

"EMIGRATION FROM GHANA: A MOTOR OR BRAKE FOR DEVELOPMENT"

KEYNOTE ADDRESS

BY

HON. PAPA OWUSU-ANKOMAH, MP,

MINISTER OF THE INTERIOR

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Mr. Chairman, Distinguished Delegates, Ladies and Gentlemen,

I am particularly honoured and privileged to have been invited to participate and present a keynote address to the Commission on Population and Development on the topic "*Emigration from Ghana: A Motor or a Brake for Development*".

**HOW MANY GHANAIAN MIGRANTS?**

It is estimated that there are some three million Ghanaians living outside the country with about a third of them in Europe and North America. These are made up of skilled and unskilled persons. Actual data on them is, however, not available. However, practically all of them are motivated by the prospects of a better life in whichever country they find themselves.

**REMITTANCES**

Ghanaian migrants maintain dense ties with their home communities. Such ties are often expressed in both economic and non-economic terms. Regular remittances are used by families and friends to meet daily consumption needs and in times of major crises, including illness and death in the family. This point was echoed by the President of Ghana, John Agyekum Kufuor, during the 2001 *Home Coming Summit in Ghana*, when he noted that: "on the national level, this is a crucial component of our revenue, and, on the individual level, there are many Ghanaian homes today that rely to some extent for their upkeep on these remittances.....for many this makes the difference between a reasonable standard of living and a life of deprivation".

The importance of migrants' remittances in Ghana is demonstrated by their rapid increase and the proliferation of money transfer institutions in Ghana. Data from the Bank of Ghana indicate that remittances have become significant for the national economy; remittances to Ghana in 2005 amounted to over \$4.5 billion, making it the largest source of foreign exchange. One-third of this amount, almost \$1.5 billion, came from individuals, while the rest were from religious

groups and NGOs. These remittances reflect a substantial increase over the years. In 1990 these private remittances were about \$400 million rising to \$680 in 2002.

What is significant about these remittances is not only their volume but that the level of remittances is much more than the foreign aid the country received in 2005 as well as Ghana's export earnings from cocoa and gold or total foreign direct investment. They are also about 15 percent of the Gross Domestic Product and more than 40 percent of total exports. Thus, Ghana has become highly dependent on remittance transfers.

Mr. Chairman,

Besides remittances, Ghanaian expatriates have contributed in diverse ways to the country's development. Some highly skilled Ghanaians who have returned have made investments in both the formal and informal sectors of the Ghanaian economy. A number of Ghanaian returnees have invested in small businesses on their return, whilst many, especially in the elite group, have sought to introduce changes in the workplace, building on their experiences abroad. In addition, the transfer of financial, human and social capital may represent a "brain re-gain" that may be seen as positively promoting development in Ghana.

Similarly, a significant number of both return migrants and Non Resident Ghanaians (NRGs) have moved into self-employment and/or are also employing others in their business, a potential strategy for poverty reduction and for stimulating private sector entrepreneurship.

It is our belief that the support through which remittances are helping in our development are the direct results of the political, economic and social policies which the Government has put in place over the past few years.

As we endeavour to improve the macro-environment to take advantage of the remittances from Ghanaian emigrants, we realise that there are a number of policy issues which need to be addressed in order to maximise their impact on savings, investment, and poverty reduction. Key issues include: how to reduce transaction costs, how transfer earnings from abroad can be channelled into poverty reduction and modernization, law reform to amend legislation that hinders remittance flows, and how to prevent money laundering activities.

Mr Chairman,

### **LOSS OF MANPOWER**

One can describe the emigrants as falling into three categories, namely,

1. Unskilled manpower;
2. Students; and
3. Skilled manpower.

### **Unskilled manpower**

As with the number of *Ghanaians* living outside the country, statistics are not available to determine the numbers of persons in each of these categories. However, most of the *Ghanaians* living outside the country may be considered as being unskilled. They are either engaged in small scale trading activities or undertake menial jobs in the countries they travel to. Some of them end up acquiring skills which prove useful when they decide to return home. Such skills are useful in supporting our development efforts.

A positive aspect of the emigration of such unskilled persons is that they help in reducing the number of unemployed persons in the country - a situation which will have associated with it a number of social problems with its associated negative impact on our development efforts.

### **Students**

A number of *Ghanaians* leave the country to acquire academic and professional skills. Many of these persons return to the country to add to our human capital and contribute to our national development efforts.

### **Skilled manpower**

The loss of skilled manpower constitutes a major problem for the country. Recent studies have confirmed that brain drain from a skills-scarce poor country leads to a permanent loss in growth and income levels. Also, brain drain reduces the growth rate of the effective human capital that remains behind in the economy and hence generates a permanent reduction in per capita income growth in the home country.

The negative effect of migration goes beyond the loss of skilled human resources and includes the loss of return on the investment made by the country of origin towards the training and education of its nationals. In *Ghana*, this is particularly acute in such sectors as health care that have a direct impact on the ability of the country to maintain and improve the quality of life of its citizens.

While it is not known for certain the proportion of *Ghanaian* emigrants who are qualified professionals, dimensions of the problem can be found from many sources.

Mr. Chairman,

A study of the brain drain by the IMF estimated that by 1990, 15 percent of Ghanaians with tertiary education had migrated to USA and a further 10 percent to other OECD countries. In contrast, less than one percent of Ghanaians with secondary education were found to have moved to OECD countries. Other available data also corroborate the IMF findings by showing that over 70 percent of Ghanaian migrants in the US in 1990 had completed tertiary level and less than one per cent had only primary-level education or no education at all.

