

CHAPTER I

SIX STUDIES AND A ROAD MAP: Diasporas as Partners in Development

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Introduction

Diaspora populations are a legacy of past migrations and a defining feature of the current age of heightened mobility. Their impact on development in their countries of origin is hard to measure but impossible to miss, and its manifestations are wildly diverse. Intrepid diaspora investors in Afghanistan have defied the risk environment there to open a \$25 million Coca-Cola bottling plant and the nation's first shopping mall. An Indian investment group based in Silicon Valley, The Indus Entrepreneurs, raised \$500,000 in the immediate aftermath of the 2001 Gujarat earthquake to help the victims. Moroccan emigrants in France and their families in Morocco are pioneering rural tourism by restoring traditional dwellings and opening them as inns and restaurants. The promotion of human rights in Vietnam became a campaign issue in a 2010 congressional election in California. A Somali-American was appointed prime minister of Somalia in 2010. Quite apart from the huge volume of money they send home as family remittances, migrants and their descendants are deeply engaged in the affairs of their countries of origin or ancestry.

Beginning in fall 2009, analysts at the Migration Policy Institute (MPI) undertook the study of several forms of diaspora engagement in countries of origin or ancestry within the framework of the United States Agency for International Development's (USAID's) Diaspora Networks Alliance. The forms of engagement studied were as follows:

- Direct investment by diaspora entrepreneurs
- Investment in country-of-origin capital markets
- Diaspora tourism and trade in “nostalgia goods”
- Diaspora philanthropy
- Diaspora volunteerism
- Diaspora advocacy and diplomacy

Examination of each of these areas has yielded a rich set of observations on how emigrants and their descendants perceive and interact with opportunities and constraints in their countries of origin or ancestry. This introductory chapter synthesizes these observations and draws from them some implications for the development agenda. Appended to the overview is a “road map” for governments of both countries of diaspora origin and countries of settlement as they seek to involve migrants and their descendants in the development of diasporas’ ancestral homelands.

The MPI studies were conducted at a time when diasporas were assuming a central role in the global discussion of the links between migration and development. Diasporas are assumed to be “resource multipliers” for their countries of origin, but all too often, only the short-term gains from remittances and investments are considered. This is unfortunate, as the longer-term benefits of diaspora engagement — such as greater integration of the country of origin into the global economy and newfound access to concentrations of talent that the home market cannot sustain — may be even more important to development.

Two senior officials from the French government’s development agency, the *Agence Française pour le Développement*, have written that foreign assistance is going through a “triple revolution” of new goals, new actors, and new tools.¹ Although not mentioned by these authors, diasporas are among the new actors in development, and forms of engagement such as philanthropy and capital market investment are new tools that go beyond official development assistance and may leverage additional bilateral flows. Diaspora individuals and organizations can deploy their resources faster and more flexibly than official-aid agencies, which are inhibited by bureaucratic requirements.²

1 Jean Michel Severino and Olivier Ray, “The End of ODA: Death and Rebirth of a Global Public Policy,” Working Paper 167, Center for Global Development, March, 2009.

2 See Andrew Natsios, “The Clash of the Counter-Bureaucracy and Development,” essay, Center for Global Development, July 2010.

Government agencies often find it challenging to engage with diaspora groups and individuals. Favoritism (or its appearance), hidden agendas, and factionalism are common challenges. It can be hard to discern whether an organization is truly representative of the population for which it claims to speak. And while some diaspora groups are well funded and highly skilled in pursuing their agendas, many have great enthusiasm but a limited capacity to play a role in development. The governments of countries where diasporas have settled must keep in mind that some diaspora groups have political objectives along with developmental, humanitarian, or economic goals, and that associating with such groups can bring accusations of meddling in the domestic affairs of these diasporas' origin countries. And yet in many, if not most, settings, there is ample common ground among diasporas, home-land authorities, and settlement-country actors.

Box 1. A Note on Terminology

To many people, "Diaspora" has a tragic connotation, associated with forcible dispersal, a strong sense of loss, and a longing to return to the ancestral homeland. The historical archetypes in this sense are the persecution of the Jews and the African slave trade. The contemporary use of the term in the social sciences is much more positive, as in the definition offered by Gabriel Scheffer: "Modern Diasporas are ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin — their homelands."³ At a minimum, it implies the retention of a distinct identity relating to a community of origin.

"Diaspora" is now commonly used to refer to migrant communities even if they do not share the classic diaspora attributes of forced dispersal, residence in many countries over several generations, and a longing to return. Although "diaspora" implies a settled community, it is increasingly common to use the term to include migrants who have left their countries only temporarily (though perhaps long-term). What both recent arrivals and long-settled communities have in common is that they identify with and remain engaged with their country of origin or ancestry even while absent from it.

The US government has long worked with diaspora populations, particularly in the aftermath of natural disasters. But like governments in many other developed and developing countries, it is therefore seeking

3 Gabriel Sheffer, "A New Field of Study: Modern Diasporas in International Politics," in Gabriel Sheffer, ed., *Modern Diasporas in International Politics* (London: Croom Helm, 1986), 3. Quoted in Khalid Koser, "New African Diasporas: An Introduction," in Khalid Koser, ed., *New African Diasporas* (London: Routledge, 2003), 5.

to engage strategically with them in its pursuit of foreign policy goals. Diasporas are seen to be potential partners in diplomatic work, security efforts, and development programs. But such engagement is, thus far, ad hoc. Various US government agencies are pursuing diaspora-related activities that may be either synergistic or contradictory, but no mechanism exists for gathering that information systematically and sharing it widely. The recent upsurge of interest in diasporas at the White House and the State Department may, however, be about to change that.

