

AFRICAN DEVELOPMENT BANK

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**The Role of the Diaspora in Nation Building: Lessons for Fragile
and Post-Conflict Countries in Africa**

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ACRONYMS

AU	:	African Union
AUC	:	African Union Commission
CGAP	:	Consultative Group to Assist the Poor
DAC	:	Development Assistance Committee
EC	:	European Commission
ESW	:	Economic and Sector Work
EU	:	European Union
FDI	:	Foreign Direct Investment
FSF	:	Fragile States Facility
GDP	:	Gross Domestic Product
IADB	:	Inter-American Development Bank
IOM	:	International Organization for Migration
IT	:	Information and Telecommunications / Information Technologies
MDA	:	Ministries, Departments and Agencies
MDI	:	Migration and Development Initiative
MDF	:	Migration and Development Fund
MDG	:	Millennium Development Goals
MFI	:	Multilateral Finance Institutions
MIDA	:	Migration for Development in Africa
MIF	:	Multilateral Investment Fund
ODA	:	Overseas Development Assistance
OECD	:	Organization for Economic Cooperation and Development
OSFU	:	Fragile States Unit
PRS/PRSP	:	Poverty Reduction Strategy / Paper
RMCs	:	Regional Member Countries
SES	:	Senior Executive Service
SSA	:	Sub-Saharan Africa
TCB	:	Technical Assistance and Capacity Building Program
TNC	:	Trans-National Corporations
TOKTEN	:	Transfer of Knowledge through Expatriate Nationals
TSW	:	Targeted Support Window
UNCDF	:	United Nations Capital Development Fund
UNDP	:	United Nations Development Program
USAID	:	United States Agency for International Development

EXECUTIVE SUMMARY

1. State building in an environment of post crisis and/ or post conflict requires urgent measures in the national reconstruction, rehabilitation and economic growth process. It is against this backdrop, that African governments are increasingly recognizing the importance of their citizens abroad or the 'new African Diaspora' in national and regional development.

2. In light of the fact that the Diaspora can play an important role in recovery and reconstruction of fragile states, the present study aims to elaborate on the available experiences both regionally and globally; drawing lessons from country experiences in involving Diaspora in building domestic institutional capacity; and to inform Bank assistance in implementing national frameworks aimed at strengthening governance, reconstruction and sustainable development.

3. The study observes that while several RMCs and their development partners, including the Bank, have begun efforts to harness contributions of the Diaspora in development, the existing projects are invariably *ad hoc* in nature and there are no good regional standards to guide these activities or mainstream Diaspora contributions in national poverty reduction strategies (PRSs) or other frameworks. Much more could be done in order to manage contributions of African émigrés for transformational outcomes in national and regional development.

4. China, Korea, and India are among countries which have shown that Diaspora contributions can significantly help to transform economies. The approaches adopted by these Asian nations point to country-driven initiatives that are built on shared development objectives between the government and the Diaspora, and underlined by comprehensive policies, administrative structures and incentives to foster an enabling environment for mobilizing Diaspora resources (expertise, investments, entrepreneurship and corporate affiliations) around critical growth pillars.

5. The Diaspora should be considered not just as sources of financing, but as development partners. A stronger relationship between RMCs and the African Diaspora is therefore appropriate and urgent. The study recommends that:

- Bank can provide technical assistance and financial support for RMCs to create the enabling environment for mainstreaming Diaspora contributions in development frameworks for significant economic transitions.
- Comprehensive national strategies, instead of *ad hoc* projects are required.
- The Bank could use its investments guarantee instruments to spur Diaspora financial contributions for entrepreneurship and private sector growth in the region.
- The Bank wide task force on Diaspora and remittances could explore together with the Bank's Treasury Department the issuance of Diaspora bonds;
- Highly-qualified experts in the Diaspora could be engaged without the need for physical relocation, nurtured as networks instead of as individuals, and enabled to render services through virtual interaction.

1. INTRODUCTION

1.1 State building in an environment of post crisis and/ or post conflict requires urgent measures in the national reconstruction, rehabilitation and economic growth process. Moreover, it is now commonly agreed the African fragile states will need an enormous effort to improve their social and economic growth indicators to be able to contribute to the Millennium Development Goals (MDGs) by 2015 and beyond. In this context, the post crisis and post conflict states are commonly affected by: (i) high expectations from the citizens for services delivery; (ii) high expectations from donor partners to put in place transparent and accountability frameworks; and (iii) little or no available human capacity to deliver on these broad agendas.

1.2 It is against this backdrop, that African governments are increasingly recognizing the importance of their citizens abroad or the 'new African Diaspora'¹ in national and regional development. This mass exodus of experts or *brain drain* from African countries that occurred during the time of conflict and/ or crises has resulted in deep rooted depletion of human capacity and weakened institutions. For example, between 1990 and 2000 (the decade in which population census data have been well-characterized), about 13% of Sub-Saharan Africans who migrated to Organization for Economic Cooperation and Development (OECD) nations were skilled workers.² These African migrants are highly skilled professionals who may have enhanced their expertise through further education, and who may be intimately familiar with situations in RMCs.

1.3 There have been a number of regional and international efforts to bring back the Diaspora to support the nation building process. These efforts draw on the social and patriotic linkages as a starting point and attempt to put in place incentives to encourage the Diaspora to remain part of the national and institutional capacity building efforts. It is also encouraging for governments to note that Africans in the Diaspora have a high contribution to the national economic growth process through remittances and knowledge.

1.4 In light of the fact that the Diaspora can play an important role in recovery and reconstruction of fragile states, the present study aims to elaborate on the available experiences both regionally and globally; drawing lessons from country experiences in involving Diaspora in building domestic institutional capacity; and to inform Bank assistance in implementing national frameworks aimed at strengthening governance, reconstruction and sustainable development.

¹ The Executive Council of the African Union in its strategy on the Diaspora considered that, "the African Diaspora consists of peoples of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent." For operational reasons, this report considers that a population of expatriate individuals does not automatically constitute a Diaspora; "an expatriate population becomes a 'Diaspora' when it is a community whose members are in communication, have built and institutionalized a collective autonomy, and share some goals and activities"¹ (Colombian Network of Scientists and Engineers Abroad, CALDAS Network). In: National Science Foundation (NSF), U.S.A: Proceedings of an NSF Workshop; Section: International Mobility. [Online] <<http://www.nsf.gov/statistics/nsf00318/c3s4.htm#colmobil>>

² Skilled migration is defined here as [skilled emigrants divided by all emigrants for the region] (%). See: Docquier, F., & Marfouk, A (2005), International migration by educational attainment (1990-2000) Release 1.1., p. 20, Update of World Bank Policy Research Working Paper 3381.

1.5 The study takes into account existing Bank programs relevant to the present analysis on the role of Diaspora in nation building. These include, ‘*The Bank’s Approach to Migrant Remittances*’³ the *Migration and Development Fund/ Initiative* (MDF/MDI) and the flagship study, “*Africans Abroad: Migration Trends, Patterns and Determinants*”⁴. In addition, the study has drawn from the experiences of the Agriculture and Agro-Industries Department in engaging sector experts in the Diaspora; the Social and Human Development Department which has nurtured the African Network for Drugs Discovery and Innovation (ANDI); and the Making Finance Work for Africa Secretariat which coordinates a multi-donor network on remittances but does not engage in projects of its own.

1.6 Last but not least, the study has incorporated the discussions held at the 2010 annual meetings where the OSFU organized a multi-stakeholder consultation and knowledge sharing forum under the title, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States*. The event involved key presentations from representatives of the Governments of China, Republic of Korea, and India, which are among the countries that are reputed for making use of the expertise and resources of their Diaspora in realizing impressive economic growth and social transformations (Annex 1). Inputs were also obtained from senior government officials, the Economic Community of West African States (ECOWAS), the Arab Maghreb Union (AMU), the OECD and representatives of African professionals in the Diaspora. The forum served to connect African Governments to networks of highly qualified experts in the Diaspora so that they could hear from each other about how best to partner in utilizing the Diaspora as capacity seeds for institution building, and as potential sources of innovation, investments and entrepreneurship toward accelerating economic development as well as identify the catalytic role that Bank could play. The key conclusions and recommendations were: (a) Governments and their Diaspora should agree on a shared national development vision around which to mobilize Diaspora resources; (b) an enabling environment is a pre-requisite to successful Diaspora engagement; (c) bilateral donors are also Diaspora host countries, and as such there should be policy coherence in Diaspora return initiatives and international trade issues; (d) Africa must appreciate brain no matter where it resides.

2. THE DIASPORA: BACKGROUND

2.1 Overview

2.1.1 Upon independence, many African nations embarked on nation building, leading to establishment of institutions that sufficiently nurtured many of today’s African leaders and highly qualified professionals and experts. However, these institutions have since been weakened due to the poor political and economic governance of the late 1970’s and difficult economic reforms of the 1980’s to 1990’s, which drove away the emerging and capable human resources. Large conflicts that characterized many countries in the region further weakened these institutions and drove out even more skilled professionals, and chased away foreign investors and industries.

³ African Development Bank, ADF/BD/IF/2009/94, ADB/BD/IF/2009/90, April 2, 2009

⁴ The report of this study was presented to the Boards of Directors of the Bank on March 28, 2011 under the title, ‘Leveraging migration for Africa: Remittances, skills and investments’, ADF/BD/IF/2011/39; ADB/BD/IF/2011/47, March 21, 2011

2.1.2 Overall, the brain drain from Sub-Saharan Africa (SSA) consisted of nearly one million people with tertiary education (Annex 2) in 2000, the most recent datasets analyzed extensively.⁵ The skills flight from African countries, especially fragile and conflict-affected states can be attributed to a combination of push factors, such as poor political and economic governance, active conflict, as well as pursuing higher education abroad. A number of pull factors demonstrated are demand for skilled workers abroad such as that for medical professionals in the UK and in other OECD nations. As a result, African professionals have taken advantage of the global mobility of labor to practice in more stable African economies or seek opportunities outside the continent.

2.1.3 Statistics on Africans living outside their countries (regardless of educational attainment) vary, but some sources estimated that the *new African Diaspora* consisted of more than 30 million people by 2009;⁶ the majority of these migrants live on the continent of Africa. There were 7.2 million officially identified African migrants in OECD member countries;⁷ they included 3.8 million North Africans and 3.4 million sub-Saharan Africans. Population census figures for 2000 have been well-characterized by country of origin and residence; those analyses identified about 6 million documented African migrants in North America and Europe, comprising about 1 million in the United States, 282,600 in Canada and 4.7 million in Europe. The distribution of African migrants in Europe by sub-regional origins is presented in Figure 1. The figures of documented migrants in OECD nations make African migration marginal compared to other sending countries – for example, in 2000, there were 8 million Mexicans residing in the United States.

2.1.4 The estimated 30 million or more African migrants residing outside their country of origin compares to 25 million Persons of Indian Origin⁸ (normally, up to four generations removed), but less than the population of overseas Chinese who are estimated at 40-60 million⁹. The comparable figures of these migrant groups, coupled with evidence about their contributions to development of these countries reinforce the basis for seeking ways to engage the African Diaspora in the region's development. In recent times, Chinese, Indian, and Korean, and other communities of Diaspora nationals have been heralded as champions in knowledge and skills transfer, and foreign direct investment (FDI) flows from their adopted economies to their homes of origin, contributing in part to the rapid pace of industrialization that these countries have witnessed.¹⁰

⁵ Easterly, W., & Nyarko, Y. (2008). Is the brain drain good for Africa? Global Economy and Development, Brookings Institution (Working Paper).

