic services
- Construction
- Services industry

There is a dichotomy between the Gambian diaspora in Spain vis-à-vis that in the United States and the UK, with Gambians in Spain likely to be less educated compared to Gambians in the other two countries (Kebbeh, 2013). Most Gambians in the United States report having completed high school or college education and tend to be employed in professional occupations. However, in some cases, Gambians there end up holding employment in lower-paying jobs despite their qualifications.

2.3.3 Characteristics of Gambians in Italy

Italy is another European country with a large proportion of Gambian migrants, who make their way there through perilous journeys undertaken via the Mediterranean Sea. A study by Action Aid (2018) outlined Gambia's migration and what can be done to address challenges that exist. With regards to the educational attainment of Gambians in Italy, the study found conflicting reports (see Table 2.2 and Figure 2.3):

Figure 2.3 Educational attainment of Gambians in Italy (%)



Source: IOM, 2019.

Table 2.2 Educational attainment of Gambian migrants

IOM (2016)	IOM (2015)	World Bank (2010–2011)
• 3% of Gambian migrants to Italy had tertiary education • 32% had finished primary school • 48% had finished secondary school	• 63% of Gambian migrants had tertiary education	• 28% of Gambians with tertiary education had migrated to other countries • 19% of Gambian migrants to OECD countries were tertiary educated.

Source: Action Aid, 2018.

3. Remittance trends over the years

3.1 Levels of remittances

Remittances to The Gambia have been steadily increasing over the years (see Box 3.1). In 2014, as a percentage of GDP, it was the 10th highest remittance-receiving country in the world and the 3rd in Africa (GK Partners, 2016). Currently, it remains among the topmost recipient of remittances in Africa, with these estimated to contribute a staggering 63 per cent of GDP. For comparison, the global average remittances received as a percentage of GDP was 5.15 per cent (Global Economy, 2020).

The Gambia's remittances tend to be particularly high during the months of Ramadhan and Eid (LSE, 2015). By 2020, remittances had risen to US$580 million, making The Gambia the 4th largest recipient country of remittances globally (Alazas and Jaiteh, 2022). A 2018 World Bank report suggests that remittances from Spain comprise most of the total, closely followed by the UK and United States. However, estimates by Remitscope (2021) state that the United States is the highest remittance sender, followed by the UK, then Italy, Spain and Sweden. It is noted that there are similar discrepancies between remittances data published by the World Bank and Central Bank of Gambia, with the World Bank tending to publish lower figures than the Central Bank. These discrepancies are down to methodological decisions on Balance of Payments classifications; however it is thought that remittance data published from the Central bank is more accurate.

Up until 2017, there were small fluctuating changes in annual remittances ranging between –4 to +10 per cent. From 2018 onwards, however, there has been an uptick. Notably, in 2020, there was an increase of just under 80 per cent, with remittance that year standing at approximately US$590 million, up from US$330 million the year before. 2021 saw this trend continue, with remittances receipts reaching US$777 million, equivalent to approximately 63 per cent of GDP (see Box 3.1). As such, the dramatic drop in export receipts from tourism declines was largely offset by the increase in official transfers and remittances, despite employment pressures abroad induced by the pandemic expecting to reduce the inflow of remittances (IMF, 2021b).

The increase in remittances can be explained by improvements in monitoring flows by the Central Bank; COVID-19 restrictions driving informal remitters to use registered and digital money transfer operators (MTOs) whilst physical cash transfers fell; and the responsive nature of the diaspora to help to fundraise and use funds to pay for nation-wide food parcel distribution, supply of hand sanitisers, face masks and other anti-COVID-19 requirements. In addition, since the end of the dictatorship in 2016, the improved political and macroeconomic conditions have encouraged the diaspora to increase their remittances. Furthermore, more funds are being transferred to invest in real estate and in micro, small and medium-sized enterprises (MSMEs) (MoFA, 2021).

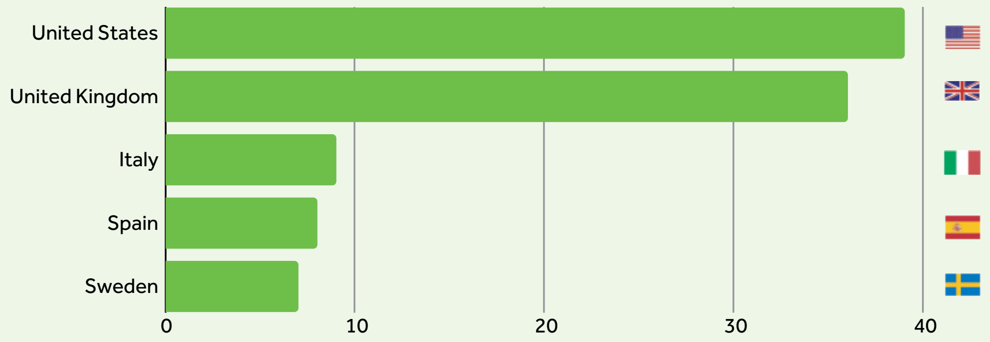
The importance of remittances to The Gambia cannot be emphasised enough. According to a survey by the Centre for Policy Research and Strategic Studies (CepRass, 2018), 47 per cent of households in the country said they were dependent on remittances to some extent. A more recent survey, in August 2020, saw 16 per cent of Gambian households report that money transfers from abroad were among their three most important sources of income over the past 12 months (Avdiu and Meyer, 2021).

3.2 Costs of sending money

In 2020, the average transaction cost of sending US$200 to The Gambia was roughly 9.2 per cent (see Figure 3.5) (World Bank, 2021). This is around the same cost as in 2011 and remains above the global average of 6.51 per cent and the SDG remittance cost target of 3 per cent. The foreign exchange margins to The Gambia are often especially high and can be hidden to the consumer. This may be in part due to remittances to The Gambia being settled in Dalasi, which is a relatively volatile and illiquid currency; however, for the

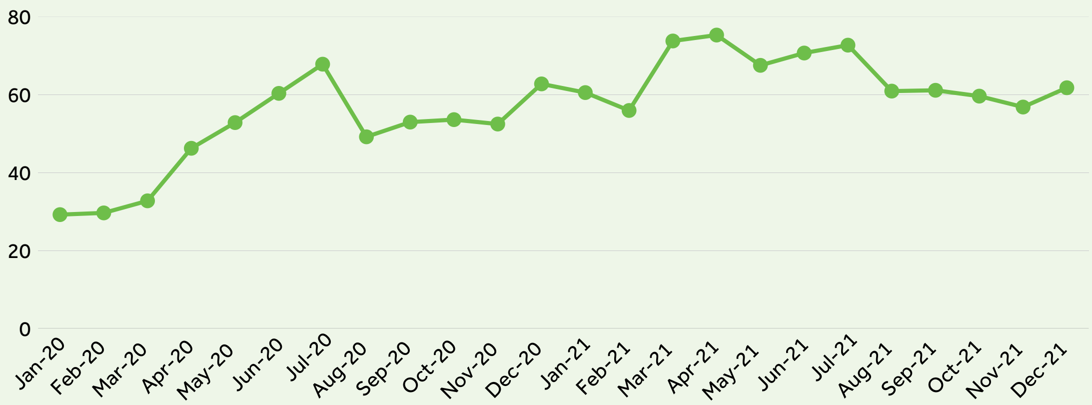
Box 3.1 Remittances trends in The Gambia

Figure 3.1 Top-five countries from which the diaspora are sending remittances to The Gambia (% of total sent), January–April, 2020



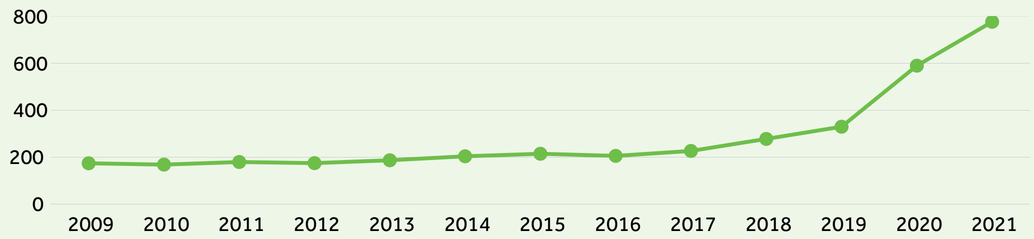
Source Remitscope (2021) reporting Central Bank data

