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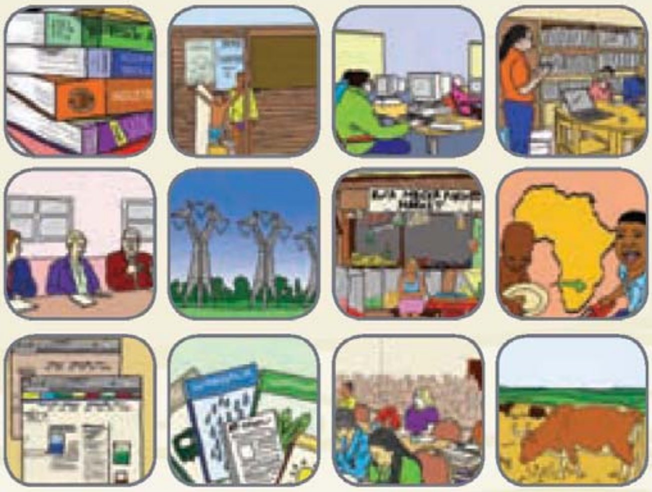

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Circular Migration and Employment in Southern Africa

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indigenous **growth**

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Abstract

This paper proposes that non-temporary circular migration creates and sustains 'circular migration flows', which are the outcome of the continuous interaction between sending and receiving countries that is created and sustained by migration and by transnational networks. Circular migration generates both pecuniary and non-pecuniary flows which are conducive to enterprise creation and development. A positive migratory experience will see an individual increasing his or her financial, human and social capital, and this facilitates entrepreneurial activities in both home and host countries, including fostering trade linkages between sending and receiving countries. Hence this paradigm helps us consider how migration can stimulate employment. This paper considers this premise with reference to the Southern African sub-region.

Contents

Circular Migration and the Migration and Development Debate

The issue of migration has featured prominently in the international development debate in the last couple of years. Milestones in terms of international policy reports on migration include the Report of the Global Commission on International Migration (GCIM, 2005), the United Nations Report of the Secretary General on "International Migration and Development" (2006) and the follow-up High Level Dialogue on Migration and Development (2007). In this literature prominence has been given to the concept of 'circular migration', which is based on the premise that migrants can contribute to development in their home country if they can 'circulate' between home and host countries. The attractiveness of the concept is due to a "triple-win premise" (Vertovec, 2007:2): receiving countries benefit by meeting their labour market needs, the migrant gains employment, while the sending countries gain remittances and can further benefit from the return of migrants with enhanced skills.

However, an issue in the term circular migration lies with the fact that it is hard to differentiate this type of migration from temporary migration. As De Haas (2006:20) remarked: "it is striking that the analytically distinct concepts of circular and return migration are mostly used interchangeably". Furthermore similar triple-win outcomes like those described above have been set as the outcome of *temporary* migration programs, notably by Ruhs (2005) in his background paper for the GCIM. It is also hard to differentiate the benefits that are supposed to accrue from circular migration to the countries of origin from the benefits of *return* migration. This is also a result of insufficient attention have been placed by policymakers on the transnational dimension.

As a result, we find that migration management programs that go under the name 'circular' serve to regulate a form of temporary migration into the host country. These programs, which notably serve to recruit low skilled labour, are not designed with the view of migrants becoming permanent residents - unlike programs designed to attract high skilled migrants, such as the EU 'Blue card' proposal -. Circular migration programs, like temporary migration programs, expect the worker to return to his/her country of origin at the expiration of his/her contract. They are designed as 'circular' because migrants are required to return home in order to be re-eligible for the program and to return to the *host* country. This is justified on the basis that these returning migrants contribute to development. However, the UN Secretary General's Report on Migration and Development has cautioned on such "enforced circulation" by noting that

> "these short term returns are not especially beneficial either to the migrant concerned or to the economies of the home countries. If the period of return is short (e.g. less than six months), it is likely that migrants will remain unemployed or underemployed during that period. Similarly, the return of migrants after short periods abroad is unlikely to produce significant benefits either to the migrants concerned or to the country of origin." (United Nations General Assemby, 2006: parag. 248)

A Paradigm for Circular Migration

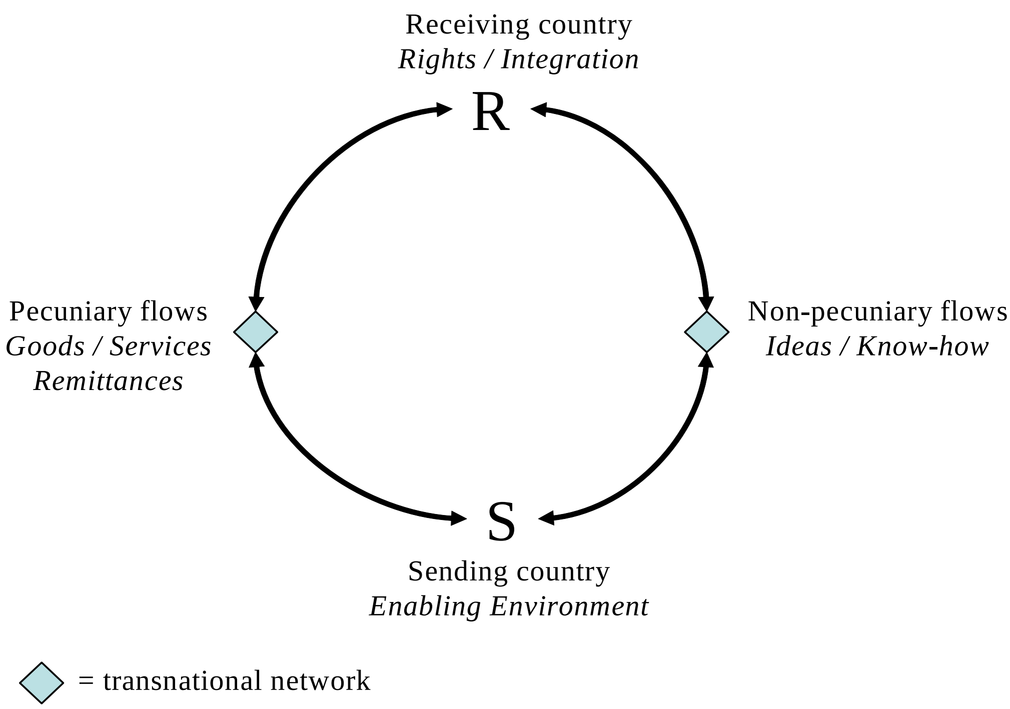
This paper proposes an original paradigm for circular migration. It is not based on the physical movement of people but instead aims to demonstrate the effects of international migration flows. Its novelty is this concept of *circular migration flows*, which is defined as the continuous interaction between sending and receiving countries that is created and sustained by migration and transnational networks. Hence this does not necessarily require physical return.

This paradigm can help illustrate the effects of migration on employment and enterprise creation and allows us to take a positive view of migration and employment; instead of considering migration and employment as negatively correlated, i.e. each other's substitute, it helps us consider how migration can stimulate employment.[1]

Migration can help stimulate employment creation – in both home and host countries - if individuals are able to use their migratory experience and transnational networks to increase their know-how (human capital), expand their social and business networks, (social capital), and to generate savings for investment (financial capital) to be used in entrepreneurial activities - thereby creating employment for themselves and jobs for others -, and stimulating international trade by connecting buyers and sellers from home and host countries.

Financial capital is increased when the migrant earns more abroad than s/he could have at home and is able to accumulate savings for investment; human capital is increased through improved labour skills and work experience, while social capital is enhanced through interactions with new social and professional networks with both, natives and diaspora residents. However, in order for this increased capital to be put to productive use in the countries of origin there needs to be an enabling environment, which includes economic and political stability, and polices and regulations that facilitate business generation. Such circular migration flows are illustrated in the diagram below.

[1] Likewise a report entitled *Migration and Development in Africa* (SAMP, 2006b) notes that the link between migration and poverty in Africa is often viewed negatively: it is assumed across much of the continent that it is poverty that forces poor people to migrate, rather than migration being a potential route out of poverty. (see South African Migration Project/SAMP, 2006b:1).



On the left hand side of the circle we include the pecuniary flows that arise from migration. Such flows include remittances sent home to families in the country of origin, but also represent the flow of goods and services that can result if migrants are able to forge productive linkages between the home and the host countries: migrants can serve as beachheads in new markets for production from the countries of origin, while cross-border traders help promote local goods to a wider area. In this way migrants can promote trade and enterprise development in the home regions.

The right hand side of our circle includes the non-pecuniary flows that arise when people move into different social environments; this part of the diagram highlights the relevance of migration for human capital development: migration for study or work purposes can increase the skills and know-how of people. In terms of enterprise development migration can involve entering into contact with new ideas and production methods, which stimulates creativity. Such interactions can help promote modern and novel economic activities.

Both types of flows are created and sustained by transnational networks, which are a fundamental component of circular migration and are represented by the diamond shapes in the diagram above. These include, but are not limited to, diaspora communities; they represent the transnational social and professional networks that the individual establishes and expands through his/her migratory experience. For example, it is through such networks that small and medium enterprises (SMEs) in the home country can enter global value chains. Transnational networks also create and sustain transnational identities, and this is an important factor to explain contemporary migration, including for South Africa (see Crush & McDonald, 2002).

At the bottom of the circle we include the sending country: circular migration presupposes that the migrant either returns or sustains his or her ties with the country of origin, and this paper is especially interested in looking at the ways in which this can promote economic activity in the country of origin. However, if governments wish the migrant to return home, there needs to be something to return home to. This includes employment opportunities and/or an enabling environment to facilitate self-employment.

Finally, we find at the top of the circle the receiving country itself. On the one hand, the State must extend the necessary rights and protections to prevent exploitation of migrant workers; on the other hand a degree of integration is required to sustain social cohesion. We shall examine this later with reference to South Africa.

An individual's migratory experience is truly positive when it results in enhanced opportunities, brought about through increased skills, knowledge or know-how, (human capital) and through interaction with transnational social and business networks (social capital). Hence the migration and development debate should not be limited to remittances (financial capital). The development effect arises when this increased capital can be put to productive use in, or with, the countries of origin. Permanent return home is an option but not a requirement, as migrants create and maintain circular migration flows through ongoing interaction with their host country and their country of origin, generating flows of knowledge, investment, and trade to and from that country. Ideally a methodology could be developed to help us quantify such flows, in order to assist with our analysis of migration outcomes. However, it is very difficult to quantify non-pecuniary variables.