⁶ IFAD (2009), *Sending Money Home to Africa: Remittance markets, enabling environment and prospects*, International Fund for Agricultural Development. http://www.ifad.org/remittances/pub/money_africa.pdf

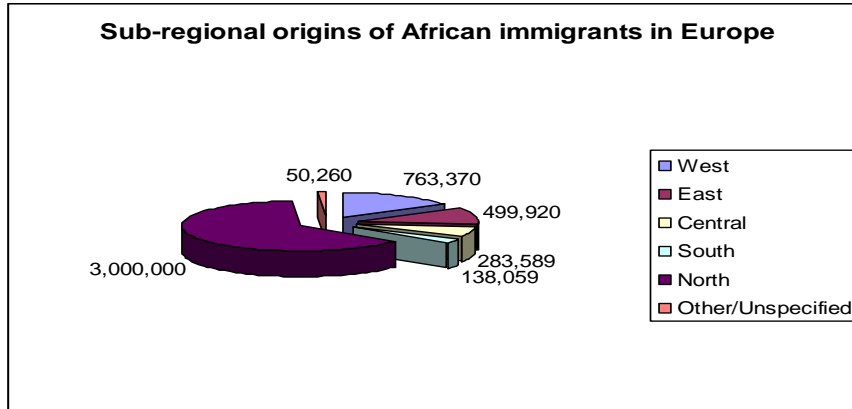
⁷ Bossard, L. (2009). The future of international migration to OECD countries: Regional Note, West Africa, p.2. [Online] <http://www.oecd.org/dataoecd/3/42/43484256.pdf>

⁸ NRIOL, Non-resident Indian and Persons of Indian Origin <<http://www.nriol.com/indiandiaspora/indians-abroad.asp>>

⁹ Xie, A. Tales from the Middle Kingdom, Morgan Stanley Investment Management Journal, Feb 22, 2006. <<http://www.morganstanley.com/views/gef/archive/2006/20060222-Wed.html>>; see also, *Chinese Diaspora*, New World Encyclopedia, http://www.newworldencyclopedia.org/entry/Overseas_Chinese

¹⁰ Hugo, G. "Migration and Development: A Perspective from Asia," No. 14, IOM Migration Research Series, November 2003, p.25; also, Newland, K., and E. Patrick: "Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin", Migration Policy Institute, Washington D.C. USA, July 2004

Figure 1: Sub-regional origins of African immigrants in Europe



Source: National Statistical offices; data from 2004, 2005 and 2006¹¹.

2.1.5 Skilled workers represent a large proportion of migrants from fragile states in SSA: the proportions of these skilled migrants by year 2000 (Annex 3) were: Burundi, 51%; Central African Republic, 41%; Chad, 48%; Cote d'Ivoire, 31%; Djibouti, 38%; Eritrea, 41%; Guinea, 26%; Liberia, 58%; Sierra Leone, 50%; Togo, 40%; Zimbabwe, 55%; etc. The result is that, as high as 75% of migrants from African countries to OECD nations had completed tertiary education, and “*more than one third of Africa's highly qualified human resources are in the Diaspora*”¹².

2.2 Major Causes of the Skills Flight

2.2.1 **Active Conflict:** A significant number of Africans migrate as a result of conflict, but the vast majority relocate within the national borders of their country or to neighboring countries. In 2009 for example, there were 4.9 million internally displaced persons in Sudan and 1.4 million in the Democratic Republic of Congo;¹³ about 2.2 million African refugees live outside their countries of origin as a result of conflict or natural disasters such as drought.¹⁴ Often, however, those who are highly skilled are likely to relocate to OECD nations or more stable economies in the region where they can continue to utilize their skills.

2.2.2 **Poor Governance:** Across Africa, poor political, social and economic environment has exacerbated the brain drain and this in turn has fueled institutional weaknesses and state failure. High rates of emigration of healthcare and other professionals has been widely documented across the Africa region, to the extent, there may be more doctors of Ethiopian origin practicing in Chicago than in Addis Ababa; more than half of Nigeria's academic personnel may be working abroad; and three-quarters of all Ghanaian and Zimbabwean doctors leave within a few years of completing

¹¹ In: World Bank (2007), Concept Note, Mobilizing the African Diaspora for Development. World Bank, Washington DC. <<http://siteresources.worldbank.org/INTDIASPORA/General/21686696/conceptnote.pdf>>

¹² See for example: *Financial Times*, 16 July 2004, cited in: World Migration Report 2005, International Organization for Migration (IOM); also, OECD (2002), International mobility of the highly skilled, Organisation for Economic Cooperation and Development, Paris and Washington, D.C.

¹³ United Nations Development Program (UNDP) (2009). Human Development Report 2009 - Overcoming barriers: Human mobility and development, p.6. New York, NY, USA, [Online] <<http://hdr.undp.org/en/reports/global/hdr2009/>>

¹⁴ United Nations High Commissioner for Refugees (UNHCR) (2010), 2009 Global Trends: Refugees, Asylum-seekers, Returnees, Internally Displaced and Stateless Persons. Geneva, Switzerland. <<http://hdr.undp.org/en/reports/global/hdr2009/>>

medical school,¹⁵ among others. Polzer reports that about 1-1.5 million Zimbabweans, including skilled workers, have relocated to South Africa since the current migration wave began in 2000; others estimate that the figure may be as high as 5 million¹⁶. The high incidence of exodus among health sector workers in Ghana for example resulted in 47% and 57% vacancy rates for doctors and nurses, respectively, in 2002¹⁷. The attraction of higher income earnings and career opportunities in OECD nations for migrants who successfully integrate into these economies has also served to increase the exodus of highly skilled African professionals. However, the high incidence of developing country-trained professionals engaged in less-than-deserving employment (for example, medical doctors becoming professional taxi cab drivers) abroad has received equal publicity.

2.2.3 Studying abroad for higher degrees also increases brain drain: In addition to emigration of experts from Africa as a result of poor governance and conflict, many professionals of recent African descent residing and practicing in the developed economies migrated in search of advanced degrees. A large number of these Africans who pursue advanced degrees in developed economies, especially the traditionally immigrant nations such as the United States, Canada and Australia, fail to return to their homelands upon graduation, this is particularly the case for RMCs that have failed as a result of poor political and/or economic governance. The propensity to return after studying abroad is strongly correlated with conditions that prevail in the country of origin. The rate of expatriation of students remains exceptionally high for SSA, with the exception of South Africa. This situation is unlike other regions of the developing world, including the Maghreb region, Asia, Latin America, and Near East where the proportion of students who study abroad is stabilizing and even declining due to considerable expansion of higher education domestically over the two past decades. Docquier and Marfouk noted that the brain drain is now much more extensive than it was two or three decades ago.¹⁸

2.2.4 For example, African immigrants in U.S.A. are more likely to have a higher level of education, compared to the average immigrant as many had arrived to pursue advanced degrees, having completed undergraduate programs in Africa. Of the African-born population age 25 and older, 86% reported having a high school or higher degree compared to 62% of the total foreign-born population; and, “*about 44% of all African immigrants hold a college diploma, which is slightly more than for Asian immigrants (42.5%), nearly twice the rate of native-born white Americans, and four times the rate of native-born African Americans*.”¹⁹

¹⁵ See for example: *Financial Times*, 16 July 2004: In: International Organization for Migration (IOM), World Migration Report 2005.

¹⁶ Polzer, T. (2008), *South African Government and Civil Society Responses to Zimbabwean Migration*, Migration Policy Briefs, 22, Cape Town, South Africa/Ontario, Canada: Southern African Migration Project, <<http://www.queensu.ca/samp/sampresources/samppublications/policybriefs/brief22.pdf>>; See also: Atieno, R., and W. V. Mitullah (2010, April 29). Operational Strategies to Improve Service Delivery in Fragile States, Progress Report for submitted to the Fragile States Unit of the African Development Bank, Tunis, Tunisia, June 23, 2010.

¹⁷ Dovlo, D. 2003. “The brain drain and retention of health professionals in Africa.” Regional Training Conference on Improving Tertiary Education in Sub-Saharan Africa. World Bank, Accra, Ghana, September 23–25.

¹⁸ Docquier, F., & Marfouk, A. (2005). International migration by educational attainment (1990-2000, p.4. Release 1.1., update of World Bank Policy Research Working Paper 3381 (Washington, DC: World Bank).

¹⁹ *African Immigrants in the United States are the Nation's Most Highly Educated Group*. The Journal of Blacks in Higher Education, No. 26 (Winter, 1999-2000), pp. 60-61doi:10.2307/2999156; See also: Dixon, D. (2006), *Characteristics of the African Born in the United States*, Migration Policy Institute. January,

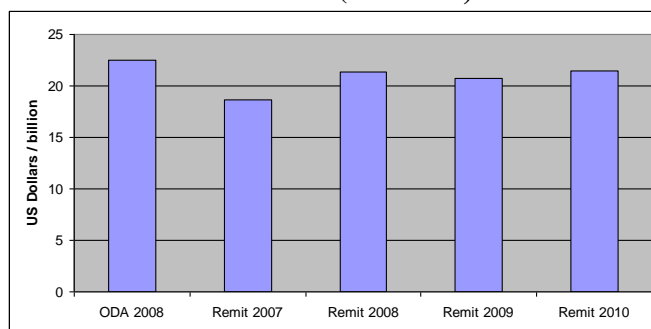
3. THE DIASPORA: SOCIAL AND ECONOMIC GROWTH

3.1 Remittances and Nation Building

3.1.1 While Africa faces severe financing gaps for development, remittances by African migrants have become as significant as official development assistance (ODA). OECD reported that net bilateral ODA from members of its Development Assistance Committee (DAC) donors to Africa in 2008 totaled \$26 billion, of which \$22.5 billion went to SSA. This level of ODA to Africa was at a period when overall assistance (at \$119.8 billion) was the highest dollar figure ever recorded²⁰. Remittances also seem to be more stable than other capital inflows; and household remittances can generate multiplier effects, which may lay the foundation for more sustainable poverty reduction, provided these flows are large and long-lasting, and other conditions are conducive to development.²¹

3.1.2 Although the actual volume of these flows for Africa is not known, due to a high level of informal transfers, it is estimated that the **30 million African migrants living outside their countries sent home about \$40 billion on an annual basis**²². World Bank/International Monetary Fund's Balance of Payments Statistics 2008 revealed remittances inflows to **SSA countries** as \$18.69 billion, \$21.32 billion, \$20.74 billion and \$21.5 billion for 2007, 2008, 2009 and 2010, respectively²³ (Figure 2 and Annex 4). It is to be noted that there was a slight drop (about 3.7%) in African remittances between 2008 and 2009, which could be explained as a possible impact of the global financial crisis.

Figure 2: Sub-Saharan Africa - Official Development Assistance (ODA) in 2008 and migrant remittances (2007-2010)



Sources: Data source for remittances, The World Bank; Source for ODA flows: IFAD

2006; "Demographics and Statistics of Immigrants: Asian American History, Demographics, & Issues", Asian-Nation. <<http://www.asian-nation.org/immigrant-stats.shtml>>

²⁰ OECD. (2009). Total ODA in 2008: Development aid at its highest level ever in 2008, March 30, 2009. <http://www.oecd.org/document/13/0,3343,en_2649_34487_42458595_1_1_1_1,00.html>

²¹ Newland, K., and E. Patrick: "Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin", Migration Policy Institute, Washington D.C. USA, July 2004, p. 16.

²² International Fund for Agricultural Development (IFAD): Sending Money Home to Africa: Remittance markets, enabling environment and prospects http://www.ifad.org/remittances/pub/money_africa.pdf

²³ Ratha, D., S. Mohapatra and A.R. Silwal (2010, April 23). Outlook for Remittance Flows 2010-11; Remittances data: Inflows, The World Bank, Washington D.C. [Online] [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Apr10\(Public\).xls](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Apr10(Public).xls); also, World Bank, *Remittances to Africa Resilient Despite Global Financial Crisis*, November 8, 2010.

3.1.3 Remittances provide benefits at several levels. Many Diaspora prefer to invest in their own countries in establishing small businesses in the assumption that they might one day return and would need to have a source of local income. Such establishments invest in the purchase of land and assets, transfer of technology and skills, and relatively modernized approach to management and at times may also open up regional markets through value added cross-border trade.

3.1.4 At the household level, recipients of remittances in Africa were found to have higher levels of education, were more likely to have some form of savings account and a higher level of savings than those who were not receiving money from abroad. For example, research shows that about 10-20 % of the US\$ 40 billion remittance flow to Africa is saved or invested.²⁴ Moreover, evidence shows that a 10 % increase in official international remittances as a share of gross domestic product (GDP) leads to a 2.9 % decline in the poverty headcount²⁵. Remittances also support families during national conflicts, when regular salaries and wages are often interrupted. In Sierra Leone for example, these transfers remained a significant source of income during the country's civil war.

3.1.5 It is important to note, however, that African emigrants have not yet built significant wealth as compared to the Chinese Diaspora. For example, the Chinese Diaspora would have combined wealth of about US\$1.1 trillion (in 2006)²⁶. In Indonesia for instance, overseas Chinese constitute only 2.5% of the population but control more than 70 % of that country's wealth²⁷. Indians abroad generated an annual income equal to about 35% of India's GDP²⁸ which was \$1.16 trillion in 2008²⁹ However, in 2007, total remittance inflow to China was \$32.83 billion and averaged about \$25 per migrant; the flows into India amounted to \$35.26 billion, at an average of \$30 per migrant³⁰ while per capita remittances for African migrants was \$26 (Figure 3). These comparable figures of per capita remittances from Chinese and Indian and African migrants suggest that with the appropriate support, African migrants can make contributions to economic development of their homes of origin along the lines, if not magnitude, of those seen in South and Southeast Asian economies.

²⁴ See IFAD citation above.

