



# HARNESSING THE CONTRIBUTIONS OF TRANSNATIONAL COMMUNITIES AND DIASPORAS

*Building upon the New York Declaration for Refugees and Migrants adopted on 19 September 2016, the Global Compact for Safe, Orderly and Regular Migration (GCM) will set out a range of principles, commitments and understandings among Member States regarding international migration in all its dimensions. The GCM should make an important contribution to global governance and enhance coordination on international migration. For the consideration of Member States, the “Thematic Papers” developed by IOM, outline core topics and suggestions to inform actors involved in the 2017 consultation process that will lead to the inter-governmental negotiations and final adoption of the GCM.*

## INTRODUCTION

People who are connected to more than one country are increasingly common. Individuals may divide their working or personal lives across several countries and move back and forth between them, family ties may extend across borders, and people may identify with or even hold citizenship of several countries. This transnational experience can moreover be inter-generational and involve individuals who have never themselves migrated. Diaspora or transnational communities<sup>1</sup> often remain psychologically, socially, economically and politically connected to their countries of origin, and are significant development stakeholders not only there, but also their countries of residence. Their contributions are varied, ranging from business investment, trade and philanthropy to skills transfer and diaspora tourism.

## EXISTING PRINCIPLES

The New York Declaration recognizes the contributions that migrants and diaspora communities can make to sustainable development. Paragraph 3.6 refers to the contributions of diasporas to economic development and reconstruction and the need to strengthen cooperation with diaspora groups. It also invites transnational communities to be involved in the preparation of the Global Compact. Although the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) is less explicit, target 17.16 emphasises the need for multi-stakeholder partnerships that mobilize knowledge, expertise, technology and financial resources to achieve the SDGs. Target 17.3 also refers to the mobilization of additional financial resources.

IOM has developed a comprehensive strategic approach that focuses on the 3E's for action: to enable, engage and empower transnational communities as agents for development. This approach ensures that the framework conditions are in place to enable these communities to reach their development potential, that appropriate steps are taken to fully understand and engage with them, and that special measures and programmes are in place to empower diaspora to facilitate the transfer of resources.

## ISSUES

Governments have increasingly been seeking to engage with diaspora groups, for a range of political, economic and social reasons, including with the goal to mobilize the financial, human or social resources



that could add value to the economies of the countries of origin. Diasporas are not homogeneous however; they may be fragmented and politicized. Governments also need to be cognisant that diaspora groups may not want to engage with them. Engagement with diaspora groups needs to be based on a thorough understanding of their characteristics and motivations, how they are organized, and of the issues where their participation can add value.

Many SDG targets can be addressed by the various types of diaspora contributions, which can be grouped as follows:

- 1) Transfer of skills from skilled diaspora members and their social networks (social capital);
- 2) Financial contributions through diaspora trade, entrepreneurship and investment; and
- 3) Diaspora responses to crisis (development and humanitarian actions).

### ***Transfer of skills***

The skills and knowledge of diaspora professionals acquired in their countries of residence can reinforce human resources in sectors such as education, health care and public administration in their countries of origin. Diaspora professionals have often acquired soft skills, such as the ability to train and mentor. Programmes that facilitate these types of diaspora contributions are often set up in countries recovering from crises<sup>2</sup> and require intense collaboration between beneficiary institutions in the country of origin and diaspora communities. An agency such as IOM can conduct needs assessments, find matching skill sets amongst diaspora and facilitate the temporary or virtual placement of members of the diaspora in relevant institutions in their country of origin. Diaspora knowledge networks — associations of diaspora professionals willing to contribute to the development of their origin countries — are another mechanism to engage such professionals. Diaspora skills are often embedded within the social and professional environment in the country of residence, where they have access to specific technology, resources, and professional networks that would not be available upon return.

