Diaspora and development in Kenya: What do we know?

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Introduction

The contribution of migration to the development of countries of emigration is increasingly receiving attention, especially as the volume of remittances from migrants worldwide has sharply increased in the past decade. Traditional sources of national income are being relegated to the background and, for good reason, brain drain is turning to brain gain, as records show that migrants are contributing more to the development of their countries of origin. Remittances “are emerging as an important source of external development finance” (Kapur, 2003). Globalization is enabling migrants abroad to remain connected to their native countries, thus diminishing their loss of identity and the negative effects of separation (Page and Plaza, 2006). Consequently, migration is now viewed as a resource or extension of the nation or state. Migration in Africa is an emigration–diaspora–return continuum (Adepoju, 2006). A growing number of developing countries and international institutions now view migrants in the diaspora as an antidote to brain drain, with a greater role to play in national development. A paramount factor here is that migrants can contribute to developing their countries of origin through remittances, gifts or even investments.

The volume of emigrants from Kenya has increased in the past decade; large communities of Kenyans are now found in the United Kingdom, the United States, and the Far East. Recent evidence suggests that Kenyans in the diaspora represent 8 per cent of all Kenyans, and many of them are profitably engaged in the socio-economic sectors of their host countries (World Bank, 2011). Kenya has recently experienced a tremendous increase in the volume of remittances. As revenue accruable to the government from traditional exports such as tea and coffee? In addition, most studies on remittances in Africa focus on the international facet of migration; very little work has been done on domestic remittances sent by internal migrants. For example, an econometric analysis of urban–rural remittances in Kenya found no significant difference in remittance levels between those who intended to return and those who did not; farmers were also diverting funds for activities other than farming (Rempel and Lobdell, 1978). Have things changed? This article provides an insight into the latter situation in Kenya.

Migrant remittances and development

While there is a general consensus on the direct contribution of migration and remittances to the livelihoods and survival of families left behind, the extent to which they can contribute to national development is contentious. In the 1950s, it was widely believed that migration was good for development, since it allowed for the transfer of investment capital from developed countries (North) to developing countries (South). It also accelerated the exposure of traditional communities to liberal, rational and democratic ideas, modern knowledge and education, which were perceived as key ingredients for poor countries interested in jump-starting their economies. The general expectation was that the flow of remittances, as well as the experience, skills and knowledge that migrants would acquire before returning home, would greatly help the economies of developing countries to take off (De Haas, 2010). Although this view declined in importance after the 1970s, it has recently experienced a renaissance, although now linked to neoliberal thinking, rather than the State-led development vision of the 1960s.

In the 1970s, some proposals emerged that cast doubt on the contribution of migration to development, arguing that migration sustains or even reinforces problems of underdevelopment. Migration was perceived as provoking the withdrawal of human capital and the breakdown of traditional, stable village communities and their economies, resulting in the development of passive, non-productive and remittance-dependent communities. Besides “brain drain”, “brawn drain” also drained rural areas of young, able-bodied men and women, thereby causing a critical shortage of agricultural and other labour and depriving source areas of their most valuable workforce. Yet, when migrants sent money back home, remittances were also believed

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to increase inequalities in the communities of origin (Lipton, 1980; Rubenstein, 1992). Moreover, remittances were also spent on conspicuous consumption and other investments such as houses, rather than on productive enterprises (Lewis, 1986). Besides weakening local economies and increasing dependency, increased consumption and land purchases by migrants were believed to cause inflationary pressures and soaring land prices (Russels, 1992; Rubenstein, 1992). These views largely conform to the historical–structural paradigm of development that perceives migration as one of the many other expressions of the developing world’s increasing dependency on global political–economic systems dominated by the North.

There was a shift in perception in the 1980s, when the new economics of labour migration (NELM) emerged as a response to the diverging views that dominated in the previous decades. NELM viewed migration as a potentially vital source of investment capital that is important in the context of imperfect credit and insurance markets which prevail in many developing countries. Hence, migration was now considered as a livelihood strategy to overcome various market constraints, potentially enabling households to invest in productive activities and improve their livelihoods (Stark, 1991; Taylor and Wyatt, 1996). Lately, alternative approaches have been taken to the link between migration and development, other than through economic growth and per capita. In this category one important view promoted by the United Nations Development Programme (UNDP) is the human development approach, which views development as a process of enlarging people’s choices and enhancing people’s capabilities. Thus, mobility constitutes a key element of human freedom and a key valuable choice for people.

