

Budgeting for migration in Southern Africa

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What I am seeking to do in this presentation

- Set out the fiscal costs associated with migration—some of these are straightforward
- Identify fiscal benefits
- Also identify some other existing or possible arrangements that could affect the fiscus positively or negatively
 - Such as labour migration
 - Skills partnerships
 - Remittances
 - Return agreements
 - Future obligations to regional arrangements

I will not try to quantify except to note that in my own research on South Africa current costs were a very small proportion of the national budget

Global trends in migration

- **Global migration** has been relatively high in recent years
3.6% migration rate up from 2.8% in 2000

(**Migration rate** used here is the percentage of residents born in another country)

- Much of the global migration is from **poorer** countries to **richer** countries
 - OECD migration rate is around 11%--some countries a lot higher
- Migration is not from the poorest countries—most migration tends to come from **middle income countries**
- Global migration is the outcome of **opportunities, capabilities and networks**
- Migration is part of development—**migration and development** are connected
- Such migration often takes the form of **mixed migration**

-----**displacement and forced migration are different**

Global migration policy trends

- Global migration policies are **tightening**
 - (UN Global Compact for Safe, Orderly and Regular Migration is a dead letter)
- Many countries, especially the major destinations countries, have raised more **barriers** to migration
- Migration has **slowed** down considerably but not halted or reversed
- The reasons for the hostility to migrants include
 - Economic **stagnation** for the middle and poorer classes for several decades
 - Some **migration shocks** (e.g. Syria, Ukraine and Venezuela)
 - And the rise of **populist** politics

African migration trends

The rate of **migration in Africa is slow**—no more than 2%
(highest are 6% in South Africa and 9% in Cote d'Ivoire)

Slower than any other continent

A very small percentage of Africans live in other African countries

But **as Africa develops—migration within and beyond will rise**

Southern African migration

- Long history of migration, of slavery and European settlement
- 150+ year history of migrating labour to farms and mines in Southern Africa
- Internally and externally displaced people from several regional crises
- Some 'mixed migrants' from the rest of Africa
- But generally, the proportion of migrants is still low, less than 2%;
- SA is highest in the region at about 6% (around 4m)

SA low by global standards (UK, Germany, USA, Canada, Australia between 15% and 32%)

Southern African migration policy

- Attempt at Southern African ‘Free Movement Protocol’ in 1995 **unsuccessful**
- Attempt at ‘Southern African Facilitation of Migration Protocol’ in 2005 also **unsuccessful**
- Arrangements in the region tend to be **bilateral**, facilitating travel
- Migration is still on the agenda of SADC officially, but not in practice
- The **absence of regional arrangements/processes on migration** is a serious gap in our regional architecture
- Migration is **integral** to the region—it cannot be wished away

Issues to anticipate in Southern Africa

- Because of continuing inequalities and economic development in the region, **migration will grow as the region grows**
- Climate change may increase migration—however **climate change migration is generally likely to be internal**
- The region needs to harmonizing **domestic management systems** for migration (e.g. through OSBPs)
- Instability in some countries means **refugees remain likely**
- **Southern Africa will need institutions to support stronger multilateral agreements** on migration in the region

Refugee management: two routes

Uganda Route

- Camps and medium-term integration
- Refugees have the right to work, move freely, own property, start businesses, and access national health and education services
- Good reputation with international agencies (e.g. UNHCR and IOM)
- Considerable international financial support
- But international financial support is faltering, increasingly unreliable

South Africa Route

- No compulsory camps (except for those who break the law)
- Refugees and asylum seekers can live where they choose
- Broad rights are extended to both categories
- No external support, so significant costs
- Considerable tension between poor South Africans and poor, undocumented migrants
- Rising restrictions

National expenditure considerations

- **Policing/labour inspection services** (SA border policing costs R2.7bn in 2026/27)

And +/-R306m for policing during antifoforeigner protests (out of R600)

- **Border control, management systems** (BMA SA R1.7bn in 2025/26) (and R344m for repatriation of foreign nationals in 2026)
- **Social grants** (where relevant)
- **Healthcare** (Migrants use public healthcare less than others—total usage by migrants estimated at 3%)
- **Education** (Non-citizens make up about 1.8% of school children in SA)
- **Labour regulation** (labour inspectors have many responsibilities)
- **Population registers, identity systems** (perhaps R1bn in re-engineering period)
- Costs of **inclusion** programs

