

**Donor Engagement of Diasporas:  
Public-Private Partnerships towards  
Development Effectiveness?**

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To my parents,  
who are members of the diaspora themselves,  
and who inspired this work

## **ABSTRACT**

During the past decade, international development discourse has shifted from a narrow focus on aid effectiveness to one of cooperation towards more effective development. A series of High Level Forums have produced a set of principles to guide this new development framework. With the steady increase of international migration, sizeable diasporas who generate a diversity of activities with development implications in their homelands have formed outside of developing countries. Recognizing their importance and potential for development, several developed country bilateral donors have engaged these emerging development actors, including the Canadian International Development Agency (CIDA), the United Kingdom's Department for International Development (DFID), and the United States Agency for International Development (USAID). Analysis of their policies and programs reveals a set of emerging themes and lessons learned that identify the need to challenge conventional ways of thinking about the nature of development partnerships in order to move towards more effective development.

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## ACRONYMS

AAA	Accra Agenda for Action
ADF	America's Development Foundation
ADM	African Diaspora Marketplace
AFD	Agence Française de Développement (French Agency for Development)
AFP	Asian Foundation for Philanthropy
AIPAC	American Israel Public Affairs Committee
AJAA	Alliance of Jamaican Alumni Associations
ANPU	Ayege National Progress Union
BME	Black and Minority Ethnic
CAP	Country Assistance Plan
CCIME	Consultative Council of the Institute for Mexicans Abroad
CECI	Centre for International Studies and Cooperation
CGI	Common Ground Initiative
CIC	Citizenship and Immigration Canada
CIDA	Canadian International Development Agency
CSO	Civil Society Organization
DDI	Diaspora Direct Investment (also referred to as Direct Diaspora Investment)
DfD	Diasporas for Development
DFAIT	Department of Foreign Affairs and International Trade (Canada)
DFID	Department for International Development (United Kingdom)
DNA	Diaspora Networks Alliance (United States Agency for International Development)
DO	Diaspora Organization
EEPCO	Ethiopian Electric Power Corporation
EGLP	Emerging Global Leaders Program
ENAHPA	Ethiopian North American Health Professionals Association
FAVACA	Florida Association for Volunteer Action in the Caribbean and the Americas
FCD	Foreign Currency Deposit
FDI	Foreign Direct Investment
FINTRAC	Financial Transactions and Reports Analysis Centre of Canada
G20	Group of Twenty
GDA	Global Development Alliance (United States Agency for International Development)
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
GVA	Greater Vancouver Area (Canada)
HACER	Hispanic American Center for Economic Research
HLF-1	First High Level Forum on Aid Effectiveness
HLF-2	Second High Level Forum on Aid Effectiveness
HLF-3	Third High Level Forum on Aid Effectiveness
HLF-4	Fourth High Level Forum on Aid Effectiveness

HTA	Hometown Association
IADB	Inter-American Development Bank
IAF	Inter-American Foundation
ICT	Information and Communications Technology
IDEA	Office of Innovation and Development Alliances (United States Agency for International Development)
IDRC	International Development Research Centre
IDRE	Institute for Diaspora Research and Engagement
IGO	Inter-governmental organization
IME	Institute for Mexicans Abroad (Instituto de los Mexicanos en el Exterior in Spanish)
IOM	International Organization for Migration
JNBS	Jamaica National Building Society
MDG	Millennium Development Goal
MIF	Multilateral Investment Fund
MOU	Memorandum of Understanding
MPI	Migration Policy Institute
MTA	Money Transfer Agency
MTO	Money Transfer Organization
NGO	Non-Governmental Organization
NSI	North-South Institute
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD/DAC	Organization for Economic Co-operation and Development/Development Assistance Committee
OGD	Other Government Department
PLO	Palestine Liberation Organization
PPP	Public-Private Partnership
ROCAHD	Regroupement des Organismes Canado-Haïtiens pour le Développement (Coalition of Canadian-Haitian Development Organizations)
SBI	State Bank of India
SFU	Simon Fraser University (Canada)
SHF	Sociedad Hipotecara Federal (Mexico)
UCC	Ukrainian Canadian Congress
UK	United Kingdom
UWA	Ukpenwa Women's Association
UN	United Nations
UNDP	United Nations Development Programme
US	United States
USAID	United States Agency for International Development
VSO	Voluntary Service Overseas (United Kingdom)
WDR	World Development Report
WOCCU	World Council of Credit Unions, Inc.
WUSC	World University Service of Canada

## **CHAPTER 1**

### **THE CHANGING DEVELOPMENT DISCOURSE: FROM AID TO DEVELOPMENT EFFECTIVENESS**

The field of development has undergone significant transformations during the past 60 years. While Official Development Assistance (ODA)<sup>1</sup> continues to play an important role in a number of countries today, it has experienced a significantly reduced role in others. Moreover, its overall role in financial flows to developing countries has also been diminished, and in some instances replaced, as alternative sources of financing have gained significance (i.e., foreign direct investment (FDI), remittances, and private philanthropy, to name a few).

