Developing a Road Map for Engaging Diasporas in Development

A HANDBOOK FOR POLICYMAKERS AND PRACTITIONERS IN HOME AND HOST COUNTRIES

International Organization for Migration (IOM)

mpi
MIGRATION POLICY INSTITUTE

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The Migration Policy Institute (MPI) is guided by the philosophy that international migration needs active and intelligent management. When such policies are in place and are responsibly administered, they bring benefits to immigrants and their families, communities of origin and destination, and sending and receiving countries.

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Foreword

Since the first meeting of the Global Forum on Migration and Development (GFMD) in 2007, participating states and civil society organizations have given their attention to the ways that diasporas – communities of emigrants and their descendants – contribute to development in their countries of origin or ancestry. The multiple roles of diasporas draw increasing recognition: as senders of remittances, of course, but also as investors, philanthropists, innovators, and first movers in the growth of important sectors such as tourism and in the development of human capital. The power and potential of diasporas are clear, but many governments perceive that they could accomplish much more by establishing close and productive partnerships with diaspora communities. This applies as much to the governments of the countries in which diasporas have settled as to the governments of countries of origin.
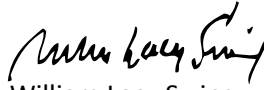
Both of our institutions, the International Organization for Migration and the Migration Policy Institute, have studied diaspora engagement for the better part of a decade, in an effort to understand its complexities and its practical implications for social and economic development – and to help governments make the most of it. Like many other topics on the agenda of the GFMD, the subject of diaspora engagement has gained momentum as it has been addressed repeatedly in GFMD roundtables. By taking up the topic repeatedly, the GFMD has helped to create voluntary communities of interest among states, clarify concepts, and share examples of successful policies and programs. This handbook is one of the first concrete products of the GFMD's Platform for Partnerships, and demonstrates one form that joint activities of states can take within the GFMD framework.

We are confident that this handbook will give further impetus to governments' engagement with their diaspora populations, and vice versa. It conveys a remarkable amount of information about what actions governments have tried and which of these have succeeded or failed – and why. It describes the wide range of institutions that governments have established to work with diasporas. And it provides governments with a strategic road map that can help them establish a clear sense of direction in building a constructive relationship with diasporas.

The handbook is meant to be not just read but used. Much of the information in it was provided by practitioners, and they will be the ultimate judges of its usefulness. We hope this unique compilation of policy, programmatic, and institutional responses across an impressive number of governments will prove a resource to which practitioners return again and again.

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Acknowledgements

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Executive Summary

Governments of countries of migrant origin and migrant destination recognize the value that diaspora populations may bring to development efforts in their countries of origin. The Global Forum on Migration and Development has, since its first meeting in 2007, looked for ways to highlight the kinds of policies and programs that can magnify the resources, both human and financial, that emigrants and their descendants contribute to development. This handbook continues that effort on the basis of earlier investigations by the collaborating institutions, the academic and policy literature, consultations and in-depth interviews with government officials and nongovernmental actors, and an original two-part survey that was designed and administered specifically for this exercise and was answered by 62 national governments.

The handbook is divided into three major parts. Each part gives concrete examples of policies and programs that have been effective, and pulls out both useful lessons and common challenges associated with the topics at hand.

Part One, in three chapters, outlines a strategy for diaspora engagement, beginning with an adaptable "road map" that lays out four major strategic elements: identifying the goals of diaspora engagement, mapping the location and characteristics of the diaspora, building trust between diasporas and government institutions, and mobilizing the diaspora to act as partners in the development of the country of origin.

Chapter 2 focuses on capacity building, an essential component in every element of engagement strategy. The ability to design policies and implement programs effectively is fundamental to successful diaspora relations. For most governments, the two major problems in capacity building are inadequate funding and lack of technical know-how. Overcoming these challenges calls for innovation, whether expressed through the creation of new structures or the use of existing structures for new purposes relating to the diaspora. Creative partnerships between governments and the private sector, civil society organizations, other governments, and international organizations can also be effective in augmenting the capacity of government institutions. Good communication

with the diaspora, through such means as regular consultations or formal diaspora councils, also contributes to building the knowledge and technical skills of government institutions.

Chapter 3 highlights the importance of rigorous monitoring and evaluation of policies and programs. Resources are often concentrated at the front end of programs, while neglecting the feedback loops that allow governments to understand whether resources are being used as directed and programs are working as intended. Evaluations are essential to determine whether adjustments are needed to keep policies on track. Baseline data should be collected at the start of a project to make before-and-after comparisons possible. State-of-the-art evaluations are costly; aid donors can help a partner government to build a culture of evaluation, and to select an appropriate mix of qualitative and quantitative measures of effectiveness.

Part Two of the handbook looks at the legal and institutional frameworks that governments have established to facilitate diaspora engagement. Chapter 4 describes and assesses the institutions that governments use to interact with diaspora populations. The survey administered to gather information for the handbook identified more than 400 governmental institutions in 56 countries that directly engage diasporas through their programs; 77 of them were created specifically to deal with diasporas on a formal basis. These institutions exist at various levels of government, from independent ministries to suboffices within other departments. Many are associated with other government portfolios, such as foreign relations, regional integration, trade, or labor. Over one-third of those surveyed have been established since 2005. Their purposes and effectiveness also vary widely.

Chapter 5 examines the legislative and regulatory frameworks through which diasporas interact with their countries of origin. Six mechanisms that encourage diaspora engagement are presented: Flexible laws governing citizenship, residency, and visa access; political rights; property rights, tax incentives for investment; portable pension, insurance, and health care benefits; and formal recognition of diasporas as part of the nation and integral to national development.

The six chapters of Part Three each examine a key programmatic area in which diasporas have played positive roles in development of the country of origin: remittances, direct investment, human capital transfer, philanthropy, capital market investment, and tourism. These chapters identify "menus" of policy options and extract lessons from the

experiences governments identified as relevant in their survey responses. The chapters also spotlight the challenges that policymakers have faced and continue to face as thinking and practice in these six areas continue to evolve.

Chapter 6 points to two trends in remittance policy: a focus on strengthening the financial infrastructure that supports remittance transfer, and a renewed and more sophisticated emphasis on increasing the productivity of remittance flows through mechanisms such as securitization and links between remittances and related financial products. Transparency and competition in remittance markets have helped to bring down transfer costs in many corridors, but others remain expensive and offer limited options.

Direct investment by diaspora entrepreneurs and venture capitalists in their countries of origin strengthens prospects for economic growth by fostering the formation and growth of businesses, supporting innovation and developing new sectors of the economy. Chapter 7 points to the importance of access to information, networks, training, financial capital, and public infrastructure as issues of public policy. If supported by policies that create an atmosphere conducive to entrepreneurship, collaboration between diaspora investors and local business owners can provide a powerful stimulus to development.

Chapter 8 explores new policy directions relating to the transfer of human capital through diaspora connections. Members of the diaspora can help to fill gaps in expertise and skills that handicap developing countries in the knowledge economy. In recent years, governments and international organizations have turned away from "return of talent" programs premised on permanent return of diaspora members and toward policies to encourage circulation of highly skilled people between their countries of origin and destinations. Maintaining connections across borders through informal networks or organized programs allows countries of origin to expand their access to scientific and technical skills that might otherwise be lost to them through emigration. A delicate balance of incentives is required, however, to ensure that local talent gains from exposure to diaspora networks rather than feeling displaced by them.

The role of private philanthropy in development is expanding, and diasporas are sources of social investment ranging from major contributions by wealthy individuals to the collective donations of middle-income and even relatively poor migrants. Chapter 9 points out that governments

have taken three broad approaches to encouraging philanthropic contributions from the diaspora: courting individual philanthropists, engaging philanthropic institutions established by diasporas, and encouraging donors to pool their funds through intermediary platforms. Several governments, both in countries of origin and countries of destination, have established programs that match diaspora donations with government funds.

Chapter 10 turns to a relatively neglected dimension of financial flows from diasporas to countries of origin through capital market investments — bank deposits, stocks and bonds, loans, asset-backed securities, and derivatives. Diaspora investors may have valuable resources of cultural and linguistic knowledge, local networks, long time horizons, and different risk perceptions in comparison to other foreign investors. This chapter examines four particular vehicles that governments use to mobilize the wealth of diasporas: special deposit accounts for nonresidents, transnational loans, government-issued "diaspora bonds," and securitization of future remittance flows.

Chapter 11 examines the role of diasporas in one of the main sources of job creation and foreign exchange earnings in developing countries: tourism. Diasporas can play a unique and important role in opening international markets for new tourism destinations. Some governments encourage tourism by promoting return visits from diaspora members. Variations on this theme include promotion of medical tourism, business tourism, and heritage (or "roots") tourism.

Introduction

Diasporas' engagement with their countries of origin is not new. Long before the international community took notice, emigrants and their descendants have taken part in development efforts at home, working with both the public and the private sphere. Now, more than ever before, governments at both ends of the migration cycle recognize the value of these spontaneous engagements and are seeking ways to cooperate with them. Countries of origin wish to attract diasporas' talents and resources, while countries of destination hope to increase the effectiveness of their development assistance and immigration and integration policies. Indeed, policymakers and practitioners in both origin and destination countries share a common goal: to strengthen diasporas' role in development. This, in turn, creates a perfect window of opportunity for engagement.

Diasporas have the potential to make many contributions. Most commonly recognized among these are the remittances they send back to their homelands — more than $400 billion in 2010 (of which an estimated $325 billion went to developing countries),[1] more than double the total official development assistance (ODA). Diasporas are also major direct investors in critical and emerging industries, known patrons of nascent tourism industries, and generous philanthropists. Preliminary estimates from the World Bank suggest that annual savings of diasporas from developing countries could be around $400 billion.[2] And terms such as brain gain, brain bank, brain trust, and brain circulation[3] have entered economists' lexicon, highlighting the value of diasporas' transferrable skills, knowledge, and networks, which are integral to the development of a modern, knowledge-based economy.

The first four meetings of the Global Forum on Migration and Development (GFMD) recognized these contributions. The pivotal question now facing many policymakers is not so much if diasporas can benefit their countries of origin but how they do so and what kinds of government policies and programs can foster these relationships.

1 Why Create a Handbook on Diaspora Engagement?

The widespread recognition of diasporas' role in development has led to an increase in policies and programs attempting to leverage the goodwill and resources of emigrants and their descendants. But it has been difficult to track the challenges and the successes that emerged from these experiences. Most discussions have been theoretical or simply descriptive and have not evaluated whether policies and programs have achieved their purposes. As a result, they have not offered policymakers and practitioners lessons and good practices to guide new initiatives. This handbook is a reference guide, providing a synthesis and analysis of the results of governments' efforts to engage their diasporas.

This handbook is designed to fill gaps in the current discourse on diasporas' role in development by providing the following:

- A user-friendly, accessible, and practical guide on the state of the art in governmental diaspora initiatives. Far from being exhaustive, the handbook presents a carefully selected menu of viable policy and program options based on actual experiences from around the world. It aims to highlight good practices, challenges, lessons learned, and promising cases that can be refined and adapted to suit local contexts. The handbook focuses more specifically on policies and programs initiated by and with governments:

  - At various levels (regional, national, and local)
  - In both origin and destination countries
  - In partnership with other governments and stakeholders.

- A road map toward strategic and sustainable engagement. Beyond a discussion of actual policies and programs, the handbook also offers a strategic plan of action for those who are interested in engaging diasporas more fully. Diaspora engagement is best approached as a process rather than as one, or even a series, of one-time actions. The road map is designed to help policymakers and practitioners fit the many elements of diaspora policy into a coherent strategy. It outlines the critical steps governments may take with their partners as they design, implement, and improve strategic and sustainable diaspora policies and programs.

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INTRODUCTION

Developing a Road Map for Engaging Diasporas in Development
A Handbook for Policymakers and Practitioners in Home and Host Countries

In short, this handbook is both a source of information and a practical guide for governments thinking of introducing or improving their diaspora-focused policies, programs, and/or institutions.

> ### ➡️ Box 1. Defining "Diaspora"
>
> There is no widely accepted definition of "diaspora," and in fact the term is used to signify many different phenomena. In its classical usage, "diaspora" is historically specific to the forcible expulsion of the Jewish people from Babylon, and as such it carries a tragic connotation associated with an enduring sense of loss and a longing to return to an ancestral homeland. Thus, the Merriam-Webster dictionary defines "diaspora" narrowly as "the settling of scattered colonies of Jews outside Palestine after the Babylonian exile."
>
> In contemporary social science, the term is often used much more broadly. Oxford scholar Robin Cohen, in his *Global Diasporas: An Introduction*, identifies four types of diasporas, which he labels victim ("scattering of people away from an ancestral or established homeland after a decisive event"), labor ("movement or migration from a homeland in search of work"), imperial ("migration from a homeland to further expansionist ambitions"), and trade ("migration from a homeland in pursuit of trade and development").[4] Other scholars identify belonging to a diaspora as a state of mind; Jennifer Brinkerhoff, defines it as: "The psychological belonging to a collective culture, hostland or homeland."[5]
>
> The use of the term in policy discussions usually leaves behind the historical roots of the term in favor of an empirical description, as in the definition offered by Gabriel Scheffer: "Modern diasporas are ethnic minority groups of migrant origin residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin — their homelands."[6]
>
> At a minimum, "diaspora" implies a distinct identity relating to a community of origin. It is increasingly common to use the term to refer to migrants who have left their countries only recently and perhaps temporarily as well as to refer to settled communities.
>
> The term "diaspora" in this handbook is equally broad. It refers to emigrants and their descendants who live outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintain affective and material ties to their countries of origin. The common thread among these recent arrivals and members of long-established communities is that they identify with their country of origin or ancestry and are willing to maintain ties to it. These ties are, potentially, beneficial to development.

② How to Use this Handbook

The handbook is divided into three major parts:

Part One (Developing a Road Map for Effective and Sustainable Engagement) presents a strategic action plan for governments that want to engage their diasporas more fully. Engaging diasporas is as much a process as an outcome. How policies, programs, and institutions are chosen and created and how goals are achieved are critical indicators of success. A road map outlines the critical elements governments should

consider as they design and implement diaspora-focused policies and programs.

⮕ Chapter 1 ("The Elements of a Road Map for Diaspora Engagement") highlights the importance of taking a strategic approach to the creation of diaspora institutions, policies, and programs. Many of the challenges highlighted in other chapters could have been muted or avoided if policymakers and practitioners had first identified the goals and capacities of governments and other potential partners; understood diasporas' needs, desires, and potential; built trust between diasporas and the state; and worked carefully to mobilize diasporas to work toward mutually accepted goals.

⮕ Chapter 2 ("Building Capacity for Effective Implementation") spotlights the value of a sustained focus on capacity building. This chapter emphasizes that diaspora institutions, policies, and programs are in many ways no different from other development initiatives: they thrive only if there is adequate funding, appropriate technical know-how, and meaningful partnerships. In building capacity, the focus should be not only on the governments and other actors that run diaspora institutions and implement diaspora-focused initiatives but also on members of the diaspora themselves and the organizations that represent them.

⮕ Chapter 3 ("Monitoring Progress and Measuring Impact") recognizes monitoring, evaluation, and adjustment as prerequisites to more effective engagement with diasporas. Many of the initiatives highlighted in Parts 2 and 3 have neglected the feedback loop: the close monitoring of initiatives and their impact and the use of these findings for further improvement. This chapter emphasizes the need to overcome the "fear factor" in monitoring and evaluation, not only among managers of programs and recipients of funding but among donors themselves. It also identifies a range of monitoring and evaluation tools that governments and their partners have used, from the simple and inexpensive to the most elaborate and sophisticated.

Part Two (Building Institutions and Reducing Barriers) discusses the institutional and legal framework for diaspora engagement. It is divided into two chapters:

⮕ Chapter 4 ("Building Diaspora Institutions: Carving a Niche in the Inner Workings of Government") reviews 77 offices, bodies, and

posts that governments in 56 countries created specifically to formalize their engagement with diasporas. The chapter is divided into six sections corresponding to the diaspora institution's place within the government's organizational structure: ministry, subministry, national, local, consular, or quasi-government.

➲ Chapter 5 ("Reducing Barriers: Six Actions to Facilitate Diaspora Engagement") highlights legislation and regulations that encourage diaspora members to engage spontaneously with their countries of origin, with little or no additional support from governments. This chapter identifies the value in reducing barriers to engagement mainly by eliminating regulatory and legislative provisions that restrict or discourage mobility between home and host countries and inhibit diasporas' participation in the polity, society, and economy of their countries of origin.

Part Three (Creating Bridges: Six Areas of Focus for Diaspora Engagement) identifies six program areas in which diasporas have played a central, positive role: remittances, direct investments, human capital transfers, philanthropic contributions, capital market investments, and tourism. Chapters 6–11 aim to identify the latest thinking on each programmatic area by highlighting how various programs have evolved in recent years, the challenges policymakers and practitioners have faced, and the lessons that can be drawn from their experiences.

A companion web page hosted by the GFMD Platform for Partnerships (PfP) website is available. The site provides a soft copy of the handbook for download and online reading, has active links to resources available on the Internet, and will be updated as further information becomes available (www.gfmd.org/diasporahandbook).

In keeping this diaspora handbook true to its purpose, it is written and formatted so that readers can choose to visit only those sections that interest them. Each chapter stands alone, which means that there is some repetition among chapters. Policymakers and practitioners pressed for time should find it easy to locate the key findings of the handbook in their areas of greatest interest.

To identify the approaches of promising programs and to extract lessons from them, this handbook draws heavily from information collected directly from policymakers and practitioners. It was prepared within the framework of PfP, a GFMD-sponsored tool to facilitate knowledge sharing in the migration and development field. Through PfP, states participating in GFMD were invited to share their own experiences, needs, and priorities in engaging diasporas for development in four ways:

➲ **Survey**. The Migration Policy Institute (MPI) and the International Organization for Migration (IOM) administered a two-part survey between December 2010 and May 2011 among all states that participated in GFMD. GFMD national contact points received the first questionnaire, which built on IOM's 2005 survey on diaspora engagement policies and the 2009 Inventory of Institutional Capacities and Practices compiled by IOM and the International Center for Migration Policy Development (ICMPD). Sixty-two countries answered the first questionnaire, which identified more than 400 institutions at various levels of government and civil society that actively engage the diaspora. IOM and MPI distributed a second and more detailed questionnaire directly to the government institutions identified by GFMD focal points, of which institutions in 30 countries responded. The findings of both surveys provided many of the examples, insights, and conclusions found in this handbook.

➲ **In-depth interviews**. Between February and July 2011, IOM and MPI also conducted in-depth interviews with officials from 35 government institutions and civil society organizations (CSOs) that directly manage diaspora engagement programs. The lengthy interviews — conducted in English, French, and Spanish — highlighted some of the issues and challenges policymakers and practitioners face on the ground.

➲ **Consultations**. IOM and MPI also convened a consultative workshop in July 2011. The workshop, held in Brussels, was jointly organized with the United Nations (UN) Joint Migration and Development Initiative (JMDI), which at that time was developing a complementary handbook focusing mainly on civil society initiatives. The final draft of the IOM/MPI handbook was distributed to participating governments in advance of the Concluding Debate

of the 2011 GFMD and was discussed at the PfP session of the GFMD meeting in December.

➲ **Review of literature and policy and program documents**. The handbook also benefited from a review of expert literature and policy and project documents shared by governments and other actors. This review included evaluations and impact assessments of programs and policies, where available.

The handbook builds on previous work on diaspora engagement carried out by MPI and IOM. The relevant MPI materials include a background paper commissioned by the government of the Netherlands for Roundtable 1.2 at the 2009 GFMD in Athens, a book exploring governmental institutions that work with diasporas,[7] and a book on modes of diaspora engagement.[8] IOM has produced a number of publications, including an extensive report outlining results of a 2005 survey on diaspora engagement policies among IOM member states,[9] as well as numerous internal and external evaluations of its various projects involving diasporas.[10] These works have contributed substantially to the framework and content of this handbook.

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INTRODUCTION

PART

1

DEVELOPING A
ROAD MAP FOR
EFFECTIVE AND
SUSTAINABLE
ENGAGEMENT

D iaspora engagement is a process that requires sustained attention across a broad front. It also requires a strategy. Part One of this handbook offers a "road map" that lays out some of the building blocks of diaspora engagement strategy. It recognizes that every diaspora's relationship with countries of origin or ancestry and countries of destination or settlement is unique, but makes the case that certain fundamental elements are necessary components of almost all successful strategies of engagement.

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.

Figure 1 summarizes the road map in graphic form. It was developed by the Migration Policy Institute (MPI) at the request of the government of the Netherlands for Roundtable 1.2 of the third Global Forum on Migration and Development (GFMD), held in Athens in 2009, and benefited from input from its participants as well as other stakeholders who took part in prior consultations. The discussion of the road map at GFMD generated the concept of a handbook on diaspora engagement.

The central boxes in Figure 1 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 one another, and leap-frog over any orderly progression from one stage to the next. Above all, there must be constant feedback among the processes. 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 element 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.

Chapter 1 of this handbook breaks down the road map into its component elements and discusses each of them in greater detail. Chapter 2 focuses on the encompassing issue of capacity building, which

is important for realizing each stage of the road map and must continue even after diaspora engagement has become a full-fledged reality. Chapter 3 addresses a key element of sustainability: continuing monitoring and evaluation to ensure that diaspora engagement makes real progress and achieves the goals of development of, by, and for diasporas and the countries to which they are attached.

Figure 1. A Road Map for Diaspora Engagement
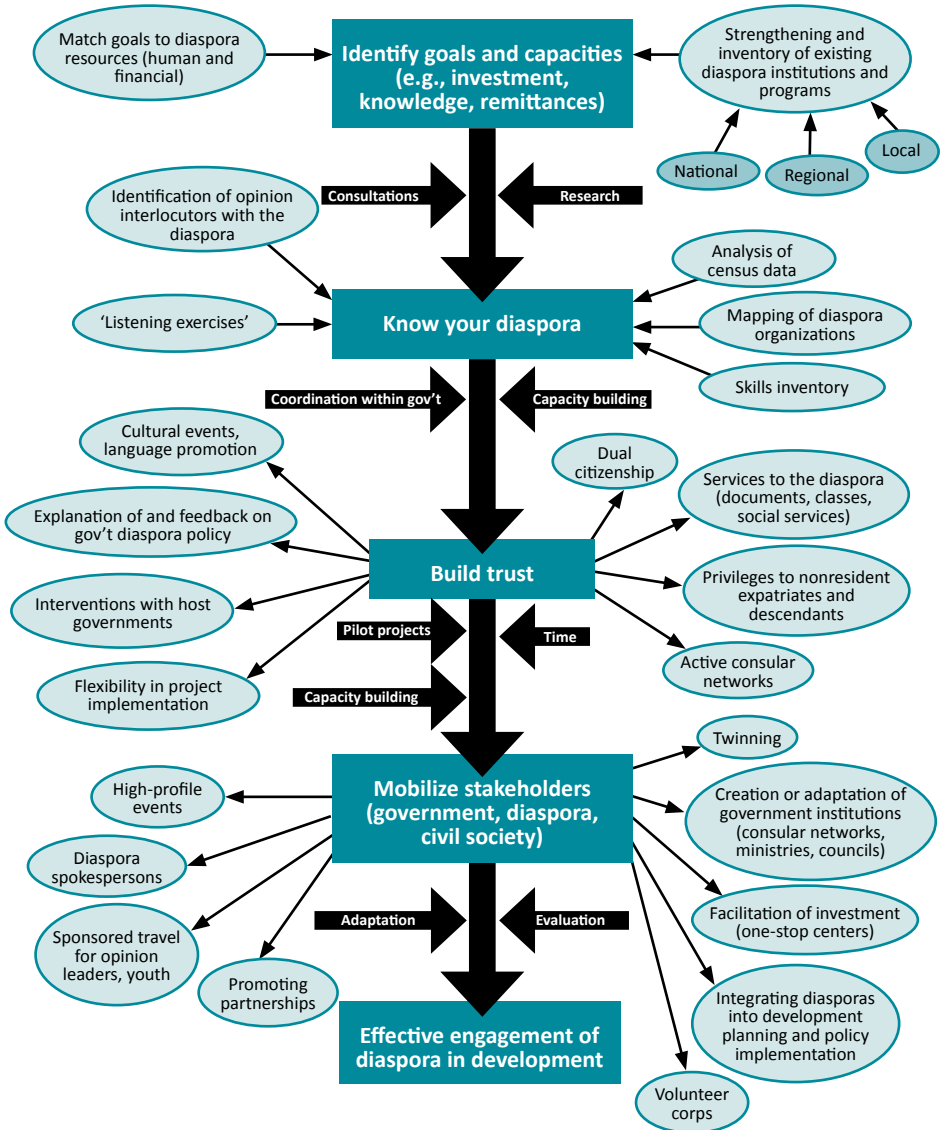
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PART 1: DEVELOPING A ROAD MAP FOR
EFFECTIVE AND SUSTAINABLE ENGAGEMENT

Chapter 1: The Elements of a Road Map for Diaspora Engagement

No road map can be a "one-size-fits-all" model for governments working to engage their diasporas more effectively. Each diaspora has a unique set of needs and capabilities based on its historical experience and the present realities of its countries of origin and destination — and government approaches must reflect these complexities. Nonetheless, a strategy for diaspora engagement will almost always include certain fundamental elements, which are reviewed in this chapter.

Many of the process and action elements related to the four stages of the road map are relevant to governments of both origin and destination countries. Most of them are suitable for bilateral or multilateral partnerships and some, such as twinning arrangements, require partnership.

1 Identify Goals and Capacities

The first step for any government in devising a strategy to facilitate stronger diaspora involvement in development is to identify its own goals in undertaking this pursuit and to define the internal tools and mechanisms (administrative, financial, etc.) required for the task. For countries of destination, the strategy may differ according to the characteristics and origins of the diasporas engaged.
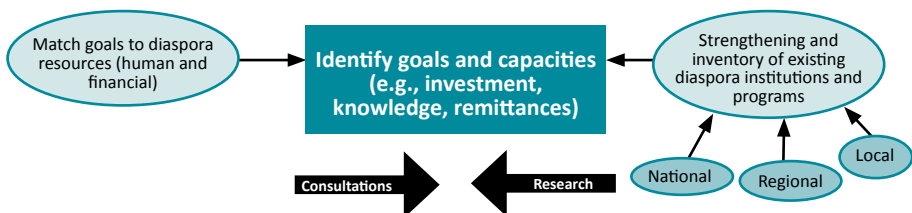
Governments can then ascertain how far their own capacities will go toward reaching their goals, which capacities reside within the targeted diasporas, and which must be created or sought from other actors. If, for

example, a country of origin's goal is to reduce poverty or support the national balance of payments, its diaspora policy (in terms of both content and instruments) will likely focus on remittances, business investments, and, perhaps, capital markets. If, however, its goal is to improve the country's competitiveness in economic terms, its diaspora policy is more likely to emphasize the knowledge and skills that members of the diaspora can channel to their countries of origin. The country of origin may, for example, facilitate diaspora members' personal efforts to transfer skills to the homeland, or work to connect home-country institutions of learning and enterprise to advanced institutions in countries of destination in which diaspora members have ties.

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.

Beyond 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 a country of destination could facilitate the involvement of the diaspora in spreading information in diaspora communities about opportunities and programs that enable greater mobility for diaspora members, or provide financial support for joint 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 corresponding 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.

The goals of diaspora engagement cannot be set in a vacuum. They should be seen as an integral part of development planning, not as a side-line or add-on. Diasporas can bring important financial, intellectual, and social capital to the development process, but they cannot substitute for the cultivation of domestic resources — although they can contribute to this cultivation. Similarly, diaspora efforts cannot succeed when the basic elements of good governance are not integrated into development planning. The past success of governments such as the Republic of Korea and Taiwan Province of China in bringing diaspora talent and treasure to the table were in large part possible because both governments had sound development strategies in place to invest in education, promote science and technology, build infrastructure, and foster entrepreneurship.

Governments are also more likely to succeed in setting realistic but ambitious goals for diaspora engagement if they consult with diaspora members when setting these goals. Mexico, for example, has established the Consultative Council of the Institute for Mexicans Abroad (CCIME), composed mostly of leaders elected by diaspora communities. The council makes recommendations to the government about its diaspora policies, and engages in wide-ranging discussions about Institute for Mexicans Abroad (known by its Spanish acronym IME, for Instituto de los Mexicanos en el Exterior) programs. Meanwhile, the government of Switzerland has supported a "structured dialogue" between Kosovars resident in Switzerland and their municipalities of origin in UNSC resolution 1244-administered Kosovo, which has yielded ideas about the topics of greatest interest to the diaspora that are also relevant for development.[11]

2 Know Your Diaspora

With reasonably clear goals articulated, the second crucial step for a government is to know the diaspora that it hopes to engage. This involves serious, comprehensive data collection (through a migrant/ diaspora census, for example); mapping the location of the diaspora; compiling inventories of diaspora skills and experience; and engaging a wide range of diaspora members in 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, government policies 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.

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Identification of opinion interlocutors with the diaspora

'Listening exercises'

Know your diaspora

Analysis of census data

Mapping of diaspora organizations

Skills inventory

Coordination within gov't   Capacity building
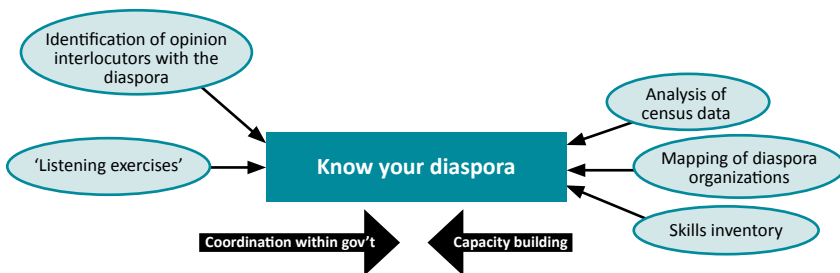
The Indian government, for example, tasked a High-Level Committee on the Indian Diaspora to analyze the location, situation, and potential development role of the estimated 20 million nonresident Indians (NRIs) and persons of Indian origin (PIOs). The information resulting from this two-year exercise led to a new direction in diaspora policy, including the creation of a Ministry of Overseas Indian Affairs (MOIA) in 2004.

For countries of destination, a "know-your-diaspora" exercise will involve the collection of data in national censuses and surveys to reveal the birthplace and ancestry of residents in the aggregate, while protecting the identity of subgroups and individuals. With this aggregate information, countries of destination can judge where best to invest their efforts to create partnerships with countries of origin. 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 among those directing resources to the management of migration data — and to creating profiles of diaspora members in particular.

The lack of reliable data on diasporas is frequently identified by governments as an obstacle to developing effective diaspora policies and programs. Census data do not usually capture out-migration very well, as they offer only a snapshot of people residing in a country at the time of the census. So governments must rely on destination countries to collect data on the place of birth and ancestry of residents. Several destination countries have conducted special studies of their resident diaspora populations, such as the German Agency for Development's (GIZ, the German abbreviation for Deutsche Gesellschaft für Internationale Zusammenarbeit)[12] ten-country series on diasporas resident in Germany.[13] Consular estimates are often based on analysis of destination-country data and surveys, but are of variable quality and, often, are limited in scope; conducting large-scale, detailed surveys is also expensive. Colombia, for example, conducted a pilot exercise in London to map the characteristics of Colombians living there, but has so far been unable to extend this exercise to other locations where its diaspora is concentrated.[14]

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. The institutional framework of a country of origin's diaspora policy will be quite different, for example, if

it has a large diaspora concentrated in one or a few countries (Mexico) versus a small and highly dispersed diaspora (Ghana). Similarly, a country of destination's policy will differ depending on its historical relationships with its diasporas' countries of origin, on how successfully its diaspora communities are integrated into the destination-country's society, and of course on its foreign policy priorities. The US government, for example, has encouraged the formation of several diaspora foundations to encourage unified action on the part of diverse immigrant communities: these include the American Irish Foundation (now merged into The Ireland Funds), American India Foundation, US-Mexico Foundation, and American Pakistan Foundation. Such bodies help articulate the goals of diaspora communities both to the governments of their countries of origin and to the governments of the countries where they have settled.

3   Build 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 on the basis of weak capabilities to deliver on mutual objectives. All parties must feel that they are deriving value from the relationship. Building trust is therefore a necessary third element of the diaspora engagement strategy.
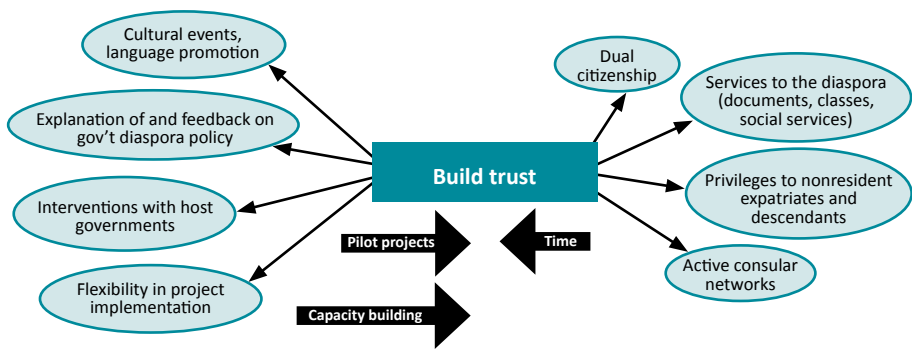
For the country-of-origin governments, building trust with diaspora populations may also involve creating a welcoming environment for diaspora engagement in development activities. This would include steps

to improve the domestic 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 such efforts. The European Commission (EC), for example, has funded projects in a number of migrant-origin countries to help their governments develop sound legal, regulatory, and/or institutional frameworks that promise to 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 its diaspora.[15] The creation of IME in the Ministry of Foreign Affairs in 2002 brought coherence to these efforts through a dense network of over 56 consular offices in North America. IME works with organized diaspora groups on the well-known Tres por Uno (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.[16] A key trust-building element of Mexico's diaspora engagement strategy is CCIME, the consultative council mentioned above. 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 to 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, Israel's Partnership 2000 is a prime example of building trust through twinning between Israeli municipalities and Jewish diaspora communities around the world. Such programs ideally 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 diasporas and government representatives in key efforts such as identifying needs, setting priorities, and allocating resources.

Partnerships of trust with diasporas can be built on many different kinds of programs. In addition to the kinds of services provided by IME, which include facilitating access to health care and education, many governments offer privileges to nonresident citizens (and, in some cases, their descendants) such as duty-free imports of goods, tax-free repatriation of foreign-currency income, and the ability to buy assets or hold jobs normally reserved for resident citizens. Successful diaspora initiatives, as identified by the EC-United Nations (UN) Joint Migration and Development Initiative (JMDI), confirm the positive link between privileges for diasporas (such as a special fiscal regime, or streamlined processes to set up businesses) and the impact of their engagement.[17]

Many governments sponsor cultural events in countries that have a diaspora presence; some, including China, also promote learning the "mother tongue" by subsidizing lessons and providing teachers. Political rights are often a high priority for diasporas; governments can both demonstrate and earn trust by facilitating overseas voting and other forms of political participation for expatriates. Ghana, for example, passed a law permitting dual citizenship in 2000 and one giving voting rights to Ghanaians abroad in 2006. Such actions are designed to instill a sense of belonging to and engagement with the country of origin.

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 diasporas have expertise that may be an important input for the development policies of their countries of origin. The country offices of the United Kingdom's 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.

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4 Mobilize the Diaspora for Development

With trust 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.[18] 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. As we will see in Chapter 4, ever-increasing numbers of migrant-origin countries are creating ministries dedicated to diaspora issues, such as India's MOIA, 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 at the subministerial level or special institutions elsewhere in government. Delegates at the 2007 Global Forum on Migration and Development (GFMD) diaspora roundtable (Roundtable 1.2) repeatedly made the point that countries of origin need an institutional framework at the national level to communicate with their diasporas, coordinate policies, and provide support for and follow-up on engagement.
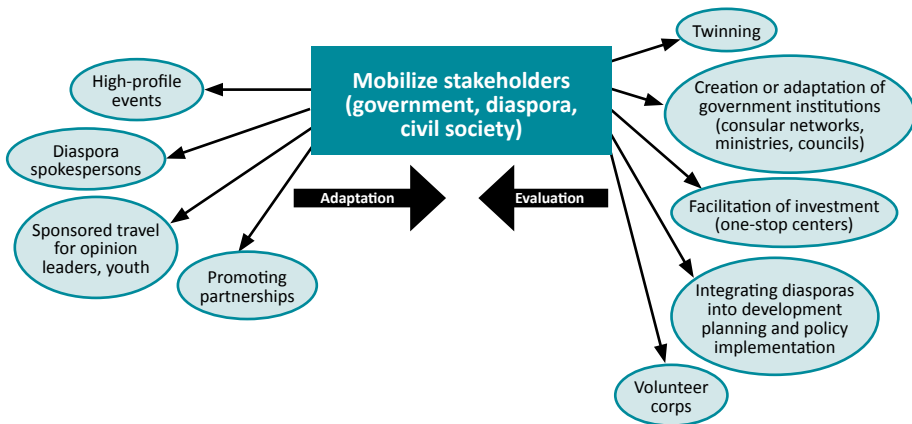
Yet even if it succeeds in building trust, a governmental institution is not necessarily the most suitable channel for the mobilization of financial resources from the diaspora. Israel's experience has demonstrated the advantages of an independent and accountable mechanism for the transfer of philanthropic 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 every year,[19] which suggests that formal institutions for diaspora engagement can usefully 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 ("nonresident Indian day"), the first of which brought together more than 2,000 high-profile Indian diaspora members for a conference attended by most of India's senior politicians, alongside Nobel Prize winners of Indian nationality or descent. Jamaica, too, holds an annual celebratory gathering of expatriates and descendants of emigrants. In connection with these events or independent of them, several countries recognize diaspora members who have made special contributions to their countries of origin, fostered better understanding between origin and destination countries, or demonstrated outstanding merit in their professional lives. Among the many awards given to diaspora members are the Presidential Awards for Filipino Individuals and Organizations Overseas, India's Pravasi Bharatiya Samman, the World Class New Zealand Awards, and the Governor-General's Jamaican Diaspora Award for Excellence.

Governments of origin countries also may appoint well-known members of the diaspora as spokespersons on diaspora issues, sponsor travel to the country of origin for opinion leaders and youth, or establish diaspora volunteer programs. One striking example of this kind of interface is the Taglit-Birthright Israel program, initiated in 2001, which provides free educational trips to Israel for young diaspora adults aged 18 to 26. Since its inception, over 260,000 diaspora youth from 52 countries have participated in the program.[20] 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. In 2003-05 the European Commission supported the Return of Qualified Afghans (RQA) program for Afghan nationals living in EU member states. In cooperation with the government of Afghanistan, and employing the International Organization for Migration (IOM) as implementing partner, the program identified

Afghans with relevant qualifications and experience and assisted their return to Afghanistan for assignments of 6–12 months in both the public and private sectors. The program was small and relatively high-cost, but an evaluation found that the participating Afghans provided needed skills that were appropriately used.[21] The Netherlands is implementing a similar program (Temporary Return of Qualified Nationals, TRQN) in Afghanistan, Georgia, Ethiopia, Bosnia and 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 diaspora medical doctors to Ghana.

The Canadian 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. For diaspora groups without such experience, CIDA has created tripartite partnerships among diaspora organizations, Canadian development nongovernmental organizations (NGOs), and NGOs in the countries of origin. (Such partnerships have the added advantage of avoiding the impression that a government's diaspora policy is supporting an organized political opposition in exile.) Linking diaspora organizations with Canadian NGOs with solid experience in developing countries has enabled diaspora organizations to gain the knowledge and expertise needed to seek donor funds and to work independently. Many Haitian diaspora organizations, after working with Canadian civil society organizations (CSOs) for several years, now approach CIDA for separate funding to execute development projects in Haiti on their own.

Several governments that are donors of official development assistance (ODA, commonly known as foreign assistance) 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. Such institutions 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.

In working with diaspora partners, a number of donor governments and consortia have found that the most successful projects and programs are those that build on existing diaspora initiatives rather than those

started anew at the initiative of governments. The EC-UN JMDI observes that "policies too strongly driven by governments can act as a deterrent for diaspora engagement."[22]

Government partners in diaspora engagement, whether of destination or origin countries, are by no means confined to the national level. Of particular importance is establishing links between diasporas and local levels of government, given that diasporas' contributions tend to be geared toward their places of origin. State/provincial or municipal governments may establish partnerships with diaspora populations to assist in development of the countries of origin.

What is novel, however, is local governments' interest in twinning with municipalities that are large and/or recent sources of newcomers to their communities. Dutch municipalities have established relations with local governments in source countries such as Turkey, Suriname, and Morocco. At present, there are some 39 diaspora-focused municipal twinning initiatives in the Netherlands, and their number is increasing.[23] City-to-city partnership projects often focus on strengthening local governance. For instance, the Dutch municipality of Zeist advises its partner municipality in Berkane, Morocco, on how to improve waste management.

Chapter 2: Building Capacity for Effective Implementation

Translating promise into reality is more easily said than done. While many governments acknowledge the importance of diaspora engagement in development, many still lack the capacity to design effective policies and implement them on a meaningful scale. This explains the gap between schemes that look good on paper and truly effective policies and programs that actually make a difference. Indeed, effective engagement almost always requires a concerted effort toward capacity building.

For many countries, the main challenges to effective engagement seem to center on two issues relating to capacity: how best to obtain adequate funding and how to improve technical know-how. Governments serious about engaging diasporas have to commit to funding their efforts as fully as possible (and seeking funds from elsewhere to fill in remaining gaps) and to obtaining the operational knowledge and skills needed to pursue goals effectively.

1 Challenges to Building Capacity

A. Amassing Adequate Funding

Analyst Michael Fullilove has noted that most diaspora institutions are underfunded.[24] A closer look at the budgets of the Philippines, Mexico, India, and Mali — four origin countries that have actively engaged their diasporas in recent years — seems to support this observation. Institutions in charge of the diaspora portfolio in these countries have received a relatively small allocation from the national government.

The responsibility for protecting and engaging the Philippines' huge diaspora largely rests on three government agencies: the Departments of Labor and Employment and Foreign Affairs, and the Commission on Filipinos Overseas (CFO). In 2009 the three bodies spent a total of 19.7 billion pesos ($437 million), or 1.7 percent of total government expenses that year.[25] CFO, which is the key agency in charge of engaging permanent

emigrants, received the smallest allocation among the three, at only 45 million pesos ($1 million), or 0.004 percent of the national budget.[26]

Mexico's spending on its Ministry of Foreign Affairs, as a portion of the total executive-branch budget, is also quite low, at only 1 percent or 5.3 billion pesos ($397 million) in 2009.[27] From this amount, approximately 6 percent ($24 million) was spent on services to Mexicans abroad. This money funded the Institute for Mexicans Abroad (IME), the key agency driving Mexico's diaspora agenda, consular activities, and other related programs. At approximately $2.8 million, IME's budget for 2009 was the smallest portion of the ministry's total budget for services to Mexicans abroad.[28]

India and Mali both created separate ministries whose explicit purpose is to address the needs of diaspora populations. India's Ministry of Overseas Indian Affairs (MOIA) received 80 crores ($17 million) in the 2009–10 budget, or 0.02 percent of the overall central government budget (416,000 crores or $90 billion) during the same period.[29] The Ministry of External Affairs, which is responsible for maintaining consular presence abroad, among other things, received an appropriation that was six times more than that of MOIA (579 crores or $125 million), but still a very small proportion relative to other government departments. Combined, the two ministries comprised 0.16 percent of the total Central Plan outlay.[30]

Similarly, in 2009, the Ministry for Malians Abroad and African Integration had a total budget of about 1.8 billion CFA francs ($3.9 million).[31] Government funding for services to Malians abroad provided through consulates is budgeted through the Ministry of Foreign Affairs and International Cooperation, which received 22.7 billion CFA francs ($49.3 million). Both ministries made up 7 percent of the central government budget of 723.9 billion CFA francs ($1.6 billion).[32]

The amount of money governments should allocate to diaspora institutions is highly debatable. In general, analysts use overall budget allocations to assess a country's spending priorities and values; examining, for example, how much is spent on defense versus health care or education. Determining the appropriate level of spending is difficult when the target audience and main beneficiaries have higher incomes than their compatriots at home and in some cases are not even citizens.

In the absence of reliable data or standards, one reasonable measure of spending might be to compare the budget allocation with the percentage of a country's population that lives abroad. With that in mind,

Mexico, the Philippines, and Mali, which both have nearly 10 percent of their respective populations abroad, could arguably increase their budget allocation on their diaspora efforts.[33] Another suggested yardstick pertains to remittances sent as a percentage of gross domestic product (GDP). Using this measure, the Philippines, where remittances make up 13 percent of GDP, should be spending a significantly higher proportion of its budget on diaspora efforts than Mexico, Mali, and India, where remittances are around 3 percent of GDP.[34]

However, developing countries with very limited and dwindling financial resources face real spending and allocation constraints. As the case of the Philippines shows, the public works and highways and education departments, respectively, claimed 11 and 5 percent of the 2009 budget.[35] The largest budget allocation, at about 252 billion pesos ($6 billion) or 22 percent of the budget, went to paying interest on the national debt — a problem that plagues many heavily indebted countries.[36]

Indeed, for many governments, one of the most pressing challenges to diaspora engagement is how to initiate programs that do not drain the already limited public coffers while bringing in critical financial resources.

B. Acquiring Technical Know-How

Budgets alone are imperfect measures of state capacity. Spending more money does not necessarily ensure a higher-quality outcome. For many countries, technical know-how — the operational knowledge and skills needed to pursue goals effectively — presents a larger hurdle than money.