This paradigm was originally developed considering immigration towards OECD countries; this paper provides an opportunity to examine circular migration flows in the context of Southern Africa. The subsequent section will provide a brief overview of the economics of migration before examining labour mobility in Southern Africa, including South-South migration and the phenomenon of cross border traders and South-North migration and the concern about the 'brain drain'. We shall then return to the paradigm and examine the four intersecting points with reference to Southern Africa.

Economics of Migration

Unforced migration is predominantly labour migration, and labour migration is a result of opportunities caused by market differences between home and host regions. Migration flows are very responsive to economic opportunities, notably employment opportunities.

A pioneer work by Todaro claimed that the push factor to migration was wage differentials between sending and receiving regions (Harris & Todaro, 1970). However, new models explain migration on the basis of underdeveloped factor markets that generate incentives to migrate. This "new economics of labour migration", pioneered by Oded Stark (e.g. Stark, 1991), argues that migration is often less influenced by conditions in labour markets than by those in other kinds of markets; even with equal wages across labour markets, people may have an incentive to migrate if other markets are inefficient or poorly developed. Some evidence for this model is provided by a World Bank study which shows almost 80 percent of South-South migration is estimated to take place between neighbouring countries and that most appears to occur between countries with relatively small differences in income (Ratha & Shaw, 2007).

Taylor further explains the new economics of labour migration, commenting that:

> "Households struggling to cope with jarring structural transformations use international migration as a means of overcoming market failures that threaten their material well-being .… The rational actor assumed by the new economics of labour migration seeks to cope with failures in insurance, futures, capital, and credit markets at home by moving abroad temporarily to repatriate earnings in the form of regular remittances or lump-sum transfers. In this way, they control risk by diversifying sources of income and they self-finance production or consumption by acquiring alternate sources of capital." (Taylor, 2006:12 – 14)

Historically, migration has been viewed favourably in the development literature; as early as 1972 Byerlee demonstrated that, in a competitive economy, migration serves as an adjustment in factor markets to bring such markets in different geographical areas into equilibrium.. In Africa, Eicher and Baker's 1982 study found migration to contribute to reducing intra-regional wage differentials and, by transferring new crops and ideas over wide regions, to declining inter-regional wage differentials. The authors argue that the migration of rural people for work in plantations, mines, and factories has been a major catalyst for social change in Africa. Likewise Crush *et al.* (2005) have considered that migration can be seen as an integral part of labour markets and livelihoods across much of the African continent for at least the last century, and that the industrial development of some countries in the region was only made possible by the use of labour from other countries. The entrepreneurial nature of migrants has also been highlighted in Hill's 1963 research which revealed that migrants were the risk takers in settling land and mobilizing capital in Ghana's cocoa boom in the late nineteenth century.

Labour Migration in Southern Africa

Contemporary migration takes the form of an hourglass, with flows of high-skilled and low-skilled migrants predominating. In Africa we find that international migration towards OECD countries is predominantly of high-skilled migrants - such migration is thus a characteristic of those better-off and of many African elites. Poor households engage predominantly in intra-regional migration, which the Southern Africa Migration Project (SAMP) described as "a critically important survival strategy for hundreds of thousands of households throughout the Southern Africa region" (SAMP, 2006b:81),[2] highlighting the role of labour mobility for poverty alleviation.

The major migrant receiving countries in Africa, according to the International Organization for Migration (IOM) *2008 World Migration Report*, are Ivory Coast (2,371 thousand immigrants), Ghana (1,1669 thousand immigrants) and South Africa (1,106 thousand immigrants) (IOM, 2008:407). In the Southern Africa sub-region South Africa is followed by Namibia and Botswana with 143,000 and 80,000 immigrants respectively. Namibia ranks first in terms of migrants as a share of the total population, at 7.1 percent. In South Africa the migrant stock represented 2.3 percent

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[2] The authors further note that "This reality is rarely recognised in policies directed at poverty and inequality reduction."

of the population in 2005, a 0.1 percent increase from 2000 according to UN DESA (2005) (although the data do not include the large amount of undocumented cross-border migration within Africa).

For South Africa, figures for 'illegal immigrants' quoted in the media are regularly grossly overestimated: Crush *et al.* (2005:12) consider that estimates of the numbers of undocumented migrants in South Africa "have grown from the barely plausible to the outrageous; in the 1-2 million range in the early 1990s to 8-10 million at the present time." They remark that while "South Africans believe that 25% of the population is foreign, the figure is probably closer to 3-5% with around 500,000 undocumented migrants."[3] Furthermore irregular migrants need to be differentiated between those who entered legally and overstayed, those who entered unofficially, and those which entered irregularly but have since been granted permission to reside (e.g. through amnesties) as noted by SAMP (2006b:116).

Simultaneously South Africa is also the home country of the majority of Southern African emigrants legally abroad: South African nationals formed the largest cohort of SADC-born migrant in 2000, with 481,400 nationals registered abroad. This was followed by three countries with recent civil crisis experiences, Angola (300,000 immigrants), the DRC (166,300 immigrants) and Mozambique (136,700 immigrants).[4] Host countries reflect colonial history, with most Angolans (58%) and Mozambicans (56%) residing in Portugal while the majority of Congolese reside in Belgium (30%). More than 75 percent of skilled South African emigrants relocate to five English speaking countries: the U.K., the U.S., Australia, Canada and New Zealand (IOM, 2007a).

South- South Migration

South-South migration is prevalent in Africa. The World Bank estimates that out of a total of 14.5 million migrants originating from sub-Saharan Africa, 10 million migrants moved within the region (Ratha & Shaw, 2007). Such intra-regional mobility is likewise prevalent in the Southern African sub-region. Documented temporary cross-border movements from other African countries, particular SADC countries, into South Africa have significantly increased: between 1990 and 2000 African visits to South Africa increased from 550,000 to four million, while SADC visits to South Africa increased from 500,000 to 3.7 million, roughly 74 percent of the total (Crush & Williams, 2005).

Studies of cross-border migration in the region show that circular migratory patterns are prevalent (Crush *et al.*, 2005, endnote 36). This means that it is non-permanent migration that is involved and that the migrant retains strong ties to his region of origin. Such circular migration between neighbouring countries is not new; it formed an important source of labour recruitment for South African mines and plantation especially during the apartheid era where it was tightly regulated. However, the end of the apartheid control system produced new incentives for internal and cross-border mobility and this was reinforced by the ensuing integration of South Africa

[3] See also Crush (1999).
[4] Table of SADC-Born Migrant Stock, 2000, DRC Database. (Available at http://www.queensu.ca/samp/sampresources/Observatory/migrant_stockDRC.html)

with the SADC region, which stimulated new forms of intra-regional mobility (Crush *et al.*, 2005:1).

The prevalence of intra-regional migration ties in with its role as a livelihood strategy for households: occupational diversification of households in rural areas is often inextricably linked to mobility (SAPM, 2006:10). One IIED study on rural-urban migration in Mali, Nigeria and Tanzania, found that a remarkable 50-80 percent of rural households had at least one migrant member, across all wealth categories, and with increasing involvement of women as independent migrants (Tacoli, 2002).[5] Male labour migration consists mainly of wage employment, predominantly for the mining or commercial agriculture sector, while female migrants are less likely to be in formal employment and more likely to be engaged in informal economic activities. Cross-border trading has been found to provide significant income earning opportunities for women, who constitute a significant proportion of informal sector cross-border traders (Crush *et al.*, 2005:16).

In Southern Africa data shows that female migration has increased significantly over the period 1994-2004. Evidence suggests that young, unmarried women appear to be engaging in 'economic' migration more than they did previously and migration has been found to be a significant livelihood strategy for women and women-headed households. This is likely a result of growing rural and urban poverty and unemployment that has pushed more people out of households in search of a livelihood (SAMP, 1998). Nonetheless, a subsequent SAMP study found that cross-border migration in the region remains dominated by men: overall, just over 15% of the migrants from households identified in their 2005 Migration and Remittances Survey were women. The proportion of women amongst migrants varies widely from country to country, however. Zimbabwe stood out with the highest proportion of migrants who are female, at 43.6%, with Lesotho a distant second at 16.4%. In the other countries surveyed, Mozambique and Swaziland, the proportion of migrants who are female was found to be below 10% (see SAMP, 2008a).

Cross-Border Traders

The predominant form of employment-related non-permanent migration in the region occurs along congruous borders through the activities of small-scale, commonly informal traders who carry goods across State borders. These have been described by Crush *et al.* (2005:15) as "amongst the most enterprising and energetic of contemporary migrants." Their activities serve to integrate the Southern African region into transnational continental and regional trade networks, both formal and informal (Peberdy & Rogerson, 2000). While cross-border trade is a feature of South-South Migration worldwide, this phenomenon is especially pronounced in Africa; as State borders cut across ethnic cultures, this minimize language and cultural barriers between neighbouring countries.[6]

[5] The study also found that remittances had declined over a 15-year period, largely as a result of employment insecurity in destination areas, even though at the same time rural households had become more dependent on these remittances.

[6] *Sewfi* and *baole* are local languages of trade spoken on both sides of Tanzania and Mozambique, while *Hausa* is used across the Niger-Nigeria border. *Yoruba* is a language of trade spoken in Nigeria, Benin, Cote d'lvoire, and Ghana while *Luo* plays a similar role between Sudan Uganda, DRC, and Kenya. See Okello Oculi (2005).

The issue of cross-border traders has been recognized as important by development actors and policy makers, and regularly features as a topic in workshops and conferences in the sub-region. Cross-border trade has received special attention due to its contribution to regional food security.[7]

The volume of informal cross-border trade (ICBT) has been estimated by Chirwa to constitute 35 percent of the current value of formal trade[8], while Landsberg estimates cross-border traders account for between 30 and 40 percent of SADC trade, cautioning that "the bottom line is we don't know."[9] Estimates are available for some countries: data collected through monitoring borders in 2004-05 by the Bank of Uganda led to estimates that in comparative terms, informal trade exports accounted for 49.5% of the formal trade, while the overall up rated estimates for exports and imports conduced through ICBT for the 10 months of monitoring stood at US$162.0 million and US$54.2 million respectively. Monitoring along Mozambique's borders in 1995-96 led to estimates that the total annual value of ICBT then amounted to approximately US$135 million (Macamo, 1999).