Recognizing its continued potential towards poverty alleviation as well as necessary areas of improvement, the 21<sup>st</sup> century ushered in a focus on aid effectiveness, with four High Level Forums at the global level dedicated to this topic entirely. These forums resulted in the adoption of specific aid-development effectiveness principles, first agreed upon in the Paris Declaration in 2005, supplemented by the Accra Agenda for Action in 2008 and the Busan Partnership for Effective Development Co-operation in 2011 (Organization for Economic Co-operation and Development, 2005/2008; Busan Partnership for Effective Development Co-operation, 2011). These principles, essentially looking to improve development impacts, stressed the importance of developing country-driven development, co-ordination among donors, development impacts, mutual accountability and transparency,

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<sup>1</sup> Official Development Assistance is defined by the World Bank as “consist[ing] of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent)” (World Bank, 2012). ODA, foreign aid and aid will be used interchangeably throughout this thesis.

and inclusive partnerships with all development actors. These concepts have become increasingly relevant as thousands of new actors have emerged and continue to become more involved in the field of international development, contributing to the complexification of the aid industry and the changing landscape of development.

Diaspora groups have emerged as one of these private sector development actors<sup>2</sup>. Considering the mass global flows of international migrants, sizeable and in some cases influential diasporas have formed in several developing countries. In addition to their considerable economic contributions to their countries of origin through remittance transfers, many diaspora groups are actively involved in their countries of origin through financial investments in business ventures, trade in nostalgia goods, knowledge and skills transfers, and advocacy, to name a few. While a number of their initiatives have positively impacted development in their homelands, their activities, nevertheless, do not always translate into development outcomes. Recognizing their importance and further potential, many developing countries have established strategies and government institutions to engage their diaspora populations abroad.

Similarly, several developed country bilateral donors have taken notice of diasporas as potential development partners. Although some of these engagements have produced positive results, the complexity surrounding diaspora engagement by large bureaucracies such as donors, as well as the nuances of these relationships, has resulted in mixed outcomes in other instances. If approached and delivered appropriately by applying a broad set of

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<sup>2</sup> Carlo Dade, Senior Fellow at the University of Ottawa’s School of International Development and Global Studies, explains that the term ‘private sector’ includes any entity that does not fall under the public domain. Dade identifies three types of private sector actors: non-governmental organizations (NGOs), diasporas, and the for-profit sector. “They all play an important role in development assistance” (Dade, 2012).

emerging themes and lessons learned from these engagements, partnerships between donors and diasporas shows potential in positively impacting broader development outcomes.

Within this framework, the present chapter will serve as a context-setting piece to the remainder of the thesis. After outlining the main research questions, rationale, and design and methodology of the thesis, the chapter will situate the discussion in development discourse, particularly focusing on the last decade as aid effectiveness emerged. Accordingly, the chapter will examine the conferences leading up to the Fourth High Level Forum (HLF-4) on Aid Effectiveness in Busan, Korea in November-December 2011, and the principles – adopted at each Forum – that helped shape the aid architecture throughout the decade. When discussing the Forums, the chapter will focus on the main principles that will provide the guiding conceptual framework for the rest of the thesis in reflecting on development effectiveness. Finally, this chapter will provide a breakdown of the remainder of the thesis.

## **Research Questions**

The following questions will guide the research and analysis of the above issues throughout the thesis. The main research question will inform the entirety of the work, while the sub-questions will inform the appropriate subsections of the thesis.

### Main Research Question

How can developed country donors better leverage their migrant populations through diaspora engagement in order to maximize development effectiveness in recipient countries?

### Sub-Questions

- What are the principles on which development effectiveness is based?

- How do migrants come together to form diaspora groups/what are the characteristics of diasporas?
- What specific contributions have diasporas made to their countries of origin?
- To what extent have donors engaged with diaspora groups?
- What worked well and what were lessons learned from these engagements?