Successful diaspora engagement requires designing smart ways of delivering services and programs to a dispersed and heterogeneous population. A good case in point is the largest migrant welfare fund operated by a sending-country government. Faced with the problems attendant with a rapidly expanding temporary worker population abroad, the Philippine government established the Overseas Workers Welfare Administration (OWWA) in 1981 to protect Filipino migrant workers and provide various services, from repatriation to new-business loans. In 2005, despite amassing huge reserves, OWWA spent only 0.03 percent of its fund balance on services, in most cases meeting only the minimum requirements mandated by law.[37] OWWA's limited experience in administering programs partially explains its conservative spending. For instance, it has tried to provide livelihood loans for many years but has

always had poor repayment rates. Aware of its service-delivery problems, OWWA opted to safeguard its funds by placing them in development banks.[38]

Even more than lack of money, in some cases lack of knowledge constrains the efforts of destination-country governments. In the Netherlands, for example, a 2009 study of twinning projects found that medium-sized municipalities such as Arnhem, Meppel, and Haarlem, which host a relatively small number of migrant groups, had successfully involved migrant organizations in twining programs.[39] On the other hand, large municipalities such as Amsterdam, with a huge migrant population, had learned that involvement with one migrant group over another can create tension among groups and between the state and migrants. Migrant populations abroad are often divided and politicized, which can make involvement with them difficult. Indeed, some Dutch municipalities have chosen to disengage with diaspora groups altogether to avoid dealing with diaspora politics.[40]

The difficulties of acquiring the operational knowledge and skills to engage diasporas effectively can be attributed to many factors. Long-standing programs, such as OWWA in the Philippines, seem to have been subject to very little monitoring and evaluation. For many engagement efforts, however, the key problem stems from a lack of sustained commitment within governments. Critically important technical know-how is acquired typically through years of trial and error. Many government initiatives on diasporas, however, tend to be short-lived and depend on the support of the central government, which can vary across administrations. For instance, the main government institution in charge of Moroccans abroad has been alternately promoted and demoted as it has gained and lost support within the government. Started as a ministry in 1993, it was downgraded to an office under the Ministry of Foreign Affairs in 1995.[41] In 2007 it was promoted to its current position — an institution headed by a minister-delegate (undersecretary) directly under the prime minister's office.[42]

Similarly, in Yemen, various diaspora institutions have been created and taken down since the first office, the Department of Immigration and Expatriates, was set up in 1962. Recent incarnations include the Ministry of Expatriates Affairs in 1990, the Expatriates Affairs Council in 1996, the Ministry of Expatriates Affairs in 1997, and the Ministry of Foreign Affairs and Emigrants in 2005; in 2007 the diaspora institution was promoted back to being the Ministry of Expatriates Affairs.[43] This lack of continuity makes institutional learning — a factor critical to building expertise — more difficult.

2 Building Capacity: Some Ways Forward

To confront financial and technical constraints head-on, governments must learn how to successfully build expertise while sharing costs, both financial and otherwise. Effectively loosening resource constraints requires adopting both conventional and pioneering approaches. In order to build capacity, governments have many options, five of which are outlined below.

A. Create Innovative and Cost-Effective Institutions and Programs

Squarely addressing resource constraints requires, first and foremost, innovative thinking. Some governments, for instance, have taken an atypical route by creating innovative institutions and programs that utilize private resources to pursue decidedly public goals.

1. Innovative Institutions

Some governments do not want to be seen — for whatever reason — as spending too much on their diasporas or intervening in the affairs of destination countries. Others are looking for efficient and feasible approaches that would maximize engagement activities with minimum investment. The solution for some governments is to create quasi-governmental institutions that deliberately blur the distinction between nongovernmental and governmental bodies.

Foundations. Some governments, such as those of the Republic of Korea and Morocco, have created foundations to indirectly manage their diaspora activities. In 1997 the government of the Republic of Korea established the Overseas Koreans Foundation (OKF), a nonprofit organization affiliated with the Ministry of Foreign Affairs and Trade. The foundation had a clear development mandate from the outset: to "utilize the capabilities of overseas Koreans for national development in line with its globalization policy."

According to the foundation's website, the Korean government recognized the need to establish a government organization for overseas Koreans; however, "this idea came into conflict with the government's policy of keeping the government small, and there was fear that it would

cause some friction with the governments of the nations where the overseas Koreans were residing."[44]

Similarly, in 1990, Morocco created the Hassan II Foundation for Moroccans Residing Abroad (FHII). Established by royal decree, FHII is officially described as a "nonprofit institution with a social vocation, endowed with a moral personality and financial autonomy." FHII is a private organization that has an especially close relationship with the Moroccan government. It is not a government institution, although the government sets its mandate. Interestingly, at one point in time, the minister in charge of Moroccans abroad also ran the foundation. Currently, FHII's president is Princess Lalla Meryem.[45]

Welfare Funds. Other countries have chosen to create a government-managed welfare fund financed by migrants or their employers and/or recruiters. These funds, which can be found in Bangladesh, Pakistan, the Philippines, Sri Lanka, and Thailand, among others, provide a range of services to migrants including predeparture orientation seminars, loans, emergency repatriation, life and medical insurance, and reintegration assistance. The setup offers a potentially efficient and feasible solution for origin governments to share the cost of protecting their temporary migrants while abroad.

The Philippines manages one of the largest welfare funds in the developing world, pooled from the mandatory $25 membership contributions of foreign employers and migrant workers. Entirely self-funded and receiving no budget allocation from the national government, the welfare fund has brought in more money than it has spent. This surplus is added to the fund's equity. As a result, the fund grew more than fourfold in 13 years, from 2.2 billion pesos ($47 million) in 1995 to nearly 12 billion pesos ($266 million) in 2008.[46] To place the magnitude of this amount in the Philippine context, the welfare fund's total assets were nearly twice the budget of its mother agency, the Department of Labor and Employment, and almost three times the budget of the Office of the President during the same period.[47]

Diaspora Councils. Creating diaspora councils, usually a mix of community leaders and government officials, can also be an excellent source of funding and technical know-how. Councils typically advise the government on diaspora-related matters with very minimal cost to the government. One of the earliest examples is Mali's High Council of Malians Abroad, which serves as the official representative of the Malian diaspora, both in Mali and in diaspora members' countries of residence.

Local councils are elected in various countries where Malian expatriates are concentrated. These national councils then elect representatives to the High Council.[48] As already mentioned, Mexico's Institute of Mexicans Abroad (IME) was established in 2003. The 2006-08 Consultative Council of the Institute of Mexicans Abroad (CCIME) had 100 of its members elected or appointed by the Mexican communities in the United States and Canada that were large enough to be served by a Mexican consulate; 15 members were appointed based on merit and achievement.[49]

Diaspora councils are particularly significant since they bring invaluable resources to the table: contacts, funding, and ideas to implement programs. They are also excellent sources of feedback from, and information about, the diaspora — feedback that IME can use to justify requests for more funding, among other outcomes. For instance, in Mexico, due in large measure to the pressure exercised by CCIME members, funds collected as passport and consular ID fees now remain within the Ministry of Foreign Affairs to finance the activities of the consular network.[50]

2. Creative Programs

Beyond setting up innovative institutions, governments can also choose to create programs and projects that directly address financial and technical constraints in novel ways. Although some diaspora programs are funded via the traditional budget line, many more are funded by other means. For instance, Colombia Nos Une, a program of the Bureau of Consular Affairs and Colombian Communities Abroad in the Ministry of Foreign Affairs, is funded with a traditional budget line like any other government ministry. However, the program also works with what the Colombian government describes as "investment projects," which provide an additional budget line for specific projects. As of this writing, Colombia Nos Une had two such projects, which provide a total of $2.5 million in general program support.[51]

Matching Funds. Among the best-known diaspora programs are matching funds — schemes wherein different levels of government allocate a dollar or more for every dollar that migrant organizations invest in their communities. The most frequently cited examples come from Mexico (where matching programs were pioneered and popularized), among which, the state of Zacatecas's Tres Por Uno or 3x1 program is the most celebrated (see Box 1).

Considered by many observers as a best practice, the 3x1 program has been replicated across Mexico, throughout Latin America, and around the world. Although much has been written about its now-popular approach to diaspora engagement, few have focused on the program's ground-breaking nature. For instance, when the project started in the Mexican state of Zacatecas in the 1980s, the inherent lack of trust between the state and the diaspora was striking. Thus, the Zacatecas government's motivation was not only to draw migrants' resources into community projects at home, but also to generate a relationship of trust between the state government and the migrants. The program was designed to squarely address both goals at once. Genero Borrego, the Zacatecas governor at the start of the program, was quoted as saying: "The risk that [the migrants] were running by putting a dollar into a public project, well, I was running that same risk. I wanted them to know that we were in it together."

Source: Natasha Iskander, "Social Learning as a Productive Project" in *Development Dimension: Migration, Remittances and Development* (Geneva: Organization for Economic Cooperation and Development Publishing, 2005).

Other governments who look to the 3x1 program as a model would do well to replicate the innovative spirit that made the program a success. The key challenge is not just a matter of taking a model to scale or adapting it to another country or region. Rather, it is about cherry-picking specific elements of a program's design and reconfiguring them in light of particular socioeconomic and political contexts.

For instance, the US Agency for International Development (USAID) recently awarded 14 diaspora-driven businesses in seven African countries matching grants ranging from $50,000 to $100,000. The awardees were chosen through a highly competitive process — a diaspora contest aimed at identifying the most viable and sustainable start-ups and established enterprises. USAID collaborated with Western Union, a private remittance company, to jointly finance the grant.[52]

Another variation of the 3x1 model is the funders' collaborative of the US-based organization Hispanics in Philanthropy (HIP). This fund, considered one of the most successful programs of HIP, has raised more than $39 million in donations to channel to Hispanic communities as it tries to link large philanthropic organizations with small-scale, community-based donors.[53] These local donors join together and pool funds toward a certain goal, to be complemented by matching grants from large national donors, until HIP's matching funds are large enough to allow HIP to initiate calls for project proposals. HIP works closely with the private sector: the Standard Bank Foundation in Argentina, the Falcondo Foundation and a network of individual donors in the Dominican Republic, the Western Union Foundation, and the Mexican Entrepreneur Foundation among them.[54]

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CHAPTER 2: BUILDING CAPACITY FOR EFFECTIVE IMPLEMENTATION

Developing a Road Map for Engaging Diasporas in Development
A Handbook for Policymakers and Practitioners in Home and Host Countries

Combining Topics. Governments may also augment their capacity to implement diaspora projects by linking them with other projects. Germany, for instance, does not have a specific budget for migration and development projects within the German Agency for International Cooperation (GIZ). However, this limitation does not preclude the agency from engaging diasporas, mainly by linking diaspora-related projects to other topics such as climate change and security.[55]

B. Capitalize on Existing Government Structures and Projects

Another way to augment capacity is for governments to work within existing structures and projects. Reinventing the wheel, although necessary in some situations, may be a waste of resources in others. This is especially true for governments with limited resources at the outset. As Imelda Nicolas of CFO notes, "we are not reinventing the wheel, we are not coming up of with new projects, we are just identifying projects and programs that are already in place that overseas Filipinos can be involved in . . . So CFO is like a coordinator, giving directions and referrals on where to go if they need."[56]

Governments may also choose to capitalize on existing consular networks and link with other government offices, both at the national and local level.

1. Consular Networks

Consulates remain the most important interlocutors for diaspora populations. A 2004 survey of International Organization for Migration (IOM) member governments revealed that 76 percent had consular services interacting with citizens abroad.[57] Consulates are in a unique position to gauge diaspora needs and partner with other actors in the private and public realm. They can play a key role both for countries with well-established diaspora policies, where consulates are given special recognition and resources, as well as those with frail policies, where consulates seem the sole link to diaspora populations.

More than ever, governments are instructing their consulates to interact with emigrants more systematically. A review of the embassy and consular websites of 30 origin countries with active diaspora policies suggests an extensive consular presence in the top destinations of their respective diasporas. The services offered at consulates vary, ranging from language instruction to notary services, from issuing identity cards to

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organizing discounted tour packages to the homeland, both for business and leisure. Many consulates provide information on developments at home, particularly in the business sphere, as well as programs on culture, education, and economic development.[58]

Many governments have expanded their diplomatic presence to places with large diaspora populations. For instance, although Mexico has maintained an extensive consular network in the United States since the 1800s, the government beginning in 2000 established new consulates in various US cities,[59] and as of mid-2009 has 50 consulates throughout the United States.[60] Similarly, the Philippines has opened four diplomatic posts since 2008 to reflect the increasing presence of Filipinos in Ireland, the Syrian Arab Republic, and China.[61] Currently, it maintains 88 offices in 65 countries.[62]

The composition of diplomatic staff has also evolved to accommodate diaspora needs and interests. Each Ethiopian embassy now has a diplomat assigned to handle expatriate issues.[63] About 70 to 75 IME representatives in Mexican consulates in the United States are in charge of implementing IME programs and projects.[64] Likewise, given the government's focus on protecting Filipino workers abroad, many of the Philippines' consular offices have welfare and labor attachés to attend to distressed and abused workers.

2. Other Government Structures

Governments may also augment their capacity to engage diasporas by capitalizing on the resources already existing in various government agencies. Diaspora engagement covers many traditional areas, from finance and trade to arts and culture. Governmental capacity already exists in these areas; instead of creating new institutions to launch the diaspora effort, governments may choose to adopt a more decentralized approach. They may create intergovernmental committees or choose to support diaspora initiatives at the local government level in order to create synergy among different parts of the government.

For example, Chile created the Interministerial Committee for Chilean Communities Abroad to formulate public policies on the diaspora. The committee is composed of 12 public institutions that in some way or another are responsible for addressing the needs and demands of the nearly 1 million Chileans residing abroad. The institutions include, for instance, the Directorate for Civil Registration and Identity, which issues ID cards and passports and registers marriages and births, and the

National Health Fund, which provides publicly funded national health care coverage.[65]

Local government units are also perfectly positioned to design diaspora programs in tune with home-country community needs and opportunities. With proper coordination, they can complement the activities of the central government and share the cost of engagement. China, for instance, has created one of the most expansive networks of local diaspora offices. The competition for talent among local governments in China is so stiff that cities reportedly send delegations overseas to seek diaspora talent without notifying officials at Chinese consulates.[66] The Chinese central government has chosen to provide the overall policy direction on diaspora engagement while giving relative independence to local offices so that they can adopt innovative methods suiting local needs.[67] Concerted engagement at the local level can be also be found in some states in India, in particular Kerala and Gujarat, and in 29 of the 32 Mexican states.[68]

C. Tap into the Available Pool of Resources Afforded by the Private Sector, Civil Society, and International Community

Problems with funding and technical know-how are among the reasons governments need to establish meaningful partnerships with external actors. They can expand their capacities by systematically tapping into the financial and technical resources made available by the private sector, other governments, and international organizations.

1. Private-Public Initiatives

Private-public partnerships augment tight government budgets by leveraging community contacts and resources. The quasi-governmental institutions described in Chapter 4 are good examples in this respect because they use private resources to pursue decidedly public goals. In the Philippines, for instance, CFO formed a Business Advisory Circle composed of government agencies, nongovernmental organizations (NGOs), and private entities that can give advice and guidance to Filipinos abroad who are interested in investing in the Philippines.[69] Likewise, Colombian consulates abroad work closely with about 800 migrant associations dubbed by the government as "multipliers" since they effectively relay information on consular activities to members of their communities as well as revert back with the needs of those communities.[70] As Box 2 shows, Mexico has been especially proactive in sharing the costs of engagement.

Mexico has forcefully pursued partnerships with various organizations in the United States to meet its goals on diaspora engagement. One project maintains on-site education centers that teach English to Hispanic adults. These centers are hosted by sponsoring organizations that provide the classroom and teachers. The National Institute for Adult Education (Instituto Nacional Para la Educación de los Adultos, INEA) and the National Council for Workforce Education (Consejo Nacional de Educación para la Vida y el Trabajo, CONEVyT) provide the core curriculum, while the Mexican government acts in a coordinating role. The success of other Mexican programs in areas including health promotion, financial education, and remittances, depends largely on their partner organizations' resources and technical ability.

Another project is Ventanillas de Salud, which provides basic health care information to Mexican migrants in the United States and makes referrals to US hospitals, health centers, and government programs where patients can get care without fear of being turned over to immigration authorities. Javier Diaz de Leon, of the Institute for Mexicans Abroad, notes in an interview for this handbook that the project "is not as expensive as it might be expected because the government works with consulates and local organizations. Each ventanilla is an agreement between a Mexican consulate and a local organization. So there are costs associated with this, but most of the services are provided by these organizations."

Many of IME's programs work on sponsorship schemes. One section within IME works on identifying and promoting sponsorship opportunities. As Diaz de Leon highlights, "there are a lot of people and companies who want to promote themselves towards the Mexican diaspora, they are very interested in appearing with IME in some of our programs . . . We rely a lot on an aggressive strategy to find funds from various sources."

Sources: Laureen Laglagaron, *Protection through Integration: The Mexican Government's Efforts to Aid Migrants in the United States* (Washington, DC: Migration Policy Institute, 2010), www.migrationpolicy.org/pubs/IME-Jan2010.pdf; Interview of Javier Diaz de Leon, Director, Institute for Mexicans Abroad, government of Mexico, phone interview by author, May 4, 2011; see website for more information, www.ime.gob.mx/index.php?option=com_content&view=article&id=51&Itemid=383&lang=es.

2. Partnerships among Governments

Government partnerships across nations can also make a difference by sharing the financial costs of engagement. While many destination countries support their own diasporas abroad as in the case of Australia's fellowship initiatives for expatriates, funded by the National Health and Medical Research Council others have initiated programs supporting the homeland-development activities of immigrant communities within their borders. For example, the United Kingdom's development agency, the Department for International Development (DFID), initiated a £3 million ($4.7 million) program in March 2008 with Voluntary Service Overseas (VSO), a UK-based international development charity, to support and help people from diaspora communities work as volunteers in their countries of origin.[71]

Indeed, the "codevelopment" policy that was introduced in France in the early 1990s is now back in vogue. The concept made its debut as

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CHAPTER 2: BUILDING CAPACITY FOR EFFECTIVE IMPLEMENTATION

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a theoretical framework for leveraging the resources of African migrant organizations in France to promote development in Africa. The concept of codevelopment portrays migration as benefiting both countries of origin and countries of destination (although some applications of it have been criticized as placing too much emphasis on migration control). The approach emphasizes developing local economies and promoting partnerships among enterprises, local authorities, training institutions, and associations.[72] Countries such as Italy, Spain, and France have seen an increase in public policy plans and funding schemes to support codevelopment projects.[73] Some developing countries have explored this shared interest with destination governments and identified projects of mutual interest.

As the survey conducted to inform this handbook shows, the majority of diaspora institutions in destination countries are development agencies.

For instance, in December 2000, Mali and France signed a codevelopment agreement. From 2003 to 2005, 250 return-and-reintegration programs, 22 local development projects, and ten projects for youth of immigrant ancestry (in France) were completed. Of the €3.5 million ($4.8 million)[74] raised to finance the projects, about 70 percent (€2.5 million or $3.4 million) came from the French government.[75]

As previously noted, the past decade has seen a number of Dutch municipalities establish relations with local governments in immigrant-sending countries such as Turkey, Suriname, and Morocco. Twinning with these so-called "diaspora countries" is relatively new, with most ties established only after 1999. At present, there are some 39 diaspora-focused municipal twinning initiatives in the Netherlands, and their number is increasing.[76]

Box 3: Doing Development Work At Home: Challenges Facing Development Agencies in Destination Countries

Among destination countries, development agencies are emerging as the key government actors tasked with engaging diasporas. As Regina Barbosa of Germany's Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) explains, generally "the goal is to see how migrants can be partners of development cooperation." GIZ in particular wants to "encourage links between integration and development by promoting the engagement of migrant organizations and linking these activities at the municipality levels."

Realizing the potential of migrants as development partners is not without its challenges. One is the reluctance of some in the development industry to work on diaspora-related projects. In Germany, for instance, a member of GIZ stated that maintaining an "open

dialogue between development cooperation, banks, and migrant organizations" and the "development of a concrete product (information brochure)" were two of the most difficult initiatives implemented because of the "reluctance amongst project coordinators to tackle a new topic which seems to have more relationship with national problems than to development cooperation."[77]

Another problem relates to how agencies are organized. Alfred Fritschi of the Swiss Agency for Development and Cooperation (SDC) explains that in Switzerland, for example, "integrating the diaspora perspective means opening a new front of contacts and dialogues with organizations." He states:

"Up until now we were organized in a way that our main dialogue is between our representatives in the country and the local leaders. We are not prepared to have an open front of work in Switzerland addressing institutions here, the very important issue of dialogue opens up many doors and we are not organized and prepared enough for this . . . We are not able to respond to dozens of small initiatives from the diaspora coming directly to our administration."

Another related issue is how programs are funded. Fritschi explains that SDC cannot be financially active within Switzerland because it is mandated by law to focus on supporting activities in countries where it has programs. For Fritschi, "there is the need for a strong interministerial common approach if you want to deal with the diaspora, because the diaspora has a lot of different interests which are in the field of different administrative bodies."

Source: Barbosa interview, April 2011; Interview of Alfred Fritschi, Co-head, Division of Western Balkans, Swiss Agency for Development and Cooperation, phone interview by author, May 10, 2011.

3. Partnerships with the International Community

The international community is an important source of both funding and technical know-how. A number of origin governments have explored resources available from international finance institutions. For example, the Social Development Investment Fund El Salvador (FIDSL) funded its Subasta de Fondos Program through a $20 million low-interest loan from the World Bank. Under this program, municipalities offered to shoulder a proportion of the funds for a specific project. For example, if the World Bank wanted to fund electrification projects, municipalities would present their proposals and offer to finance a certain amount toward the completion of the projects. In an auction-like arrangement, municipalities that offered the most would get a loan for the rest of project. Diasporas were involved because municipalities asked hometown associations (HTAs) to contribute to the municipality's share of the cost. Also, in many cases diaspora members had projects that they wanted to put forth and so engaged with municipalities to put these projects in line for funding through the auction.

Governments have also partnered with international organizations such as IOM and the United Nations (UN) to initiate permanent return of

highly skilled and well-financed members of their diasporas. As discussed at length in Chapter 8 of this handbook, IOM, for example, has been implementing return-of-talent programs in Africa,[78] Latin America,[79] and, more recently, in Afghanistan. Between 1983 and 1999, it reported success in relocating about 2,000 expatriates to 11 African countries.[80]

Recent years have seen international organizations focus less on the return and resettlement of emigrants and more on the transfer of skills and financial resources, regardless of return. A foremost example of such a project is IOM's Migration for Development in Africa (MIDA), which aims to mobilize the skills and financial resources of African diasporas to support development projects at home. Described as a capacity-building program, the project focuses on facilitating temporary movement and does not entail the systematic return of migrants.

D. Build 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 organize the affairs of the group. As Cindy Horst and her colleagues have noted, "this can have serious implications for what such organizations can achieve, as it means the amount of time and resources they have available may be particularly limited."[81]

To address this problem, some governments, especially in destination countries, have chosen to help diaspora groups build capacity. Some governments have provided technical assistance and training for diaspora groups in financial management, fund raising, project management, reporting requirements, and other areas. Some government agencies provided the training directly themselves or indirectly through a contractor.

The Dutch government, for example, held training courses to strengthen the capacities of diaspora organizations in the Netherlands. These covered basic skills in areas such as how to set up an organization, what kind of structure to select, and how to write a good project proposal; how to identify potential donors; and the working of government structures. The Ministry of Foreign Affairs did not provide the training directly but hired another organization to do so. About 30 or 40 people representing various diaspora organizations were trained at a cost of €100,000.

Ultimately, the goal of such training programs is to build up a platform or umbrella organization that represents other organizations. As Sander Werrie of the Ministry of Foreign Affairs (MFA) explains, "if the diaspora organizations could group together and come up with a general agenda, it would be easier for the MFA to interact with them." Werrie notes that most organizations lack the capacity to organize as such.[82]

Other destination countries, such as Norway and Finland, have provided similar training sessions.

E. Learn from Others

Learning from the experiences of others is another route to building technical know-how. In the planning and design of a diaspora policy, governments need not start from scratch. Although many diaspora initiatives are new, others have a long record. A number of countries, such as Israel, Taiwan Province of China, Italy, and Greece, have experience that offers critical lessons for today's policymakers.

The Indian government, for instance, tasked a high-level committee with recommending a broad but flexible policy framework and country-specific plans to engage the estimated 20 million members of the Indian diaspora. For two years, the five-person committee — composed of two current members of the Indian parliament, two retired career diplomats, and an NGO leader — was tasked with studying, among other topics, various governments' diaspora efforts in order to extract relevant lessons for India. In 2004 the committee produced an impressive, publicly available 600-page report that includes 22 country and regional profiles.[83] More recently, the Ministry of Overseas Indian Affairs has signed memorandums of understanding (MOUs) with a number of think tanks and international organizations both in India and abroad to support research in its areas of focus.[84]

Other countries have taken a similar route, but on a much smaller scale. The Emigrant Support Programme of Ireland's Department of Foreign Affairs, for instance, has asked the Worldwide Ireland Funds, an international charitable network, to outline best practices in diaspora engagement to identify viable strategies and models for Ireland.[85] Likewise, the governments of El Salvador, the Republic of Moldova, and Serbia have invited the Center for International Migration and Integration, an organization founded by the American Jewish Joint Distribution Committee, to conduct a course on diaspora-homeland partnerships. The course drew upon practical models from the experiences of Israel as well

as other countries. The Salvadoran government sent its top diplomat in charge of diaspora affairs to visit the Israeli Ministry of Foreign Affairs to identify practices relevant to the Salvadoran diaspora.[86]

Chapter 3: Monitoring Progress and Measuring Impact

Ongoing monitoring, evaluation, and frequent adjustments should be the foundation of any program of diaspora engagement. Many of the programs highlighted in this handbook appear to have put tremendous resources at the front end while neglecting the feedback loop. Even if a government effectively facilitates emigrants' return or has built up an active network of diaspora members it is crucial to monitor such programs' implementation, measure their impact, and use these findings to further improve diaspora programs and generate more buy-in, especially from skeptical actors within and outside the government.

Box 1: Monitoring and Evaluation: Important Definitions

Monitoring - a continuous process that tracks what is happening within a program and uses the data collected to inform program implementation.

Evaluations - periodic, objective assessments of a planned, ongoing, or completed project, program, or policy.

Impact Evaluations - seek to answer cause-and-effect questions and the changes in outcome that are directly attributable to a program or project.

1 Why Monitor and Evaluate?

A renewed focus on monitoring and evaluation (M&E) is important for various reasons, three of which are worth highlighting.

A. Allowing for Program and Policy Adaptation

Setting a robust and meaningful M&E policy allows for frequent adjustments to programs and policy adaptation. For example, the Tres por Uno (3x1) program in Zacatecas, Mexico has changed and improved through the years, from 1x1 in the 1980s to 3x1 more than a decade later.

The Zacatecas case is unusual in that the lessons earned through experience have been continually incorporated into the program. As Natasha Iskander points out, changes in the 3x1 program have affected "everything from project selection criteria to budgeting procedures to auditing mechanisms, as well as procedural and institutional arrangements. Both the state and diaspora organizations have not only devoted increasing organizational and human resources to managing projects and engaging in transnational negotiations but also to actively exploring different political and economic visions for Zacatecan communities on both sides of the border."[87]

The same can be said of the International Organization for Migration's Migration for Development in Africa (MIDA) program. Periodic reassessments are required for any program, and particularly for multiyear or complex projects consisting of several distinct but interrelated units. For example, some MIDA projects are simultaneously implemented in two or more neighboring countries, both of which contribute to combined program efforts. In multiphase projects, monitoring allows adjustments to be made in light of the experiences gained and lessons learned during previous phases.[88] One such example is the MIDA Great Lakes project, which was appropriately adjusted after an assessment of the first, 12-month phase. Similarly, an assessment of a MIDA women's project in Guinea "led to the important observation that the diaspora mobilization strategy tailored to the needs of other African countries was not applicable to the Guinean diaspora due to the particular level of development of the country, among other factors."[89]

As IOM has observed, "Timely monitoring, in particular, can reveal unforeseen obstacles or unexpected opportunities which call for a rethinking of the project's underlying assumptions and strategies."[90]

B. Avoiding Capture by Vested Interests

M&E is also critical to avoid capture by vested interests and to shore up a program's credibility. As Armando Rodriguez notes, in the case of the 3x1 program not all players subscribed to the "working for the common good" principle. Political or personal agendas were muted by working with the binational "Eyes-and-Ears Watchdog" team.[91] In the case of the hometown association (HTA) projects in Zacatecas, the team included organizations such as the Rockefeller Foundation, Oxfam Novib, and Rostros y Voces Foundation.

In Croatia the government opted to outsource the evaluation of the Unity through Knowledge Fund (UKF), a program providing grants to

research partnerships between diaspora members and local scientists. As Alessia Pozzi, the program's manager, highlights in an interview for this handbook: "We are completely aware that Croatia is a small community . . . so if we do the evaluation here in Croatia, there are certain issues that might arise like conflict of interest which is negative. So to have a fair evaluation, we need to send it to those who have no interest in selecting or rejecting the project."[92] At about €150 per project, Rossi finds the costs of hiring independent experts to evaluate the program and projects reasonable. She explains: "We have 400 independent experts working on our project and in total the operational cost of the salaries for those who do the evaluation is only 9.8 percent. So it is not so much. It's just around 10 percent of the total cost."

C. Soliciting Buy-In from Other Stakeholders

Highlighting success helps maintain a project's momentum and attract more buy-in. Impact evaluations are especially important because they provide statistics that can be used as evidence of a policy's efficacy and increase funders' confidence. Even though evaluations may be expensive, evidence of a project's success is money well spent. Evaluations can also make programs more efficient, and can save money when programs found to be ineffective are shut down.[93]

2 The M&E Gap

Some governments do monitor their programs regularly. Colombia, for instance, maintains oversight over all its diaspora programs through a planning office. An external government agency, the National Planning Bureau, also monitors diaspora projects and programs and all the resources used.[94]

Very few, however, actually evaluate the impact of their programs. The General Directorate for Spanish Citizens Abroad provides "justification for all expenses and undergoes extensive auditing." But it does not conduct external evaluations of programs. As Jose Hernandez of the directorate explains: "The main indicator for us that a program is working is the amount of applications we receive and the amount of beneficiaries we have. For example, our program to promote tourism for the elderly has received 4,000 applications this year compared with 2,500 applications two years ago."[95]

Indeed, an IOM review of 130 websites of development agencies and of the labor, foreign affairs, interior, and immigration ministries in 68 countries found that only 70 formal evaluations of migration policies, projects, and programs were available (excluding situation reviews, donor reports, ex ante reports, and all IOM evaluations). Almost a third (28 percent) of the evaluated programs dealt with labor migration management. Rigorous impact evaluations are extremely rare; the exploratory review found only six evaluations with an experimental design.[96]

The record of international organizations also shows tremendous room for improvement. In the past five years, for instance, IOM evaluated 67 projects, of which 14 percent were evaluations of diaspora engagement projects. The first-ever evaluation published by IOM was of the implementation of the Return of Qualified Nationals (RQN) program in Kenya in 1986. With seven reports completed, the most monitored and evaluated program was the Return of Qualified African Nationals program.

As Laura Chapell and Frank Laczko observe, "everyone agrees that monitoring is important, but little is actually being done." As Box 2 outlines, barriers include a "lack of an 'evaluation culture': a 'fear factor' fuelled primarily by concerns over cost, and the lack of priority among donors."[97]

Box 2: Possible Reasons for the Lack of an "Evaluation Culture"

- Decisionmakers and project managers may be unwilling to confront the "bad news" that a particular program or project is not having the desired outcome.
- Impact evaluations may be considered a costly investment, requiring substantial financial resources and significant time commitments.
- A rigorous evaluation could take three or four years to conduct, whereas many governments want information immediately.
- Impact evaluations, especially the more rigorous ones, require a level of technical expertise that isn't found in-house in every government.
- Investment in evaluation has not kept pace with the rapid growth of migration programs and projects over the past decade.
- Political will is often lacking as migration is a very contentious and, often, politicized issue.
- Migration data needed for evaluating outcomes is often flawed or missing.
- Migration interventions are not traditionally seen as tools to promote development and hence not evaluated from that perspective.

Source: Frank Laczko, "Migration, Development and Evaluation: Where We Stand Today and Why" (PowerPoint presented at Managing Migration for Development: Policymaking, Assessment and Evaluation, Marseille, France, June 13-15, 2011).

3 Closing the M&E Gap: Some Ways Forward

A. Be Realistic and Select Methodologies and Data Appropriate for the Context and Budget

Although tremendously useful, integrating M&E into program management is not free. Governments must be realistic and should identify suitable evaluation methods based on the local context and financial constraints. As Chapell and Laczko note, "the aim of an impact evaluation must always be to get the most accurate possible information on the effectiveness of a policy. This means being both ambitious and realistic in defining what the best possible information might be (and how it might be uncovered) in each case. The issues to be assessed, the finances available, the skills that can be accessed, the required timelines, and the political context in which the evaluation is taking place will all help decide which approach is most suitable."[98]

Baseline Data. Ideally, an M&E system will be based on baseline data collected at the start of the program or project. This requires more financial resources and time but helps quantify impact and therefore increases the quality and usefulness of the evaluation.

Counterfactual. Another approach to evaluation is to examine a counterfactual — an analysis of the cost to the country of not having a diaspora engagement program. An evaluation may look at the other ways in which the diaspora might have returned to the country in order to ascertain whether the program only subsidized return that would have occurred anyway, even without government intervention. Box 3 highlights one such approach, which looks at the effect of different savings schemes for migrants in El Salvador. Considered the Rolls Royce in the evaluation toolkit, a randomized control trial can provide tremendous insights into program development, although at a cost.

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Box 3: Understanding Savings Propensity among El Salvadoran Migrants in Washington: A Randomized Control Trial

In partnership with a Salvadoran bank, a group of researchers from Harvard Business School, Francisco Marroquin University, University of Chile, and University of Michigan offered US-based migrants from El Salvador bank accounts in their home country into which they could send remittances. Their goal was to investigate whether increasing migrants' control over the use of remittances would also increase their propensity to save.

Migrants in the study were randomly assigned to four groups that provided varying levels of monitoring and control over savings in El Salvador.

- Treatment 0: The control group, which received no offer of any new financial products.
- Treatment 1: Migrants were offered the opportunity to open an account in El Salvador in the name of the remittance recipient.
- Treatment 2: Migrants were offered the opportunity to open an account to be held jointly by the migrant and the recipient.
- Treatment 3: Migrants were offered, in addition to the joint account offered in Treatment 2, the option to open an account in the migrant's name only.

The third option (Treatment 3) offered the migrant the greatest degree of monitoring and control over remittances sent to El Salvador. Data on financial transactions at the partner bank came from the bank's administrative records. Baseline and follow-up surveys administered to both migrants in the United States and their remittance-receiving households in El Salvador provided data on other outcomes.

The research concluded that migrants' desire for monitoring and control over remittance uses is "quantitatively large and has an important influence on financial decision-making by migrants." This is especially true over the extent to which remittances are saved in formal savings accounts. Migrants assigned to the treatment condition (Treatment 3) that offered the greatest degree of monitoring and control were much more likely to open savings accounts, and accumulate more savings in El Salvador.

Source: Dean Yang, Nava Ashraf, Claudia Martínez, and Diego Aycinena Francisco, "Remittances and the Problem of Control: A Field Experiment Among Migrants from El Salvador" (working paper, September 2011), http://www-personal.umich.edu/~deanyang/papers/aamy_remittancecontrol.pdf.

Although an M&E system would ideally include gathering baseline data or establishing a counterfactual, governments may choose to adopt simpler and less expensive systems that do not require specialists or grand calculations, but still provide critical measures of success that can inform program implementation.

Combination of Quantitative and Qualitative Tools. Most evaluations use a combination of tools to collect information and feedback from a wide range of sources and actors associated with a given program. Basic methods of evaluation include direct observation, interviews, focus group discussions, questionnaires, and surveys. The experience of IOM with MIDA strongly suggests that mixed methods that employ "both qualitative and quantitative tools can be used to compensate for technical gaps due to the high costs required for some methods."[99] As Box 4 shows, in

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the case of MIDA Great Lakes, a number of methods were used, including a desk review, field visits, a survey, and focus group discussions. A further insight gained from the MIDA programs implemented to date is the importance of tracking systems to ensure the effective measurement of a project over time and an assessment of its longer-term sustainability.[100]

Box 4: MIDA Grand Lakes, Phase III

MIDA Grand Lakes Phase III (Africa Great Lakes Region) used the following desired outcomes/impacts and indicators:

Description of desired outcomes/impacts	Description of indicators
Economic, social, and cultural stability and human development favored through intervention of diaspora	• Number of thematic groups created by the diaspora • Number of support projects comprising several experts
Diaspora members contribute to education sector	• Number of assistants trained • Shortening of university cycle • Improvement of pedagogical equipment and other resources
Diaspora members contribute to health sector	• Number of new techniques used in the absence of an expert thanks to the provision of equipment • Improved effectiveness of services (number of patients treated, number of difficult cases tended to)
Diaspora members contribute to rural development	• Implementation of strategic plans and reforms • Implementation of propsed work

An initial desk review analyzed the information from experts in the field. At the same time, interviews with experts in Brussels who went on missions under MIDA III were conducted. Field missions followed up with the three partner countries in order to meet with national authorities, beneficiary institutions, direct beneficiaries, experts, and other stakeholders. A survey of the physical transfers of remittances was conducted. To finalize the visits, focus groups were conducted with expert members of the Congolese, Rwandan, and Burundian diasporas.

Source: Ann Pawliczko, "Inventory of Impact Assessment of International Migration: Projects/Programmes Carried Out by GMG Agencies, United Nations Population Fund" (paper presented at Managing Migration for Development: Policymaking, Assessment and Evaluation, Marseille, France, June 13-15, 2011).

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B. Explore Ways of Sharing the Costs of Evaluation with Other Stakeholders

The initial costs of conducting an impact study may be considered too expensive for some countries and smaller programs. For Chapell and Laczko, however, there are ways to reduce costs primarily by cost sharing. They write:

Governments can together identify a few key policies and programs of mutual interest for a "thematic evaluation." Within a couple of years there would be a body of evidence available on how key policies and programs might best be designed. Such evidence would be an invaluable resource for policymakers globally. This approach would also encourage countries of origin, transit, and destination to work together to conduct joint evaluations to ensure that mobility enhances migration and development outcomes.[101]

Chapell and Laczko cite a recent report by the Center for Global Development asserting governments' inability to conduct evaluations in all areas of policy on their own. An efficient and cost-effective way to address this constraint is for governments to collectively recognize the most important policy questions and to initiate studies around those questions.[102]

C. Donors Can Play an Active Role in Building a "Culture of Evaluation"

Donors have an important role to play in pushing for the evaluation of programs and projects. For example, the Inter-American Development Bank (IDB) commissioned an external evaluation of remittance-related projects in 2009. At that time, 45 projects had been approved, totaling more than $45 million in technical assistance and approximately $22 million in loans and equity investments. The review, which took place between May and September 2009, focused primarily on the portfolio of remittance projects undertaken by the Multilateral Investment Fund (MIF) from 2001 to 2009, and second, on MIF's research and dissemination activities during that same period.[103] The outcome is a 256-page document that includes an assessment of the models used and a summary of each individual project's successes, challenges, and lessons learned. The review also offers recommendations, both from a design and an operational perspective, on how the MIF and other practitioners can improve the impact, reach, and sustainability of remittance programs.[104]

Among donor countries, the Netherlands is planning to do an assessment of the diaspora programs it has funded over six years in order to understand their impact on a number of policy areas of key importance to the government. As Sander Werrie explained in an interview for this handbook, the Netherlands is "interested in knowing whether the activities MFA [the Ministry of Foreign Affairs] is financing do actually contribute to the real-life policy priorities formulated in our

policy memorandum. The assessment is not so much about the six policy priorities itself and whether the priorities are well chosen but more about the activities we are financing and whether they contribute to realizing the policy priorities." The Netherlands will select one or two independent organizations or institutions to perform the assessment.[105]

Werrie hopes that the results of the overall assessment will contribute to the Ministry of Foreign Affairs' position on whether or not it should continue financing temporary return programs, among others. Werrie explains, "If the assessment shows that the programs do not have a meaningful impact on the longer term then we might have to decide that we will not finance temporary return programs anymore. The same goes for the other activities we are financing."[106]

D. Metrics Are Important: Who Are the Question-Makers?

In assessing the progress and benefits of engaging diasporas in development activities, it is also important to set realistic expectations and time frames. Metrics are important, but they should not simply borrow from conventional official development assistance (ODA) frameworks.[107]

For instance, the biggest challenge facing many programs is how to maximize their impact on development. Programs work best if they have direct relevance to the origin country's national development plan. With this standard in mind, even the much-lauded 3x1 program falls short in the eyes of many observers, including the Mexican government itself.

Critics say that the program diverts government development resources to communities that are not the neediest, since they are already receiving remittances and charitable contributions from migrant HTAs. Migrants contributing to the program and their communities back home, which are the main beneficiaries, may have a different assessment of the program's success, as Box 5 highlights. The 3x1 program may be best understood as a solidarity program rather than a development program and should be assessed under those terms.

An assessment conducted by Mexico's National Council for the Evaluation of Social Development Policy called into question the impact of the 3x1 program on development. It found that the program has "performed poorly in terms of design and impact, and its funds have not increased in real terms in the last 3 years." More specifically, the assessment noted that the "program mainly promotes investment in non productive projects, such as sport courts, churches, plazas and similar infrastructure."[108]

Allowing migrant organizations to select the projects seemed to have complicated efforts to maximize the funds' antipoverty impacts. As the federal representative for the matching fund program in Morelia notes in an interview with Xochitl Bada:

"One of the problems that we face in channeling resources to these [poorest] municipalities is that, for instance, these communities don't have potable water but migrants say that they want to fix the village square or they want to fix the church. They have problems of sewage but the migrants want to build a rodeo ring. We try to encourage them to fund projects that focus on immediate and basic needs but we can't obligate them. . . . We let the [state-level] validation committee choose the projects with the highest merits to support with public funds."

Newland and her colleagues argue, however, that the 3x1 program is perhaps best understood as a solidarity program rather than a development program. The choice of projects follows the logic of collaboration and interconnection between diaspora and "hometown" communities rather than an economic logic and therefore should be assessed under those terms. As Chapters 1 and 2 note, the process of building capacity among diasporas — and building trust between diaspora groups and governments — is a long-term proposition that requires flexibility in its implementation and an evaluation system that accounts for intangible outcomes, such as increased solidarity and trust between the diaspora and the state.

Source: Xochitl Bada interview with a Social Development Ministry official in Morelia, May 2005, quoted in Jonathan Fox and Xochitl Bada, "Migrant Organization and Hometown Impacts in Rural Mexico" (UC Santa Cruz: Center for Global, International and Regional Studies, 2008). Retrieved from: http://escholarship.org/uc/item/7jc3t42v.

E. Share Existing Evaluations with Others to Create a Learning Community

Ultimately, governments should also invest in documenting a project's interventions, changes, and impacts and making them available to the public, preferably in an easily accessible format geared in particular to diaspora communities and other potential partners. Information on existing evaluations tends to be scattered, with many evaluation studies available only in local languages or not published. Better sharing of existing evaluations could enhance the knowledge base. This can be done by creating a useful website so that stakeholders can see the results, discuss a given diaspora program's challenges, and explore and offer potential solutions.[109]

For instance, the Unity through Knowledge Fund website (www.ukf.hr/) provides descriptions of all projects and a complete breakdown of the funding and results of the evaluations. The Croatian government puts

in €5,000 per year to maintain the website, which is also used for project application. As Alessia Pozzi explains, "If you work with the diaspora you cannot expect them to send you the papers, etc. So basically the whole project application and the evaluation process are done through the website. It is also important for the statistics part to be shown for them [potential funders] to see that you have transparency in a way that they know where we invest the money, etc."[110]

PART

2

BUILDING
INSTITUTIONS
AND REDUCING
BARRIERS

Governments in both origin and destination countries have introduced a dizzying array of initiatives to engage diasporas in development. Some are innovative, and many show promise. Some have been around for decades, while many have been introduced only recently.

Ideas on the best ways to involve diasporas meaningfully and effectively have also diversified through time. From "return-of-talent" programs to remittance-backed financial products to diaspora bonds, the international community offers many ways of engaging diaspora members as critical partners in development.

But workable options, although many, are not without limit. A variety of factors constrain policymakers' and practitioners' actual choices. Development goals, institutional capacities, and diaspora needs, wants, and potential can narrow the list of truly viable options.

This part of the handbook discusses the two main mechanisms governments have used to connect with diasporas. Some have created a legislative or regulatory framework conducive to diaspora engagement. More recently, an increasing number of countries have started building diaspora-centered institutions at home and abroad to facilitate their engagement.

The next two chapters discuss each mechanism, highlighting key policy and programmatic trends as well as the main challenges practitioners face on the ground and the lessons their experiences offer. Initiatives described in this section illustrate not only viable approaches worthy of replication but also common pitfalls. These experiences present critical lessons for policymakers and practitioners as they think more strategically about diasporas and the roles they can play.

Chapter 4: Building Diaspora Institutions: Carving a Niche in the Inner Workings of Government

An increasing number of countries have established institutions to facilitate ties with their diasporas more systematically. The number of countries with diaspora institutions has increased, especially in the past ten years, and spans multiple continents. From Armenia to Haiti, this chapter reviews the objectives and activities of 77 diaspora-engaging institutions in 56 countries.[111]

Although far from exhaustive, the analysis shows the various ways governments choose to institutionalize their relations with diasporas. The institutions they have created occupy different levels of government and exhibit diverse priorities and degrees of organization. For instance, some are concerned only with their citizens abroad while others specifically target permanent residents, naturalized citizens, and second and later generations. Countries such as Mexico, China, and the Philippines have multiple institutions and represent diasporas at various levels of government.