Figure 3.2 Monthly remittance inflows (US$ millions), 2020–2021



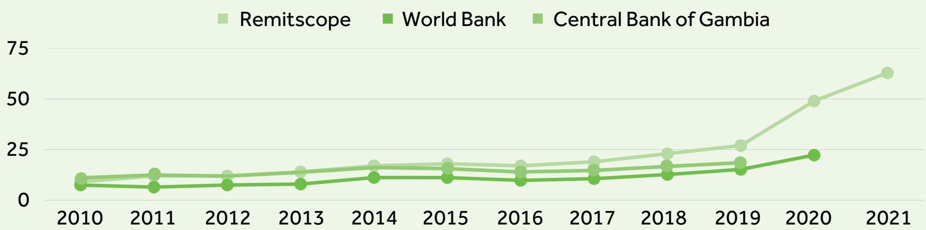
Source: Central Bank of Gambia (2021)

Figure 3.3 Annual remittance inflows (US$ millions), 2009–2021



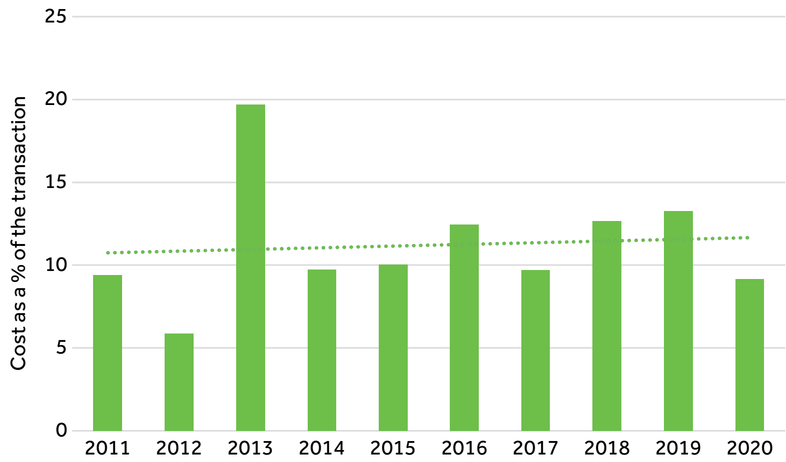
Source: Central Bank of Gambia (2021)

Figure 3.4 Annual remittance received as a % of GDP, 2010–2021



Sources: Central Bank of Gambia (2021), Remitscope (2021), World Bank (2021).

Figure 3.5 Average transaction cost of sending remittances to the Gambia (%)



Source: World Bank data (2021)

most part, the international MTOs are settling in US dollars.

The main drivers behind the high costs are the lack of digitalisation due to regulations, low financial inclusion and a fragmented digital payment infrastructure (Avdiu and Meyer, 2021). This has led to a reliance on cash to receive payments, involving several entities and further inflating costs. As well as that, The Gambia is a small volume corridor and therefore not the focus of larger international MTOs. For instance, in 2020 only 2 per cent of people had a mobile money account compared to 73 per cent in Kenya (ibid). Furthermore, under the current regulatory regime, it is not permitted to pay international remittances into mobile wallets in The Gambia.

3.3 Popular modes of sending remittances

Despite data showing that record levels of remittances were received by The Gambia across 2020 and 2021, household survey data recorded 84.7 per cent of households reporting large declines in international remittances (Avdiu and Meyer, 2021). This can be explained either by households only recognising money remitted via informal (friends, families, home visits) rather than formal channels or by the fact that remittances in total are still largely underestimated, despite improved recording since the beginning of the pandemic. It suggests that there was extremely heavy use of informal channels to send remittance pre-COVID-19, probably more prominently than some surveys propose (estimating this to be as much as 32.3 per cent of total remittance, compared to just 6.9 per cent in Senegal (ibid) However, since the pandemic, it is clear that physical cash transfers have fallen, as reflected in the year-on-year increase in mobile money wallets by 66 per cent and a reported three-fold increase in mobile money transactions between March and August 2020 (ibid.).

While The Gambia has a large number of mobile subscribers, predominantly with QCell and Africell, the use of mobile money is yet to improve to enable interoperability between mobile wallets, bank accounts and microfinance institutions (IFAD FFR, 2020). It is reported that most mobile money subscribers open wallets and fail to use them. This is particularly the case with the less educated, who tend to open an account for a sole purpose and then abandon the service due to being unaware of other uses of the platform (Cruces et al., 2020). The low levels of awareness and information about the service, alongside high fees and a lack of trust in the platform, all contribute to low adoption rates. Cash or agent services through MTOs are the most used. When it comes to sending money, Western Union has the largest market share followed by APS International, which is a Gambian-owned, regional specialist focusing on sending to The Gambia. In addition, 35 MTOs are currently authorised by the Central Bank to provide remittance services through pay-out partners (Remitscope, 2021). The Gambia corridor specialists are providing services from the European Union. However, pay-outs are largely cash/agent-based and therefore rely on authorised agents and sub-agents to reach the final beneficiary. Agency arrangements are often complex and multi-layered.

3.4 Uses of remittances

The Gambia predicts that 65 per cent of remittances are used for household consumption and 35 per cent for investment. Any remittances recorded between US$1,000-2,000 are estimated to be for consumption, whereas those above US$2,000 are predicted to go towards investments. Private remittances sent to family and friends are mostly used for social investment and consumption, paying recurrent costs of feeding, health, education and social amenities of families. Therefore, the Gambian diaspora through remittances plays a fundamental role in reducing hunger and poverty, improving health mostly for family and friends and thereby also contributing to the attainment of key SDG goals and targets.

According to the Gambia Diaspora Strategy, beyond recurrent consumptive expenditure there is an untapped opportunity to attract remittances for durable investments and economically productive activities in the Gambian economy. The Migration and Sustainable Development in the Gambia (MSDG) project states that this will be done through a wide range of schemes, including consolidating and updating current foreign direct investment (FDI), diaspora-related tax breaks and diaspora incentives structured to meet the specific and specialised needs of direct diaspora investment (DDI). Laws, regulations and practices are to be revised, where appropriate, to facilitate new and innovative forms of diaspora financing structures. Among other things, these will include project-based diaspora bonds, diaspora public-private partnership (PPP) schemes, social security, savings and investment products.

4. Diaspora investment across the globe: Lessons learnt

Across the globe, various countries have implemented policies, strategies and instruments that have targeted diaspora investment, ranging from diaspora bonds to equity loans and knowledge sharing mechanisms. Examples of successes with diaspora bonds include India and Nigeria, which were able to raise substantial funds to finance major projects. This section provides an overview of the major diaspora initiatives implemented, outlining the successes and challenges faced in their implementation. This will help to draw lessons that can be applied in the Gambia context and feed into policy recommendations.

4.1 Various diaspora investment tools

4.1.1 Diaspora bonds

In 1991, India floated a diaspora bond providing the first formal mechanism for non-resident investors (NRIs) to repatriate US$1.6 billion (Rustomjee, 2018). Further bonds, such as the resurgent India Bond released in 1998, raised US$4.2 billion with maturity in 2003. In 2000, the India Millennium Development bonds, released in 2000, raised more than US$5.5 billion within the first two months. This was not registered under Security and Exchange Commission (SEC) rules and was targeted exclusively to NRIs. In 2017, Nigeria issued a diaspora bond that managed to raise US$300 million for investment and was oversubscribed by 130 per cent. This provided diaspora investors with a return of 5.6 per cent paid over five years. Israel has also been successful in its diaspora bonds, managing to raise an accumulative US$40 billion by 2015 since it began issuing them in 1951 (ibid).

At the other end of the spectrum, a few countries have attempted diaspora bonds with limited success. This includes Ghana and its 2007 Golden Jubilee Savings bond, which raised only Ghana Cedi (GHC) 20 million against a target GHC 50 million (Rustomjee, 2018). Ethiopia issued the Millennium Corporate Diaspora Bond in 2008, which failed to attract sufficient diaspora investment due to perceived political risk, high minimum purchase thresholds, uncompetitive fixed-rate instruments and a lack of confidence in the Government's ability to guarantee the investment. In 2011, it issued the Renaissance Dam Bond with improved results, although there was still a limited diaspora uptake. It included use of foreign currency-denominated and floating rate bonds and a much lower minimum subscription . Similarly, the Kenya diaspora bond gained only a quarter of the target funds (ibid).

To be able to replicate successful diaspora bond issuance, country experiences suggest that there is need for regulatory approval to list bonds abroad, as well as strong outreach and trust building with the diaspora. Furthermore, governments must overcome the challenges common with diaspora bond issuance. Lessons include:

- meeting external requirements for successful bond issuance (financial and political stability, high credit rating)
- having a wealthy diaspora with trust in local institutions and an extensive technical advisory
- allotting substantial time and resources to plan and get financial advice.