It is important to consider a number of important elements in answering the main research question. Firstly, it must be noted that this question makes two assumptions. It implies that donors are in fact interested in leveraging their migrant populations for development purposes, and that they wish to do so through diaspora engagement. As will be demonstrated, particularly in Chapter 3, these assumptions are only partially true. Moreover, donors' diaspora engagement strategies seem to be only moderately aligned with development effectiveness principles, which ultimately intend to improve development impacts. Therefore, the emerging themes and lessons learned from donors' diaspora engagements presented in Chapter 4 are central to understanding how to move these partnerships towards more effective development. The first lesson highlights the research and evaluation gaps, and stresses the need for more targeted research on diasporas in donors' countries, including diaspora organizations' (DOs') size, political orientation, capacity and development-related activities, particularly in donors' recipient countries. However, in order to assess the true impact of both diasporas' activities as well as donors' engagements with them on development outcomes in donors' recipient countries, there exists a great need for evaluations, particularly rigorous impact evaluations. For instance, one of the main impacts

of donors' engagements with diaspora groups to date has been the professionalization of this development actor by gradually bringing diaspora groups into the official development industry.

The emerging themes and lessons learned also illustrate that many diaspora groups do not consider themselves development actors, although their activities do in fact often have development implications in their countries of origin. Consequently, donors' efforts to build diasporas' capacity to carry out development work, actively including DOs in each phase of a project, and ensuring that diasporas' knowledge and expertise of their home countries is incorporated into the activities, are key elements of moving donor-diaspora engagements towards the inclusive partnerships outlined in the development effectiveness principles. This requires a strong foundation of relationship building and open channels of communication, which are often long-term, resource-intensive endeavours that are challenging to carry out in the current context of fiscal constraints, high staff turnover, and the focus on short-term, tangible results. The final theme points to lessons learned in the area of operationalizing donor-diaspora partnerships. It draws attention to the importance of aspects such as institutional flexibility and internal learning, drafting an overarching policy, strategy or framework to guide diaspora engagement, and the ability to take mitigated risks through extensive due diligence processes. The main message of the themes and lessons from donors' diaspora engagements in order to move the agenda towards more effective development is the need to remold the traditional development model by challenging conventional thinking about development partnerships.

### **Rationale and Significance of the Thesis**

To date, it appears that most academic research has focused on remittances and diasporic transfers through business expertise, socio-political engagement, and technical know-how. While the existing literature presents several examples of diaspora engagement by home country governments as well as ‘traditional donors’ – such as the Canadian International Development Agency (CIDA), the United Kingdom’s (UK’s) Department for International Development (DFID), or the United States Agency for International Development (USAID) – there appears to be limited focus and analysis on diaspora engagement specifically towards development effectiveness, and a set of emerging themes or lessons learned specifically towards this end has not been compiled to date. As discussed above, and as will be demonstrated in the following chapters, diasporas’ contributions to development in their home countries are substantial, and the potential advantages to engaging formally with organized diaspora groups may be significant in increasing development effectiveness in recipient countries. Therefore, the present thesis attempts to contribute to filling the research gaps in this area.

### **Thesis Design and Methodology**

I employed several methods in order to achieve the goals of this thesis. Firstly, I conducted a comparative discourse analysis of the existing body of literature with regards to current engagement of diasporas. This involved an extensive, in-depth, and interdisciplinary literature review and analysis of both peer-reviewed academic sources as well as gray literature. To ensure that an interdisciplinary and well-balanced overview is provided throughout, I have attempted to use and include a wide range of sources such as government

documents, academic journals, presentations and reports from international and regional conferences, and resources from inter-governmental organization (IGOs) and non-governmental organization (NGOs). Consequently, while the thesis is mostly qualitative in nature, it also incorporates quantitative data in the literature review, including relevant charts, graphs, and tables.

Secondly, I conducted an interview component, comprised of 18 in-person and telephone interviews, each approximately thirty minutes to one hour in length. The interviews are distributed as follows:

- Six with representatives of the Burundian, Jamaican (2 interviews), Nigerian and South Asian diasporas, as well as with a member of a community organization serving a vulnerable population who requested to remain anonymous;
- Six with university representatives from the University of Ottawa, Simon Fraser University (SFU) in British Columbia, York University in Toronto (2 interviews), Dr. Tricia Vanderkooy, who completed her PhD at Florida International University, as well as a PhD student studying migration who requested to remain anonymous;
- Three with NGOs from Canada's Cuso International, the United States' (US') Florida Association for Volunteer Action in the Caribbean and the Americas (FAVACA), and the United Kingdom's Comic Relief;
- Two with employees of donor organizations from CIDA and DFID who requested to remain anonymous;
- One with a representative of the International Development Research Centre (IDRC), an Ottawa-based think tank.