### ***Financial contributions***

Countries that are connected through a sizeable population of migrants and their descendants often have strong trade flows. The channels through which this trade is facilitated include direct capital investment in businesses in the country of origin or ancestry, and the development of migrant or diaspora-owned enterprises in countries of residence. Diaspora communities also promote trade by creating demand for products from their localities of origin. Diaspora groups thus often promote trade and investment in their communities of origin and advocate for policies that stimulate bilateral trade. While such ‘nostalgia’ products can remain a niche market linked to consumers within the diaspora, they can also become mainstreamed when members of the host community are exposed to them through diaspora businesses or simply interpersonal interactions. Similarly, transnational communities are an important consumer market for tourism-related industries in their countries of origin and advocates for tourism among their social networks in their countries of residence.

Factors that discourage diaspora members from investing or setting up trade between their countries of residence and origin are much the same as for other potential investors, including limited infrastructure (particularly energy delivery and telecommunications), difficulties in identifying supply chain partners, regulatory barriers, and difficulties in sourcing appropriate human and financial capital. These obstacles can be compounded when diaspora members have a sense of disenfranchisement and feel that countries of origin do not take their needs and opinions into account. An example is that of diaspora members who cannot take on the nationality of their countries of origin due to restrictions imposed on dual citizenship



and who thus face the same hurdles as other foreign national investors. Furthermore, the bulk of diaspora and migrant-owned businesses consist of micro and small and medium enterprises (M/SMEs), and these types of businesses typically struggle to engage in international trade due to complicated administrative and customs procedures as well as lack of access to finance and information.

### ***Diaspora responses to crisis***

Philanthropic responses among diasporas to humanitarian crises in countries of origin/heritage tends to be immediate, substantial and spontaneous. But even outside of such crises, diaspora communities are often interested in contributing to organizations engaging in development-related activities back home. These activities tend to be identified and managed by diaspora groups themselves, leveraging their social networks and unique knowledge of local needs in their communities of origin. Although the assumption is that diaspora contributions are well-aligned with the development and humanitarian needs of their home communities, their efforts would have greater impact if existing humanitarian initiatives implemented by government, UN agencies and international NGOs, were coordinated with their efforts. With the international humanitarian system facing an unprecedented number of crises and a proliferation of humanitarian actors on the ground in crisis settings, there is obvious value in these agencies reaching out to, and coordinating with, diaspora communities to enhance the impact of the assistance provided.

## **SUGGESTED ACTION**

In recent years, governments have increasingly recognized the immense development potential that their diaspora communities hold, and have started developing policies to better engage with them. During the Diaspora Ministerial Conference that was organized by IOM in 2013, participants agreed that diaspora engagement approaches need to be transformed from ad hoc exercises to high-level policy priorities embedded in government structures with requisite budgetary planning. To ensure that diaspora initiatives better align with national and local development agendas, governments and other development partners need to build trust and better engage with diaspora communities.

The wider economic and political structures within countries of origin and residence play a role in determining what kind of activities diaspora communities can reasonably be expected to participate in. To develop supportive “ecosystems” that maximize the transnational exchange of diaspora resources IOM suggests the following action:

- 1) **Develop effective mechanisms for consultation and engagement** with migrant and diaspora groups that allow them to voice their needs and interests.
- 2) **Address the institutional barriers** to diaspora engagement, such as complex regulations on the establishment of new businesses, infrastructural issues, and lack of reliable and accessible information on investment opportunities. The development of incentives to attract greater inward diaspora investment may also be considered.

Targeted interventions can facilitate the different types of contributions that diaspora communities have to offer:

- 3) **Bring in skilled and qualified diaspora members** into sectors where there is an identified shortage of human resources. This can be facilitated through networking opportunities between the private sector in the country of origin or heritage, and the diaspora communities abroad. Governments and development agencies could establish dedicated diaspora placement programmes in key health and



education institutions, resourced through development aid. The sustainability of such programmes is enhanced where diaspora professionals build human resource capacity amongst local staff in countries of origin, and remain active in the professional and social networks that this type of engagement generates.