4.1.2 Supporting returning diaspora investors

Portugal's Programa Regressor supports returning migrants willing to invest, set up a business or work. In its first month of implementation, 1,700 people were registered to return. Incentives include a 50 per cent tax break for the first five years if returnees have lived abroad for more than three years, financial support to start-ups and help with obtaining employment. It combines financial incentives and employment matching and does not discriminate across various levels of skills. Portugal's experience suggests that success with regressor support programmes requires awareness-raising and inter-institutional collaboration. Opportunities for replication are predicated on appropriate financial and legislative reform, investment in digital matching and the use of public-private partnerships (PPPs).

4.1.3 Diaspora funds

Ethiopian Diaspora Trust Fund

The Ethiopian Diaspora Trust Fund (EDTF) is a non-profit organisation working with the Government to directly involve the diasporas in the business of improving the lives of the Ethiopian people by raising funds for vital socio-economic projects in their country of origin. Its primary objective is to finance people-focused social and economic development projects. It aims to finance projects that meet critical needs, selected based on their potential to make the highest positive impact on groups and communities in Ethiopia in such areas as health, education, water and sanitation facilities, rehabilitation of persons with disabilities, agricultural development, technology, small-scale entrepreneurship and other income- and employment-generating projects. The projects supported by the EDTF to date include water supply, integrated services for orphans and vulnerable children, improving children's learning environment and hygiene and sanitation. Projects requiring funding present their budgeting needs to the EDTF, which then selects the projects that the diaspora can contribute to (EDTF, 2022).

Financing rural youth in Mali

Under the Mali rural youth project, Malians in France make loans to micro-entrepreneurs in Mali through several mediums, including an online crowdfunding platform called Groupe de Recherche et de Realisation pour le Development Rural (GRDR), a French non-governmental organisation (NGO), and Babyloan, another crowdfunding platform. The project utilises crowdfunding to channel diaspora funds to productive agricultural activities and maximises diaspora ownership of investment. It managed to raise Euro 175,000 to fund 276 projects through Babyloan, with 10 per cent of this raised by the diaspora. According to reviews of the initiative, replicating such project success requires building trust, stimulating interest among diasporas, awareness campaigns and adequate resources to audit financial institutions. Further, they indicate that a project of this nature is more suited for countries with specific zones of emigration (EUDiF, 2021a).

Other initiatives

Other initiatives that have been implemented across the globe have centred on skills transfers or knowledge sharing, as well as on pooling remittances to support hometown associations and remittances securitisation (see Box 4.1).

Box 4.1 Other diaspora investment initiatives across the globe

Knowledge-sharing networks and skills exchanges

These include professional networks, skills-matching databases, coaching, virtual return for education or training purposes (distance learning), pro bono capacity-building of individual initiatives, partnerships with the private sector for return or training schemes and providing support to universities. Examples include the following.

- Kosovo Global diaspora business union
- Ghanaian Beyond Return campaign – a 10-year plan to encourage dialogue with the diaspora
- El Cucayo in Ecuador provides grants to businesses, awarded together with skills and mentoring
- Irish Technological Leadership Group provides venture capital together with mentoring and market matching information
- Malaysia Talentcorp works with the government, private sector and diaspora to bring the educated and high-skilled diaspora back to Malaysia
- The South Africa Network of Skills Abroad connects highly qualified and skilled members of the diaspora with opportunities to advance education, research and development in the country.

These examples are more easily replicable than diaspora bonds.

Remittance-linked housing loans for the diaspora

Examples of diaspora mortgage facilities include:

- Mi Casa Con Remesis in Colombia
- Mi Vivienda in Peru
- Construmex in Mexico.

Pooled remittances and remittance securitisation

Examples of pooled remittances include:

- Hometown associations in Mexico
- PARE 1+1 in Moldova, which provides people with training and businesses with grants
- Addis Hiwot, an Ethiopian Diaspora Organization in Germany, which receives donations to support 10 families
- Waounde citizens group of Senegalese emigrants in Germany has used individual donations to fund infrastructure projects in their village of origin (European Commission, 2021).

These can benefit from matching funds from diaspora host countries, origin countries, and private sector and non-profit organisations

Remittances securitisation

These bundle together the title to future remittances based on the assumption of stability. There are successful examples in Latin America, Turkey and Central Asia (IDB, 2012).

Source: European Commission, 2021; IDB, 2012

4.2 Enabling environment

4.2.1 Reducing the cost of remittances through mobile money

The case of M-Pesa

Before mobile banking, sub-Saharan Africa had the highest remittance costs in the world, adjoined with the largest share of informal, unrecorded remittances among developing regions (Ratha et al, 2011). M-Pesa was first piloted in Kenya in 2007, designed to allow microfinance loan repayments to be made by phone, reducing costs and lowering interest rates. However, it quickly spread to Afghanistan, India, South Africa, and Tanzania, where it became a money transfer scheme. Through partnering with Vodafone and Safaricom, the programme installed new cell phone towers and distributed free or reduced-cost cell phones to poor rural participants. Since its introduction, M-Pesa has become the most successful mobile money service in the region and the largest fintech platform. It is currently the preferred way to make payments across the continent, as it offers the easiest, fastest and cheapest way for individuals to remit across Africa. This technological advancement has improved competition and transparency in transfers, whilst broadening the reach of the formal remittance market (Nesmith, 2016).

The case of Valyou

An example of a successful implementation of mobile money remitting service comes from a three-year pilot trial by mobile money provider Valyou, targeted at migrant workers from Bangladesh and Pakistan in Malaysia (GSMA and IFAD, 2020). Using IFAD funding, Valyou was set up to overcome the difficulty individuals faced when sending and receiving money, such as risks from carrying cash and extensive travel to MTOs. It is the first non-bank remittance service provider to offer an app-based mobile money solution in Malaysia, enabling account to account international remittances via mobile money. Among other things, it built a targeted physical distribution network of 1,200 plus access points; linked mobile money-enabled remittances to adjacent services such as savings, credit and insurance; and enhanced security, traceability and operational efficiencies driving faster settlement and competitive foreign exchange rates.

This innovative transformation led to migration from a cash-based over-the-counter business model, which went from a 99 per cent usage rate to just 35 per cent, and improved accessibility compared to bank branches and ATMs. The formalisation of remittances through mobile money agents gave recipients 95 times more reach than ATMs in Bangladesh and 34 times more reach than bank branches in Pakistan. In addition, the cost of remitting fell to below 0.5 per cent, half the rate offered by alternative channels in Malaysia. The platform now plans to open corridors to Myanmar after successful expansion to Cambodia and Nepal (ibid).

The value of transparent pricing

Transparency and education about the cost of remitting could also lead to savings. For example, a report from the UK Government found that first-time remittance senders choosing the lowest cost option doubled after being shown transparent pricing. The awareness of cost can encourage individuals to shop around, stimulating competition in the market and further driving down costs. An example comes from the United States-Mexico corridor, where remittance costs were highest when one large MTO controlled the market through exclusive contracts with distributors. However, once these contracts were broken up and competition entailed, remittance costs fell by nearly 60 per cent (World Bank, 2006). Evidence suggests that the actual cost of facilitating remittances transactions for providers is not very high, providing further support for introducing a competition policy.

4.2.2 Building trust and engagement

To gain the trust of the diaspora, a careful, cooperative, reciprocal, open and strategic series of engagement initiatives should be planned, implemented and nurtured over time (iDIASPORA et al., 2021). Nigeria, for example, after the end of military rule, has implemented a series of initiatives to engage its diaspora in national development. These included roundtables, conferences, dialogues and the creation of diaspora desks, platforms and organisations such as the Nigerians in the Diaspora Organisation and Nigerian National Volunteer Service. Through the creation of such groups, and openness of dialogue, the diaspora was able to push their agenda on items such as dual citizenship. This represented a large turning point in the diaspora engagement in Nigeria. In addition, the country has established a national diaspora database, creating a two-part return: First, it has given the diaspora a feeling of being recognised; and second, it allows the Government to understand the needs and demands of the diaspora. It has been suggested that the success of such initiatives in gaining trust and expanding engagement can partly account for the country's bond offering tripling from US$100 to 300 million (Wolff et al., 2016).

On the other hand, those countries with hostile diaspora are less likely to succeed in raising financing through diaspora bonds. Various factors can limit the trust and hamper the engagement and empowerment of the diaspora, such as the political environment, lack of an enabling environment and their limited systematic integration.