The Ghana public sector health service has suffered significant losses of health workers through external migration to the United States of America, United Kingdom, Canada and South Africa as well as to the Arabian Gulf. It is believed that there are more Ghanaian doctors working outside than there are in Ghana

Similarly, the attrition of nurses reached significant proportions over the past 5 years. In the past decade, Ghana is estimated to have lost 50% of its professional nurses to the United Kingdom, United States of America and Canada.

The situation in the education sector is also alarming especially at the tertiary level where the shortage of academic, professional and research staff have left some of the universities with inexperienced and insufficient staff with low morale. Some courses are taught by staff without the requisite expertise and staff are forced to handle increasing numbers of students. Essentially, the tertiary institutions are not able to produce the types of students most critically needed to support the country's development.

Mr. Chairman,

#### **GHANA GOVERNMENT RESPONSE**

The loss of critical migrant skills could be seen as being a brake to development, especially since such skills tend to be in essential areas such as health and education.

The huge number of migrants worldwide and their engagement with the home country means that the Government has to promote an outreach policy to the community living abroad. This would build confidence between the diaspora and the state, enhance links between the two and ensure joint development.

In order, therefore, to derive the optimum benefits from emigration, the Government has taken a number of initiatives which directly or indirectly should ensure the attainment of this goal. Let me now highlight on some of these.

## **National Political and Economic Environment**

The Government sees an open society as being a critical factor for promoting development. To this end Government has been promoting through various measures an environment which allows for greater transparency in public activities. The political and economic stability that has been achieved have also gone a long way towards making the country attractive not only to foreign investors but also Ghanaians in the diaspora who want to assist in the development of their motherland.

## **Managing Migration**

The Government has established within the Ministry of the Interior, the Migration Unit which will be responsible for coordinating all the national efforts which aim at ensuring that migration issues are taken into consideration in all our development activities.

Additionally, the Ghana Immigration Service has established a Migration Information Bureau which will provide the data on Ghanaian emigrants as well immigrants coming to the country.

## **Non-Resident Ghanaians**

### **Non-Resident Ghanaians Fund**

The Government of Ghana has targeted foreign-based Ghanaians as a potential source of funds for the Ghana Poverty Reduction Strategy (GPRS) and other poverty-related programmes. The financing strategy of the current GPRS identifies innovative financing mechanisms such as contributions from Non-Resident Ghanaians (NRGs) through a Non-Resident-Ghanaian Fund for Poverty Reduction, which is to be jointly managed by the Government and representatives of the Ghanaian community abroad.

In addition, the Government has indicated its willingness to support shipping costs and expenditure associated with poverty-targeted donations by Ghanaians living abroad.

### **Citizenship Legislation**

As part of the measures to make it easy for Ghanaians in the diaspora to contribute to the country's development, our citizenship legislation was revised to make it possible for Ghanaians who have acquired other nationalities to still maintain their Ghanaian citizenship under a dual citizenship arrangement. This has made it possible for such Ghanaians to continue to benefit from the privileges of being Ghanaians with those of their other nationality.

So far, about Two thousand four hundred (2400) Ghanaian emigrants have taken advantage of this legislation since it became operational in 2003.

#### *Political participation in national affairs*

On 24 February 2006, the Representation of the Peoples Act was passed by Parliament to allow Ghanaians abroad to register to vote in elections and other national referenda. This has received the President's assent. The Electoral Commission is now to work out the modalities, including the legislation to bring effect to the new law which will make it possible for emigrant Ghanaians to have a say in the political management of the country.

Mr Chairman,

#### **Combating Brain Drain**

The health and education sectors are areas where emigration has had tremendous negative impacts. A number of initiatives are thus being taken to reduce the large numbers of professionals who leave the country. The Government is working to improve the conditions of service of doctors and health workers and other professionals in the education sector and to provide a conducive environment as the first line of defence against brain drain. There have been increases in basic salaries and allowances, and incentive schemes such as housing and means of transport to encourage staff at post and potential staff.

With the support of the International Organisation for Migration, the Government of Ghana is involved in a programme that aims at mitigating this brain drain in the healthcare sector. The feasibility study conducted by IOM from 2003-2004 within the framework of the IOM MIDA (Migration for Development in Africa) Programme investigated if and in what way the Ghanaian diaspora in the Netherlands and other EU countries could be involved in this effort. The positive outcome of the feasibility study has led to a pilot project on diaspora involvement in the context of human resource development in the health sector (January 2005-June 2007). The project is enabling Ghanaian health professionals residing in the Netherlands or other EU countries to transfer skills, knowledge and other resources to the health sector in Ghana through short assignments. As an additional sustainable aspect of mitigating the brain drain, health professionals from Ghana get the opportunity to do a specialized training in hospitals in the Netherlands. The project is carried out by IOM in close cooperation with the Ghanaian Ministry of Health and Ghanaian diaspora Groups and funded by the Dutch Embassy in Ghana.

Among the benefits so far derived from the project, four (4) Ghanaian doctors based in the United Kingdom are currently in two of the country's medical schools.

## THE FUTURE

For Ghana to be able to make migration a motor rather than a brake to its development programme, a number of actions need to be done to support the various initiatives that have been and need to be undertaken. These call for the assistance of the international community in a number of areas, including:

- Collection of up-to-date information on migration;
- Building of the capacity of specific institutions involved in programmes relating to migration;
- Exchange of information on migration issues;
- Exchange of personnel engaged in migration activities;
- Development of arrangements with various countries for managed migration of both skilled and unskilled Ghanaians.

In conclusion, Mr. Chairman, the relationship between migration and development is complex and needs to be properly managed. As I have indicated, if properly managed, migration could be considered as a motor for development not only with respect to the remittances from emigrants but also from the proper management of skilled persons who for one reason or the other decide to migrate. The challenge as I see it is the development of comprehensive policies which will help in managing all the diverse elements associated with migration.

I thank you.