²⁵ Anyanwu, J.C., and A.E.O. Erhijakpor. 2010. Do International Remittances Affect Poverty in Africa? *African Development Review*, 22 (1): 51-91

²⁶ Xie, A. Tales from the Middle Kingdom Morgan Stanley, Feb 22, 2006.

<http://www.morganstanley.com/views/gef/archive/2006/20060222-Wed.html>

²⁷ Young, N., and J. Shih (2003), *The Chinese Diaspora and Philanthropy*, Global Equity Initiative, Kennedy School of Government, Harvard University (Cambridge, Massachusetts)

²⁸ See reference in: Newland, K., and E. Patrick: "Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin", Migration Policy Institute, Washington D.C. July 2004, p. 14.

²⁹ World Development Indicators (WDI), The World Bank, Washington, DC [Online]

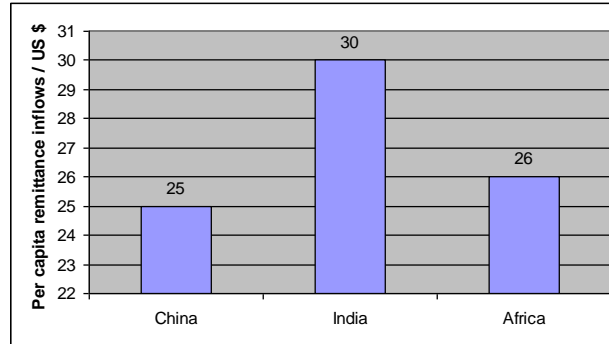
http://data.worldbank.org/data-catalog/world-development-indicators?cid=GPD_WDI; or

<http://www.google.com/publicdata?ds=wb->

[wdi&met=ny_gdp_mktp_cd&idim=country:IND&dl=en&hl=en&q=india's+gdp](http://www.google.com/publicdata?ds=wb-wdi&met=ny_gdp_mktp_cd&idim=country:IND&dl=en&hl=en&q=india's+gdp)

³⁰ UNDP Human Development Report 2009: International financial flows: remittances, official development assistance and foreign direct investment <http://hdrstats.undp.org/en/indicators/51.html>

Figure 3: Per capita remittance inflows into China, India and Africa in 2007



Source: UNDP Human Development Report 2009. International financial flows: remittances, official development assistance and foreign direct investment <<http://hdrstats.undp.org/en/indicators/51.html>>

3.1.6 These remittances have drawn attention of African governments and donor agencies to the Diaspora as potential development actors. Although the current global financial contagion may have reduced the volume of remittances temporarily,³¹ the opportunities for securitizing these flows and using the funds raised to finance development activities remain large. There are some indications that remittances were more resilient during the financial crisis relative to other flows such as private debt, equity and foreign direct investment, globally, remittances decreased by 6% (from US\$ 336 billion in 2008 to US\$ 316 billion in 2009), the first decrease since the 1980s. Remittances are estimated to increase in the coming years, but at rates lower than they would have otherwise been, due to high unemployment rates and low demand for high-skilled foreign workers in OECD countries. RMCs and donor partners are however pursuing several projects to transform these flows into sustained development tools in Africa. The transfer costs may also be excessive, and receiving points in Africa are not extensive, thus reducing the value of transfers for rural recipients who might travel long distances to commercial banks in urban areas. It would seem that the recorded remittance flows to SSA do not reflect the true picture of these contributions of African migrants as unrecorded flows are exceptionally high. For example, a 2005 study suggested that informal transfers accounted for 85% of total remittance receipts for Sudan.³²

3.1.7 In spite of numerous governmental and donor driven initiatives as well as knowledge that remittances have economic and social benefits for recipients, there have been few tangible benefits to remitters, recipients or financial intermediaries concerning Africa. Generally, the existing initiatives on African remittances seek to replicate the type of results achieved through the Inter-American Development Bank (IADB) and other donor partners' support to Latin American countries; remittances to Latin America and the Caribbean reached US\$69.2 billion in 2008. The initiatives on Latin America include establishment of a Multilateral Investment Fund (MIF)³³. The MIF activities include financing projects to reduce the cost of money transfers, making formal banking services

³¹ Ratha, D., Mohapatra, S., and Silwal, A. (April 2010). World Bank, Washington DC. <<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MigrationAndDevelopmentBrief12.pdf>>

³² Sander, C. & S.M. Mainbo. (2005). Migrant Labor Remittances in Africa: Reducing obstacles to developmental contributions. *PREM Findings*, World Bank, Washington http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2005/03/04/000090341_20050304154909/Rendered/PDF/315560find247.pdf

³³ Inter-American Development Bank: 'Transfers for development'. [Online] <<http://www.iadb.org/topics/remittances/rem/index.cfm?lang=en>> Accessed January 7, 2010.

readily available to transnational families, providing advisory services to government and private sector so that these transfers empower transnational families. Mexico, for example, has promoted collective remittances in an effort to make the sum of individual household remittances greater than the sum of their parts, but the fund established to match Diaspora contributions toward community projects was over-subscribed.

3.1.8 Furthermore, the increased awareness of the volume and importance of remittances has encouraged greater competition among financial intermediaries, leading to sharply reduced costs of making these transfers. But the cost of sending money to Africa remains high and variable: transfer costs from the U.S. are among the lowest to the Africa, followed by transactions from Europe. The cost of sending remittances within Africa is far higher than sending money to Africa from Europe or North America ranging between 12 and 25% of the amount sent. While remittances to rural areas in Africa account for 30-40% of flows, the costs associated are greater than to urban areas because recipients must travel from afar to paying locations.

3.1.9 However, focusing on remittances as the core aspect of a national Diaspora mobilization scheme has its shortcomings and risks. For example, these flows are subject to several factors, including changes in the migrant's ability to earn income, the continued attachment of long-term migrants to the home country, and growing scrutiny of money transfers amidst current global security dictates and the need to strictly enforce anti-money laundering policies³⁴. This has been clear from the experience of the Philippines. The development strategy of the government of the Philippines is not Diaspora-oriented because its policy focus is on temporary labor migration and not on 2.5 million of its citizens that have emigrated permanently. Government policies toward overseas residents concentrate on placing and protecting temporary workers, and on maximizing their remittances. However, many of the mechanisms it has put in place are also accessible to permanent residents of Filipino communities abroad. The policies of the Philippine Government appear to treat the financial contributions of Diaspora and temporary workers alike, primarily as income flows rather than potential investment stock. As income flows, remittances relieve poverty directly, but a strategy to maximize the developmental potential of established communities of Filipinos overseas might have a more lasting impact on poverty reduction.

3.1.10 While governments attempt to streamline policies to engage the Diaspora meaningfully, they will need specialized expertise to implement Diaspora engagement strategies. Nevertheless, among a growing number of development priorities in capacity building, donor partners are at the early stages of introducing Diaspora programs into their portfolios and themselves have little in-house expertise or proven vehicles to provide the support necessary. Investments by these agencies in Diaspora engagement in Africa, consequently, have been inconsistent and low. Donor initiatives on the African Diaspora have often been project-based instead of the more comprehensive approaches that would involve developing policies and strengthening institutional arrangements, building organizational structures, applying technologies for managing Diaspora engagement and setting up incentives regimes for Diaspora participation. Those donor activities that target

³⁴ Newland, K., and E. Patrick: "Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin", Migration Policy Institute, Washington D.C. USA, July 2004.

policy development have been concentrated on remittances while other major frameworks concern managing migration, especially illegal migration between Africa and Europe.³⁵

3.1.11 The Making Finance Work for Africa Secretariat hosted at the Bank, provides a catalogue of donor activities on remittances³⁶. These donor partner programs to leverage remittance flows into Africa include the European Commission (EC) support to the AUC to establish an African Institute of Remittances (AIR) is managed by the World Bank; and, the G8 Global Remittances Initiative, which aims to improve remittances data collection, regulatory frameworks and transfer costs. Also, a facility of IFAD and partners such as the European Union (EU), IADB, the Consultative Group to Assist the Poor (CGAP) and the United Nations Capital Development Fund (UNCDF) links non-profit organizations with financial intermediaries to improve remittances services in rural areas by channeling the resources through rural financial infrastructure.

4. MOBILIZING DIASPORA INVESTMENT AND ENTREPRENEURSHIP FOR PRIVATE SECTOR DEVELOPMENT

4.1 RMCs must take the right actions for innovations in resource mobilization and private sector entrepreneurship that can sustain and put them on solid growth trajectories toward their graduation from FSF support or reaching middle-income status. Raising financial resources from the Diaspora, and using them to achieve targeted development objectives however would require more than simple projection of figures and a hope that nationalistic sentiments alone would entice Diaspora resources. For example, the specific economic instruments and incentives instituted by the Tunisian government enabled 11,815 business ventures to start between 1987 and 2008 and created employment for about 48,000 people³⁷ (Box 1).

4.2 One of the instruments that RMCs are experimenting with is issuance of Diaspora bonds. These bonds are typically long-dated securities which can be redeemed only upon maturity and are therefore different from foreign currency deposits (another instrument for tapping into Diaspora wealth) which can be withdrawn at any time.³⁸ It should be noted however that even time deposits can be withdrawn at any time by forgoing a portion of accrued interest. Around the world, countries have mobilized Diaspora financial resources through various instruments, such as bonds, securitized remittances and special banking arrangements, and leveraged their philanthropy for social development.

³⁵ EU-Africa Partnership on Migration, Mobility and Employment: Roadmap – October 2009 http://www.africa-eu-partnership.org/partnerships/items/migration_en.htm; and EU-Africa Partnership on Migration, Mobility and Employment: Roadmap – October 2009 http://www.africa-eu-partnership.org/pdf/mmepartnership_roadmap_081009.pdf: The *Africa-European Union Partnership on Migration, Mobility and Employment*, for example, includes declarations (e.g., the Ouagadougou Declaration, and the Tripoli Declaration) and projects to “*respond to the challenges and to maximize the benefits of international migration*”, but most of the activities focus on managing migration between Africa and Europe.

³⁶ See a catalogue of these agencies and their programs at the Web site of the Remittances Working Group hosted at the AfDB. In: Remittances. Making Finance Work for Africa Secretariat, African Development Bank [Online] <http://www.mfw4a.org/remittances/remittances.html>

³⁷ *Evolution des projets agréés des Tunisiens à l'étranger (1987 - 2009)*, Office des Tunisiens à l'étranger.

³⁸ Ketkar, S. L. 2006. Diaspora Bonds: Track Record & Potential. Vanderbilt University, August 31. [Online] <http://www.vanderbilt.edu/econ/conference/gped-conference-06/papers/s-ketkar.pdf>

4.3 The potential exists for fragile states/RMCs to increase development funds through *Diaspora-public-private-partnerships*, issuance of special infrastructure bonds for Diaspora and their hometown and national associations, and policies that encourage Diaspora to invest in regional stock markets. For example, it has been estimated that SSA can potentially raise \$1-3 billion by reducing the cost of international migrant remittances, \$5-10 billion by issuing Diaspora bonds, and \$17 billion by securitizing future remittances and other future receivables,³⁹ and these estimates have often been revised upward.

4.4 However, tangible measures, including confidence of the Diaspora in the authority that is issuing the bond, purpose of the bond and incentives that determine the success of these bonds are still in some cases questioned. Ethiopia is one of the African countries that has issued Diaspora bonds. The Millennium Corporate Bond was issued in 2008 by the state owned utility (Ethiopian Electric Power Corporation, EEPCO) and underwritten by National Bank of Ethiopia (NBE). The instrument has been marketed through networks in countries of the OECD and the Middle East by the Commercial Bank of Ethiopia (CBE) to non-resident Ethiopians and foreign nationals of Ethiopian origin only.⁴⁰ The interest rates on the bonds are 4%, 4.5% and 5% respectively for 5, 7 and 10 years bonds; the face value is USD 100 and the minimum investment is USD 500 dollars or its equivalent in selected convertible currencies. Investment in this bond can be used as a deposit for borrowings from local banks in local currency, and the interest is tax exempt at the source.