In Zimbabwe, it was recognised that the diaspora was not keen to invest back home. A possible reason for this could be lack of confidence and trust in the prevailing situation in the country (Murzapu and Havadi, 2021). Over the years, there has not been a noticeable attempt from Zimbabwean parties to engage constructively, and the diaspora has largely relied on the media as the primary source of information on the situation back home. This has not been ideal considering some media deficiencies including exaggeration, dis-information and misrepresentation of facts. To overcome said lack of trust, confidence-building measures for diaspora investors could include earmarking specific projects, transparency over the use of funds, pooling efforts of country-specific bonds through a trusted intermediary and establishing clear communication channels.

5. Challenges and opportunities for diaspora investment in The Gambia

5.1 Challenges

5.1.1 Business and enabling environment

The Commonwealth Gambia diaspora scoping mission highlighted several challenges that could potentially inhibit the effectiveness of the Government's diaspora investment strategy. The first has to do with the doing business and enabling environment. The current tax regime is complex and not very transparent - a factor that contributes to low compliance with tax laws. This poses an issue for revenue collection, especially when the tax base is already narrow, with only 100 firms currently financing the bulk of the Government's corporate tax revenue. It is worth noting that the low tax compliance in the country also stems from a lack of awareness by businesses about what taxes they are supposed to pay and how.

The current communal land tenure system in The Gambia also poses a major challenge for investors seeking to buy land for investment or otherwise. Clearly defined land ownership remains uncertain due to limited government land regulation (land owned by the Government can be leased for a maximum of 99 years), lack of a digital map and inadequate urban planning. These issues pose a problem for the potential establishment of planned Special Economic Zones (SEZs) that could be useful for propelling diaspora investment.

For businesses to operate successfully, energy availability and access are vital. Currently, The Gambia has high energy tariffs and limited access/coverage coupled with frequent blackouts that affect business operations. Additionally, high fuel generating costs are preventing businesses from operating to their maximum potential.

Since the start of the COVID-19 pandemic, the world has realised the vital role of technology for continuity in daily lives and businesses. Currently, in The Gambia, online payments are still very limited and constrained by weak cybersecurity firewalls rather than the strong ones that are essential to ensure the security of online activities and transactions. Furthermore, online transactions rely on a cash-on-delivery system. There is also a need to scale up e-commerce and digitise the process of business registration, which is still done manually. Furthermore, there is limited integration between mobile money networks, limiting mobile money transfers across these. Relatedly, digital financial education is weak and needs to be scaled up to boost the country's readiness and use of upgraded digital infrastructure.

Infrastructure to support businesses also remains limited, with the port in need of refurbishment, a lack of labs to certify products — which could potentially affect manufacturing and agro-processing and inadequate ICT and telecommunications systems.

Other challenges faced in the business and enabling environment include limited access to finance for SMEs, which the Government's newly launched enterprise development fund was established to help overcome. However, the overall reform progress for the doing business environment remains slow. Issues relating to access to markets and access to skills are other factors that deter businesses, especially SMEs. There is, moreover, a need to establish more commercial courts that could help settle commercial disputes.

5.1.2 Stakeholder engagement and coordination

The Government has made strides in establishing a Diaspora Investment Office within its Ministry of Foreign Affairs (MoFA) to spearhead all diaspora activities. However, challenges that remain include the fact that Office is neither fully effective nor properly resourced due to coordination bottlenecks. Further, there is a need to establish a stakeholder engagement structure to ensure that relevant partners, including the Gambia Investment and

Export Agency (GIEPA) and the Gambia Chamber of Commerce, are involved in the process and represented at the appropriate staff levels to help inform the Government and establish priorities for investment. Collaboration among various stakeholders will help in the development of specific diaspora incentive programmes that are currently missing or inadequate. In addition, enhancing collaboration within the Government calls for increased awareness of diaspora initiatives and opportunities across different government departments. There is also a need to foster PPPs and to reduce bureaucracies, especially as regards approvals.

5.1.3 Implementation challenges and building trust and transparency

The diaspora engagement and investment roadmap for The Gambia is currently established with a broad set of targets and strategies to be implemented. However, implementation is yet to take off fully - an area that will require appropriate skills building and political will to support it. Furthermore, the policy environment has been reviewed since the 2016 elections but implementation has yet to fully kick off.

With a relatively new democracy, the policy reform process seems to be constrained by some level of inertia at both the political and civil servant levels. The 'traditional' ways of doing things appear longwinded and difficult to change. For example, important changes to the business environment to overcome many of the challenges outlined above, in addition to initiatives such as enabling diaspora voting, have been delayed.

Given The Gambia's history, swift action by the government and a commitment to meeting implementation deadlines are crucial for building trust among citizens, and particularly those in the diaspora. Trust in the government has been buoyed by the shift to democracy, but the new regime is still quite young. It would be fair to assume then that trust among citizens and the diaspora is still quite fragile, and failure to deliver on commitments made could therefore easily derail gains in confidence. The limited publishing of data by the Government is a challenge to improving transparency and trust within the diaspora. This includes data on pricing for various MTOs, which is information available to the Central Bank but not released to the public. Transparency in the Government's procurement processes also remain a challenge and tackling this will help foster confidence in the Government by potential diaspora investors.

5.2 Current successes and opportunities

5.2.1 Diaspora engagement

Positive steps have been taken to enhance diaspora engagement over the past couple of years. With a wealth of diaspora forums available in various destinations, there is a need to capitalise on these and possibly establish umbrella forums to reduce fragmentation. This will help foster more robust confidence-building among the diaspora, a process that could be further enhanced by engaging non-political organisations, PPPs and NGOs associated with diaspora projects.

The Gambia has in place a Diaspora Engagement Strategy that facilitates a structured and optimal interface with Gambians in the diaspora for mobilising investment, creating a development fund, promoting both circular and labour migration and mainstreaming diaspora expertise in the country's socio-economic development. It also has various platforms for engaging with businesses including Trade Fair Gambia, which is currently on its 15th exhibition with 500 businesses under its umbrella. The Government has also made strides in partnering with SMEs and with various platforms in place which supports businesses to use e-commerce platforms.

Through the MSDG project and various embassies, the Government also hosts a wide array of cultural events, webinars and online platforms to engage with the diaspora. Moreover, there are several networks of diaspora organisations focusing on education and IT with a wealth of hometown and regional associations that could support projects in their various hometowns or regions.

The Government also has a skills transfer initiative that aims at building the capacity of the public sector through the development of potential synergies between the skills required and the profiles of Gambians living in the diaspora.

5.2.2 Ongoing diaspora investment

The most common choice for diaspora investment in The Gambia at present is real estate acquisition due to its risk-free nature. There has also been notable investment in agriculture and agro-processing. The Government has identified further opportunities for diaspora investment as indicated in the country's updated National Export Strategy (groundnuts, cashew nuts, fisheries, light manufacturing, horticulture, and tourism). Additionally, the Commonwealth (2018) diaspora survey also indicated that the Gambian diaspora are also keen to advance health, education, and ICT as key areas in this regard.

5.2.3 Remittances flows

Remittance flows to The Gambia have been rapidly increasing in the aftermath of the COVID-19 pandemic, allowing the Government to get an idea of the extent of informal transfers as people are forced to send money through official means. The use of formal channels means that data have been better captured, giving a clearer idea of the total amount of remittances received. The high costs of remittances, a gap in digital payments systems and the discrepancy between the household survey and formal remittance data imply that there is still a significant opportunity to further increase the quantum of remittances receipt in The Gambia.

5.2.4 Stakeholder engagement

Overall, opportunities exist to involve the private sector more appropriately in the design of the diaspora policy framework so as to better assess the investor climate and potential projects that could be supported. There is also an opportunity to improve coordination between government agencies and the private sector as stated in the preceding section.