I had several objectives in conducting the interviews. My ultimate goal was to build on the existing literature and delve deeper into engagement practices with diaspora groups. The interviews centred on exploring further the nature of these activities in order to develop a set of emerging themes and lessons learned from both successful and unsuccessful engagement experiences. I also wanted to get a sense of the first hand experiences of diaspora groups, as well as the different types of actors involved in working with them, and how they viewed these partnerships. To this end, the content of the interviews centred on interviewees' perceptions of the nature of the partnerships and collaborations. The open-ended questions elicited participants' understanding of the programs worked on, areas of success and improvement, why they thought the collaboration was successful or not (or partially so), reflections on areas of improvement, and the potential of future collaboration.

Initially, I proposed to interview only developed country donor organizations and the diaspora groups with whom they had worked to date. My reasons for selecting developed country donors were mainly pragmatic in nature. As 'Northern/Western' organizations, and as members of the Organization for Economic Co-operation and Development (OECD)/Development Assistance Committee (DAC)<sup>3</sup>, they were bound to have similar philosophies and contexts in carrying out development, which I anticipated would facilitate my comparative analysis of them. I had also found that published data of their work was more readily available and accessible than for emerging country donors such as China or Brazil, for example. I initially conducted research on OECD/DAC donors that had

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<sup>3</sup> The OECD/DAC is an international forum of 24 member states that was established in 1961 in order to "... promote development co-operation and other policies so as to contribute to sustainable development, including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries, and to a future in which no country will depend on aid" (Organization for Economic Co-operation and Development/Development Co-operation Directorate-Development Assistance Committee, n.d.a).

migration-development programs in place, and histories or working with diasporas. I also looked for donors that had substantial amounts of publicly-available information on their programs to inform my questions. Where available, I looked for program evaluations that highlighted successful outcomes as well as shortcomings, and where lessons learned or recommendations had been compiled. While donors such as the Swedes and the Dutch, for instance, have developed migration-related policies and had information available in English, I found limited diaspora-specific evaluations.

In order to establish contacts within the proposed organizations and diaspora groups, I built a database of contacts from their websites and any relevant publications I had found. Once I began communicating with the appropriate individuals, I used the snowballing method to request further contacts who may have been relevant to my study. Naturally, to protect their identities, I provided my participants with four options for various levels of disclosure, from full disclosure (i.e., publishing their name, group and organization) to no disclosure (referring to them as ‘an employee of’ or ‘a member of’ a specific organization or diaspora group in the thesis itself).

Soon after beginning the interviews, I encountered several different types of challenges. Although I received prompt replies from CIDA, DFID and USAID, repeated inquiries with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the German international cooperation organization, produced no replies. Finally, I did not end up interviewing USAID either, as it quickly became apparent to me just how busy some individuals working on migration were: we rescheduled our interview with the USAID employee four times (I once reached him on his cell phone at the agreed hour, driving back to a meeting at the office from an event that had gone over the allocated time) before I

acquiesced and decided to draw upon the rich information available on USAID's website, including several sources that drew on this individual's expertise. I also had a mixed experience with employees' willingness to grant interviews as well as their ability to get approval from their seniors to participate in such a study. Nevertheless, the interviewees who I was able to interview from these donors proved to be a valuable source of information, and provided candid and extensive answers to all of my inquiries.

Conversely, interviews with diaspora members were much easier to arrange, although I did experience some challenges at the outset as well. For example, I was unable to reach any members of diaspora organizations (DOs) who had worked directly with any donors; I did not receive any response to my attempts to connect with the Ukrainian Canadian Congress (UCC), a long-time Ukrainian diaspora partner of CIDA, or the Regroupement des Organismes Canado-Haïtiens pour le Développement (ROCAHD), which had worked extensively with CIDA throughout the previous decade. After consulting with my thesis Supervisor, I decided to expand my interview pool to include other diaspora groups who had partnership experience, to see if I could draw on their experiences. While these interviews proved highly beneficial for my study, I did receive error messages from several diaspora groups' emails, although this was the only contact information stated on their websites. This issue perhaps reflects the larger continuity and funding challenges with respect to websites that will be examined in Chapter 2. It was also at this time that I submitted a supplementary Ethics application to include interviewing NGOs, think tanks, and universities, as the key role of these 'intermediary' actors in partnerships between donors and diasporas had strongly stood out in the literature. Thankfully, the Ethics approval only took a couple of weeks, and I was able to continue with the interview component. These additions proved very useful in

the long term, and the interviews I conducted proved to be very informative, with interviewees sharing personal experiences and volunteering information quite openly. I must note that most of the interviews with these actors took place in the evenings or on weekends, working around their study, work and home commitments, aspects which will be touched upon in the following chapters. Despite the initial challenges, I was able to conduct the 18 interviews in just over a month's time. During the interviews, I took copious typed notes, which I supplemented by listening to the interviews again. This process facilitated the subsequent analysis and inclusion of relevant information into the various parts of my thesis.