4.5 The success of the Ethiopian bond is yet to be determined, but analysts have pointed to potential challenges: *“It is not guaranteed by an international investment bank; it is unclear whether the selling networks meet standards for taking deposits and providing investment advice to the investing public; the instrument is not backed by assets; Ethiopia has no formal rating for its sovereign bond - the best it could have is a shadow rating of about CCC, often associated with a ‘junk’ bond in America.”*⁴¹ As such, RMCs must make efforts to improve their political, financial and economic governance regimes if they intend to attract Diaspora investments. In some countries, issues related to *“uncertainty, weak and non-existent institutions, bad laws, problematic law enforcement and administrative processes, and poorly designed financial products”*,⁴² make it difficult for the Diaspora to choose between investment in these countries versus more secured retirement and savings in the safer regions of the world. This does not bode well for a country that expects significant investment capital from its Diaspora to drive its growth and transformation plan. Some of the strategies being presented to RMCs on how to mobilize financial resources of the Diaspora, while well-intended, may not have been well-researched and informed. At times, they are based on unsubstantiated data of

³⁹ Ratha, D., S. Mohapatra, and S Plaza. (2007). Beyond Aid: New sources and innovative mechanisms for financing development in Sub-Saharan Africa. Policy Research Working Paper 4609, Development Prospects Group, The World Bank, Washington, D.C.

http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/wps4609_BeyondAid.pdf

⁴⁰ See. Government of Ethiopia

<http://www.ethioembassy.org.uk/news_archive/ethiopian_millennium_bond.htm>

⁴¹ Negash, M (2009), Ethiopian Diaspora Investment Potential and EEPCO's Millennium Bond, University of Witwatersrand

<http://www.ethiopianreview.info/2010/minga-negash-ethiopia-diaspora-investment-potential-article-march-2009.pdf>

⁴² Ibid.

migrants and average remittances, and worse still on the assumption that these governments need not do much in order for the Diaspora to make significant financial contributions. The Domestic and Expatriate Nationals Investment (DENI) program for Sierra Leone, for example, stated: “*we target say 350,000 nationals (both at home and abroad) and encourage them to invest \$300 a piece in this initiative for their country. That would immediately raise over \$100 million in cash for the government – cash that is not a loan. No strings attached. No conditionality.*”⁴³ There is no evidence that this has been realized.

4.6 Facilitating Diaspora entrepreneurship should use appropriate instruments: Historically, the African Diaspora have contributed to establishment of micro, small, and medium-enterprises, often as family-operated entities in Africa. Some of these businesses may not have been founded on sound market-research; operations are entrusted into family hands without the requisite managerial competencies; financing and risks are borne solely by the member in the Diaspora without access to credit or investment guarantees; and, the enterprise might not be adequately capitalized or sufficiently linked to other elements of the business or sector value-chain; many of these investment resources may have been wasted.

4.7 The Diaspora are also contributing to private sector growth and value-chain extensions. They have been active in establishing small businesses, especially in agribusiness sector, export-import sector, transportation, and new home constructions that have impacted local real estate industry and artisanal groups regarding brick manufacturing, masonry, and carpentry; such activities have implications for youth employment and income generation. Recent increases in entrepreneurship across Africa have been attributed in part to the Diaspora effect: “*Just as waves of expats returned to China and India in the 1990s to start businesses that in turn attracted more outside talent and capital, there are now signs that an entrepreneurial African Diaspora will help transform the continent as some of Africa’s more robust economies, such as those in Ghana, Botswana, and South Africa, are beginning to see an unprecedented brain gain*”⁴⁴. Apart from direct investments in family smallholder agricultural activities in RMCs, Diaspora preference for their ethnic foods while residing in their foreign locations has spawned a number of ethnic foods stores wherever significant populations of these migrants reside. This demand for ethnic foods may have contributed to improved food processing, packaging and market-chain extension. Inspection of food imports in the Diaspora host countries is also improving safety and quality of foods sold in RMCs as well.

4.8 Efforts by the development community to facilitate African Diaspora entrepreneurship and growth of private sector businesses in the region have not sought to transform these features of Diaspora enterprises into competitive turn-key entities. For example, many of the related donor projects tend to employ the Development Marketplace concept, which involves small grants for a handful of awardees with disparate project objectives, and scattered across the continent. Business activities of the African Diaspora also tend to be small-scale, fragmented, and undertaken on individual basis, and very few are inclined to form joint business ventures. This is reflected in the large numbers of proponents in events aimed at supporting Diaspora enterprise

⁴³ The Domestic and Expatriate Nationals Investment (DENI) Program for Sierra Leone (DENI-SL), p.78

⁴⁴ Guo, J. (2010, Feb. 10) *How Africa is becoming the new Asia?* Newsweek

<<http://www.newsweek.com/id/233501>>; Published Feb 19, 2010 (Magazine issue dated Mar 1, 2010)

development. They tend to submit proposals as individuals, instead of pooling resources and ideas and submitting joint proposals. For example, there were more than 500 entries into the Development Marketplace for the African Diaspora in Europe organized by the World Bank, out of which only 14 were awarded project grants of about USD 50,745 each.⁴⁵ Similarly, the African Diaspora Marketplace (ADM) organized by the United States Agency for International Development (USAID) in collaboration with Western Union and Ecobank, attracted more than 700 project proposals from U.S.-based African Diaspora entrepreneurs but only 14 proponents benefitted from the grant funding.⁴⁶ These have led to disappointment among the majority whose projects were not awarded. The MDF of the African Development Bank launched a similar call for proposals in December 2010 and more than 200 applications have been received; the process to select awardees had not been completed at the time of this analytical report.

4.9 These current donor projects seem not to make meaningful impact on private sector development or economic growth in RMCs, especially to the extent that fragile RMCs can be phased out of the FSF, or in drastically reducing youth unemployment. Further, multilateral finance institutions (MFIs) are not ideal to implement small grant projects, as the approval, disbursement and oversight structures do not justify a few awards of small-value grants. Some of these limitations convinced the World Bank to discontinue with this model after piloting the Development Marketplace for the Diaspora in 2007.

5. OTHER CONTRIBUTIONS OF THE DIASPORA

5.1 The nation building process is based not only on financial resources but also on social and political dialogue, advocacy and awareness to stability for development. In this regard, the **Diaspora are also becoming significant players in building democratic institutions in Africa.** As the Diaspora gain more voice and recognition they have begun demanding participation in the home country political processes. An increasing number of Africans abroad are seeking elected office in their home countries, including as members of national legislatures, and many of the major national political parties rely on Diaspora financial contributions during electioneering campaigns.

5.2 **The Diaspora have also been involved in community development:** African émigrés, often through hometown associations (HTAs), undertake philanthropic activities in their communities of origin. They use their inherent social capital values to pool resources for extending basic infrastructure and services (classrooms and education facilities, health equipment and access to clean water and electricity) to communities.

5.3 **African Diaspora thematic networks, mostly in the health and education sectors** establish some form of links with their home country institutions such as

⁴⁵ World Bank, Development Marketplace for African Diaspora in Europe, <http://www.dmade.org>; ADB, Migration and Development Fund <http://www.fundsforafrica.org>; USAID African Diaspora Marketplace (ADM) <<http://blogs.america.gov/ip/tag/african-diaspora-marketplace>>

⁴⁶ America.Gov. (Feb 15, 2010). *African Diaspora Marketplace*, Bureau of International Information Programs, U.S. Department of State [Online] <<http://blogs.america.gov/ip/tag/african-diaspora-marketplace>>: The African Diaspora Marketplace contest recently awarded \$50,000 to \$100,000 to 14 immigrants to the United States from African countries to help them start or expand businesses in Africa. Some of them share how they plan to use the money on the New Enterprise blog; and, DMADE, <www.dmade.org>

universities and research centers, providing occasional face-to-face tutoring, collecting and distributing materials (books, computers, medical supplies, etc.) and mobilizing their host countries to assist in these efforts. African immigrants who are faculty at universities in OECD nations are taking their students to Africa through *study abroad* programs while faculty in Africa interact and build professional relationships with the external institutions. Further, Diaspora professional networks often hold conferences in their home countries and raise awareness about new practices, carry out vital services, or address areas that have not been the focus in existing domestic practice: Nigerians in the Diaspora Organization, for example, as part of their 2007 conference in Abuja held a Pain and Arthritis Clinic, Training of Trainers on Emergency Medical Response and Life-saving Skills, and organized a Molecular Science and Technology Show.

5.4 Activities of the African Diaspora have been essentially private, individual or small-group efforts and in most cases informal. In so doing, African migrants inject much needed financial and material resources where they are required most – the household, particularly the rural family level, the urban poor, and provision of access to basic services - where donor activities, much concentrated on national governments and the formal sector are not able to reach effectively. While these are good acts for personal and family socio-economic well-being, and even community development, mobilizing expertise and financial resources of the Diaspora toward shared national goals has been lacking. It is obvious that where the Diaspora can act on their own they make efforts to do so, but these actions on their own are not sufficient to significantly transform economies.

5.5 These experiences indicate that a well rounded intervention by the Diaspora at the community level may be critical to community development and intra regional peace building. Successful individuals in the Diaspora can become role models and provide the visionary guidance to the youth on further embracing peaceful means to nation building.

6. REGIONAL EXPERIENCES TO ENGAGE THE DIASPORA

6.1 Enabling Environment

6.1.1. The aim of establishing an enabling environment is to continue to engage with the Diaspora and create a community of support for national development priorities. This environment may include, but not limited to, encouraging investments, creating economic and social linkages, accelerating structural reforms, and providing incentives. Further, country-ownership of Diaspora strategies and strong relations with the Diaspora, underlined by a shared vision and goal-setting may help commit the Diaspora and government to act synergistically.

6.1.2 In SSA however, donor priorities are often the major impetus for Diaspora engagement programs in fragile states⁴⁷. This section therefore discusses RMC initiatives on the Diaspora in conjunction with development partner activities on the subject. Most RMCs in SSA have included Diaspora roles in their poverty reduction strategy papers (PRSPs) and established some form of specialized unit or department to manage support from their Diaspora. However, these units as constituted are weak and unable to

⁴⁷ OECD Partnership for Democratic Governance Steering Group: The use of Diasporas in Government functions in post-conflict and fragile situations (draft scoping paper), Part III, Dec. 15, 2009, Paris.

significantly tap the benefit of their Diaspora, hence the need for support from the development partners, including the Bank.

6.1.3 The African Union (AU), in recognition of the potential contributions that the new and historical African Diasporas can make toward the region's development, adopted the *Protocol on the Amendments to the Consultative Act*, with Article 3 (q) in July 2003. The Act pronounced the importance of the Diaspora as a component of the AU and its processes, and that the African Diasporas constitute the "*sixth region*", in addition to the existing RECs. The AU, led by the Government of South Africa, subsequently organized consultations with the Diaspora in 2007 on the declaration in order to come up with a framework for integrating the Diaspora into the region and its development agenda; forums were held in New York, London, Paris, Barbados and Addis Ababa, but there has not been significant follow-up actions impacting the Diaspora phenomena.

6.2 Regional Experiences: The Case of Sub-Saharan Africa

6.2.1 There are also some valuable lessons to be drawn from country initiatives⁴⁸. For example, the **Government of Burundi** is aware of the positive role its Diaspora can play in the fight against poverty and has established a special Diaspora department within the Ministry of External Affairs, but a framework through which Diaspora can be engaged is yet to be defined. **Government of Sierra Leone** is similarly aware of the importance of the Diaspora, has established an office to coordinate Diaspora affairs in the Presidency, and uses professionals residing abroad to fill Government positions, including as Cabinet members, in large numbers but has no legal framework for reversing brain drain.

6.2.2 Likewise, Diaspora engagement is important to **Comoros** because more than 30% of the country's population is in the Diaspora and they make significant financial contributions to the country's development process. The Diaspora have great influence, for example in politics: funds they provide to communities can have sway on the outcome of electoral votes. The government considers that Diaspora remittances can be used to bridge gaps for household consumption as well as contribute to infrastructure and social development. It is therefore important to establish national frameworks so that the government and the Diaspora can agree on development priorities on which they can collaborate. For example, to have medical centers built that are able to function, and to create the enabling environment for channeling funds to productive sectors such as agriculture.

6.2.3 **Government of the Democratic Republic of Congo (DRC)**: A section of the DRC strategy for growth and poverty reduction refers to building positive outcomes out of a Migration for Development in Africa (MIDA) project implemented by the International Organization for Migration (IOM). A Presidential statement to the Legislative Assembly in January 2003 identified the role that Diaspora could play in reconstruction and development of the country. The government has also convened

⁴⁸ Some of these were captured in remarks of delegates at the OSFU knowledge sharing event on, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* during the 2010 AfDB Annual Meetings in Abidjan, Cote d'Ivoire, May 25, 2010: Mr. Daniel Kabuto, Senior Adviser and Spokesperson of the Vice-President of the Republic of Burundi; Mr. Samura Kamara, Minister of Finance, Sierra Leone; Md. Soalihy Hamadi, Directeur de la coordination des projets, Commissariat général au plan, Union des Comores, respectively.

forums with the Diaspora in Kinshasa; and *la Maison des Congolais de l'étranger et des migrants* (MCDEM) has been established, with support from Switzerland and the United Kingdom. In line with the Government's priorities, the Bank has recently approved FSF technical assistance and capacity building support to DRC, which will include strengthening ability to engage its Diaspora in the reconstruction and development process.

