

Side event organized by the International Organization for Migration and the African Institute for Economic Development and Planning

Financing African development through sustainable and innovative mechanisms: public-private partnerships, cryptocurrencies, remittances and diaspora investments

Background

The global economy is undergoing tumultuous crises and growing inequality among and within countries, which is amplifying existing social and political differences and affecting the poorest and most vulnerable communities. To address these challenges, African countries need to consider adopting innovative policies on taxation and wealth redistribution, trade and tariffs, migration and remittances, and the digital economy. Although the implementation of integrated financing for sustainable development remains rudimentary, African countries have launched several initiatives within the framework of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development to finance sustainable development. Efforts are also being made in the United Nations system to mobilize innovative financing for post-pandemic economic recovery.

Similarly, corporations have helped to change how sustainability is understood in Africa, and that change of mindset can be further strengthened through corporate social-responsibility initiatives. Public-private partnerships, when well designed and implemented in a balanced regulatory environment, can improve the efficiency and sustainability of infrastructure and public services. There may also be scope to expand financing for development through

the use of non-traditional instruments such as cryptocurrencies and blockchain technology.

Africa remains a net receiver of remittances, which account for 65 per cent of income for households that receive them.¹ Although the continent faces a worsening debt crisis and relies on external support to meet its financing requirements, an increase in remittances and diaspora investments could significantly contribute to financial resilience, as was the case during the coronavirus disease (COVID-19) pandemic.² Policymakers could channel remittance flows towards sustainable-development initiatives, which would make them a significant and indispensable source of development financing. Good governance, a supportive macroeconomic context and a business environment that is conducive to productive investment can amplify the positive effects of remittances.³

Objective

The main objective is to improve participant knowledge and explore innovative ways to harness the potential of development financing. Participants will discuss trends, challenges and opportunities relating to sustainable-development-financing options, in particular innovative financial tools such as public-private partnerships, cryptocurrencies,

¹ Algeria, Egypt, Ghana, Morocco, Nigeria and Senegal are the largest recipients (Claudia Natali and Leon Isaacs, "Remittances to and from Africa", in Africa Migration Report: Challenging the Narrative, International Organization for Migration (Addis Ababa, 2003), p.119.

² World Bank, *Recovery: COVID-19 Crisis Through a Migration Lens*, Migration and Development Brief 35 (November 2021).

³ United Nations Capital Development Fund, "Exploratory paper: mechanisms for diaspora finance", (New York, 2021), p.10. Available at: https://migrantmoney.uncdf.org/wp-content/uploads/2021/11/20210903-Mechanisms-Diaspora-Finance-2_Pr3Final.pdf.

remittances and diaspora investments. They will examine the use of a sustainable performance index in evaluating the contribution of companies to sustainable development on the basis of three dimensions (environmental, social and governance) as well as stakeholder satisfaction, which will allow for relevant conclusions to be drawn for a given company and/or country.⁴ Finally, they will share experiences and outline key recommendations for creating an enabling policy and regulatory environment.

Expected outcomes

Participants will:

- Understand and clearly identify the challenges of financing development through innovative financial instruments
- Reflect on how to harness public-private partnerships, blockchain technology, remittances and diaspora investments to accelerate development financing
- Explore opportunities and challenges relating to formal and regulated migrant-centric financial services in countries of origin and destination
- Produce a concrete package of policy options and recommendations to promote innovative financial instruments, open digital platforms, foster

inclusive innovation, and develop partnerships with migrants and diaspora communities

Target audience

- Officials from ministries of finance, economic planning, labour and social affairs; central and national banks; entities responsible for innovation and infrastructure; immigration offices; and other relevant national authorities
- Diaspora organizations, social partners and private-sector representatives
- Experts, regulators and policymakers from global digital-finance platforms and academia
- Officials from pan-African institutions, regional economic communities and international partners

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⁴ See <http://spiscore.com/home>.