6. Critical assessment of The Gambia diaspora investment strategy

6.1 Major actors in The Gambia's diaspora policy design

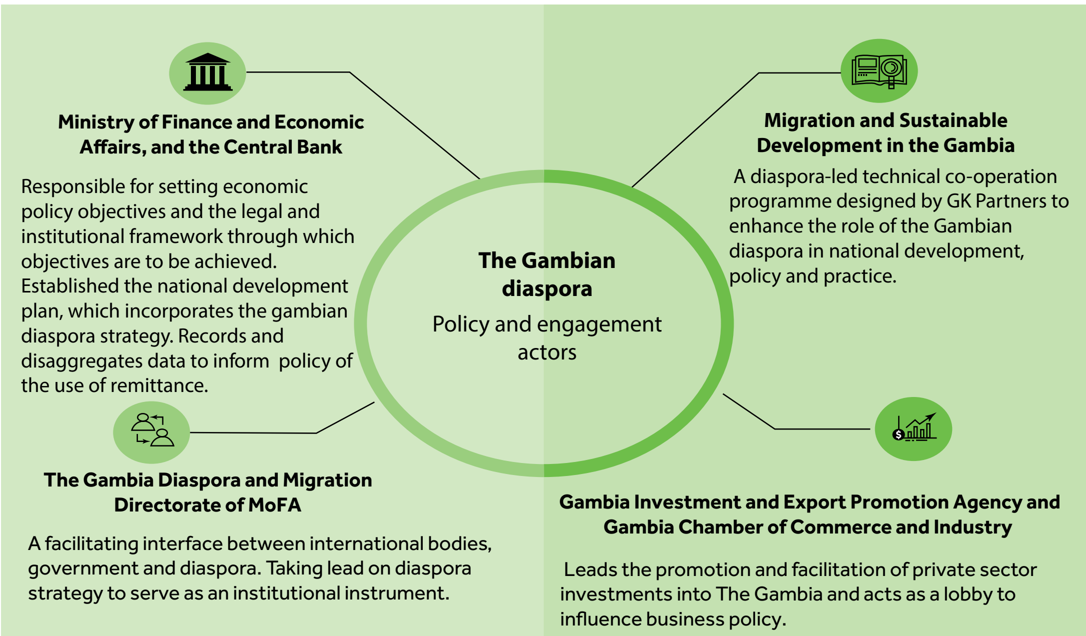
In recent years, there has been an array of diaspora initiatives and strategies put forward to enhance diaspora engagement and investment in The Gambia. These initiatives have been a multi-stakeholder effort including various government bodies and partners whose task has been to map a pathway forward (see Figure 6.1). These stakeholders have included, but are not limited to, the Ministry of Finance and Economic Affairs, Ministry of Foreign Affairs, Gambia Diaspora Directorate and other agencies such as the Gambia Investment and Export Promotion Agency (GIEPA). In addition, the Migration and Sustainable Development in The Gambia (MSDG) project, a Technical Cooperation Programme (TCP), was developed and implemented in collaboration with GK Partners and co-financed by the Swiss Government.

Some of the main outputs from these stakeholders include the Gambian Diaspora Strategy, as incorporated in The Gambia National Development Plan, and the MSDG TCP.

6.2 The Gambia National Development Plan (2018-2021)

The Gambia National Development Plan (NDP) recognises the role of the diaspora and seeks to expand, enhance and optimise the participation of Gambians living abroad as valued partners in national development. As such, chapter 3 of the plan identifies 'Enhancing the Role of The Gambia Diaspora in National Development' as one of the 'Critical Enablers'. The third (out of 10) flagship/ priority projects in the plan is the 'Migration and Sustainable Development in The Gambia (MSDG)' project and the fourth is 'Strengthening the Management and Governance of Migration and the

Figure 6.1 Policy and engagement actors for the Gambian diaspora



Sustainable Reintegration of Returning Migrants in The Gambia'.

6.3 The Gambian Diaspora Strategy as incorporated in the National Development Plan

The Gambian Diaspora Strategy within the NDP was developed to address several key issues, which are:

- Absence of a central unit within the Government to coordinate and augment the development input of the diaspora and to address their needs, wants and expectations
- Absence of a coherent strategy, policy framework and action plan on diaspora development
- A need to end the suspicion and antagonism that the Government had against the diaspora during the dictatorship and establish effective and productive mechanisms for positive engagement
- Absence of schemes, initiatives and programmes to stimulate, complement, incentivise and enhance the productive socio-economic and political contributions of the diaspora
- The deficit of motivation, capacity and capability of civil servants and other stakeholders in The Gambia to engage with the diaspora and support and augment their contributions to national development
- High cost of remittance transaction costs and absence of innovative and structured diaspora finance mechanisms for responsible commercial, social and public entrepreneurship
- High level of irregular and dysfunctional migration, especially among young people, and low levels of brain gain derived from the highly skilled Gambian diaspora
- A need to end the political disenfranchisement of Gambian citizens abroad and the low levels of diaspora involvement in national, local, community and sectoral policy dialogues and processes

To address these issues, the strategy recognises the need to: build capacity on diaspora development through the technical training, coaching and mentoring of senior civil servants; reducing remittance transaction costs, creating diaspora bonds, creating diaspora PPPs and establishing a Diaspora Development Fund; and setting up physical and online forums for engagement, encouraging voting in elections, recognise the diaspora as the eighth region of The Gambia (there are seven regions/parishes/states in the country) and set up a network of diaspora development organisations.

6.4 Migration and Sustainable Development in The Gambia (MSDG) Technical Cooperation Programme (TCP)

Following the inauguration of the new coalition Government in 2017, the MSDG TCP was formally approved as a collaborative partnership between the Government and GK Partners. The project is intended to help build the operational capacities of ministries, departments and agencies and establish mechanisms to provide policy instruments that help integrate the diaspora into national development. Its main activities are to undertake research, analysis, consultations, drafting, validation and adoption of The Gambia Diaspora Policy and Implementation Plan, and its main outputs are the 10-year Gambian Diaspora Policy and Strategy and a 3-year practical implementation plan.

The project had a three-phased approach. The pilot phase, referred to as MSDG1 (2017–2018), aimed to expand and enhance diaspora participation in Gambian development as well as improve the Government's operational capacity and effectiveness. The main activities in this phase consisted of research, consultations, strategy production, mapping, analysis of government effectiveness and training.

The second phase of the project, MSDG 2 (2019–2021), focused on the initial implementation of key elements of the Gambian Diaspora Strategy. However, as the COVID-19 pandemic deepened and the lockdown intensified, the project had to be modified. To that effect, 15 unfeasible activities were dropped and supplementary interventions were initiated in response to the challenges of the time. Additionally, unanticipated opportunities presented by the pandemic are supported and front-loaded. The 15 activities dropped were 7 trainings, 3 municipal and 1 inter-ministerial activity, 2 cultural events and 2 sets of publication materials. The remaining activities to be undertaken through MSDG2 were separated into four sections: capacity development, diaspora engagement, the establishment of the Diaspora as the eighth region and diaspora investment.

MSDG3 (2021–2024) aims to achieve continuity and expansion of MSDG2, following the same overall goal but modifying objectives and activities to facilitate strategic consolidation from lessons learnt. This third phase has two specific objectives:

> Specific objective 1 targets the enhancement of diaspora participation in development practice and policy. It aims to achieve this through engagement activities, reducing the cost of remitting and increasing the usage of formal remittance channels, and creating a more enabling business investment environment by producing regulatory guidance, business advice and promoting bonds and other schemes.

> Specific objective 2 is to facilitate capacity development of public institutions through consolidation and expansion of a diaspora-led TCP. Activities in this objective include training and development, technical support and institutional cooperation.

6.5 Feasibility of The Gambia diaspora investment strategy

As discussed in the preceding sections, The Gambia has embarked on an ambitious diaspora investment strategy, which is now around six years old. Various achievements have been made with regards to setting up the diaspora investment institutional framework and with diaspora engagement. However, there is still quite some work needed to achieve the strategy's ultimate goal of facilitating diaspora investment in The Gambia for improved economic and social development.

This section establishes a framework for assessing the feasibility of the existing strategy, and specifically MSDG3, the current phase of strategy implementation.

6.5.1 Framework for assessing The Gambia's Diaspora Strategy

In reviewing The Gambia's Diaspora Strategy, there are two core issues: (1) the strategy is highly ambitious in terms of the implied time to implementation, instruments being considered over the MSDG3 timeframe, available government resources and the country's existing challenges; and (2) practical steps are lacking for taking forward key actions and addressing identified challenges since inception.

By tackling (1), the assessment framework allows for the identification of practical steps, which are discussed in the recommendations section. In summary, the framework juxtaposes the Government's strategy against the factors crucial for success (as identified in the Commonwealth Diaspora Investment Survey and lessons learned from other governments' implementation of diaspora initiatives), further teased out in terms of specific elements that need to be present for instrument implementation or initiative success: trust, financial system development, adequate enabling and business environment and awareness through the timely provision of relevant information. These four elements are also used to assess the feasibility of the existing implementation timeframe under MSDG3, through marking the Government's planned initiatives against their current or likely timeframe for development and providing perspectives on whether these can be achieved before the end of phase 3 (see tables 6.1, 6.2 and 6.3). However, before proceeding to the assessment, the report first seeks to establish an average time for achieving these critical elements through a brief review of the literature and various countries' experiences on this matter.

6.5.2 Establishing a time frame for elements critical to diaspora success

Trust

Trust is an intangible aspect that can be built over time but can also be lost very quickly (iDIASPORA et al., 2021). There is no single factor that can build trust; rather, it is driven by several factors including two-way communication and dialogue and the feeling of being valued (MFW4A, 2020). Trust takes years, sometimes decades, to build and is a process that evolves. As such, it requires a long-term commitment by a government that spans across generations (EUDiF, 2021b).