The economic opportunities for cross-border trade are congruent with the new economics of migration that sees the primary driving force as underdeveloped factor markets: unevenly developed markets across the different States in Southern Africa result in significant price differences and the differing availability of commodities, which provide market opportunities and hence the economic rationale to undertake cross-border trade.

In Southern Africa the economic necessity to undertake this form of entrepreneurship is compounded by a lack of formal sector employment; many people get involved in informal cross-border trading activities as a response to unemployment. As Mijere (2009) notes, ICBT constitutes a significant tool for creating self-employment and generating income while the absence of secure wage employment is the primary reason pushing people into this activity: ICBT is an alternative to insecure and casual wage employment and a "safety net" for the unemployed. In Mozambique, ICBT provided an opportunity for a large number of unemployed people to earn an income more than four times the minimum salary in the formal sector (Macamo, 1999). Another study found that ICBT is either the main source of income for the unemployed and caters for the immediate as well as extended families or a secondary source that supplements other incomes accruing to family units (SADC Secretariat, 2008). Cross-border trade also has important employment multiplier effects: a study on women's cross-border trade in West Africa found that women's businesses engage a large number of people, formally (by using the services of other businesses, such as public and private transportation) and informally (by employing family members), thus creating livelihoods for many (Dejene, 2001). Finally, Mijere (2009) considers that ICBT promotes entrepreneurship enhances the skills of people without formal education, and has the potential to

[7] The United Nations World Food Program considered that informal cross border trade played a significant role in averting widespread food insecurity in Southern Africa during the major regional drought of 2002 and 2003 and the following year established a monitoring system to gather data on foodstuffs being transported across borders.
[8] COMESA-ACBF (Africa Capacity Building Foundation) Consultant, John Chirwa, cited in *Lusakatimes.com* (2008) "Civic leader welcomes COMESA FTA", September 19.
[9] Cited in Nduru (2004).

develop traders into formal businessmen and women.

The predominance of informal trade crossing borders has been considered in a recent OECD working paper, which finds that firms are incited into conducting informal cross-border trade when important price disparities arise between formally and informally traded goods in the importing country due to: high levels of import and export duties on selected commodities; complex, non-transparent or divergent regulatory requirements (e.g., customs formalities, technical regulations and sanitary standards) that contribute to increasing trade transaction costs; obstructed entry or exit of certain commodities caused by import quotas or export bans; and weak law enforcement at the borders, which generates arbitrary applications of trade laws and regulations and facilitation payments (bribes). (See Lesser & Moisé-Leeman, 2009.)

However, Little (2007) has demonstrated that, counter to common perceptions of cross-border trade as an unorganized informal activity, it has complex links to the formal sector. His research in Ethiopia found, for example, that maize may be informally sourced from trans-border markets but eventually sold through licensed retail shops in the import country; livestock trekked across borders to be sold are officially taxed at different market centres and eventually sold through formal market channels. In the Southern Africa region Peberdy (2007) also found strong relationships between the formal and informal sectors in regional trade. This is because the majority of cross-border traders buy their goods in the formal sector, from wholesalers, retailers, manufacturers, and commercial farmers, which they then sell in another country in the informal economy (Peberdy, 2007:23).

Cross-border traders have been categorized as hawkers, retailers, retailers cum wholesalers and wholesalers. In Mozambique the predominant category was that of retailers, constituting about 59 percent of the sample, followed by hawkers (23%), retailers/wholesalers (8%), and wholesalers (10.4%) (Macamo, 1999).[10] SAMP research monitored ICBT through 20 borders connecting 11 southern African countries and found most traders to carry stock worth between R1000 and R5000, although many carried goods worth less than R500; the differing value of goods show that cross-border trade encompasses a wide range of entrepreneurs, from survivalists to relatively large-scale traders (Peberdy, 2007:25).

Cross-border trade in Southern Africa is stimulated by the inclusion of South Africa as the most developed economy in the region and Johannesburg is the primary shopping destination for cross-border shoppers and traders who buy goods for resale elsewhere. Hence cross-border trade contributes significantly to the South African economy. A SBP Survey finds that in 2005 visitors from African countries spent more than R12 billion in South Africa. One third of those visitors came here with the express purpose of shopping, versus one percent of visitors from the Americas, Australasia, and Asia. The study found that spending on services as well as on goods contributed substantially to the Johannesburg's economy. The spending had also a number of pro-poor features, e.g. cross-border shoppers and traders from African countries are particularly likely to rent accommodation from poorer South Africans. Their presence helps stimulate entrepreneurial and small business activity (SBP, 2006).

[10] A study on women cross-border traders in west Africa included the same categories, minus the 'hawker' category. See Dejene (2001).

Respondents to the SBP survey were generally low-income, small-scale entrepreneurs operating in the informal sector. The survey however also included middle-income entrepreneurs running larger import–export businesses. Respondents on average travelled to South Africa four times a year and 72 percent bought goods for resale in their home countries, with clothing and accessories the most popular. In addition tourism in South Africa attracts cross-border traders to operate in the country: 36 percent of respondents sold goods made by others in their home country in South Africa, and 23 percent sold goods they had made themselves.

The prevalence of cross-border traders is because such entrepreneurial activities have a low entry requirement and is open to those with limited education: Mijere (2009:iv) finds that "level of education has no significant role to play in small-scale trade business activities. The traders' levels of formal education do not determine the nature of cross-border trade." The study in Mozambique found that most informal cross-border traders were small scale male traders who lacked formal employment and initially invested minimally using credit from informal sources (relatives and friends). Of the traders sampled more than half (about 55 percent) had only invested a small amount of money - not exceeding US$50 - as initial capital in the activity (Macamo, 1999). In a SADC survey almost all traders interviewed indicated lack of starting capital as the major constraint in their business and some indicated having secured their start-up capital from relatives or friends either as loans or as donations while only a small fraction said they had obtained loans from financial institutions. Others had used savings from their previous employment as their starting capital (SADC Secretariat, 2008).

Informal traders make small profit margins that ensure sustainability but not long-term benefits - small profit margins leave limited funds for reinvestment in order to expand and improve the business. Interviews with traders identify that they are unable to gain capital from financial institutions as they do not have adequate collateral. Those interviewed also reported that microfinance institutions give inadequate loans for improving their businesses and that their terms of payment are restrictive (CORN, 2004). This severely hinders the traders' ability to expand and improve their business.

Criticism of informal cross-border trade is largely due to the lost customs revenue for the State. On this, a SAMP survey found that out of 5500 monitored traders crossing borders 1780 of them paid customs duties, while the remainder carried loads on which duties were not payable and/or fell under the personal allowance limit. During the 10 day survey period at the 20 border posts R 3.75 million was collected from the 1780 traders that paid duty, suggesting that R 135 million is collected each year in this way. Furthermore, the study found that although most traders buy from the formal wholesale and retail sector few claim VAT; this further contributes to the government fiscus of the country in which they buy the goods (Peberdy, 2007). It seems that many do not know that they can claim VAT, while others indicate that the systems are too complex and time-consuming and that they find it difficult to cash the cheques received; the tax refund system requires cross-border traders to hold bank accounts.

While in Uganda a newspaper headline reading "Informal border trade threatens tax collection" cites government estimates of a loss of at least sh1.9b (US$ 10.1 Million) in tax revenue from smuggled imports between October 2004 and January 2005 (Mugisha, 2005), an examination of the study which was cited is revealing; monitoring by the Bank of Uganda of informal trade crossing national borders found that Uganda enjoyed a positive net trade balance to the region of US$19.1m in informal trade, and that in comparative terms informal trade exports accounted for 49.5% of the formal trade (Uganda Bureau of Statistics, 2006). As a result, the study considered:

> "Estimated tax revenue loss must be interpreted cautiously. The government's objective of maximizing revenue collections may be a short term concern on informal trade, but is not desirable in the long term because, this will impede the efficiency in production that could be realized through increased trade."

The study found that high tax change provides ample incentive for engaging in tax evasion:

> "… therefore, reforms are needed in reducing the tariff levels and non-tariff barriers together with rationalizing entry requirements into formal trading, if the government is to attract more entrepreneurs into the formal trade sector earn revenue (sic.)" (Uganda Bureau of Statistics, 2006:26)

The potential of the economic activities generated by cross-border traders in the region is well understood, and this helps demonstrate the employment creation potential that is generated by circular migration flows, as previously presented. The paradigm further considers the prospect for enterprise development, and here we find, as mentioned by the Bank of Uganda (Uganda Bureau of Statistics, 2006), that there is an important role for government regulations to encourage cross-border traders to grow into formal sector enterprises. However, as discussed, most informal traders make small profit margins that ensure sustainability but not savings that can be used for investments to expand and improve the business. Furthermore traders find their access to credit is restrictive. We shall discuss this issue, as well as a possible migration-related mechanism to redress this, in the conclusion.

South- North Migration: The Brain-Drain Concern

African emigration towards Europe and the United States is predominantly of educated individuals and this gives rise to concerns over the issue of 'brain drain'. Based on 1990 US Census figures 95,000 out of 128,000 African migrants residing in the USA had a tertiary education, whilst migration of those with primary education or below was 'virtually zero' according to Carrington & Detragiache (1999). The International Labour Organization (ILO, 2003) estimated that up to 75 percent of persons emigrating from Africa to the United States, Canada, or OECD countries had completed university-level studies or equivalent technical training. The brain drain concern is that these skilled individuals are those best able to assist the development of post-colonial Nation States, and hence development is retarded through their emigration. Furthermore, the country of origin loses its earlier investment in the education and training of the person as well as future tax payments (Lucas, 2005).