- 4) **Development actors and humanitarian agencies should foster closer partnerships** with diaspora groups who are engaged in philanthropic activity to ensure complementing intervention strategies and coordinated service delivery. Training and capacity-building activities can help such groups be more effective as well as facilitate common understanding of development priorities and humanitarian principles. This, along with supporting the efforts of diaspora communities in fundraising through tax relief, pooling of funds and match-grants, can ensure the sustainability of interventions and the reliability of diaspora partners.
- 5) **Support the formation of diaspora professional and business networks.** Diaspora trade fairs and business summits, training programmes on international trade regulations and procedures for diaspora-owned businesses are an excellent platform to bring together stakeholders. More formalized networks can also provide policymakers with a conduit to collect inputs and disseminate information.
- 6) **Create one-stop-shops that target diaspora investors** to help them identify opportunities that are in line with government private sector development policies, accompany them through the necessary administrative procedures, and help address any complaints and mediate conflicts. These can be coupled with fiscal or other incentives, such as access to economic zones, to attract investment from members of diaspora as well as their business and professional associates.
- 7) **Develop** a global diaspora engagement knowledge exchange hub that would serve as a global resource for diaspora communities and those looking to engage with them. Such a hub would provide comprehensive, regularly updated data and analysis relevant to policy makers, NGO actors, and diaspora communities themselves, and showcase examples of diaspora partnerships.



## ANNEX

### Examples of effective practices

<b>Title of practice:</b> Supporting Moroccan Diaspora to Invest & Start Businesses in Morocco	
The Mobilization of Moroccans Residing in Belgium for the Development of Morocco programme (MEDMA 2)	
<b>Country/region:</b> Morocco and Belgium	<b>Donor and implementing partner(s):</b>  <b>Donor:</b> Belgian Development Agency <b>Partner:</b> Relevant Ministries from the Moroccan Government; Solvay Business School in Brussels
<b>Year(s) of implementation:</b> 2012-2014	
<b>Summary:</b>  Among the sizable Moroccan diaspora living in Belgium there exist several members with innovative investment ideas and an interest in contributing to their communities of origin in Morocco. Some among these include high net worth individuals who are highly motivated to start businesses in their communities of origin.  This project was aimed at serving as a “tipping agent” to provide support to those thinking of establishing businesses in Morocco to fulfil their ambitions. Through a selection process, the project identified the most promising business proposals received. Once selected, the entrepreneurs were provided with (i) technical assistance by the Solvay Business School to further elaborate and implement their business plan; (ii) start-up capital to support the launch of their business; (iii) logistical support from offices in Morocco to facilitate navigating the legal process and other issues relating to the establishment of their business.	
<b>Web Links:</b> <a href="https://diaspora.iom.int/sites/default/files/publication/pdf/mobilization-of-moroccans.pdf">https://diaspora.iom.int/sites/default/files/publication/pdf/mobilization-of-moroccans.pdf</a>	

<b>Title of practice:</b> Skilled Migration and Development: Challenges for South America (Migración calificada y desarrollo: Desafíos para América del Sur)	
<b>Country/region:</b> South America	<b>Donor and implementing partner(s):</b>  <b>Donor:</b> IOM <b>Implementing Partners:</b> IOM and the International Network of Migration and Development (RIMD)
<b>Year(s) of implementation:</b> 2016	
<b>Summary:</b>  The study aims at presenting to governments of South America, academia, regional organizations and diaspora associations, a vision of the challenges and opportunities of engaging highly skilled diaspora into the development of their home countries, while promoting the formulation of policies and programs to support a new regional scientific and technological strategy towards endogenous and sustainable development.	



This initiative shows how orderly migration can contribute to sustainable development in both countries of origin and destination.