The real reach and effectiveness of these diaspora-centered institutions are hard to pinpoint, as is their impact on development efforts at home. Evaluations rarely exist; those that do are typically not available for public consumption. The limited discussions in both academic and policy literature usually employ a descriptive, nonevaluative tone. Nearly a third of the institutions reviewed here are also fairly new, having been established since 2005.

Even at this nascent stage, however, we can extract some insights that may be useful for origin governments as they think about, design, and/or manage diaspora institutions. No matter what kind of diaspora populations they have — highly educated or not, concentrated in a few countries or spread all over the world — experiences of countries in this review point to the importance of preparation and planning, of valuing the process as much as the outcome, of investing in capacity building, and of linking institutions to national development priorities.

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1 **Types of Diaspora Institutions**

National bodies established to address diaspora issues are found in both destination countries as well as countries of origin. A survey of states participating in the Global Forum on Migration and Development (GFMD), conducted for this handbook, identifies more than 400 institutions in 56 countries that are directly engaging diasporas through various programs and policies. Of these institutions, 77 were created specifically to engage diasporas on a formal basis.

These diaspora institutions are of roughly six types, depending on whether they function at a ministry, subministry, national, or local level; are part of a consular network; or are a quasi-governmental institution. Understanding the differences between these types is useful: an institution's position within the government hierarchy in many ways affects its influence within and outside the government, as well as its mandate and effectiveness.

A. Ministry-Level Institutions

Since 2001 an increasing number of developing countries have established ministries whose explicit purpose is to address the needs of diaspora populations. Twenty-six of the countries examined have a separate diaspora ministry (see Table 1). Twelve of these ministries are dedicated solely to diasporas.

Table 1: Countries with Ministry-Level Diaspora Institutions

Country	Institution	Stock of emigrants, 2010	Stock of emigrants as % of total population 2010	Top destination, 2010
Armenia*	Ministry of Diaspora	870,200	28.2	Russian Federation
Algeria	Ministry of National Solidarity, Family and the National Community Abroad	1,211,100	3.4	France
Azerbaijan*	State Committee on Affairs of the Diaspora	1,432,600	16	Russian Federation
Bangladesh*	Ministry of Expatriates' Welfare and Overseas Employment	5,380,200	3.3	India
Benin	Ministry for Foreign Affairs, African Integration, the Francophone Community, and Beninese Abroad	513,600	5.8	Nigeria
Comoros	Ministry of External Relations and Cooperation of the Diaspora	38,600	5.6	France
Dominica	Ministry of Trade, Industry, Consumer, Diaspora Affairs	69,300	104.1%**	United States
Georgia*	State Ministry for Diaspora Issues	1,057,700	25.1	Russian Federation
Haiti*	Ministry of Haitians Living Abroad	1,009,400	9.9	United States
India*	Ministry of Overseas Indian Affairs	11,357,500	0.9	United Arab Emirates
Indonesia	Ministry of Manpower and Transmigration	2,502,300	1.1	Malaysia
Iraq	Ministry of Migration and Displaced	1,545,800	4.9	Islamic Republic of Iran
Israel	Ministry of Information and Diaspora	1,019,900	14	West Bank and Gaza
Lebanon	Ministry of Foreign Affairs and Emigrants	664,100	15.6	United States
Former Yugoslav Republic of Macedonia*	Agency for Emigration	447,100	21.9	Italy
Mali	Ministry of Malians Abroad and African Integration	1,012,700	7.6	Côte d'Ivoire
Morocco*	Ministry Charged with the Moroccan Community Residing Abroad	3,106,600	9.3	France
Niger	Ministry of African Integration and Nigerians Abroad	386,900	2.4	Nigeria

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Pakistan*	Ministry of Overseas Pakistanis	4,677,000	2.5	India
Senegal*	Ministry of Senegalese Abroad	632,200	4.9	Gambia
Serbia	Ministry of Religion and Diaspora	196,000	2	Austria
Slovenia*	Government's Office for Slovenians Abroad	132,000	6.5	Germany
Somalia	Ministry for Diaspora and Community Affairs	812,700	8.7	Ethiopia
Sri Lanka*	Ministry of Foreign Employment Promotion and Welfare	1,847,500	9.1	Saudi Arabia
Syrian Arab Republic	Ministry of Foreign Affairs and Expatriates	944,600	4.2	Jordan
Tunisia	Ministry of Social Affairs, Solidarity, and Tunisians Abroad	651,600	6.3	France

*Ministry dedicated to diaspora. ** According to the World Bank, the stock of emigrants as percentage of population is defined as the ratio of emigrants of a country to the population—not the sum of population and migrants. Because of this definition, this ratio may exceed 100 percent in certain cases.

Sources: MPI-IOM Questionnaire, Part I, 2011 for Armenia, Azerbaijan, Benin, Comoros, India, Iraq, Israel, the former Yugoslav Republic of Macedonia, and Slovenia; with author research for the remaining countries; for data on emigrants and their destinations, see World Bank, *Migration and Remittances Factbook 2011* (Washington, DC: World Bank, 2011).

By establishing a separate, ministry-level diaspora institution, a government recognizes that traditional ministries such as labor and foreign affairs cannot manage the expatriate portfolio in all its dimensions. This review suggests that unlike other diaspora institutions occupying lower positions in the hierarchy, diaspora ministries generally enjoy more consistent budgetary allocation, more support from the top of government, and, interestingly, a more explicit development-oriented mandate. Their existence also signifies that the government accords diaspora engagement the highest political importance (which may mark a shift in policy priority, as some of these ministries started out as smaller offices within other ministries).

An early example of a diaspora ministry established in the developing world is the Ministry of Haitians Living Abroad.[112] Created in 1995, the ministry aims to encourage the participation of diaspora communities in technical and professional activities that advance Haiti's development efforts. The ministry informs the diaspora of local realities and changes in Haiti and encourages its members to return to and invest in the country.

A more recent example is India's Ministry for Overseas Indian Affairs (MOIA). Established in 2004 to address the lack of government policy coordination on migration, the ministry has programs that reach out to the Indian diaspora, in particular to youth. One program, Know India, is a three-week internship to promote social, economic, and cultural awareness of India among the second and subsequent generations of

emigrants. Another initiative, the Scholarship Program for Diaspora Children, is designed to assist emigrants in enrolling their children in Indian institutions of higher education. Other activities range from hosting an annual diaspora conference to facilitating diaspora investments.[113]

Similar institutions can be found in Serbia (Ministry of Religion and Diaspora)[114] and Armenia (Ministry of Diaspora).[115] Like India, these countries have large, generally highly educated, and/or well-financed diaspora populations abroad (either in absolute terms or as a percentage of the population). As might be expected, the ministries focus on developing stronger economic links with the diaspora, mainly by encouraging the transfer of financial and/or human capital. For instance, the Serbian minister highlighted the return of young experts and the prevention of further brain drain as the ministry's most pressing task.[116] To this end, the ministry created an economic council that included experts from both the homeland and the diaspora. It also has plans to establish a virtual business network that would publish information on relevant organizations, individuals, and investment opportunities.[117]

Bangladesh's Ministry for Expatriates' Welfare and Overseas Employment and Sri Lanka's Ministry of Foreign Employment, Promotion, and Welfare are unusual because, unlike many of their counterparts, they focus mainly on ensuring the welfare of their expatriate workers and on increasing their ability to find suitable employment abroad. Both ministries attend to complaints from migrant workers, provide international job placement services, and conduct training programs.[118] The Bangladeshi ministry also operates a Wage Earners' Welfare Fund financed by membership fees from migrant workers, interest earned from the deposits of recruiting agencies' licenses, and personal and institutional contributions. The fund covers the cost of providing financial, legal, and other assistance mainly to distressed migrant workers.[119]

Hybrid Ministries

Some countries opt for more innovative institutional structures at the ministry level. Instead of creating a separate diaspora ministry, they combine diaspora affairs with other areas of focus, such as labor, tourism, or foreign affairs, to form a hybrid ministry. For instance, in 2000, both Mali (Ministry of Malians Abroad and African Integration) and Lebanon (Ministry of Foreign Affairs and Emigrants) created hybrid ministries.[120]

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Mali's ministry aims to protect temporary and permanent emigrants while they are abroad and to facilitate their return and reintegration into Malian society. It encourages the transfer of critical skills by participating in the United Nations' Transfer of Knowledge through Expatriate Nationals (TOKTEN) program, which facilitates the temporary return of expatriates wishing to work in the areas of health, education, agriculture, and the private sector.[121]

In 2009 Benin created the Ministry for Foreign Affairs, African Integration, the Francophone Community, and Beninese Abroad to manage its relations with the diaspora. The ministry's objectives, among others, are to provide humanitarian assistance to Beninese abroad in the case of mass deportations or expulsions, to inform the diaspora about government policies, and to propose measures that facilitate the diaspora's contribution to Benin's development.[122]

Similar hybrid setups can also be found in Tunisia (Ministry of Social Affairs and Solidarity and Tunisians Abroad), Somalia (Ministry for Diaspora and Community Affairs), and Dominica (Ministry of Trade, Industry, Consumer, and Diaspora Affairs). Typically, these hybrid ministries contain agencies dedicated solely to diasporas, such as Benin's Directorate for Relations with Beninese Abroad, Tunisia's Office for Tunisians Abroad, and Lebanon's Department for Diaspora Affairs.

Creating a hybrid ministry can be a cost-effective approach because it elevates the government's diaspora portfolio while avoiding the larger administrative and legislative expense normally associated with establishing a new and separate institution. Moreover, a hybrid ministry is positioned to make policies that coherently address the interests of both the government and the diaspora across the areas of focus (for example, trade and consumer affairs) over which the hybrid ministry presides. Ideally, the approach can minimize turf wars that may arise when two or three ministries deal with the diaspora population in different ways.

B. Institutions at the Subministry Level

Other countries have institutionalized diaspora engagement at the subministry level by creating special offices, typically under the ministry of labor and/or foreign affairs. Twenty-one such institutions were identified in 17 countries.

The Philippines was one of the first countries to create such institutions. Faced with increasing problems brought about by a rapidly

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expanding temporary worker population abroad, the government established the Overseas Workers Welfare Administration (OWWA) in 1981 as an agency under the Department of Labor and Employment. Tasked with protecting Filipino migrant workers, OWWA provides them with various services, from repatriation to business loans.[123] Another office, the Philippine Overseas Employment Administration (POEA), was created a year later. POEA has the sole authority to regulate temporary overseas employment, including recruitment agencies.[124] Another body, the Office of the Undersecretary for Migrant Workers' Affairs, was created in 1995, this time under the Department of Foreign Affairs. Like OWWA, the office focuses on migrant protection, mainly through providing legal advice and judicial support to distressed workers.[125] It was created as a response to increasing reports of maltreatment, illegal recruitment, and even deaths of temporary workers.

As with ministry-level institutions, a number of countries have set up diaspora offices since 2001. A review of the missions and activities of 17 countries with diaspora offices at the subministry level (see Table 2) suggests that, like the Philippines, a number focus on protection.

Table 2: Countries with Subministry-Level Diaspora Institutions

Country	Institution(s)	Stock of emigrants, 2010	Stock of emigrants as % of total population, 2010	Top destination, 2010
Albania	Ministry of Foreign Affairs, Diaspora Department	1,438,300	45.4	Greece
Brazil	Ministry of Foreign Affairs, Undersecretary General for Brazilian Communities Abroad	1,367,100	0.7	United States
Bosnia and Herzegovina	Ministry of Human Rights and Refugees, Department of Diaspora	1,461,000	38.9	Croatia
Burundi	Ministry of Foreign Affairs, Directorate of Diaspora	356,000	4.2	United Republic of Tanzania
Chile	Ministry of Foreign Affairs, General Office for Consular and Immigration Services; Office for Chileans Abroad. Ministry of the Interior and Public Security, Department of Immigration and Migration	633,600	3.7	Argentina
Egypt	Ministry of Manpower and Emigration, Emigration Sector	3,739,100	4.4	Saudi Arabia
El Salvador	Ministry of Foreign Affairs, Vice Ministry for Salvadorans Abroad	1,269,100	20.5	United States

Ethiopia	Ministry of Foreign Affairs, Diaspora Affairs Directorate General; Ministry of Capacity Building, Diaspora Coordinating Office	620,100	0.7	Sudan
Eritrea	Ministry of Foreign Affairs, Department of Eritreans Abroad	941,200	18	Sudan
Germany	German Technical Cooperation, Sector Project on Migration and Development	3,540,600	4.3	United States
Ghana	Ministry of Interior, National Migration Unit	824,900	3.4	Nigeria
Mexico	Secretariat of Foreign Affairs, Sub secretariat for North America; Institute for Mexicans Abroad	11, 859,200	10.7	United States
Netherlands	Ministry of Foreign Affairs, International Migration and Development Division	993,400	6	Germany
Peru	Ministry of Foreign Affairs, Undersecretary for Peruvians Abroad	1,090,800	3.7	United States
Philippines	Department of Labor, Overseas Workers Welfare Administration; Department of Labor, Philippine Overseas Employment Administration; Department of Foreign Affairs, Office of the Undersecretary for Migrant Workers' Affairs	4,275,200	4.6	United States
Romania	Ministry of Foreign Affairs, Department for Relations with the Romanians Abroad	2,769,400	13.1	Italy
Uruguay	Ministry of Foreign Affairs, Directorate General for Consular Affairs and Expatriate Ties	353,400	10.5	Argentina

Sources: IOM-MPI Questionnaire, Part I, 2011, except for Brazil, Egypt, and Peru; author research for those countries; for data on emigrants and their destinations, see World Bank, *Migration and Remittances Factbook 2011* (Washington, DC: World Bank, 2011).

Although migrant protection remains an important facet of their work, other offices at the subministry level have diversified their portfolios by adopting initiatives that facilitate their diasporas' integration into host-country societies and participation in development activities at home. A good example is Mexico's Institute for Mexicans Abroad (IME), a decentralized body of the Ministry of Foreign Affairs that aims to elevate the standard of living of Mexican communities by promoting their integration in the destination country. Created in 2003, IME formalized a long-standing Mexican government policy to gain the trust and support of an increasingly influential expatriate population who live mainly in Mexico's most important neighbor, the United States.

IME provides an array of services centered on health, education, and financial services. In addition, along with the Ministry of Foreign Affairs, IME has created the *Practical Guide for the Mexican Traveler* (*Guía Práctica para el Viajero Mexicano*), which touches on issues of migration as well as casual travel.[126] IME's website also provides information about remittances to Mexico, an overview of the government's Tres por Uno (3x1) investment matching program (in which municipal, state, and national governments together give $3 for every $1 a migrant invests in a public-improvement project at home), and consular support, among other issues.[127] In the long term, the Mexican government hopes to "create a strong relationship with the communities" to pursue joint objectives in both Mexico and the United States.[128]

Chile's Office for Chileans Abroad, on the other hand, has a more explicit development mandate. Established in 2001 as part of the Ministry of Foreign Affairs' General Office for Consular and Immigration Services, its main purpose is not only to attend to the "demands and needs of communities of Chilean residents abroad" but also to "encourage their participation in national development."[129] Ethiopia has a similar agency. Established in 2002 under the Ministry of Foreign Affairs, one of the four main objectives of the Ethiopian Expatriate Affairs' office is encouraging "the active involvement of the Ethiopians in Diaspora in socioeconomic activities of the country."[130]

The activities and general orientation of subministry diaspora institutions seem to follow the mandate and priorities of their mother agency, which may or may not include a focus on development at home. Interestingly, this review found no diaspora institution directly under a government body or ministry that is mainly responsible for development planning.

C. Other Government Institutions at the National Level

Some diaspora institutions fall short of full ministry standing but still report directly to the highest executive body. These institutions enjoy a fairly influential position within the government. Seventeen countries in this review had such institutions (see Table 3). For instance, the Philippines' Commission on Filipinos Overseas (CFO) is directly under the Office of the President. Established in 1980 as part of an overall government strategy that included OWWA and POEA, the commission has a dual role of promoting both economic and cultural ties between the Philippines and its diaspora. Unlike OWWA and POEA, however, CFO focuses mainly on Filipinos who have either established permanent residence or acquired citizenship in the destination country.

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Country	Institutions	Stock of emigrants, 2010	Stock of emigrants as % of total population, 2010	Top destination, 2010
Bulgaria	State Agency for Bulgarians Abroad	1,200,600	16	Turkey
Chile	Interministerial Committee for Chilean Communities Abroad	633,600	3.7	Argentina
China	State Council, Overseas Chinese Affairs Office of the State Council; Overseas Chinese Affairs Committee	8,343,600	0.60	United States
Egypt	Higher Committee on Migration	3,739,100	4.4	Saudi Arabia
Guatemala	National Council for Migrants from Guatemala	871,900	6.1	United States
Hungary	The Secretariat of Hungarians Living Abroad	462,700	4.6	Germany
Mali	Consultation Framework on Migration	1,012,700	7.6	Côte d'Ivoire
Mexico	National Council on Mexican Communities Abroad	11, 859,200	10.7	United States
Morocco	Interdepartmental Committees	3,106,600	9.3	France
Niger	Committee in Charge of Migration	386,900	2.4	Nigeria
Nigeria	Technical Working Group and Interministerial Committee on Migration	1,000,000	0.6	United Stated
Philippines	Office of the President, Commission on Filipinos Overseas; Committee on Overseas Workers Affairs	4,275,200	4.6	United States
Poland	Interministerial Team on Migration Questions	3,102,600	8.2	Germany
Portugal	Council of Ministers, High Commission for Immigration and Intercultural Dialogue	2,230,000	20.8	France
Sierra Leone	Office of the President, Office of the Diaspora	267,000	4.6	Guinea
Slovakia	Government Office of the Slovak Republic, Office for the Slovaks Living Abroad	520,100	9.6	Czech Republic
Switzerland	Federal Office for Migration	407,800	5.4	Spain

Sources: MPI-IOM Questionnaire, Part I, 2011, for all countries except China, Egypt, Mali, Morocco, Niger, and Sierra Leone; author research for those countries; for data on emigrants and their destinations, see World Bank, *Migration and Remittances Factbook 2011* (Washington, DC: World Bank, 2011).

Similarly, Sierra Leone's Office of the Diaspora is directly under the Office of the President. It encourages the return of professionals and other experts from the diaspora in order to fill critical human resources gaps

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within the country's government. Specifically, the office provides a list of jobs in government departments, a list of educational institutions and professional associations in Sierra Leone, contact details of government officials, and information on dual citizenship and other acts.[131]

China's Overseas Chinese Affairs Office (SCOCAO) is uniquely positioned within the Chinese central government. SCOCAO is an administrative office under the State Council, the country's highest executive body (which includes the premier and ministers, among others). A SCOCAO staff of 120 supports the premier and assists in a wide range of activities. These include establishing databases of information categorized by city, county, and province (so that overseas Chinese can find their ancestral roots, homes, and properties), and operating two universities catering mainly to the Chinese diaspora.[132]

Other governments have created intergovernmental and parliamentary committees to coordinate actions on both the executive and legislative fronts. Created in 2002, the National Council on Mexican Communities Abroad includes the secretaries of various ministries, including the interior; foreign affairs; finance and public credit; agriculture, livestock, and rural development, fisheries and nutrition; public education; environment and natural resources; health; tourism; and labor and social welfare.[133]

In Chile, the Interministerial Committee for Chilean Communities Abroad formulates public policies on the diaspora and is composed of 12 public institutions that in some way or other are responsible for addressing the needs and demands of the nearly 1 million Chileans residing abroad. Committee members include the Directorate for Civil Registration and Identity, which issues ID cards and passports and registers marriages and births; the National Health Fund, which provides publicly funded national health care coverage; the Ministry of the Interior via its Committee for Human Rights, which is responsible for exiles who were political prisoners or were tortured during the 1973-89 dictatorship; and the National Women's Service, which protects women abroad and helps them to realize their gender rights as outlined by international agreements.[134]

Some governments have also established special committees within their legislative branches. For instance, Poland formed the Polish Diaspora Commission in the lower house of its parliament to engage on policy matters pertaining to the diaspora.[135] China (Overseas Chinese Affairs Committee) and the Philippines (Committee on Overseas Workers Affairs) have similar committees within their legislative bodies. Experience from these three countries suggests that such committees ease the passage of

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critical legislation that supports diaspora interests and, in turn, enhances their contribution to development.

D. Institutions at the Local Level

Diaspora engagement does not stop at the national or federal level. Studies have shown that diasporas are often inclined to engage at the local level, usually in their place of origin, where they are familiar with the context and, in many cases, still have family ties.[136] Thus, it is not surprising that special offices for diasporas have sprung up locally. Five countries in this review have created institutions at the local level (see Table 4).

Table 4: Countries with Diaspora Institutions at the Local Level

Country	Institutions	Stock of emigrants, 2010	Stock of emigrants as % of total population, 2010	Top destination, 2010
El Salvador	National Secretariat for Migrants (various states)	1,269,100	20.5	United States
India	Government of Kerala, Department of Non-Resident Keralites' Affairs; Government of Gujarat, Non-Resident Indian Division	11,357,500	0.9	United Arab Emirates
China	The Overseas Chinese Affairs Office (SOCAO) of Shanghai Municipal People's Government	8,343,600	0.60	United States
Somalia	Office for Development and Partnership with the Puntland Diaspora Community.	812,700	8.7	Ethiopia
Mexico	National Coordination for State-level Migrant Affairs Offices (various states)	11, 859,200	10.7	United States

Sources: El Salvador data from IOM-MPI Questionnaire, Part I, 2011; author research for remaining countries; for data on emigrants and their destinations, World Bank, *Migration and Remittances Factbook 2011* (Washington, DC: World Bank, 2011).

China has one of the most expansive networks of local diaspora offices. SCOCAO, described earlier, is replicated in 30 provinces as well as in some cities and townships across China. Although local diaspora offices get their overall policy direction from the central government office, they function with relative independence and are allowed to adopt innovative methods to attract diaspora investments. For example, since 2004, the Economic and Technology Division of the Shanghai government's Overseas Chinese Office has strengthened alumni associations in the United States for all of its universities. The goal is to let Chinese graduates living in

the United States know about business and research opportunities in Shanghai.[137] To coordinate its implementation of national diaspora policies, the central government annually convenes local diaspora offices.[138]

Some states in India have diaspora offices, the most active of which can be found in Kerala and Gujarat. The Kerala government created the Department of Non-Resident Keralites' Affairs (NORKA) in 1996, primarily to protect its migrant workers from abuse and exploitation. NORKA addresses complaints against illegal recruitment agencies, provides assistance to stranded Keralites, and facilitates the repatriation of bodies. It also runs an insurance program for unemployed returnees, unskilled laborers, and domestic workers.[139]

In Gujarat, the local government created a Non-Resident Indian (NRI) Division within its administration department. A review of its objectives suggests a stronger focus on development. Using a database that identifies migrants' technical and professional skills, the NRI Division seeks to strengthen ties with Gujaratis abroad. For a $5 fee, the office also issues a "Gujarat card" to Gujaratis living in other Indian states and outside India. Cardholders receive special treatment at Gujarat government offices and substantial discounts at local hotels and shops.[140]

Similarly, in Mexico, 29 of the 32 states and the Federal District have established state-level offices or ministries that address migrant or expatriate affairs and have a national coordinating secretariat.[141] The local offices aim to strengthen cooperation on migrant protection both within Mexico and abroad. For instance, the coordinating secretariat has issued pronouncements to review proposals of Mexico's bilateral agreements that affect migrant welfare and to create an office in the United States that will strengthen Mexican-American grassroots organizations.

Local-level diaspora institutions are perfectly positioned to design programs in tune with home-country community needs and opportunities. With proper coordination, they can complement the activities of higher-level institutions and even share the cost of engagement. Diaspora members can also more easily monitor their contributions and investments at the local level and more effectively hold their officials accountable, thus increasing the likelihood of successful programs.

E. Consular Networks

For some governments, full diaspora engagement requires creating and developing institutions that function not only at home but also abroad.

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This approach requires capitalizing on existing structures in consulates, which remain the most important interlocutors for diaspora populations.

A 2005 survey of IOM member governments revealed that 76 percent of them had consular services interacting with citizens abroad.[142] A review of the embassy and consulate websites of countries in this study suggests that many nations have an active consular presence in the top destinations of their respective diasporas. More than ever, governments are instructing their consulates to interact with emigrants systematically, to provide help in destination countries, and to ensure that migrants maintain their links to the homeland.

1. Providing Help in Destination Countries

The 1964 Vienna Convention on Consular Affairs outlines the specific functions of consulates, foremost of which is to protect the interest of the state and its nationals abroad. One of the primary roles of consulates is to assist distressed nationals and protect their rights in receiving states. For example, the network of 50 Mexican consulates in the United States focuses on assisting and advising Mexicans on US laws and their legal rights in the United States. A particular concern includes Mexicans facing capital punishment. Consulates offer legal assistance to nationals in detention, provide safe repatriation, locate missing persons, assist hospitalized persons, and protect minors.

Recently, consulates have been providing services to the diaspora that may not have been contemplated in the drafting of the 1964 Vienna Convention. These new and expanded consular services and programs include those that help migrants better integrate or live in destination countries, whether through education and skills training, health assistance, the provision of ID cards, community-building events, or counseling for families experiencing domestic problems.

Of consulates that provide their nationals with education and skill training, Mexico's promote adult and children's education programs, many of which focus on English language skills. Other programs focus, for example, on leadership training, financial literacy, and money management skills. Mexican consulates also distribute Spanish-language books to various libraries in the United States where there are large concentrations of Mexican immigrants. Meanwhile, the Ecuadorean consulate in Milan provides leadership and skill training and facilitates Italian language programs for its nationals to promote their social and economic integration in Italy.

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Some consulates provide health assistance to their nationals. For example, the Mexican consulate in New York has a Ventanilla de Salud, or health kiosk, that provides Mexican immigrants with basic medical advice, vaccinations, and referrals to medical facilities. Mexico started an annual Binational Health Week in the United States to promote access to quality health care for underserved immigrants by highlighting health and education activities such as workshops, insurance and hospital referrals, vaccinations, and a policy forum for medical practitioners. The consulates of Guatemala, El Salvador, Honduras, Colombia, Ecuador, and Peru participate in the health program as well. Paraguay has an emergency hotline for citizens who are distressed, including those who are hospitalized. Almost all countries provide medical visitations and guidance to their nationals.

Consular identification cards for use in destination countries have become increasingly popular in recent years. For example, Guatemalan consulates issue a consular identification card alongside passports. Mexican consulates also issue consular IDs, called matriculas consular, which are accepted as an official, government-issued form of identification and can be used to open bank accounts and support other transactions for which a secure form of personal identification is required.

Some consulates help connect migrant communities through cultural events and community gatherings. For example, Paraguayan embassies have hosted organized cultural events — such as the celebration of Paraguay's bicentennial — for the Paraguayan diaspora in Buenos Aires and hosted orchestra performances in Madrid. Mexican consulates engage with various hometown associations (HTAs) in Mexico to host cultural events and conferences in the United States, thus helping sometimes disparate Mexican immigrant groups to interact and strengthen their cooperation.

A number of consulates have established community houses. For example, Ecuador's embassy — through its Ecuador Houses in London, Madrid, Caracas, and Santiago — provides care and protection for its emigrants, as well as information on community resources. In Madrid, the Ecuador House hosts several kinds of community gatherings and provides information on employment opportunities and student services. Likewise, the Israeli consulates in Los Angeles and New York and Israel's embassy in Paris promote Jewish community interaction by hosting cultural activities in Israel Houses. Nowadays, such activities may be in-person or virtual. For example, the Israel House in Los Angeles created an online networking site known as Citizen Ambassador, which is now connected to Facebook.

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Many consulates assist migrants in difficult situations. The Embassy of the Dominican Republic in the United States provides counseling and information about deportations to prisoners and their relatives.[143] In the United Arab Emirates (UAE), the Indian Embassy offers a hotline for "women and housemaids in distress" while the Philippines' consulate there maintains a safe house for migrants who escape abusive employers.[144]

Some consulates also assist in migrant disputes, including domestic ones. For example, the Philippines' consulate in Seoul mediates personal disputes between Filipinos, and assists the resolution of marital problems of, for example, Filipino female spouses and their Korean husbands. In some cases, the Philippines' consulate provides a safe house for battered wives and assists them in returning to the Philippines if they wish to do so. Many consulates also maintain emergency hotlines that can be accessed 24 hours a day.

2. Links to the Homeland

An important function of consulates, as outlined in the 1964 Vienna Convention, is to promote business, economic, cultural, and scientific relations between the sending state and the receiving state through friendly relations. For most consulates in this review, however, activities focus on linking emigrants — and their descendants — to the homeland. They do so by providing information on developments at home and by implementing programs on culture, education, and economic development. Consular activities, for example, facilitate sponsorship of cultural shows, language training, and overseas voting**.**

The Philippine, Chinese, and Sierra Leonean embassies in the United States post news updates from home on their websites. The Bangladeshi High Commission in India supports and/or conducts book fairs, cultural festivals, and celebrations of Independence Day and International Mother Language Day — a United Nations Educational, Scientific, and Cultural Organization (UNESCO) event that has been held in Bangladesh (and East Bengal as it was known before independence in 1972) since the early 1950s.[145] The Embassy of the Dominican Republic in the United States hosts cultural events for children of Dominican heritage, while the Moroccan embassy in France promotes language classes.

Aside from cultural events, a number of consulates encourage members of their diasporas to study at home. The Pakistani embassy

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in the United States provides links to internships, medical colleges, and other universities in Pakistan.[146] The Moroccan embassy in France offers an extensive online list of special programs and/or universities where Moroccan nationals may study in Morocco.[147]

Although almost all embassies provide information on business and investment opportunities, most do not specifically target members of the diaspora. However, governments are increasingly using their consular networks to sell diaspora bonds, designed to tap into diaspora assets. Israel and India have raised billions of dollars through their diaspora bond initiatives.[148] The Ethiopian embassy in the United States promoted the country's first diaspora bond, the Ethiopian Electric Power Corporation (EEPCO) Millennium Bond.[149]

Some governments have expanded their diplomatic presence in places with large diaspora populations. Although Mexico has maintained an extensive consular network in the United States since the 1800s, the government has established new consulates since 2000 to make sure it could reach the growing number of Mexican citizens in Boise, Idaho; Indianapolis, Indiana; St. Paul, Minnesota; Kansas City, Missouri; Omaha, Nebraska; and Raleigh, North Carolina.[150] As of mid-2009, Mexico had 50 consulates throughout the United States.[151] Similarly, the Philippines has opened four diplomatic posts since 2008 to reflect the increasing presence of Filipinos in Ireland, the Syrian Arab Republic, and China.[152] The Philippines government maintains 88 offices in 65 countries and plans to open additional posts in Finland, Portugal, and Poland.[153]

The composition of diplomatic staff has evolved to accommodate diaspora needs and interests. For instance, each Ethiopian embassy has a diplomat assigned to handle expatriate issues.[154] About 70 to 75 IME representatives in Mexican consulates in the United States are in charge of implementing IME programs and projects.[155] Likewise, given the Philippines' focus on protecting Filipino workers abroad, many consular offices of the Philippines have welfare and labor attachés to attend to distressed and abused workers.

F. Quasi-Governmental Institutions

Some governments have adopted more unconventional ways to institutionalize their engagement with diasporas. By establishing and/or maintaining foundations and diaspora councils, a number of developing countries have essentially created quasi-governmental diaspora institutions that blur the usual distinction between official and nongovernmental

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bodies. Such institutions are especially useful to origin governments that do not want to be seen — for whatever reason — as intervening too much in the affairs of host countries. Eight countries in this review support quasi-governmental diaspora institutions (see Table 5).

Table 5: Countries with Quasi-Governmental Diaspora Institutions

Country	Institution	Stock of emigrants, 2010	Stock of emigrants as % of total population, 2010	Top destination, 2010
Dominican Republic	National Presidential Council for Dominican Communities Abroad	1,035,800	10.1	United States
Israel	Jewish Agency for Israel American Jewish Joint Distribution Committee	1,019,900	14	West Bank and Gaza
Morocco	Hassan II Foundation for Moroccans Resident Abroad Council on the Moroccan Community Abroad	3,106,600	9.3	France
Mali	High Council of Malians Abroad	1,012,700	7.6	Côte d'Ivoire
Malta	Malta's Emigrants' Commission	107,500	26.2	Australia
Mexico	Consultative Council of the Institute for Mexicans Abroad	11, 859,200	10.7	United States
Peru	Advisory Council	1,090,800	3.7	United States
Republic of Korea	Overseas Koreans Foundation	2,078,700	4.3	United States

Sources: MPI-IOM Questionnaire, Part I, 2011 for all countries except Dominican Republic, Morocco, Mali, Peru, and Republic of Korea ; author research for those countries; for data on emigrants and their destinations, see World Bank, *Migration and Remittances Factbook 2011* (Washington, DC: World Bank, 2011).

1. Foundations

In 1990 Morocco created the Hassan II Foundation for Moroccans Residing Abroad (FHII). Established by royal decree, FHII is officially described as a "nonprofit institution with a social vocation, endowed with a moral personality and financial autonomy." It is a private — not

a government — institution, and has an especially close relationship with the Moroccan government which sets its mandate. Interestingly, at one point in time, the minister in charge of Moroccans abroad also ran the foundation; its current president is Princess Lalla Meryem. In an analysis of FHII, the international relations expert Laurie Brand mentions an interview with the then director-general of FHII, Abderrahman Zahi, in which he said (in Brand's paraphrase) that "a foundation was preferable to a ministry because if it intervened on behalf of immigrants, it would not provoke the same sensibilities, but that as more than [an] association or an NGO [nongovernmental organization], it has a stronger voice with host governments."[156]

FHII works in six areas: education, cultural exchange, sports, and youth; legal assistance; social assistance; economic development; cooperation and partnership; and communication. In collaboration with IOM, the foundation created the Observatory of the Moroccan Community Residing Abroad (OCMRE) — a network of experts, researchers, academics, and FHII partners. OCMRE's main objective is to monitor and analyze the living conditions of Moroccans abroad through data collection and maintenance of an information system.

2. Advisory Councils

Another type of quasi-governmental diaspora institution is the advisory council. Such councils, usually a mix of community leaders and government officials, advise the government on diaspora-related matters. One example is Mali's High Council of Malians Abroad, which serves as the official representative of the diaspora both in Mali and in the countries of residence. The council aims to promote solidarity between the diaspora and Mali, assist consular officials in the protection of Malians abroad, identify potential diaspora investors, and promote a positive image of Mali. Local councils, elected in countries where Malian expatriates are concentrated, elect representatives to the High Council.[157]

Mexico's IME collaborates with an advisory and consultative body, the Consultative Council of IME (CCIME). Created in 2003, CCIME is composed of Mexican, Mexican American, and Mexican Canadian community leaders; directors of Latino organizations; and special advisers and representatives of Mexican state governments. The 2006-08 CCIME had 100 of its members elected or appointed by the Mexican communities that each of the consulates in the United States and Canada serve; 15 members were appointed based on merit and career.[158]

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More recently, in 2006 the Dominican Republic created the National Presidential Council for Dominican Communities Abroad. This council primarily aims to integrate the diaspora into the Dominican Republic's national development efforts. The council makes recommendations to the Dominican government and supports the implementation of programs, plans, and projects.[159]

Government-financed councils are particularly significant since they can be an excellent conduit of information and feedback between governments and diasporas. Like local-level institutions, they are ideal and — in some cases — necessary complements to government bodies at both the national and local levels. That said, who sits on these councils, and more importantly, how they were chosen, are crucial factors in determining whether or not they can fulfill their potential. If a diaspora sees its council members as unrepresentative or irrelevant, the councils will at best be ignored and at worst maligned.

2 Challenges and Lessons Learned

In many developing countries, creating effective and viable government institutions that address the needs of local (and diaspora) populations continues to present a major challenge. Their main problem, not surprisingly, is insufficient resources — financial, technical, and political — which often results in institutions rich in ambition but poorly able to implement their vision.

Diaspora institutions are in many ways no different from other institutions in developing countries — a fact that is not surprising, given that they were created from the same mold. It is difficult to fully assess the effectiveness of diaspora institutions, not to mention their impact on development efforts at home. As outlined earlier, there are few existing evaluations, if any, and only limited discussions in the academic and policy literature. Moreover, of the 77 institutions included in this review, an overwhelming majority were established fairly recently, making assessments of their effectiveness and impact over time difficult. Yet the experiences of the 56 countries reviewed allow us to make four recommendations that may be useful to governments: do your homework, value the process as much as the outcome, invest in state capacity, and link diaspora institutions to national development priorities (if suited to the local context).

A. Do Your Homework

➲ **Successfully creating formal government institutions requires serious preparatory work** aimed at understanding diasporas' needs, wants, and potential; appraising the current government approach to diaspora engagement; and learning from the experiences of other countries. Diaspora institutions have to design and adopt practices that address the unique characteristics of their respective diasporas. For instance, some countries have to deal with large unauthorized populations (e.g., Mexico, Morocco), scattered and highly mobile diasporas (e.g., the Philippines), or persistent intergroup rivalry along political, ethnic, and/or religious lines (e.g., Bangladesh, Haiti).

➲ **It is crucial to ensure that institutions adopt policies based on skills, capacities, and intentions that complement one another**. The Indian government, for instance, tasked a high-level committee with recommending a broad but flexible policy framework and country-specific plans to engage the estimated 20 million NRIs and persons of Indian origin (PIOs); the latter include emigrants' descendants up to the fourth generation. For two years, the five-person committee — composed of two current members of the Indian parliament, two retired career diplomats, and an NGO leader — undertook a mapping exercise focused not only on identifying the size and locations of the diaspora but also its members' skills, capacity, and willingness to engage. To extract relevant lessons from other countries, the committee studied other diasporas and government efforts to connect with them. It also evaluated existing Indian government institutions and their effectiveness in dealing with diasporas. In 2004, the committee produced an impressive, publicly available 600-page report that included 22 country and regional profiles, a discussion of issues important to the diaspora, and policy recommendations on topics ranging from the issuance of NRI/PIO identification cards to a new government structure for diaspora engagement.[160] The committee's work proved critical to the creation of MOIA in 2004.

B. Value the Process as Much as the Outcome

➲ **How institutions are created and how their activities are chosen are critical indicators of success**. During the planning phase it is important to delineate clearly the division of responsibilities inside and across government agencies and to establish sufficient buy-

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in from key actors. If an institution does not have legitimacy, it will become susceptible to political manipulation. For instance, in 2000, the Mexican government nominated an "expatriates' czar," a ministerial-level post attached to the president's office. In a case study of Mexico, analysts Agustin Escobar Latapi and Eric Janssen argued that despite his "charisma," the new minister "clashed with the ministries that had traditionally dealt with expatriates (Ministry of the Interior and Ministry of Foreign Affairs) who successfully lobbied to oust him." His removal eventually led to what Latapi and Janssen described as the more "careful" creation of IME.[161]

➲ **Careful planning and communication are particularly important because some diasporas have little trust in their origin-country governments**. This is especially true of diasporas that originated in a refugee flow or voluntary exit following a regime change opposed by groups who then fled into exile — such as Cuba, Viet Nam (until recently), and the Islamic Republic of Iran. Among diasporas that emigrated for mainly economic reasons, a perception of pervasive corruption and ineffective governance at home can also impede a government's ability to build trust. The Indian diaspora is an example of a long-standing and economically driven diaspora whose trust had to be regained before the institutionalization process could succeed.

➲ **Diaspora-engaging institutions should invite diaspora involvement in setting their agendas**. Experience shows that programs are more likely to succeed if diasporas are involved, either directly or indirectly, in planning them. Consulting the diaspora also generates trust and ownership. Governments should take care, however, to avoid creating a privileged "insider" group of diaspora partners. To avoid this, the majority of members of CCIME — which has played an important role in shaping the Mexican government's diaspora agenda — are chosen through an election conducted every three years in Mexican consulates in the United States and Canada. Moreover, council members can only serve one term to avoid becoming tools for special interests and to encourage the participation of more individuals.

➲ **Operational transparency and effective monitoring also build trust and legitimacy**. Transparency in managing funds is especially critical. Diaspora institutions should routinely release information about their financial standing, the services they have offered in a given period, and the outcomes of their operations. Operational

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transparency is even more critical in instances where institutions are suspected or accused of corruption and mismanaging funds.

C. Invest in Capacity Building

⮑ **An institution's agenda is only as good as the institutions implementing it**. Building institutional capacity, especially for institutions with expansive and multiple roles, must be a priority. Providing adequate funding, improving technical know-how, and creating partnerships are three elements critical to capacity building.

⮑ **Diaspora institutions must learn how to effectively share the cost of diaspora engagement by aggressively tapping into the available pool of resources from the private sector and civil society**. In particular, developing countries with very limited and dwindling financial resources face real spending and allocation constraints, especially when the needs of citizens at home, such as education and social welfare, are as acute as the needs of migrants abroad.

⮑ **Confronting financial constraints head-on also means that governments need to reevaluate what types of institutions are most cost-effective**. For many countries of origin with limited state capacity, working with existing structures rather than creating a new institution may be the most realistic approach — and perhaps the most successful.

⮑ **Private-public initiatives could augment the tight budgets (exacerbated by the global economic crisis) faced by many countries of origin**. The quasi-governmental institutions described in this chapter are good examples of such initiatives, since they use private resources to pursue decidedly public goals. Public-private initiatives also underscore the extent to which migrant-destination countries can make a difference by sharing the financial costs of engagement.

D. Link Diaspora Institutions to National Development Priorities (If Suited to the Local Context)

➲ **Most home governments have not integrated their development priorities with their diaspora institutions**. In an ideal world, well-funded, capable, and legitimate institutions of diaspora engagement would engage in activities directly relevant to the origin country's national development plans; many already have such plans, often devised with the support of multilateral organizations. Diaspora organizer Awil Mohamoud laments that "many African governments have not yet developed national strategies and policy instruments specifically intended to involve the diaspora in the development efforts of their respective countries."[162]

The gap between programs and development planning exists despite the fact that many diaspora institutions were created with a development mandate. Programs within diaspora institutions, such as those that protect migrant workers or support the integration of citizens abroad, do not often directly complement short-, medium-, and (especially) long-term development goals such as the strengthening of critical industries that can generate jobs and lift people out of poverty. (Exceptions to this generalization can be found among East Asia's "developmental states," such as China, the Republic of Korea, and Taiwan Province of China.)

➲ **In cases where the current priorities and capacities of a diaspora do not coincide with national development plans, governments should consider giving priority to integration and/or protection services in the destination country**. The gap between diaspora institutions and development policy should concern governments. But governments should not overlook the strong, if not immediate, development impact of delivering social protection and/or promoting integration in the host country. For some nations — Bangladesh, Peru, and the Philippines among them — protection seems to be the only priority, while Mexico has centered on integration at the destination. Since such actions address diaspora needs, they foster trust between migrants and their home-country governments, and thus position the diaspora to play a key development role in the future.

Chapter 5: Reducing Barriers

Creating a conducive atmosphere is a critical first step toward diaspora engagement. As already noted, members of diasporas were instrumental in bringing development closer to home long before the introduction of formal "diaspora and development" programs. These connections occur spontaneously and are driven by a wide range of motivations, from the purely altruistic to the profit oriented, but they share one thing in common: they happen with little or no government intervention and even in the face of government resistance.

One option for policymakers, then, is to encourage spontaneous engagement. But how is this done? Policymakers' best bet is to put in place a legislative and regulatory framework that promotes diaspora involvement. Such a framework should create a web of privileges and obligations designed for a highly mobile population with multiple affinities.

This chapter focuses on six sets of laws and regulations that governments have adopted to meet this goal. Many have been introduced since the year 2000. All aim to eliminate regulatory and legislative provisions that either restrict or discourage members of diasporas from traveling between home and host countries or from fully participating in their origin countries' polity, society, and economy.

Creating a conducive framework is generally not tied to a specific development goal. It may, nonetheless, have a significant developmental impact, in part by gaining diaspora members' trust and therefore encouraging their contributions to development.

> **A Menu of Viable Options: A Checklist**
>
> 1. Flexible citizenship laws and residency and visa requirements
>   - Allow for dual or multiple citizenship
>   - Flexible residence and visa requirements
> 2. Grant political rights
>   - Allow overseas voting
>   - Allow diasporas to run for public office while maintaining residence abroad
>   - Reserve congressional seats for diaspora representatives
> 3. Special property rights
>   - Allow diasporas to purchase land and other properties that are off-limits to foreigners
> 4. Tax incentives
>   - Exempt customs duties and fees on the importation of household goods of returnees
>   - Reduce income tax rates for returning citizens who have worked abroad for a certain number of years
>   - Exempt diaspora investments such as providing lower tariffs on imported raw materials and equipment
>   - Offer tax deductions on charitable contributions
> 5. Portable benefits
>   - Offer portable benefits, particularly relating to pensions and medical and life insurance
>   - Conclude social security agreements bilaterally or as part of regional agreements
> 6. General laws recognizing the diaspora
>   - Introduce legislation that officially recognizes members of the diaspora or emigration in general as integral part of the national development plan.

> **Lessons Learned and Challenges**
>
> 1. Elicit local buy-in, first and foremost
> 2. Identify loopholes and gaps in coverage, since the devil is often in the details.
> 3. Outreach and information dissemination is key
> 4. Monitor the implementation of the laws and regulations to correctly identify challenging areas.

1 Six Actions to Facilitate Diaspora Engagement

A. Flexible Citizenship Laws and Residency and Visa Requirements

Many countries have passed some form of flexible citizenship law, enabling emigrants and their descendants to acquire dual or multiple citizenships. The number of countries allowing most of their citizens to hold dual citizenship has more than doubled in the past 20 years. For example, ten countries in Latin America — Brazil, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Peru, and Uruguay — have such provisions.

