



GHANA BEYOND AID: CALLING ON THE DIASPORA

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The Research

Based on academic research completed in 2014 at The Open University, and updated in 2017, this Policy Brief highlights diaspora remittance senders' voices. It is based on interviews with a sample of senders from Ghana and Nigeria resident in Britain. The focus of this Policy Brief is on Ghanaian senders.

To its credit, the newly elected government of Ghana is taking steps to listen to its diaspora, through the appointment of a Diaspora Office based in the President's Office, and The Diaspora Homecoming Summit. This is a great start, but more can be done.

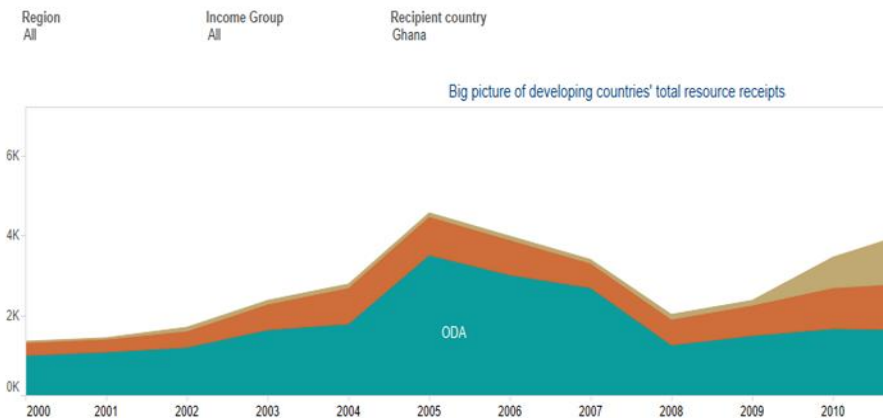
WHY LISTEN TO DIASPORA SENDERS' VOICES?

- They bear responsibility for sustaining the health and welfare of their families.
- The remittances they send sustain businesses and communities.

RESEARCH CONTEXT

REMITTANCES OR MONEY TRANSFERS

Remittances are also known as money transfers. Remittances to Ghana currently stand at USD4.9billion, according to the World Bank and International Monetary Fund (IMF) data. This is three times multi-donors' aid support to Ghana. Yet the voices of senders of remittances are often unheard and of little or no influence.



ODA: Official Development Assistance. ODA in the chart includes bilateral ODA and multilateral concessional flows.
Non-ODA flows include: other official developmental flows, officially-supported export credits, FDI, other private flows at market terms and private grants.
Adjusted gross disbursements, three-year moving average, USD million, 2015 constant prices.
Sources: Remittances, World Bank. Other resource flows, DAC statistics. NB: Data on flows to MADCTs are only available up to 2010.
<http://www.oecd.org/dac/stats/beyond-oda.htm>



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- They bear the hidden financial and emotional costs of remitting.
- Talking to senders reveals how remittances fluctuate over time.
- Listening to senders can help governments avoid the high-risk strategy of overplaying remittance flows as an unlimited and secure form of development finance.

POLICY RECOMMENDATIONS

In order to connect and build deeper relationships with its citizens in Britain, and build sustainable remittances, the Government of Ghana should consider the following:

- **Monitor and publicly account for aid money.**
- **Refuse ‘tied’ foreign aid, except in emergencies, in a transparent manner**
- **Research the flow of aid money to beneficial companies and owners.**
- **Declare its diaspora as the 11th region of Ghana, with full democratic representation.**
- **Promote agreed tax allowances for senders.**
- **Negotiate regulatory space for Ghanaians with the British government, as India does.**
- **Assist in making appropriate arrangements for its diaspora for their own social**

DEVELOPMENT WITHOUT SOCIAL PROTECTION?

British ‘aid’ (excluding humanitarian and emergency aid) tends to be re-cycled back to Britain, through [aid-funded businesses](#). This gives the ‘aid’ donated a high rate of return (22% in 2014), not only on financial investment, but also in terms of influence on Ghanaian governments. In 2014, the aid given [created 12,000 jobs in Britain](#).

This is very good for Britain, but not for Ghana. High youth unemployment and development challenges contribute to emigration. Ghanaian immigrants in Britain face a hostile regulatory environment. At the same time, remittances are significant for the Ghana government because they help pay for on-going family support, funerals, rent and other items. Such is their significance that they are essentially *private payments for social protection*. These reduce the Ghanaian government’s social protection costs and outsources the government’s responsibilities towards its own citizens. Daniel (not his real name), a participant in the research, commented:

“in this country [Britain] the government are responsible for people that are old, and kids, and even people that are not working. It’s just that here it’s the government that is doing that. Unfortunately, in our own situation it is resting upon us.”

KEY POLICY APPROACHES

Governments have adopted several approaches to harness remittance flows. These include:

- Direct Taxation on the financial transaction;
- Diaspora bonds, such as those used by Jewish and Asian diasporas, benefitting from the *patriotic premium* in the pricing of such bonds;
- Double taxation agreements for non-domiciled citizens;
- Extension of voting and citizenship rights to diasporic communities;
- Securitisation of remittances to lower borrowing costs on international financial markets;
- Use of remittances in calculating Sovereign risk, or the credit-worthiness of receiving countries;



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protection, for example, through micro-insurance.

- Sign up to the International Health Partnership in letter and in spirit.

- Effectively utilise the Ghana International Bank, London, to reduce financial exclusion and build enterprise among the Ghanaian diaspora.

- Highlight diaspora contributions, human costs and challenges of sending remittances in local media, to promote understanding and reduce exploitation.

- Facilitate investment, preparation and return migration for those ready, willing and able to go home.

About the authors

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The above approaches tend to be the outcome of 'high-level' policy decisions. Actual decisions made about sending remittances are made at a personal and family level, shaped by the commercial and institutional policy environments in Ghana and Britain as well as by international agreements.

CONCLUSIONS

- 'Aid' exerts disproportionate influence on governments in developing countries, whilst their citizens abroad (who send more funds) are treated unfairly abroad, and excluded from democratic processes at home.
- Regulations surrounding payment services, immigration, housing and Equalities combine to penalise senders. This is compounded by public hostility and discrimination. These contribute to precarious livelihoods and tough living conditions for many in the diaspora.
- Many senders work long hours, sometimes in multiple jobs, with resultant stress and negative impacts on their health and well-being.
- Senders pay tax in Britain, and spend their disposable income on social protection through their remittances. This is a form of double taxation.
- Some senders expressed the need for tax allowances to take account of their care of family members in Ghana.
- Senders expressed the hope for their home governments to care more about them. A key finding is that their High Commissions in Britain should become more responsive to their needs.
- Most senders do not tell their kin in Ghana about the sacrifices and struggles they endure in order to be able to send money home, to avoid worrying them.
- Through the sending process, family relationships can become financialised, leaving the sender potentially vulnerable.
- Senders are opposed to further taxation of remittances.

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businesses in financial services and telemedicine.

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