6.2.4 **The Government of Zimbabwe**, for example, would like to develop and implement a comprehensive national migration management and Diaspora policy in “*view of the serious challenges faced by the country in the wake of an unprecedented flight of skills since 2000.*”⁴⁹ An inter-ministerial team of the Government therefore toured India and the Philippines in order to learn from these countries how to implement policies and build institutions to coordinate Diaspora issues.

6.2.5 The state of national frameworks and coordination of Diaspora engagement in Sub-Saharan African states not classified as fragile is not different from what pertains in fragile RMCs.

6.2.6 The **Nigerian Government** has helped to establish the Nigerians in the Diaspora Organization (NIDO) and provides office space within its Embassy in Washington DC for coordination, but the organization manages its own affairs, including election of executive and board members. NIDO has an European office as well. One of the objectives of NIDO is to serve as a forum for dialogue with government on the practical, efficient and cost-effective ways to impact the Nigerian economy. The government launched the *Linkage of Experts and Academics in the Diaspora* (LEAD) project to engage highly qualified Nigerian academics and experts abroad in the domestic education sector, but there has been no significant impact of this program or any known cases of systematic engagement of the Nigerian Diaspora. The Directorate of Technical Cooperation in Africa (DTCA) under the Presidential Inter-Ministerial Committee of the Federal Government has launched a program in which African professionals and Nigerians in particular will be engaged to help Africa to gain from the skills and expertise of the Diaspora.⁵⁰ These professionals will be able to choose any country in Africa into which they may invest their expertise on short term basis.

6.2.7 In **Ghana**, the Government tasked the Ministry of Tourism and Diaspora Relations with responsibilities for improving links with the Diaspora. The Ministry manages the Non-Resident Ghanaian Secretariat (NRG), which is to serve as a point of contact and facilitation of services to the Diaspora. However, the Ministry is yet to develop the necessary instruments, including the policies and regulations, services and incentives regime for executing this mandate, and utilize the Diaspora in closing the country's development gaps. The lack of frameworks also means that the department cannot receive government budget allocations to carry out non-existing tasks. The national Parliament passed the Representation of the People Amendment Act (ROPAA) in February 2006, which grants overseas-resident Ghanaians the constitutional right to

⁴⁹ *Zimbabwe working on migration policy to tap into Diaspora resources*, African Press Agency (APA), April 26, 2010 [Online] <http://www.apanews.net/apa.php?page=afric_item_eng&id_article=123090> Accessed April 27, 2010.

⁵⁰ Government of Nigeria. Directorate of Technical Cooperation in Africa (DTCA), Philosophy. [Online] <<http://www.dtca-ng.org/philosophy.htm>>. Accessed May 5, 2011

vote, but this has not been implemented. Under a new government (from 2009), ‘Diaspora Relations’ has been dropped from the official designation of the ministry.

6.2.8 Despite these efforts, there is very little evidence on the use of Diaspora in capacity building or facilitating their investment ventures toward transformational economic changes at an appreciable level in SSA. So far, there are no known cases of significant brain gain, there is limited evidence on meaningful leveraging of remittances, and there is no significant framework to facilitate Diaspora engagement, entrepreneurship or institutionalized incentive regimes for Diaspora actions.

6.2.9 Many of these initiatives would therefore be classified as “*living dead*”⁵¹. Capacity gaps in the existing Diaspora initiatives reflect poor policy choices, inappropriate instruments and strategies, weak and inaccurate data on the Diaspora, lack of clearly defined objectives, and poor implementation of programs. Some of these weaknesses are elaborated in the section below. **In order for African governments to capitalize on the skills and value-added of attracting Diaspora, they will need to review existing policies and incentive mechanisms.**

6.2.10 To support this process, some lessons can be drawn from the experience of Tunisia. The Government has recognized the important role that Tunisians abroad play in the country’s economic development and therefore facilitates Diaspora contributions through Acts, policy frameworks, institutional integration, administrative structures and incentives. The country has an emigration rate of 5.9%, with the majority (78.3%) of these migrants living in Europe.⁵² Some of the concrete steps that countries in the Maghreb region have taken to effectively harness contributions of their Diaspora in development are demonstrated using the case of Tunisia (Box 1).

6.2.11 **Tunisia’s Diaspora policy and administrative structure:** Tunisia established the *Office des Tunisiens à l’Etranger* (OTE) or Office of Tunisians Abroad at the Ministry of Social Affairs and Solidarity in 1988 by Government Law (Art. 14 Law No. 60-88). This Office manages the major decisions and actions that public authorities take to promote active participation of Tunisians abroad in national development and for ensuring the welfare of trans-national families, both abroad and at home.⁵³ OTE is present at national and sub-national levels and abroad to supervise economic, cultural and social relations with the Diaspora. OTE facilitates investments, savings, business development and entrepreneurship activities of the Tunisian Diaspora in their country of origin and provides government with necessary data and other information for policy formulation on services to the migrants and their trans-national families. The Tunisian model is similar to cases reported in Southeast Asian countries such as China, Korea, and India (Annex 1).

⁵¹ According to Kuznetsov, “there are a number of [Diaspora] initiatives with significant resources, resulting in a flurry of activities yet with little impact on home country institutions (‘living dead’ situation)”. In this regard, Kuznetsov considers that “many Diaspora programs are ‘living dead’ – they are not failures and they generate enough interest to maintain their funding, yet their development impact is very limited”. See: Kuznetsov, Y. Why is Diaspora potential so elusive? Towards a new generation of initiatives to leverage countries’ talent abroad, Migration for Development Forum [Online] http://www.migration4development.org/docs/kuznetsov_diasporas.doc;

<http://info.worldbank.org/etools/docs/library/243283/GlobalSearchIndiaMarch%2017.pdf>

⁵² UNDP, Human Development Report 2009: Overcoming barriers: Human mobility and development. [Online] <http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_TUN.html>

⁵³ Republique Tunisienne, Ministere des Affaires Sociales de la Solidarite et des Tunisiens a l’etranger, Office des Tunisiens a l’etranger. [Online] <<http://www.ote.nat.tn>>

6.2.12 Korea's experience demonstrates that an enabling environment combined with shared national vision between government and Diaspora can transform economies. While the Diaspora may be capable and willing to contribute to national development, efforts must be made for RMCs to develop objectives that are endearing to the Diaspora. South Korea for example developed a shared national vision of industrialization, underscored it with the slogan *we can live well, too*, and mobilized its *friendly troops (the Diaspora)* around it.⁵⁴ Korea realized in the 1960's in charting its own path for reconstruction that an industrialization strategy was the most plausible route to eliminate poverty and create long-term economic prosperity. A cornerstone of the strategy entailed using its Diaspora in Japan as *friendly troops* or partners to invest in the technology complex that would be established in Seoul. The complex was originally intended to exclusively attract Japanese investors and industrialists but they were reluctant; the investments by the Diaspora and expectation of higher land prices subsequently led to the Japanese investment and technology that Korea was seeking. There is evidence to indicate that these proactive measures helped the Korean economy to grow from around 1961 to one that exports vessels, automobiles, and wireless communications today.

Box 1: Tunisia's Diaspora mobilization framework

Economic impact of Diaspora engagement: The economic instruments and incentives instituted by the government have led to 11,815 ventures with a total investment of about \$308 million and employment for about 48,000 people. These ventures have been mainly in the service sector (65%); industry (25%) and agriculture (10%).

Incentives for the Diaspora: Economic and financial incentives to facilitate Diaspora contributions include exemptions from customs duty on imported equipment; rolling stocks are available to Tunisians who have lived abroad on a continual basis for more than two years and who have invested in any activity listed in the investment incentives code upon definitive or provisional return to Tunisia. Each year, OTE organizes *les Journées d'Appui au Développement (JAD)* or *Development Support Days* in collaboration with the country's provincial Regions. Activities include tour of investment projects undertaken by the Diaspora, and opportunities for the Tunisian business community and the Diaspora to interact as a way of boosting partnerships between entrepreneurs who are resident abroad and counterparts at home.

Remittances: Remittances from Tunisians abroad are among the main sources of foreign currency for Tunisia. These transfers constitute the fourth foreign currency resource and they play an important role in the balance of payments and national reserve currency of Tunisia. Remittances represent 4.8% of GDP, 21.8% of national savings and 43.7% of trade deficit. According to OTE, these remittances totaled about \$16.5 billion between 1987 and 2008 of which, 76.6% were in cash and 23.4% were in-kind transfers (such as equipment acquired for economic activities in Tunisia, vehicles and movable goods imported as part of provisional or definitive return, etc.). OTE reported that in 2007, Tunisians abroad sent home \$1.716 billion, which amounted to an average of \$166 per Tunisian abroad, compared with \$125 average for Arab States⁵⁵.

Engaging the highly-qualified Tunisian Diaspora: OTE maintains and regularly updates a database of Tunisian expertise located abroad, and facilitates their connections to home country institutions. The database improves knowledge about Diaspora contributions to technical, economic and social development.

Source: Republique Tunisienne, Ministère des Affaires Sociales de la Solidarité et des Tunisiens à l'étranger, Office des Tunisiens à l'étranger. [Online] <<http://www.ote.nat.tn>>

⁵⁴ Seung-Hun Chun, President of the Korea Institute for Development Studies spoke on *Diaspora contributions to industrialization in South Korea* during a side event organized by OSFU on the subject, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* during the 2010 AfDB Annual Meetings in Abidjan, Cote d'Ivoire.

⁵⁵ UNDP. Human Development Report 2009, The Human Development Index - going beyond income: Tunisia. http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_TUN.html

6.2.13 Another set of lessons can be drawn from India, which sold about \$4.2 billion worth of 5-year bonds targeting the Diaspora within a period of two weeks, shortly after its first nuclear tests in 1998 and the ensuing international sanctions.⁵⁶ The India Millennium Deposits in 2000 raised an additional \$5.5 billion. Although India has no comprehensive strategy on the Diaspora, the government provides a package of incentives for the Diaspora to make contributions, under what is now commonly known as Non-Resident Indian (NRI) status.

6.2.14 Although there are some sporadic ‘success’ stories of Diaspora contributions in Africa’s development, African governments, the Diaspora and the donor agencies alike are still striving to find good approaches for the region to optimize Diaspora potentials in Africa’s development. **A Diaspora engagement strategy which is built on a medium to long term capacity needs assessment with a clear focus on transfer of skills is the initial entry point.** A critical constraining factor in such an approach in fragile states is the lack of “human bodies” primarily, and secondly the availability of nationals in the public sector who have at least some level of education and basic skills upon which the transfer of knowledge can be based.

6.2.15 For example, the on-going donor coordinated support to the Somalia public finance management (PFM) program to kick-start the basic financial and economic governance machinery (such as the central bank, ministries of planning, finance, revenue collection authorities, national audit and accountant general functions, etc.) is a case in point. Due to the long drawn out conflict and insecurity, the national PFM institutions are currently staffed by an older generation which is soon approaching retirement, or a crop of fresh inexperienced graduates which would need extensive training and supervision. The challenge is now to bring in the Diaspora who are technically competent to bridge this gap.

6.2.16 **Moreover, an important element in developing a national Diaspora engagement strategy is the need for accurate data and statistics.** The documented figures of African migrants vary and when available, are incomplete or outdated.⁵⁷ For example, the Domestic and Expatriate National Investment program for Sierra Leone made projections based on 500,000 Sierra Leoneans abroad, supposedly including 250,000 in the United States, Canada and Europe. However, United Nations data suggest that the emigration rate for the country of 5.7 million people is 2% or 114,000 people, with about 40.9% of these emigrants living in other African countries.⁵⁸ The most recent data indicated 20,831 documented Sierra Leoneans in the United States (U.S. Census 2000) and 15,696 in Europe while Canadian Census reported less than 300,000 for immigrants from SSA as a whole. Given that illegal migrants are not included in official statistics, so also would they not be able to make legitimate investment contributions amidst the increasingly transparent global fund transfer regime. Illegal immigrants in OECD nations are also unlikely to have gained the advanced professional experience abroad and would therefore not be able to constitute the pool of professionals in the Diaspora who can help build capacity in Africa.

⁵⁶ Somini Sengupta, “India Taps Into Its Diaspora,” *New York Times*, 19 Aug 1998.

⁵⁷ Docquier, F., & Marfouk, A. (2005), International migration by educational attainment (1990-2000), Release 1.1., update of World Bank Policy Research Working Paper 3381 (Washington, DC: World Bank).