While USAID is far from integrating diaspora issues throughout its programs, it has devised a framework, known as the Diaspora Networks Alliance (DNA), that aims to “intensify the flow of knowledge and resources of Diaspora to their home countries to promote economic and social growth.”⁴ The alliance is, appropriately, located in the agency’s Office of Development Partnerships. The six scoping studies conducted by MPI in partnership with USAID lay the groundwork for a more intensive implementation of the DNA framework.

I. Observations from the Scoping Studies

A. Diaspora Entrepreneurship

Diaspora entrepreneurs are uniquely positioned to recognize opportunities in their countries of origin and to exploit such opportunities as “first movers.” Not all forms of entrepreneurship contribute equally to economic development. Necessity entrepreneurs, or those who are self-employed because they cannot find other work, have little effect on economic development. At best, they help to reduce overt unemployment by supporting themselves. Opportunity entrepreneurs, on the other hand, are much more likely to have a positive impact on economic development as they take advantage of market openings in growing sectors of the economy. Research shows that countries with a high ratio of opportunity entrepreneurship to necessity entrepreneurship tend to have higher levels of income, higher exports as a share of gross domestic product (GDP), and higher licensing receipts — and spend more on research and development (R&D) and education — than those with a low ratio.

4 United States Agency for International Development (USAID), “Global Diaspora Networks Alliance Framework,” draft briefing paper, unpublished, 2009.

According to the MPI study, donors should aim to assist governments in designing and implementing policies that respond to the major challenges that diaspora entrepreneurs face in establishing or running businesses in their countries of origin. In some cases, this may be a question of opening existing programs for domestic entrepreneurs to members of the diaspora; in others, special programs designed for diaspora members may be needed. Specific policy measures include the following:

- Encourage access to capital, especially for small-scale diaspora entrepreneurs. This might include offering easier (but still well-regulated) access to loans, competitive grant-based support for promising projects, and risk-sharing mechanisms and instruments for investors.
- Provide high-quality education and vocational training in business, science, technology, engineering, and mathematics to individuals in the diaspora interested in pursuing opportunities in knowledge-based industries. This is likely to require increased government spending on R&D and on world-class research facilities and universities.
- Lower tariffs on imported raw materials and equipment into the country of origin to help diaspora entrepreneurs begin transnational businesses.
- Establish mechanisms that encourage regular consultations with diaspora professionals to help governments identify strategic economic areas and attract diaspora resources to them.
- Make it very clear that diaspora entrepreneurs are welcome in their countries of origin.
- Adopt policies that make it easy for diaspora business owners and investors to travel between their country of origin and their country of settlement. Offering multiple reentry permits, long-term visas, or dual citizenship to transnational entrepreneurs would encourage them to actively supervise their investments.

B. Diaspora Investment in Capital Markets

Financial flows from migrants and their descendants are at the heart of the relationship between migration and development. Accordingly, most policy attention to date has focused on migrants' remittances. But while there is little doubt that remittances are a large and extremely important financial flow, they represent only one of the potential private financial flows originating from diasporas, and a limited one at

best. Remittances merely redistribute migrants' incomes; the greater challenge is to mobilize diaspora wealth. Capital markets perform precisely this function — mobilizing savings and channeling them into productive investments.

This chapter describes five vehicles that have been used to mobilize diaspora wealth via capital markets: deposit accounts, securitization of remittance flows, transnational loans, diaspora bonds, and diaspora mutual funds. It also explores the potential of four additional options that could be considered in the future: subnational debt issues, diaspora private equity funds, institutional investment, and corporate debt and equity. There is ample evidence that diasporas hold substantial assets that could be mobilized for portfolio investment in their countries of origin, but they face many of the same barriers to investing in developing and emerging countries as other international investors do — such as access to credit and appropriate training. Several existing USAID and other US government programs could help reduce these barriers. For instance, USAID's Development Credit Authority and the Overseas Private Investment Corporation have the potential to mitigate the risks of diaspora investment. USAID's Volunteers for Economic Growth Alliance and the US Treasury Department's Government Debt Issuance and Management Program could provide technical assistance to diaspora members hoping to create new investment vehicles in their countries of origin. Finally, USAID's Global Development Alliance could provide credibility to diaspora investment initiatives, and its country missions' needs assessments could help identify promising investment opportunities.

C. Diaspora Tourism and “Nostalgia” Trade

Diaspora populations can play an important role in opening markets for new tourism destinations as well as markets for goods produced in and associated with the culture of their countries of origin. Tourists from the diaspora are more likely than other international travelers to have or make connections with the local economy by staying in small, locally owned accommodations (or with relatives), eating in local restaurants, shopping in locally owned shops, and so forth — rather than staying in foreign-owned tourist enclaves with little connection to their surroundings. The many forms of diaspora tourism include medical tourism, business-related tourism, heritage (or “roots”) tourism, exposure or “birthright” tourism, educational tourism, VIP tourism, and “peak experience” tourism. Not all forms are aimed exclusively at the diaspora, but many are encouraged by country-of-origin

governments as part of their efforts to bind the diaspora more closely to the homeland.

Trade in “nostalgia” goods earns significant revenue for countries of diaspora origin. As Manuel Orozco’s research has shown, migrant households are regular and heavy consumers of home-country goods, particularly foodstuffs. Nostalgia goods tend to be labor intensive to produce and, often, artisanal, so earnings are likely to be enjoyed at the local and household level. In addition, the diaspora market for nostalgia goods can offer a measure of protection to small or artisan producers who may be threatened by the standardization of large-scale production for the global market. In some cases, the availability of nostalgia goods in the migrant niche market leads to broader popularization of the goods in the mass market and can significantly boost export earnings of the homeland — as long as production is not diverted to destination-country manufacturers.