Even destination countries that were previously quite strict about exclusive nationality, such as the United States and Germany, are starting to show some leniency, mainly in extending naturalization privileges to diasporas within their borders. For instance, Germany adopted a new nationality law in 2001 that opened up German citizenship to its minority populations, by introducing a modified version of birthright citizenship. The United States gives low priority to enforcing the formal requirement of renunciation of prior citizenship upon naturalization.

Interestingly, some developing countries recognize dual membership selectively. Guatemala has dual-citizenship agreements with other Central American countries, and several Latin American countries have them with Spain. Similarly, India approves dual citizenship to nonresident Indians living in wealthy, industrialized countries but denies it to Indians working in poorer or less developed countries.

Several countries — including China, the Islamic Republic of Iran, and Greece — have no provision for expatriation; thus, persons born in China are still considered Chinese citizens if they take another nationality, regardless of whether they desire or claim dual citizenship.

In the Syrian Arab Republic, dual citizenship is not accepted under the Syrian Nationality Act, but it is a recognized and practiced institution.[163]

A few other countries are expanding their dual-citizenship provisions. The Ministry for Haitians Abroad, a ministry-level institution created to engage members of the Haitian diaspora, successfully lobbied Haiti's legislature to approve in March 2011 a constitutional amendment allowing dual nationality, although it had yet to be implemented at this writing.[164]

In Bosnia and Herzegovina, the Constitution and the Law on Citizenship both have provisions allowing dual citizenship as long as the host country has signed a bilateral agreement. The government has until January 2013 to secure a deal with key destination countries. However, this deadline may be pushed back, or the limitation may be deleted, depending on the results of an ongoing analysis commissioned by the government.[165]

Residence and visa arrangements to facilitate diasporas' access to their home countries have also been adopted. For example, the Philippines' balikbayan program grants former citizens and their immediate families visa-free entry and stay for a period of one year.[166] And an increasing number of countries are issuing special registration and identification

cards that allow members of the diaspora who are not citizens to enjoy privileges similar to those of citizens. As Box 1 shows, these registration cards not only provide proof of identity and facilitate data collection but also reinforce the value of consular services while abroad.

Box 1: Quasi-Citizenship via Registration

A number of origin countries offer special registration and identification cards that offer diaspora members benefits and privileges that are typically reserved for citizens. Kingsley Aikins and Nicola White highlighted efforts in India, Poland, Pakistan, Ethiopia, and Ireland.

In 2005 India introduced the Overseas Citizenship of India (OCI) program, targeted to foreign nationals who have held or been eligible for Indian citizenship in the past (except for citizens of Pakistan or Bangladesh) and their children or grandchildren. Although OCI holders do not receive an Indian passport and have no voting rights, they enjoy various benefits such as multiple-entry, multipurpose, lifelong visas to visit India. The program distributed 168,000 OCI visas in the first three years and over 575,000 since.

Poland offers the "Poles card" (Karta Polska) to individuals abroad with at least a "passive understanding" of the Polish language and documented proof of Polish roots or "a connection with Polish culture." The Karta Polska is distributed at consulates and allows holders to work in Poland without applying for a work permit; set up a company on the same basis as citizens of Poland; study, undertake a doctorate, or participate in other forms of education; and participate in research and development work. Interestingly, the holder also retains the right to various types of benefits from access to scholarships and health care services to stiff discounts on public transportation and free admission to state museums.

Likewise, Pakistan's National Database and Registration Authority issues the Pakistan Overseas Card (POC)to its diaspora members. POC holders are allowed visa-free entry into Pakistan, can stay indefinitely in the country, and are exempted from foreigner registration requirements. They can also purchase and sell property, open and operate bank accounts, and need not apply for a Computerized National Identity Card (CNIC). The National Identity Card for Overseas Pakistanis (NICOP), on the other hand, is issued to Pakistani workers, emigrants, citizens, or Pakistanis holding dual nationality. All nonresident Pakistani nationals who have lived abroad for more than six months are required to get a NICOP. Holders of NICOPs are entitled to visa-free entry into Pakistan, protection of the government of Pakistan in any foreign country or state, and membership in the Overseas Pakistanis Foundation (OPF).

In 2002, in Ethiopia, the government issued a proclamation allowing for "foreign nationals of Ethiopian origin" to procure special identity cards that entitle them to various rights and privileges that other foreigners do not. These include visa-free entry, residence and employment rights, the right to own immovable property in Ethiopia, and the right to access public services. Under the proclamation a foreign national of Ethiopian origin is defined broadly as follows: "a foreign national, other than a person who forfeited Ethiopian nationality and acquired Eritrean nationality, who had been an Ethiopian national before acquiring a foreign nationality; or at least one of whose parents, grandparents, or great-grandparents was an Ethiopian national."

More recently, the Irish government announced plans in 2010 to register 70 million people of Irish descent around the world who do not qualify for citizenship. A Certificate of Irish Heritage will be issued by a third-party business working with the Irish government. The card may allow discounts on many services in Ireland, including airfare, hotel accommodation, and a range of other tourism-related amenities although details of how it will be administered is still unclear.

Source: Kingsley Aikins and Nicola White, *Global Diaspora Strategies Toolkit*, (Dublin:Diaspora Matters, 2011).

Governments of destination countries have also taken steps to liberalize some residency requirements. In the United States, the Return of Talent Act of 2003, sponsored by then-senator Joseph Biden, allowed legal migrant residents coming from countries engaged in postconflict reconstruction to return temporarily without breaking the five-year residency requirement needed to apply for US citizenship.[167]

Policies that make it easy for members of the diaspora to travel between their country of origin and country of settlement can positively influence the decision to engage in the homeland. Offering multiple reentry permits and long-term visas to transnational entrepreneurs encourages them to actively supervise their investments. Likewise, the International Organization for Migration (IOM), which has extensive experience with programs facilitating permanent and temporary return among the highly skilled, has found in many settings that migrants opt to take only short-term assignments overseas for fear of losing residence rights in their country of settlement. IOM finds that return programs, even those involving temporary stays, chiefly attract migrants who have acquired citizenship in the host country.[168]

As Cindy Horst and her colleagues observe, especially among diasporas arising from postconflict situations, "While temporary return for professional purposes is often an interesting option for those who have obtained citizenship and are interested in finding ways of contributing to their country of origin, this is not necessarily the case for those without legal security in the country of settlement."[169]

B. Political Rights

Many countries grant political rights to citizens while they are overseas, the foremost of which is the right to vote. A 2007 review by the International Institute for Democracy and Electoral Assistance (IDEA) identified 115 states and territories with legal provisions for overseas voting. As Table 1 shows, external voting provisions are most common in Europe but are also found in every region of the globe.

Table 1: Countries with External Voting Provisions, by Region

Region	Country/Territory
Africa (28)	Algeria, Angola, Benin, Botswana, Cape Verde, Central African Republic, Chad, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Lesotho, Mali, Mauritius, Mozambique, Namibia, Niger, Rwanda, Sao Tome and Principe, Senegal, South Africa, Sudan, Togo, Tunisia, Zimbabwe
Americas (16)	Argentina, Bolivia (Plurinational State of), Brazil, Canada, Colombia, Dominican Republic, Ecuador, Falkland Islands, Guyana, Honduras, Mexico, Nicaragua, Panama, Peru, United States, Venezuela (Bolivarian Republic of)
Asia (20)	Afghanistan, Bangladesh, India, Indonesia, Iran (Islamic Republic of), Iraq, Israel, Japan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic , Malaysia, Oman, Philippines, Singapore, Syrian Arab Republic, Tajikistan, Thailand, Uzbekistan, Yemen
Western, Central and Eastern Europe (41)	Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Isle of Man, Republic of Moldova, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom
Pacific (10)	Australia, Cook Islands, Fiji, Marshall Islands, Micronesia (Federated States of), Nauru, New Zealand, Palau, Pitcairn Islands, Vanuatu
Total	**115**

Source: International IDEA, *Voting from Abroad: The International IDEA Handbook* (Stockholm: Trydells Tryckeri, 2006).

Since the IDEA review, a few more countries have adopted overseas voting rights, including Eritrea, Burundi, and Burkina Faso,[170] as well as Lebanon and Morocco.[171] Uruguay may soon join this list since this provision was being reviewed by its parliament at the time of writing.[172]

In some countries, such as the Dominican Republic, expatriates can run for office even if their primary residence is abroad. Some countries go so far as to reserve congressional seats to represent the diaspora. Colombia, for example, allows the expatriate community to elect representatives to the Colombian legislature. International IDEA reports ten more countries with diaspora representatives in their legislatures: Algeria, Angola, Cape Verde, Croatia, Ecuador, France, Italy, Mozambique, Panama, and Portugal.

C. Special Property Rights

According special property rights is another increasingly popular means to fully engage diasporas, especially in post-Communist countries where the right to private property was not recognized in the Communist

era and restitution of expropriated property has subsequently been undertaken. Many countries place limits on foreign nationals' ownership of real estate and property. In Mexico, for instance, foreigners cannot directly purchase homes in certain areas — mainly coastal and indigenous zones of the country. Foreigners are also not allowed to purchase land in the Philippines, but they can purchase condominium units. In India and China, resident foreigners can purchase homes but have to get permission from government authorities.[173]

These limitations on foreign property ownership curtail the options that are available to members of the diaspora who have surrendered their citizenship and to their descendants. In some countries, however, special laws have been adopted to give privileges to naturalized former citizens and those in the second and sometimes third generations. In India, for instance, anyone who has ever held an Indian passport or whose father or grandfather was a citizen of India can acquire unlimited residential and commercial land. Individuals born in the Philippines and/or to a parent who was still a citizen at the time of his/her birth can purchase either residential or commercial land in the Philippines up to a total of 500 square meters or agricultural land of up to 1,000 square meters.[174] Eritrea similarly offers access to land and housing for expatriates.[175]

D. Tax Incentives

An increasing number of governments have introduced a tax exemption on diasporas' belongings imported from abroad, particularly for those who want to return on a permanent basis. For instance, Mali provides exemption of customs duties and fees on the import of household goods for all Malian migrants who return permanently to Mali, including students who return after their studies abroad.[176] Mexico, Colombia, Burundi, Ecuador, Guatemala, Comoros, the Philippines, and Uruguay also offer similar benefits, not only for household goods but also for cars.[177]

A few governments are offering reduced income tax rates for returning citizens who have worked abroad for a certain number of years. For instance, Malaysia's Talent Corporation hopes to "attract and retain the necessary skilled human capital" through its Returning Expert Program (REP). On top of tax exemptions for household and car imports, REP also guarantees a flat tax rate of 15 percent on employment income for five years. Returnees, however, have to work within sectors that government planners consider as national key economic areas (NKEAs).[178]

Some countries have introduced tax exemptions on investments. Lowering tariffs on raw materials and equipment imported into the country of origin can help diaspora entrepreneurs begin transnational businesses. The Malian Investment Code, for instance, offers a number of initiatives to encourage investments from foreigners and Malians residing abroad, such as exemption of duties and taxes on the import of equipment and construction material needed for investment projects, exemption of company tax and corporate tax, and license and fiscal advantages during implementation of investment projects.[179]

Similarly, foreign investors and Senegalese nationals residing abroad who would like to engage in corporate activity in Senegal enjoy fiscal advantages in the project setup period (three years) and the exploratory phase of an enterprise or project (up to a maximum of five to eight years) and get discounts on or exemptions from certain state taxes. Law No. 2008-47 includes fiscal incentives relating to the creation of mutual savings and microcredit, which can be of particular interest to Senegalese nationals living abroad.[180]

Other countries that have introduced some form of tax exemptions on investments include Ethiopia, Colombia, Burundi, Ecuador, and Burkina Faso.[181] A review by the International Center for Migration Policy Development (ICMPD) and IOM also identified special provisions in Morocco and Niger.[182] In the survey conducted for this handbook, Bosnia and Herzegovina reported that it has requested tax exemptions for the diaspora through its newly adopted development strategy, while the government of Switzerland may adopt similar provisions in the future.[183]

Some countries also offer tax deductions for charitable contributions to encourage philanthropy. These include Mexico, the United States, Ethiopia, Seychelles, and Burundi.[184] The United States, where charitable contributions have been tax deductible since 1917, has been particularly successful in promoting philanthropy using its tax policy, especially in the wake of natural disasters. For example, the US Congress approved legislation that gave special tax treatment for charitable contributions to relief-and-recovery efforts in Haiti after the 2010 earthquake by extending the deadline for contributions that could be claimed as tax deductions in the year of the crisis.

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. A Migration Policy Institute (MPI) analysis of programs to encourage philanthropy among the diaspora highlighted tax breaks as "perhaps the most effective policy tool available."[185]

E. Portable Benefits

Recently, countries have also offered portable benefits to their diasporas, particularly those relating to pensions and medical and life insurance. The majority of migrants face obstacles in carrying their pension and health care benefits with them when they move, since bilateral or multilateral social security agreements cover only 20 to 25 percent of international migrants.[186] The lack of portability is believed to discourage more engagement with countries of origin, primarily by inhibiting temporary and, especially, permanent return. (This is especially important for migrants contemplating retirement). IOM has also found that the loss of social and health entitlements discourages migrants from participating in programs facilitating return.

A few countries have successfully managed to protect their migrants by negotiating bilateral social security agreements. For example, the majority of migrants from Morocco (89 percent), Algeria (87 percent), and Turkey (68 percent) work in destination countries that offer them full portability of benefits.[187]

Bosnia and Herzegovina has concluded bilateral agreements with host countries on social security, pensions, and health care benefits. In particular, the Department for Diaspora works with other government institutions directly in charge of pension and health care benefits, primarily by collecting and sharing information on how to access these rights.[188]

In Morocco the Mutuelle des Marocains à L'Etranger (MUMADE), created in 2009, "provides a legal framework that ensures medical coverage of Moroccans abroad who have returned temporarily and/or permanently to Morocco from a country of destination with which no bilateral agreement exists."[189] Mexico's Health Department also offers health insurance through the Seguro de Salud para la familia en Mexico program.[190]

Similarly, in Burkina Faso, the social security fund has set up measures to facilitate the collection of overseas nationals' retirement money in Burkina Faso. Agreements have been signed with several countries including France and Côte d'Ivoire; negotiations with Italy are ongoing.[191] Other countries with provisions for social security portability include the United States, Spain, Burundi, Estonia, Ecuador, Portugal, Comoros, Uruguay, and Seychelles.[192]

In addition, there are also regional agreements such as among members of the Caribbean Community (CARICOM) and Mercado Común del Sur (MERCOSUR), which have made efforts to grant nondiscriminatory access to social services and make benefits portable for intraregional migrants. CARICOM has almost 3.4 million migrants, of whom 12 percent move under arrangements that guarantee complete portability.

F. General Laws

Some governments have officially recognized their diasporas — and, in some cases, migration in general — as an integral part of their national development plans. For instance, Mali's National Population Policy (Politique Nationale de Population) of 1991, revised in 2004, discusses the importance of integrating international migration into the national development strategy.[193] Likewise, the Rural Development Strategy of Niger (Stratégie de développement rural au Niger) elaborates on the important role migrants' financial resources can play in local development. Migrants are also recognized in Niger's Action Plan of the Rural Development Strategy and the Accelerated Development and Poverty Reduction Strategy for 2008 to 2010.[194]

This official recognition is an important step since it unequivocally shows to the diaspora that they are regarded as critical actors in the development of their country of origin. Indeed, for the government of Uruguay, Migration Law 18.250, a law that officially recognizes the "inalienable right of migrants and their families" is a "successful initiative" since "it shows to the diaspora the importance of the migration issue for the government."[195]

2 Challenges and Lessons Learned

Enacting rules and regulations that are conducive to diaspora engagement is a critical first step but far from the only one. There is often a disconnect between what government planners envision on paper and what is implemented on the ground. To maximize the effectiveness of these rules and regulations, governments should consider the following lessons of experience.

A. Elicit Local Buy-In, First and Foremost

Although clearly beneficial to members of diasporas, special privileges of the types described in this chapter may be perceived as unfair to local populations. Local buy-in is important for the political sustainability of programs. For instance, if overseas voting turnout is low in countries that have reserved seats in the legislature for external electoral districts, fewer votes will determine the outcome of the election for a parliamentary seat compared to internal constituencies. In other words, overseas voting may give external votes more weight.[196]

Local buy-in is also important because implementing diaspora privileges costs taxpayers money, either in forgone income or additional expenses for implementing programs. Eritrea, for instance, has eliminated tax exemptions for overseas investors, which were meant to encourage the import of various materials.[197] Similarly, Botswana is considering abolishing its external voting provisions as a result of the low turnout rates among external voters and high costs associated with the arrangements.

Indeed, budgetary limitations constrain available options. As International IDEA highlights in its analysis of implementing overseas voting, advances in technology have allowed for incorporating tens or hundreds of thousands of potential voters, but "it is clear that the design and operation of such a mechanism would be very costly and even beyond the means of many of the emerging or restored democracies."[198]

B. Identify Loopholes and Gaps in Coverage: Often, the Devil Is in the Details

It is also important to ensure that the regulations and protocols put in place to implement a law do not have loopholes and gaps that exclude intended beneficiaries. For instance, International IDEA finds that countries' success on implementing external voting can vary greatly and depends on various factors such as who is eligible to participate, how eligible electors can register, and what arrangements are made for votes to be cast.[199] As Table 2 shows, some countries require citizens to vote in person, which may disadvantage some groups, especially the poor who cannot afford transport, the undocumented who cannot easily move around, and those who live far from embassies or consulates.

Table 2: External Voting Procedures, By Country

Procedures	Number of Cases	Country/Territory
Personal voting only	54	Afghanistan, Angola, Argentina, Azerbaijan, Belarus, Botswana, Brazil, Bulgaria, Cape Verde, Central African Republic, Colombia, Côte d'Ivoire, Croatia, Czech Republic, Djibouti, Dominican Republic, Ecuador, Equatorial Guinea, Finland, Georgia, Ghana, Guinea-Bissau, Guyana, Honduras, Hungary, Iceland, Iran (Islamic Republic of), Iraq, Israel, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic , Republic of Moldova, Mozambique, Namibia, Niger, Peru, Pitcairn Islands, Poland, Romania, Russian Federation, Rwanda, Sao Tome and Principe, Senegal, Singapore, South Africa, Sudan, Syrian Arab Republic, Tunisia, Turkey, Ukraine, Uzbekistan, Venezuela (Bolivarian Republic of), Yemen
Postal voting only	25	Austria, Bangladesh, Bosnia and Herzegovina, Canada, Denmark, Falkland Islands, Fiji, Germany, Gibraltar, Guernsey, Ireland, Italy, Jersey, Lesotho, Liechtenstein, Luxembourg, Malaysia, Isle of Man, Marshall Islands, Mexico, Norway, Panama, Switzerland, Tajikistan, Zimbabwe
Proxy voting only	4	Mauritius, Nauru, Togo, Vanuatu
Mixed procedures	27	Algeria, Australia, Belgium, Benin, Chad, Cook Islands, Estonia, France, Gabon, Guinea, India, Indonesia, Japan, Latvia, Lithuania, Mali, Micronesia (Federated States of), Netherlands, New Zealand, Palau, Philippines, Portugal, Slovenia, Spain, Sweden, Thailand, United Kingdom
Not yet implemented or not available	4	Bolivia (Plurinational State of), Greece, Nicaragua, Oman
Total	**114**	

Note: The United States is not included in this table since the procedures for external voting vary by state.
Source: International IDEA, *Voting from Abroad: The International IDEA Handbook* (Stockholm: Trydells Tryckeri, 2006).

C. Focus on Outreach and Information Dissemination

Making benefits available is only half the battle; making members aware that such benefits exist is an even bigger challenge. In offering special privileges, governments need to show that there is demand for them. Otherwise, it is very difficult to make the case for special provisions.

For instance, in the Philippines, Secretary Mely Nicolas of the Commission on Filipinos Overseas (CFO) highlights the difficulty of implementing provisions for dual or multiple citizenship, simply due to what she sees as "lack of correct information among the Filipino communities abroad."[200] Providing adequate and correct information is especially difficult for countries, such as the Philippines, with huge and dispersed diasporas. Similarly, according to the government of Uruguay, implementing overseas voting was difficult "because the population did not have enough information about the elections" in the first place.[201]

D. Monitor the Implementation of Laws and Regulations to Identify and Address Challenging Areas

It is also important for governments to avoid paper schemes and ensure that the implementation of laws and regulations are closely monitored. For example, in countries with external voting provisions, rates of registration and turnout rates abroad are almost always lower compared to within the home country. This is true even in countries like Brazil, where voting is compulsory for citizens who are temporarily or permanently abroad and yet only about 5 percent of eligible external voters participate. The same can be said in the case of Mexico. Despite the large number of Mexicans living in the United States, the registration rate was unexpectedly low.[202]

What may be interpreted as diasporas' lack of interest in participating in the political process may be, in fact, due to administrative, financial, or institutional constraints. Lower participation rates may be attributed, for instance, to the limited number and inaccessibility of polling stations. Documentation requirements and restrictions or preconditions may also make participation difficult or cumbersome to overseas voters. For instance, in the Philippines, regulations require external voters to state intention to to return to the Philippines within a specified timeframe.[203]

Some governments have chosen to closely monitor the implementation of the rules and regulations put in place. Uruguay, for instance, created a Migration Board to monitor the progress of the law regulating 18.250.[204] Mexico has worked with IDEA, an intergovernmental organization that supports sustainable democracy worldwide, not only to understand and better analyze Mexico's experience with overseas voting but also to compare it with other countries.[205]

PART

3

CREATING BRIDGES:
SIX FOCUS AREAS
FOR DIASPORA
ENGAGEMENT

D iasporas have played an important and positive role in six key areas: remittances, direct investments, human capital transfers, philanthropic contributions, capital market investments, and tourism.

Part Three of the handbook aims to identify the latest thinking on each programmatic area by highlighting how various programs have evolved in recent years, the challenges policymakers and practitioners have faced, and the lessons that can be drawn from their experiences.

Chapter 6: Remittances: Making Private Money Work for the Common Good

Remittances are among the most tangible links between migration and development. According to World Bank estimates, officially recorded remittances flows in 2010 totaled over $440 billion worldwide.[206] As in the past, developing countries received the lion's share of global remittances ($325 billion). In 24 countries, remittances were equal to more than 10 percent of the gross domestic product (GDP) in 2009; in nine countries they were equal to more than 20 percent of GDP.[207]

Remittances have also been critical sources of foreign exchange for national balance of payments accounts and have been found to promote macroeconomic stability. Various studies have also shown that remittances facilitate human capital formation, mainly by improving access to education and health. They also lead to an increase in investments and the reduction of poverty, particularly within recipient households.

Previously confined to the everyday conversations of migrants and their families, remittances are now on the minds and agendas of many governments, members of civil society, the international community at large, and the private sector.

Remittances: A Menu of Viable Options

1. Strengthen remittance infrastructure
   - Inform the diaspora about existing remittance transfer mechanisms
   - Create more efficient channels of remittance transfer
   - Strengthen the financial institutions that migrants already use

2. Provide opportunities for more productive investment of remittances
   - Cross-sell complementary financial services such as remittance-backed mortgages
   - Securitize remittance flows

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1 # Program and Policy Options

In reviewing initiatives associated with remittances, it is clear that fewer governments are choosing the policy path of control. Countries such as Brazil, for instance, once controlled remittance flows through rules governing foreign exchange. All international transfers had to go through the central bank. Likewise, in Viet Nam, the state used to control all foreign exchange trade and require temporary migrants to invest 30 percent of their earnings into a government fund. Such restrictions encouraged the use of informal channels for money transfers, which meant that remittances were not easily counted as part of the gross domestic product and did not bolster the country's foreign exchange position. Today, an increasing number of governments realize the advantages of more liberal remittance regimes.

Now, instead of taxing remittances, some governments have made a 180-degree turn and instituted tax breaks. For instance, in Egypt, migrants remitting through banks receive tax breaks for up to ten years from the time of the first formal transfer. Likewise, Colombia has reformed its tax laws to encourage expatriates to send a larger portion of their earnings to relatives in Colombia.

Indeed, the focus has shifted away from control to easing obstacles and providing incentives, especially financial and monetary incentives, typically with the support of civil society and the private sector.

Generally, two broad policy trends can be noted: (1) an increasing interest on strengthening the infrastructure supporting remittances, and (2) a renewed focus on using remittances more productively by cross-selling products linked to remittances and securitizing remittance flows.

A. Strengthening Remittance Infrastructure

The weaknesses of the infrastructure supporting remittances have been widely discussed and acknowledged by scholars and practitioners alike. The transaction costs of transferring remittances remain high in many corridors, and the challenges faced in distribution (particularly the so-called "last mile" problem) have yet to be seriously addressed, especially in remote areas. A transition from informal to formal systems is desirable for both development and security reasons. Many programs and policy prescriptions currently on the table are designed to address these deficiencies.

1. Inform the Diaspora about Existing Remittance Transfer Mechanisms

Many governments recognize that competition can lower costs and make transfers more rapid and reliable. For example, the cost of sending money has been more than halved since 1999 in the US-Mexico remittance corridor, which has many highly competitive money transfer companies and banks providing remittance services. One of the easiest ways to lower transaction costs is to encourage the entry of new legitimate operators in a given corridor, and to inform diaspora members about their ability to choose among existing remittance-transfer mechanisms. This facilitates increased competition among banks and money transfer organizations, thereby lowering costs and improving efficiency.

Competition may also help increase transparency. With the aim of increasing diaspora members' trust in formal channels, governments would do well to support the process.

There are various ways to increase transparency, one of the most important of which is to make information on transfer fees publicly available.

Launch a Score Card. The Inter-American Development Bank (IDB), for instance, in 2006 launched a remittance scorecard that ranks money transfer operators and banks according to a set of predetermined criteria.[208] A number of governments have since built on this approach by maintaining and supporting websites that compare the transaction costs charged by various remittance service providers.

Compare Transfer Fees. Mexico's Remesamex allows remittance senders to compare the fees of a wide range of transfer companies. The website, created by the National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF), provides information on fees based on the amount of money, the origin, and the destination of the transfer.[209]

Other governments have worked with partners in civil society and the private sector. For instance, the Netherlands Ministry of Foreign Affairs has supported the creation of Geld Naar Huis, a website comparing remittance services offered by banks and money transfer organizations, including the costs charged for various destinations. The website is maintained by IntEnt, a nongovernmental organization (NGO).[210]

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), a federal enterprise of the German government, launched a similar website, called Geld TransFAIR, in 2007. The site was established by way of a public-private partnership between GIZ and the Frankfurt School for Finance and Management, a private consulting firm, which provided information about legal transfer channels from Germany to 33 countries. In 2010 the Frankfurt School took over full operation of the website.[211]

Although potentially useful to increasing transparency of remittance transactions, maintaining such websites can be difficult. As Box 1 shows, websites are useful only if migrants actually use them.

Box 1: The Limits of Information: Lessons from the Netherland's Geld Naar Huis and German International Cooperation's (GIZ's) Geld TransFAIR

If you build it, they will come. Government websites, however, often go unnoticed. The governments of Germany and the Netherlands both supported the creation of websites to provide consumer information on remittances and thus to boost competition between financial institutions and increase transparency. Both countries have faced challenges in informing migrants about the websites' existence and in encouraging them to use the sites regularly.

In an interview for this handbook, Sander Werrie, of the Netherlands Ministry of Foreign Affairs, explained: "We don't have the capacity to let people know that they can compare the costs. I think that is why there are too few people using the website. There has to be more of a campaign to improve visibility." Indeed, the ministry has requested IntEnt, the NGO tasked with maintaining the site, to allocate 50 percent of its €100,000 annual budget to a publicity campaign.

In the case of Germany, the problem is deeper than lack of awareness among migrants. As Regina Barbosa of GIZ, explained: "There have not been many changes in the costs of

transferring money, so the website is not very dynamic because the financial sector is not very dynamic when it comes to costs and the various possibilities for transferring remittances."

The lack of information on services offered by various providers may have contributed to keeping remittance costs high since migrants may not be aware of cheaper alternatives, but it is not the only reason. Filling the information gap alone would have limited impact on transaction costs as long as service providers do not compete for customers by lowering their charges for remittance transfer.

Sources: Interview by the author with Sander Werrie, May 3, 2011; and by Julia Schad with Regina Barboza, April 28, 2011.

2. Create More Efficient Channels of Sending Remittances

One way to reduce transaction costs is to create more efficient remittance channels. Some governments have collaborated to create such channels themselves, while others have chosen to partner with nonstate actors such as registered banks, savings and credit cooperatives, microfinance institutions, and post offices.

Among multigovernment partnerships, an interesting initiative is Directo a México (see Box 2), which allows remitters to send money from a bank account in the United States to any bank account in Mexico. The service, which is a joint initiative of the US Federal Reserve and Banco de México, offers a safer, cheaper, and more efficient remittance channel than traditional money transfer operators.

Box 2: Directo a México

In 2001 Banco de México and the US Federal Reserve agreed to study the possibility of linking payment systems across their border to create an efficient interbank mechanism. By October 2003, the two government institutions had established such a framework, focused initially on pension payments to recipients in Mexico. By February 2004, this service had been extended to commercial payments sent from any US financial institution enrolled in Directo a México to any individual with a bank account in Mexico.

The consumer sending the money pays all fees, and there are no deductions or fees for the beneficiary in Mexico. The payment is initiated in US dollars and converted into Mexican pesos using a highly competitive foreign exchange rate based on the FIX, the interbank reference foreign exchange rate, determined and published by the Banco de México, minus 0.21 percent. Consumers using Directo a México pay one of the lowest fees on the market, at less than $5 per transaction regardless of amount remitted. Since the central banks in both countries process the payments, remittances arrive safely and on time.

Source: Directo a México, "About Directo a México," www.directoamexico.com/en/quees.html.

Governments may also choose to link their postal networks with those of other countries. Chile, Spain, Uruguay, the United Republic of Tanzania, and Uganda have taken such an approach to ensuring more efficient and secure transfers (see Box 3).

➡ Box 3: Post Offices as Remittance Providers

Individuals in Chile and Spain are now able to use the postal network to send and receive money to and from abroad. The service is currently offered in 110 post offices in Chile, 2,300 in Spain, and 60 in Uruguay. The service is fast and secure; money transfers can be executed and delivered in 15 minutes. The service relies on the International Financial System (IFS) application developed by the Universal Postal Union's (UPU's) Postal Technology Centre. To help postal operators move toward providing money transfer services by electronic means, UPU has been making its electronic network more secure and reliable. In 2005 it started a centralized clearing system, while concentrating additional efforts on key migration corridors. Using its IFS application, it has opened 150 corridors connecting 36 countries. Some 60 other countries are currently testing the application and may join the UPU's international financial network.

The United Republic of Tanzania and Uganda recently launched a pilot project facilitating remittances between the two countries. The project, organized by the International Organization for Migration (IOM) in partnership with UPU and the Pan African Postal Union (PAPU), assesses the flow of remittances between the two countries, with a focus on electronic postal money transfers, and trains postal staff, stressing the benefits of remittances to national development.

Source: H. Bohela Lunogelo, *Pilot Study on Supporting an Affordable Electronic Tanzania and Uganda* (Geneva: IOM, 2009), www.migration4development.org/sites/m4d.emakina-eu.net/files/Final_IOM-UPU_Assessment_on_Remittances_btw_UG-TZ.pdf.

3. Bank the Unbanked

In most developing countries today, financial systems serve a very small proportion of the population — the social and economic elite. A number of governments aim to increase the participation of financial institutions in remittance markets in an effort to attract more remittance senders and recipients as clients.

Ultimately, having access to the formal financial system confers a variety of benefits to senders and recipients: lower transfer costs, greater security of transfers, the possibility of building assets through savings, and the leveraging of larger amounts of remittance funds via credit. The goal is to move from the current "cash-to-cash" system to the electronic transfer system of account to account. To this end, the focus has been on how to remove the obstacles that are keeping migrants from opening bank accounts.

Offer Consular Identity Cards. Some governments issue identity cards to migrants so that they can open bank accounts. Stringent identification requirements prevent many migrants from opening bank accounts. Some governments have issued identity cards to their nationals living abroad, regardless of immigration status. As Box 4 highlights, issuing consular identity cards presents a simple solution to encourage banking, especially among the unauthorized.

> ### Box 4: Consular Identity Cards: A Simple Solution to a Big Problem
>
> Unauthorized migrants generally have difficulty accessing many financial services in their destination countries since they don't necessarily have the documentation that banks require. Some origin governments have issued consular identity cards for their citizens abroad. Most financial institutions in the United States accept consular cards as a valid form of identification. Such cards may serve to encourage migrants (regardless of immigration status) to open bank accounts.
>
> - Countries that issue consular cards include: Argentina (matrícula consular Argentina)
> - Brazil (matrícula de cidadão Brasileiro)
> - Colombia (tarjeta de registro consular)
> - Dominican Republic (localizador archive)
> - Ecuador (consular ID)
> - Guatemala (tarjeta de identificación consular)
> - Guinea (consular ID)
> - Mali (carte d'identité consulaire)
> - Mexico (matrícula consular)
> - Nigeria (citizen's certificate)
> - Pakistan (National Identification Card for Overseas Pakistanis)
> - Peru (tarjeta consular)
> - Senegal (carte consulaire)
>
> It is important to note, however, that cooperation with the destination government is critical. It was only after the US Department of Treasury announced in 2002 that consular cards were valid government-issued identification that these cards were accepted at US banks and government offices.

Offer Financial Literacy Training. Some governments consider financial literacy a critical factor encouraging migrants to use banks and other formal financial institutions. They hold financial literacy campaigns to promote sending remittances through formal channels and to encourage migrant workers to use the many other services that banks offer.

In Burkina Faso, the High Council of Burkinabés Abroad, a government institution created to engage the diaspora, works with diplomatic missions abroad to conduct information campaigns, not only on remittances but also on the rights and duties of the diaspora in their host countries. With an annual budget of 40 million francs (US$82,000),[212]

the High Council regularly sends a team of about eight individuals to conduct these information meetings, especially in missions where there is a large population of nationals of Burkina Faso, such as Senegal and Togo.[213] The campaign typically lasts for ten days and is conducted with the support of local banks. Similar initiatives can found in the Philippines, Mexico, and Nicaragua (see Box 5).

→ Box 5: Teaching Financial Literacy

In 2008 the Philippines' embassy in the Republic of Korea initiated a financial literacy campaign to maximize the potential benefit of diaspora remittances to national development. Working with Filipino community groups in Seoul, the embassy conducted more than a dozen seminars involving 400 participants in a one-year span. Assessments of the seminars' effectiveness suggest that participants' financial literacy and money management skills improved.

Likewise, in 2010, the Institute for Mexicans Abroad (IME), a government institution catering mainly to overseas Mexicans, reported that 69 percent of Mexico's consulates in the United States had an annual program to provide financial education to Mexican migrants; in addition financial information was displayed in all the consulates' waiting areas. IME has also partnered with IDB, a multilateral lending institution, to provide financial education to both migrants and their families living in Mexico.

It is important to offer financial training to households that receive remittances. IOM, for instance, has partnered with Grupo Promerica (BANPRO), a Nicaraguan bank, to provide financial education to remittance-receiving families. Since the project began in October 2010, more than 3,000 family members with relatives working in the United States, Costa Rica, and Spain have received training in financial literacy, including creating a budget, increasing savings, and using the financial products available to migrants and their families.

Sources: Interview of Jed Dayang, Philippines Foreign Service Officer, interview by author, May 23, 2011; Javier de Leon, answer to Questionnaire, Part II, and de Leon interview; Joan Hall, *Ten Years of Innovation in Remittances: Lessons Learned and Models for the Future* (Washington: Inter-American Development Bank, 2010), http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35163520.

Make Banks Migrant Friendly. Another method of improving remittance channels is to help banks become more accessible to migrants. For instance, GIZ, Germany's national development agency, conducted a survey among the Serbian population in Germany and found that many Serbs do not send remittances through formal channels. Many cited fears of losing money sent through banks. The survey also revealed that many Serbian migrants lacked information on ways to remit through Serbian banks.[214]

To address the problem, GIZ organized a conference in 2009 that brought together Serbian banks and several Serbian migrant organizations from Germany to discuss reasons behind migrants' reluctance to use formal remittance channels. The conference effectively facilitated information sharing between the two groups. After the conference, GIZ created an information brochure on how the Serbian financial system works.

4. Strengthen the Financial Institutions that Migrants Already Use

Governments also increasingly recognize the enormous challenges at the distribution stage, or the so-called "last mile" of remittance transactions. Establishing operations in remote areas involves additional costs that many banks and money transfer companies are not prepared to bear. As a result, people in many rural areas face higher transaction costs and more limited access than their counterparts in cities.

A critical factor in servicing the last mile is to strengthen the financial institutions that migrants already use, such as post offices, rather than encourage them to use financial institutions that for various reasons — geographic, cultural, or otherwise — they prefer not to use.

5. Strengthen Rural Savings Banks

In 2002 Mexico created the Banco del Ahorro Nacional y Servicios Financieros (National Savings and Financial Services Bank, BANSEFI), a second-tier national credit corporation and development bank that aims to help rural savings banks adapt to the provisions of new laws and trains personnel at Mexico's banking regulatory agency, Comision Nacional Bancaria y de Valores (CNBV), to supervise them. As Box 6 shows, an external evaluation highlights BANSEFI's success in improving regulatory compliance on the part of rural savings banks, and thus encouraging the formal transfer of remittances.

Box 6: Strengthening Mexico's Rural Banks

BANSEFI's task is monumental: modernize the information systems of the 600 BANSEFI branches and 400 other bank branches that belong to regulated banks, develop new savings products within BANSEFI for remittance recipients, and create infrastructure for receiving and channeling remittances sent by Mexicans residing abroad.

- An external evaluation done within 36 months of the project's implementation showed that the initiative had achieved the following: Upgraded the technology of 938 savings banks and 493 branches of BANSEFI
- Established a new remittance-transfer network that helped increase the number of monthly remittance transfers serviced by the network to approximately 70,000 (nearly a 50 percent increase over two years)
- Expanded the geographic coverage of the service, with more than 1,000 branches of the 125 savings banks participating in the remittance-transfer network
- Developed new products such as savings instruments, debit cards, credit cards, and housing savings accounts that attract remittance recipients as clients.

Rural inhabitants in the areas reached by BANSEFI's 1,431 branches and/or the rural savings banks now have access to better remittance-transfer services. In the first half of 2007 alone, 620,451 transfers totaling 2.586 billion Mexican pesos (nearly $240 million) were made.

Source: Hall, *Ten Years of Innovation in Remittances*.

6. Strengthen Cooperatives

Ecuador has taken a similar route by assisting cooperatives. The Central Bank of Ecuador (BCE) implemented the Alternative Remittance Distribution Channel for Small Ecuadorean Financial Intermediaries project in 2007. At that time, rural cooperatives could not access electronic transfer management systems. The project aims to address this gap by connecting them into a high-technology interbank payment system called the Sistema Nacional de Pagos (National Payment System, SNP). Access to the SNP will reduce costs and transfer times increase the use of formal channels in rural areas. (see Box 7).

Box 7: Linking Cooperatives to the Remittance Market

Most cooperatives in Ecuador do not receive customers' remittances directly from an SNP since they are not regulated and do not maintain current accounts with the central bank. The project created a mechanism to bring these unregulated cooperatives into SNP via a regulated cooperative acting as a "network hub."

Although the project is still in its early phases, and final outcomes are not available, intermediate result so far has been significant. Thirteen unregulated cooperatives have been incorporated into the SNP. Another 49 unregulated cooperatives have applied to become participants. BCE is taking a more aggressive approach in marketing its services to the cooperative sector, and this is showing results, according to an independent review of the project.

Source: Hall, *Ten Years of Innovation in Remittances.*

B. Provide Opportunities for More Productive Investment of Remittances

Although remittances are private money, governments can encourage the development of investment vehicles and financial services that allow migrants to invest remittances more productively and thus to leverage their income stream from abroad to achieve greater financial security.

1. Cross-Selling Complementary Financial Services to Remittance Receivers

There has been an emerging interest in cross-selling complementary financial services and products along with remittance services. The idea is to design financial products that serve the needs of migrants and their families while directing them to more productive uses. Germany, for

instance, supported a study in Uzbekistan that analyzed the demand for special financial products and assisted private banks in developing such products. The US Agency for International Development (USAID) supports remittance-backed housing and business loans.[215]

2. Offer Remittance-Backed Mortgages

The introduction of home loan products that use migrant remittances as collateral or to establish credit has been among the most promising innovations in recent years. The idea is to develop legal and financial procedures that permit migrants to purchase a house for themselves or their families without having to return to their country of origin. The remittances are used to pay off the loan, while the house serves as loan collateral.

Governments encourage transnational alliances between financial institutions in countries of origin and a variety of actors in the countries to which migrants immigrate, primarily through subsidized lending. For decades, developing countries have subsidized loans in order to expand access to mortgage lending for low-income households. Governments in Mexico, the Philippines, Colombia, and Burkina Faso continue this policy by subsidizing mortgage programs for their migrants. All four countries have special procedures to adapt to the unique requirements and needs of their migrant populations. As Box 8 shows, Colombia and Burkina Faso built programs from scratch while Mexico and the Philippines expanded on existing programs for local populations.

Box 8: Remittance-Backed Mortgages: Four Models

Colombia Nos Une offers a housing program for emigrants who are interested in buying a home in Colombia but require financing. The initiative runs the program Mi Casa con Remesas ("My House with Remittances") together with the National Bank of Colombia and IDB. Cesar Vallejo, adviser at Colombia Nos Une, said he considers the program a success.

10.000 logements. The Ministry of Housing and Urban Development in Burkina Faso began the project 10.000 Logements ("10,000 Homes") in 2006 as a housing program fully funded by the state with the goal of providing people decent housing at reduced cost. The program is said to be popular among overseas nationals of Burkina Faso who express a strong desire to benefit from public housing. The project, however, is said to have completed only 25 percent of its objectives to date.

The Pag-IBIG Overseas Program is a voluntary savings program that aims to provide Filipinos abroad the opportunity to save and obtain a housing loan of up to 2 million pesos ($50,000).[216] The loan is financed using reserves of Pag-IBIG, the largest government pension fund. To be eligible for a home loan, applicants must be active contributors to the fund for two years. Loan entitlement is dependent on the amount of monthly contributions to the fund. The monthly savings contribution can be as little as $5 to obtain a 500,000 peso loan or

as high as $20 to obtain the maximum loan of 2 million pesos. The fund also offers a lump-sum option, whereby new members can obtain the loan immediately by paying the total of a two-year contribution.

The program can be used by all Filipinos abroad, including those naturalized in other countries and those eligible to apply for dual citizenship. In addition, there is a focus on small and low-income borrowers, given that the program offers preferential repayment terms and interest rates for smaller loans. For instance, a home loan of 300,000 pesos or less will incur a 6 percent annual interest rate and is payable in 30 years — about half the interest rate and 10 years longer than the terms commonly offered by private-sector lenders.

Sociedad Hipotecara Federal (SHF), a government financial institution with the mandate to foster the development of primary and secondary mortgage markets, runs Mexico's mortgage program. Unlike the Philippines' Pag-IBIG, SHF is a wholesale mortgage bank and guarantor; it does not directly lend to the public but rather provides long-term funding to financial intermediaries and hedges the inherent interest-rate risk.

The program hopes to tap into demand unmet by US- and Canada-based financial institutions, which are reluctant to take Mexican real estate as collateral, or by Mexican lenders that do not have a system to offer services in the United States and Canada. The loan program is a private-public partnership between SHF, IDB (a regional lending institution), BANSEFI, IME, and four SOFOLES or private financial intermediaries — Su Casita, Hipotecaria Nacional, Crédito Inmobiliario-Terras, and Hipotecario Crédito y Casa.

Under the partnership, SHF assumes the "full faith and credit" of the federal government on risks taken through 2013. In other words, SHF offers unconditional commitment to pay interest and principal on debt in case of default, while IDB shoulders part of the financing needed and provides critical technical support. The intermediaries operate like any other mortgage lender. The loan application is started and processed in the United States, funded in pesos, and serviced in Mexico. Once approved, a remittance provider's relatives can start looking for a house in Mexico. When a house is found, the intermediary sends an appraiser to the location to verify the price before lending money to the applicant. The Mexican immigrant can then pay off the mortgage — in US dollars — at the intermediaries' US branches. As of 2009, 2,000 loans have been disbursed to remittance-receiving households (an increase of approximately 80 percent from baseline data); 7,000 migrants have received information and training on financial concepts related to mortgages; and more than 10,000 brochures have been distributed.

Sources: Vallejo interview, May 2011; Ousman Nacambo interview, May 2011; Pag-IBIG Fund, "Pag-IBIG International Operations," www.pagibigfund.gov.ph/pop/; Hall, *Ten Years of Innovation in Remittances*.

3. Securitize Future Remittance Flows

A number of countries have also resorted to the securitization of future remittance flows in order to raise external financing. Many developing countries do not have a wide range of external financing sources and rely solely on official development assistance (ODA) and foreign direct investment (FDI) to finance public investment. However, both ODA and FDI have declined as a share of GDP over the past few decades. Securitization is an alternative method to finance public investment since workers' remittances represent a future-flow receivable that financial institutions can collateralize to access additional capital.