⁵⁸ UNDP Human Development Report 2009: Sierra Leone – Migration, Table 4. [Online]
<http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_SLE.html>

7. PARTNER INITIATIVES

7.1 **The World Bank** launched its African Diaspora Program with participation of the Diaspora in North America in 2007 and has since provided Institutional Development Fund grants as seed capital to the African Union Commission (AUC)⁵⁹, and the Government of Sierra Leone⁶⁰ in 2008 to build capacity for comprehensive Diaspora engagement, including preparing and implementing regional, and country strategies, respectively, but there has been little tangible framework, engagement of the Diaspora or other results of significance. Similarly, in 2008, the European Commission (EC) provided more than 1.7 million euro to the World Bank on assisting African countries (through the AUC) on strategies toward transforming remittances into development tools,⁶¹ but there has been no significant activity, apart from several ‘steering committee meetings’, and so on. The poor implementation of these projects demonstrates that more than project funds are required; technical assistance is also needed to guide RMCs during implementation.

7.2 The World Bank also undertook a pilot project to link professionals in the Diaspora, largely by virtual means, to their home country institutions for service delivery in the education and health sectors: One of the pilot projects sought to link Ghanaian academics and industry practitioners in North America as adjunct faculty to assist faculty at the University of Ghana on mentoring graduate students during their thesis research, under the *Ghanaian Diaspora Education Sector Professionals Mobilization Project*⁶². The University of Calgary (Calgary, Alberta, Canada) provided the technology interface (Web site and *Blackboard-Elluminate*) for virtual links between the Diaspora and counterparts and students in Ghana. Real time links between the institutions showed that multimedia interfaces could be used for twinning classrooms, but narrow bandwidths in Ghana would have to be addressed for the full media spectrum of video, audio and text transmissions simultaneously. Financing and partnerships with regional and global telecommunications sector would help to provide the needed capacity. Another pilot of the World Bank, financed by the Italian Government, sought to engage Ethiopian physicians and health sector practitioners in the Diaspora with the Addis Ababa University.

7.3 Through such tangible application of telecommunications, RMCs can justify and mobilize the investments necessary to create sufficient bandwidth for sharing in global research advances. These projects, however, have not moved beyond the pilot phase; there is no evidence of significant information sharing and knowledge exchanges as a

⁵⁹ Encyclopedia.com (July 20, 2008) The International Bank for Reconstruction and Development issued the following press release: The African Union (AU) Commission and the World Bank signed an agreement this week under which the Bank is providing US\$487,000 in grant funding for strengthening the African Diaspora Program of the AU. The Institutional Development Fund is part of the World Bank's support in enhancing the capacity of the AU Mission to the United States in Washington, DC. It will enable the AU Mission to carry out one of its core functions of developing and maintaining productive relationships with the Diaspora. <http://www.encyclopedia.com/doc/1P3-1514559671.html>

⁶⁰ The World Bank approved an Institutional Development Fund of more than \$450,000 to Sierra Leone. See related news at, World Bank (October 27, 2008): Sierra Leone Diaspora Mobilization Program takes off.

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21954665~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>

⁶¹ Africa-European Union Partnership on Migration, Mobility and Employment < http://www.africa-eu-partnership.org/partnerships/items/migration_en.htm >

⁶² Ghana Diaspora Educational and Professional Network, The University of Calgary, Calgary, Alberta, Canada Online] http://www.ucalgary.ca/tetty/diaspora_ghana

result of these interventions. These failures resulted from a lack of significant facilitation between the domestic and external participants to manage the knowledge exchange; this reflects the need to stimulate demand in Africa for knowledge services of the Diaspora.

7.4 The United Nations: The main development partner initiatives that have supported RMCs to tap the skills and expertise of their professionals abroad are the United Nation's *Transfer of Knowledge through Expatriate Nationals* (TOKTEN) and MIDA programs. These programs deploy experts from the Diaspora to their countries of origin through short-term physical relocation. The TOKTEN program for instance involved deployment of 42 experts to Southern Sudan, a country that is, invariably, building from the ground; 47 to Rwanda, and 22 to Liberia.⁶³

7.5 Considering the high rates of expatriation of African professionals and the debilitating impact on institutional capacity and service delivery, a massive infusion of human capital may be required to sufficiently rebuild fragile states. The TOKTEN and other programs that depend almost entirely on physical repatriation of a small number of professionals from the Diaspora cannot meet the needs of RMCs. An OECD report, based on analysis of using the Diaspora to deliver public services in four fragile and post-conflict states around the world (South Sudan, Haiti, Afghanistan, and Timor-Leste) found that little knowledge transfer occurred as a result of deploying only a few experts from the Diaspora to their countries of origin.⁶⁴ For example, the study looked only at South Sudan out of all the fragile and post-conflict states in the Bank's classification, and only one program (TOKTEN). The program 'transferred' only 42 experts to South Sudan. These volunteer experts, moreover, functioned in different sectors in both North and South Sudan. Other information (unpublished) suggest that some of the TOKTEN participants in the South Sudan project would have liked to stay longer, but the "*project ended*" (or the funding period had ended). Another weakness identified in the program was failure to engage these experts more explicitly in skills transfer into the institutional environment. As such, "*overall, investment by the international donor community in return programs is relatively low*". But the report also observed that it is "*imperative to ask how rather than whether donors should contribute to return programs*", which implies finding other instruments to engage highly qualified professionals in the Diaspora in institution building of their homes of origin.

7.6 Moving from database-centered end-products: African governments and their donor partners often indicate need for 'database of experts' abroad. Ideally, creating a database of the Diaspora would be for cataloguing and aligning professionals (their sector expertise, knowledge networks and enterprise groups) to critical growth pillars and development frameworks. The South African Network of Skills Abroad (SANSA) and Nigeria's *Linkage with Experts and Academics in the Diaspora* (LEAD) programs raised prospects of a new direction for the region to engage with professionals in the Diaspora,

⁶³ Government of Liberia, Civil Service Agency: *Policy and Implementation Framework for the Senior Executive Service*, April 2008: As an immediate response to the crisis of capacity in Liberia, the government, with the support of the United Nations Development Program (UNDP), World Bank, USAID and other bilateral donors established a Senior Executive Service (SES) made up of highly competent, technically qualified and professionally motivated individuals mainly from the Diaspora. The SES program was set up as part of the civil service reform, with the objective of reinforcing the government's capacity and to promote the civil service code of conduct, using a result-oriented public service approach.

⁶⁴ OECD, *The use of Diasporas in Government functions in post-conflict and fragile situations* (draft scoping paper), Partnership for Democratic Governance Steering Group (Discussion Paper), Part III, Organization for Economic Cooperation and Development, Paris, Dec. 15, 2009.

but these may have become examples of the ‘living dead’ as they have not made any significant impact. Many of the initiatives to engage highly qualified professionals in the Diaspora to address human resource gaps, build institutions and deliver services in Africa have remained stuck on creating databases of these professionals. This is probably because databases are viewed as end-products in themselves instead of as means to achieving an objective, and this may have created a *database fatigue* among the Diaspora. “*It is important [for African nations and their donor partners] to appreciate brain wherever it may reside*”;⁶⁵ they could do so by matching demand and supply of high quality expertise.

8. CONCLUSION

8.1 The Diaspora should be considered not just as sources of financing, but as development partners. A stronger relationship between RMCs and the African Diaspora is therefore appropriate and urgent. Indeed, any segment of society that as a group is an embodiment of a significant share of the region’s intellectual capacity and contributes \$40 billion on an annual basis to the economy would have a seat at the development table. Bank can undertake studies necessary to identify the facilitating and catalytic role it can play in connecting RMCs and Diasporas, and to build capacity of RMCs to engage the Diaspora. Successful cases of Diaspora engagement have been country-owned, not donor-driven, unlike the current efforts on the African Diaspora. Therefore, in as much as Bank assistance may be required for Diaspora engagement in Africa, efforts must be made to help African governments and the Diaspora play leadership roles while Bank and other external parties provide catalytic support.

9. RECOMMENDATIONS

9.1 **Bank can provide technical assistance and financial support for RMCs to create the enabling environment for mainstreaming Diaspora contributions** in development frameworks for significant economic transitions. Such support should also enable the Bank to develop good standards that will guide country and development partner initiatives on Diaspora engagement in the region. The Bank is in close proximity with its clients; has a high concentration of highly qualified Africans who are also financial remitters, potential investors and entrepreneurs; and has the capacity to analyze and share good practices on the issue with RMCs so that they can apply these lessons locally. Bank therefore can serve as a community to obtain anecdotes and validate approaches that will enable RMCs to effectively harness Diaspora contributions. This situation will enhance Bank’s legitimacy, as Africa’s own multilateral development institution, to support fragile RMCs on engaging the Diaspora in ways that others cannot.

9.2 **Comprehensive strategies, instead of *ad hoc* projects are required:** A broader, deeper and more systemic approach of the Bank to Diaspora engagement is necessary because of the acute capacity and resource constraints of RMCs/RECs, and the potential roles that the Diaspora can play in addressing these challenges so that RMCs can transition from fragility to stability and from low to middle-income economies. Bank can help RMCs and their Diaspora reach consensus on shared development priorities around

⁶⁵ Anup Pujari, Joint Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, *Diaspora contributions to development in India*, Seminar organized by OSFU on, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* during the 2010 AfDB Annual Meetings in Abidjan, Cote d’Ivoire, May 25, 2010.

which Diaspora expertise and resources can be optimized in the form of *Diaspora-public-private-partnerships*, and to create the enabling environment for doing so. Consultative forums involving stakeholders should lead to clearly defined roles of the various parties and the frameworks for executing them.

9.3 Bank can use its investments guarantee instruments to spur Diaspora financial contributions for entrepreneurship and private sector growth in the region. The Bank's investments assurance (for example through its Financial Management Department) can help pool Diaspora investment capital through *Diaspora-public-private partnerships* in order to establish industries that can manufacture for the regional economy while creating employment for the rapidly growing youth segment. The larger business entities financed with Diaspora resources could also improve access to institutional financing and other investment products in the Diaspora countries of residence. Existing projects on the Diaspora tend to support a handful of small projects with disparate objectives out of a multitude of proponents. Bank's investments guarantee in conjunction with other instruments such as the Governance Economic and Financial Reforms (OSGE) program for promoting the environment for private sector development can have a watershed effect on the broader development process and help transform the private sector. The Bank could also build on its relationship with regional commercial banks and financial sector institutions to engage the Diaspora as sources of new ideas and innovation in support of large capital investments, strengthening investments and loans, making FDIs more attractive and helping private sector expand in order to create employment for the rapidly growing youth segment.

9.4 Bank taskforce on Diaspora bonds: The Bank (for example its Treasury Department) and other development partners of RMCs are considering issuance of Diaspora bonds. However, raising financial resources from the Diaspora should be tightly linked to utilizing their technical, managerial and administrative expertise to ensure that entities and initiatives financed with such capital have the requisite human resources to make proper use of the investment. In addition, presence of Africans in the advanced economies should be exploited for improving business, trade and investment links with the Diaspora host country's investors. Diaspora bond issuance should be considered in the context of helping RMCs make better use of Diaspora financing and investment potentials to supplement traditional development resources, and to bridge the infrastructure financing gap in major ways that cannot be achieved through traditional development financing: For example, large-scale efforts for sub-regional renewable energy security (generation, distribution and management); agro-based industrialization; value addition to ores and other natural resources; building integrated and inter-continental transport networks such as seaports with rail links to connect landlocked countries.

9.5 Highly-qualified experts in the Diaspora could be engaged without the need for physical relocation, nurtured as networks instead of as individuals, and enabled to render services through virtual interaction. In using highly qualified African professionals to build domestic capacity, a broader scope of participants than citizens of each nation abroad *per se* should be considered. This is because, even if all skilled emigrants were to return to their countries of origin, human resource gaps would still exist in many fragile states, as several countries had weak human resources even before they fell into conflict.

ANNEX 1 GLOBAL PRACTICES ON ENGAGING THE DIASPORA

The Enabling Environment

Shared national vision between government and Diaspora: While the Diaspora may be capable and willing to contribute to national development, efforts must be made for RMCs to develop objectives that are endearing to the Diaspora: South Korea for example developed a shared national vision of industrialization, underscored it with the slogan *we can live well, too*, and mobilized its *friendly troops (the Diaspora)* around it.⁶⁶ Korea realized in the 1960's in charting its own path for reconstruction that an industrialization strategy was the most plausible route to eliminate poverty and create long-term economic prosperity. A cornerstone of the strategy entailed using its Diaspora in Japan as *friendly troops* or partners, who were persuaded to invest in the technology complex that would be established in Seoul. The complex was originally intended to exclusively attract Japanese investors and industrialists but they were reluctant; the investments by the Diaspora and expectation of higher land prices subsequently led to the Japanese investment and technology that Korea was seeking. This measure, in addition to others put in place helped to transform the Korean economy from a basic economy (where most African economies have remained or retrogressed) to one driven by industrial processes. The Korean economy grew from one that exported fish, plywood and around 1961 to one that exported sea-going vessels, automobiles, and wireless communications in 2009; from one that imported minerals, fuels, machinery and electrical equipment valued at about \$344 million to one that imported about \$323 billion worth of the same categories of raw materials; and from a negative balance of payment of \$311 million to a positive figure of nearly \$40.5 billion.