The producers of nostalgia goods often find it difficult to distribute their products and to take advantage of economies of scale, however. Access to credit guarantee schemes and assistance in forming producer cooperatives could help them build more robust enterprises. Technical assistance in business planning, accounting, marketing, food safety standards, and export requirements might be useful as well.

As for tourism, donor agencies can support country-of-origin tourism departments in reaching out to diaspora populations through marketing campaigns and specialized tourist offerings for the heritage traveler. The preservation and development of historic sites should also be a funding priority, as such sites appeal both to diaspora tourists and to international tourists more generally. Public-private partnerships are well suited to the sensitive conversion of traditional structures to hotels or restaurants.

D. Diaspora Philanthropy

Private philanthropy plays an increasingly important role in development efforts. According to economist Homi Kharas of the Brookings Institution, private philanthropy already accounts for a larger share of total economic engagement with developing countries than does official development assistance (ODA).⁵ While they may lack the expertise and public resources of official development agencies and the long-term

5 Homi Kharas, *The New Reality of Aid* (Washington, DC: Wolfensohn Center for Development, Brookings Institution, 2007).

development potential of private business, private philanthropies serve as important catalysts and innovators, and in some cases provide significant resources. They also involve migrants and diasporas more than ever before. While philanthropic undertakings in the past were typically associated with wealthy industrialists, many middle-income and even relatively poor individuals now make meaningful donations to charitable causes. The MPI study describes a wide range of diaspora philanthropists, ranging from wealthy individuals such as magnates, celebrities, and international sports stars to associations, foundations, and Web sites that pool the donations of hundreds or even thousands of smaller-income donors

The study suggests that diaspora philanthropists have been particularly adept at mobilizing resources for humanitarian relief and during national crises, but their role as social innovators and agents of change is less understood. The more ambitious diaspora philanthropists are, the greater the challenges they are likely to face. Moving beyond palliative charitable contributions to actions that address the sources of deprivation, for example, are likely to draw philanthropists into contentious political debates. Collective action also presents challenges. For example, when migrant organizations pool the donations of many individuals, it is often difficult to identify priorities. It can also be difficult for philanthropists to find partners in the home country, as many diaspora members mistrust the established social-service institutions in their countries of origin

There is a clear consensus that public policy must tread lightly in promoting specific private causes, but rather should establish conditions that encourage philanthropy in general. The United States, for example has been very successful in promoting philanthropy using tax regulations — perhaps the most effective policy tool available. (Charitable contributions have been tax deductible in the United States since 1917.) Tax policy is beyond the mandate of development agencies, and calls for cross-departmental cooperation between them and finance ministries and/or legislatures. In the wake of recent natural disasters, for example, the US Congress approved legislation that gave special tax treatment for charitable contributions to relief and recovery efforts in Haiti (e.g., extending the deadline for contributions that could be claimed as tax deductions in the current year). Donor agencies might consider sponsoring workshops with diaspora organizations to acquaint them with the requirements and the process of acquiring tax-exempt status. Donors could also play a role in vetting social-service organizations in developing countries as potential partners for

diaspora philanthropists, and help to educate diasporas about strategic donations.

E. Diaspora Volunteering

Extensive, if scattered, evidence documents the ways in which diasporas devote time to community development projects and provide pro bono professional advice and training to institutions in their countries of origin. They may provide medical care in underserved areas, teach a university course, train people in a particular skill, or provide much-needed advice to budding entrepreneurs. In some cases, they take extended leaves of absence or devote their vacation time to volunteer service. Many diaspora members volunteer for causes or raise funds for philanthropic activities in or related to their countries of origin. Some who volunteer do so through a wide range of nonprofit and community-based organizations. Still others, by virtue of their homeland ties, have the contacts and capacity to undertake volunteer work outside of formal programs.

The research conducted by MPI identifies six “clusters” of programs that aim to recruit volunteers. These are centered on the following areas: business growth and technical advice, public health capacity building, postconflict relief and recovery, higher education capacity building, public policy advisory services, and youth programs. In addition, some volunteer programs target multiple categories of volunteers. Still other programs have a specific purpose and no particular diaspora focus, but nonetheless attract significant numbers of diaspora volunteers. On balance, volunteer programs are incredibly diverse and illustrate the wide range of opportunities open to diaspora volunteers — as well as the pitfalls of different approaches.

Over the past half century, the United States has promoted a multitude of international volunteer programs as a means to advance foreign policy goals. USAID initiatives often rely (intentionally or inadvertently) on diaspora volunteers. On balance, the MPI research suggests two complementary approaches to promoting diaspora volunteerism:

- Encourage greater diaspora participation in existing international volunteer programs.
- Partner with diaspora groups (such as community-based organizations, professional associations, and faith-based groups, among others) to promote new volunteer opportunities for their members.

F. Diaspora Advocacy

Of all the roles that diasporas play in development, advocacy, and diplomacy are among the least studied. The MPI scoping study surveys a number of examples of diaspora activism to identify the forms of diaspora advocacy and diplomacy, the primary concerns targeted, and the means by which the chosen causes are advanced. Diaspora organizations are enormously diverse. They include associations of migrants originating from the same locality, ethnic affinity groups, religious organizations, professional associations, charitable organizations, developmental nongovernmental organizations (NGOs), investment groups, affiliates of political parties, humanitarian relief organizations, virtual networks, federations of associations, and others. Members of any of these organizations, as well as individuals, may engage in “outward” advocacy (directed at authorities in their countries of origin or ancestry) or “inward” advocacy (directed at actors in the countries where they or their ancestors settled). Thus, diaspora investors have lobbied their country-of-origin governments to take specific steps to improve their business climate while at the same time lobbying their destination-country governments to adopt free-trade agreements with their countries of origin.