High skilled migration is sustained by demand from the receiving countries for migrant workers with skills in short supply. This has become of singular importance with the expansion of international trade and financial flows in the 1990s. To remain competitive, nations and companies compete to attract skilled workers sourced from international labour markets. Indeed, the opening up of the European labour markets to immigration in the early 1990s, which brought to an end the 'zero-immigration' policy that was a result of the 1972 economic recession, can be linked to a shortage of qualified Information Technology (IT) workers in national and European labour markets (see De Hass, 2006).

The importance of attracting skilled migrants in order to remain competitive is also currently visible in Southern Africa. Botswana facilitated in the 1990s the recruitment of skilled personnel from other countries and as a result has attracted skilled migrants from the sub-region and abroad; for instance, the number of work permits issued increased by about 50% between 1995 and 1999 - from 9,348 to 14,137 (De Haas, 2006:10). Mauritius recently recognized shortages of highly skilled workers in a range sectors - including pharmaceuticals and IT – and has, in response, adopted a number of initiatives to attract skilled foreign workers. These include the opening up of the economy to foreign expertise and capital; incentive packages and corporate personal income tax deductions (MIDSA, 2007:9-10). For middle income countries national immigration policy can help ease labour shortages caused by the emigration of high skilled individuals; indeed in South Africa, the idea of a brain drain-induced 'skills crisis' was "the single most significant reason for the rethink of government policy towards skills immigration" (Crush *et al.*, 2005:20).

In the sub-region the brain drain is commonly associated with health-workers' migration, which is similarly a result of demand for healthcare workers in the developed economies exacerbated by an ageing population. The emigration of such professionals can be detrimental to the availability of health care in the home countries. Certain figures are remarkable: the IOM considers that while Zambia had an estimated 1,600 doctors in the 1980s, only 400 remained by 2002. Similarly, of the 1,200 doctors trained in Zimbabwe in the 1990s, only 360 were practicing in the country in 2003 (IOM, 2007a). For South Africa IOM data found medical doctors emigrating at an annual rate of about 1,000, an estimated 30-50 percent of all medical school graduates emigrate to the U.K. or U.S. every year and doctors from South Africa make up 9.7 percent of total foreign-trained doctors in Australia and 7percent in the U.K. (IOM, 2007b).

Labour migration is very responsive to demand and to improved working conditions, and migration flows quickly respond to labour vacancies worldwide. For example doctors from Canada that moved to the U.S. because of better pay are then replaced in Canada by South African doctors, who benefit from access to first rate medical facilities as well as increased salaries, while in South Africa demand is addressed from qualified Africans while Cuban and Iranian medial personnel have also been recruited to address shortages. As such, IOM (2007b) recommended the South Africa authorities to enable foreign nationals to work in the public health care sector in order to respond to the shortages.

Importantly, while it is commonly thought that increased development in countries of origin will reduce emigration, studies have shown that migration is also a *consequence* of development in the home country: Massey (2003:11) finds that "migration does not stem from a lack of market development, but from the development of markets themselves" and that emigration is an almost inevitable outgrowth of a nation's incorporation into the global economy. Likewise, Skeldon (1997) generally remarked that social and economic development in the broadest sense tends to be associated with more migration, at least in the short and medium-term. This is because international migration is a costly endeavour and hence it is not the poorest that tend to migrate but rather those who can afford to pay, including for the use of human smugglers.

Martin and Taylor's (1996) research demonstrated that a temporary increase in migration - a "migration hump" - has been an usual part of the process of economic development.[11] They find that economic development and decreasing income differentials with destination countries produces an inverted U-curve effect on emigration, steeply increasing in the initial phases of economic development. Only after a longer period of sustained grow and decreasing wage gaps with destination countries does labour migration tend to decrease. They note that emigration tends to decrease steeply if the income differential between sending and receiving countries declines to 4 or 5 to 1, provided that the emigration country is growing fast and offering hope and opportunity. They also caution that poor infrastructure and public services, political instability, failure of public policies to boost economic growth and protectionism by developed countries may discourage investments and retard expansion of new employment, resulting in a semi-permanent "migration plateau" of sustained out-migration (Martin and Taylor, 1996:57).

Circular Migration and Employment

Having examined labour mobility in the Southern African region this section revisits the circular migration paradigm presented earlier on. Circular migration can help individuals contribute to enterprise development in their countries of origin through increases in financial, human and social capital, which are then put to productive use in their countries of origin. Transfers of financial capital occur through remittances sent home and through savings brought by returning migrants. These can provide the necessary capital for business start-ups or upgrading by the migrants themselves or by household members receiving remittances. Increased human capital includes knowledge of modern production methods and increased know-how, while transfers of human capital occur through the migrants' return but also during periods of temporary return, if the migrant is engaged in imparting the knowledge gained abroad (see ILO, 2002).[12] Finally, migrants' accumulated social capital - i.e. the social and professional contacts they have developed abroad - can provide significant benefits to entrepreneurs.

This paradigm helps us understand how migration can foster employment and this is largely due to migrant entrepreneurship; immigrants are more likely to be employed by natives while returning migrants frequently opt for self-employment and use their accumulated savings to establish small businesses (UN General Assembly, 2006, parags. 250-251). However, this should not be seen as a measure of last resort. While the pecuniary flows arising from circular migration provide the capital to start a venture, it is often overlooked that the *idea* for a venture is a result of non-pecuniary flows that arise from circular migration: a study on return migrants belonging to elite groups in Ghana and Côte d'Ivoire found that younger returnees were more enterprising and prone to start private-sector businesses than those without a

[11] The authors cite as examples the development of southern European countries such as Spain, Italy, Greece and Asian countries, notably Taiwan and South Korea.
[12] See

migratory experience (Ammassari,2003).[13]

Migration facilitates small enterprise start-up and development by helping overcome barriers to entry: a 2003 study entitled "Migration, Return, and Small Enterprise Development in Ghana" found that "to the extent to which shortages of start-up capital and technical know-how constitute a barrier to starting or improving small enterprises, international migration and return can represent an important source of such capital" (Black *et al.*, 2003:5). The UN Secretary General's Report on Migration and Development (2005) finds that migrants who plan to be self-employed upon returning usually work longer and save more while abroad as the money earned abroad is then used as start-up capital (parag. 251).

Migrant entrepreneurship is equally relevant for immigrants residing in the receiving countries, migrants are more likely to be self-employed than natives (parag. 168). This is because when the process of integration of immigrants into the labour market of the host country is difficult, many immigrants establish micro, small and medium enterprises firms as alternatives through self-employment. This is the case especially in Africa where secure wage employment is hard to come by (Lucas, 2005). These business start-ups can serve as important sources of employment, notably for new migrants. Immigrants can furthermore capitalize on their ethnicity and their links with their country of origin as a comparative advantage in their business ventures.[14] This is commonly reflected in the food catering business, with especially non-SADC migrants capitalizing on their native cuisine, and this enlarges choice for consumers in the host country.

Such entrepreneurship contradicts the commonly held notion that "migrants are stealing our jobs". Instead more emphasis must be placed on employment creation by migration as such migrant entrepreneurship also creates jobs for locals. Rogerson's (1997) study on immigrant entrepreneurs and South Africa's small enterprise economy found that foreign entrepreneurs created significant employment opportunities for nationals. Specifically, 70 immigrant entrepreneurs surveyed in Johannesburg had created 227 direct job opportunities, 3.3 per job. Around half of the employees were South African nationals.This does not include indirect job opportunities created by the immigrant-owned business. Migrant entrepreneurship can be facilitated in the host countries by easing restrictions to self employment, providing access to financial institutions, credit and secured property rights. Facilitating foreign entrepreneurship can be especially useful for low-income countries because of the local employment effects that such initiatives generate.

This paper will next examine the four intersecting points of the circular migration paradigm illustrated on page 5 with reference to the Southern African sub-region.

On the West - Pecuniary flows

Pecuniary flows arising from migration predominantly take the form of remittance transfers. Indeed, it was the realization of the sheer value of such global transfers that

[13] Furthermore, it is possible that their elite status allowed them to increase social capital more markedly than non-elites by facilitating their interaction with native communities.
[14] This was also found with reference to non-SADC African entrepreneurs operating South Africa (see SAMP, 1997).

stimulated interest in the contemporary migration and development nexus. According to World Bank (2008) data, remittances to African countries more than doubled from US$7 billion to US$17 billion between 1995 and 2005; in 2007 Africa received US$23.1 billion in remittances in 2007, with US$11.7 billion to sub-Saharan Africa and US$11.4 billion to North Africa (excluding Egypt). Africa receives the smallest share of global remittance transfers - only 6.8 percent of the total global remittance flows estimated at US$ 337 billion. However, Cerstin and Maimbo (2003) find that the low figures are partly because less than two-thirds of African countries (and only one-third of Sub-Saharan countries) report remittance data. Flows through informal channels are not captured at all. One study estimates that, when including unofficial remittances, global figures are about 2.5 times the size reported in IMF balance of payments data.[15] The Bank of Ghana estimated that informal remittance flows into the country are at least as high as recorded flows.[16] Remittance transfer data also do not include the value of goods migrants bring home.

South Africa is the major remittance-sending country to other SADC countries. Genesis Analytics (2005) calculates remittance flows to Mozambique at R 2.2 billion; to Lesotho at R 1.7 billion, to Swaziland at R 432 million and to other SADC countries at R 1.5 billion. (Zimbabwe is not included however.)

Informal remittance transfers are predominant in Southern Africa; this is facilitated by geography as most migrant workers originate from neighbouring countries and return home relatively frequently. The predominance of informal remittance transfers is compounded when formal financial systems are weak or nonexistent in the migrant's region of origin. The most popular ways of bringing money or goods home are for the migrants to bring it themselves or to send it via a friend/co-worker (SAMP, 2006a). There is potentially a great demand for formal transfers as faith in informal systems seems to be declining noticeably in many areas in response to theft and robbery (Cerstin & Maimbo, 2003).

Remittances are important for poverty alleviation: Lachaud (1999) estimated that international remittances to Burkina Faso reduced the headcount of those in poverty by 7 percent in rural areas and by 3 percent in the urban sector. Gustafsson and Makkonen (1993) examined remittances from Lesotho's mine workers in South Africa and concluded that the incidence of poverty in Lesotho would have been 15 percent greater in the absence of remittances from mine workers in South Africa. SAMP, which devised a Migration and Remittances Surveys (MARS) in 2005 to provide data on remittance flows and usage at the household level for five SADC countries (Botswana, Lesotho, Mozambique, Swaziland and Zimbabwe), demonstrated that migration is a livelihood strategy of the poor and that remittances are critical for poverty alleviation in many households (SAMP, 2006a and 2006b, p. 26).