The experience of China also points to the need for a well-articulated and shared national vision around which to mobilize the Diaspora: The Chinese government understood that Chinese émigrés would be vital allies in the reconstruction, modernization and nation building⁶⁷. There are over 40 million overseas Chinese; more than 24 million of them live in Southeast Asia (most of them in Singapore, Indonesia, Thailand, Malaysia, Vietnam, the Philippines, among others), where they are a major part of the economic fabric and control wealth and capital far out of proportion to their population. The Government sees these Chinese as not a loss to the country but a backbone of *forces friendly* to China in America and other developed countries, and a means to strengthening the nation in a global world. Government of China has therefore encouraged these migrants to remain loyal to China's national interests wherever they may have relocated.

⁶⁶ Seung-Hun Chun, President of the Korea Institute for Development Studies spoke on *Diaspora contributions to industrialization in South Korea* during a side event organized by OSFU on the subject, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* during the 2010 AfDB Annual Meetings in Abidjan, Cote d'Ivoire.

⁶⁷ Yong Lin, Vice Director, Institute for Ethnic Chinese Studies, Fujian Academy of Social Sciences: *How to mobilize overseas Chinese for development* during a side event organized by OSFU on the subject, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* at the 2010 AfDB Annual Meetings in Abidjan, Cote d'Ivoire, May 25, 2010. Also, see: Young, N., and J. Shih (2003). *The Chinese Diaspora and Philanthropy*, Global Equity Initiative, Kennedy School of Government, Harvard University, Cambridge, Massachusetts

Policies have therefore been enacted and instruments and incentives put in place for overseas Chinese to act as a cohesive community that is able to mobilize financial, political and diplomatic forces, with Beijing at its hub, instead of being a global scattering of individual Chinese.⁶⁸ Favorable policies including generous investment incentives were instituted at all levels of Chinese government to attract Diaspora capital. The post-1978 economic reforms, including flexible labor laws, efficient administrative procedures, tax incentives for investment, and massive investments in physical and social infrastructure have been endearing to the Diaspora as well as non-Chinese investors. These together have boosted FDI flows from the Diaspora and increased bilateral trade between Diaspora host countries and homeland China.⁶⁹ This way, the Diaspora was not a global scattering, but a cohesive community of overseas Chinese people, able to mobilize financial, political and diplomatic forces, with Beijing at its hub.

India, unlike China, has no comprehensive strategy on Diaspora engagement; there are only sporadic stories, but the government provides some incentives for the Diaspora to make contributions, for example returns on investments.⁷⁰ This situation may be about to change: In 2000, the Government of India tasked a High Level Committee to analyze the potential development role of Non-Resident Indians for policy considerations. The Committee released its report in January 2002, and recommended a “*new policy framework for creating a more conducive environment in India to leverage these invaluable human resources.*”⁷¹ Much of the analysis reflected why FDI and other business flows from the Indian Diaspora have been low relative to, in particular, the Chinese. Indians abroad generate an annual income equal to 35% of India’s GDP (or about \$406 billion equivalent of India’s \$1.16 trillion 2008 GDP), yet have contributed less than 10% of India’s modest \$3.55 billion of FDI. Overseas Chinese, by contrast, contributed half of China’s \$48 billion FDI flow in 2002. India, with no particular policy to engage the Diaspora, reduces ability of its expatriates to invest in their country.

Still, with the incentives provided the government, and the spirit of patriotism, India launched and sold \$4.2 billion worth of 5-year bonds targeting the Diaspora within a period of two weeks, shortly after India’s first nuclear tests in 1998 and ensuing international sanctions.⁷² The success of this bond issuance enticed the government to issue another bond in 2000 (the India Millennium Deposits), which raised an additional \$5.5 billion. The government recognized that patriotism alone could not bring about the targeted funds; it therefore provided incentives such as an interest rate two percentage points higher in dollar terms than the U.S. bond market, option to redeem in U.S. dollars or German marks, bond guarantee by the State Bank of India, and exemption from Indian taxes. Further, India launched these bonds, which were available specifically to non-resident Indians, with intensive marketing campaigns in the U.S. and Europe.

⁶⁸ Young, N., and J. Shih (2003), *The Chinese Diaspora and Philanthropy*, Global Equity Initiative, Kennedy School of Government, Harvard University (Cambridge, Massachusetts)

⁶⁹ Newland, K., and E. Patrick: “Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin”, Migration Policy Institute, Washington D.C. USA, July 2004

⁷⁰ Anup Pujari, Joint Secretary, Department of Economic Affairs, Ministry of Finance, Government of India: Speaking on *Diaspora contributions to development in India* at a seminar organized by OSFU on the subject, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* during the 2010 AfDB Annual Meetings in Abidjan, Cote d’Ivoire.

⁷¹ See and citations therein: Newland, K., and E. Patrick: “Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin”, Migration Policy Institute, Washington D.C. USA, July 2004, p.6-7 <http://www.indiandiaspora.nic.in/contents.htm>

⁷² Somini Sengupta, “India Taps Into Its Diaspora,” *New York Times*, 19 Aug 1998.

Using Highly Skilled Professionals in the Diaspora for Nation Building

Countries with good practices on the issue have explicit instruments for attracting highly skilled professionals in the Diaspora to home country institutions: Korea for instance provided high quality research environments, remuneration and incentives as in advanced countries. India also provides some incentives that have contributed to establishment of subsidiaries of multinationals and of joint ventures between multinationals and Indian firms. These were often driven by scientists who emigrated and subsequently returned and started information engineering and biotechnology businesses, among others.

China also provides a good practice in reversing the brain drain. The country's leadership recognize the importance of reversing the brain drain, publicly support it, and make it an important component of a national strategy of 'building the country through science and education' (*ke jiao xing guo*). Universities and research laboratories under the Chinese Academy of Sciences compete among themselves to attract good talent. Since early-2000, rewards from China's market for those who transfer new technology into the country has been a force behind reversing the brain drain, and Chinese scholars and entrepreneurs living overseas are aware of the opportunities this can bring.⁷³ The government established high-tech development zones and returned overseas students' enterprise parks to accommodate the upsurge of investment by overseas Chinese. Young graduates are encouraged to return to China by offering them preferential treatment in job placement, remuneration and tax incentives⁷⁴. A policy called 'supporting study overseas, promoting return home, maintaining freedom of movement' was adopted to encourage Chinese abroad with professional or business ties in both China and overseas to regularly travel back and forth. Overseas Chinese academics and young professionals are enabled to contribute to the homeland from overseas by means of cooperation with China's research institutes, research visits, joint conferences, special discussion groups, taking up short-term part-time jobs, and so on.

Critical mass and technology parks help to reverse brain drain: Science and technology parks have characterized government infrastructure and incentives to attract highly qualified professionals from the Diaspora and investments from émigrés for industrialization. The basis of the technology park is that "*creative, highly skilled people work and live best when surrounded with similar people*".⁷⁵ Highly educated migrants are often reluctant to return to places where such people are lacking. China-Taiwan's solution to this challenge was to subsidize the formation of a community of well-educated people at the *Hinschu Science-based Industrial Park*. The result was a critical mass of creative, Western-educated people who have been able to significantly transfer knowledge to power China-Taiwan's industrialization. This measure however succeeded because of an

⁷³ David Zweig: 'Is China a Magnet for Talent?' Immigration and Canada's Place in a Changing World, 8th National Canadian Metropolis Conference, Bayshore Hotel, Vancouver, 24 March 2006.

http://canada.metropolis.net/EVENTS/Vancouver_2006/Presentation/PS-032406-0900-Zweig.ppt.

⁷⁴ Yong Lin, Vice Director, Institute for Ethnic Chinese Studies, Fujian Academy of Social Sciences: *How to mobilize overseas Chinese for development* during a side event organized by OSFU on the subject, *Mobilizing the African Diaspora for Capacity Building and Development: Focus on Fragile States* during the 2010 AfDB Annual Meetings in Abidjan, Cote d'Ivoire, May 25, 2010.

⁷⁵ Source: O'Neil, K. (2003). *Brain drain and gain: The case of Taiwan*, Migration Policy Institute, Washington, DC, [Online]

<<http://www.migrationinformation.org/Feature/display.cfm?ID=155>>

already positive political and economic outlook and real demand for the returnees' skills.⁷⁶ As part of this brain trust, the government established a database, tracked skilled migrants and matched them with job opportunities at home; annual reports on employment needs in China-Taiwan were widely distributed abroad. Scientists, professionals and highly skilled technicians were systematically invited back to China-Taiwan to teach and network with Taiwanese counterparts, officials, and investors.

It is also important for Diaspora engagement schemes to target descendants of the initial Diaspora generation, providing them with opportunities to learn about their ancestral home of origin: Tunisia for example takes steps to include descendants of the Diaspora as young Tunisians abroad under the age of 16 represent 25% of Tunisian emigrants. The government provides these youth the opportunity to learn about Tunisia so that they may serve as future vectors for economic and commercial ties with the country of residence.

There are many other factors in successfully engaging highly-skilled Diaspora for capacity building, for example the mode of participation and the country of abode of the professional Diaspora, among others.

Mobilizing Diaspora Investment and Entrepreneurship for Private Sector Development

Diaspora source countries can take advantage of their citizens in OECD nations to extend their reach into the international marketplace, using these as intermediaries between the private sector in the host country and as potential partners in their countries of origin. Expatriates with one foot in each country are often revealed to be excellent ambassadors of national interests and valid negotiators between businesses in the two countries. Kugler and Rapoport showed that labor flows can lead to formation of business networks, and that migration can actually facilitate FDI⁷⁷. Javorcik et al. have also shown that networks of Diaspora can positively affect FDI flows from their country of residence to the country of origin through information sharing and contract enforcement mechanisms⁷⁸.

Results of a survey of Indian software industry indicated that 14% of businesses received investment from Indians abroad; in 25% of those cases, they accounted for more than 50% of new investments.⁷⁹ China has also been highly successful in securing investments from overseas Chinese into mainland China: about 70% of China's FDI in the last two decades has come from overseas Chinese, including Hong Kong and China-Taiwan, whose transfer of labor intensive industries to Special Economic Zones on the mainland in the 1980s was a defining feature of Deng Xiaoping's economic reform period.

⁷⁶ Cited in: Newland, K., and E. Patrick: "Beyond Remittances: the Role of Diaspora in Poverty Reductions in their Countries of Origin", Migration Policy Institute, Washington D.C. USA, July 2004, p. 15.

⁷⁷ Kugler, M and H. Rapoport. (April 2005). Skilled emigration, business networks and foreign direct investment, CESifo Working Paper Series No. 1455. <http://ssrn.com/abstract=710923>

⁷⁸ Javorcik, B. S., C. Ozden, M. Spatareanu and C. Neagu. (2006). Migrant networks and foreign direct investment, 'World Bank Policy Research Working Paper 4046, Washington, November. http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/10/25/000016406_20061025122602/Rendored/PDF/wps4046.pdf

⁷⁹ See Javorcik, B. S., C. Ozden, M. Spatareanu and C. Neagu. (2006). Migrant networks and foreign direct investment, 'World Bank Policy Research Working Paper 4046, Washington, November, p.2 (footnote and reference) http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/10/25/000016406_20061025122602/Rendored/PDF/wps4046.pdf

This relationship between FDI and migration is driven by presence of migrants who have college education. Javorcik et al showed the magnitude of economic effect of presence of migrants in the United States on increase in the volume of FDI flows into their countries of origin; this impact is stronger the more skilled the migrants are, with at least a college education as basis: 1% increase in migrant stock is associated with a 0.3% increase in the FDI stock. Evidence also points to a positive effect of immigrants on trade with their homes of origin. The rationale for this observation is that international transactions are plagued with both informal and formal trade barriers such as transportation costs and tariffs.

Some of the informal barriers relate to access to information such as potential market opportunities, and with enforcing contracts across national boundaries. These informal barriers could be alleviated by presence of people with the same ethnic background on both sides of a border as their language skills and familiarity with a foreign country can significantly lower communication costs. These migrants also present opportunities to obtain valuable information about market structure, consumer preferences, business ethics and commercial codes in both economies. They may also help to decrease the costs of negotiating and enforcing a contract through their social links, networking skills and knowledge of the local legal regime. In essence, business and social networks that span national borders can help to overcome many contractual and information barriers and enhance mutually beneficial international transactions.