Diasporas use a variety of means to influence governments, international organizations, mass media, and potential allies. Their strategies include direct lobbying, media campaigns, electronic communication, and electoral participation. Whether these efforts are successful is determined by the strength of the advocates’ personal contacts and transnational social networks, and by the resonance that their goals have for the broader diaspora community and among key interest groups in their homeland or settlement countries. In this vein, the MPI study pays special attention to ways in which diasporas have leveraged funds, contacts, and expertise to gain voting rights in their countries of origin and dual citizenship in their countries of origin and settlement.

Diaspora populations are major contributors to relief efforts when their homelands are affected by storms, earthquakes, and other natural disasters. At such times, the humanitarian response often trumps political differences within and among diaspora groups and their homeland governments, with diaspora members and groups not merely contributing to relief efforts but working to secure more funding and make existing programs more effective. Diaspora members also have an increasingly prominent voice in development efforts, advocating for projects, fundraising, identifying and prioritizing needs, and contributing expertise. Such work brings diaspora advocates into the same realm

as many bilateral and international aid organizations. Finding ways to communicate with diaspora groups — which tend to be smaller and less well organized and financed than their more established counterparts — is an important step that country-of-destination governments can make to include more views in development and foreign policymaking. Governments in destination countries such as the United States, the Netherlands, and the United Kingdom have made strides in encouraging diaspora members to organize themselves so that they can speak more effectively on behalf of development-related policy measures.

II. Overarching Needs and Potential Donor Responses

USAID and other donors have several means of expanding diasporas' opportunities to contribute to development efforts in their countries of origin. These actions fall into four categories:

- Actions to strengthen the capacity of diaspora groups
- Actions to help country-of-origin governments engage more effectively with their diasporas
- Actions to strengthen donors' capacity to create partnerships with diasporas
- Actions to build and share knowledge among diasporas

All of the following recommendations should be vetted with diaspora members themselves before being considered for implementation.

A. Strengthening the Capacity of Diaspora Groups

Many diaspora groups are small and underfunded, with entirely volunteer staff, donated office space (if any), and a minimal operating budget. Because most members of these groups hold regular jobs, they may have difficulty finding the time to participate in training or information sessions or to organize the affairs of the group. To address this problem, donors may want to consider forming or supporting some kind of consolidated service center for diaspora organizations that meet certain criteria, to bring economies of scale to central functions such as accounting tasks, legal issues, funds management, travel services, and the like. Community foundations often perform these

functions for philanthropic family foundations. More broadly, the San Francisco-based Tides Foundation provides services for many small nonprofit organizations. Centralized services might include establishing trust funds for diaspora-donated funds to safeguard them and ensure that they are used as intended and matched as promised.

Donors could also support technical assistance and training for diaspora groups in financial management, fundraising, project management, reporting requirements, and other areas. Rather than doing this directly or through a contractor, the government of Canada, for example, twins diaspora organizations with established Canadian NGOs in a mentorship arrangement that allows diaspora members to acquire practical organizational skills. Diaspora organizations with a proven track record may qualify for direct support as contractors or grantees of donor agencies. In a similar vein, donors could issue a contract to create a business incubator for small-to-medium-scale diaspora investors. IntEnt, in the Netherlands, is one such business incubator for diasporas, supported in part by the Netherlands Foreign Ministry. Scholarships to philanthropy workshops could be provided to new diaspora philanthropists.

B. Help Countries of Origin Engage Diasporas More Effectively

Foreign assistance strategies for diaspora engagement tend to focus on the diaspora rather than the country of origin. But as the MPI roundtables associated with the scoping studies revealed, many country-of-origin governments need help in establishing effective knowledge bases, structures, and methods of interacting with diaspora populations. Providing such assistance is, in many ways, an easier and more accepted way for donor agencies to promote diaspora engagement than direct support for diaspora groups, and should be part of the donors' repertory for strengthening diasporas' roles in their homelands. One of the themes that emerged throughout the MPI roundtables was the difficulty that governments in countries of origin have in understanding the locations, capabilities, and interests of their diaspora populations. These governments need diaspora skill inventories, descriptions of diaspora organizations and their capabilities, and surveys of diaspora needs and interests. Donor agencies could help provide such information by connecting these governments with national census organizations and with analysts who can carry out surveys and analyze census and survey data.

Countries of origin also need reliable and regular ways of communicating with diaspora populations. Donors could therefore provide funds for technical assistance in communications — especially in social media, ethnic media in the countries of destination, and new narrow-cast media. Researching and analyzing diaspora bonds and their impact in countries of origin is another area where donor agencies can help. The Ministry of Overseas Indian Affairs, for example, has established ties with Jawaharlal Nehru University to tap into its expertise on migration issues. Donors may support such institutions in poorer countries of origin and promote interaction with country-of-destination universities and think tanks that specialize in diaspora issues.

Finally, the many ministries, subministries, and government departments that countries of origin have established to promote ties with diasporas are often woefully underfunded. Budget support to such ministries, along with technical assistance and training, would boost countries' ability to gather information from, provide services to, and work in cooperation with their diasporas.