National revenue issues

Revenues could comprise

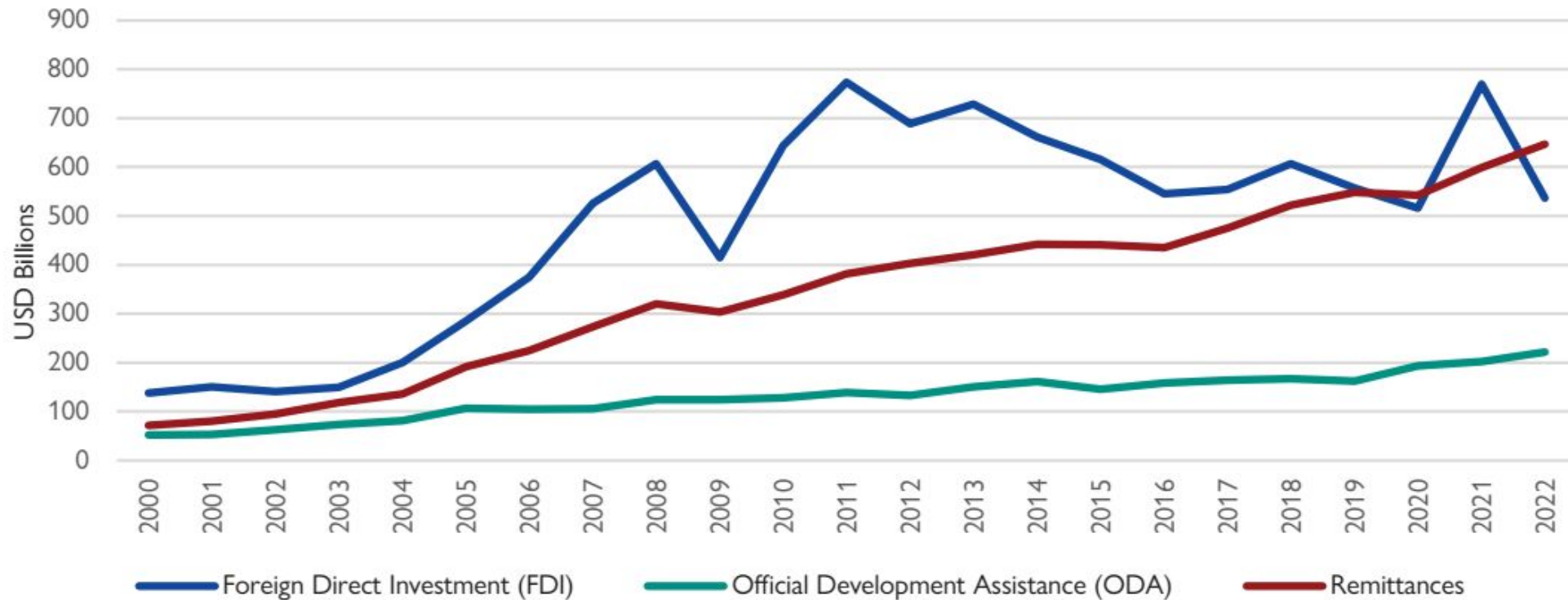
- Direct personal and company income tax
- VAT and/or other sales and excise taxes
- Some other indirect taxes

A World Bank study of immigration in South Africa found that the net economic impact was positive

An ILO study of South Africa found that the economic impact of immigration was uneven, if positive on balance

And what about remittances?

Figure 10. International remittance flows to low- and middle-income countries (2000–2022)



Sources: World Bank, n.d.b (remittances); World Bank, n.d.c (FDI and ODA data from World Development Indicators). (Accessed 17 June 2023).

Note: All numbers are in current (nominal) USD billion.

Kenya's remittances: a case in point

- Annual remittances could be over \$5bn this year (like 2025)
 - Remittances rates of increase as of August 2026 coming from:
 - Africa (11.7%),
 - Australia/Oceania (11%)
 - and Europe (8.1%)
 - remittances from the Middle East are falling (-2.9%)
- Compared with total annual Official Development Assistance (ODA) of nearly \$3bn (2024)
- And compared with \$3.2bn a year in Foreign Direct Investment to Kenya (2025—a record year)
- Implications: keep good records, have good diaspora programs, make sure remittance arrangements are optimal, vehicles for remittance investments

Skills partnerships

- The exit of skilled Africans such as health and IT professionals used to be seen as a **brain drain**
- There is some evidence now that a well-designed bilateral skills partnership can be **mutually beneficial**
- If the recipient country agrees to **support training** in the sending country, it can be that the **pool of skills expands** on both sides
- In addition, the remittances received from **skilled emigrants** are more significant than those sent by low-skilled emigrants
- **Middle-income countries** like Kenya, Morocco and Nigeria benefit most from remittances
- But the pros and cons need to be assessed and managed

The need for bilateral or multilateral labour migration agreements in Southern Africa

- **Labour migration** will continue to be a reality in Southern Africa, and directions could shift
- South Africa has **Bilateral Labour Agreements** with five countries in the region, but these date back to the 1960s and 1970s
- These relationships should be modernised and made more humane and mutually beneficial
- If well designed, such agreements could reduce the incentive to illegal migration

(This should reduce the costs of policing irregular migrants and reduce frictions)

Migration return agreements and migrant relocation agreements

- Come countries have migration **return agreements** for undocumented migrants—especially the EU
- These agreements may carry **cash incentives, or can be instated through threats or enticements**
- Similarly, cash incentives, threats and enticements may be offered to countries which agree to accept **undocumented migrants from third countries**
- It is difficult to assess, so far, if the benefits of such agreements outweigh the many costs

Budgeting for migration in Southern Africa

- Currently the role of SADC and other regional organs in regional migration is virtually non-existent
- This is in contrast with some other regional integration organisations
- MERCOSUR has a regional residency agreement which is enforced at the bilateral and national level, but is quite effective
- The East African Community includes regional migration in its EAC Common Market Agreement
- And the East African Court of Justice is expected to enforce the free movement component of the EAC-CMA
- SADC has none of this—ideally it should but this would cost

Migration cost and benefits

- Many costs but also many benefits
- Need to ensure that the costs are reduced through good regulations and good systems
- And that the benefits are maximized through careful evaluations and the frequent improvement of arrangements
- I was pleased to see this item is on your agenda as migration is here to stay in Southern Africa (and Africa as a whole), and as we develop as a region, migration will be an ever-increasing element of our development

Ends