**Web Links:** <http://robuenosaires.iom.int/sites/default/files/publicaciones/OIM%20-%20Migraci%C3%B3n%20Calificada%20en%20Am%C3%A9rica%20del%20Sur.pdf>

**Title of practice:** Connecting Diaspora for Development (CD4D)

**Country/region:**

Netherlands, and:

- Afghanistan (priority sector: Healthcare, Rural and Urban Development)
- Ethiopia (priority sector: Agriculture, Education and Healthcare)
- Ghana (Agriculture and Healthcare/ICT)
- Morocco (Innovations, Migration and Public Governance)
- Sierra Leone (Agriculture, Education and Healthcare)
- Federal Republic of Somalia (Agriculture and Infrastructure)

**Donor and implementing partner(s):**

Dutch Ministry of Foreign Affairs.

**Year(s) of implementation:** 2016-2019

**Summary:**

CD4D supports the development of targeted sectors in selected countries by strengthening the capacity of key institutions through the engagement of their diaspora communities in the Netherlands. Through temporary physical and online assignments, professional diaspora members, residing in the Netherlands, are linked to institutions in their countries of origin to share knowledge and expertise. To enhance the impact of the assignments, internships and training opportunities are offered in the Netherlands for representatives of host institutions. The project facilitates various connections that will be established and maintained:

- Connections between diaspora experts and representatives of host institutions;
- Connections between institutions in the Netherlands and host institutions;
- Connections among diaspora experts themselves.

CD4D is demand-driven, meaning that all assignments respond to the capacity-building needs in the selected priority institutions and are in line with national development strategies and policies.

**Web Links:**

<http://www.iom-nederland.nl/en/migratie-en-ontwikkeling/connecting-diaspora-for-development>



<b>Title of practice:</b> Diaspora Engagement in Economic Development	
<b>Country/region:</b> Kosovo	<b>Donor and implementing partner(s):</b>  Finnish Ministry for Foreign Affairs, United Nations Development Programme
<b>Year(s) of implementation:</b> 2012 - 2014	
<p><b>Summary:</b></p> <p>The DEED project was an innovative initiative for enabling the Kosovo diaspora to take a more active role as development agents in their communities of origin. The project is funded by the Ministry of Foreign Affairs of Finland and implemented jointly with the United Nations Development Programme in Kosovo.</p> <p>The project consisted of three main components that aim to achieve: 1) An increased gender-sensitive access and literacy of remittance receiving households in Kosovo to financial services in order to promote the accumulation of local savings and investment; 2) Models and mechanisms that facilitate migrants’ investment and savings in Kosovo are identified and piloted; and 3) Evidence-based policies created by Kosovo authorities who have improved capacity to produce and manage information related to migration and development, including gender disaggregated data.</p> <p>Concretely, a National Strategy and Action Plan on Diaspora Engagement was developed through a participatory process that involved public consultations in seven countries in Europe and North America with participation of over 900 members of the diaspora. Furthermore, 14 diaspora national and subnational business networks in Europe and North America were established and brought together in one global union of diaspora businesses with participation of over 2000 successful diaspora businesses. A voluntary registry of diaspora was created and promoted through traditional and social media. Finally, the establishment of especially economic zones to attract diaspora investment was supported.</p>	
<p><b>Web Links:</b></p> <p><a href="http://kosovo.iom.int/diaspora-engagement-economic-development">http://kosovo.iom.int/diaspora-engagement-economic-development</a></p>	

<sup>1</sup> The term “diaspora” is used synonymously in this paper with “transnational communities” and refers to migrants or descendants of migrants, whose identity and sense of belonging, either real or symbolic, have been shaped by their migration experience and background. They maintain links with their homelands, and to each-other based on a shared sense of history, identity, or mutual experiences in the destination country. IOM also refers to diaspora as transnational communities, because in a world of unprecedented global mobility, they comprise people who are connected to more than one country. IOM paper on *IOM’s Work On and With The Diaspora* SCPF/97.

<sup>2</sup> An analysis of IOM’s diaspora skills transfer programming (MIDA, Temporary Return of Qualified Nationals) demonstrate that countries that have benefited from IOM’s diaspora skills-transfer programmes focusing on post-conflict reconstruction include Afghanistan, Bosnia and Herzegovina, Iraq, Serbia, Somalia and Timor-Leste.