C. Developing Donor Capacity

Donor governments' efforts to promote diaspora engagement are, as noted earlier, mostly ad hoc and uncoordinated. Commonly, one agency does not know what the others are doing. An important first step to ensure that various government efforts add up to more than the sum of their parts is to promote information sharing across government offices, departments, and agencies. In the United States, information sharing is particularly important between USAID and the Department of State. It would be useful to designate officials as focal points for diaspora information and engagement in USAID and State Department country or regional desks, with each given the responsibility to keep both State and USAID offices, as well as US embassies, informed of diaspora-related activities.

Another useful step would be to create an informal platform for communication with diaspora organizations in the country of destination. Participation should be fluid in order to avoid creating an entrenched group (which might also be perceived as being privileged or co-opted by the country-of-destination government). Diaspora members could regularly be invited to participate in consultations or to serve on advisory committees or task forces relating to their countries or regions of origin

D. Knowledge Management

A solid evidence base is a prerequisite for the formulation of diaspora engagement strategies and for sound policymaking. Donors should routinely make use of the knowledge of diaspora members and experts in both areas. Another important knowledge management task is to disseminate successful models of diaspora activities, such as the Indicorps model discussed in the chapter on diaspora volunteerism. Sharing experiences among diaspora groups and with policymakers is a simple but effective way to learn. To promote understanding of good practices, donor agencies could hold sector-specific workshops and commission written or video case studies to develop wider understanding of good practices.

In assessing the progress and benefits of engaging diasporas in development activities, it is important to set realistic expectations and time frames. Metrics are important, but they should not simply borrow from conventional ODA frameworks. The process of building capacity among diasporas — and building trust between diaspora groups and governments (see the “road map” for diaspora engagement below) — is a long-term proposition that requires flexibility in its implementation.

III. Conclusion

There is much more to learn about diaspora engagement. Part of its promise lies in its extraordinary diversity — there is a diaspora partner for every dimension of development and for every corner of the earth. But for diaspora engagement policy to be most effective, it needs to move beyond the familiar language of using, tapping, or even exploiting diaspora ties into the language — and practice — of mutuality and reciprocity. Diasporas do not see their role as merely utilitarian. They want to be seen as stakeholders in the development of their countries of origin, and they need to know that both their practical contributions and their vital ideas are being taken into account. Diaspora engagement is a two-way street. If diasporas are to respond to the priorities of governments, they expect governments to respond to their priorities. If they are expected to listen, they also expect to be heard. In working with diaspora partners, a number of donor governments have found that the most successful projects and programs are those that build on existing diaspora initiatives rather than those that start with a call for partnership in a top-down initiative.

Appendix.

A Road Map for Diaspora Engagement

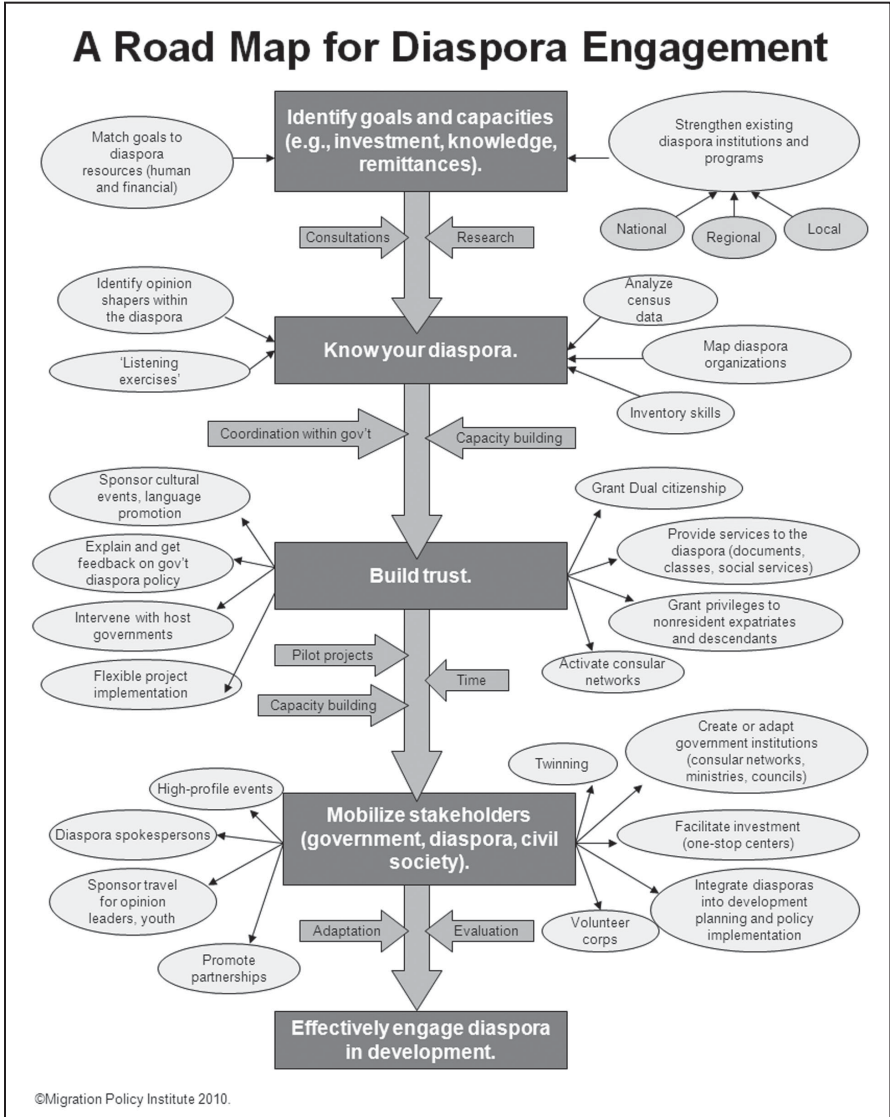
The road map for diaspora engagement presented below shows the major elements of a strategy for governments of origin or destination countries that want to engage diaspora populations more fully. It was developed by MPI for the third Global Forum on Migration and Development (GFMD) in 2009. The road map is not meant to be a one-size-fits-all model but rather an aid to integrating the many elements of a diaspora policy into a coherent strategy that can be adapted to the circumstances of different countries and diaspora populations. The road map will be permanently “under construction” as it is applied to specific cases.

