

## Diaspora and Development: Building Transnational Partnerships

### Overview

*The role of diaspora groups in development strategies, poverty reduction and economic growth has attracted considerable policy interest in recent years, but it is not always clear to governments or development actors how they can best engage with diasporas. This briefing explores some of the ways in which diasporas have been actively involved in development efforts, often of their own accord. It also considers some of the ways in which development actors, including country-of-origin and host-country governments, have sought to engage with diaspora groups. In conclusion, the briefing provides some policy suggestions for those who wish to partner with diasporas in development, based on current 'good practice'.*

### Introduction

The contributions of diasporas to development have been increasingly acknowledged in the past decade. Diasporas are often involved in sending remittances to family members or other social relations in their country of origin, and these funds have been increasingly identified as an important source of external capital for developing countries, in many cases surpassing the amount of money they receive in overseas development aid or foreign direct investment. Beyond this, a number of diaspora groups have become involved in development efforts through their own initiative by, for example, investing in community projects in their country of origin.



The return of professionals is one way in which diasporas can impact on development. Photo © IOM 1995, Cemil

Diasporas are a potential source of skilled labour or expertise for their 'home' countries through return migration, including temporary or 'virtual' return. Wealthy members of diaspora communities are also a potential source of foreign direct investment, and can sometimes provide links to opportunities in new markets.

However, the ways in which policymakers can engage with diaspora groups are not always straightforward. First, there is a lack of conceptual clarity about who belongs to the 'diaspora', as this can encompass anyone from first-generation migrants to people whose relatives migrated several generations previously, but who nonetheless still identify with their 'homeland'. This policy briefing employs a broad definition of 'diaspora' that includes current migrants as well as persons who no longer have citizenship status in their 'home' country but who still retain links there.

Clearly, diaspora groups included under this definition are quite heterogenous, and policymakers must attempt to identify groups that have a genuine interest in contributing to development efforts in their country of origin. At the same time, policymakers must be careful not to assume that the interests and agendas of diasporas are consistent with those of home-country populations, as these may vary considerably. More generally, engaging with diaspora groups to promote development requires policymakers in North and South to re-conceptualise development initiatives in ways that can take advantage of the transnational connections that diaspora groups possess.

## Development efforts of diasporas

Some diaspora groups have been heavily involved in investing in their home countries. One of the most prominent examples is the overseas Chinese, who accounted for 70 per cent of China's foreign direct investment between 1985 and 2000, helping to fuel the country's rapid economic growth over this period. Similarly, members of the Indian diaspora were key to the growth of the country's information technology (IT) sector in the 1990s, as members of the Indian diaspora who held senior positions in US companies were instrumental in lobbying for the outsourcing of IT contracts to India. However, the India and China examples both involve the coalescence of favourable conditions at home and within the diaspora which cannot be easily replicated. Indeed, diasporas cannot create the conditions for such large-scale growth on their own, and their desire to contribute must be matched by cooperation in 'home' countries.

One notable way in which diasporas are involved in development in their 'homeland' is through collective investment in community projects through hometown associations. Examples of the types of project funded by diaspora organisations in their home countries include literacy programmes, hospitals, schools, roads, plumbing systems and internet cafés. In Ghanaian hometown associations in the UK, the rationale for such philanthropy is complex. Ghanaians who are part of UK hometown associations – many of whom are first-generation migrants – generally feel a strong obligation to improve the living conditions of those back home. Not surprisingly, however, the scope of these associations' contributions to development varies widely from one to another, and according to the size and wealth of the association's membership.

Transnational connections facilitated by diasporas open up a number of possibilities for the exchange of ideas, as well as return or circular migration by migrants or expatriates. For example, the Alb-Shkenca Forum is a transnational network of Albanian academics who reside both inside and outside the country. The forum discusses solutions to problems faced by Albanians and looks for ways to promote science and technology in the country. Transnational linkages also play an important role in people's decisions to return home – which may in turn have positive implications for development. A Migration DRC study on return migration from Europe to Ghana and Côte d'Ivoire found that those migrants who set up

their own small businesses when they returned home had typically stayed in close contact with family members – and that these links played a key role in their decision to return. However, research on Tanzanian and Cameroonian hometown associations shows that, despite their apparent recent transnationalisation, the African activities of these associations remain more important than those of the international branches. This might mean that some 'homes' are better placed to take advantage of global connections than others.