Remittances are pecuniary flows that can enable business start-up and improvement. In Southern Africa remittances serve to keep poverty at bay and there is little, if any, left over. The MARS survey found that few migrant sending households have savings. Nonetheless, while the survey further found very little evidence of re-investment of income (remittance and otherwise) for business activities, the data

[15] AITE (2005) cited in Nkamleu (undated:27).
[16] Cited in Lucas (2005).

show the contribution of remittances for economic activities: remittances in Swaziland are important for the purchase of farming items (fertilisers and tractors) and seeds; seeds are also remittance-related purchases in Lesotho and Mozambique, while in Botswana remittance money is used for cattle purchase. Nonetheless two thirds of the households that invest remittances into agriculture across the five countries are in Swaziland (SAMP, 2006a:6-7).

Instead we find that remittances to households in Southern Africa primarily enables increases in human capital through its use in providing children with nutrition and education: the MARS survey found that across the five countries, the most common expenditure items for remittance money are food (90% of households), school fees (52%), clothing (52%), and fares (transportation) (34%) (SAMP, 2006a:6-7).The study considered that: "remittances do not appear to be spent on non-essential or luxury items; but nor are they commonly directed towards savings or investment in business or other productive activities. They are, however, significant in sources of investment in children's education" (SAMP, 2008a:7). Furthermore the use of remittances for consumption can have important multiplier effects on the local economy, and hence increase the demand for goods and services which are provided by local businesses (see Taylor, 2006 and Massey, 2003).

Remittances have a high potential for business development. Households, by demonstrating that they receive regular money transfers from abroad, can use remittances as collateral to obtain credit or insurance. In addition, if remittances are used to open a savings account in banks, then this will increase the availability of credit, including for non-migrant households. In Mexico, for instance, about a fifth of the capital invested in micro-enterprises is associated with remittances (Woodruff & Zenteno, 2001), while a study in the Philippines found that remittances appear to ease credit constraints in new business formation (Yang, 2004).

An ILO study on microfinance and remittances argued that it is difficult to convert migrant workers with no prior business experience into dynamic entrepreneurs, and it is more realistic to introduce financial intermediaries that capture migrant remittances as deposits and channel them to existing small and micro-enterprises (Puri & Ritzema, 1999). However the investment potential of remittances is curtained by underdeveloped financial markets in Africa where weak financial systems provide limited services to remittance receiving households, especially in rural areas. This reduces the household's access to financial services and products such as savings accounts and mortgages, which, in turn, limits the investment potential of remittance transfers. In addition, in Africa, the weak financial infrastructure, foreign exchange regulations, and high transfer costs, especially for small amounts, also hinder formal remittance transfers occurring via the banking system while for many poor people getting a bank account can be difficult and expensive to access (Cerstin & Maimbo, 2003 and Crush *et al.*, 2005:18). All these curtail the investment potential of remittances. It has been recommended that in order for migrant households to make the most of their earnings there is a need for affordable, accessible banking systems available in rural and urban areas and which meet the standards for international transfers (Crush *et al.*, 2005:19).

Finally, as noted earlier, if South to North migration in Africa is predominantly of the educated and well-off, remittances sent home from these individuals will not go directly to the poor.[17] Likewise, it is likely that only a small percentage of high skilled migrants would be interested in engaging in rural community development programs if they do not identify with the rural communities in question. As a result, it may be better to encourage such well-off Africans abroad to invest in business start-up and expansion in their country of origin.

It is worth recalling that pecuniary flows arising from circular migration should not be limited to remittances. These also include the flow of goods and services that are generated by cross-border traders. Such traders promote goods originating from their region of origin throughout the sub-region, increasing demand and hence enabling business expansion. For example a study on women's entrepreneurship in West Africa found that Mali's high quality of dyed cloth (*basin)* generates steady demand throughout the region, while cross-border trade with this commodity increases the demand, resulting in the expansion of women's cloth-dying business activities (Dejene, 2001). In Southern Africa SAMP's research monitoring ICBT through 20 borders connecting 11 countries found that the 'overwhelming majority' of goods (93%) were made or produced in SADC countries, especially South Africa, which produced 49% of the goods carried (Peberdy, 2007).

On the East - Non-pecuniary flows

Non-pecuniary flows that arise from circular migration can result in increased social and human capital; migration can result in exposure to new ideas and know-how and expanded social and professional networks, and this can provide significant value-added for entrepreneurial activities.

Importantly such non-pecuniary factors is that they may provide the trigger for the business *idea*. This includes learning new skills while abroad, which the migrant can then use to sell their labour. Business ideas are also generated when a migrant moves to another location and gains understanding of market demand and when this is matched by knowledge of supply in their region of origin, as this provides them with a marketable opportunity. Circular migration flows furthermore encourages entrepreneurship in its original Schumpeterian definition, which emphasizes novelty. The non-pecuniary flows that arise from migration, which includes additional skills and know-how and contacts with more and different people, provide the inputs for an individual to imagine a novel business idea. This becomes 'circular' when it involves the country of origin.

By interacting with both the diaspora and local populations, the migrant gains social capital that may be used for business initiatives that connect home and host countries. For example immigrant businesses often source products from their country of origin, which benefit from market demand by other migrants from that country. Once the migrant entrepreneur expands their business networks, including with native actors, then these enhanced networks can facilitate global trade by connecting businesses in countries of origin with buyers in countries of destination. That such linkages are formed was demonstrated in a study of Tunisian returning migrants, whose businesses were supported by transnational networks and partnerships with business contacts in their former host countries, France and Italy

[17] That the poorest are rarely the major beneficiaries of remittances, at least directly was demonstrated in Lucas (2005).

(Cassarino, 2000). Similarly in terms of rural-urban migration a study by the International Institute for Environment and Development found that strong linkages maintained between source and destination areas for migrants in Africa help link rural producers to urban markets (Tacoli, 2002). Hence circular migration flows can help foster transnational trade linkages by connecting buyers and sellers in home and host countries, and ultimately helping home country producers enter global value chains.

A positive migration experience will result in exposure to new skills and know-how, including business management skills, and this has tremendous potential for human capital development. Azam and Gubert (2005) find that migration has enhanced the adoption of improved agricultural technology in Kayes village in Mali (although the migrant households did not exhibit better agricultural performance than non-migrant households). Furthermore such non-pecuniary migration flows should not be seen as deriving exclusively from the developed economies towards the regions of origin; traditional knowledge and crafts are items that can flow to the developed economies of the north through circular migration.

The migration of individuals is further enhanced by increased human capital. Just as development in the home country paradoxically leads to more migration (the migration 'hump'), human capital development leads to more, rather than to less, migration and never more so than in our contemporary globalizing world. This is because once an individual has gained the necessary skills and expertise, s/he is able to compete in larger labour markets, and hence his/her options increase to expand beyond the local. Migration is, hence, a result of increasing options and opportunities for people; this is tied to Amartya Sen's development approach that considers that the basic purpose of development is to enlarge people's choices (Sen, 1999).

Indeed, circular migration is increasingly a feature of an individual's professional life cycle. For example, after having studied in the home country the person might first chose to emigrate to pursue further education abroad. This allows the individual to re-enter national labour markets on a more competitive position. S/he then works in his/her country of origin for a few years, gaining the necessary work experience that makes the person a more attractive candidate and this increases his/her employment options, including abroad. (For instance, to be eligible for the European Commission's proposed 'Blue card' new immigrants would need to show a recognised diploma and have at least three years of professional experience.) The individual may then gain further work experience abroad. However, after a few years the individual may have better options for career development by returning to work in his/her country of origin at the managerial level, and this experience will then allow him/her to apply for managerial posts at the international level. Finally, the individual may decide to return home for retirement. As a result migrants may work outside of their country once, or many times, depending on their decision about the options and opportunities available to them, and depending on their life-cycle.

The example above pertains to individuals who start off with a significant amount of both, human and financial capital. However, a household may be able to achieve this threshold level of capital through remittances sent back by a family member that are then invested in human capital formation through housing, nutrition, healthcare and education.[18] This way the children would start off from a more advantageous position than their parents and hence, if they decide to seek work abroad, may not be limited to unskilled and semi-skilled labourers.

In the case of South Africa, a survey on the emigration potential of professionals was developed which showed 2% of the skilled population with very high emigration potential (32,000 individuals), a further 10% (192,000) with high potential, and 25%, or a quarter of all respondent, with moderate potential (SAMP, 2006b:98). It is very likely that this moderate potential depends on the work opportunities the individual receives in the future. This cannot be viewed only in terms of increased income opportunities, as the highly-skilled are well remunerated in national labour markets. It is rather improved career development which is the deciding factor to working abroad. For example working conditions emerge as the single most important pre-disposing factor for the emigration of health professionals from southern Africa (Padarth *et al.*, 2003).

Conversely working conditions have been shown to be a primary factor for encouraging the return of skilled migrants. This was observed in the Republic of Taiwan and the Republic of Korea: while these managed to attract migrants back when they were experiencing significant GDP growth this, by itself, is not sufficient to attract back expatriate workers. In addition state-led initiatives sought to build bridges with expatriate specialists, notably engineers, who were offered working conditions on par with those available abroad. This was achieved through infrastructure development initiatives, notably the creation of the Hsinchu Industrial Park in Taipei, and increased government investments in research and development (Wickramasekara, 2003:16). Similar State-led infrastructure development initiatives in specific fields will have to be undertaken by governments in Africa in order to entice their diaspora to return.

Finally, expatriate workers can be attracted home even if they are to receive less financial remuneration because of other non-pecuniary factors, notably the comfort of working in their home country and culture; they may wish for their children to be educated in the home country rather than abroad, or they may wish to be closer to their relatives.