Strategic Policies and Practices for Diaspora Partnerships

A government’s strategy for diaspora engagement needs to include the following elements: identifying goals, mapping diaspora geography and skills, creating a relationship of trust between diasporas and governments of both origin and destination countries, and, ultimately, mobilizing diasporas to contribute to sustainable development. The “destination” is arrived at when the diaspora is established as a true partner in the development of its country of origin. Throughout its implementation, a diaspora engagement strategy must devote attention to strengthening the capacity of both government institutions and diaspora communities to work with one another and with other stakeholders. The central boxes in the diagram represent the major elements of the strategy. Although they are presented as a series of stages, in fact these elements will proceed concurrently, loop back upon each other, and leap-frog over any orderly progression from one stage to the next. Above all, there must be constant feedback among the processes in each stage.

The arrows show the processes necessary to get from one stage to the next (remembering that no stage is ever complete but must always remain in a state of dynamic interaction with the others). The balloons to the side are representative of the kind of actions associated with each stage of the strategy; they are neither exhaustive nor compulsory. Not all actions will be relevant for all governments, as some are specific to countries of origin and others to countries of destination. The different steps of the road map and the actions associated with each step are illustrated, below, by examples of best practices and lessons learned.

Figure 1. A Road Map for Diaspora Engagement



Source: Author's rendering.

1. Identification of Goals and Capacities

Any government devising a strategy for stronger diaspora involvement in development should first identify its own goals in undertaking this pursuit and define the internal tools and mechanisms (administrative, financial, and so on) it requires. For countries of destination, this approach will differ according to the specific circumstances and origin

of potential diaspora partners. Governments can then ascertain how well their own capacities — as well as those of the diaspora — match their goals, and what they must seek to create or find in other actors.

If, for example, the country of origin seeks to reduce poverty or support the national balance of payments, its policy will likely focus on remittances, business investments, and, perhaps, capital markets. If, however, its goal is to improve national competitiveness, its policy is more likely to emphasize the knowledge and skills that diasporas can channel, whether through their own efforts or by connecting home-country institutions of learning and enterprise to institutions in the country of destination.

The government of the Philippines, for example, pursues a strategy of large-scale contract labor deployment overseas to reduce unemployment and maintain a stream of remittance income. India and China, by contrast, have in recent years given priority to encouraging diaspora entrepreneurs and highly skilled professionals to develop activities in their countries of origin. If the goal of a destination country is to provide technical support for development, its diaspora engagement strategy is likely to focus on highly skilled members of a diaspora. If, however, its priority is poverty reduction, it is likely to emphasize measures such as lowering the cost of remittances.

Beyond these domestic policy considerations, goals may also be identified as a result of dialogue between the governments of countries of origin and destination. For a country of origin, partnership with the country of destination could facilitate the involvement of diasporas via cooperation in spreading information in diaspora communities, enabling mobility, or providing financial support for projects involving the diaspora. For a country of destination that has decided to work with a specific diaspora, it is important to ascertain that the country of origin is willing to involve its diaspora in development activities, and that the goals defined by the destination country are consistent with the development priorities of the country of origin.

2. Know Your Diaspora

Once its goals are reasonably well articulated, the second, crucial step for a government is to know its diaspora. This involves collecting data (through a migrant/diaspora census) and mapping the diaspora population's skills and experience; creating inventories of relevant

information; and conducting extensive listening exercises to understand what the diaspora has to offer, what it is willing to offer, and what it expects from the government in turn. It is crucial to acknowledge the diversity of diaspora agendas, interests, and strategies. Through the establishment of a continuous dialogue with diasporas, governments should try to reconcile — or at least understand — differing and often diverging views. Successful government interventions are the result of years of continuous, open engagement.

The Indian government, for example, tasked the High Level Committee on the Indian Diaspora to analyze the location, situation, and potential development role of the estimated 20 million nonresident Indians (NRIs) and persons of Indian origin (PIOs). The information resulting from this two-year exercise led to a new direction for India's diaspora policy, including the creation of a Ministry for Overseas Indian Affairs in 2004.

For countries of destination, a “know-your-diaspora” exercise would involve the collection of data in national censuses and surveys to reveal the birthplaces and ancestries of residents in the aggregate, while protecting the identity of subgroups and individuals. Using this aggregate information, countries of destination can judge where best to invest their efforts. More detailed information about diaspora populations can be gathered by both origin and destination countries through cooperation with diaspora organizations such as professional associations, “hometown” clubs, and alumni associations. Embassies and consular offices can also play an important role in gathering information about diaspora capacities and interests. The government of Ghana, for example, is directing resources to the management of migration data — and to diaspora profiles in particular.

The numbers, distribution, skills, prosperity, and level of integration of diaspora groups, along with their history, will define the universe of possibilities for diaspora partnerships. Realistic policy options, for example, will be different for a large and concentrated diaspora residing chiefly in one or a few countries (Mexico) than for a small and highly dispersed diaspora (Ghana). Similarly, the country of destination's policy will differ depending on its historical relationship with its diasporas' countries of origin, and on how successfully its diaspora communities are integrated in the destination country.