## Sending-country policies

Although the initiative for successful involvement of diaspora communities in development must necessarily come from within diasporas themselves, there are a number of policies which country-of-origin governments have pursued with a view to strengthening their relationships with diasporas. This reflects a shift in some countries from seeing migrants as 'traitors', to seeing them as 'heroes'. The approaches of country-of-origin governments have unfolded along several different policy strands. Some measures have focused on protecting migrants who are abroad, or encouraging diaspora

### Box 1. Sending-country policies: a case study of the Philippines

With over a fifth of its workforce based overseas, the Philippines has paid particular attention to policies related to its diaspora. A 'welfare fund' for migrants has been established, which is financed through fees paid by migrants going abroad, and delivers death and disability insurance, health insurance, education for children left behind, or credit. The Philippines also provides pre-departure training for migrants, has signed around 20 bi-lateral agreements with receiving countries in order to secure a measure of legal protection for migrant workers overseas, and provides a range of consular services to migrants who are abroad. In 2003, the country introduced legislation that allowed expatriate Filipinos to gain dual-citizenship status and extra-territorial voting rights. The Philippines also has a 'national hero month' during which it confers awards on accomplished expatriates. The Commission of Filipinos Overseas (CFO) helps Filipinos who have lost their citizenship whilst overseas to regain it – focusing in particular on women who have married and then divorced, losing their new citizenship as a consequence. The CFO also publishes a newsletter called 'Filipino Ties' which keeps migrants up to date on happenings at home, including new legislation and programmes relevant to migrants.

communities to retain ties with their country of origin. For example, a number of countries provide consular services and other support for emigrants who are abroad, and allow citizens to vote in home elections whilst they are outside the country. Some country-of-origin governments also promote national or regional culture in host countries, in a bid to reassert cultural ties between diaspora communities and the homeland, and support the creation of diaspora organisations. A number of countries have also introduced dual-citizenship programmes for expatriates.

Other policies have more explicitly focused on encouraging diaspora involvement in development. Some governments have promoted philanthropy and investment, through identifying potential development projects for diaspora to invest in, issuing special bonds targeted at diaspora members or offering bank accounts with favourable interest rates for members of the diaspora. A number of countries have taken steps to bolster networks of skilled diaspora, creating the potential for the exchange of skills and ideas through temporary, or even 'virtual', return migration. Countries in West Africa, for instance, have held congresses or other meetings in order to seek the input of the diaspora on their national development plans. These varied efforts have sought to acknowledge the contribution that diaspora groups can make to development efforts – and suggest that in countries of origin engaging with diasporas has become more politically palatable.

## **Box 2. Migration for Development in Africa (MIDA): encouraging skills exchange through temporary return**

Several European countries have teamed with IOM to promote the temporary return of skilled African professionals from Europe. The MIDA Great Lakes programme, founded in 2001, has targeted health, education, law and engineering professionals living in Belgium, encouraging them to return home for a period of 1 to 6 months to provide short-term assistance and expertise in the Great Lakes region. By early 2009, more than 400 experts had taken part in the programme, and around 20 professionals had returned permanently. The MIDA Ghana programme, meanwhile, began in 2005 and encourages the temporary return of health professionals from the Netherlands and other EU countries. By early 2009, 65 health professionals had returned under MIDA Ghana. There is also a MIDA pilot programme in Italy, and IOM is working with the African Development Bank, ECOWAS and SADC to build additional MIDA partnerships with EU countries.

## **Host-country policies**

One approach that host-country governments can embrace is to play an enabling role in removing barriers to diasporas taking part in development, although policy management is needed to avoid conflicts of interest between diasporas, sending countries and host countries. A number of innovative policies have been introduced with the support of EU governments in the past decade. Since 2006, Oxfam Novib, which is partly funded by the Dutch government, has focused on undertaking capacity-building with diaspora organisations, focusing on providing them with the practical knowledge needed to set up micro-finance programmes and initiate women's empowerment campaigns in their home countries. The UK Department for International Development (DFID), meanwhile, announced a plan in July 2008 to help 600 diaspora members return to their countries of origin to share skills and expertise. The programme, which is run in partnership with the Volunteers Service Overseas, aims to support diaspora organisations in planning and implementing their own volunteering programmes in their countries of origin. This follows previous initiatives by DFID to improve remittance transfers and identify investment opportunities for diaspora groups in the UK.

## **Policy suggestions**

There are a number of measures that policymakers can implement to strengthen relationships with diasporas who are already mobilised for development. These include:

- **Capacity-building:** examples of this would include training programmes which provide diaspora organisations with the practical skills needed to carry out development projects, or workshops which bring together diaspora organisations, allowing them to share experiences and expertise.
- **Building relationships:** efforts by country-of-origin governments to consult with diaspora groups when creating national development plans, or to acknowledge the contribution of diaspora to development, can increase communication between diasporas and governments, potentially leading to lasting partnerships for development.
- **Protecting migrants:** both host and country-of-origin governments can build trust with diasporas by protecting the current generation of migrants. For country-of-origin governments this includes providing migrants with consular services and pre-departure

training. Host countries can ensure that any benefits migrants have accrued are 'portable' if they return home, and can implement ILO's 'decent work' standards in sectors which employ migrants.

## Key readings

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## Development Research Centre on Migration, Globalisation and Poverty

The Migration DRC aims to promote policy approaches that will help to maximise the potential benefits of migration for poor people, whilst minimising its risks and costs. Since 2003, the Migration DRC has undertaken a programme of research, capacity-building, training and promotion of dialogue to provide the strong evidential and conceptual bases needed for such policy approaches. This knowledge has also been shared with poor migrants, with the aim of contributing both directly and indirectly to the elimination of poverty. The Migration DRC is funded by the UK Government's Department for International Development, although the views expressed in this policy briefing do not express DFID's official policy.

## How to Contact Us

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