Ngozi Okonjo-Iweala and Dilip Ratha of the World Bank put it succinctly:

When a migrant transfers foreign currency to a relative's creditworthy bank in his home country, the bank pays out the remittance from its holding of local currency. That transaction creates a foreign currency asset equivalent to the size of the remittance, which can be used as collateral for borrowing cheaply and over the long term in overseas capital markets. Such borrowing has no effect on the flow of money from migrants to their beneficiaries. Yet development banks, national banks in developing countries and donor agencies can partner to harness enough remittances and create enough collateral to raise significant sums of money to invest in agriculture, roads, housing and other vital projects.[217]

In other words, securitization enables banks in developing countries to raise hard currency by selling bonds. The largely predictable and sustainable flows of remittances to developing countries make remittances relatively reliable as collateral for securitization and attractive for investors. Typically, future remittance securitizations are rated investment grade BBB- or higher as future flows are heavily overcollateralized.[218] According to Standard and Poor's, only a slowdown of remittances of greater than 95 percent would lead to a default on remittance securitizations, which makes securitization an ideal vehicle for raising funds even in times of recession (see Box 9).

Many countries could potentially issue bonds backed by future remittances, with amounts ranging from 10 to 20 percent of their annual remittance flows, depending on the level of overcollateralization required to implement these transactions.

A number of developing countries have securitized future remittances and other future receivables.[219] Since 2000 they have raised in excess of $15 billion in international financing with an average maturity of five to 15 years.[220] These countries include, but are not limited to Brazil, Egypt, El Salvador, Guatemala, Jamaica, Kazakhstan, Lebanon, Mexico, Peru, and Turkey. Other countries, such as Nepal, are considering securitizing remittances.[221]

→ **Box 9: Securitization of Remittances in a Time of
Global Recession**

After the financial crisis of 2008, remittances were more stable than ODA and FDI flows. According to the African Development Bank (AfDB), the flow of ODA and FDI were five and three times more variable than remittances between 1995 and 2009. Net remittance inflows to Africa in 2010 amounted to $37 billion. The financial crisis caused a decline in ODA flows to African countries by almost 50 percent in 2009, but remittance flows were relatively constant.

Due to the reasons behind the 2008 financial crisis, many may be averse to securitization. However, securitization per se was not the main cause of the financial crisis, but rather the excessive overvaluation of existing assets (mortgage-backed securities), not future-backed receivables. In fact, unlike the securitization of existing assets, the securitization of future receivables held up during the financial crisis.[222] Given that the securitization of future remittance flows requires overcollateralization, the risk is very low.[223]

Moreover, one of the strengths of securitizing future-flow receivables such as remittances is that institutions are able to withstand liquidity crises. Any negative public reaction to securitization after the 2008 financial crisis should therefore be seen as short-lived.

In the aftermath of the 2008 financial crisis, the International Finance Corporation (IFC) provided assistance in helping a credit union in El Salvador securitize future remittance flows to help provide microloans to micro, small, and medium-sized enterprises (MSMEs). The US Department of State also launched the BRIDGE program with El Salvador and Honduras to help their governments securitize future remittance flows to raise lower-cost and longer-term financing for infrastructure, public works, and other commercial development projects.

Sources: International Finance Corporation (IFC), "FDC Remittance: Summary of Proposed Investment," www.ifc.org/ifcext/ spiwebsite1.nsf/0/1DDDBD894DD604EB852576BA000E330D; IFC,, "IFC's First Remittance-secured Financing Enables Credit for El Salvador's Microenterprises, Lower-Income People," June 16, 2010, http://www.syminvest.com/news/ifc's-first-remittancesecured-financing-enables-credit-for-el-salvador's-microenterprises-lowerincome-people/2010/6/16/2410; US Department of State, "U.S. BRIDGE Initiative Commitments with El Salvador, Honduras," (media note, September 22, 2010), www.state.gov/r/pa/prs/ps/2010/09/147549.htm.

2 Challenges and Lessons Learned

Leveraging remittances for development is an important but difficult goal to achieve. Despite improvements in facilitating remittance transactions and strengthening diasporas' links to development, a number of challenges remain.

A. In Times of Financial Crisis, Remittance-Linked Products and Programs Can Be Adversely Affected

Experience in Latin America suggests that transnational loan products linked to remittances can be affected by crisis. During the 2008 crisis, for instance, many Mexican migrants in the United States lost their jobs and reduced their remittances to Mexico. An assessment by the Inter-American Development Bank (IDB) found that this led to an increase in raised the risk level of the SOFOLES's portfolio of transnational mortgage

products during the 2008 crisis, as migrants lost jobs and their remittances were reduced. The four SOFOLES continued to disburse transnational loans at a slower rate than projected. In a global economic downturn, mortgage-financing companies tend to wait out the crisis since mortgage loans, relative to other types of loans, entail more risks due to the higher amounts and longer lending periods.[224]

As the IDB highlights in its review of SHF's experience, it is important to:[225]

- Investigate the possibility of using guarantee funds to encourage continued lending in times of crisis.
- Develop remittance-backed products that can withstand a financial crisis, such as housing microfinance (i.e., housing improvement) models and projects and the securitization of remittance flows, since these lower the risk for both the lending institutions and the borrowing institutions.

B. Regulatory Issues Are Critical to the Success of Remittance Activities

Regulatory issues are especially important if the executing agency expects to work in foreign countries and navigate their various regulatory environments. IDB's experience in the Americas suggests strongly that a "regulatory environment can constrain or facilitate transnational mortgage products." Such environments differ significantly across countries, and special attention has to be given to state- and local-level regulations.[226]

For instance, in some destination countries the marketing of remittance-backed mortgages and loans is made difficult — and, in some cases, impossible — by laws and regulations that prohibit the selling of savings products and properties abroad. In the United States, consumer protection laws prohibit foreign-based lenders from offering savings products to US residents. At the same time, proof of savings is critical to establish credit for low-income migrants.[227] Regulations regarding the selling of property abroad also vary by state. For instance, in Washington, DC, Maryland, and Virginia, a mortgage-broker license is the only requirement to sell properties abroad, while in California the regulations are less straightforward. Thus, Su Casita, one of SHF's intermediaries in the United States, is headquartered in Ohio even though its biggest market is in California.[228]

According to the IDB, it is important to ensure that:[229]

- Project design adequately reflects regulatory environments.
- Regulatory frameworks for remittances, for nonbank financial institutions, and for other areas that might influence a future project (such as mobile banking) are sufficiently analyzed before designing project activities.
- Project strategies do not depend on the regulatory environment remaining constant over the course of a project, since this is beyond control.

C. Savings-Based Products Are an Important Supplement to Remittance-Based Financial Products

Migrants need to save money in order to make a down payment which ensures that migrant mortgage-holders have a high stake in continuing to make mortgage payments even in the face of an economic downturn. Successful programs, such as the Philippines' Pag-IBIG Overseas Program (see Box 8), have incorporated a strong savings component into their mortgage programs. This allows migrants access to financial products that they would otherwise not have.

D. Effective Promotion and Outreach Are Key

The effective promotion of financial products is a difficult but extremely important component of the effort to magnify the development benefits of remittances. In the United States, for instance, IDB's experiences suggest that various factors can undermine efforts to promote mortgage products including but not limited to the following:[230]

- large size of the country;
- overabundance of marketing commercials;
- number of marketed brands;
- characteristics of the target group (i.e. level of dispersion, legal status, geographic stability, and level of trust of financial institutions and authorities).

The lack of legal status among the target group can be a particularly challenging impediment, since irregular migrants are less trustful of marketing initiatives and are unlikely to provide information. To address this problem, Mexico generally involves various government agencies when promoting transnational mortgage-finance products and providers among Mexicans in the United States.[231]

IDB's experiences in the Americas also point to the value in ensuring that:[232]

- Project activities include the building of alliances with groups that can help lower marketing costs (such as hometown associations [HTAs], church groups, migrant radio stations, and NGOs working with migrants).
- Projects contain an activity for branding both a product and an institution.
- Publicly available databases are created and maintained to provide information on the location and profile of migrant populations.
- Sufficient time in the project timeline is allocated to marketing.

E. Creating Alliances with Institutions that Add Value to a Project Increases Success

From providing financial support to helping to reach new markets, creating alliances can bring various benefits. In Mexico, for instance, IME's participation in the promotion transnational mortgage products, such as those offered by SHF, contributed to the success of the products. Indeed, IDB finds that an alliance among a wide range of partners, from builders and mortgage brokers to NGOs and migrant associations, is crucial in developing housing markets. BANSEFI's and its network of rural savings banks have is years of experience working in rural areas.[233] The ability of partner agencies to leverage funds is also crucial. Mexico's SHF and Philippines' Pag-IBIG have their own funds and can provide counterpart funding.

F. Innovate and Create New Institutions and Products that Cater to Migrants' Needs

Effectively encouraging migrants to use formal banks may require adoption of innovative means to identify migrants, such as via the issuance of consular ID cards. Indeed, US financial institutions' acceptance of the Mexican matrícula consular encouraged Mexican migrants to establish bank accounts there.

One other approach is to create innovative institutions that squarely address migrants' mistrust of banks. As IDB highlights, the SOFOL, a Mexican for-profit structure for credit facilities that is not a bank, is an entirely new financial entity to disperse loans.[234]

Chapter 7: Direct Investment: Finding and Attracting Investors in the Diaspora

Remittance flows unquestionably serve as an important lifeline for millions of families in developing countries and thus have been the focus of many policy discussions and interventions. However, remittances are largely used for short-term, daily consumption rather than productive investments that can fuel sustainable economic growth. Given the important size of financial flows originating from diaspora populations, governments are becoming increasingly interested in how to channel such flows to foster entrepreneurship, support innovation, and develop priority sectors of the economy.

One of the biggest obstacles to achieving sustainable growth in developing countries is a lack of investment. According to Richard Cambridge, manager of the African Diaspora Program at the World Bank, Africa requires $96 billion in investments annually if it is to grow its economy by 5 percent a year.[235] In addition to China's $20 billion annual investment in Africa, the World Bank provides $8 billion yearly, but the total still falls short of the necessary amount for sustainable growth. Much of the remainder could potentially originate from diasporas, with a small portion stemming from traditional investors.

Diaspora Investments: A Menu of Viable Options

1. Provide access to information
   - Share information on how to invest or obtain business loans
   - Create a one-stop shop for investment information

2. Provide access to networks
   - Organize business events for diaspora members
   - Match local entrepreneurs, business owners, and government leaders with their diaspora counterparts
   - Create exclusive international networks of top business leaders

3. Provide access to business training programs
   - Supply training directly
   - Support training programs provided by the private sector and international organizations

4. Provide entrepreneurs access to funds
   - Set up matching funds
   - Provide loans

5. Channel private funds to finance private businesses or public infrastructure.

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1 Policy and Program Options

Realizing the significant impact that diaspora direct investment could have on development is an important first step. However, governments, multilateral organizations, and private actors must then offer the necessary frameworks, programs, and opportunities to maximize its potential. There is no magic formula for maximizing the development impact of diasporas' direct investment in developing countries. Governments have taken different approaches to attract various forms of investment from their diasporas. This chapter outlines five major areas —access to information, access to networks, access to training, access to funds, and investment in public infrastructure — in which governments and other organizations have engaged diaspora populations to contribute to sustainable development.

A. Provide Access to Information

International investors are normally averse to investing in risky environments. Diaspora members, however, typically have a somewhat different risk profile when it comes to investing in their countries of origin. They may simply have better access to information, or be less sensitive to exchange-rate risks because they have financial obligations that can be satisfied in local currency. Much perceived risk, however, arises from a lack of transparency about local business opportunities. This can be a significant obstacle to investment by even the most intrepid diaspora investor.

1. Provide Information on How to Invest or Obtain Business Loans

Many governments, banks, and other organizations now expressly offer members of the diaspora privileged information on investment procedures and requirements in their countries of origin, including information on how to obtain business loans. Bangkok Bank, the largest commercial bank in Thailand, for example, offers counseling services for those interested in local investment opportunities.[236] Bosnia and Herzegovina's Department for Diaspora maintains an enquiry portal for local investment opportunities.[237]

2. Create a One-Stop Shop for Investment Information

Some governments maintain websites that serve as a one-stop shop for learning about investment opportunities, requirements, and procedures as well as about starting businesses in their countries. Box 1 highlights Ethiopia's approach.

Box 1: Investing In Ethiopia

In November 2010 the government of Ethiopia launched the website of the Ethiopian Investment Agency (EIA), a government agency established in 1992 to promote private investment and foreign direct investment (FDI) in particular. An investment board, chaired by the Minister of Industry, supervises EIA's activities. The agency's services include promoting the country's investment opportunities and conditions to investors; issuing investment permits, work permits, trade registration certificates, and business licenses; negotiating and signing bilateral investment promotion and protection treaties with other countries; advising the government on policy measures needed to create an attractive investment climate for investors; assisting investors in the acquisition of land and utilities; and providing investors with pre- and postapproval services. Its website serves as a one-stop shop for investment in Ethiopia. It offers information on, among other things, areas available for investment by Ethiopian nationals, domestic investors, and foreign investors, as well as capital requirements, income tax exemptions, and information on tariff and customs.

Sources: Ministry of Foreign Affairs, "Basic Information for Ethiopian in the Diaspora," September 2011, www.mfa.gov.et/docs/Basic%20Information%20For%20Diaspora.pdf; Ethiopian Investment Agency (EIA), "About EIA," www.ethioinvest.org/about_us.php.

B. Provide Access to Networks

In an effort to channel the skills, strengths, and experiences of diaspora members toward development, governments and private organizations have established diaspora network organizations. Network organizations range in nature from informal to structured.

Network organizations offer a variety of ways in which diaspora members can contribute to development in their countries of origin. Their activities include, but are not limited to, business networking events, educational exchange trips, cross-border partnership programs in priority economic sectors, seminars, and mentorship programs. Below are a number of examples of how such organizations can engage diasporas in development.

1. Organize Business Events for Diaspora Members

A number of network organizations offer educational trips and convene business events for their members. Some organizations are headquartered in destination countries, often in metropolises where members of the diaspora work and reside, while others are stationed in countries of origin. Networks can take many shapes and forms: some are simply online virtual communities of members worldwide, some consist only of diaspora entrepreneurs, some focus on spurring development in specific geographic regions within developing countries, and some operate through local chapters. Others are composed mainly of government officials and representatives of diaspora umbrella organizations. While some network organizations require membership fees, others offer their services for free.

Such organizations tend to receive some form of financial or in-kind support, from the government of the country of origin (and occasionally a destination-country government), although not all of them receive such support when they are first established. The business events they organize typically focus on strategic or priority sectors set out by the country of origin, often in consultation with business experts. In addition to business events, some organizations also facilitate job opportunities through job search portals on their websites. Boxes 2 and 3 highlight experiences in Australia and Morocco, respectively.

Box 2: Advance: Connecting Australians in 80 Countries

Established in May 2002 by a group of Australian professionals, Advance is a nonprofit global network of over 20,000 Australians living in 80 countries and working as scientists, researchers, artists, musicians, government officers, entrepreneurs, and employees of Fortune 500 companies and small business owners. Headquartered in New York — with offices in London, Hong Kong, China, and San Francisco, and local chapters in Boston, Chicago, Hong Kong, China, London, Los Angeles, New York, Paris, San Francisco, Shanghai, Toronto, and Washington, DC — it leverages the strong relationships of Australian diaspora members with business, government, and academia.

Advance receives government support from the Australian Department of Foreign Affairs and Trade, Australian state governments, and global corporate partners and donors. Membership is free, and members have access to events organized by Advance that promote Australian business, talent, and innovation via live events, video conferences, online programs, webinars, and podcasts. The organization:

- Connects Australian professionals living overseas in eight key industries: academic and research; the arts; financial services; life sciences; media, communications, and technology; professional services; public and charitable enterprises; and the green network.
- Offers a web portal with job opportunities, repatriation information, and seminars for members of the Australian diaspora who wish to return to Australia or migrate to other countries.
- Offers job listings online submitted by its partners through its Talent Mobility Partners program.

Most recently, Advance hosted the Advance Emerging Leaders Summit in New Delhi, India, that brought together Advance network members and emerging leaders to strengthen relationships between Australia and India, explore redesigning Indian and Australian entrepreneurial ecosystems, meet the region's future energy needs and the challenges of urbanization, and fulfill demands for high-quality international education.

Sources: Advance, "What is Advance?" www.advance.org/en/cms/?16; Advance, "Talent Mobility Partners," www.advance.org/en/cms/?28.

Box 3: Creating Networks among Moroccan Diaspora

The German aid agency GIZ, with a €1.6 million grant from the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development, supported Morocco in creating a favorable business environment by harnessing the skills and knowledge of the Moroccan diaspora. The program, Migrations and Développement Economique dans la région de l'Oriental (MIDEO), lasted from June 2008 to June 2011 and involved chambers of commerce, regional investment centers, private service providers, and the Hassan II Foundation, as well as other partner institutions such as the Agency for the Development of the Oriental region, diplomatic representations of Morocco in Europe, diaspora organizations in Europe, and other donors.

Among its accomplishments:

- MIDEO successfully established an association of former members of the Moroccan diaspora who are entrepreneurs in the region.
- Started a process for establishing a federation of female business owners in Al Hoceima province.

- Promoted the region as destination for ecotourism by organizing the visit of ten German travel agencies with ties to Morocco. In November 2010 it established the International Network of Moroccan Skills and Entrepreneurs in Nador (Réseau International des Compétences et d'Entrepreneurs Marocains à Nador, RICEM Nador) to encourage and attract foreign investment to help the growth of small and medium enterprises (SMEs) in the province of Nador. Its 30 members are former members of the Moroccan diaspora who had studied in Belgium, Spain, Germany, Great Britain, and the Netherlands. RICEM Nador has developed additional partnerships to encourage economic development in Morocco by capitalizing on professional and financial networks.

Sources: MIDEO, "Achievements," www.migration4development.org/content/mideo-%E2%80%93-migration-et-d%C3%A9veloppement-economique-r%C3%A9gion-l%E2%80%99oriental; MIDEO, "MIDEO," www.mideo.ma/index.php?option=com_content&view=article&id=50%3Amideo&catid=16%3Aintroduction&Itemid=48&lang=en; MIDEO, "Association of Former Diaspora Members Founded," www.mideo.ma/images/stories/RICEM_Nador_-EN.pdf; MIDEO, "Convention entre l'association 'Transferts & Compétences' sises à Paris/France (T&C) et le 'Réseau International des Compétences et Entrepreneur Marocains' Nador (RICEM)," April 9, 2011, www.mideo.ma/images/stories/Contrat_RICEM_-_TC.pdf.

2. Match Local Entrepreneurs, Business Owners, and Government Leaders with their Diaspora Counterparts

Another type of diaspora network organization is one that matches local entrepreneurs or business owners with those in the diaspora. Some networks rely on seasoned diaspora experts and business leaders to offer advice to local entrepreneurs on how to start a business and how to penetrate the global market, and may introduce them to third parties through their own networks. Others provide services to help entrepreneurs connect with leaders in government and business in their home countries. The overarching goal of such organizations or initiatives is to increase the flows of international trade and foreign investment to the countries of origin as well as foster local entrepreneurship and create long-term, strategic alliances with diaspora-connected entities. Box 4 highlights initiatives in Lebanon and the Philippines.

Box 4: Matching Investors at Home and Abroad

The Lebanese Business Network is a nonprofit organization established jointly by the Georges N. Frem Foundation and InfoPro, a publishing and market research company, to identify and create links between Lebanese entrepreneurs, expatriates, and international businesses through an online marketplace and business-matching database. The network also has a number of resource partners including IDAL, a public investment promotion agency, the Federation of Lebanese Chambers of Commerce, the Association of Lebanese Industrialists, and the Subcontracting and Partnership Exchange-Lebanon. Its services are free and involve business referrals, increased access to international markets, and knowledge transfer. The goal is to introduce Lebanese entrepreneurs to international businesses so as to create strategic alliances, joint ventures, and other partnerships; facilitate international trade; and increase FDI in Lebanon. However, anyone interested in doing business in Lebanon can have access to the network.

The Business Advisory Circle (BAC) is a network of individuals and organizations that help prospective overseas Filipino entrepreneurs set up business partnerships in the Philippines.

BAC has a technical working group comprised of business advisers of many government agencies and nongovernmental organization s (NGOs) including Go Negosyo, the Philippine Chamber of Commerce and Industry (PCCI), the Department of Trade and Industry (DTI), the Philippine Franchising Association (PFA), the Women's Business Council of the Philippines (WBCP), and the European and American Chambers of Commerce in the Philippines. These partners offer advice and support to businesses. The Commission on Filipinos Overseas (CFO) serves as a coordinator between participating organizations and diaspora entrepreneurs and businesses, providing the necessary directions and referrals to facilitate communication and partnerships between public, private, and civil society entities. BAC seeks to increase the design of innovative partnership models, help identify and link business ideas in key industries, provide assistance in finding funding partners, and work with policymakers in trade and finance agencies to create a favorable business environment for overseas Filipinos. Currently, the main goal of the Filipino government is to make overseas Filipinos aware that such services are available to them.

Sources: Lebanon Business Network, "About Us," http://www.lbn.com.lb/About; Commission on Filipinos Overseas (CFO), "Business Advisory Council," www.cfo.gov.ph/index.php?option=com_content&view=article&id=1352%3Abusiness-advisory-circle-bac&catid=142&Itemid=68; CFO, "Diaspora to Development (D2D)," www.cfo.gov.ph/index.php?option=com_content&view=article&id=1359:diaspora-to-development&catid=144&Itemid=864; CFO, "Diaspora to Development: Global Summit of Filipinos in the Diaspora," http://d2dglobalsummit.cfo.gov.ph/pdf/business_advisory_circle_workshop.pdf.

3. Create Exclusive International Networks of Top Business Leaders

A number of diaspora network organizations limit membership to top business leaders and influential diaspora members. These individuals offer their time to mentorship programs, networking events, and meetings with government leaders on how to promote economic development in strategic sectors and regions in their respective countries of origin. By selecting and bringing together key diaspora members around the world who work in important growth sectors, these organizations are able to create and deploy a potentially influential resource for development. A commonly shared trait among such exclusive organizations is their focus on public-private partnerships. Government and business leaders come together to create strategic plans for how to engage diasporas in development. Such initiatives are found in Scotland, Chile, and Mexico (see Boxes 5, 6, and 7, respectively).

Box 5: GlobalScot

GlobalScot is Scotland's diaspora-based framework for promoting economic development. In 2001 Scottish Enterprise (Scotland's main economic enterprise and innovation and investment agency, largely funded by the Scottish government) launched GlobalScot as an international network of Scottish business leaders and those interested in supporting the development of the Scottish economy.

GlobalScot's mission is to market Scotland as an attractive place for investors through its members, develop new markets overseas, and mentor Scottish businesses at home and abroad. Since its creation, GlobalScot has helped generate more than £30 million in gross value added to Scotland. GlobalScot encourages its over 600 members (or "Global Scots"), all of whom hold senior positions within their respective organizations, to serve on one another's boards and to educate others about business opportunities in Scotland and job opportunities for Scots in global firms — and encourage them to take part. GlobalScot membership is by invitation only and confers notable prestige on the select few.

GlobalScot offers its services free of charge. In partnership with Scottish Development International (SDI), the Scottish government, and other agencies, Global Scot helps entrepreneurs identify business opportunities abroad and offers advice on how to enter markets, negotiate and broker business deals, leverage finance, establish contacts, make strategic business plans, and expand business networks. Every year, the network holds at least 60 networking events. In 2009 it held "Scotland's Global Opportunity — Great Minds & Innovation," its biggest event to date; 106 Global Scots and 233 representatives from Scottish organizations attended, resulting in 150 one-to-one connections. Reportedly, 70 percent of GlobalScot attendees and 60 percent of Scottish company representatives attending identified new business leads. The first GlobalScot Connect event held in the United States, in November 2010, offered more than 60 US-based Global Scots the opportunity to meet with Scotland's promising growth companies. Global Scots have served as mentors to Scottish students and are invited to speak at schools and universities, offering guidance on developing skills that are in demand and providing internship placements and employment opportunities.

Sources: GlobalScot, "GlobalScot: Building International Business Networks for Scotland," (brochure, Scottish Enterprise, 2011), www.globalscot.com/web/FILES/GlobalScot_Brochure_Web.pdf; GlobalScot, "Getting involved with GlobalScot," www.globalscot.com/BecomingaGlobalScot/getting-involved.aspx; GlobalScot, "GlobalScot — Building a Global Network," www.globalscot.com/AboutGlobalScot/BuildingAGlobalNetwork.aspx.

Box 6: ChileGlobal

ChileGlobal — the Talent Network for Innovation — promotes and facilitates the development of key economic clusters in Chile by reinforcing their links with Chileans (and some non-Chileans) residing abroad who are working to introduce innovative technologies to Chile. Its mission is to support the development of innovation, highly qualified human capital, and business creation in Chile through the transfer of knowledge, skills, ideas, contacts, and technology through members of the diaspora, and to help the country play an important role in the knowledge economy. Members of the network contribute their time, experience, contacts, knowledge, and skills to help globalize Chilean companies.

Through its network of about 400 registered influential Chileans living in the United States, Canada, Mexico, Brazil, Argentina, Australia, China, Spain, Sweden, and England, ChileGlobal designs and finances business projects that introduce innovations in both the production and services sectors, boost human capital to augment productivity, and promote technology and knowledge transfers to and from Chile.

This highly exclusive network was founded in 2005 by Fundación Chile, a small public-private foundation that helps entrepreneurs launch technically innovative agribusinesses in Chile. A Technical Secretariat runs its day-to-day operations and helps facilitate connections between its members with counterparts working in academia and the private and public sectors in Chile. Until 2009 ChileGlobal was located within Fundación Chile and its activities were supported by Chilean public funds. In 2010 the organization became part of the Fundación Imagen de Chile, a public-private institution with a mandate to promote Chile's image abroad.

Given its own limited resources, ChileGlobal relies on connecting existing resources. For example, it relies on partners such as ProChile (the Export Promotion Agency of the Ministry of Foreign Relations) and the Chilean Economic Development Agency (CORFO) to help identify potential members and support member activities, seminars, and workshops. ChileGlobal has three focus areas: human capital development, support of public policies on innovation, and business development. To date, it has helped create 76 companies with more than 50 domestic and international partners (including private corporations, universities, and institutes of technology), and currently owns a share in 23 of them.

Source: Molly Pollack, "ChileGlobal — Talent Network for Innovation," Diaspora Matters, May 12, 2011, http://diasporamatters.com/chileglobal-%E2%80%93-talent-network-for-innovation/2011/.

Box 7: Red de Talentos Mexicanos

Red de Talentos Mexicanos, or the Mexican Talent Network, was founded in 2005 by the Secretariat of Foreign Relations in partnership with the Institute of Mexicans Abroad (IME) and the National Council on Science and Technology (CONACYT) and with the financial support of the US-Mexico Foundation for Science (FUMEC), which now serves as its Technical Secretariat. Today, the Ministry of the Economy also supports it. While it is an independent network, it has strong ties to the Mexican government and nongovernment institutions.

Red de Talentos attempts to leverage the resources of its highly qualified diaspora members to help Mexico develop a knowledge-driven economy. The network members are organized in regional or local chapters, which independently define areas of interest. The Silicon Valley chapter, for example, focuses on information technology (IT) while Houston specializes in biotechnology, health, and energy. The entire network meets at annual conferences to define key strategic goals and afford members the opportunity to network and share experiences within their respective chapters. The network promotes ties between Mexico and its highly qualified professionals living abroad by supporting high-value-added projects in 39 areas of business development and education. It currently has 11 projects of strategic importance to Mexico.

Source: IME and United States-Mexico Foundation for Science (FUMEC), *Mexican Talent Network: The Institutional Perspective of Mexico* (Mexico City: IME and FUMEC, n.d.), www.redtalentos.gob.mx/images/docsrt/rtmingles.pdf.

4. Challenges in Creating and Keeping Diaspora Business Networks

While diaspora networks can be a useful resource for both governments and diaspora members looking to strategically develop economic sectors, start a business, seek investments, or simply build an influential network, leaders of diaspora organizations have met challenges in achieving their intended objectives.

When trying to set up a diaspora network, organizers tend to consider all members of the diaspora as equal. However, some organizations have found that cooperation with less educated members of the diaspora may require different forms of engagement than those that work well with highly educated members. This perhaps suggests that membership schemes should be selective and more strategic.

Members of the diaspora who work in developed countries and who are interested in starting businesses in their countries of origin are less inclined to return permanently but rather prefer to run their enterprises from a distance.[239] This raises the question of whether permanent physical presence in the country is of utmost importance or whether members of the diaspora can be effective from afar or as regular visitors. Many highly skilled individuals hold dual nationality or permanent residence in two or more countries and can circulate between them with ease.

According to Molly Pollack, director of ChileGlobal, lessons learned include:[240]

⮕ Sustaining network organizations over the long term is a challenge;
⮕ Political support at home is needed to respond quickly to shifting diaspora interests;
⮕ Diaspora networks should focus on the quality, not quantity, of their members to achieve high impact;
⮕ Developing partnerships with public and private bodies that promote innovation is key.

The level of commitment, areas of interest, and availability of diaspora members to engage with network organizations often fluctuate. Network organizations must take into account such potential changes and plan accordingly.

C. Provide Access to Business Training Programs

Some governments and multilateral organizations directly provide training to potential entrepreneurs who wish to start businesses in their countries of origin or destination. The goals of such training programs and services include facilitating diaspora contributions to sustainable economic development through business and job creation, increasing the standard of living among diaspora communities, and educating the diaspora on how to write business plans and start businesses. Some training services simply provide fact sheets about various aspects of starting a business while others hands offer hands-on training and customized courses for potential entrepreneurs. Some private organizations —often with the financial support of governments or multilateral institutions — offer similar training programs.

1. Provide Training Directly

Several governments — including those of Colombia, Portugal, Israel, and Brazil (see Boxes 8, 9, 10, 11) — provide programs that train diaspora members directly.

➡ Box 8: ProMicro

ProMicro was established in April 2010 as a pilot project by the Colombian consulate in New York with the support of Colombia Nos Une, a development program of the Colombian Ministry of External Relations, to offer support to small businesses run by Colombians living in New York and New Jersey. The program has three main components:

- Offer work-related education via the National Service for Training (SENA), an online education website
- Provide technical assistance and free legal consultations for starting and growing businesses in the United States
- Provide microcredit for microenterprises.

ProMicro helps Colombians create successful business plans through a network of over 25 private and public partner organizations that provide training, technical assistance, and capital to small businesses in the United States. To date, the organization has provided services to 650 members and offered workshops in Queens, Manhattan, and Harlem in New York City; and in nearby Hackensack and Elizabeth, New Jersey. It is looking to expand its services to Colombians living in other regions of the United States.

Source: Consulado General Central de Colombia en New York, "Que Es ProMicro?" www.consuladodecolombiany.com/index.php?option=com_content&view=article&id=85&Itemid=97.

➡ Box 9: Promoção do Empreendedorismo Imigrante (PEI)

The Immigrant Entrepreneurship Promotion (Promoção do Empreendedorismo Imigrante, PEI) program was set up by the High Commission for Immigration and Intercultural Dialogue (Alto Comissariado para a Imigração e Diálogo Intercultural, ACIDI IP) in Portugal to help immigrants in Portugal to start their own businesses by connecting them with executives and entrepreneurs who can offer advice. Established in 2009 with European Union (EU) funding involving six countries (Portugal, Spain, Italy, Switzerland, Greece, and the Netherlands) to address financial management of immigrant households and immigrant entrepreneurs, the program is in its third phase, which will last from 2011 to 2012.

The purpose of the program is to help immigrants acquire the entrepreneurial skills needed to create sustainable businesses and to connect potential entrepreneurs with entrepreneurship support programs. The main components of the program include:

- Creating a team of trainers and agents of intercultural mediation for entrepreneurship
- Mobilizing and building the capacity of institutions to promote entrepreneurship
- Educating and training potential entrepreneurs
- Liaising with institutional partners and mobilizing other relevant actors.

PEI also runs a business Ideas Competition open to participants from non-EU countries who complete its course on business creation. The best three ideas presented at the Business Ideas Competition win €5,000, €3,000, and €1,000 in prize money to implement the business idea. The competition is implemented by the ten National Centers for Assistance to Immigrants in Lisbon and Porto, along with other organizations including training bodies and the National Association for the Right to Credit.

Sources: Alto Comissariado para a Imigração e Diálogo Intercultural, "Promoção do Empreendedorismo Imigrante," www.acidi.gov.pt/es-imigrante/informacao/promocao-do-empreendedorismo-imigrante.

Box 10: Israeli Ministry of Immigrant Absorption

The Israeli Ministry of Immigrant Absorption offers programs and services to assist former residents of Israel who wish to start or transfer a business in Israel. The Ministry's Business Entrepreneurship Department provides business counseling services, training and guidance for entrepreneurs, business feasibility checks, preparation of business plans, business mentoring and guidance, tax counseling, and financial assistance for business investments through its 12 business counseling centers.

Source: Ministry of Immigrant Absorption, "Business and Tax Concessions," www.moia.gov.il.

Box 11: CAIXA Econômica Federal (CAIXA)

CAIXA is a government-run bank that acts as the main agent of Brazil's social policies. Established in 1861, CAIXA became a state-owned financial institution in 1969 and was attached to the Ministry of Finance and headquartered in Brasilia. It operates through 17,000 service points nationwide, serving 170 million Brazilians.

CAIXA and its partner, the Brazilian Support Service for Micro and Small Businesses (Serviço Brasileiro de Apoio à Micro e Pequena Empresa, SEBRAE), have been working to ensure that Brazilian migrants in the United States with entrepreneurial capacity receive business training through SEBRAE's online training system so that when they return to Brazil with businesses ideas, they will be able to tap into their savings. SEBRAE is also taking steps to ensure that remittance recipients in Brazil receive training to start and strengthen businesses.

CAIXA offers support to migrants and their relatives with financial services tailored to their needs. To date, the program has established a partnership with a US bank, conducted needs assessments for migrants and their families living in Massachusetts, and developed six remittance-linked financial products tailored to the target population.

Source: Hall, *Ten Years of Innovation in Remittances.*

2. Support Training Programs Provided by the Private Sector and International Organizations

Instead of providing training directly, some governments opt to support training initiatives in the nongovernmental sector, such as IntEnt in the Netherlands and Afford in the United Kingdom. Some governments have also worked in partnership with international organizations such as the International Organization for Migration (IOM) through its Migration for Development in Africa (MIDA) program (see Boxes 12 and 13).

Box 12: IntEnt and AFFORD: Inventing Investors in the Diaspora

IntEnt. Based in the Netherlands, this organization was created in 1996 by Social-Economical Entrepreneurship in the Netherlands (SEON), FACET BV, and Triodos Bank, at the request of the former Dutch Minister of International Development, J. P. Pronk. Its purpose is to stimulate the kind of entrepreneurship among immigrants that will have a sustainable impact on development in their home countries. The organization offers fee-based support to diaspora entrepreneurs seeking assistance in developing business plans for implementation in Morocco, Turkey, Suriname, Ghana, Ethiopia, Curaçao, and Afghanistan. Its services include providing information about entrepreneurship, orientation sessions and training courses, counseling, advisory services, market information, referral and mediation, assistance during and after starting a business in the program countries, networking, management training, online services, and supplementary financing.

Between 1996 and the end of 2009, IntEnt helped launch 350 businesses, including 50 new businesses in 2009 alone. In 2009 the organization began to offer its services to immigrants residing outside of the Netherlands who wished to start businesses in developing countries, and opened IntEnt-type sister organizations in Suriname, Morocco, and Ghana. That same year, it received 1,305 information requests from within the Netherlands, conducted 654 intake interviews, enrolled 210 participants in the support course program and 195 in the in-country market exploratory program, and helped start 46 businesses. An extra 40 participants from abroad enrolled in the support course program, of whom ten participated in the in-country market exploratory program and six started businesses. Together, these businesses created sustainable investment worth more than €14.5 million and almost 990 jobs. The average IntEnt entrepreneur invested €62,000.

The African Foundation for Development (AFFORD). AFFORD was founded in 1994 by Africans living in the United Kingdom to help the African diaspora there create wealth and jobs in Africa. Its main program, Supporting Entrepreneurs and Enterprise Development in Africa (SEEDA), uses the skills, knowledge, and wealth of the African diaspora to support SMEs in Africa. Its efforts thus far have focused on entrepreneurship in Ghana and Sierra Leone. With the support of the UK Voluntary Services Overseas (VSO) Diaspora Volunteering Initiative, SEEDA has organized five missions to Africa. As of July 2009, 70 diaspora members had contributed advisory services worth £200,000, to help 800 businesses in Sierra Leone and Ghana with business planning, marketing, bookkeeping, and access to financial services. SEEDA has also contributed to the creation of two new business development centers in Sierra Leone that provide business advice and advocate for a better business environment in the country. To date, it has invested about USD$400,000 in 800 companies.

Sources: IntEnt, "Services," www.intent.eu/wat-doet-intent.aspx?lang=en; IntEnt, "English Summary," www.intent.eu/indexuk.htm; IntEnt, Annual Report 2009, www.intent.eu/library/File/IntEnt_annualreport_2010.pdf; Kathleen Newland and Hiroyuki Tanaka, *Mobilizing Diaspora Entrepreneurship for Development* (Washington, DC: Migration Policy Institute, 2010), www.migrationpolicy.org/pubs/diasporas-entrepreneurship.pdf.

MIDA is a capacity-building program implemented by IOM. Two MIDA initiatives — Diaspora for Development of Cape Verde (DIAS DE Cabo Verde) and the Guinea Project — have focused on training members of the diaspora to acquire entrepreneurial skills necessary to establish their own businesses.

Diaspora for Development of Cape Verde (DIAS DE Cabo Verde). This project, which lasted from 2008 to December 2009, was cofinanced by the European Commission and the Portuguese government and jointly implemented by the Instituto das Comunidades de Cabo Verde (IC) and IOM. DIAS DE Cabo Verde encouraged Cape Verdeans residing in Portugal, Italy, and the Netherlands to contribute to the development of key sectors of the Cape Verdean economy and improve its investment climate by transferring their knowledge and skills to professionals in Cape Verde as well as developing entrepreneurial projects with local partners. The project also promoted the active participation of Cape Verdean public agencies through counseling of diaspora members in the areas of business creation and investment opportunities. Cape Verdean diaspora professionals executed 29 training missions, 19 of which were conducted by those from Portugal, eight from the Netherlands, and two from Italy. In addition, Cape Verdean entrepreneurs carried out nine network missions, three of which originated in the Netherlands, to explore investment opportunities in Cape Verde. During these networking missions, 33 Cape Verdeans living in Portugal, Italy, and the Netherlands and their business partners received advice on investment opportunities in strategic sectors and on SME creation and management under the support of the Agency for Entrepreneurial Development and Innovation (Agência para o Desenvolvimento Empresarial e Inovação, ADEI).

MIDA Women Guinea Project. This project encouraged the creation of microenterprises by poor rural women. Members of the Guinean diaspora living in West African countries such as Senegal provided an eight-day training course in creating and managing microenterprises to 60 Guinean women. A partnership was formed with the microfinance institution Rural Credit of Guinea (RCG), in the course of which RCG was able to ensure small lines of credit ranging from 300,000 to 650,000 Guinean francs (approximately $155 to $332) on more favorable terms than other microcredit institutions. In November 2003, RCG gave 56 microcredit loans to the trainees to create or expand microenterprises, and a year later had received 55 reimbursements. IOM covered all expenses related to the microcredit grants, including fees for membership, filing, and participation in the solidarity fund and security funds. Three Guinean diaspora trainers and RCG trainers provided support and advice to project participants. In due course these enterprises offered employment and the opportunity to acquire new skills or crafts for the beneficiaries and local population. Research associated with the project revealed that the methods used in Europe and North America to set up small businesses were less applicable to rural project locations in Guinea; this insight resulted in reliance on diaspora members in neighboring countries instead of those residing in the North.

Sources: IOM, "Diaspora for Development of Cape Verde,"; Ndioro Ndiaye, Susanne Melde, and Rougui Ndiaye-Coïc, "The Migration for Development in Africa Experience and Beyond," in Diaspora for Development in Africa, eds. Sonia Plaza and Dilip Ratha (Washington, DC: World Bank, 2011), http://siteresources.worldbank.org/EXTDECPROSPECTS/Resources/476882-1157133580628/DfD_FullReport.pdf; IOM, Development of Micro-Enterprises for Guinean Women (Geneva: IOM, 2004), www.iom.int/jahia/webdav/site/myjahiasite/shared/shared/mainsite/projects/documents/mida.pdf.

D. Provide Entrepreneurs Access to Funds

A number of governments and international and private organizations provide initial startup funding or subsequent capital infusion in the form of competitive grants, matching funds, or loans at favorable rates to help entrepreneurs launch their businesses. Funds are rarely distributed for free and often have ceilings or require matching funds.

Horst and her colleagues find in their review of diaspora initiatives in post-conflict situations, that although "most mainstream funding schemes require entrepreneurs to raise some of their funding themselves," counterpart requirements for diaspora projects are generally much higher. Horts and her colleagues highlight the case of a pilot project in Pakistan, which required diaspora members to put up 50 percent in matching funds. Contributions, however, may be provided in other forms than cash such as in a GIZ pilot project, which allows diaspora members to cover as much as 40 percent of that counterpart requirement with voluntary work.[241]

Governments also offer avenues through which members of the diaspora can access loans through local banks. Colombia Nos Une, for example, has partnered with the Colombian Foreign Trade Bank (BANCOLDEX) to offer lines of credit to diaspora entrepreneurs looking to start their own businesses. In addition, Colombia Nos Une offers nonfinancial support to entrepreneurs such as working with local universities to train individuals on business management.

Box 14: Targeting the "Opportunity Entrepreneur"

The role of diaspora entrepreneurship in development goes beyond remittances sent home. It has the potential to extend along the whole spectrum of human development as it fosters business development, job creation, and innovation; creates economic, political, and social capital through global networks; mobilizes social capital through cultural and linguistic competence; and positively correlates with economic growth.

According to MPI, there are two types of entrepreneurs:

- The necessity entrepreneur who opens a business for survival (such as a stall in the open market), is self-employed by default, and concentrates in petty trade or personal services. He/she doesn't create many jobs and in many cases barely makes enough to feed the family.
- The opportunity entrepreneur who is filling a gap in the economy and introducing new forms of production. He/she contributes substantially to economic growth and often creates jobs outside the immediate family.

Source: Newland and Tanaka, *Mobilizing Diaspora Entrepreneurship for Development.*

1. Provide Matching Funds

IntEnt. IntEnt facilitates the creation of new businesses by entrepreneurial and enterprising migrants and primarily offers services to migrants who wish to set up businesses in their countries of origin.[242] In addition to offering training courses, advisory services, and market information, IntEnt also offers funding for certain projects from its Friends and Family Fund (FFF), set up in 2009. IntEnt received financing from an

EU program (a joint Hivos-IntEnt project within the Aeneas program) to set up the FFF to help private-sector development in developing countries. IntEnt can invest up to €50,000 in an enterprise if:

➲ Friends and family of the entrepreneur provide a guarantee for half of the investment to the fund;
➲ The entrepreneur's financial plan is approved;
➲ The entrepreneur accepts guidance during the first year after start-up of his/her business.

Such services help entrepreneurs to overcome credit limitations and high interest rates at local banks; time-consuming and complicated bureaucracy; unfamiliarity with local procedures and market conditions; unstable political, economic, and security environments; and cultural differences.

African Diaspora Marketplace (ADM). ADM was a pilot project in the form of a business competition held in 2009 and sponsored by the US Agency for International Development (USAID) in partnership with Western Union, the world's largest remittance services provider.[243] During the competition, US-based members of the African diaspora — either US citizens or legal permanent residents — presented 733 business plans for SMEs that would contribute to economic development in sub-Saharan Africa. Applicants were required to have a partner organization in Africa to help them execute their projects, and to own at least 25 percent of the proposed company. The goal of ADM was to spur job creation, generate income, and produce goods and services by offering matching grants to African diaspora members living in the United States.

Judges were drawn from USAID, Western Union, businesses, NGOs, and diaspora, development, and academic groups. They evaluated applications based on the quality of the business idea as well as its proposed management plan, sustainability, results orientation, and ability to capitalize on diaspora resources. In January 2010 ADM announced 14 winners who were awarded matching grants of $50,000 to $100,000 to help fund businesses in seven countries.[244] (Winners were required to match these grants through financial or in-kind contributions.)

The initiatives included a business aimed at increasing production of school, hospital, and agricultural supplies in Ethiopia and a franchise business that would offer health care to populations living in rural areas in Ghana. Some of the companies that were selected included TAF Biotechnology (Ethiopia), Aceritas Goat Farm (Ghana), Uganda Solar Ovens (Uganda), Earthwise Ferries (Uganda), Sproxil, Inc. (Nigeria), and

Global Technology and Investment PLC (Ethiopia). Upon receipt of the grant, winners were allowed 18 months to fully execute their business plans, and to date all are still operational.[245]

In November 2011 USAID and Western Union launched the second ADM, giving entrepreneurs another chance to compete for funding. Taking into consideration lessons learned from the first competition, the second competition will focus grants on high-impact sectors in Africa, including agribusinesses, renewable energy, and information and communication technology (ICT). Western Union and USAID also intend to invite small business investment funds and technical assistance mentors to participate in the effort to engage with diaspora entrepreneurs.[246]

Development Marketplace for African Diasporas in Europe (D-MADE). D-MADE was a 2007 World Bank initiative that awarded cash prizes and technical assistance to innovative entrepreneurial African diaspora groups for projects implemented in sub-Saharan Africa.[247] The program received financial support from the Belgian Development Cooperation, the Dutch Ministry of Foreign Affairs, the German Federal Ministry for Economic Cooperation and Development (BMZ), and the French Development Agency. In 2008 the competition produced 16 awardees who each received a €40,000 grant to implement their ideas in 11 African countries (Mali, Côte d'Ivoire, Benin, Burkina Faso, Cameroon, the Democratic Republic of the Congo, Ethiopia, Madagascar, Malawi, Sierra Leone, and Togo).[248] These innovative businesses, based in Europe, all involved local counterparts in Africa. Winners were expected to make financial contributions of 5 to 25 percent of the D-MADE award. (The Award Team could waive the contribution requirement under exceptional circumstances.)[249] In addition to grants, winners also received customized technical assistance for their respective businesses and monitoring of their activities for one year.