The surge of remittances to countries of origin in the last two decades, exceeding aid and foreign direct investment (FDI) to developing countries, has reignited debate on their development potential in receiving countries. Renewed enthusiasm for remittances has been fuelled not only by new research findings, but also by a change in ideologies and the failure of other development approaches. Alongside this interest in remittances, there is also growing recognition of the importance of transnational practices in shaping the relationship between migration and remittances. Migrants maintain a link with countries of origin through a complex network of cultural, economic, social and political relations, which can be sustained through new technologies and cheaper travel. Another critical factor pushing migration to the top of the development policy agenda is the growing concern about irregular migration to the industrialized world. Undocumented migration from Africa and other developing countries to developed countries through people smuggling, trafficking, and other illegal routes is a major political priority in many of these countries. This growing irregular movement is represented as a threat to social cohesion and security in the countries of destination. All these factors have contributed to an immense interest in the links between migration and development (Bakewell, 2008).

**Remittances and development in Kenya**

The emigration of Kenyans abroad in large numbers is a relatively recent phenomenon. It has assumed significant proportions over the last two decades. In the first two decades after independence in 1963, tens of thousands of European and Asian residents left the country, but only a few Kenyans were able to migrate and live abroad due to cost and other factors (Ghai, 2004: 2). The most important reason for this shift in migration patterns was the deterioration in the economic performance of Kenya. While the first two decades witnessed high economic and employment growth, with new opportunities opening up for Kenyans in all sectors, the situation was reversed over the past 25 years, especially in the 1990s, with negative per capita income growth and worsening income distribution. Millions of Kenyans have suffered declining living standards; even those with higher education and technical skills are finding it difficult to get remunerative employment opportunities. It is therefore understandable that increasing numbers of Kenyans have been seeking employment opportunities abroad. In addition, the rapid pace and intensity of globalization and the growing gap in living standards between Kenya and developed countries, as well as political repression, the spread of corruption and an increase in personal insecurity, have also encouraged emigration. However, in recent times, migration has also been a result of business opportunities, especially in countries neighbouring Kenya (Ngugi, 2011). Official estimates from the Ministry of Foreign Affairs in Kenya indicate that there are about 3 million Kenyans in the diaspora, approximately 8 per cent of the country’s population, and in the last few years they have played a huge role in national development through their remittances to Kenya.

The volume of remittances to Kenya was initially low, but a recent surge has enabled remittances to overtake traditional sources of external capital flows, prompting the Government of Kenya to consider ways through which it could engage Kenyans in the diaspora to increase their contribution to national development (see Table 1 below). These efforts have seen Kenya ratify the amendment to the African Union (AU) Constitutive Act Article 3(q) that “invites and encourages the full participation of the African Diaspora as an important part of our continent in the building of the African Union”.2 In addition, in recognition of the significant role played by the Kenyan diaspora in national development,

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2 This is according to the Embassy of the Republic of Kenya in Washington, D.C. Concept note available from http://kenyaembassy.com/pdfs/Concept%20paper.pdf
the Government of Kenya established an “International Jobs and Diaspora Office” in the Ministry of Foreign Affairs in 2007 to deal with all diaspora matters. Moreover, the Kenyan Foreign Policy document has also incorporated diaspora diplomacy as one of the five key pillars of Kenyan foreign policy. The Ministry of Foreign Affairs has also adopted diaspora diplomacy as one of its paramount strategic objectives.3

Table 1: Sources of external capital flows in Kenya

<table>
<thead>
<tr>
<th>Year</th>
<th>Net ODA</th>
<th>FDI net inflows</th>
<th>Portfolio equity net inflows</th>
<th>Remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>2011</td>
<td>16%</td>
<td>12%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>2012</td>
<td>18%</td>
<td>14%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>