At the core of creating and establishing diaspora trust should be a designated home institution with the overall responsibility, mandate and mission of promoting diaspora investment. This should be accompanied by a clearly defined diaspora engagement policy, objectives and strategies that can be translated into deliverables (MFW4A, 2020). For example, Nigeria's diaspora bond offerings have tripled from US$100 to 300 million in large part due to nurturing trust over time (Wolff et al., 2016)

As such, it can be concluded that building and maintaining trust should span the short, medium and long term (one to six years) as it is a continuous process. Elements of the Government's agenda in the Gambia that has contributed to building trust include:

- Diaspora policy statement
- National Development Plan
- Maiden Roundtable Conference with the Diaspora
- Diaspora mentorship programme launch with the International Organization for Migration (IOM)
- Diaspora Engagement Strategy
- MSDG2 and 3: Diaspora engagement

Financial system development

Financial system issues such as foreign exchange restrictions, exchange rate risk and high remittance fees restrict diaspora investments (UNCDF, 2021). Furthermore, varying exchange rates have been shown to affect diaspora direct and portfolio investment (Mckinnon & Ohno, 1997, as cited in Mukoswa, 2016). In 2011, for example, a Kenyan diaspora bond of US$141 million was far below the target of US$600 million. One of the three major reasons for the under subscription was the perceived currency and foreign exchange risk among diaspora investors (AFMI, 2014, as cited in Rustomjee, 2018). Another significant financial system issue is the high cost of remittances. In The Gambia, this is largely driven by the lack of digitalisation (Avdiu and Meyer, 2021).

These financial system issues can and should be addressed in the short term (one year). Elements of the Government's agenda in The Gambia that can contribute to this include:

- MSDG 2 and 3: Diaspora investment, remittance cost and financial Inclusion
- Gambian Diaspora Strategy Outcome 2: Leveraging diaspora remittances and investment.

Enabling and business environment

The diaspora across the world requires a conducive and sound business environment with efficient systems and infrastructure in place. De Haas (2005) emphasised that bad infrastructure adversely affects migrants' decision to invest and even return to their home country. African case studies have revealed that procedures governing business licenses, registration, exports and imports remain quite complicated and bureaucratic. Policies such as income tax exemptions and allowances as well as duty exemptions on capital goods can improve the business environment significantly (Plaza and Ratha, 2011).

Addressing the business environment issues can be done in the medium to long term (three to six years). Elements of the governments agenda to deal with these issues include:

- *Diaspora as eighth region* Enhance government and civil society role in regional and global policy processes; initiate diaspora participation in municipal government deliberations
- *Skills transfer initiative* Build the capacity of the public sector through the development of potential synergies between the profiles of Gambians living in the diaspora and the needs of the Government.

Awareness and availability of information

Awareness and availability of information are crucial elements for success. The diaspora often lacks information on impact investment and is thus unable to make informed decisions (Dixon and Stephan, 2015). Though the diaspora is regarded as having less perceived risk than other investors, this risk increases where there is a lack of good information about opportunities and legal requirements. The challenge can pose a significant obstacle to even the most committed diaspora. As such, easy-to-use information that is properly communicated can shape and inform diaspora investment decision-making (Uraguchi et al., 2018).

Addressing issues concerning lack of information can be done in the short term (one year) but should be a continuous process. Elements of a government's agenda to deal with these issues are the same as those of dealing with trust.

6.5.3 Review of the Diaspora Strategy against the assessment framework

As outlined in Section 5, there are some key challenges inhibiting the successful implementation of The Gambia Diaspora Strategy. These include substantial issues in the business environment (tax regime, land tenure system, digital environment, cyber security, ICT infrastructure and access to finance); stakeholder engagement and coordination (coordination bottlenecks, PPPs); and implementation gaps and lack of trust and transparency (inertia in government, limited information and lack of data transparency).

However, to chart a more practical and feasible course for government action to achieve the aspirations of the Diaspora Strategy, there is a need for a more granular assessment. This includes the four main initiatives to be delivered under MSDG3 (2021–2024): floating of a diaspora bond, achieving a reduction in remittances costs, private sector investment and establishment of a diaspora fund.

Diaspora bond

According to recent experiences (India, Israel and Nigeria, for example), the successful launch of a diaspora bond requires trust, financial sector soundness, awareness and provision of essential information to the diaspora. As discussed in the previous section, none of these elements has yet been fully developed. Trust is likely to still be at a very nascent and fragile stage, given the country's young democracy, and several practical steps still need to be taken to improve the financial environment and the availability and transparency of essential information. Nonetheless, some of these requirements can be achieved in the short to medium term, in particular the provision of information and financial environment improvement. Trust is a long-term and ongoing process, but some gains through The Gambia's diaspora engagement efforts have been made.

The current plan of the Government is to issue a diaspora investment bond on the local market within the MSDG3 period 2021–2024, potentially with an initial offering of GMD 75 million at a coupon rate yet to be determined. Based on the above assessment, it may be possible to issue such a bond at the tail end of phase 3, given the work still to be done. Though the bond is a good litmus test of diaspora trust in government, a premature issuance could backfire and weaken the trust base built up since 2016. It could also result in higher than necessary debt expenditure, since if the bond were heavily undersubscribed, the Government would be locked into a higher coupon rate. This would mean that it could rather have raised the fund from the domestic market at possibly lower rates, domestic liquidity providing.

The success of a diaspora bond also depends on two major factors. The first is making the 'offering structure' appealing, which includes access to a wide range of diaspora and a wide range of investment options. Proper registration of bonds in investors' countries of origin can also help instill confidence — as was done for the Nigerian diaspora bond, which was listed on the American Securities and Exchange Commission (SEC) and the London Stock Exchange. The second factor relates to linking the bond to development since investors expect it to make a positive impact. This straddles financial and awareness factors and raises questions as to the Government's decision to issue the planned bond locally. It presents a chicken and egg situation, where on the one hand the local currency bond avoids exchange rate risks for the Government but on the other introduces them for the diaspora investor. Unless the Government is sure that the diaspora is not interested in repatriating their returns, the domestic bond issuance strategy could serve as a significant disincentive. All this points to the Government's need for technical assistance.

Reducing remittance costs

Since the inception of the diaspora initiative, the Government has had the objective of reducing remittances costs. However, as illustrated in Figure 3.5 above, there has not been consistent progress in reducing prices. In fact, on average the data shows a slight upward trend, although there was a recent drop from 13 per cent in 2019 to 9 per cent in 2020. It is uncertain whether this downward movement will continue as, from the report's assessment, there has not been much action by the Government beyond the introduction of mobile money networks in 2016.

The mobile money transfer infrastructure is a huge positive. However, its fragmentation and the lack of transparency on different price offerings present great hurdles to reducing remittances costs in The Gambia. Fortunately, as reflected in Tables 6.1, 6.2 and 6.3, these issues can be addressed in one to three years, meaning that advancing on this front is possible within MSDG3.

A further partnership with the G20 Global Partnership for Financial Inclusion, and other relevant organisations which have a mandate to reduce the price of remittances, could help with this endeavour. Closer collaboration with African neighbours such as Kenya that have much experience in this arena would also be useful.

The Government would be advised to begin these reforms expeditiously, given the surplus in remittances that could be achieved through easy shifts in policy. The required steps are low-hanging fruit, in the grand scheme of things, and can help the Government realise the total of what appears to be a still highly underestimated store of remittance receipts.

Diaspora fund and private sector investment

Under MSDG3, the Government also plans to introduce a diaspora fund. This fund is supposed to provide co-financing to the diaspora investor to advance development projects. Although Tables 6.1–6.3 indicate a possible short-term horizon for setting up the fund, albeit being mindful of the ongoing and long-term commitment needed for trust-building, this initiative actually requires all essential elements to be in place, in particular an improved business environment. Since the aim of the fund is to facilitate diaspora investment, specifically in the private sector, one cannot disentangle the challenges and time limitations involved. Setting up the fund without notable changes in the business environment is likely to either result in undersubscribed loan offerings or add to the stock of non-performing loans.

Hence, The Gambia has some way to go before a successful diaspora fund can be achieved as issues such as land legislation and improving the tax regime are medium- to long-term fixes. This may then be an initiative that the Government implements through an extension of the MSDG project to MSDG4 (2025–2028). Indeed, given the Government's limited financial and human resources, pushing the diaspora fund into the long grass would help to free up capital and time to effectively deliver on MSDG3.