On the South – Sending country

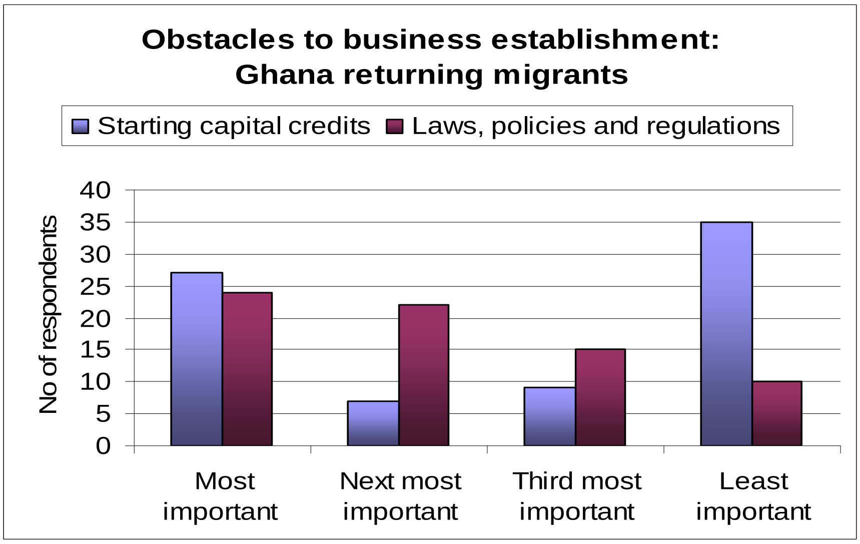
The prevailing idea behind circular migration is that migration can contribute to the development of the home country if migrants return or maintain strong ties with it. This is certainly the case with cross-border migration in Southern Africa: SAMP surveys identify that the large majority of people who come to South Africa have no desire to stay in the country permanently (Crush *et al.*, 2005:8-9). Across a whole range of indices cross-border migrants tend to prefer living in their own countries as they have better access to land, housing and services in their home countries. As Crush *et al.* (2005:17) note, "maintaining two homes may be expensive, but it enables migrants to retain access to land and housing." With migration a means to amass

[18] Migration may, however, also have negative social outcomes. These include loneliness from being separated from one's family, while children left home are negatively affected by the absence of a parent, especially if it is the mother who is abroad. (See UNICEF / UNDP, 2007.)

capital and income, temporary labour migration in Southern Africa does not systematically become permanent migration.[19]

Circular migration flows can facilitate enterprise development in the home country, however, as the UN Secretary General's Report (2005) remarks: "return migration will contribute to development only to the extent that the country of origin has a propitious social and economic environment for the migrant to use the skills acquired abroad or invest savings. The economic conditions in country or region of origin determine return"(parag. 249). Instead migration (e.g. both return migration and immigration from other countries) is a response to growing economic opportunities in a stable political environment. In addition, as Taylor (2006) has remarked, many of the same problems that induce people to migrate in the first place also limit migration's ability to stimulate development in migrant-sending areas, namely a stagnant local economy riddled with market failures (Taylor, 2006:13). Hence correcting market failures is required for the development potential of circular migration flows to be maximised. Finally, as mentioned previously, the paradigm on circular migration flows does not necessitate return migration, and this perception of opportunity can also encourage migrants to invest in home country development while residing abroad.

While many factors lie outside of government control (e.g. international commodity prices), governments can promote migrant entrepreneurship through an enabling policy and regulatory environment conducive to such business start-ups. Using questionnaire-based interviews carried out in 2003, a study on return migration and small enterprise development in Ghana asked those individuals who had started a business on their return to rank the most important difficulties they faced in establishing their business. The results show that a lack of starting capital was ranked as *least important* by the largest number of returning migrant entrepreneurs. In contrast, restrictive government legislation was seen as either the first or second most serious problem by a clear majority of respondent (see figure below).



Source: Black et al. (2003), Table 15

[19] The only major exception is in the case of Mozambicans who came to South Africa during the civil war of the 1980s and have stayed rather than returned (Crush *et al.*, 2005:9).

The theme at hand offers the potential for interview surveys on the effects on migration in enterprise development in the countries of the region. On this, it is worth noting that significant work has been done on immigrant entrepreneurs (i.e. foreign nationals operating in the host country), especially in the U.S.[20] However, in terms of the entrepreneurial dimension of return migration there seems to be only one such study in Sub-Saharan Africa, that by Black *et al.* (2003) carried out in Ghana**.**

Further studies are needed to understand the extent to which migration contributes to micro and small enterprise development in the country of origin and which will serve to test the hypothesis that international migration can result in increased financial, human and social capital that is used for income generating activities. Such surveys should help determine the extent to which migration contributes to starting or improving local enterprises and the characteristics of migrant entrepreneurs. Information could thus be collected on: i) returning migrant entrepreneurs (nationals); ii) businesses which have been created with the financial and/or human capital assistance of a relative abroad; iii) businesses created by immigrant entrepreneurs (foreign nationals). A study can involve a survey of small enterprises in a certain commercial district in order to identify those which have benefited from investment by a migrant household member; those that have been set up by returning migrants; those that have been set up by a foreign national. This can also be done through business establishment surveys or household surveys, where appropriate. The next stage would be to undertake questionnaire-based interviews with the businesses identified in the survey. In order to encourage such an activity a draft questionnaire is provided in the annex.

Such a study should furthermore examine national policies, regulations and institutions to determine the extent to which there is an enabling business environment that facilitates the entrepreneurial activities of households receiving remittances, of returning migrants, and also of foreign nationals. This should also consider the extent to which there exists initiatives to promote the return of their nationals from abroad and to facilitate their business ventures.

There are various ways in which government are encouraging migrants to invest in their home country, including facilities to allow migrants to repatriate their earnings abroad tax-free (Poland); creating savings mechanisms for remittances, notably foreign currency convertible bonds such as the Non-Resident Indian bonds, or facilities for returning migrants to import machinery and equipment at concessionary rates of duty (India, Pakistan)

Finally, the African diaspora community of skilled professionals abroad has the potential to play a significant role in national development, even without the permanent return of such individuals, and this has been recognized by national and regional organisations who are seeking ways to identify and engage with their diaspora populations.[21] Diaspora communities can contribute to development through the transfer of skills and expertise, resulting in a shift from 'brain drain' to 'brain circulation'- as emphasised in Wickramaseka (2003) - and there is interest in

[20] See for example Richtermeyer (2002). For South Africa see Peberdy and Rogerson. (2003) and SAMP (1997).
[21] See recommendations of the 2007 MIDSA workshop (MIDSA, 2007:15).

implementing programs to encourage the temporary return of qualified professionals abroad to share their increased knowledge with students in their countries of origin, hence contributing to national capacity building efforts. There is also tremendous potential of migrants abroad to invest in economic ventures in their countries of origin and this requires providing them with market information.

On the North – Receiving country

At the North of the circle we find the countries of destination. At the onset we find that the view of migration having negative effects on labour markets of the host country is not supported by research. The UN found that immigration does not have a significant impact on the labour markets in the receiving countries, particularly over the medium term, because they increase not only the labour supply but also the demand for goods and services. In addition, self-employment of immigrants results in enterprise creation. These activities, together with their dynamic and multiplier effects, increase the demand for labour, offsetting the initial increase in the labour supply that migrants induce (UN DESA, 2004). They may also increase the supply of labour in low skilled occupations that domestic residents find demeaning and are unwilling to fill, thus complementing rather than substituting for domestic labour.

However, Glover *et al.* (2001) maintain that migration will not generate higher unemployment for natives only if markets are functioning well. If this is not the case then it is theoretically possible for migration to generate higher unemployment for natives. This occurs especially if native workers are not prepared to accept a wage below a given floor and new arrivals in the labour market induces the market wage in some sectors of employment to drop below that floor, resulting in increased native unemployment. In addition to wages there is also the concern of the detrimental effect of irregular migration on labour standards – when irregular workers are exploited by unscrupulous employers to undercut competitors by lowering health and safety standards at work. Studies of sectors where undocumented migrants are employed in Southern Africa have revealed consistent violation of labour standards, sub-minimum wages, rampant economic and sexual exploitation, and great instability and fear among migrants. This includes commercial agriculture, construction and secondary industries (see SAMP, 1999a & 2000).

The international trade union movement considers that the best way to avoid immigration causing downward pressures on wages and working conditions is by embracing all migrant workers, including those in irregular status, within the trade union movement. There is potentially an enormous role for national and international trade unions in the protection of rights of migrants in that the core ILO conventions include the right of all workers, regardless of immigration status, to form and be trade union members.

The situation the migrants face in the receiving countries plays a significant role in determining if they enjoy a positive migratory experience or not. Two factors come into play in order to generate a positive migratory experience: rights and integration, and these are included at the top of the circle of the paradigm on circular migration flows. In terms of rights the State is forced to extend to all migrants, including those in irregular status, rights consistent with their fundamental Human Rights.[22] Integration depends on how well the migrant is able to acclimatize themselves to the different socio-cultural environment and this will be severely hindered by xenophobia. Unfortunately, Crush *et al.* (2005) find that in Southern Africa receiving countries view in-migration more as a threat than an opportunity. Migrants are popularly viewed as carriers of disease, takers of jobs and perpetrators of crime and, as a result, policy has tended to focus on control and exclusion. Rights of permanent residence and settlement are extremely difficult to obtain in most countries of Southern Africa and no country, with the possible exception of Botswana, has migrant or immigrant-friendly legislation on the books (Crush *et al.*, 2005:9).

Surveys from the late 1990s found that the majority of South Africans are resoundingly negative towards immigration: in 1997 45% of respondents supported strict limits on the numbers of immigrants allowed in and 25% wanted a total ban on immigration, a figure which increased to 35% in 2006. Only 17% would support a more flexible policy tied to the availability of jobs, and only 6% support a totally open policy of immigration (SAMP, 1999b). A similar exercise conducted in late 2006 concluded that "South Africa exhibits levels of intolerance and hostility to outsiders unlike virtually anything seen in other parts of the world"; compared to citizens of other countries worldwide South Africans are the least open to outsiders and want the greatest restrictions on immigration. The proportion of people wanting strict limits or a total prohibition on immigration rose from 65% in 1997 to 78% in 1999 and the proportion of those favouring immigration if there were jobs available fell from 29% to 12%. 84% feel that South Africa is allowing "too many" foreign nationals into the country (SAMP, 2008b).