The importance of the diaspora has also been recognized within “Kenya Vision 2030”, Kenya’s national development policy blueprint, where it has been highlighted as one of the flagship projects in the financial sector. Subsequently, the Kenyan government has recognized the need to tap into the resources of the diaspora, and this is enshrined in the new constitution promulgated in August 2010. For example, dual citizenship and voting rights can now be enjoyed by the Kenyan diaspora. In April 2011, the World Bank granted Kenya USD 500,000 to support its efforts to engage the diaspora in development. The grant aimed to assist the development of Kenya’s Diaspora Engagement Strategic Policy Framework and its associated action plan. It would also assist the diaspora directorate in developing its communication, outreach, and information-gathering capacity.

Although remittances have the potential to contribute to national development, there has been a lack of administrative structures and mechanisms for government to tap directly into these foreign inflows from the diaspora as an asset for investment and national development (Government of Kenya, 2011). As a result, the Government of Kenya, in its budget for financial year 2011/2012, hoped to raise USD 1.46 billion through government borrowing. Out of this amount, USD 440 million (about one third) was to be raised through the issuance of infrastructural bonds to fund specific new and ongoing road, energy and water projects. In a departure from the past, the Kenyan government offered a special place for diaspora participation. According to the Central Bank of Kenya, this aggressive outreach to the diaspora to invest in Government Savings Development and infrastructure bonds, in addition to improvements.

in data collection techniques and proper classification of remittances by some commercial banks, partly explains the recent surge in remittances since 2010, as shown in Table 1 above.

Apart from the contribution of the Kenyan diaspora to national development, the few existing studies on the diaspora are rather sceptical about their role in development. For example, Nwachukwu (1997) found that Kenya had experienced a reduction in its national income due to the migration of its professionals. Earlier, Logan (1987) found evidence that Kenya was a major contributor to the reverse transfer of technology in Africa (another way of denoting brain drain). In addition, Kirigia et al. (2006) and Oyelere (2007) found that Kenya had experienced significant brain drain and waste, though at a decreasing rate, especially in the health sector, where they noted that Kenya loses approximately about USD 517,931 and USD 338,868 worth of return in investment, respectively, for every doctor and nurse who emigrates.

Some studies have also focused on internal migration with interesting results. Johnson and Whitelaw (1976), who focused on urban–rural income transfers, found that the amount of individual transfers is systematically related to income and other socio-economic variables and that total transfers represent about a fifth of the urban wage bill. Similarly, Knowles and Anker (1981) found that urban–rural remittances provide only a
limited picture, accounting for less than half of all transfers, and that transfers have very little effect on the overall distribution of income. The amount of income transferred tends to be mostly related to education, income levels, urban residence, migration status, length of stay, ownership of a house in the home area, and the number of wives and children living away. Hoddinott (1994) found interest in inheritance and loan repayment, in addition to altruism, as important factors for remittances. Moreover, as the number of adult sons of the household head increased, so did the flow of remittances. More recently, Kiiru (2010) found that remittances have a positive impact on domestic household consumption in Kenya. Ayiemba and Oucho (2007) further note that migration within Kenya has been affected by ethnic relations as well as regional and urban conflicts. They conclude that migration indeed affects regional development.

All these studies on the impact on Kenya’s development of remittances accruing from internal migration have been few and far between. Their results have shown that internal migration has little or no impact on local economic development; rather, its impact has been on private or household socio-economic enhancements.

Implications for policy

Efforts by the Kenyan government to engage the diaspora in national development are still at the initial stages. In addition, limited studies on the link between migration, remittances and development in Kenya hamper the government’s ambitious efforts. These observations hold true for internal migration. There is a need for a policy on migration both internally and for engaging Kenyans in the diaspora; this could be an avenue for achieving a sustainable regional development process in Kenya. Specifically, the formation of organizations of Kenyans in the diaspora need to be encouraged and institutionalized. Not only will this improve the dearth of data on migrants and their socio-economic activities, it will also serve as a trusted official way to harness their resources. These resources, which could be both material and non-material, could be channelled towards the implementation of selected social service delivery projects and programmes under Vision 2030 and their success.

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