Recognising that the introduction of a diaspora fund is likely to be unsuccessful under the current cash culture. It's also essential to do a feasibility study before initiating something like this. Further, since change culture of any kind is at best a medium-term objective but realistically a long-term one, it makes sense to extend the MSDG timeframe.

Box 6.1 Assessment of the Gambia Diaspora Strategy

Table 6.1 Prerequisites for diaspora engagements

Timeframe	Trust	Financial system	Enabling & business environment	Access to information
Short term (1 year)				
Medium term (1–3 years)				
Long term (1–6 years)				

Table 6.2 Necessary elements for successful initiatives

	Trust	Financial system	Enabling & business environment	Access to information
Diaspora bonds	✓	✓		✓
Reducing remittance costs		✓		✓
Private sector investment	✓	✓	✓	✓
Diaspora development fund	✓	✓	✓	✓

Box 6.1 (*Continued*) Assessment of the Gambia Diaspora Strategy

Table 6.3 Features of each element necessary for successful initiatives

Trust	• two-way communication • clearly defined strategy and objectives • central engagement hub • integration of diaspora in policy design • citizenship and voting rights • transparency and publishing of documents • balanced media portrayal • political stability and governance • track record of achieving targets/promises
Financial system	• digital payments • compatibility across networks • Reduced exchange rate risk • reduced forex restrictions • costs of exchange and transfers
Enabling and business environment	• Government co-ordination • Investment incentives • Cost and reliability of energy • Access to inputs such as land and finance • Excessive red tape • Technology, and the ability to complete processes online
Access to information	• Awareness • Clear tax structures and legal requirements • Engagement events • Education and literacy • Balanced media portrayals

7. Conclusions, policy considerations and potential sources of support

7.1 Conclusions

The Gambia's Diaspora Strategy is crucial to the country's future development and represents a policy shift by the Government since the return to democracy in 2016. This has been evidenced by increased confidence among the diaspora, reflected in tourist arrivals including returning Gambians. The Government, in collaboration with GK Partners, has outlined a very ambitious and informed strategy. However, from this report's assessment, it is clear that the Government could reflect on and carefully consider the feasibility of its implementation.

The report finds that the current strategy could be better sequenced, as well as better thought through, to include practical and doable steps to assure effective implementation. The framework developed in this report for assessing the current strategy signals that whilst a bond issuance might be doable, it should be attempted at the long end of MSDG3 and fashioned as a litmus test of diaspora trust rather than as a bold external finance move. On the other hand, a reduction in remittance costs is a low-hanging target and can be addressed almost immediately. The other two major components in the strategy, i.e., setting up a diaspora fund and facilitating private sector investment, seem more feasible if advanced through the extension of the MSDG project to MSDG4.

7.2 Policy considerations

Illustrated in Figure 7.1 are some practical steps for policymakers' consideration. Note that the recommendation is to further divide MSDG3 into MSDG3.1 and MSDG3.2, with the former focusing on reducing remittance costs, which is a quick win, and the latter on the planned bond issuance. The Commonwealth Secretariat can readily support some of these actions by providing technical assistance where possible and fostering partnerships with other relevant stakeholders.

MSDG3.1: Reducing remittance costs

Publish MTO prices

The Central Bank of The Gambia currently collects information on the costs of remittances at the various MTOs. However, this information is not published due to an agreement with MTOs during their onboarding. The resulting opaqueness in the market has a large negative impact on transparency and, by extension, serves to keep the costs of remittances high. Lowering the costs of remittances is essential for increasing the quantum of remittances to The Gambia and, given that MTOs operate at fairly low costs, opening up this market by increasing its transparency can only serve to increase competition and drive down the costs of remittances for the diaspora. It is a very effective implementation measure that is squarely within the control of the Government, with immediate benefits. It would also be viewed favourably by the diaspora, with positive spillovers to trust building.

Integrate mobile money networks

The opening up of The Gambia's telecom market to mobile money platforms in 2016 was a laudable policy intervention by the Government. It has allowed for easier receipt of remittances both regionally and extra-regionally. However, when compared to mobile networks elsewhere — say in Kenya, for example — there are major drawbacks to the current mobile money framework in The Gambia that, if addressed, could see an increase in private sector activity and possibly investment by reducing the need for cash and ultimately by narrowing the cash economy.

One drawback is that mobile money networks in The Gambia are not integrated and as such there is no interoperability. Customers cannot transfer money between operators, meaning that these platforms have their catchments, stifling competition and opportunities for greater business activity. Cross-network facilitation would allow businesses to receive payments from mobile platforms and for Gambians to pay for goods and services through the transfer of their online balances to purchasers or recipients via their mobile money network. This sort of cross-fertilisation is a first step to improving private sector activity and investment by way of remittances. It will only take government legislation and consultation with mobile money networks, which are both achievable in the short to medium term.

Improve information, digital education and literacy

With every practical step towards implementation of the Diaspora Strategy, there will be a need to improve access to information through greater communication and transparency. Improving information lets citizens and the diaspora know what steps the Government is taking to improve lives and livelihoods. It also helps to build trust and awareness about useful and important initiatives. An even more essential step for the Government would be to introduce a Gambia-wide digital education and literacy campaign that would help Gambians in the country and diaspora to take advantage and manage the risks of digital solutions such as mobile money and future FinTech additions to the market. It is advisable that such a campaign be specifically targeted at schools, the Government, individuals and the private sector.

MSDG3.2: Implement a diaspora bond

Build trust

As explained, building trust is a short- to long-term and ongoing exercise. However, trust is fragile, especially in the short term, and there is an indication from the literature that because of the crucial importance of trust to a diaspora bond issuance, success in such an endeavour might only be possible in the medium to long term when a government has engaged in a sustained effort of building up the trust among its diasporas. The Gambia has made strides in this area through increasing its diaspora engagement and setting up a diaspora institutional framework. It is now around six years since these efforts began, but to what extent the engagement has been sustained and impactful is still open to question. To this end, it would be advisable for the Government to ramp up its diaspora engagement in lieu of its plans to issue a diaspora bond and, further, to push issuance into the longer term or, more specifically, to the tail end of MSDG3. This would allow more time for sustained diaspora engagement and solidification of its trust in the Government and its financial institutions. It would also allow time for passing outstanding legislation including diaspora voting rights, which are crucial to this trust building.

Boost awareness and incentives

Also revealed in the literature on successful diaspora instruments is that diaspora bonds are more highly subscribed when linked to development objectives such as boosting health and education. This serves as an incentive for the diaspora to invest and is another crucial element. Additionally, concerted efforts are needed to boost awareness among the diaspora of the attached incentives. This is slightly different from increasing information and transparency as discussed above, through very much related. It speaks to the Government's investment in overseas marketing and the targeting of diaspora communities through collecting data and improving collaboration with diaspora networks and groups to ensure information transmission.

Seek external technical assistance

Bond issuance is a complicated financial exercise that requires experience and specific expertise. The Gambia is fortunate to have countries within its region, such as Nigeria, that have much experience in diaspora bond issuance. It also is privy to countries in the Commonwealth family, such as India, that also have quite extensive experience. The Gambia needs to increase its outreach and partnerships with such countries to help the Government think through its diaspora bond implementation plan and also seek external expertise by way of consultants to enhance the chances of success.

MSDG3–MSDG4

Prioritise improving the enabling and business environment

A difficult but certainly not impossible task is improving the business environment in The Gambia. It takes good intra-ministerial coordination and strong political will for successful implementation. The report's assessment is that while there is political will, both the political and civil service administration seems to suffer from inertia, as in struggling to move away from the 'old way' of doing things. Moreover, poor coordination is rife and threatens the successful implementation of the Diaspora Strategy. Experience and lessons learned from solving poor coordination issues in other contexts would suggest a need to move ultimate operational responsibility for the diaspora implementation plan away from the Ministry of Foreign Affairs to the Cabinet Office. This would allow greater enforcement and reflect the political will of the President. The Cabinet Secretary also has more influence, because of his/her position, on Ministries and is therefore in the best position to break silos and to forge fruitful collaboration.