El Cucayo. El Cucayo is a competitive matching fund program run by Ecuador's government that supports enterprising Ecuadorean migrants who wish to start a business or expand an existing one and make it financially profitable. The program, operated by the National Secretariat for Migration (Secretaría Nacional del Migrante, SENAMI), offers information and technical advice, training and coaching, provision of seed capital, and referrals to public banking institutions for accessing lines of credit. Applicants must possess Ecuadorean citizenship, have lived abroad for at least a year, not have spent more than 60 days in Ecuador during the last year abroad, have returned to Ecuador since 2007, and not have any legal issues that would impede eligibility for the program.

Applicants have several financing options, which are largely divided into a 50-50 arrangement (where both the applicant and SENAMI contribute 50 percent to the project) or a 25-75 percent arrangement (where the individual covers 75 percent of the project and SENAMI 25 percent). For 50-50 percent arrangements, individuals can apply for up to $50,000 for community business projects (those that involve at least two migrants and a community organization) or up to $2,500 for individual/family business projects. Under the 25-75 percent arrangement, individuals can apply for up to $15,000 for individual or family business projects or up to $50,000 for associative business projects (those involving at least five individuals, at least two of whom are migrants).[250]

Considered a success, the program between 2008 and 2010 funded 502 productive enterprises, created 2,051 jobs in Ecuador, provided technical assistance for the preparation of 642 business projects, and trained 4,329 people in productive social investment.

2. Provide Loans

Ministry of Immigrant Absorption (Israel). The ministry offers programs and services to assist former residents of Israel who wish to start a business in Israel or transfer one to the country. Two types of loans are available for opening businesses: the State-Guaranteed Small Business Assistance Fund (of the Ministry of Trade, Industry, and Labor) and the Fund for the Self-Employed Immigrant (of the Ministry of Immigrant Absorption).[251] An individual can only apply for a loan from the Fund for the Self-Employed Immigrant[252] one time. The loan approval process is as follows:[253]

- ⮑ The business counselor transfers the business plan and his recommendations to the fund committee;
- ⮑ The committee examines the business and determines the amount of the loan;
- ⮑ The committee determines the guarantees and securities required from the entrepreneur;
- ⮑ The committee refers the entrepreneur to a partner bank of the Ministry of Immigrant Absorption to realize the loan.

Returning citizens as well as immigrants (most of whom are seen as members of the Jewish diaspora) and, under some circumstances, children of immigrants, are eligible for these loans.

E. Channel Private Funds to Finance Private Businesses or Public Infrastructure

A number of private and public-private initiatives channel private funds into developing both private businesses and public infrastructure projects. Such programs range from those that offer opportunities to invest in selected businesses in developing countries to those in which governments and private corporations match incoming remittance flows with government and private funds to finance public infrastructure projects such as building roads, power plants, and schools. Unlike programs that offer diaspora entrepreneurs direct access to grants, loans, or business training for their own entrepreneurial activities, these targeted investment approaches leverage the financial capital of members of the diaspora by channeling it into the businesses and infrastructure development in countries of diaspora origin.

In recent years, however, public-private partnership programs — such as Inter-American Development Bank (IDB) efforts to pool investments from hometown associations (HTAs) and the Mexican Tres por Uno (3x1) program, which channel pooled investments into public infrastructure projects — have been criticized for not focusing enough on creating businesses and jobs but rather investing in things for which the government should take responsibility. Governments are now realizing the need to shift their focus to creating SMEs and jobs. Boxes 15 and 16 highlight examples of programs that are attempting to meet this need.

Box 15: Homestrings: Diaspora Investment Platform

Homestrings is an investment platform for diaspora and other investors around the world. Established in 2011 by US investor Eric-Vincent Guichard (who grew up in Guinea), Homestrings researches and assembles investment opportunities, all of which have at least a 66 percent chance of producing positive investment returns for the diaspora. It offers investors opportunities to invest a minimum of £5,000 in funds, projects, and public/private partnerships. Its collaborators include financial institutions and private equity funds (including Actis, the Small Enterprise Assistance Funds [SEAF], the Summit Development Group, Ecobank, Insparo Asset Management, and TLG Capital) that manage investment portfolios in developing and emerging markets. Homestrings does not allow individuals who have a net worth of under $1 million or those who have not had an annual income of at least $200,000 individually or $300,000 with a spouse for the preceding two years to invest through its platform.

Sources: Renee Horne, "Investor vs. Entrepreneur — Who Makes the Most Impact? The Case of the Africa Diaspora," World Entrepreneur Society, June 28, 2011; Homestrings, "Preferences," https://www.homestrings.com/Login?ReturnUrl=%2fMember%2fPreferences; AllAfrica.com, "Online Product to Help Diaspora Invest at Home," July 27, 2011, http://allafrica.com/stories/201107280606.html.

The Khana Group and the Liberian Professional Network (LPN) established the Liberian Diaspora Fund to channel remittances from the diaspora toward investments in SMEs in Liberia to help fight poverty and create jobs in a sustainable manner. The Liberian Diaspora Social Investment Fund is owned and managed by Liberians and allows members of the diaspora to invest in designated businesses and sectors of the economy. The sectors in which it invests include: agribusiness, fisheries, natural resources, technology, infrastructure, and health care. Its performance measures are poverty reduction and job creation. To create a shared-risk arrangement, 75 percent of the fund originates from the diaspora, while the remaining 25 percent investment comes from multilateral organizations, the US Overseas Private Investment corporation (OPIC), the World Bank, USAID, and other sources. In addition to providing investment to entrepreneurs, the fund also offers training in critical business skills, accounting, and marketing to entrepreneurs and mentorship by pairing entrepreneurs with experts.

Source: Liberian Diaspora Fund, "Overview," http://liberiandiasporafund.org/about_us.htm; Liberian Professional Network Strategic Plan 2011 & Beyond, www.liberianprofessionalnetwork.org/files/LPN_Strategic_Plan_2011_Beyond.pdf.

3x1 para Migrantes. Established in 1999 as a new iteration of its predecessor — the Dos por Uno (2x1) program involving the state government of Zacatecas and the Mexican federal government — the Mexican Tres por Uno (3x1) program has made a real difference in empowering migrants and promoting local community development. Every dollar contributed by a diaspora member through a dedicated Mexican HTA abroad is matched by a dollar each from the municipal, state, and federal governments. As of December 31, 2010, the 3x1 program operated in 28 of the 31 states of Mexico,[254] and had approved 2,488 projects including 874 urbanization and paving projects; 571 potable water, drainage, and electricity projects; 359 education, health, and sports projects; 332 productive projects; and 56 rural road projects.[255] In 2010 total financing from migrant associations and local, state, and federal governments reached over 1,192.8 million pesos (approximately $100 million).

To focus on social infrastructure projects, the federal government's Social Development Secretariat (Secretaría de Desarrollo Social, SEDESOL) has a financial limit of 800,000 pesos per infrastructure, equipment, or community service project (25 percent of total project costs), and a 300,000 peso limit for productive (job- and tax-creating) projects (50 percent of total project costs). For projects concerning the former group, the government can, after obtaining approval from the Committee on Validation and Attention toward Migrants (COVAM), increase the limit depending on the size and social impact of the project. In general, projects are divided into six main categories: education, health, and sports; potable water, drainage, and electricity; roads and highways; culture and recreation; urban improvement; and productive community projects.

Hoping to build on the success of the 3x1 program, in 2005 money-transfer giant Western Union announced the 4x1 program — a mechanism through which Western Union (the first private-sector participant in the program) provides the third layer of matching funds in addition to local, state, and federal governments in Mexico. Its initial program was launched in the state of Zacatecas in 2005, where it donated funds for eight projects. It pledged matching funds of $1.25 million, with $250,000 earmarked for each participating Mexican state. The types of job-creating projects that qualify for funds include agricultural infrastructure, natural resources conservation efforts, and community-based economic development projects such as structural improvements or technical upgrades to existing small businesses, educational facilities, and health care centers. However, HTAs must apply to Western Union for matching funds for development projects in Mexico. In 2008 Western Union funded an additional 21 projects in Zacatecas, Veracruz, Guanajuato, Michoacan, and Guerrero.

Some have voiced criticism that the transaction costs charged by money transfer organizations such as Western Union are too high. Giving back to the communities from which they draw their profits through programs such as the 4x1 program sends a positive message to Mexican immigrants in the United States and their relatives in Mexico.

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Sources: SEDESOL, Subsecretaria de Desarrollo Social y Humano, Dirección General de Seguimiento, *Cuarto: Informe Trimestral 2010 H. Cámara de Diputados: Programas de Subsidios del Ramo Administrativo 20* (Mexico City: SEDESOL, 2011), www.sedesol.gob.mx/work/models/SEDESOL/Resource/1558/1/images/Cuarto_Informe_Trimestral_2010_Anexos.pdf; Western Union, "Western Union Expands Initiative to Promote Community, Economic Development in Mexico; Mexican State of Michoacan the Second State to Benefit from 4x1 Program," (press release, June 23, 2006), http://ir.westernunion.com/phoenix.zhtml?c=203395&p=irol-newsArticle_Print&ID=1429994&highlight=.

GIZ Pilot Project. In 2007 the German International Development Agency (GIZ), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), created a three-year pilot project to engage diaspora organizations in Germany in the joint implementation of social infrastructure programs that contribute to development in their countries of origin. The project offered cofinancing of investments.[256] The pilot's goals were to identify preconditions for successful cooperation with diaspora communities and provide criteria for the practical design of a cooperation arrangement with these communities for nonprofit activities.[257]

Among the joint GIZ-diaspora organization partnership projects implemented are:

- The Afghan Bedmoschk Solar Center, which created solar and wind plants to provide energy and light to 12 extended households in Afghanistan. Two men from the village received vocational training on how to maintain the energy stations.[258]
- Afghanisch-Deutscher-Ärzteverein (ADAV) e.V., a migrant organization in Germany that, with the support of GIZ, has been training Afghan physicians through the transfer of skills. ADAV organized an advanced diagnostic sonography course for physicians,

including five women, from the southern and southwestern provinces of Afghanistan. The course allowed participants to offer patients diagnostic sonography in their respective localities. ADAV plans to continue offering such courses.

⮑ Kasser e.V., an immigrant organization in Hamburg that, in partnership with an Afghan engineering firm and a local construction company, helped build a girls' school in the town of Herat, Afghanistan. The local school authority administers the school and is responsible for all expenses and salaries. Operational since 2008, the school has ten classrooms, a faculty room, and a library serving more than 200 girls from disadvantaged families. Kasser e.V. is equipping the library and offering teaching materials.[259]

2 Challenges and Lessons Learned

Governments, multilateral institutions, private corporations, state-owned and commercial banks, nonprofit organizations, and diaspora institutions, each with their comparative advantages and areas of expertise, play an important role in leveraging diaspora contributions to development. This chapter discussed five ways in which governments and other organizations have engaged diasporas in development: by providing access to information, access to networks, access to training, access to funds, and by directing investment to public infrastructure.

While the highlighted initiatives have all made valuable contributions to engaging diasporas in development, they have also faced their fair share of challenges. This section lays out a few of the key challenges and lessons learned from their experiences.

A. Obtain Commitments from Institutions and Individuals

⮑ **Find partners whose social mission is to help disadvantaged or inexperienced individuals**. Many organizations, particularly private for-profit corporations (including commercial banks), can be reluctant to participate in development-related projects involving the diaspora. Banks, for example, might consider low-income individuals with little business background or financial capital as a risk not worth taking and thus refuse to offer them loans and other banking services. However, as IDB finds in the case of Brazil's CAIXA , some banks and organizations have a social

mission of working with the "base of the pyramid" and believe in training migrants to be future business leaders. Without buy-in from institutions, projects that aim to help members of the diaspora start businesses or invest in development could prove unsustainable.[260]

➲ **Build strong institutions with a long-term perspective**. According to Molly Pollack, director of ChileGlobal, some of the key lessons learned in building a diaspora network organization include: (1) the need to think long-term about how to sustain a network organization; (2) the need to obtain political support at home to be able to respond quickly to shifting diaspora interests; and (3) the relative advantages of having a select membership rather than open membership for achieving high impact.[261] Competitions for business grants hosted by the World Bank and other organizations have been successful in producing a number of promising businesses run by members of the diaspora that can contribute to sustainable development in their countries of origin. However, these competitions tend to have high overhead costs, and seem to be limited in their reach; those who do not win funding must look for opportunities elsewhere. Governments and international organizations should first determine whether such funding schemes effectively create sustainable businesses that contribute to development at a reasonable cost and, if so, determine how best to sustain such programs.

B. Ensure Coordination among Partners

➲ **Create a one-stop shop for diaspora entrepreneurs**. Many organizations offer information or services about investment opportunities, entrepreneurship, and business partnerships. However, they tend to act in an individual capacity, lacking overall policy coherence, vision, or strategy. Governments, through their respective diaspora affairs departments, could establish a one-stop web portal that provides the information the diaspora needs to know about business start-up, investment opportunities, available business consultations, average remittances fees, taxes, permits, capital requirements, loans, and the like. Other useful information could include links to diaspora network organizations, training institutes, banks, or international organizations with which governments have partnerships.

⮑ **Define the government strategy and policy framework for engaging the diaspora**. Such a policy, for example, might clarify whether it is promoting and supporting entrepreneurship among members of the diaspora abroad or trying to attract investments and current or future entrepreneurs to their countries of origin. One way of ensuring that potential businesses will meet the priorities and objectives of national development is to define key industry sectors in which to promote diaspora investment. Setting such parameters can help governments communicate their economic priorities to members of the diaspora, and thus stimulate entrepreneurial activity in the areas where it is needed most.

⮑ **Define partners' tasks before and while implementing projects**. When implementing projects that involve multiple institutions, coordination across partners is paramount. The alternative is duplication of efforts, wasted resources, and slow or even failed implementation of programs. All parties involved in an initiative should clearly outline and understand their individual roles and expectations during both the planning and project implementation phases.

⮑ **Mobilize relevant resources from both the public and private sectors**. Governments in countries of origin and destination, multilateral agencies, diaspora communities, private businesses, and a wide range of civil society organizations all have resources to contribute to development efforts. An emphasis on building partnerships among the many stakeholders is good practice for development generally, and diaspora engagement in particular.

C. Plan for Unexpected Situations

⮑ **Plan for unfavorable circumstances**. Unexpected external factors, such as a financial crisis or a natural disaster, can influence the scale and effectiveness of any project. When CAIXA was looking for partners in US banking institutions, it faced difficulty in getting buy-in from US banks impacted by the global financial crisis; after many failed efforts it finally succeeded in establishing a partnership with a US bank, but its intended timetable was disrupted.

⮑ **Think strategically about what segments of the diaspora population to engage first, and how**. Quality may be more important than quantity when trying to create an influential

network able to gain the ear of a policymaker and inform policy decisions. On the other hand, political credibility and broad commitment may require a grassroots mobilization effort among diaspora members.

D. Work with Experienced Partners

➲ **Know your partners well**. One of the key lessons that GIZ learned while carrying out its projects with various diaspora organizations was that government agencies and other institutions that offer support to such groups should know their partners well prior to establishing any cooperation agreement. For example, governments should first understand the skills and capacities of diaspora organizations, and establish whether members have enough time and organizational resources for effective engagement. They would do well to grasp underlying political relationships and diasporas' level of communication with origin-country governments and local actors in the private and nonprofit sectors. They must assess claims of various diaspora organizations to represent the broader diaspora community and make difficult trade-offs between inclusiveness and manageability of interaction with diasporas. In addition, destination-country governments should also find and engage appropriate public-sector partners in countries of origin and agree on mutual objectives. Importantly, governments and other institutions that offer support should ensure that diaspora organizations have a sense of ownership of any projects that are implemented.

➲ **Work with partners that have a proven track record and good knowledge of the local business environment**. While many organizations may wish to play a part in projects aimed at leveraging diaspora resources and energies, not all of them are in a position to offer high-quality, beneficial support. Institutions chosen for projects under competitive funding schemes, for example, should have a proven track record in providing services such as quality business counseling, training, or organizing and sustaining diaspora networks. At the same time, however, governments should find ways to build the capacity of less experienced organizations so that they can become capable partners.

➲ **Work with partners that understand the specific needs of local and diaspora communities**. While many organizations may be willing and able to offer generic business training or conduct skill-

transfer projects, not all of them may understand local needs. For example, the MIDA Women Guinea Project invited diaspora members from West African countries instead of those living in Europe and North America to train local women on how to start SMEs, which allowed for the transfer of more relevant information. Finding the right partners can make the difference between success and failure in creating sustainable businesses. Multilateral institutions, for example, can use their relationships with local organizations to help facilitate access to credit for local banks that offer microloans to small and medium-sized enterprises.

⮑ **Outsource tasks to optimize costs and efficiency**. It is unrealistic for a single organization to provide comprehensive resources and services to members of the diaspora. Offering targeted, high-quality services often requires governments and other large institutions to find appropriate partners that can do a better job of offering programs tailored to meet the needs of particular partners. This makes sense both from a practical and financial point of view.

E. Take Appropriate Actions When Conflicts of Interest Exist

⮑ **Make informed decisions where there are conflicts of interest**. Donors should make informed decisions about whether to provide support for projects that involve conflicts of interest. For example, for-profit financial institutions have a vested interest in providing business and financial literacy training; unrepresentative diaspora organizations may try to capture the benefits of a project for a narrow group. In such cases, governments can rely on due diligence information-gathering and negotiation with partner organizations to make the best judgments they can about a fair disposition of resources.

F. Assess and Monitor Projects

⮑ **Public and private organizations should closely monitor outcomes**. Organizations that offer competitive grants or loans to service providers should continually assess and evaluate their programs. Service providers also have an incentive to closely monitor results and use a variety of indicators to measure the impact of programs: effective services lead to sustainable businesses, and, in some cases, to funding from government institutions. Private and public institutions providing business and entrepreneurship training should also consistently monitor and

evaluate outcomes to learn how to strengthen their programs and improve services. Some useful indicators to evaluate outcomes include: data on the nationality, gender, age, and educational background of those benefiting from projects or programs; the number of businesses created as a result of the program; the longevity of businesses created or strengthened, the number of new businesses that received financing; the number of business clubs or networks created; and the number of advisers and trainers active locally.

⮕ **Adjust services according to evaluations**. Monitoring and evaluation can provide important insight on the types of courses (online, in-person, workshops, technical assistance, skill transfers through professional exchanges or reintegration schemes, etc.) that are most effective in supporting aspiring entrepreneurs to realize their business goals. Programs that have had minimal impact on creating sustainable businesses could be reconsidered while those that have produced positive results could be reinforced. Institutions that offer services in more than one country should ensure that local partner institutions meet their standards and offer the same content and level of service as they do.

G. Look for Innovative Solutions to Old Problems

⮕ **Use innovative financial instruments to fuel sustainable development**. In addition to providing business training and investment opportunities to members of the diaspora, governments, multilateral institutions, and private entities should think creatively about how to further leverage the resources that diasporas have to offer. A variety of innovative funding mechanisms can channel investment to basic public infrastructure projects and social services. These include diaspora bonds, securitization of future remittance flows, public grants, and public-private matching fund programs.

⮕ **Adopt a whole-of-government approach to engage diaspora resources**. Dedicated cofinancing development programs have a proven track record of directing resources toward public infrastructure projects and social services. One strength is that these programs adopt a whole-of-government approach involving multiple ministries and levels of government to inform migration and development policies and identify synergies. However, one challenge they have yet to overcome is how to encourage more

investment in productive areas, such as the creation of small and medium-sized enterprises that can stimulate job growth. Meanwhile, some criticize programs that use remittances to invest in public infrastructure because they see provision of infrastructure as a government responsibility. In response, some policymakers are shifting their focus to the use of remittances and matching funds toward job creation and entrepreneurship.

⮑ **Information technology (IT) is a key factor of success, and projects that built capacity in this area are more likely to be successful**. Securing the appropriate hardware and software is essential for businesses to be able to track client preferences; secure real-time information about market prices; analyze the risk factors of loans; communicate between branches, across borders, and up and down the value chain; demonstrate products to potential clients tracking loan application processes; accept payments on loans; allow clients to access information about their accounts, and perform countless other business processes. This is an area where experienced consultants add great value, given how quickly information technology evolves.

⮑ **In choosing businesses to support, knowledge of the local context is important, not just a business plan**. In the EU Return of Qualified Afghans (RQA) program, IOM indicated that beyond an assessment of the merits of the applicants' business plan, IOM sought out applicants who presented themselves as adept in anticipating and solving problems that they might encounter in Afghanistan. Most beneficiaries selected for grants were well-prepared and resourceful. But in one instance, a grant recipient apparently assumed that reliable city electricity would be available by the time his computer courses commenced, and budgeted nothing for a stable generator; his business failed. But examples like this, where EU-RQA grant recipients were clearly unaware of existing market conditions, were rare.[262] Based on the low rate of business closures per business surveyed (2 out of 8), IOM's strategy of choosing candidates with good qualifications to run a business was a success.

Chapter 8: From "Return of Talent" to "Brain Circulation" to "Virtual Return": Evolving Ideas on the Transfer of Human Capital

In today's world, a country's competitiveness in the global economy, its productivity, and economic growth depend on a workforce whose skills and knowledge are constantly upgraded. But many countries do not have educational systems capable of meeting this challenge and many others see their most highly skilled workers emigrate to modern innovation hubs where practitioners, engineers, scientists, and inventors come together and work both collaboratively and competitively. Indeed, many countries are isolated not only from global flows of trade and capital but from the knowledge and technology that make these possible.

Recently, however, concepts such as "brain gain," "brain bank," "brain trust," and "brain circulation"[263] have gained currency, signaling a growing interest in finding ways to use the skills and experience of the diaspora to fill knowledge and skills gaps in their countries of origin. Backed by forward-thinking policies, these concepts are helping to attract skilled emigrants and their descendants to endeavors in their countries of origin — where they deploy their professional skills as teachers, mentors, research directors, or simply practitioners who perform services in return visits.

Transferring Human Capital: A Menu of Viable Options

1. Engage diasporas as practitioners to fill resource and knowledge gaps
   - Ask diasporas to volunteer their time and expertise
   - Offer material and nonmaterial incentives in exchange for services
   - Administer "return" programs in partnership with private actors

2. Engage diasporas as partners
   - Support collaborative research between diasporas and local actors
   - Connect communities across national borders through twinning arrangements

3. Engage diasporas as members and leaders of scientific and technical networks.

> **Lessons Learned and Key Challenges**
>
> 1. Adopt a demand-driven approach
> 2. Map the pool of potential participants at the outset
> 3. Offer adequate incentives to attract the targeted diaspora population
> 4. Prepare for the fact that diasporas may not always be fully aware of or up to date with the prevailing local context in their countries of origin
> 5. Create special bodies or posts to facilitate implementation
> 6. Invest in an appropriate timeframe
> 7. Ensure meaningful participation of key stakeholders
> 8. Invest in an effective, multiprong outreach strategy
> 9. Monitor the implementation of projects
> 10. Engage the private sector
> 11. Ensure efficient infrastructure at destination to make innovative programs effective.

1 Programs and Policy Trends

Ideas on the best means to transfer human capital have evolved through time. They generally fall into three broad categories. Governments have engaged members of diasporas as:

⮌ Practitioners who fill critical resource and knowledge gaps directly via permanent, temporary, or even virtual return of migrants.

⮌ Partners who support local individuals in a long-term exchange of resources and knowledge.

⮌ Members of scientific, technical, and business networks with whom potential research, business, and investment opportunities in the origin country can be developed.

A. Engage Diasporas as Practitioners

Many of the earliest programs to engage diasporas attracted members back to their countries of origin as practitioners who would directly fill critical resource and knowledge gaps via permanent, temporary, and even "virtual" return.

1. Ask Diasporas to Volunteer their Time and Expertise

Some programs appeal to the altruism of the diaspora and provide few, if any, incentives. Dominica, for instance, asked members of its

diaspora to help set up Dominica State College, a tertiary education institution. US-based Dominicans who held management positions at US universities were tapped to develop the university's curriculum, build its structure, and orchestrate its launch.[264] All offered their services free of charge.

Similarly, in 2007, the Canadian University Service Overseas and Voluntary Service Overseas Canada (CUSO-VSO) started a volunteer program to engage the Guyanese diaspora in Canada. The program is designed to build on the work of the Canada-Guyana Teacher Education Project (CGTEP), an association of retired teachers of Guyanese origin.[265] Since the 1980s, CGTEP has been organizing teachers of Guyanese origin residing in Canada for summer volunteer work in rural areas of Guyana to train teachers and expand educational opportunities.

Eritrea encourages diaspora members to come back and provide medical services ranging from developing medical schools to providing treatment and conducting surgery. According to Hanna Simon of the Department of Eritreans Abroad, returnees typically have already worked for several years in Eritrea. They return, usually in groups in the case of doctors, and stay for several years. Eritrea works closely with the Eritrean Mission in Germany and, with the help of diaspora associations in the United States and Cuba, recently opened a medical school.[266]

2. Offer Material and Nonmaterial Incentives in Exchange for Services

While countries of origin can harness the power of volunteers, most "return-of-talent" initiatives, however, include both material and nonmaterial incentives. Governments typically identify successful individuals and then try to persuade them to return to conduct research or establish their own firms by offering to cover their moving costs, top up their salary, subsidize their mortgage if they purchase a new house, provide start-up funds or subsequent capital infusions for their businesses, and the like.[267] The approach is not new. The Taiwan Province of China pioneered this approach as early as the 1960s (see Box 1).

→ Box 1: Engaging the Taiwanese Diaspora

Since 1960, Taiwan Province of China has recruited scholars in the diaspora by providing them various incentives such as a travel subsidy (which can cover airfare and related allowances to returning scholars and their dependents) and job placement assistance. Such incentives are offered through its National Youth Commission (NYC), a cabinet-level government office.

The efforts intensified over time, and by the 1980s the authorities were offering significant incentives to persuade experienced diaspora members to start second careers in Taiwan Province of China. These included salaries on par with those abroad, subsidies for housing and children's education, and a working environment with state-of-the-art facilities, instruments, and equipment.

In 1980 the Taiwanese authorities also opened the Hsinchu Science-Based Industrial Park, whose goal was to replicate the dense concentration of creative expertise found in California's Silicon Valley, where many experts of Taiwanese origin work. The authorities provided a planned infrastructure for companies, including incentives such as subsidized Western-style housing, schools, and commercial services. More important, Taiwan Province of China offered venture capital funding to innovative diaspora-owned businesses. The complex has been extremely successful. An attractive destination for both foreign and diaspora-owned high-tech companies, by 2000, Hsinchu employed 102,000 people and generated $28 billion in sales. US-based Taiwanese owned 113 of the park's 289 companies that year; 70 maintained companies in Silicon Valley as well. Returnees were highly educated, with nearly 500 of them holding PhDs.

Sources: Kevin O'Neil, "Brain Drain and Gain: The Case of Taiwan," *Migration Information Source*, September 2003, www.migrationinformation.org/Feature/display.cfm?ID=155; AnnaLee Saxenian, *The New Argonauts* (Cambridge: Harvard University Press, 2006); AnnaLee and Jinn-Yuh Hsu, "The Silicon Valley- Hsinchu Connection: Technical Communities and Industrial Upgrading," *Industrial and Corporate Change*, 10 (4); Shirley L. Chang, "Causes of Brain Drain and Solutions: The Taiwan Experience," *Studies in Comparative International Development*, 27 (1): 27-43.

Others followed suit. In China, a service center for returnees was set up in 1989, providing allocations for housing, duty-free purchases of computers and automobiles, and offers of return airfare for self-financed students.[268] Since the 1990s a number of science parks, special development zones, and high-tech complexes have been established in China's capital city, Beijing, as well as in most Chinese provincial cities.

Between 1994 and 1998, Jamaica implemented the Return of Talent Programme, which offers an array of generous financial incentives to lure returnees. These include a one-time reentry subsidy, a monthly salary subsidy, one-way airfare for the candidate and his or her immediate family, up to 50 percent of the cost of shipping of household goods, two years of medical and accident insurance, and even provision of the instruments and literature needed for the candidate's work.[269]

Likewise, in Uruguay, the Sectoral Commission of Scientific Research (CSIC) was founded in 1990 at the University of the Republic. Specific initiatives included a program for hiring scientists that gave preference to returnees, as well as an economic support program to facilitate returnees' adjustment to the university environment.[270]

Following the end of dictatorship in Argentina in 1983, the government spearheaded measures to encourage the return of exiles and build links with expatriates who could help in the country's development efforts. In addition to this general policy, the National Council of Scientific and Technological Research (CONICET) implemented specific return-related efforts for the diaspora such as subsidizing airfare as well as the moving and setup costs of returnees and their immediate families.[271]

Other origin countries, such as Croatia and Thailand, have also recognized the importance of offering attractive benefits to lure back their diasporas. According to Alessia Pozzi, although Croatia has what she considered a "good scientific community," it is not on par with those in Germany and other developed countries in Europe.[272] Croatia is therefore offering attractive financial instruments to encourage local research institutions to upgrade their facilities. Likewise, the Thai government is aware that its current incentive package under the Reverse Brain Drain program is not competitive enough for many prospective participants. According to Noppawan Tanpipat, the government is working to improve the program in order to recruit the talent the country needs.[273]

3. Find the Best Mix of Incentives

How do countries come up with the best mix of incentives — that is, a package that can attract the targeted diaspora without incurring the resentment of local actors? As the International Organization for Migration (IOM) inspector general put it in the context of the Migration for Development in Africa (MIDA) program, "migrants are to a certain extent already privileged and ... should not be the beneficiaries, but rather the investors."[274] Most practitioners now believe that paying diaspora members three to four times as much as locals is unfair.[275] From the very beginning of the MIDA Great Lakes program (2009–12), for instance, experts have undertaken assignments on a voluntary basis and receive a subsistence allowance to cover their daily expenses.[276]

As Box 2 shows, it is important to devise an incentive package that is appropriate to the local situation. What works in one place will not work in another. In some locations, members of the diaspora may be "viewed as having fled from a difficult regime or hard economic conditions to live an easy life." Thus, as University of Sussex migration expert Ronald Skeldon puts it, those who stayed behind may not necessarily welcome them back "with open arms."

Box 2: When Are Incentives Appropriate?

When China started courting its diasporas in the early part of the 1990s, observers noted that the country created a great deal of bad blood between returnees, called the "returning sea turtles faction," and those who never left, or the "land turtles faction." In 2006 David Zweig wrote, "The decision of units to favor 'outsiders' who have studied overseas over long-term members of their unit who have not been abroad has been criticized as 'giving up a son to get a son-in-law'.

Luo Keren, Fei Guo, and Huang Ping also noted this problem in China, arguing that the special treatment returnees enjoyed, while a useful way to entice them back home, also created tensions between returnees and their local counterparts.

In-depth interviews conducted by Dovelyn Agunias with scholars in China suggest, however, that locals have changed their view of returnees of late.

Henry Wang, president of the largest government-sponsored Chinese returnee organization, and Biao Xiang and Hongxing Cai, both academic researchers, have found that tensions eased for various reasons. For one, the quality of returnees has improved in recent years. Local researchers see the diaspora members less as competitors and more as partners who can bring financial resources and knowledge to the table. The distinction between land and sea turtles is also beginning to blur as local talent can now leave China more easily to attend international conferences, seminars, and short-term exchange programs. Finally, more returnees are deciding to stay in China, especially in the business sector. As can be expected, these new arrivals are more receptive to diasporas than those who never left.

The aggressive and competitive packages discussed in length later (See Box 4) that the Chinese government currently provides must therefore be seen in the context of a rapidly changing China. Other countries may choose to take a different route. Croatia, for instance, found that tensions between local and diaspora scientists are limited if parallel programs exist that help local scientists compete for national and international funding. Interestingly, an increasing number of local Croatian scientists are finding that collaborating with well-respected diaspora members has increased their chances of getting additional funding, especially from private sources.

Further, governments must ensure, at the very least, that returnees are qualified for their jobs and do not displace local workers or existing businesses.

Sources: Interviews of Henry Wang, Biao Xiang, and Hongxing Cai by Dovelyn Agunias, cited in Agunias, "Engaging the Mauritian Diaspora: Lessons from the International Community" in *Skills and Technology Absorption in Mauritius*, ed., Giuseppi Iarossi (Washington, DC: The World Bank, forthcoming); Luo Keren, Fei Guo, and Huang Ping, "China: Government Policies and Emerging Trends of Reversal of the Brain Drain" in *Return Migration in the Asia Pacific*, eds. Robyn Iredale, Fei Guo, and Santi Rozario (Cheltenham, UK and Northampton, MA : Edward Elgar Publishing, 2003).

Governments must be ready to tap into the financial and technical resources of the private sector, other governments, and international organizations to effectively and aggressively share the cost of engagement. For instance, MIDA Great Lakes found that collaboration between universities in host and home countries minimizes returnees' integration problems.

4. Administer "Return" Programs in Partnership with Private Actors

Instead of starting from scratch, some governments have chosen to partner with international organizations and build on existing programs with proven capacity for human capital transfer.

Initially, governments sought to foster the permanent return of the diaspora. But in recent years they have reevaluated this approach. Instead of focusing on the resettlement of migrants in their countries of origin as a measure of success, governments now recognize that diasporas can directly fill human resource and knowledge gaps when they return temporarily or even virtually. Three such projects administered by IOM are described below.

Return of Qualified Afghans (RQA). Following the ouster of the Taliban government in 2001, the Afghan Islamic Transitional Administration (later the Administration of the Islamic Republic of Afghanistan) paved the way for Afghans abroad to return to their homeland. IOM, in cooperation with the new government, helped facilitate the return of educated and highly skilled Afghans from around the world. The goal was to identify Afghan nationals living abroad with relevant qualifications and backgrounds and facilitate their employment in different sectors of the Afghan economy.[277]

With cofunding from the European Commission (EC), the Return of Qualified Afghans from the European Union (EU) Countries Program (EU-RQA) began in March 2003 and lasted for 28 months. Eligible participants had to be residents of a European member state and meet predetermined educational and professional criteria. Although participants were allowed to stay in Afghanistan permanently, RQA was designed primarily to facilitate a voluntary, temporary return lasting between six months and a year.

The EU-RQA program offered an assistance package to cover participants' expenses and basic needs and to attract a strong pool of talent. Participants employed in both the public and private sectors received a round-trip ticket from their EU host country to Afghanistan, a one-time settlement allowance of €600 (or equivalent in dollars), and a monthly salary of €300. Women received an additional €50 per month as an extra inducement.

Participants establishing their own businesses received a plane ticket, settlement allowance, and up to €5,000 toward the purchase of equipment or supplies.[278] IOM's role was to facilitate the process with the help of both Afghan and European governments.

An external evaluation commissioned at program's end reported promising results. Field evaluation revealed that almost all participants were given important positions due to their high qualifications. Many headed departments, some supervised technical processes, and others were assigned critical managerial and administrative duties such as procurement or accounting. Beneficiaries employed in private firms were usually exposed to many aspects of the company rather than a single department or suboffice.[279]

Most participants were well matched to their position and possessed the needed skills, which were typically acquired at previous jobs. They introduced new skills, techniques, methods, and technologies to the workplace and were observed to have "brought professionalism and exactitude" to tasks such as accounting and recordkeeping.[280]

Migration for Development in Africa (MIDA). Similar to RQA, the MIDA program aims to mobilize the skills and financial resources of African diasporas to support development projects at home. Described as a capacity-building program, MIDA is focused on facilitating temporary movement and does not entail the permanent return of migrants.[281]

MIDA supports the short-term, longer-term, or virtual return of expatriate skills to key sectors. The project has more developmental potential built into its design than earlier iterations of the return of qualified nationals (RQN) programs. In the Democratic Republic of the Congo, Rwanda, and Burundi, for instance, MIDA is being incorporated into the national Poverty Reduction Strategy Papers (PRSPs) or their equivalent.[282]

Although MIDA has a generic strategy, IOM designs specific MIDA projects according to the country, region, and/or sector of activity. In each country, a multisectoral MIDA steering committee is set up with the aim of fostering greater coordination and policy coherence within governments. The networks of participants strengthen interactions between origin and destination countries, which in turn stimulate additional return visits as well as development projects involving the diaspora and/or the productive use of remittances.[283]

MIDA operates in 11 African countries — Benin, Burundi, the Democratic Republic of the Congo, Ethiopia, Ghana, Guinea, Kenya, Rwanda, Senegal, United Republic of Tanzania, and Uganda. Evaluations of three of these projects revealed cautiously optimistic results.

➲ The MIDA Great Lakes Program, funded by the Belgian Development Cooperation, supports capacity building in health care, education, and rural development by finding experts from the Great Lakes diaspora in Europe to fill skills shortages in these countries. The program in its various phases has supported local partner institutions; distance learning using new information technologies (such as an e-learning course in medicine at the University of Lubumbashi); safe, effective, and low-cost remittance channels; and investments in the region. In less than three years, more than 250 Congolese, Rwandan, and Burundian expatriates have taken part in this program.[284] Currently in Phase 4, the program has adopted a multi-annual project approach based on a call for proposals for capacity-building projects developed with the help of diaspora experts; these are implemented on the basis of their expert missions – in the fields of health, education, and rural development. Twenty-four such multiannual projects were ongoing at this writing in the three participating countries.[285]

➲ The MIDA Ghana Health Project targets migrants from Europe (mainly the United Kingdom and Netherlands) to strengthen hospitals and other public and private health sector institutions. Often presented as a concrete example of migration and development implementation in ministerial and EU discussions and policy documents, MIDA Ghana facilitates the temporary return of health professionals from the diaspora. An evaluation of the program suggests that, though small, the project has broadened collaboration among individuals and institutions in Ghana and migrants' destination countries. Unlike other MIDA programs, MIDA Ghana also facilitates short-term training in Europe of Ghana-based health professionals.[286]

➲ MIDA Italy was a pilot project supported by the Italian Ministry of Foreign Affairs. Implemented between 2003 and 2004, the project tested the level of interest among sub-Saharan African immigrants to engage in socioeconomic development in their countries of origin. Ethiopia and Ghana were selected for the implementation of its pilot activities. MIDA Italy registered 200 migrant associations, created a website for and a national database of Ethiopian

migrants interested in participating in development activities, and assessed more than 150 small and medium enterprise (SME) project proposals from African migrant organizations.[287]

Temporary Return of Qualified Nationals (TRQN) — Netherlands. IOM provides qualified migrants in the Netherlands the opportunity to help with the reconstruction of their countries of origin. This involves the temporary outsourcing of migrants to their country of origin to execute work for which there is no local expertise. In the framework of this project, temporary placements have been realized in Afghanistan, Bosnia and Herzegovina, Ethiopia, Georgia, Sierra Leone, and Sudan.

Migrants in the Netherlands who want to help with the reconstruction of their countries of origin can sign up with IOM for a paid temporary placement varying from a few weeks to three months. Host institutions with job openings in the countries concerned can also sign up with IOM, which will help them find qualified candidates. Besides facilitating the physical return of workers to their country of origin, IOM also arranges virtual return assignments, in which participants work via Internet or videoconferencing. As of this writing, TRQN has facilitated around 300 temporary return assignments to six countries.[288]

Box 3: IOM: 50 Years of the Return of Talent Program

IOM has been implementing return-of-talent programs in Latin America for nearly 50 years, and in Africa and Asia for nearly 30.

In the 1960s, Latin American governments realized that significant numbers of their professionals and skilled workers were migrating to developed countries and felt the need to attract qualified migrants to return and help to respond to the prevailing development challenges. In 1964, IOM, then called the Intergovernmental Committee for European Migration (ICEM), launched the Selective Migration Programme (SELMIG), which involved the movement of professionals, technicians, and migrant workers of European nationality to Latin America.

IOM continued facilitating the return of migrants to Latin America into the 1970s with the RQN program. The absence of language barriers and the very low integration and cultural adaptation efforts needed made expatriate experts a superior alternative, given the high cost of settling experts of European origin in Latin America. In other words, the permanent return of expatriate experts was seen as a more effective approach to countering brain drain, compared to shorter deployment of foreign experts.

The return-of-talent approach was expanded in the 1980s to include Africa and Asia and has continued to the present day. Programs identify suitable candidates for predetermined key posts in the public and private sectors in the country of origin, whose profiles then have to be screened and accepted by their employers. The professions involved are wide-ranging and include medicine, engineering, sciences, education, economics, and computer science.

Source: International Organization for Migration (IOM), *The MIDA Experience and Beyond*.

The United Nations Development Programme (UNDP) Transfer of Knowledge through Expatriate Nationals (TOKTEN). This program facilitates short-term volunteer consultancies, typically ranging from three weeks to six months. Launched in 1977 in Turkey with a focus on scientists, technology experts, and managers of Turkish origin residing abroad, TOKTEN has since expanded to at least 50 other developing countries.[289] TOKTEN allows professionals with at least a master's degree or equivalent and a significant amount of professional work experience to return to their countries for a short period of time to impart skills acquired while abroad. Typically, TOKTEN consultants engage in tasks international consultants might otherwise perform. In lieu of professional fees, TOKTEN consultants collect daily allowances, are reimbursed for travel expenses, and receive medical insurance.

TOKTEN is especially active in the West Bank and Gaza. Since 1994 the program has placed more than 400 Palestinian expatriate professionals in senior advisory and planning positions in leading Palestinian institutions, including key Palestinian Authority ministries, nongovernmental organizations (NGOs), and private-sector institutions. Moreover, about 18 percent of TOKTEN consultants have decided to return to the Occupied Palestinian Territory permanently.

As Migration Policy Institute (MPI) analyst Aaron Terrazas notes in a review of TOKTEN, it is "arguably the oldest formal program aimed at facilitating diaspora volunteerism" and initially had four principal objectives:[290]

- To lower the cost of technical advice;
- To allow developing countries to gain access to consultants with desirable linguistic or cultural competencies;
- To seed potential return of skilled expatriates or their long-term engagement with their country of origin;
- To depoliticize development-oriented volunteer work, as the aegis of UNDP allows political autonomy.

UNDP offices in participating countries administer the program with support from the United Nations Volunteers (UNV) program and the governments of participating countries, as well as third-party donors and, in some cases, the private sector.

Returning Experts Programme. The Centre for International Migration and Development (CIM), a joint operation of Gesellschaft für Internationale Zusammenarbeit (GIZ) and the International Placement

Services (ZAV) of the German Federal Employment Agency (BA), is the human resources placement organization for the German Agency for Development Cooperation. CIM began the Integrated Experts Programme more than 25 years ago, linking partner-country organizations that needed qualified employees with highly qualified experts from Germany and other EU countries.

CIM has evolved to recognize the diaspora as a valuable resource. Its Returning Experts Programme supports individuals from developing, emergent, and transition countries who live and work in Germany or have completed their education or training there to return to their home country to use their skills and knowledge. CIM provides advisory and placement services as well as financial support for positions important to development policy.

The Returning Experts Programme enables diaspora experts to be as effective as possible by applying their knowledge, experiences, and contacts in the right places. Its goals are to promote international migration as a positive factor in development and to encourage the transfer of knowledge through the professional integration of returning experts. It also aims to establish returning experts as bridge-builders for international economic and development cooperation.[291]

Since 2004 the Returning Experts Programme has assisted more than 10,000 persons with career planning, return to their home countries, and the search for appropriate positions there. Financial support can be offered to experts returning to the following countries in partnership with CIM: Afghanistan, Bolivia (Plurinational State of), Brazil, Cameroon, Chile, China, Colombia, Egypt, Ethiopia, Georgia, Ghana, India, Indonesia, Jordan, Mongolia, Morocco, Pakistan, Peru, Syrian Arab Republic, Tunisia, Turkey, and Viet Nam, as well as the Occupied Palestinian Territory.[292]

B. Engaging Diasporas as Partners

More recent initiatives acknowledge that members of diasporas are helpful not only as practitioners who can fill human resource and knowledge gaps in their home countries but as sources of knowledge, influence, and job prospects regardless of whether they actually return. Some countries have chosen to build partnerships between actors at home and the diaspora by initiating a new wave of programs that go beyond the return-of-talent model and aim to establish a more sustainable two-way exchange of resources and knowledge.

1. Collaborative Research between Diasporas and Local Actors

Partnership projects typically target individuals and involve collaborative research.

Program of Introducing Discipline-Based Talent to Universities. One of China's recent initiatives, more commonly known as the 111 Project, allows for top scholars in the diaspora to team up with domestic researchers working in one of the 126 innovation bases located throughout China (see Box 4).[293]

Box 4: The 111 Project: Attracting the Best and the Brightest

In an effort to attract the best and brightest among its diaspora, the Chinese government has stepped up funding of its ambitious diaspora programs. For the 111 Project, for instance, China allocated RMB 600 million ($88 million) or about RMB 1.8 million ($265,000) to each designated "innovation base" every year for five years. This grant could only be used to directly finance the innovation bases' recruitment-related efforts, such as the payment of stipends to diaspora scholars during their short-term stay in China, airfare costs, and other benefits. On top of the 111 Project funding, innovation bases get additional support from the federal government to finance actual collaborative activities and provide for and upgrade facilities and equipment as needed.

This substantial and long-term funding allows each innovation base to recruit from the diaspora's cream of the crop, including Nobel Prize winners and other well-known and highly respected scientists and academics working in top universities and companies worldwide. Hongxing Cai, a Chinese scholar based in Australia, who is currently studying the 111 Project, found that at the beginning of the program, many innovation bases "didn't know how to use the money." As Cai noted in an interview, for many innovation bases, the funding was so generous that it felt like it "came from the heavens" and was "simply out of their imagination."

Source: Interview of Hongxing Cai by Dovelyn Agunias, cited in Agunias, "Engaging the Mauritian Diaspora: Lessons from the International Community."