Incredibly enough the 1999 survey found that many South Africans were generally not in favour of extending basic constitutional rights to foreign nationals - to which they are legally entitled. Less than 10% felt that 'illegal immigrants' should always be entitled to legal and police protection and only 13% felt that temporary workers should automatically enjoy police protection. While these figures dropped slightly in 2006 "the majority of South Africans still do not believe that either [refugees or temporary workers] should automatically enjoy police or legal protection"! (SAMP, 2008b:3). In response to the prevalent xenophobia found in the study Crush *et al.* (2005:10) have cautioned: "public education that reaches deep into the schools, into communities and into state institutions is essential …. no pro-active immigration plan can survive for long with a citizenry that is so uneducated about, and sceptical of, the benefits of immigration." They further note that xenophobia allows the exclusion of non-nationals from vital services that they may be entitled to, for instance, health and education and further marginalizes and excludes vulnerable communities increasing inequalities, including for non-nationals who are in the country legally (Crush *et al.*, 2005:27-28).

In terms of labour migration, while the proportion who agree to employed-related immigration rose from 12% in 1999 to 23% in 2006, South Africans do not want it to be easier for foreign nationals to trade informally with South Africa (59% opposed this), or to start small businesses in South Africa (opposed by 61% of those surveyed)

[22] To this aim the United Nations High Commissioner for Human Rights has established specific mandates to examine the human rights of migrants (1999) and trafficking in persons (2004). See http://www2.ohchr.org/english/issues/migration/taskforce/index.htm.

(SAMP, 2008b). This is to the detriment of the potential employment creation benefits of circular migration flows.

The idea of especially low-educated nationals that “migrants are taking our jobs” is perhaps due to the prevalence of migrants’ entrepreneurship. Poor migrants are understandably not entitled to any government benefits, and hence have greater motivation to become self-employed to generate an income. As a result in the communities migrants live in it is possible for the unemployed to *feel* that all the small shops or transport services, for example, are run by foreigners, and hence feel resentment, which upgrades to anger, towards immigrants.

Anger towards migrants results in xenophobic violence, which South Africa witnessed in May 2008 where, during a two week period, the IOM (2009) reported that 62 people, including 21 South Africans, were killed, at least 670 wounded, dozens of women raped, and at least 100 000 persons displaced and property worth millions of Rand looted, destroyed or seized by local residents. As a response to these events IDASA launched a project on “Migration and Social Cohesion”, arguing that the violence demonstrated the lack of social cohesion in the townships where African migrants reside. It is important to bear in mind, however, that the townships of the major urban centres of South Africa cannot be said to be characterised by a significant amount of social cohesion. Steinberg (2008:31) comments, in his essay on crime in South Africa: “it is hard not to conclude that that the systemic violence attendant on the modernization of South Africa created black communities of weak and tenuous fabric.” Hence the South African example is very different from the case of rural England, for example, where a homogenous community was only physically exposed to ‘the other’ through contemporary international migration, and which has resulted in increased support to nationalistic political parties.

IDASA correctly describes the policy challenge as developing strategies to integrate migrants into society “so that the autonomy of the nation and strength of the national identity is not eroded, but is rather enhanced”; “Immigration integration strategies is fundamentally about ‘becoming’ rather than “being” (IDASA, 2008a). They consider that a successful integration programme that strengthens social cohesion requires providing a politically and socially supportive environment in which migrants not only feel welcome and safe, but also have opportunities to contribute to the economic, social, cultural and political development of the host society. They caution that the destination countries will not be able to capitalise on the potential benefits of migration in the absence of effective integration: “Migrants who are accepted and respected by other members of society are best placed to fulfil their potential and to contribute to their adopted country.” (IDASA, 2008b)

Migration Policies

National immigration policy is primarily concerned with regulating the entry of people into the State. In other words, it is not regulated to maximise the potential benefits of migration. Likewise in Africa the potential benefits of migration for poverty alleviation have not been taken into due consideration in the development of poverty reduction strategies. A landmark report on Migration and Development in Africa (SAMP 2006b) emphasised that while “mainstreaming migration means foregrounding migrant populations and communities as viable agents of self-development”, a review of Poverty Reduction Strategy Papers across Africa

> "shows considerable ambivalence about migration. It is often simply not recognised as an issue, or not addressed. In seven sub-Saharan African PRSPs migration is not mentioned at all. Whilst in a further ten other countries, it is mentioned, the anti-poverty strategies outlined in the documents fail to then refer to migration as an issue. Overwhelmingly, where economic migration is mentioned, it is seen as negative." (SAMP, 2006b:9)

Likewise the SADC Regional Indicative Strategic Development Plan (RISDP) does not explicitly identify migration as a key area for intervention, although it is cross-cutting in all priority areas (pp. 106 - 107). The report emphasised that migration policy and legislation need to be read and reformed in ways that facilitate economic development and alleviate poverty (SAMP, 2006b:82).

In terms of enterprise creation, once a foreign national has acquired residency rights s/he generally proceeds along the same bureaucratic requirements as nationals. Countries also facilitate the immigration of wealthy foreign nationals with the intention of starting a business. However immigration policies are not accommodating to *circular* migration because they are based on a dichotomy of temporary and permanent migrants, and where temporary permits are preliminary to permanent residency. Commonly, immigration laws worldwide operate with migrants receive first a temporary permit to be renewed one or twice before applying for permanent residence, and this is based on the view that during this time the migrant would have been integrated into society and the labour market and hence is entitled to stay.[23] Importantly, this often requires a number of years of continuous residence, which means that individuals may not 'circulate' between two countries.

There are important barriers to overcome in order to legally migrate, especially for nationals of developing countries in the South wishing to reside in the industrial economies of the North. Once temporary residence is achieved, the cost of re-acquiring residency rights dissuades returning home until the migrant secures permanent residency. This hinders circular migration flows. Hence it is not surprising that circular migration is more common within internal migration instead of cross-border migration due to the barriers to entry raised by international border management. The recent international migration and development policy recommendations commonly propose multiple re-entry visas as a means of overcoming this.

Circular migration flows are maximised when migrants have freedom of movement between two countries. There are conversely hindered when there are barriers preventing re-entry to the host country. As have already noted earlier, such circular migration flows hold tremendous potential for enterprise development. However, such entrepreneurship automatically entails risk-taking: more migrants will be prepared to take such risks if they have something to fall back on. Specifically, migrants will be more willing to invest in business in their home country if they are able to return to the host country if their investment fails. This can be seen in the outcomes of programs initiated in the 1970s by the governments of Morocco and Turkey to encourage the return of their nationals, which included training and investment programs and departure bonuses which could be used as start-up capital. De Haas (2006) finds that these had 'mixed results': to a significant extent this was related to the lack of economic opportunities in most countries of origin, but

[23] A similar reasoning is found behind amnesty programs.

furthermore returning migrants were, generally, not allowed to go back to the receiving countries after a certain probation period if their investment projects failed or if they failed to re-adapt to the society of origin, and this was a big disincentive. "This, coupled with increasingly restrictive (re)admission policies made migrants decide to stay, 'to be on the safe side" (De Haas, 2006:9-10).

Freedom of movement involves not only the right of residency but also that of employment. Temporary migrants are commonly not allowed access to national labour market unless they demonstrate that they already have employment. As a result, those most able to engage in circular migration are those who hold dual nationalities, as this entitles them to the labour markets of both countries. The European Union's common market also allows nationals unfettered access to the labour markets of Member States. In Southern Africa however, regional economic associations do not grant unrestricted access to the labour markets of member states. This is understandable on the basis that these are inter-governmental processes while the European Commission is a supranational institution, and Nation States are reluctant to cede sovereignty on matters on who is allowed to enter their territory.

The SADC and COMESA Regional Associations, to which Southern African countries belong to, aim to establish a Free Trade Area in order to facilitate trade integration, involving eliminating the majority of tariffs and the harmonization of customs requirements. However, from an economic point of view labour migration is an integral part of regional economic integration; freeing up flows of goods and capital while simultaneously restricting the flow of labour restricts an important factor of production, and hence the optimal results will not be achieved. The SADC Secretariat has cautioned that stringent visa requirements applied by some Member States have the effect of hindering trade and therefore form non-tariff barriers to trade not consistent with the general thrust of the trade Protocol (SADC Secreatriat, 2008:3). However, Crush *et al.* (2005:13) note that "as long as migration is viewed as a threat not an opportunity, for sending *and* receiving states, the legal drawbridge will remain up."

We further find that the SADC migration protocol, the 'Protocol on the facilitation on movement of people' does not give due consideration to the right to work. The protocol envisages three phases, corresponding progressively to the right to enter, the right of residence, and the right of establishment. A close reading of the protocol finds that the right to work is deferred until the third and final phase; the second phase, on the right of residence, allows nationals to reside but not automatically to engage in income generating activities: this right is dependent on national legislation. Instead, in order to maximise the benefits the facilitating the movement of labour can provide to business creation and economic development within the SADC region the right to work should be included in the second phase of the protocol instead of being deferred to the final stage. In addition, there can be an addendum to the trade protocols to facilitate the movement of natural persons, as per the GATS Mode IV proposal. This mechanism would enable nations of member states to work as service providers throughout the region for short-term project-based employment. This would enable carpenters, plumbers, welders and other forms of skilled manual labourers to expand their operations and will enable them to engage in circular migration flows, with the attendant benefits that have been described.

Furthermore, circular migration in the form of cross-border traders plays an important role in regional integration. This has been emphasized by African academics such as Mwaniki (undated), who considers ICBT as a primary mechanism for regional integration. Mijere (2009) further considers that the initiatives taken by the informal cross-border traders have served to dismantle the structure of trade dominance biased toward the former colonial nations and instead strengthen intra-SADC trade by physically demonstrating the existence of a common market by bringing the concept of regional economic integration down to the individual level.