3. Building Trust

The long-term project of building partnerships between governments and diasporas is much more likely to succeed if it has a strong foundation of good communication and mutual trust. Partnership is a two-way street. Too often, diasporas have felt that country-of-origin governments see them simply as cash cows, while some country-of-destination governments see diaspora groups demanding support even though they are not capable of delivering on mutual objectives. Both parties must feel that they are deriving value from the relationship. Building trust is therefore a necessary third element of diaspora engagement strategy.

For the governments of countries of origin, building trust with diaspora populations may also involve creating a welcoming environment for diaspora engagement in development activities. This would include steps to improve the business climate, such as greater transparency in regulations and licensing requirements and more consistent application of property law. Other elements of good governance and rule of law are also important in attracting diaspora engagement. Countries of destination, collectively or individually, can support these efforts. The European Commission, for example, has funded projects in a number of migrant-origin countries, intended to help their governments develop sound legal, regulatory, and/or institutional frameworks that will encourage increased diaspora investment.

Few governments have taken the task of gaining the trust of a diaspora as seriously as the government of Mexico. From the late 1990s, the government has invested in communication with and service to the diaspora.⁶ The creation of the Institute for Mexicans Abroad (IME) in the Ministry of Foreign Affairs in 2002 brought coherence to these efforts and set up a dense network of over 56 consular offices in North America. IME works with organized diaspora groups on the well-known 3x1 Program, through which three levels of government match the contributions of migrant organizations to infrastructure projects in their communities of origin. Thousands of projects have been financed — 1,613 in 2007 alone, in 443 municipalities.⁷ A key trust-building element of Mexico's diaspora engagement strategy is the Consultative

6 See Carlos Gonzalez Gutierrez, "The Institute of Mexicans Abroad: An Effort to Empower the Diaspora," *Closing the Distance: How Governments Strengthen Ties with Their Diasporas*, ed. Dovelyn Rannveig Agunias (Washington, DC: Migration Policy Institute, September, 2009).

7 The 3x1 Program is best understood as a solidarity program rather than a development program. The choice of projects follows a logic of collaboration and interconnection between diaspora and "hometown" communities rather than an economic logic. Some critics charge that it diverts government development resources to communities that are not the neediest, since they are already in receipt of remittances and charitable contributions from migrant "Hometown Associations."

Council of IME, composed primarily of elected leaders from diaspora communities. The council makes recommendations to the government about its diaspora policies and helps set IME's agenda. The council freely criticizes and disagrees with government positions when it feels called upon to do so, which — paradoxically perhaps — consolidates the confidence of both parties that disagreement does not mean alienation.

As Mexico's example shows, the establishment of joint diaspora-government decisionmaking is extremely important in building trust. At the institutional level, Israel and its diaspora have taken this process a step further through the development of an increasingly autonomous, quasi-governmental Jewish Agency for Israel. Its institutions and programs are governed jointly by government and diaspora representatives. At a more local level, Partnership 2000 is a prime example of building trust through twinning Israeli municipalities and diaspora communities. Programs have organizational structures that feature representation from both sides, whether on governing boards or professional committees consulting on program development and implementation. This allows for the voice and influence of both sides in key areas such as the identifying of needs, priority setting, and resource allocation.

Partnerships of trust can be built around many different kinds of programs. In addition to the kinds of services provided by IME, many governments offer privileges to nonresident citizens (and, in some cases, their descendants) such as duty-free imports, tax-free repatriation of foreign-currency income, or the ability to buy assets or hold jobs normally reserved for resident citizens. Successful examples of diaspora activities identified by the EC-UN Joint Migration and Development Initiative (JMDI) reinforce the notion that there is a positive link between diaspora privileges (such as the existence of a special fiscal regime or streamlined processes to set up businesses) and the impact of diaspora initiatives.⁸

Many governments sponsor cultural events in countries that have a diaspora presence; some, including China, also promote learning of the "mother tongue" by subsidizing lessons and providing teachers. Politi-

8 This global and multiannual initiative is funded by the European Commission (EC) and implemented by the United Nations Development Programme (UNDP) in partnership with the International Organization for Migration (IOM), International Labour Organization (ILO), United Nations Population Fund (UNFPA), and United Nations High Commissioner for Refugees (UNHCR). It is engaged in the provision of direct financial support to concrete projects in the field of migration and development, and the identification and analysis of good practices with a view to drawing lessons learned to ultimately feed into policymaking at national and international levels.

cal rights are often a high priority of diasporas; governments can both demonstrate and earn trust by facilitating overseas voting and other forms of political participation by expatriates. Ghana, for example, passed a law permitting dual citizenship in 2000 and granting voting rights to Ghanaians abroad in 2006. Such activities are designed to instill a sense of belonging to the country of origin, and thus to foster deeper engagement.

For the governments of destination countries, building trust with engaged diaspora populations involves acknowledging that their dual sense of belonging and their commitment to their homelands is compatible with thorough integration in the adopted country. Dual citizenship is one signal that a government can send that it trusts people who have multiple commitments to meet all the obligations of full citizenship.

Destination-country governments can take the message of trust to a deeper level — and one more specific to development — by accepting that diaspora expertise is an important input in development policies relating to their countries of origin. The UK country offices of the Department for International Development (DFID) are encouraged to consult diaspora groups in formulating DFID country assistance plans, for example. Furthermore, the United Kingdom supports a Senior Executive Service drawn from diaspora members to fill senior positions in governments of postconflict countries.