Unity through Knowledge Fund (UKF). Another recent project focusing on strengthening collaborative research is Croatia's Unity through Knowledge Fund (UKF). Established in 2007 by the Croatian Ministry of Science, Education and Sports (MSES), and with substantial funding from the World Bank, UKF provides grants of up to €200,000 to projects involving individuals in the scientific and professional communities in Croatia and abroad.[294]

Thailand's Reverse Brain Drain Project. This project was established within the National Science and Technology Development Agency (NSTDA) in 1997 with the goal of using the intelligence and connections

of Thai professionals living overseas to help in Thailand's development, particularly in the science and technology sectors.

Within this project, the Reverse Brain Drain Network has the objective of disseminating and exchanging information about Thailand's needs to NSTDA's alliance and networks both inside and outside Thailand. A Special Projects Program allows a diaspora member to team up with a Thai counterpart, propose a joint project, and receive funding. The project has to: (1) be pioneering and innovative; (2) have the potential to help Thailand improve its competitiveness; (3) lead to usable outcome or products; and (4) use the knowledge and expertise of Thai professionals overseas and their professional colleagues.

The Reverse Brain Drain Project also supports short-term visits of overseas Thai professionals to conduct lectures and workshops in Thailand on topics of special interest. The Thai counterparts (universities and government agencies) who have connections with overseas Thai professionals and want to organize the workshops can also send a request for partial funding.

2. Connect Communities across National Borders through Twinning Arrangements

Communities can also be connected via organized contacts between municipalities across national borders, a practice called municipal twinning. Communities benefit, ideally in equal terms, from the partnership, which is based on common or complementary interests and goals. Local governments in origin and destination countries assume the leading roles.

Far from being new, municipal twinning has been around since World War II and can be found in many municipalities, especially within Western Europe. What is novel is the interest on the part of communities with substantial immigrant populations in twinning with municipalities that are large and/or recent sources of immigrants.

Municipal Twinning in the Netherlands. Recent years have seen a number of Dutch municipalities establishing relations with local governments in countries such as Turkey, Suriname, and Morocco, all of which are major sources of migrants to the Netherlands. Twinning with these so-called diaspora countries is relatively new, with most ties established only after 1999. At present, there are 39 diaspora-focused

municipal twinning initiatives in the Netherlands, and more are in the works.[295]

Central to most city-to-city partnerships are projects focusing on strengthening local governance, especially with regard to waste management and education. An analysis by Edith van Ewijk and Isa Baud found that 11 of the 39 ties in the Netherlands focus on waste management.[296] For instance, the municipality of Zeist advises its partner municipality in Berkane, Morocco, on how to improve waste management. Interestingly, many municipalities work through public-private partnerships involving private companies.

To stimulate economic development, a number of municipalities link their chambers of commerce and/or specific industries to those of another city. For instance, Rotterdam established economic partnerships with Nador, Morocco, and Istanbul, Turkey, and tapped into the Rotterdam Development Corporation (Ontwikkelingsbedrijf Rotterdam) and the chamber of commerce to support economic development in both partner municipalities.[297]

In an evaluation of these initiatives, van Ewijk and Baud identified four main types of projects: those that: (1) strengthen local governance in such fields as service delivery, public administration, and citizen participation; (2) stimulate economic development; (3) promote transnational linkages and mobility; and (4) promote the integration of migrants in Dutch society.[298]

Van Ewijk and Baud's study found that involving migrants as policy officers can positively influence cooperation because they provide local knowledge and context and facilitate communication — critical contributions given that most of the exchanges include both tacit knowledge as well as contextual or embedded knowledge. The authors observed that migrants generally have "a strong commitment to contribute to development in their country of origin."[299]

Partnership Together. A similar initiative is Partnership Together (P2G) (formally Partnership 2000, P2K), a program run by the Jewish Agency for Israel that twins diaspora Jewish communities abroad with 27 regions throughout Israel.[300]

The platform connects some 550 communities around the world in 45 partnerships and has an annual budget of $25 million. More than 300,000 participants from Israel and the overseas communities take part

in roughly 500 programs each year. Described as a local endeavor with national impact, the platform aims to share ideas, strengths, challenges, and models of success and empower both communities to generate change. Through a joint committee process between the partnered communities, more than 10,000 volunteers each year work together to examine issues and responses and to determine projects and budgets. The individual partnership regions focus their efforts mainly on education and economic development.[301]

C. Diasporas as Members of Scientific and Technical Networks

Some countries support the creation of scientific, technical, and business networks composed of local experts and the diaspora. A number of countries rely on virtual connections through web-based media. Eritrea, for instance, has been engaging the diaspora through its various websites, while Germany maintains an alumni portal. Virtual exchanges with skilled diasporas are also supported by the Philippines, Uruguay (via its consular posts), Bulgaria, Colombia, Burundi, Estonia, Hungary, Switzerland, and Ecuador.[302] Still other countries combine Internet-based networks with opportunities for face-to-face encounters.

Ideally, these networks offer opportunities for leading diaspora and local experts, engineers, academics, government officials, and other professionals to meet one another and discuss research, business, and investment opportunities in their homeland.

Colombia's Red Caldas. One of the pioneers of this approach was Colombia's Red Caldas, which was established in 1991 by the Colombian Institute for the Development of Science and Technology (better known by its Spanish abbreviation, Colciencias), a government body. As Kristof Tamas notes in his review of diaspora networks, Red Caldas was "one of the first initiatives to link the members of a scientific diaspora with scientific and technological projects in their country of origin." During its lifetime, the network had many accomplishments, including the set-up and implementation of public policies and the development of human resources in science and technology. Its conferences, scholarships, and projects helped to mobilize researchers and fostered communication among them, and even encouraged researchers to return to Colombia. Tamas further notes that many members of Red Caldas were involved in economic and cultural development activities that benefited Colombia.[303]

Having dual scientific leaders in collaborative research projects — in Colombia and in partner countries — was key to the program's

success. These leaders were instrumental in capacity building, enabling the exchange of researchers, and training graduate students. They could also link research outcomes to development needs, although industrial development and production were not generally within the mandate of the network.[304]

After gaining momentum in its first few years, however, the program lost steam in the 1990s and ceased operations by 2000. As Box 5 below highlights, keeping networks active maybe more difficult than creating them in the first place.

Box 5: The Challenges in Keeping Networks

Many members abandoned Red Caldas for more specialized research networks. This is a common problem among diaspora networks: they are often too heterogeneous. Scientists and technology developers are often too caught up with their own institution's or employers' work schedules to have extra time to network with partners in distant countries.[305] Therefore, organizers must work to keep these networks professionally relevant to their members and offer rewards for continued involvement.

South Africa, like Colombia, has attempted to establish its own diaspora networks and failed. South Africa tried twice: first in 1998 through the South African Network of Skills Abroad (SANSA) and again in 2003 through the South African Diaspora Network (SADN). Both networks atrophied due to lack of funding and sustained interest among members.

SANSA aimed to connect expatriates with local experts and projects. It was maintained by the National Research Foundation, the government's national agency responsible for promoting and supporting basic and applied research as well as innovation. The network was built on a database containing information on the location, qualifications, and other characteristics of highly qualified South Africans living abroad. Participants took part in the network by receiving South African graduate students in laboratories or training programs, participating in training or research with South African counterparts, facilitating business contacts, or initiating research and commercial projects. There were other initiatives focused on specific sectors such as health and law, as well as databases of diaspora members maintained by particular countries, including Nigeria, Benin, and Burkina Faso, as well as South Africa.[306]

SADN linked approximately 40 well-established business leaders living in the greater London area with South Africa–based business people looking for assistance, guidance, and support in expanding their businesses to the overseas market. The members of the diaspora who participated in the network were connected with the South African Business Club in London and the University of Cape Town's Graduate School of Business.

Sources: Kristof Tamas, Diaspora Relations and Return, Unpublished Manuscript submitted to International Organization for Migration, 2007; Dovelyn Rannveig Agunias, *Remittances and Development: Trends, Impacts, and Policy Options: A Review of the Literature* (Washington, DC: MPI, 2006).

RedEsColombia. Most recently, the Ministry of Foreign Affairs of Colombia with support from IOM, created another networking platform called RedEsColomba. The goal of the website is to increase interactions among members of the diaspora and encourage new ideas for development. Increasing social capital, RedEsColombia argues, will

lead to greater development. The Colombian government considers the website to be one of its most successful initiatives to date.[307]

The website can be navigated by thematic areas: the Knowledge Network promotes networks between scholars (scientists and researchers, students, and teachers) and academic institutions (universities, research institutes); the Trade Network builds contacts and facilitates knowledge exchange for the benefit of Colombians engaged in commercial endeavors; the Cultural Network opens channels of communication, exchange, socialization, and cooperation among artists and others active in Colombian cultural activities; and the Community Network creates new venues for the inclusion and civic participation of vulnerable social groups and associations of Colombians inside and outside the country.

"Who Is Who in BiH" Diaspora Project. The Department for Diaspora of Bosnia and Herzegovina's Ministry for Human Rights and Refugees started this directory project in 2006 with the aim of establishing contact with professionally successful members of the diaspora. The first edition was published in 2009 and contained entire biographies of 142 PhD holders and researchers of Bosnian origin. The second edition of *Who Is Who in BiH Diaspora: PhD Holders and Researchers* was published in 2010 and contained information on 242 diaspora members. These publications fostered cooperation between the local academic and professional community in Bosnia and Herzegovina and those members of the diaspora highlighted in the publication.

The Department for Diaspora received positive feedback from diaspora members who participated in the project and sent their information. Because the staff of the Diaspora Department reached out to the diaspora members online and as part of their regular duties, the project cost only about €2,500, the price of printing the publications. Compilation of the database is ongoing.[308]

The Philippines Brain Gain Network (BGN). This network of talented professionals and organizations in the Philippines and abroad focuses on increasing the competitiveness of the Philippine economy. Funded by Narra Venture Capital, the private organization encourages cooperation between highly skilled expatriate Filipino professionals and students and Philippine-based professionals, students, and corporations.

BGN currently holds information on 2,240 members in its database, most of whom are based in the United States and Singapore. Members can access profiles of people in the database and use the search engine to

look for a professional within a specific skill set, educational background, or industry.[309]

The goal of the project is to provide a convenient platform for the diaspora to network and start new companies in the Philippines, provide consultancy services for Filipino organizations, or form foreign-based companies to do business in the Philippines. BGN also partners with headhunter organizations to help members of the diaspora find jobs in business, academic, governmental, and nongovernmental organizations in the Philippines; potential employers are given access to the database as well.

2   Challenges and Lessons Learned

A. Adopt a Demand-Driven Approach

Many programs start with an unclear understanding of what the beneficiary country needs. This lack of clarity creates problems and greatly undermines the programs' impact and, ultimately, their sustainability. For instance, evaluators of the discontinued RQN program in Africa reported a "lack of in-depth analysis of the special characteristics and needs of the country to match programme objectives with those of national objectives, and assessment of priority sectors and specific requirements of human resources."[310] This was confirmed by an evaluation of the third phase of the RQN program in Africa commissioned by the European Union, which revealed that the program was not sufficiently linked to sectors prioritized in origin countries' development plans, was too resource-intensive compared to the low number of actual returns (that is, the cost per returnee was too high), lacked country ownership and cooperation with other agencies and donors,[311] and did not achieve long-term retention levels. In addition, the program was largely driven by the skills that diaspora participants had to offer rather than the skills the participating countries needed, which made it difficult to ascertain whether these African qualified nationals would have returned in any case.[312]

Implementation of programs can be delayed when participants do not have clear roles when they begin their jobs in government institutions. In the case of EU-RQA, the Afghan return program, evaluators noted that "institutions were unprepared to received or utilize an EU-RQA as an employee." Although all government agencies had to develop job descriptions, evaluators found the "job descriptions were ignored, not respected or lost by the employer or employee."[313] Similarly, in the case of

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CHAPTER 8: FROM "RETURN OF TALENT" TO "BRAIN CIRCULATION" TO "VIRTUAL RETURN": EVOLVING IDEAS ON THE TRANSFER OF HUMAN CAPITAL

the TRQN program sponsored by the Netherlands, there is a concern that too few institutions or organizations in Ethiopia have been selected to receive participants, which decreases the "chances that the right people are placed in the right spot."[314]

An unclear understanding of the specific needs at home makes programs more vulnerable to abuse by dishonest and corrupt actors. For instance, there are cases where diaspora members who are primarily looking to minimize their vacation costs have arranged to take part in a diaspora program. As the evaluator of TOKTEN–Sri Lanka noted in his report, for example:

> *The demand for the consultancy is generated by the consultant himself while the receiving organization merely accommodates his visit. In essence the consultant creates the consultancy and the expressed demand for it, identifying himself and often developing his own TOR (terms of reference) in collusion with his "contact" in the receiving agency.[315]*

Similarly, in IOM's RQA, evaluators highlighted that in some cases, "a beneficiary in Europe would register for the program" knowing that the "acquaintance working in the ministry" would conduct the hiring. The converse can also happen, where a "functionary at the ministry would hear about the program, advise his relative in the EU to register with the program, and then request that IOM sponsor his friend or relative to work at the same ministry."[316] It can be argued that this kind of informal matching between individuals in the local economy and the diaspora is a cost-effective way to bring in the needed skills in the shortest amount of time possible, but programs must guard against manipulation by unscrupulous actors.

A clear focus on the origin country's demand is necessary for attracting the right partners in the diaspora. Commenting on Mexico's experience with creating its diaspora talent network, Carlos González Gutiérrez, former director of the Institute for Mexicans Abroad (IME), found, for instance, that it can be challenging for members of the talent network to identify specific areas for collaboration. According to Gutiérrez, the country of origin should actively "define and generate ideas, take initiative and originate the transaction with the diaspora, not the other way around. It is up for the country of origin to say 'yes, this is good' or 'yes, this is great, but unfortunately we can't work on that right now'."[317]

B. Map the Pool of Potential Participants at the Outset

Mapping networks, interests, expectations, and available resources among expatriate communities is an important first step in developing viable projects. Through sending out surveys and questionnaires and creating databases — all of which can be done online — it is possible to obtain detailed community profiles covering skills, qualifications, experience, social and demographic information, employment patterns, location, and length of stay in the host country. Such data can then be analyzed and matched against identified needs.[318]

During the MIDA Italy project, conducted between 2006 and 2007, the Centro Studi di Politica Internazionale (CeSPI, an Italian research institute) set out to ascertain the tools best suited to identify the skills, expertise, and resources present among the African diaspora community in Italy, and determined that focus group discussions and thematic interviews would be most effective.[319] The focus groups, in particular, allowed the researchers to take stock of the migrants' points of view, priorities, and expectations. As part of the second phase of the TRQN project, a similar mapping exercise was conducted for migrant groups in the Netherlands originating from Afghanistan, Bosnia and Herzegovina, Georgia, Ethiopia, Sierra Leone, and Sudan. In some projects, mapping exercises have been conducted as part of a project, rather than as preparation for a project.

It is during the resource-mapping stage that the suitability of potential target groups can be assessed. For instance, a survey of African expatriates residing in Italy, conducted in 2005, established that Nigerians constituted one of the largest African diaspora groups.[320] Despite this large presence, the preliminary analysis conducted between 2006 and 2007 revealed that most of them seemed to be victims of trafficking and, hence, it was appropriate to give priority to protection and support activities rather than migration and development initiatives.[321] This was an important outcome of the pre-assessment phase and allowed migration and development activities to focus on the Ghanaian and Senegalese communities. Both quantitatively and qualitatively, these two groups offered the necessary presence, as well as organizational, financial, and entrepreneurial resources and skills. Moreover, their numerous associations provided sociocultural support and, in particular, fostered transnational links with the host community at both the local and national levels.[322]

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C. Offer Adequate Incentives to Attract the Targeted Diaspora Population

Programs that offer what the diaspora perceives as inadequate incentives may be unable to attract the skills and resources necessary to operate effectively. In Jamaica, for instance, the relatively low level of remuneration offered within the public sector made it difficult for employers to attract and retain competent and qualified personnel in high-level positions.[323] Indeed, the experience gained during the implementation of RQNs in many countries in Africa confirms that without adequate incentives, well-established diaspora members, especially those with children born in the destination country, are less like to return permanently or even temporarily to contribute to the development of their country of origin.[324]

Programs also must attend to other personal needs, such as housing, schooling for children, transportation, and health insurance. One of the biggest problems diaspora members face, regardless of the duration of return, is finding affordable and appropriate accommodation. An evaluation of the EU-RQA program concluded that although the "salary offered as part of the assistance package was not a deciding factor or obstacle to participation in the program, the availability of affordable housing was a substantial problem for beneficiaries."[325] Diaspora members contemplating a longer-term stay in Afghanistan were also concerned about problems of access to high-quality schools for their children.[326] Aside from rent, other expenses included transportation, communication (such as mobile phone credit to call home), and food. The EU-RQA participants felt that the cost of housing made living on a €300 monthly stipend very precarious. Suggestions were made that the program incorporate a housing subsidy or that IOM help arrange for cheap housing through bulk deals with local agents.[327] Health care is another issue, especially in postconflict destinations. In the EU-RQA program, evaluators found that "because death or illness in Afghanistan could leave the family in Europe without a primary earner, some participants thought that the lack of basic insurance for program participants constituted unreasonable risk for some potential candidates."[328]

Additional benefits that improve the workplace, such as updated and adequate facilities and equipment, are also critical to successful implementation of diaspora programs. Capital infrastructure (such as advanced science and engineering colleges and state-of-the-art research labs) that promotes professional growth and offers a dynamic and transformative environment is an important factor in the decision

to engage back home. For example, the general lack of resources at many host institutions and organizations hampered the effectiveness of TOKTEN volunteers. In Rwanda, in particular, evaluators noted that "many complained of lack of computer facilities and Internet access," which made it difficult for the diaspora to do their work.[329] Program managers typically find that diaspora members, having lived and worked in countries where resources and facilities are more abundant, may find it hard to adjust to an antiquated working environment in time to accomplish the program's goals. Indeed, many diaspora members who felt they were not very effective in transferring knowledge, technology, and experience to others blame the inadequate or inappropriate tools, equipment, and research facilities that they encountered during their stint in the country of origin. Frustrations over the workplace have also kept many participants from taking part in the program again or from encouraging colleagues to join future programs.[330]

For Tamara Keating,[331] Head of Unit at IOM, it is critical to have a thorough needs assessment and description of the necessary equipment for each mission. IOM´s MIDA Great Lakes program has tried to overcome this problem by opting for a project approach with structured systematic implementation planning, including delivery of equipment as part of the overall knowledge transfer. However, similar problems can still arise when equipment is not ordered and/or delivered in time.

D. Educate Diasporas about the Local Context in their Country of Origin

Despite the cultural and linguistic affinities of experts from the diaspora and migrant communities, it is important to note that many emigrants may have lost track of the current local context. The longer migrants have been out of the country, the more difficult it will be for them to readjust to the local context. This is especially true when the level of development in the country of origin varies greatly from that in the country of residence.

Lack of infrastructure, different working and living conditions, and levels of (in)security can also influence the success of short-term returns of qualified nationals.[332] For these reasons, the MIDA Ghana Health Project follows the good practice of offering preparatory courses and orientation sessions to participants. Furthermore, diaspora professionals can assist by informing other diaspora members of the prevailing situation.[333]

E. Create Special Bodies or Posts to Facilitate Implementation

Apart from their symbolic value, special bodies and posts have practical value in day-to-day operations of diaspora projects. The RQN program in Jamaica, for example, had a steering committee to "insure the smooth running of the program, mainly with regard to the selection and recruitment criteria of the candidates and the level of reintegration support." The committee was also advised on operational problems encountered in project execution so it could lend support in resolving them.[334] Ethiopia has a support group consisting mostly of representatives of government ministries and other establishments at the federal level.[335] Mexico's talent network has designated a National Point of Contact to serve as a liaison with some sectors.[336] To further appeal to participants, programs may also consider hiring local staff who speak the language of the target population. In the case of EU-RQA, the program hired an employee of Afghan origin who, an evaluation later found, made it easier for candidates to understand the program and application process.[337]

Coordinators or focal points working in target institutions in the beneficiary countries and nationals engaged in project management can also help to strengthen country ownership. Without a focal point in the beneficiary institution, there is an increased risk that the activities are not carried out and supported, as well as a lack of potential for buy-in and ownership of the results. In its fifth phase, IOM´s MIDA Great Lakes program asked all applicants to identify focal points in the beneficiary institutions for the duration of each project.[338] Although potentially critical, however, policymakers need to make sure that they are situated in a way that solves problems and does not exacerbate them. For instance, MIDA's Ghana Health Project formed a task force consisting of representatives from government agencies, professional organizations, and the Dutch embassy to provide direction. Evaluators, however, found that "the task force is 'stretched thin and overbooked,' [which] added additional strain on human resources and created unnecessary bureaucracy and time, as demonstrated by [the] difficulty in convening meetings."[339] As Keating notes, "The challenge is to keep these focal points motivated from a distance, and to ensure a smooth handover when they leave to new positions, as is often the case."[340]

F. Establish an Appropriate Time Frame for Investment

Perhaps the greatest challenge in program implementation is the brevity of most assignments and, indeed, of programs themselves. Many government initiatives on diasporas tend to be short-lived and are

dependent on support from the central government, which can vary from one regime to another, and from donors. Since the technical know-how that is critical for handling programs is typically acquired through years of trial and error, it is important for governments to provide adequate time for their diaspora programs to develop. Most of the programs highlighted in this handbook run on two-year cycles, which program managers found to be exceedingly short. Given the average duration of stay for short-term engagement — less than two months — and the variety of tasks that volunteers were assigned in most cases, little time was left to develop professional bonds with and transfer more knowledge and skills to their counterparts in host institutions. Indeed, a survey of China's 111 Project found that 70 percent of domestic scholars needed more time to work with diaspora scholars.[341] Evaluators of programs in Ghana, Afghanistan, and Rwanda expressed similar concerns. For the EU-RQA program, in particular, "former beneficiaries and their supervisors and colleagues think that 6–12 months is an insufficient period to effect meaningful changes on the efficiency of a company or institutional department."[342]

The duration of assignments should depend on a thorough analysis of activities involved in each assignment. It is clear that some activities, especially those that involve a great deal of practical expertise, would require more time than others. Special terms for some longer assignments (three to six months), depending on the nature of activities to be undertaken, should be considered. Repeated return visits and follow-up virtual contacts are other viable options.

G. Ensure Meaningful Participation of Key Stakeholders

Diaspora initiatives almost always benefit from the solid commitment of all actors. This was not the case in the pilot phase of the MIDA Italy project; despite its success in meeting many of its goals, it was clear the IOM and the Italian government did most of the work.[343] As IOM noted in its evaluation of the program: "There was no concrete commitment from the Governments or private sectors of the countries of origin to support pilot project implementation and play a pivotal role in integrating MIDA Italy into national policies for using the diasporas' skills and resources. Ownership of MIDA Italy did not rest with the African countries, as also recommended, but with the Italian Government."[344]

Ownership is critical because, without it, the sustainability of a program is threatened. The website created by IOM to raise interest among the Ethiopian diaspora to invest in its country of origin was not made with the active cooperation of the Ethiopian government. Its sustainability,

therefore, was not guaranteed.[345] The MIDA Great Lakes program suffered from a similar lack of ownership. The three countries selected — Rwanda, Burundi, and the Democratic Republic of the Congo — provided far less support than the diasporas' countries of residence (in this case Belgium and Italy) and the donors.[346]

The active engagement of governments is an essential condition of the success of diaspora programs. One of the most valuable lessons learned from past and present MIDA projects is that cooperation among all relevant stakeholders is of the utmost importance. Close collaboration among the respective ministries and other actors in the targeted sector(s) has proven to be of enormous benefit. For example, the MIDA Ghana Health Project could not have been realized without the help of partners in the Netherlands, the United Kingdom, and Germany, on the one hand, and Ghanaian experts on the other. In the MIDA Great Lakes Program, IOM has a memorandum of understanding with relevant ministries in all three partner governments, on the basis of which the governments make ministerial officials available on a full-time basis. These officials are not IOM staff but work in the ministries.[347]

The failure of talent networks such as Red Caldas, SANSA, and SADN has been attributed to overcentralization of the networks. The governments' overarching control of the network activities seems to have alienated some members and raised suspicions among others.

H. Invest in an Effective, Multipronged Outreach Strategy

Websites and word of mouth are two of the most effective tools for advertising projects. In the EU-RQA program, Internet searches as well as informal social networks and community organizations were the most commonly cited sources of information about the Afghan return program. Many community leaders were directly contacted by IOM and took it upon themselves to tell colleagues and relatives about the program.[348]

It is important to go beyond traditional migrant organizations to reach young people and, in some cases, women. In the EU-RQA program, for instance, younger beneficiaries often stated that the Afghan community organizations were divisive, as some were allied with certain political beliefs and factions. Afghans under the age of 40 living in Europe also had less contact with community organizations than their elders. Attracting the younger generation and women to diaspora programs is critical to their success.[349] Targeted publicity can help to reach the widest possible audience and achieve the important objective of attaining a higher level of female registration.[350]

Outreach and promotional campaigns should be conducted in both origin and destination countries. This was a significant lesson learned during Phase I of the MIDA Great Lakes program, which started in 2001. Some diaspora experts encountered mistrust and even jealousy on the part of local staff during Phase I. However, during the second phase, which started three years later, the general knowledge about and public perception of the program was better, and therefore the acceptance of the diaspora members was generally much higher — an important condition for effective capacity building.[351]

I. Monitor the Implementation of Projects

Checks should be installed to make sure that grants are used as intended. In the EU-RQA program, evaluators found that IOM was "particularly vigilant about monitoring the self-employed business projects and making sure that the grant money was used to buy tangible assets." The €5,000 grant was disbursed in kind and participants made purchase requests for equipment and supplies, which were then purchased by IOM.[352]

Rules must be strictly respected and enforced to avoid suspicion of corruption. In some of IOM's return programs, although rules and procedures were observed most of the time, exceptions were made and extra support was given to some employers. These few cases, unfortunately, "lowered many beneficiaries' opinions of the program, as beneficiaries sometimes felt that others received special treatment at their expense." To placate would-be critics, administrators should publish procedures and clarify the motivations for such exceptions and extra support.[353]

J. Engage the Private Sector

The private sector has an important role in diaspora programs since it is usually the actor with the greatest capacity to absorb the skills that diaspora members offer. In the EU-RQA program, evaluators found that "private sector companies were much more prepared and adept than their public sector counterparts. Beneficiaries [that is, the diaspora participants] in private companies very rarely stated that their employers were unprepared for their arrivals or that they felt that their skills were not utilized."[354] An analysis of interviews with colleagues and supervisors of diaspora participants who worked in the private sector reveals that most EU-RQA beneficiaries were well matched to their positions and possessed the necessary skills, which they had learned in similar positions in the past. In the technical fields, beneficiaries were credited with introducing

new techniques, methods, and technologies. Among management and administrative professions, participants were usually said to have brought professionalism and exactitude to tasks such as accounting and recordkeeping.[355]

Salaries in the private sector also tend to be higher than in the public sector, which led to less discontent among returnees, as in the case of the EU-RQA program.[356]

K. Ensure Efficient Infrastructure in Destination Countries to Support the Effectiveness of Innovative Programs

By using new communications technology for the virtual transfer of expertise and skills, highly skilled expatriates can share their expertise with colleagues in their country of origin without having to be physically present. One constraint, however, is the quality of available equipment. Experience has shown that some host institutions — for instance, hospitals in the MIDA Ghana project or in the TRQN projects of the Netherlands — do not have appropriate electronic communication facilities. In the case of Sudan, even Skype was difficult to use.[357]

Chapter 9: Philanthropic Contributions

Private philanthropy plays an increasingly important role in development efforts. In 2005 approximately 2.2 percent of all giving from US philanthropic foundations, or roughly $800 million, went to recipients in developing countries.[358] It is harder to measure the size of the smaller and often less organized donations of the millions of private individuals who send money back to their countries of origin for altruistic purposes, not directly benefiting their own families and friends, not for commercial gain, and not primarily intended to achieve political power. The growth of transnational communities interacting across borders and the vast sums of money that flow from diaspora communities to their countries of origin have produced a growing interest in the development potential of diaspora philanthropy.

Diaspora philanthropy refers to the private donations of diaspora populations to a wide range of causes in their countries of origin. Their motivations, objectives, capacities, and impacts vary. Individual donors include industrial magnates, entrepreneurs, celebrities, and international sports stars as well as a growing body of middle-income and even relatively poor non-elite philanthropists who combine their contributions into powerful streams of social investment. Some diaspora philanthropists have the necessary knowledge and connections to select their causes and give independently. Others choose to donate via intermediaries, either for convenience or to achieve greater impact than their individual donations might achieve. Intermediaries include such organizations as hometown and community-based associations, faith-based organizations, professional networks, diaspora foundations, and Internet-based philanthropic platforms.[359]

The public and private sectors, nongovernmental organizations (NGOs), and diasporas all bring unique strengths to the development process. Coordination among these actors can lead to successful and sustainable development efforts. However, each type of actor also has its weaknesses. Official development agencies, for example, must often deal with bureaucracy and are subject to political whims and budget cuts. The private sector, and private enterprise in particular, can leverage large amounts of private funds but are most concerned

with their responsibilities to bring profit to shareholders and investors. Private voluntary organizations, which are also able to raise funds from a variety of sources, face barriers to coordination and collective action. Private philanthropists, even the wealthiest, have limited resources they can (or are willing to) commit to development. Given such circumstances, official international development agencies find it attractive to coordinate their efforts with those of private donors and migrants. The development of a strong for-profit sector makes aid agencies' interventions more productive and sustainable in the long term. However, in the short to medium term, private philanthropic institutions often undertake high-risk policy innovation and demonstration projects that are neither attractive to business nor feasible for government agencies.

1 Policy and Program Options

While in the past philanthropic undertakings were typically associated with wealthy industrialists, many middle-income and even relatively poor individuals now make meaningful donations to philanthropic causes. Today's philanthropists — spanning a wide range of actors — are increasingly focused on strategic giving to bring about social change and influence policy rather than simply to provide stopgap measures to plug chronic problems.

Governments have taken three broad approaches to leveraging philanthropic contributions among the diaspora: engaging individuals, engaging organizations, and pooling funds via donor aggregators.

A. Engaging Individuals

Today, a generation of globally aware entrepreneurs and industrialists engage in a variety of efforts to influence policy on issues such as health care, education, democracy, press freedom, poverty reduction, and economic competitiveness. Many, because of their successes, have come to question the status quo and are inclined to donate their wealth for causes that they support. Billionaire philanthropists Bill Gates and Warren Buffett have recruited 69 wealthy American individuals and families, at least four of whom are immigrants and three of whom are second-generation immigrants, to commit to donating the majority of their wealth to charitable causes.[360] However, relatively poor and middle-income individuals also make important contributions to charities to effect change in their communities. Research highlighted in The Economist

suggests that the poor are more likely to make charitable donations than the wealthy; and those born into poverty but who have achieved financial wealth are also more likely to donate.[361]

Individual donors have more flexibility in setting priorities and rapidly identifying issues or opportunities than group donors, which typically have to negotiate their giving in advance. Individual diaspora donors include those who are able to make small donations to specific causes in their communities of origin as well as financially successful migrants who have the means to donate larger sums.

A number of very successful diaspora philanthropists have made important contributions to their countries of origin, some to promote political or socioeconomic change. Andrew Carnegie, born into a poor weaver's family in Scotland in 1835, made a lasting impact during his lifetime in Scotland and the wider world by establishing a number of educational institutions, foundations, and organizations that play important roles in the world today. His first donations established a public swimming pool and library in his home town of Dumferline; so-called Carnegie libraries soon were found throughout the English-speaking world. He went on to support the establishment of universities, international organizations (including the League of Nations and Organization of American States), social welfare institutions and peace-building organizations during his lifetime, and to leave a private foundation legacy that continues his philanthropic tradition today. George Soros, a Hungarian-born US financier, established the Open Society Institute (now the Open Society Foundations) to promote democracy in the developing world and the former Soviet bloc. Mo Ibrahim, the Sudanese-born British telecommunications magnate, established the Mo Ibrahim Foundation, which sponsors an annual $5million prize to promote good governance throughout Africa.

Others focus on humanitarian and community relief efforts. Popular entertainers and professional athletes in the Haitian-American community raised funds for relief and recovery efforts in the aftermath of the devastating earthquake that struck Haiti in January 2010. Others direct their energies toward community development initiatives. International pop star Shakira Isabel Mebarak Ripoll established the US-based Barefoot Foundation (Fundación Pies Descalzos) to promote expanded access to childhood education in her native Colombia. A group of Nigerian-origin National Football League (NFL) athletes in the United States established a nonprofit group, Athletes in Diaspora Community Interventions (ADCI), to promote the establishment of an athletics-based youth development

program in Nigeria. Brazilian-born international soccer star Ronaldo de Assis Moreira (better known as Ronaldhino) established the Ronaldhino Institute in his hometown of Porto Alegre, Brazil, as a youth development organization.

Diosdado (Dado) Banatao, a Filipino entrepreneur and electrical engineer, established three high-tech companies that made him a multimillionaire. He has made philanthropic contributions through the Banatao Family Filipino American Education Fund, which assists Northern Californian high school students of Filipino heritage pursue a college education in science and engineering. Banatao, who stresses the importance of education, particularly in the fields of science and engineering, as the foundation of technological development and economic growth, returned to his hometown of Iguig in Cagayan province in the 1990s and built a computer center equipped with modern computers at the public school he attended as a child.[362] During 2011, as chair of the Philippine Development Foundation (PhilDev), he worked in concert with other Filipino Americans and the government of the Philippines to promote science and technology education, starting at the elementary school level, across the Philippines.

B. Engaging Organizations

Aside from individual contributions, organizations have also played important roles in developing countries and regions. Given a lack of resources, time, or expertise, many diaspora members rely on philanthropic intermediaries to channel their donations to specific community projects in their countries of origin.

1. Diaspora-Focused Foundations

In the United States, for example, US-registered nonprofit groups are able to raise tax-deductible funds to channel to diasporas' homelands. Examples of such groups include the American Indian Foundation (AIF), Brazil Foundation, Give2Asia, PhilDev, and the Rafik Hariri Foundation.

The American Indian Foundation (AIF). Established to support relief efforts in India following the Gujarat earthquake in 2001, AIF has served over 1.5 million people by implementing programs through over 115 Indian NGOs. It has held annual fundraisers in New York, San Francisco, Los Angeles, Boston, Chicago, Dallas, Washington, DC, and Seattle.[363]

The Brazil Foundation. Established in 2000, the foundation allows donors to choose and recommend a specific Brazilian nonprofit organization or project in the fields of education, public health, human rights, citizenship, and culture in which they would like to invest. After screening the organization, the Brazil Foundation disperses funds and offers donors project monitoring and evaluation services.[364]

Give2Asia. Founded in 2001, Give2Asia has experience and a presence in over 20 countries and helps small and large companies as well as foundations with their work. Give2Asia has made investments with the Skoll Foundation, the Omidyar Group, the Asia Foundation, the Caterpillar Foundation, and Johnson & Johnson among others. Its work has produced more than $177 million as of 2011.[365]

The Philippine Development Foundation (PhilDev). Formerly known as the Ayala Foundation USA (AF-USA) when it was set up in 2000, PhilDev was established in 2009 to strengthen and encourage philanthropy among Filipino Americans and to connect them to well-run nonprofit organizations in the Philippines that work on finding strategic solutions to poverty. Its main focus is to build an ecosystem of science- and technology-based entrepreneurship and innovation for social and economic development in the Philippines. The foundation uses tax-deductible donations to fund its activities with an eye toward accomplishing the following goals:[366]

- Strengthening education and training programs for youth in science and engineering;
- Producing a higher number of qualified science and engineering experts and practitioners among the Filipino population;
- Fostering innovation by directing science and technology research toward the development of viable products and businesses that can compete in global markets;
- Supporting training and networking programs to encourage more entrepreneurship and company and job creation;
- Helping build legal, financial, and support infrastructure conducive to entrepreneurship in the Philippines;
- Supporting the credible measurement of global competitive indices;
- Establishing a global network of relationships that will create and sustain innovation and entrepreneurship in the Philippines.

In 2005 it established a program called the Gearing up Internet Literacy and Access for Students (GILAS) to provide Internet access to more

than 6,000 public high schools in the Philippines. The project has provided Internet access to more than 3,000 public high schools (44 percent of the country's total) as of 2010.[367] Since its inception as AF-USA in 2000, PhilDev has raised more than $10 million, supported over 200 projects in five focus areas (agriculture, health, information technology, energy, and infrastructure), and entered into partnerships with 161 organizations.[368]

Hariri Foundation-USA. In 1985 Rafik Hariri, former Lebanese prime minister and businessman, established the Hariri Foundation with the mission of providing education opportunities for Lebanese youth. The foundation offers loans as well as scholarship opportunities for Lebanese students studying in the United States. Interest-free loans that are repaid by former loan recipients are recycled to fund the education of other students. Among its programs are the Boston University–Hariri Foundation Scholarship Program, which covers two years of full tuition for graduate study in master's degree programs; scholarships for the Research Science Institute, a six-week long summer program held jointly by the Massachusetts Institute of Technology and Center for Excellence in Education, where 80 of the world's most accomplished high school students gather to conduct scientific research; and the Gebran G. Tueni Human Rights Fellowship Program at the Carr Center for Human Rights Policy at the Kennedy School of Government at Harvard University.[369]

2. Joint Grant Programs

A number of governments, private corporations, and migrant associations have established their own or joint grant programs to help funnel wealth toward development projects in countries and communities of diaspora origin. The US government, for example, offers grants to private philanthropic organizations to fund development projects in developing countries, but such programs are nascent and data on them are scarce or nonexistent.

Some grant programs are based on a sectoral approach. The Institute for Mexicans Abroad (IME), for example, operates a grant program for adult education called BECAS. Since 2005 IME has offered grants of up to $15,000 annually to organizations offering adult education for Mexican migrants. In an effort to promote access to higher education among Mexican immigrants in the United States, IME grants (IME Becas) are awarded to organizations offering English language classes and workforce training to Mexican migrants, as well as to educational institutions that offer scholarships to individual migrants.[370] IME's grant program is

administered through the University of California's Office of the President. As a subgrantor, this office receives approximately $685,000 from the Mexican government and determines the recipient and size of each IME grant. Between 2005 and 2007, IME provided 210 grants, helping approximately 14,482 students and teachers. Beneficiaries help Mexican and non-Mexican migrants alike, but must be nonprofit organizations to qualify for the grant.[371]

3. Providing Matching Funds

The best-known programs involving diaspora philanthropy are matching fund schemes in which the collective contributions sent by migrant organizations abroad are matched by public or private funds. Various levels of government might, for example, allocate a dollar or more for every dollar that migrant organizations invest in their communities. A hometown association (HTA), which centers on a common place of origin in the home country, is the best-known vehicle for this kind of contribution.

Tres-por-Uno para Migrantes (3x1) Program. Perhaps the most frequently cited example of a matching fund scheme is the Mexican Tres por Uno (3x1) program. Established in 1999 as an evolution from its predecessor — the Dos por Uno (2x1) program, involving the state government of Zacatecas and the Mexican federal government — the 3x1 program has made a real difference in empowering migrants and promoting local community development. Every dollar of remittance money sent by a diaspora member through a dedicated Mexican HTA abroad is matched by a dollar from the municipal, state, and federal government in Mexico.

From 1992 to 2001, the 3x1 program carried out 400 projects, in which migrants invested $5 million (out of a total investment of $15 million). In 2003 alone the federal government invested $10 million in 898 projects, out of a total investment of $40 million.[372] As of December 31, 2010, the 3x1 program operated in 28 of the 31 states of Mexico[373] and had approved 2,488 projects including 874 urbanization and paving projects; 571 potable water, drainage, and electricity projects; 359 education, health, and sports projects; 332 productive projects; and 56 rural road projects.[374] In 2010 the government's allocation to beneficiaries under the 3x1 program amounted to over 550 million pesos (approximately 39 million US dollars).[375] To focus on social infrastructure projects, the federal government (Social Development Secretariat, SEDESOL) has a financial limit of 800,000 pesos for infrastructure, equipment, or community service

projects (25 percent of the total project costs), and a 300,000 pesos limit for productive (job- and tax-creating) projects (50 percent of the total project costs). For projects concerning the former group, the government can, after obtaining approval from the Committee on Validation and Attention toward Migrants (COVAM), increase the limit depending on magnitude and social impact. Given the high impact on social infrastructure, the annual budget allocated in 2010 for the 3x1 program was more than five times as large as the budget in 2003.[376] In 2010 total financing from migrant associations and local, state, and federal governments reached over 1,192.8 million pesos (approximately $100 million).

In general, projects are divided into six main categories:

- education, health, and sports
- potable water, drainage, and electricity
- roads and highways
- culture and recreation
- urban improvement
- productive community projects.

Table 1: Mexico's 3x1 Program: Number of Participating Entities and Funds Allocated, by Actor, 2002–07

Concept	2002	2003	2004	2005	2006	2007
Participating states	20	18	23	26	26	27
Projects	942	899	1,436	1,691	1,274	1,613
Supported municipalities	247	257	383	425	417	443
Participating migrant groups	20	200	527	815	723	857
States of residence in United States	8	17	31	35	34	37
Budget (in millions of Mexican pesos)						
Federal/allocated to projects	113.7	99.9	175.9	232.1	192.0	257.7
State, municipal and migrants	266.5	277.7	461.8	619.7	556.9	690.8

Source: Secretaría de Desarrollo Social (SEDESOL): *Programa 3x1 para Migrantes*, 2008.

Budget (millions of pesos)	2002	2003	2004	2005	2006	2007	Total
Potable water, drainage, electricity	226	274	547	440	236	376	2,099
Roads and highways	67	57	83	100	58	77	442
Health, education, and sports	190	113	114	151	122	186	876
Urbanization and paving	276	282	477	591	452	623	2,701
3x1 scholarships	0	0	0	15	25	66	106
Community centers	127	143	160	298	317	220	1,265
Productive projects	40	22	53	77	45	50	287
Other	16	8	2	19	19	15	79
Total	**942**	**899**	**1,436**	**1,691**	**1,274**	**1,613**	**7,855**

Source: Secretaría de Desarrollo Social, *Programa 3x1 para Migrantes*, 2008.

Table 3: 3x1 Program: Government Budget Allocations, 2003–10

Year	Budget (in millions of pesos)		
	Original	Modified	Spent
2003	110.00	100.00	99.64
2004	220.00	191.32	187.69
2005	160.00	237.06	233.47
2006	119.50	197.35	191.92
2007	220.00	255.26	244.85
2008	503.47	493.92	491.80
2009	562.38	524.10	518.12
2010	557.50	553.70	546.30

Source: Secretaría de Desarrollo Social, *Programa 3x1 para Migrantes*, 2008.

Social Investment Fund for Local Development. The Salvadoran government established the Social Investment Fund for Local Development (Fondo de Iversión Social para el Desarrollo Local, FIDSL) in 1990 to funnel diaspora remittances toward development projects. At the time, the government launched the program as a temporary institution to direct social investment and reconstruction efforts in the postwar period. In 1996 FIDSL became a permanent institution focusing on the fight against poverty and on investment in human capital and social infrastructure.

A matching grant program under FIDSL, called United for Solidarity (Unidos por la Solidaridad), encourages local governments, NGOs, Salvadoran organizations, and HTAs abroad to jointly support development in three major areas: basic social infrastructure, business investments and public-private partnerships, and the Programa de Apoyo Temporal al Ingreso (PATI).[377] The program helps finance and build schools, roads, bridges, communal recreation facilities, and health centers in El Salvador. Its model is based on Mexico's 3x1 program. Public-private partnerships involve projects such as building hotels and other businesses in municipalities through diaspora contributions and FISDL in-kind support such as facilitation and coordination of projects. Finally, the Salvadoran government, with financing in part from USAID, also supports PATI, a program in which young people are remunerated for carrying out community-service projects. Through this program, the government helps young entrepreneurs set up small businesses, showcases them online, and attract Salvadoran diaspora associations to invest in them. The program benefits over 25,000 young Salvadorans, but is looking for further funding to expand its capacity and reach. By July 2007 the United for Solidarity program had held 14 grant competitions and channeled over $11 million to 45 projects in 27 municipalities throughout El Salvador. Sixty percent of these funds originated from FIDSL, while 19 percent or roughly $2.13 million came from HTAs and 20 percent from municipal governments.

Between 2009 and 2011, the program spent $11 million assisting 11 municipalities and 16,000 individuals most affected after Hurricane Ida struck in November 2009. In addition, the World Bank and other international organizations and national governments provided a two-year budget of $37.7 million to support local and institutional capacity building.[378] The bulk of activities center around offering men and women aged 16 to 25 from urban slums the opportunity to engage in community service and job training through the Salvadoran Vocational Training Institute. Participants receive $100 a month for a six-month period. The program, first piloted in 11 municipalities hit by Hurricane Ida, benefited 3,829 participants there, as well as another 9,404 participants in an additional 25 poor municipalities.[379]

In addition to this program, FISDL administers another successful program, financed by a $20 million loan from the World Bank, in which municipalities ask diaspora HTAs to donate to a fund and in addition receive a certain percentage of funds for a development project.