Securitizing and leveraging remittances: Remittances are now factored into sovereign ratings in middle-income countries and debt sustainability analysis in low-income countries, as they have contributed to reducing current account deficits of low-income countries⁸⁰. Remittances therefore can significantly improve a recipient country's credit ratings and provide opportunities for governments and financial institutions in receiving countries to access international credit at better interest rates and longer-term financing via securitization of future remittances. Countries, such as Brazil, El Salvador, Mexico, Panama, and Turkey, have used future flows of migrant workers' remittance-backed securities to raise external financing. Brazil's *Banco do Brasil*, for example, in 2001, issued \$300 million worth of bonds with five year maturity, using as collateral future *yen* remittances from Brazilian workers in Japan. The terms of these bonds were significantly more generous than those available on sovereign issues: they were rated BBB+ by Standard and Poor's which was higher than Brazil's sovereign foreign currency rating of BB at the time.

Securitization normally involves the financial entity pledging its future remittance receivables to an offshore Special Purpose Vehicle (SPV), which in turn issues the debt. Designated correspondent banks are directed to channel remittance flows of the borrowing bank through an offshore collection account managed by a trustee. The collection agent makes principal and interest payments to the investors and sends excess collections to the borrowing bank. Since remittances do not enter the issuer's home country, the rating agencies believe that the structure mitigates the usual sovereign

⁸⁰ Ratha, D., S. Mohapatra and A.R. Silwal (2010, April 28). Migration and Remittance Trends 2010, Webinar, The World Bank, Washington D.C. [Online]
http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/DilipRatha_MDBrief12webinar.pdf

transfer and convertibility risks. Such transactions also often resort to excess coverage to mitigate the risk of volatility and seasonality in remittances.⁸¹

Leveraging Diaspora social philanthropy: Diaspora HTAs also provide an entry point for mobilizing migrants for collectively investing in community infrastructure development. In “*Mexico, for example, the government has a ‘3 x 1’ program, in which development projects supported by HTAs are matched by the Mexican federal, state, and local authorities*”;⁸² and in China, Diaspora contributions to social development initiatives are leveraged by various tiers of government to a tune of 60% co-financing.⁸³

⁸¹ Ratha, D., and S. Ketkar. 2005. Leveraging Remittances for International Capital Market Access. Middle East Economic Association (MEEA) Conferences, November 18, 2005. <https://netfiles.uiuc.edu/esfahani/www/MEEA/Conferences/53%20-%20KetkarL.%20-%20Paper.doc>>; See also: Ketkar, S. 2004. Securitization of Remittances. Human Movements and Immigration (HMI) World Congress, 2-5 September 2004, Barcelona, Spain <<http://www.iemed.org/mhicongress/dialegs/tots/papers/ketkar.pdf>>

⁸² Fleischner, J., K. von Hippel, and F. Barton. Homebound Security: Migrant Support for Improved Public Safety in Conflict-Prone Settings. A Report of the CSIS Post-Conflict Reconstruction Project, Center for Strategic and International Studies (CSIS), December 2009 http://insct.syr.edu/links/091203_Fleischner_Homebound_web_0.pdf

⁸³ Young, N., and J. Shih (2003). The Chinese Diaspora and Philanthropy, Global Equity Initiative, Kennedy School of Government, Harvard University, Cambridge, Massachusetts.

Annex 2: Sub-Saharan Africa's skilled emigrants by origin and destination

Source	Destination Shares (%)			
	Total	America	Europe	Asia / Oceania
South Africa	168,083	37	32	31
Nigeria	149,494	64	35	1
Kenya	77,516	45	49	6
Ghana	71,309	56	42	2
Ethiopia	51,392	78	18	3
Uganda	34,970	45	52	3
Congo, Dem. Rep.	33,085	25	75	1
Zimbabwe	32,676	28	49	23
Tanzania	32,255	62	34	4
Somalia	27,916	43	53	4
Mauritius	23,043	22	53	25
Cameroon	21,822	42	58	0
Liberia	20,842	91	8	0
Angola	20,449	12	87	1
Sudan	18,789	60	29	11
Sierra Leone	18,010	58	41	1
Senegal	15,729	34	66	1
Congo, Rep.	14,672	20	79	1
Zambia	13,739	37	45	18
Eritrea	13,144	74	21	5
Cote d'Ivoire	12,088	35	65	0
Madagascar	12,080	18	81	1
Mozambique	10,696	15	83	3
Cape Verde	8,128	53	47	0
Togo	7,874	27	73	0
Malawi	5,474	28	65	7
Benin	4,786	25	75	0
Rwanda	4,528	53	46	1
Mali	3,854	22	77	1
Guinea	3,668	53	46	1
Gambia	3,648	32	67	1
Burundi	3,557	56	43	1
Mauritania	2,556	41	59	0
Seychelles	2,426	40	34	25
Gabon	2,170	11	89	1
Burkina Faso	1,926	27	73	0
Central African Rep	1,894	11	88	1
Guinea-Bissau	1,525	1	98	1
Comoros	1,349	11	88	0
Chad	1,320	36	62	2
Swaziland	1,053	69	20	11
Niger	1,042	39	60	1
Namibia	1,026	25	40	36
Equatorial Guinea	1,012	1	99	0
Botswana	940	23	45	32
Djibouti	615	26	70	4
Sao Tome & Principe	571	21	79	1
Lesotho	295	43	44	13
Sub-Saharan Africa	961,037	47	44	9

Source: Easterly, W., & Nyarko, Y. (2008). Is the brain drain good for Africa? Global Economy and Development, Brookings Institution (Working Paper), p.8, Washington, DC

Annex 3: The sub-Saharan African brain drain in year 2000

Name	Skilled emigrants/ (Skilled emigrants + Skilled working age residents) (%)	Emigrants/ (Emigrants+ Residents) (%)	Skilled Emigrants/All Emigrants (%)	Skilled Residents/All Residents (%)
Angola	33	3	17	1
Benin	11	0	53	2
Botswana	4	0	34	4
Burkina Faso	3	0	30	2
Burundi	9	0	51	2
Cameroon	17	1	50	2
Cape Verde	67	25	15	2
Central African Rep.	7	0	41	2
Chad	2	0	48	2
Comoros	21	4	13	2
Congo, Dem. Rep.	14	1	37	1
Congo, Rep.	22	3	40	4
Cote d'Ivoire	6	1	31	3
Djibouti	11	1	38	2
Equatorial Guinea	13	4	12	4
Eritrea	34	2	41	2
Ethiopia	10	0	49	2
Gabon	15	1	53	3
Gambia	63	3	20	0
Ghana	47	2	44	1
Guinea	11	0	26	1
Guinea-Bissau	24	2	14	1
Kenya	38	2	45	1
Lesotho	4	0	50	1
Liberia	45	4	58	3
Madagascar	8	0	43	3
Malawi	19	0	43	1
Mali	15	1	11	1
Mauritania	12	1	22	2
Mauritius	56	11	29	3
Mozambique	45	1	18	0
Namibia	3	0	51	4
Niger	6	0	49	1
Nigeria	11	1	65	3
Rwanda	26	0	48	1
Sao Tome & Principe	22	6	18	4
Senegal	18	3	17	2
Seychelles	56	20	37	7
Sierra Leone	53	2	50	1
Somalia	33	3	28	2
South Africa	8	1	63	10
Sudan	7	0	52	2
Swaziland	0	0	56	4
Tanzania	12	1	51	2
Togo	19	1	40	2
Uganda	36	1	46	1
Zambia	17	1	48	2
Zimbabwe	13	1	55	5

Source: Easterly, W., & Nyarko, Y. (2008). Is the brain drain good for Africa? Global Economy and Development, Brookings Institution (Working Paper), p.7, Washington, DC

Annex 4: International remittance flows into African countries (2007-2010).

HDI Rank	Country	Annual Remittances (US\$ millions)				Remittances			ODA received per capita (US\$) in 2007
		2007	2008	2009	2010	Per capita in 2007 (US\$)	As a share of GDP, 2008 (%)	As a share of GDP, 2009 (%)	(Net disbursed)
55	Libyan Arab Jamahiriya	16	16	16	16	3	0.0	0.0	3
57	Seychelles	11	12	12	13	129	1.4	1.2	32
81	Mauritius	215	215	211	220	170	2.5	2.2	59
98	Tunisia	1,716	1,977	1,966	1,960	166	4.9	5.3	30
103	Gabon	11	11	11	10	8	0.1	0.1	36
104	Algeria	2,120	2,202	2,193	2,031	63	1.3	1.4	12
118	Equatorial Guinea	..	...	...	...	...	...	...	62
121	Cape Verde	139	155	149	144	262	9.0	9.1	308
123	Egypt	7,656	8,694	7,150	7,681	101	5.3	4.0	14
125	Botswana	105	114	122	124	75	0.9	0.9	56
128	Namibia	16	14	13	14	8	0.2	0.1	99
129	South Africa	834	823	880	1,008	17	0.3	0.3	16
130	Morocco	6,730	6,895	6,264	6,447	216	8.0	6.6	35
131	Sao Tome and Principe	2	2	2	2	13	1.1	1.1	228
136	Congo	15	15	15	13	4	0.1	0.2	34
139	Comoros	12	12	12	11	14	2.3	2.0	53
142	Swaziland	100	100	111	118	86	3.8	3.3	55
143	Angola	..	82	...	...	...	0.1	...	14
145	Madagascar	11	11	11	10	1	0.1	0.1	45
147	Kenya	1,588	1,692	1,686	1,758	42	4.9	5.4	34
150	Sudan	1,769	3,100	3,059	3,178	46	5.3	5.6	55
151	Tanzania	14	19	18	13	(.)	0.1	0.1	69
152	Ghana	117	126	123	119	5	0.8	0.7	49
153	Cameroon	167	145	140	148	9	0.6	0.7	104
154	Mauritania	2	2	2	2	1	0.1	0.1	116
155	Djibouti	29	30	30	28	34	3.5	2.7	135
156	Lesotho	451	439	491	525	221	27.0	24.8	65
157	Uganda	452	724	677	773	27	5.0	5.1	56
158	Nigeria	9,221	9,980	9,585	9,975	62	4.7	5.6	14
159	Togo	284	284	278	302	35	10.1	10.3	18
160	Malawi	1	1	1	1	(.)	0.0	0.0	53
161	Benin	282	271	266	236	25	4.1	3.6	52
163	Côte d'Ivoire	185	195	193	177	9	0.8	0.8	9
164	Zambia	59	68	68	71	5	0.5	0.5	88
165	Eritrea	..	...	...	...	...	...	...	32
166	Senegal	1,192	1,288	1,276	1,164	75	9.8	9.1	68
167	Rwanda	51	68	69	91	5	1.5	1.7	73
168	Gambia	63	67	65	61	28	8.5	7.9	42
169	Liberia	62	58	55	57	17	6.7	6.2	186
170	Guinea	151	72	71	66	16	1.7	1.5	24
171	Ethiopia	358	387	301	387	4	1.5	1.3	29
172	Mozambique	99	116	124	117	5	1.2	1.2	83

HDI Rank	Country	Annual Remittances (US\$ millions)				Remittances			ODA received per capita (US\$) in 2007
		2007	2008	2009	2010	Per capita in 2007 (US\$)	As a share of GDP, 2008 (%)	As a share of GDP, 2009 (%)	(Net disbursed)
173	Guinea-Bissau	29	30	30	27	17	7.0	9.1	73
174	Burundi	(.)	4	4	3	(.)	0.3	0.3	55
175	Chad	..	...	...	...	...	...	...	33
176	Congo Democratic Republic	..	...	...	...	...	...	...	19
177	Burkina Faso	50	50	49	43	3	0.6	0.6	63
178	Mali	344	344	339	385	17	3.9	4.8	82
179	Central African Republic	..	...	...	...	...	...	...	41
180	Sierra Leone	148	150	144	...	25	7.7	...	91
182	Niger	79	79	79	70	5	1.5	1.5	38
-	Somalia	..	...	...	...	...	...	...	44
-	Zimbabwe	..	...	...	...	...	...	...	35

.. Data not available; (.) Greater (or less) than zero but small enough to be rounded off to zero at the displayed number of decimal points

Source for HDI, Remittances per capita, and ODA received per capita (US\$) in 2007: UNDP, Human Development Report 2009, *Overcoming barriers: Human mobility and development*, Section E - International financial flows: remittances, official development assistance and foreign direct investment <http://hdrstats.undp.org/en/indicators/51.html>

Source for remittance inflows 2007, 2008, 2009, and % GDP in 2008: Ratha, D., S. Mohapatra and A.R. Silwal (2010, April 23). Outlook for Remittance Flows 2010-11; Remittances data: Inflows, World Bank, Washington D.C. [Online] [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Apr10\(Public\).xls](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Apr10(Public).xls)

Source for remittance inflows 2010 (estimates) and as share of GDP (%) in 2009: World Bank (2010, November). Migration and Remittances Fact Book 2011, World Bank, Washington D.C. [Online] [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Nov10\(Public\).xls](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Nov10(Public).xls)