4. Mobilization

Once trust has been established between governments and diasporas, the characteristics of diasporas well understood, and the objectives of diaspora engagement clearly articulated, partnerships for development involving diasporas can be more successfully mobilized. This may require the creation of new government institutions or the revitalization of existing ones.⁹ Senegal was one of the first countries to pioneer this kind of arrangement, in 1993, with a landmark initiative that overhauled the Ministry of Foreign Affairs to include oversight for Senegalese abroad. An ever-increasing number of migrant-origin countries are creating ministries dedicated to diaspora issues, such as India's Ministry for Overseas Indian Affairs, Mali's Ministry of Malians Abroad and African Integration, Armenia's Ministry of the Diaspora, and Haiti's Ministry of Haitians Living Abroad. Still more have offices

⁹ See Dovelyn Rannveig Agunias, "Institutionalizing Diaspora Engagement within Migrant-Origin Governments," in Dovelyn Rannveig Agunias, ed., *Closing the Distance: How Governments Strengthen Ties with Their Diasporas* (Washington, DC: Migration Policy Institute, 2009).

at the subministerial level or special institutions elsewhere in government. Delegates at the 2007 GFMD's diaspora roundtable repeatedly made the point that countries of origin need an institutional framework at the national level to communicate with diasporas, coordinate policies, and provide support and follow-up.

Yet even if it succeeds in building trust, a governmental institution is not necessarily the most suitable channel for the mobilization of diaspora investment. Israel's experience has demonstrated the advantages of an independent and accountable mechanism for the transfer of philanthropic funds from the diaspora to the homeland — in Israel's case, the American Jewish Joint Distribution Committee is governed solely by diaspora members. Diaspora Jews and overseas Israelis raise well over \$1 billion in philanthropic contributions annually, which indicates that formal institutions for diaspora engagement can be augmented by initiatives from civil society. It is also worth noting that in a framework of origin-destination country cooperation, a nongovernmental mechanism for the transfer of funds might enjoy tax benefits or incentives in some host countries.

Strategies for diaspora mobilization may include high-profile events, such as India's annual Pravasi Bharatiya Divas, the first of which, in 2003, brought together more than 2,000 high-profile diaspora Indians for a conference attended by most of India's senior politicians as well as by Nobel Prize winners of Indian nationality or descent. Jamaica, too, holds an annual celebratory gathering of expatriates and descendants of emigrants.

Governments of origin countries may appoint well-known diaspora members as spokespersons on diaspora issues, sponsor travel to the country of origin for opinion leaders and youth, or establish diaspora volunteer programs. For example the "Birthright" program initiated by Israel in 2001 provides free educational trips to Israel for young diaspora adults aged 18 to 26. Since its inception, over 200,000 diaspora youth from 52 countries have participated in the program. Origin-country governments may also establish centers or programs to facilitate financial flows from the diaspora, such as India's "one-stop shop" for diaspora investors.

Country-of-destination governments, acting alone or in regional organizations, may partner with country-of-origin governments in development initiatives, particularly those that would benefit from technical assistance or financial support. The European Commission from 2003 to 2005 supported a "Return of Qualified Afghans" program

for Afghan nationals living in European Union Member States. In cooperation with the government of Afghanistan, and employing the International Organization for Migration (IOM) as an implementing partner, the program identified Afghans with relevant qualifications and experience and assisted their return to Afghanistan for assignments of six to 12 months in both the public and the private sector. The program was small and relatively high cost, but an evaluation found that the participating Afghans provided needed skills that were appropriately used.¹⁰ The Netherlands is currently implementing a similar program (Temporary Return of Qualified Nationals) in Afghanistan, Georgia, Ethiopia, Bosnia-Herzegovina, Sudan, and Sierra Leone. It also cooperates with the IOM/ Migration for Development in Africa (MIDA) program in Ghana to support the temporary return of medical doctors in the diaspora to Ghana.

Canada's International Development Agency (CIDA) uses a number of techniques to mobilize diaspora groups for development in their countries of origin. It directly funds development projects executed by diaspora groups with experience in implementing development projects, such as the Association of Haitian-Canadian Engineers and Scientists. Since many diaspora groups do not have relevant experience, however, CIDA has created tripartite partnerships among diaspora organizations, Canadian development NGOs, and NGOs in the countries of origin. (The practice has the added advantage of avoiding the impression that diaspora policy is supporting an organized political opposition in exile.) Linking diaspora organizations to Canadian NGOs with solid country experience has enabled diaspora organizations to gain the knowledge and expertise needed to seek donor funds and work independently. CIDA experience shows that many Haitian diaspora organizations, after working with Canadian civil society organizations for several years, now approach CIDA for separate funding to execute development projects in Haiti on their own.

Several donor governments have found it useful to create and/or support platforms to facilitate diaspora involvement in development, such as Diasporas for Development in the Netherlands, the *Regroupement des Organismes Canado-Haïtiens pour le Développement* in Canada, and Connections for Development in the United Kingdom. These encourage the systematic sharing of ideas and information while also serving as vehicles for capacity building. In some cases, they may also evolve into operational partners for national development agencies.

10 Altai Consulting, *An Evaluation of the EU-RQA Program for the International Organization for Migration and the European Commission* (Kabul: IOM, 2006).

A number of donor governments or consortia, after experiments in working with diaspora partners, have found that the most successful projects and programs are those that build on existing diaspora initiatives. The EC-UN JMDI observes that “policies too strongly driven by governments can act as a deterrent for diaspora engagement.”¹¹ ➤

11 EC-UN Joint Migration and Development Initiative (JMDI) contribution to Global Forum on Migration and Development (GFMD), “Mainstreaming Migration in Development Planning — Key Actors, Key Strategies, Key Actions,” GFMD Background Paper 1.2, undated.