The GIZ Pilot Project. In 2007 the German International Assistance (GTZ) agency (later renamed GIZ, or Deutsche Gesellschaft

für Internationale Zusammenarbeit), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), created a three-year pilot project on engaging diaspora organizations in Germany to jointly implement programs that contribute to development in their countries of origin and offer cofinancing of investments for these social infrastructure projects.[380] The goals of the project were to identify preconditions for successful cooperation with diaspora communities and to provide criteria for the practical design of a cooperation arrangement with diaspora communities for their nonprofit activities.[381]

In addition to the initiatives supported by GIZ (explained in Box 3 of Chapter 7 on direct investments), GIZ also supported the German-Moroccan Competencies Network (Deutsch-Marrokanisches Kompetenznetzwerk, DMK). DMK, a nonprofit organization headquartered in Munich, brings together an interdisciplinary network of 460 high-skilled Moroccan experts and German residents of Moroccan descent (born or residing long term in Germany) to promote the transfer of technology and knowledge from Germany to Morocco, support investments in Morocco, and help the integration of Moroccan immigrants in Germany. DMK's projects include, among others, improving IT literacy in Moroccan schools; providing training in industry at Moroccan universities; promoting scientific cooperation (including the donation of medical equipment and training) between the University of Cady Ayyad Marrakech and the University Hospital of Ibn Tofail; offering dual master's degrees in computer science between the Technical University of Munich and Al Akhawayn University in Ifrane, Morocco; offering a mentorship program for Moroccan students at German universities; and supporting Araganarie cooperatives to market their products, such as Argan oil, in Germany and other countries.[382]

C. Pooling Funds via Donor Aggregators

Some organizations rely on their extensive philanthropic networks, which sometimes transcend national borders, to pool funds together to offer grants for a variety of local development projects. One of the strengths of such organizations or initiatives is the relatively active involvement of local NGOs, diaspora members, and organizations, as well as foundations and international organizations such as the Inter-American Development Bank (IDB) that have the capacity to offer matching grants.

Hispanics in Philanthropy (HIP) is a transnational organization, established in 1983 and headquartered in San Francisco with offices in New York, Florida, Minnesota, North Carolina, and Mexico, comprised of over 600 grantmakers representing corporate, public, and private

philanthropies from across the Americas.[383] Through its programs, HIP aims to strengthen relationships, connections, and collaborative efforts among civil society leaders in a variety of countries and increase resources for the civil sector in Latin America.[384] HIP seeks to increase resources for the Latino civil sector by leading a funding collaborative, the Funders' Collaborative for Strong Latino Communities, which has raised more than $39 million and has made grants to more than 500 Latino-led nonprofit organizations across the Americas to date.[385] HIP's commitment to supporting philanthropic activities transnationally lies in its conviction that members of Latino communities live transnational lives, sending remittances back home and helping foster development in their home communities. In the mid-1990s HIP established a program for staff mentoring and internship exchanges between US and Latin American foundations and sponsored research on strengthening links between transnational communities.

HIP's comparative advantage lies in its ability to aggregate funds and knowledge from local and US-based funders. HIP partnered with IDB's Multilateral Investment Fund (MIF) to establish the Promoting Diaspora Support for Local Productive Initiatives in Latin America program, a fund that supports income-generating local economic development projects backed by Latin American diaspora organizations from Argentina, Mexico, and the Dominican Republic. In addition to MIF and HIP, local in-country funders also pool their resources to provide matching funds. The general objective of the project was to improve the economic conditions of low-income communities affected by migration in Argentina, Mexico, Dominican Republic, El Salvador, Nicaragua, and Guatemala. The program has helped support a number of initiatives. Trade for Export Made by Argentinians, carried out by the Associación Mutual de Empleo y Gestión Solidarios (Mutual GESOL), was aimed to facilitate and raise the volume of exported goods produced by over 600 entrepreneurs in Buenos Aires by connecting them to relevant members of the Argentina diaspora who could help incubate their products. Other examples include the Marzano Fammi Olio project that helped 26 small olive producers in Mendoza, Argentina, improve their social and economic status and the Centro Humanitario para las Obras y el Intercambio Cultural project that helped farmers in the mountain regions of Irapuato and Salamanca, Mexico, establish better production processes for goat breeding.[386] Overall, the project offered grants to six entities (two each in Mexico, Dominican Republic, and Argentina); raised over $1 million in local counterpart funds; helped establish local funder networks including the business community; and conducted capacity-building workshops, informational sessions, and meetings to share experiences and lessons learned with grantees.

National Financiera (Nafin) is a development banking institution established by the Mexican government that seeks to promote overall development and modernization of the industrial sector through a regional approach by providing credit and technical assistance to micro, small, and medium businesses in all states in Mexico. The primary sources of funding are loans from international development institutions (such as the International Bank for Reconstruction and Development (IBRD), IDB, and foreign banks) and the placement of securities in international and domestic markets.

Nafin's Department of Entrepreneurial Services and Government Agencies implemented a pilot project in 2002 that channeled remittances from Mexican migrants in the United States to productive activities in Mexico. Nafin linked with three sets of partners: Mexican state governments (Jalisco, Zacatecas, and Hidalgo), the private sector (business advisors and potential investors), and Mexican HTAs in the United States.[387]

The projects ultimate goal was two-fold: create a civil association composed of state representatives, business advisors, and entrepreneurs and establish a trust fund that would channel remittances and other grants toward productive investments. More specifically, the project aimed to help finance 60 new businesses, or expand existing ones. The project began in 2002, lasted over four years and met most of its goals. Nafin led the creation of:[388]

⮑ Three state-level subcommittees composed of state representatives, business advisors, and Nafi state coordinators who together identified and vetted feasible project ideas and communicated with HTAs about these investment opportunities;
⮑ Three state-level trust funds that channeled investments from HTAs to 14 businesses (out of 225 proposals received).

According to the project's final evaluation, more than $3.5 million was raised from migrants for investment, mostly from individual investors; 56 groups of potential entrepreneurs received technical assistance in business skills; and three successful businesses are reportedly still operating.[389]

Online Donor Aggregators. In recent years, a number of social entrepreneurs have created online platforms that allow individuals to pool resources and fund development projects as a group. Two of the largest and most well-known organizations that fit this category are the US-based Kiva and GlobalGiving, but each has a different approach toward

philanthropic giving. Kiva allows individuals to lend money for microloans through microfinance institutions (MFIs) in developing countries. However, unlike typical loan schemes, loans are interest free — Kiva's lenders or investors do not earn any interest on their loans. GlobalGiving allows people to donate directly to a specific project and aggregates their contributions. Given the recent establishment of both platforms, their impact is still relatively unknown. While the founders of both websites did not create their respective platforms for diasporas, they nevertheless have the potential to attract diaspora donors. A couple of similar online platforms — JustGiving and MyCharityPage — allow individuals to create online pages for fundraising for particular charities or causes. Since 2000 JustGiving has raised over $712 million for 6,300 charities from 6.5 million donors. Another organization, Wokai, provides microloans to rural Chinese borrowers.[390]

Box 1: Turning Philanthropists into Development Agents: The Challenges

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.

2 Challenges and Lessons Learned

Diaspora philanthropists make invaluable contributions to their countries of origin through a variety of means: by providing individual financial contributions, setting up intermediary institutions and online platforms that pool funds to finance local development projects, fostering entrepreneurship and innovation, and creating businesses and jobs. Such efforts are rooted in diasporas' long-term interest in helping their countries develop, enter, and lead the knowledge economy. However, diaspora philanthropists also face a number of challenges in making their contributions as effective as they would wish them to be.

Some of these challenges, such as issues of accountability, effective deployment of resources, agenda setting, structural limits on the impact

of private philanthropy, and representation and achieving scale and sustainability are common among all philanthropists. In addition to such challenges, diaspora philanthropists also face particularly difficult issues in setting agendas and identifying priorities, clearly articulating their objectives and outcomes, and overcoming a lack of trust in the nonprofit sector.

A. Set a Clear Agenda and Priorities

Diaspora philanthropists' objectives may not always align with those of their origin-country governments. Moreover, some governments may view identity-based diaspora organizations with suspicion or even hostility and refuse to support their proposed activities, undermining cooperation or the execution of projects.

Avoid Ambiguous Objectives

While many foundations or NGOs that fund projects in countries of diaspora origin are keen to illustrate the concrete impacts that their donations and programs have on communities, such impacts may not be sustainable in the long term. Diaspora donors, too, may find it difficult to effect change and economic development in the long term if they are focused solely on short-term humanitarian actions. HIP has learned, for example, that funders in Latin America tend to donate to classically charitable purposes, and most designate funds for projects of their own interest. A lack of interest in collaborative models that focus on economic development has limited the amount of counterpart funding HIP has been able to raise. Nafin has also found that pooling funds from migrant HTA associations is extremely challenging. Migrants typically use remittances for basic needs rather than for business investments. As such, they hold different expectations about returns on investment, where to invest, and terms of investment, and have difficulties in reaching consensus. Given their relative lack of expertise on social investments, migrants are hesitant to invest in such causes.[391]

B. Address Lack of Trust in the Nonprofit Sector and Institutions

A general lack of trust in the nonprofit sector and charitable institutions in countries of diaspora origin may lead migrants to focus their contributions on family members and established institutions. While

such contributions may produce effective outcomes, they may not be the most optimal social investments for sustainable development outcomes. For example, one difficulty faced by El Salvador's United for Solidarity Program is generating enough interest among the Salvadoran diaspora to contribute to development projects in El Salvador. Salvadorans have had bad experiences in the past and mistrust public institutions due to their lack of transparency. To mobilize remittances from diaspora groups, public and private philanthropic institutions should increase and improve communication with HTAs and educate them on organization, entrepreneurship, and investment opportunities in their home countries.

C. Find the Right Public and Private Partners

Governments and multilateral institutions must be prudent when finding partners within diaspora communities to fund and implement development projects. Not all diaspora organizations are able to represent the interests of their communities as some have divisive political or religious affiliations with political parties, religious sects, clans, or tribes in their countries of origin. Other donors should ensure that, while diaspora partners play an integral role in philanthropic development efforts, they do not cause a backlash within the diaspora community or in the countries to which they hope to provide aid. Nafin, for example, has found it challenging to find the right partners for development projects. It points out that the project should have a broader outreach and coordinates its efforts with IME so that migrants interested in investing in any Mexican state are able to connect with local partners and financial institutions in that state.

Some organizations have also discovered that in some diaspora communities, the younger the migrant, the less he/she identifies with the community of origin, and the more stable the migrant, the more likely he/she is to be interested in investing. Understanding the target population is an important first step before implementing any philanthropy-based development initiative.

D. Choose Implementing Agencies and Partners with Expertise and Experience

Expertise and experience in carrying out philanthropy-driven development projects are key to the success of any initiative. HIP, for example, has expertise in capacity building and fundraising, while local NGOs to whom it offers funds have experience in executing projects. Nafin's pilot project ran into several obstacles, one of which was that its

employees working on the project lacked experience in starting businesses or investing. One of the lessons learned from the experience was that successful business investments involve more than simply training entrepreneurs. Executing agencies must also possess business expertise or otherwise form partnerships with institutions that do, such as private sector entities or nonprofits that run social enterprises.[392]

IDB's experience in the Americas also suggests that many diaspora groups have "traditionally focused their efforts on advocacy, public policy, community development, and other social aspects," and "have limited knowledge and experience with microenterprises." IDB finds that this can slow down program implementation. In the implementation of it project with HIP, for example, IDB highlights three sets of lessons:[393]

- ⮑ Some of the most successful diaspora linkages have occurred through close family and friendship ties to individuals living abroad who can make in-kind donations, such as land donations or volunteering their time, to projects.
- ⮑ The culture and level of engagement with the home country vary among diaspora groups with the Mexican diaspora as the most organized due to its relatively longer history with social investment programs such as the 3x1 program.
- ⮑ Generally, NGOs in Latin America require more training in business management and leadership to be able to support cooperatives or community enterprises on a larger scale.

E. Expect the Unexpected

The economic and financial crisis that has hit markets around the world has also had an impact on social investment. HIP, for example, which works on developing local philanthropy in Latin America by conducting joint ventures with the diaspora, has found it difficult to implement its projects in recent years. Low-income migrants have suffered higher unemployment rates in the recession than other groups, and have less left over to contribute to collective causes after sending family remittances. Many middle-income and even wealthy individuals, including diaspora members, have seen their net worth reduced sharply with the declines in real estate and financial markets, and may thus reduce their charitable giving. But growing inequality has seen a continuing rise in the ranks of the extremely wealthy, and their philanthropic contributions may continue to increase. The first generation of diaspora billionaires, many of whom are deeply involved in philanthropic activities, may fuel a boom in diaspora philanthropy when the international economy finally emerges from the period of low growth following the Great Recession.

Chapter 10: Capital Market Investments

Financial flows from migrants and their descendants are at the heart of the relationship between migration and development. Policy attention has focused on the largest and most visible of these flows migrants' remittances and, to a lesser but growing extent, the direct investments that diaspora entrepreneurs make in businesses in their countries of origin. The third major category of private financial resources that originate from diasporas, capital market investments, are much less understood and examined. Capital markets are absolutely fundamental to development, as they are the institutions that mobilize savings for investment, providing the long-term funds that power wealth creation (and, in financial crises, wealth destruction). They include markets for stocks (equities), bonds, loans, asset-backed securities (as in commodity markets), and a complex array of instruments derived from one or more of these (derivatives). Collectively, this kind of investment is known as indirect, or portfolio, investment.

Diaspora members have substantial financial assets beyond their current income, including savings and retirement accounts, real property, and investments in stocks, bonds, and other financial instruments.[394] Governments, banks, and businesses in countries of origin have a strong interest in creating financial instruments that can attract these diaspora savings into investments that contribute to sustainable development.

Diaspora investors tend to have different perceptions of risk than non-diaspora investors. Given their homeland connections, diaspora members may have better information about investment opportunities in their countries of origin and are less sensitive to exchange-rate risks than other investors, because they have domestic-currency obligations in their country of origin such as support payments to family members or running costs of domestic businesses, mortgages, or returns to domestic share-holders. They also may have a different time horizon. While most investors in emerging markets have a fairly short timeframe for profit expectations, many diaspora investors are willing to capture return on their investments over a longer period. They may even be willing to accept lower returns than they might otherwise secure, as a 'patriotic discount," on investments in the homeland.

It should be noted, however, that it is difficult, if not impossible, given available data, to identify mainstream capital market participation by diasporas. Investments made by diaspora members in conventional investment vehicles open to all investors are indistinguishable from other foreign investments. But governments and businesses in some countries of origin have created financial instruments especially designed to tap into the wealth of diaspora populations. While some are aimed at high-net-worth individuals, some are accessible to small-scale savers. Policymakers have not yet tapped the potential of devising reliable and investor-friendly mechanisms and instruments that allow migrants (and other small-scale savers) to invest in capital markets without undue exposure to risk.

1 **Policy and Program Options**

There are a variety of vehicles that governments use to mobilize diaspora wealth via capital markets. These include:

- ⮩ Special deposit accounts denominated in local and foreign currencies;
- ⮩ Transnational loans that allow diasporas to purchase real estate and housing in their countries of origin;
- ⮩ Diaspora bonds allowing governments to borrow long-term funds from diasporas;
- ⮩ The securitization of future remittance flows that allow banks to leverage remittance receipts for greater borrowing at lower interest rates.

This section discusses three of the above instruments, namely special deposit accounts, diaspora bonds, and transnational loans. Securitization of remittance flows is discussed in Chapter 6.

A. Creating a Special Category of Deposit Accounts

A number of countries, such as Bangladesh, India, and Tunisia, have introduced a special category of deposit accounts at commercial banks in countries of origin, where members of the diaspora can deposit their savings. Holders of such special accounts are given preferential interest rates as well as the option of having accounts denominated in a foreign currency. In some cases, interest from such accounts is fully or partly tax exempt. Economists Christian Dustmann and Josep Mestres estimate

that between 1992 and 1994, approximately 48 percent of immigrant households in Germany maintained savings in their countries of origin.[395]

Allowing diaspora members to set up savings accounts in their countries of origin not only allows banks to expand bank capitalization for lending and onward investment, but also offers diasporas the opportunity to participate in capital markets in their countries of origin. (In many countries, holding a bank account in a country is often a prerequisite for investing in capital markets.)

Bank accounts that are denominated in foreign currencies can offer some advantages to diasporas. First, in offering such foreign-currency denominated bank accounts, banks are the ones that shoulder the risk of foreign exchange. If account holders hold currency in local denomination, they are the ones who bear foreign currency risks. Foreign currency deposit (FCD) accounts have often been used by domestic savers to maintain the real value of their savings during times of macroeconomic instability. Some banks may also offer two types of FCD accounts: current and fixed-term deposit accounts. Current deposit accounts allow account holders to withdraw funds whenever they choose, while fixed-term deposit accounts, in return for higher rates, impose some time restrictions on when account holders can withdraw their principal without paying a penalty.

In recent years, a number of developing and emerging economies — including Albania, Ethiopia, India, Kenya, Nigeria, Sri Lanka, and Turkey — have liberalized their banking regulations to attract diaspora savers to FCD accounts.[396]

National Bank of Ethiopia. In 2004 the National Bank of Ethiopia created FCD accounts specifically targeting members of the Ethiopian diaspora to invest domestically. National Bank of Ethiopia Directive No. FXD/31/2006 created a foreign currency account that nonresident Ethiopians and nonresident foreign nationals of Ethiopian origin (and their respective businesses) could open. These accounts are denominated in three currencies — the US dollar, British pound, or euro — but banks can also accept deposits in other convertible currencies, including the Canadian dollar, Saudi riyal, Japanese yen, Australian dollar, and United Arab Emirates (UAE) dirham.[397] Those residing abroad can open accounts either in person or by post. The minimum amount required to open an FCD account is $5,000 or its equivalent in any of the accepted currencies, and the maximum deposit amount is $50,000. Among other things, holders of FCD accounts can use them as collateral or a guarantee for loans or bids

and to make local payments in Birr. According to the directive, interest is not paid to nonresident foreign currency current accounts, but banks have the freedom to set their own interest rates for nonresident foreign currency fixed accounts.

Central Bank of the Republic of Turkey. The Central Bank of the Republic of Turkey also offers foreign-currency-denominated fixed-term deposit accounts and "Super FX" accounts for Turkish passport holders residing abroad. FCD fixed-term accounts can be denominated in euros, US dollars, British pounds, or Swiss francs; require a minimum deposit of the equivalent of $1,000 for at least two years; and pay an annual interest rate of 0.25 percent for all currencies. Super FX accounts are available in euros and US dollars; require a minimum deposit of €5,000; must be held for one, two, or three years; and earn annual interest rates of 1 percent for accounts denominated in euros and 0.25 percent for those held in US dollars.[398] Eligible individuals can open accounts at the bank's branches in Turkey and at partner banks in the Netherlands, the United Kingdom, Germany, France, and the United States.

India's NRI Deposit Accounts. Nonresident Indians (NRIs) have the option of holding their savings in foreign currency or in rupee-denominated accounts in India. As of March 2010, NRIs held an estimated $14.3 million in foreign-currency-denominated accounts and $33.6 million in rupee-denominated accounts.[399] The Foreign Currency (Non-Resident) Account (Banks) scheme can be denominated in British pounds, US dollars, Japanese yen, euros, Canadian dollars, and Australian dollars. The accounts are available for fixed terms of not less than one year and not more than five years. The accounts can also be used to obtain loans in India and abroad, both in domestic and foreign currencies. Loans made in India to the account holder must be used for personal purposes or for carrying out business activities; direct investment in India on a nonrepatriation basis by way of contribution to the capital of Indian companies; and acquisition of real estate in India for personal residential use. However, loans cannot be used for on-lending, for carrying out agricultural or plantation activities, or for investment in real estate businesses.

B. Offering Diaspora Bonds

In recent years, governments have been increasingly using their consular networks to sell diaspora bonds, designed to tap into diaspora assets. The issuance of diaspora bonds is a form of innovative financing that can help developing countries support infrastructure projects. Issuers of diaspora bonds gain access to fixed-term funding, often at

discounted interest rates due to a "patriotic discount," or the difference between the market interest rate for government debt and the interest rate that diasporas are willing to accept given their attachment to their country. However, Israel, India, and other countries learned that this "patriotic discount" is often small in reality and sometimes does not materialize. The larger advantage of issuing diaspora bonds is that they can mobilize relatively small amount of funds from the diaspora into substantial resources for development.[400] Importantly, the default risk normally associated with international sovereign-debt holdings may be reduced for diasporas. Diasporas view the country's ability to pay interest and principal in local currency as relatively strong and thus find diaspora bonds attractive.

A number of governments have issued bonds to raise capital among their diasporas. Israel has issued diaspora bonds annually since 1951 through the Development Corporation to raise long-term infrastructure investment capital. Egypt reportedly issued bonds to Egyptian workers in the Middle East in the late 1970s. India issued diaspora bonds in 1991, 1998, and 2000 to avoid balance-of-payments crises and to shore up international confidence in India's financial system during times of financial sanctions or special needs. Sri Lanka has offered Sri Lanka Development Bonds since 2001 to a number of investor categories including nonresident Sri Lankans, while Ghana offered Golden Jubilee savings bonds in 2007. Finally, Ethiopia issued the Millennium Corporate Bond in 2008 to raise capital for the state-owned Ethiopian Electric Power Corporation (EEPCO) in an effort to expand its distribution grid.[401]

A number of other governments, including a rather desperate Greek government, have tried to raise money through the issuance of diaspora bonds. In March 2011 Greece announced that it was looking to raise $3 billion in a series of quarterly sales, primarily from wealthy members of its diaspora population, and began bond sales to investors in the United States. Credit rating agencies, including Moody's, have downgraded Greece, giving it a junk rating. Though members of the Greek diaspora, which numbers 11 million, may have emotional attachment to their homeland, more is required to draw substantive investment. The government needs to market its bonds with care and wisdom, enticing members of the diaspora with long-term visions of development and economic growth.

Further, the World Bank is advising a number of countries, such as Kenya, Nigeria, and the Philippines, on the issuance of diaspora bonds. Despite improvements in credit ratings among a number of developing

and emerging economies, governments must still face the challenge of convincing members of their diaspora to purchase government bonds. It is particularly difficult to get individuals who have fled countries due to oppressive governments to invest in their countries of origin. Ethiopia, for example, has failed to raise enough money through its issuance of diaspora bonds.[402]

Golden Jubilee Savings Bonds. In 2007 the Ghanaian government issued $50 million worth of five-year "Golden Jubilee" savings bonds, available for purchase at approved financial institutions until June 2008, to both Ghanaians living in Ghana and abroad. Its objective was to raise money for infrastructural development projects in all ten regions of the country, raise awareness of the importance of saving, and diversify financial instruments on offer to the market. Holders of the accrual bonds do not receive the fixed 15 to 15.5 percent interest, compounded semiannually, until redemption.[403] Unfortunately, according to Strategic African Securities Limited (SAS), the lead advisors of the bond, Ghana's efforts, such as Ethiopia's in 2008, failed to produce substantive results as it managed to raise only 20 million of the expected 50 million Ghana cedis.[404]

State of Israel Bonds. State of Israel bonds are securities issued by the Israeli government through the Development Corporation of Israel that are marketed to the Israeli diaspora in particular to help build the nation's infrastructure. Sixty years after David Ben-Gurion established the program in 1951, State of Israel bonds have raised over $33 billion.[405] Today, Israel considers the issuance of these bonds as a stable source of overseas borrowing and an important mechanism for maintaining ties with its diaspora. Investors have a number of options including multiple maturity and minimum subscription options that sell for as low as $100 and as high as $100,000. With capital inflow generated through the issuance of these bonds, the government has spent over $26 billion for transportation, energy, telecommunications, water resources, and other essential infrastructure projects.[406]

Grand Ethiopian Renaissance Dam Bond. In 2011 Ethiopia launched its second diaspora bond, the Renaissance Dam Bond, to fund the construction of the Great Renaissance Dam, designed to be Africa's largest hydroelectric power plant. The issuance of its second diaspora bond, which looks to raise $4.8 billion, follows on its initial effort to raise money for EEPCO through its Millennium Corporate Bond. However, the first bond did not reach its financial targets due to risk perceptions among investors with respect to EEPCO, the government, and the political

environment in Ethiopia. The Renaissance Dam Bond is available in minimum denominations of $50 and transferrable to up to three people. Buyers are given the option of purchasing bonds with a five-year or a five-to-ten-year maturity as well as choosing between bonds with or without interest. Bonds issued in the local birr currency are available in five-year and over-five-year maturities. Five-year bonds have a 5.5 percent yield while over-five-year bonds yield 6 percent interest.[407] Moreover, the government is covering any remittance fees associated with the purchase of these bonds. The bonds are available in foreign currencies as well as in the local birr. The Commercial Bank of Ethiopia (through its branches), the Ethiopian embassies and consulates, and other representative offices are responsible for selling the bonds in foreign currencies. It remains to be seen how the diaspora bond fares, but this does not change the fact that it is an innovative mechanism for diverting investment toward public social service and infrastructure projects.[408]

C. Offering Transnational Loans to Diasporas and their Families

Members of the diaspora residing abroad are able to apply for and obtain small transnational loans in their countries of origin from banks or microfinance lenders. Financial institutions issue transnational loans for business expansion, home improvement, home purchase, and education expenses, but have found mortgage lending to be most successful. By obtaining transnational loans, migrants living abroad are able to provide credit to family members back home. In general, migrants cannot use assets that they possess abroad as collateral for transnational loans due to differences in bankruptcy laws and enforcement between countries.

Pag-IBIG Overseas Program. Several public and private entities offer transnational loans for a variety of purposes. The Philippine government's Pag-IBIG Overseas Program, for example, allows overseas Filipino workers to access short-term loans under the Multi-Purpose Loan Program (to help finance members' immediate medical, educational, or livelihood needs; minor home improvements including the purchase of furniture and appliances; and other related needs) and the Calamity Loan Program (for those in need of financing due a recent calamity). In addition, overseas Filipino workers can also access a housing loan under the End-User Financing Program or the Magaang Pabahay, Disenteng Buhay Program. To be eligible for a housing loan, overseas Filipino workers must be a member of the Pag-IBIG and have made remittance contributions to the Pag-IBIG Fund for at least 24 months at the time of the loan application.[409]

Microfinance International Corporation (MFIC). Since 2006 MFIC, a US-based financial services corporation, has partnered with microfinance lenders and remittance transaction operators in El Salvador, Guatemala, and the Plurinational State of Bolivia to provide transnational mortgage loans to immigrants in the United States and Spain. MFIC links remittances to housing microfinance. Partnering with two microfinance institutions (MFIs) — Apoyo Integral de S.V. and Sociedad Cooperativa de Ahorro y Crédito (AMC) — MFIC launched a pilot program in El Salvador in September 2006. Under the program, the MFIs and MFIC shared 50 percent of all risk and revenues for each transnational loan made to unbanked Salvadorans living in the Washington, DC metropolitan region for the purpose of home and land purchases, construction or home improvement, investment in existing businesses, or educational expenses. MFIC conducted loan interviews and credit analyses, verified and processed loans, and administered and collected loan payments. MFIs, on the other hand, appraised properties, evaluated business plans and any co-borrowers, dealt with loan documentation, and disbursed the loan. In general, loans ranged from $8,000 to $40,000, had terms of 10 to 15 years, used property or business assets in El Salvador as collateral, and charged interest rates of between 12 to 16 percent. The program brokered seven transnational loans with an outstanding loan portfolio of $132,000, but received 118 applications —29 of which were denied and 82 of which were ineligible.[410]

In 2010 MFIC secured a strategic partnership with Fedecredito, the largest federation of credit associations and workers' banks in El Salvador, to establish a transnational mortgage loan program that would allow Salvadorans residing in the United States to finance purchase of a house in El Salvador.[411] Under the program, clients could apply and repay the mortgage loan at Alante Financial, an MFIC-owned financial institution targeting immigrants in the United States.

2   Challenges and Lessons Learned

A number of financial instruments, including special deposit accounts, diaspora bonds, securitization of future remittances, and transnational loans, can help countries tap into the wealth of the diaspora. Such approaches enable governments to not only rely on migrants' current income but also on their savings and to focus more on long-term investments and capitalization of their markets. With the right mix of instruments and appropriate marketing, countries can potentially attract

more investment, which fosters the growth of domestic capital markets, raises sovereign creditworthiness, and creates a virtuous cycle leading to sustainable development. However, governments face a number of key challenges in promoting such instruments and making investment work for their national development.

A. Help Improve Transparency and Increase Faith in Local Financial Institutions and Businesses

Special category deposit accounts, diaspora bonds, the securitization of future remittances, and transnational loans are among the financial instruments whose potential have yet to be fully exploited. Multilateral institutions as well as public and private institutions can help developing countries improve their banking sector and raise credit ratings. One of the fundamental challenges for many countries that lack foreign investment is the perception of economic, political, or social risk among the diaspora and general investors. While members of the diaspora may have a desire to contribute to development in their countries of origin given their home bias, inherent political risks can hinder their contributions. Therefore, there is a need to address fundamental governance issues in parallel with encouraging investment in countries of diaspora origin.

B. Increase Knowledge and Expertise about Financing Vehicles Targeting the Diaspora

While debt instruments such as diaspora bonds can have a positive impact on a country's development (as Israel has experienced, for example), the majority of policymakers and diaspora communities have limited awareness about this financial instrument.[412] Moreover, governments are often deterred by complex regulatory requirements for issuing diaspora bonds abroad. For example, if a country wishes to issue diaspora bonds in the US retail market, it must register its product with the US Securities and Exchange Commission (SEC), whose disclosure requirements are relatively rigorous. In addition, governments must pay a relatively high fee to issue a diaspora bond in certain markets. In the United States, for example, fees can exceed $500,000. Governments should therefore strategically select countries whose regulatory requirements are less stringent than the United States, whose issuance fees are lower, and where large diaspora populations are present.[413]

C. Promote International Agreements on Regulation and Enforcement

The divergence of national bankruptcy laws can hinder the implementation of transnational loan programs and other financing vehicles. Governments should strengthen international cooperation to facilitate the transnational mobilization of assets, for instance, by agreeing on mutual enforcement of bankruptcy laws (which would enable banks to accept assets held abroad as collateral for lending) and harmonizing and sharing credit scores.[414]

D. Move Away from Stopgap Measures and Toward Long-Term Capitalization of Markets

If governments maintain attitudes and policies that favor short-term gain over sustainable long-term growth, they are unlikely to attract diasporas to invest in their countries. For example, when issuing diaspora bonds, governments cannot solely rely on "patriotic discounts" to raise sufficient capital to fuel development. Rather, they must assure and convince potential diaspora investors that their investments will produce positive returns and outcomes over the long term. Other possible options to attract investors would be to offer tax advantages for purchasers of diaspora bonds.[415]

E. Overcome Legal and Technical Issues in Issuing Financing Instruments

While transnational loan schemes can help migrant families purchase homes or start businesses in their countries of origin, there are a number of challenges that must be addressed. For example, MFIC found that the 50-50 percent risk-sharing arrangement between MFIC and MFIs was difficult to implement. It also found that if a client were to default on his/her loan, MFIC could take no legal action in the United States. Different institutions underwriting the policy also produced varying assessments on the level of credit risk of loan clients. Many clients also lacked key information on the valuation of property or businesses. Further, MFIC also faced other legal questions such as whether or not it was appropriate to offer a loan to an undocumented immigrant who otherwise qualified for one.[416]

Chapter 11: Diaspora Tourism

Global tourism is a dominant economic sector in many developing countries. In 2010 international tourist arrivals numbered 940 million and tourism receipts generated $919 billion.[417] While France remained the world's number-one tourist destination, China became the world's third-biggest tourism spender. In the first four months of 2011, international tourist arrivals grew by 4.5 percent despite turmoil in certain regions of the world, notably the Middle East and North Africa, which experienced 7 percent and 11 percent decreases in tourist arrivals respectively. Some regions achieved double-digit growth in tourism; South America experienced a 17 percent increase, South Asia a 14 percent increase, and South-East Asia a 10 percent increase.[418]

For many developing countries, tourism serves as a primary source of foreign exchange earnings, fuels job creation, and stimulates other sectors, such as natural resource conservation, that are important for development. In fact, the share of international tourist arrivals in emerging and developing countries has risen over the past two decades, from 31 percent in 1990 to 47 percent in 2010.[419] The average annual growth in international tourist arrivals between 2000 and 2010 was 5.6 percent among emerging economies, a much higher growth rate than the annual 1.8 percent among industrialized economies.[420] In 1990 emerging economies had 139 million tourist arrivals compared to 296 million among industrialized economies, but by 2010 the gap had decreased dramatically: emerging economies and advanced economies had 442 million and 498 million tourist arrivals, respectively.[421]

Diaspora populations can play a unique and important role in opening markets for new tourism destinations as well as markets for goods produced in and associated with the cultures 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. They may, for example, opt to stay in small, locally owned accommodations (or with relatives), eat in local restaurants, and shop in locally owned shops rather than go to enclave tourist destinations that are isolated from the local culture and economy.

1 Policy and Program Options

Given the unique role that diaspora populations can play in helping developing countries expand their tourism sectors, some governments and organizations have already begun to encourage and promote tourist visits from diaspora communities. The National Union of Eritrean Youth and Students, for example, has for the past ten years organized a yearly "visit your country" trip to Eritrea to foster long-lasting ties between the home country and the diaspora. Many Eritreans abroad have purchased homes in Eritrea with a view to retiring in their homeland.[422]

At least three major types of tourism attract diaspora visitors: medical tourism, business tourism, and above all heritage tourism.

A. Promoting Medical Tourism

A number of countries and regions market themselves as destinations for medical tourism by offering high-quality medical infrastructure, expertise, and services at competitive prices. The Philippines, India, Taiwan Province of China, and Cuba, for example, all have strong medical tourism campaigns that raise awareness among and seek support from diaspora members regarding their medical services. As a result, many diaspora members have invested, volunteered, or made philanthropic contributions to the medical sectors of their home countries. In general, however, it is difficult to grasp the scale of diaspora investment and participation in medical tourism, since investments are not disaggregated by population. Countries including the Philippines, Colombia, and Estonia have also made medical tourism a focus of their overall strategy for attracting tourists but could do more to connect to their diasporas.

B. Promoting Business Tourism

When diaspora groups or individuals visit countries for business, including for occasions such as corporate retreats, they inevitably utilize conference facilities and hotels. Governments, in partnership with private companies, market such conference facilities and accommodations to business leaders and professional associations through websites. To court high net-worth members of the diaspora, governments and local companies can work in tandem to actively promote and introduce business opportunities to potential investors or entrepreneurs, combining

information sessions and site visits to local businesses with tourist excursions to local attractions. Establishing good relationships with potential business partners can serve as a key strategy in attracting long-term investments to fuel sustainable growth in the tourism sector.

C. Promoting Heritage Tourism

Heritage tourism centers on history, culture, and identity. The term is often used to refer to visits to cultural heritage sites, such as those designated as World Heritage Sites by the United Nations Economic, Social and Cultural Organization (UNESCO). In 2011, 48 percent of all UNESCO World Heritage Sites were located across 50 European and North American countries, while 9 percent were found in 30 African states, 7 percent in 16 Arab states, 22 percent in 31 Asia-Pacific states, and 14 percent in 26 Latin American and Caribbean states.[423] Such sites attract many international tourists every year and serve as an important development resource for poor countries as they attract international funds for their restoration and preservation in addition to regular tourist revenue.

1. Genealogy Tourism

Heritage tourism also takes other forms that specifically involve diasporas. Genealogy tourism, for example, enables members of the diaspora to research their family trees and ancestry in their countries of origin. A few public-private initiatives have helped diasporas locate documentation on and the graves of their ancestors. "Discover Ireland," organized by the National Tourism Development Authority of Ireland, for example, has a "Tracing Your Ancestors" section on its website that suggests relevant background information that diaspora members can gather to make their next trip to Ireland even more worthwhile.[424] Similarly, Visit Scotland's AncestralScotland also offers a Research Your Roots service through its website and helps diaspora Scots to retrace their ancestry.[425]

In an effort to boost philanthropy and tourism in India, the Indian government offers a program through its Ministry of Overseas Indian Affairs (MOIA) that allows persons of Indian origin, particularly those who are descendants of slaves or indentured servants in the Caribbean, Mauritius, and Fiji, to apply to have their roots traced in the states of Uttar Pradesh and Bihar.[426] Finally, African diaspora tourism or "Roots" tourism is a subset of genealogy tourism targeting African Americans who wish to discover more about their ancestry in Africa. UNESCO, for example,

supports the development of the African Diaspora Heritage Trail (ADHT), an initiative launched by the government of Bermuda in 2002 to preserve and explain the artifacts of slave life and the slave trade.[427]

2. Cultural Celebration

Governments can also attract attention from both within and outside their countries when they support and celebrate national anniversaries or cultural heritage through annual celebrations or festivals. The Scottish government, for example, organized Homecoming 2009, an event that attracted 72,000 visitors from outside Scotland to assemble in the country to celebrate Scottish culture, heritage, and contributions to the world. Of the 72,000 visitors, 23,000 cited the Homecoming event as one of their reasons for traveling to Scotland. Total expenditures for the event were £53.7 million, and the return on investment was 1:9.8, exceeding original expectations of 1:8.

According to a survey of event organizers, 67 percent highlighted new marketing activities as a benefit of the event, while 84 percent pointed to being able to target new audiences as a plus.[428] While a March 2010 government review of the event stated that Homecoming 2009 had a positive impact on local tourist initiatives, others pointed out that the campaign did not generate as much money as organizers had expected, and many vendors and service providers went unpaid. From the perspective of engaging the Scottish diaspora, the share of diaspora visitors was relatively low. Only 8.6 percent of visitors to Homecoming 2009's funded events and 4 percent of all visitors came from overseas, while the remainder came from local areas elsewhere in Scotland or elsewhere in the United Kingdom.[429] Homecoming 2014 has been confirmed and will coincide with the Commonwealth Games, Ryder Cup, and the 700th anniversary of the Battle of Bannockburn.[430]

3. Religious or Faith Tourism

The number of individuals visiting destinations around the world for religious or spiritual reasons is on the rise. North Americans alone spend over $10 billion annually on religious tourism, traveling as groups or individuals for pilgrimage, missionary, volunteer, or fellowship purposes. Every year, approximately 2 million Muslims visit Mecca in Saudi Arabia for the Hajj, an estimated 70 million Hindus visit the Ganges River each year in January and February,[431] and many migrants visit the shrines of

local Sufi saints. Other tours involve visiting birthplaces of major religious figures, such as Pope John Paul II's home country, Poland.

4. Birthright Programs

Birthright programs aim to deepen the ties between diaspora communities and their ancestral homelands. Most countries with such programs tend to have a strong sense of national identity that transcends territory, a closely knit transnational community, and a firm commitment to perpetuating their identity, especially among second and subsequent generations. Exposure programs offer study tours for youth, academic exchange programs, and VIP tours for business travelers and government officials. Such tourism programs are usually offered under public-private partnerships and offer intense emotional engagement with the country of origin.

Taglit-Birthright Israel. Since 1999, Israel has invited hundreds of thousands of Jews aged 18 to 26 from all around the world, who have neither traveled to Israel on a peer educational trip or study program nor lived in Israel past the age of 12, to visit Israel on an all-expenses-paid ten-day tour to deepen their political and ethnic attachment to Israel. The cost of each individual trip is about $3,000. Taglit-Birthright trips, sponsored by the Birthright Israel Foundation, the government of Israel, and Jewish communities around the world are organized by 20 accredited organizers in North America, Central and South America, Europe, Asia, South Africa, India, and Australasia two times a year (one in summer and another in winter).[432] The program received over 22,000 applications for trips organized between November 2011 and March 2012, but due to funding limitations accepted only 15,000 participants from over 50 countries, 11,300 of whom come from North America.[433] By 2013 Taglit-Birthright Israel aims to increase its capacity to 51,000 participants annually. The organization estimates that at the current rate, within a decade one out of every two Jewish youth worldwide will have participated in one of its trips. In January 2011 the government of Israel pledged a $100 million contribution over the next three years, contingent on other funds raised in North America and worldwide.[434] According to a recent study by Brandeis University's Maurice and Marilyn Cohen Center for Modern Jewish Studies, participants on the ten-day Israel trips are more confident advocates for Israel, more likely to feel connected to Israel, and 51 percent more likely to marry a Jewish person than their peers who applied for but did not go on a Birthright trip.[435]

Birthright Armenia. Birthright Armenia, inspired by Taglit-Birthright Israel, is a program that offers young diaspora members internships and community service placements that last from eight weeks to a year in Armenia. Its vision is to make service to and experiences in Armenia an essential rite of passage for Armenians living all around the world and to educate Armenian diaspora youth about the social, cultural, economic, and political issues and needs of Armenia so as to contribute to its development. Eligible participants are those who agree to take on at least four weeks of volunteer work for a sponsoring organization in Armenia, are of Armenian heritage (have at least one grandparent from Armenia), have graduated from high school, and are between the ages of 20 and 32. The volunteer program promotes leadership, a shared Armenian identity, and cultural ambassadorship. Upon completion of their experiences, program alumni return to their countries of residence and participate in alumni and networking programs, acting as informal advocates of Armenia. Volunteers who participate in the program come from all over the world: 68 percent from the United States, 12 percent from Canada, 11 percent from Europe, 5 percent from the Middle East, 3 percent from South America, and 1 percent from Australia.[436] These volunteers participate in a variety of sectors: 44 percent in nongovernmental organizations (NGOs), 26 percent in government organizations, 16 percent in the private sector, and 14 percent in international organizations. The program offers travel fellowships to those eligible, makes host family living arrangements, organizes unique excursions across the country, and prepares language classes and forums. Prior to arrival in Armenia, participants undergo online Eastern Armenian language training to achieve a basic level of proficiency in the language.

Lakbay-Aral Program. Translatable into English as "travel study," this two-week cultural immersion program in the Philippines is offered to young Filipinos over 15 years of age living overseas. Since the Commission on Filipinos Overseas (CFO) established the program in 1983, it has enabled Filipino youth overseas to appreciate their Filipino roots through lectures on Philippine history and language and guided tours to scenic and historical landmarks. Program participants also have opportunities to meet and interact with Filipino students, public officials, and members of indigenous communities as well as to participate in local festivities. CFO has conducted trips over 15 trips and selected a total of 180 participants from France, Spain, Switzerland, and the United States. In addition, in September 2011 CFO organized a nine-day YouLeaD Experience program that involved 100 young Filipino leaders aged 16 to 34 who assembled in Manila and Palawan. Selected young leaders also participated in the three-day Global Summit of Filipinos in the Diaspora in Manila.[437]

Nepomak Discover Cyprus Program. In 2004 the government of Cyprus, in partnership with the University of Cyprus and the Youth Board of Cyprus, developed the Nepomak Discover Cyprus Program (NDCP) in response to the demands of young Cypriots who wanted to connect with their roots. Every July, roughly 50 successful Cypriot applicants, aged 18 to 22, from eight participating countries undertake a three-week intensive language course at the University of Cyprus's School of Modern Greek in addition to a series of excursions to museums, monasteries, and the Green Line that separates Northern Cyprus from the rest of the island. During the selection process, priority is given to individuals from disadvantaged socioeconomic backgrounds who may have fewer opportunities to visit Cyprus and/or are unable to interact with diaspora communities. To date over 400 individuals have participated in NDCP. As a voluntary international NGO, NDCP relies on the support of its sponsors to fund scholarships that cover the cost of excursions, airfare, accommodation, and course fees.[438]

2 Challenges for Diaspora Tourism

The many forms of diaspora tourism provide a wide range of opportunities for developing countries to grow their tourism sectors and thus contribute to their economic development. However, nations must take into consideration a number of important factors that may influence the level of diaspora tourism (and tourism in general) in their countries.

A. Ensure Fundamental Safety and Security

Diaspora members are as sensitive as any tourists to the threats posed by armed conflict, lawlessness, pervasive corruption, and dangerous transport infrastructure. Governments should ensure that they are able to satisfy basic safety and security standards if they seriously wish to increase tourism levels in their nations.

B. Keep Benefits in the Target Communities/Nations

While tourism is a fun, educational, and sometimes emotional activity for visitors, it is also a lifeline and way of life for many locals. To maximize the development potential of tourism, governments and other organizations should promote programs and trips that deepen connections and relationships between tourists and host populations. Diaspora tourists bring unique benefits to the tourism industry as they are

more likely to have the linguistic skills, contacts, and general knowledge necessary to actively engage with local people and businesses.

C. Respect Visiting Diasporas

Governments and tourist industry leaders should be extremely sensitive to any trends of hostility or unwelcoming attitudes toward tourists, including those from the diaspora. For all their connections and even family members, diaspora members are perceived differently from locals; some members of the community may even resent diaspora members with whom they feel socioeconomic, ethnic, religious, or political differences. Keeping these issues in mind, governments would do well to make special efforts to court diaspora tourists, since they are likely to be involved with their homelands over the long run.

D. Address Visa and Mobility Limitations

Governments should know that limitations on mobility can affect the number of tourists in any given year. While revenues from visa fees are important, liberating and lifting travel restrictions by implementing visa-free travel regimes can encourage individuals to travel to their countries,[439] consume local products, and use local services.

E. Cater to Generational Differences

Government and tourism industry leaders should be attentive to the different tastes and interests among tourists of different generations. First-generation members of the diaspora who fled their countries as refugees due to conflict may be averse to returning to their countries of origin. Second- and third-generation diaspora populations, however, may be more curious to discover and learn about their roots. In other cases, the opposite is true: first-generation diaspora populations maintain close contact with their countries of origin, while subsequent generations have little interest in their ancestral roots. The key for growing the tourism sector is to promote and advertise suitable tourism campaigns directed at specific populations.

F. Avoid Overreliance on the Tourism Sector

Tourism is an essential industry in many developing countries as it creates jobs, promotes infrastructure development, and provides vital

foreign exchange. However, governments should be cautious in relying too heavily on the tourism industry for spurring national development. Many commercial banks, for example, are reluctant to offer loans to countries that do not have other more stable sources of income such as heavy industries. When recessions, conflicts, financial crises, or natural disasters occur, tourism receipts and tourist visits can drop dramatically. Without other forms of steady revenue, governments can find themselves in an unsustainable situation.[440]

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