However, the predominance of informal traders in cross-border trade hinders the potential of regional protocols serving to stimulate intra-regional trade. The SADC Secretariat recognizes the trade protocols are designed for enterprises operating in the formal sector and "therefore are of little relevance to the circumstances of small traders" and recommends the development of an addendum to the Trade Protocol specific to needs of ICBT (SADC Secretariat, 2008, p. 3 and p. 8). Studies find that neither migration legislation nor regional and national trade policy accommodate the activities of informal cross border traders (Peberdy & Rogerson, 2003 and Peberdy & Crush, 2001), while Peberdy (2002) notes that no country in the region has a specific category of permit for traders; under the South African Immigration Act of 2002, foreign traders cannot sell or trade goods with a visitors permit, on which the majority of ICBT enter the country. Nonetheless notable efforts have been made by some countries to address some of the challenges being faced by ICBTs, e.g. Zambia has provided operational space in its capital city Lusaka where traders from COMESA and SADC Member States can sell their commodities.

The SADC protocols facilitating intra-regional trade have great potential to assist small scale cross-border traders in expanding their businesses; protocols have helped ease long and costly customs delays, while measures towards a simplified trade regime help reduce the compliance costs for cross border transactions. For example, COMESA is promoting a simplified trade regime for selected staple food commodities whereby small-scale traders benefit from a Simplified Customs Document and a Simplified Certificate of Origin, under which goods that are COMESA-originating and whose value does not exceed US$500 per consignment qualify automatically for duty-free entry in the COMESA market.[24] Unfortunately, there is lack of awareness on the part of cross-border traders on the benefits of the Free Trade Agreements and a concordant need to educate traders on regional trade protocols and new customs regulations in order for them to benefit from it (Lusaka Times, 2008a, 2008b). One study found that 72 percent of traders interviewed were completely unaware of the SADC Trade Protocol and about 90 percent were unaware of the Protocol on the Facilitation of Movements of Persons in SADC. Furthermore this ignorance also extended to customs and immigration officials who had limited information on what these Protocols stipulate (SADC Secretariat, 2008). Certainly education campaigns are necessary to promulgate the benefits of regional integration policies, and especially to people whose business operates intra-regionally.

Conclusion

[24] An OECD paper cautions that there must be sufficient incentives for small businesses to want to outgrow from these schemes (Lesser and Moisé-Leeman, 2009).

This paper proposes that non-temporary migration creates and sustains 'circular migration flows' between the sending and the receiving countries and that these flows are conducive to enterprise creation and development.

Circular migration generates both pecuniary and non-pecuniary flows, and a positive migratory experience will see an individual increasing his or her financial, human and social capital, which can then be put to productive use with their countries of origin. Transfers of financial capital occur through remittances send home and through savings brought by returning migrants. These can provide the necessary capital for business start-ups or upgrading, by the migrants themselves or by household members receiving remittances. Importantly, increased human and social capital makes a migrant's entrepreneurial venture more likely to succeed.

In Southern Africa, we find that employment based circular migration is reflected in the activities of cross border traders. However, for most traders this activity generates small profit margins that ensure sustainability but not savings that can be used for investments to expand and improve the business. Hence we find circular migration flows resulting in employment creation (through the opportunity offered by cross border trade) but not enterprise development, and this hinders the potential of circular migration flows. This bottleneck is caused by underdeveloped financial markets, while migration itself, in the form of remittance transfers, offers an opportunity to overcome this bottleneck.

Underdeveloped financial markets mean that cross-border traders very rarely gain the start-up capital necessary from financial institutions. Instead personal savings are used or loans are secured informally, from family and friends. Underdeveloped financial markets further hinder the cross-border traders' ability to expand and improve their business. Traders find they do not possess the collateral requested by banks for loans, while it seems that microfinance institutions, as they currently operate, offer inadequate loans and that their terms of payment are seen as restrictive (CORN, 2004). There is a need to expand the availability of credit for enterprise development, and one way in which this can be achieved is through remittance transfers flowing through the formal banking sector.

Unfortunately, as we have seen, remittance transfers are also hindered by the underdeveloped financial markets in receiving countries, where institutions have little penetration into rural areas and are characterized by high transaction costs. This needs to be addressed in order to attract remittance flows into the formal banking sector and for such migration-generated liquidity to be accessible in the financial markets of home countries and to be used for investments. Providing financial access to remittance receiving households can encourage them to make savings and this will increase the availability of credit, including for non-migrant households. Some evidence is provided from studies in the Philippines and Mexico, which demonstrate how remittance transfers help ease credit constraints for new business formation. (see page 19) Finally, because that the procedure for cross border traders to claim VAT at the border requires them to be banked, enabling them to do so will hence increase their profit margins, possibly generating savings to be invested in improving their operations.

While circular migration does indeed have a triple-win potential, for the migrants, for the receiving country and for the sending country, current immigration policies, based as they are on a dichotomy of permanent and temporary migration, will need to be revised in order to allow greater flexibility and greater opportunities for individuals to circulate between home and host regions. The incentive to do so is because of the employment generating effect of circular migration flows, in both home and host countries. Further studies are needed to understand the migration and employment nexus, and for these to then be used to influence debate, both nationally and regionally.

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Annex

Draft questionnaire for a study on migration related entrepreneurship

This questionnaire aims to develop the understanding of the extent to which migration contributes to micro and small enterprise development in the country of origin. This will test the hypothesis that international migration can result in increased financial, human and social capital that is used for income generating activities. The survey should seek to understand firstly, the extent to which migration contributes to starting or improving local enterprises and secondly, the characteristics of migrant entrepreneurs. Target groups include: i) returning migrant entrepreneurs; ii) businesses which have been created with the financial and/or human capital assistance of a relative abroad; iii) businesses created by immigrant entrepreneurs (foreign nationals). Note that this should involve a country which enjoys sustained economic growth, such as Mozambique, which is the primary condition for attracting returning migrants.

Note that a field study should also examine the legislative and administrative environment for business creation. This is premised on the idea an enabling environment conducive to business start-ups is required to promote such migrant entrepreneurship. This involves examining the efficiency of national policies, regulations and institutions, for both returning nationals but also for foreign nationals, including possible taxation on repatriation of earnings. Furthermore, as migrants can bring increased know-how to their home countries, and there should include a review on the ease of importing tools or equipment and machinery.

A study can involve a survey of small enterprises in a certain commercial district in order to identify those which have benefited from investment by a migrant household member; those that have been set up by returning migrants; those that have been set up by a foreign national (see introductory questions below). This can also be done through business establishment surveys or household surveys, where appropriate. The next stage is to undertake in-depth interviews with the entrepreneurs identified in the survey. Possible questions are suggested below.

Introductory Questions

- *Are you from South Africa?* (if no, go to section iii)
- *Do you have any relatives abroad?*

  If yes: *Do they contribute to the business?* (if yes, go to section ii)
- Have you yourself worked abroad?

  If yes: *Did you start this shop when you came back*? (if yes go section i)

Section i) Returning migrants

- Sex / Age / Educational attainment
- Time spent abroad
- Time since return

- Type of business (economic sector)
- Is the business registered (formal economy)?
- How many staff employed? (size of business)
- Was the business set up before return / in the year of return / more than a year after return?
- Did you gain skills expertise while abroad? Was this through formal training?
- How much savings did you return with
- Did you invest in your business venture prior to return?
- Did you invest in other business ventures while abroad, including family businesses?
- What were the main obstacles to business establishment? Start-up capital and credit; rules policies and regulations; administrative difficulties; marketing of products and services; qualified collaborators.
- To what extent were the skills and expertise gain abroad of benefit to your business? [human capital]
- Does your business benefit from contacts made abroad? In what ways? (as customers, as suppliers, help in making business contacts, other)
- Did you have assistance from official assisted return schemes? From destination country or international organizations

Financial capital

- In what ways did you remit money when abroad? (e.g. bank transfers, money transfers, informal methods)
- Did you have trouble bringing back savings from abroad (capital transfers)
- How important was money earned abroad for your business / your household's business venture?

Rules, Regulations and Administration

- Did you have difficulties with access to official small business regulations?
- How clear did you find the official rules and regulations?
- Do you find a sense of benefit from being formally registered?
- (for formal enterprises) How long did the registration process take?
- Were you able to gain assistance for business registration? If so from whom?

ii) For enterprises by migrant sending household

- Sex / Age / Educational attainment
- How many household members are a) currently abroad, b) have been abroad
- In what ways is money sent home? (e.g. bank transfers, informal methods)
- How much money is send home?
- How often is money sent home?

- Type of business (economic sector)
- Is the business registered? (formal economy)
- How many staff employed? (size of business)
- Involvement of migrant household member
- Was your business venture started with investments by family members abroad?
- (If no): Was the business set up before they left?
- Is money sent home used for your business venture, e.g. buying stock?
- Do your family abroad a) help start the business. b) help run the business? c) do they offer advice on the business?
- Does your business benefit from contacts made by relatives abroad? In what ways? (as customers, as suppliers, help in making business contacts, other)

Rules, Regulations and Administration

- Are you familiar with official small business regulations?
- (if yes) How clear did you find the official rules and regulations?
- Do you find a sense of benefit from being formally registered?
- (for formal enterprises) How long did the registration process take?
- Were you able to gain assistance for business registration? If so from whom?

ii) For immigrant entrepreneurs

1. Sex / Age / Educational attainment

- Type of business (economic sector)
- Is the business registered (formal economy)?
- How many staff employed? (size of business)
- Since when have you been residing in the country?
- Have you resided in other countries besides your country of birth?
- Since when has your business been operating?
- Is your business a continuation of business activities you did before emigrating?
- Did you start your business with your own savings or from loans?
- Did you have trouble bringing back savings from abroad (capital transfers)
- Did you start the business before you emigrated or upon arrival?
- How many of your staff is from the same country or region as you?
- What were the main obstacles to business establishment? Start-up capital and credit; rules policies and regulations; administrative difficulties; marketing of products and services; qualified collaborators.
- Does your business benefit from contacts in your country of origin? In what ways? (as customers, as suppliers, help in making business contacts, other)
- Do you send money to family members in your country of origin?

- If yes: In what ways do you send money? (e.g. bank transfers, money transfers, informal methods)

Rules, Regulations and Administration

- How easy did you find it to start a business in this country?
- How was the process to acquire visas and work permits?
- Did you have difficulties accessing credit, opening a bank account?
- Did you have difficulties with access to official small business regulations?
- How clear did you find the official rules and regulations?
- How long did the registration process take?
- Were you able to gain assistance for business registration? If so from whom?
- Have you suffered harassment from police? From gangs?