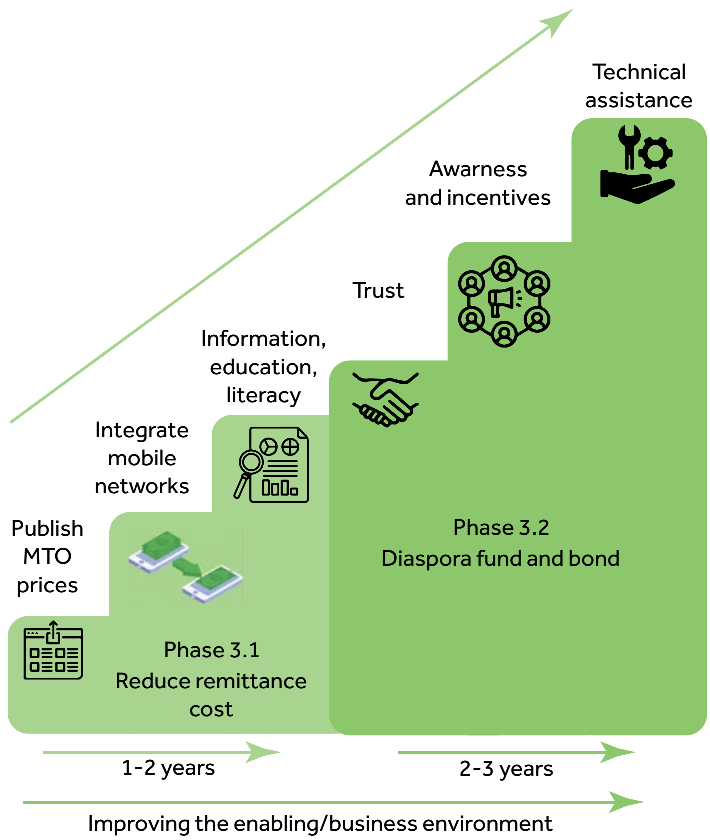
Alongside this policy change should be the identification of essential participants in the diaspora policy formation and implementation process, and a mandate that these persons are required to attend all meetings involving the Diaspora Strategy. The Cabinet Secretary should also ensure integration of the Chamber of Commerce and collaboration between the Chamber and GIEPA, which is critical for effective private sector engagement, policy and incentives design and awareness raising. Further, improved collaboration is needed between the Ministry of Foreign Affairs and GIEPA.

7.3 Potential support

Commonwealth Secretariat

If the Government is agreeable with the practical steps as set out in the revised MSDG road map suggested above, the Commonwealth Secretariat can support The Gambia through offering further technical assistance, including via its programme on digital financial literacy. The latter is currently being developed and will see a digital financial literacy template being offered for country adoption. It will include specific and targeted education through messages across various mediums to schools, individuals, the Government and the private sector. The Secretariat can also help the Government by requesting the financial assistance that is critical to achieving sustained diaspora engagement and hiring the specific external technical expertise.

Figure 7.1 Practical steps for achieving The Gambia Diaspora Strategy



Other support

Support from neighbouring countries such as Kenya and Nigeria, given their experience in mobile payments and diaspora bonds, would be useful. The Secretariat can help The Gambia set up and manage these discussions if deemed appropriate.

Table 7.1 Potential support for a streamlined Gambia diaspora investment strategy

Practical steps/actions	Commonwealth support	Other support	Government action
Phase 3.1			
Publish MTO prices			X
Integrate mobile networks		X	X
Information, education and literacy	X		X
Phase 3.2			
Build trust			X
Awareness raising and diaspora incentives			X
Technical assistance	X		
MSDG3–MSDG4			
Improve enabling and business environment		X	X

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Annex A Examples of diaspora engagement globally

Type	Categories	Description	Examples
EQUITY	Diaspora direct investment (DDI) Diaspora portfolio investment (DPI)	**DDI:** Transnational corporate investment; private equity; venture capital funds **DPI:** Investor runs a small proportion of equity with no influence on activities (shares, mutual funds)	Morocco: MDM Invest programme enables Moroccans living abroad to access a grant of up to 5 million Dirham (over US$500,000) or 10 per cent of costs, for projects implemented in Morocco. Senegal: The 'FAISE' programme provides low-interest five-year loans of up to 15 million CFA (over US$25,000), with repayment holidays, for diaspora projects. Examples of DDI incentive schemes include African Diaspora Marketplace (ADM) business plan competitions of US$70,000 (USA); AFFORD social enterprise co-finance of US$38,000 (UK); Programme d'Appui aux Projets de OSIM (PRA/OSIM) enterprise and project co-finance of US$34,000 (France); 'Entrepreneurship by Diaspora for Development' technical support (Netherlands); and 'Meet Africa' technical assistance for the establishment of diaspora enterprises in Africa (France and Germany).
LOANS	Diaspora bank accounts and diaspora platforms for loans in country of origin	• Diaspora hold bank accounts in the home country • Can be foreign exchange denominated, in some cases exempt from taxes	• India • Business loans such as Babyloan Mali
	Remittance linked to housing loans	Migrants borrow in CoO for housing, mortgage	• Mi Casa Con Remesis, Colombia • Mi Vivienda, Peru • Construmex, Mexico • Pag Ibig, Philippines
	Equipment leasing	Provision of physical capital equipment for businesses	• Ovamba, Cameroon

Type	Categories	Description	Examples
	Pooled remittances in collateral	Can be through matched funds from the government in some cases In some cases, implemented together with NGOs as in Moldova	• Mexico: Hometown Associations organise collective remittances and matched funds • Moldova: PARE 1+1: People trained; businesses received grants • Ethiopia: Addis Hiwot receives donations to support 10 families • Senegal: Waounde uses donations to fund infrastructure in their village of origin • Philippines: Linkapil facilitates transfer of donations to small-scale, high-impact projects • Germany: Government set up WIDU.africa to support investment in African entrepreneurs; funding divided between the diaspora (25%), entrepreneur (25%) and Government (50%) • Chile: Fundacion Chile and Chile global programme provide help to entrepreneurs to launch technically innovative businesses

Type	Categories	Description	Examples
DIASPORA BONDS	Diaspora bonds	• Success depends on whether diaspora is large enough and has sufficient wealth • Requires technical and financial assistance • Nigeria planned for over four years	• Nigeria: Oversubscribed by 130%; raised US$300 million • Israel: As of mid-2021 has brought in US$46 billion. Success due to: ○ Grassroots connection to and direct pro-active engagement with diaspora ○ Vision to contribute to infrastructure projects as part of long-term development strategy ○ Patriotic discount, SEC-registered, not restricted to the diaspora Worldwide recognised financial instrument, adapting to dynamics within diaspora communities, making them a safe investment, beneficial to the state • India: ○ India Development Bonds in 1991 providing the first formal mechanism for NRIs to repatriate US$1.6 billion ○ Resurgent India Bonds, released in 1998, raised US$4.2 billion by maturity in 2003 ○ India Millennium Development bonds, released in 2000, raised more than US$5.5 billion within the first two months Characteristics: not registered under SEC rules and targeted exclusively to NRIs. Aiming to support balance of payments. Not so successful • Ghana: Golden Jubilee Savings Bond in 2007 raised only GHC 20 million against a target of GHC 50 million • Ethiopia: Issued a bond in 2008 and 2011: ○ Few investors came forward due to perceived risks and limited trust in the Government ○ 2018 tried to raise funds through the Ethiopia Diaspora Trust Fund (EDTF); only US$4 million raised for health care and water supply • Kenya: Diaspora bond issued gained only a quarter of the target.
	Remittance securitisation	Bundles together the title to future remittances based on the assumption of stability	Successful examples come from Latin America, Turkey, Central Asia

Type	Categories	Description	Examples
KNOWLEDGE TRANSFERS	• Exchange of information, skills and human capital • Support investors on how and where to invest • Professional networks • Skills-matching databases • Coaching • Virtual return for education or training purposes (distance learning) • Pro bono capacity-building of individual initiatives • Partnerships with the private sector for return or training schemes • Providing support to universities	Conditions for success: • Mutually beneficial opportunities, willingness to provide long-term coaching and support • Active business support and investment from the diaspora, gaps in home education and training systems	• Kosovo: Global diaspora business union • Ghana: Beyond the Return campaign (a 10-year plan to encourage dialogue with the diaspora) • Ecuador: ○ El Cucayo provides grants to businesses awarded together with skills and mentoring ○ Ovamba: Online platforms that offer funding for SMEs and serve as a marketplace • Ireland: Technological leadership group provides venture capital together with mentoring and market matching information • Liberia: Diaspora social investment fund provided equity to SME entrepreneurs through equity investment and provision of skills (accounting and marketing) • Malaysia: Talentcorp working with the Government, private sector and diaspora to bring back the educated and high skilled • South Africa: The South Africa Network of Skills Abroad (SANSA) connects highly qualified and skilled diaspora with opportunities to advance education, research and development in the country.
Others	• Diaspora skills and knowledge networks • Skills and human capital exchange • Returned diaspora entrepreneurs	Formal networks, e.g., database with contact details to optimise flows of information Aimed at capitalising on expertise, experience, skills of diaspora Return home to start a business	

Source: European Commission, 2021.

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