I recognize that several limitations may exist within my research. Firstly, the proposed diaspora groups I interviewed are from very different cultural contexts and regions, with diverse issues and development needs, in which I have neither expertise nor much personal experience. As a result, I have paid careful attention to represent these groups as accurately as possible based on the interviews. Moreover, although my interviews have shed light on the complexities of donor-diaspora partnerships, as well as the nuances within these relationships, I acknowledge that the present thesis is merely a small contribution to this important and emerging field of studies. Several experts have devoted many years, if not their entire careers, to studying the links between diasporas and development in depth, and more recently, the further potential and effectiveness of donor-diaspora engagements. Therefore, I have drawn extensively on their works throughout the thesis. I must also take into consideration that to provide a truly balanced view of these relationships, and in order to truly explore development effectiveness and the principles outlined in the High Level Forums – particularly the concepts of collaborative partnerships involving all development actors – it would be necessary to provide the perspectives of home countries as well, which

are presently represented merely through a literature analysis. The same holds true for private sector organizations, several of which have become involved in diaspora partnerships to conduct work in developing nations. At this time, however, expanding to these actors was not deemed feasible due to the magnitude of such a large-scale study, as well as time and funding constraints in this Master's research. In order to rectify these constraints to some extent, I have used relevant examples involving these actors to illustrate research findings.

The scarcity of information, and more importantly, of evaluations, proved to be a sobering experience throughout my thesis. Despite the discourse on transparency, the focus on results, and the importance placed on development impacts in the aid effectiveness conferences, I found the availability, accessibility and amount of information, particularly of impact evaluations, severely lacking. The Agence Française de Développement (AFD), for instance, responded to my interview request stating that I should browse their website, as they were unable to respond to the large volume of 'school-related' inquiries they received. AFD's website, however, did not yield much information, and there seemed to be no evaluations available on their diaspora-related policies. When looking for evaluations, I attempted to find not only those that described whether the project objectives had been met and whether the results had been achieved (i.e., this often translated to whether the *outputs* of the initiative had been met), but more importantly, what the impacts (i.e., the *outcomes*) were on the local community, the delivering organization, the donor, and the diaspora group. Evaluations of donors' programs certainly exist; I am not proposing that evaluations are not conducted, as donors often have entire evaluation teams working specifically towards this end. Impact evaluations, however, seem to be very rare. Moreover, in my humble opinion, evaluations should be available directly on donors' websites to facilitate their access, and

classified on the same page as the completed project. In addition, it would be particularly useful to have a search function on evaluation websites, which is often not the case, but which would be a useful step towards the transparency principle. Needless to say, finding evaluations proved to be a lengthy and at times frustrating process, and had a determining factor in the three donors I ultimately decided to focus on (i.e., CIDA, DFID and USAID).

A similar limitation proved to be true with respect to diasporas. While my literature review had stressed that diasporas were not homogeneous entities, it dawned on me through the thesis process that it was going to be difficult to do justice to the diversity of diaspora experiences. The many different ways these groups are intricately linked to their countries of origin, and their myriad activities with development implications, nevertheless ‘pass below the development radar’. Consequently, perhaps less surprising than my experience with donor evaluations but still a significant limitation, I found no evaluations specifically assessing diaspora group’s (development) activities in their countries of origin.

### **The Road to Busan: The Emerging Aid-Development Effectiveness Architecture**

The outcomes of the aid effectiveness conferences clearly illustrate the gradual changes that have taken place within the donor community in the shift in focus from aid to development effectiveness throughout the past decade. Even the terminology used to describe ‘development cooperation’ and ‘development effectiveness’ today, from the formerly exclusive focus on the role of aid by the OECD/DAC to recipient countries to ‘inclusive partnerships’, arguably reflects a shift in donor thinking. Collectively, the principles adopted at the High Level Forums comprise the set of norms on which this thesis is based, and against which donor-diaspora engagements will be measured.

Throughout the 1990s, evaluations of foreign aid concluded repeatedly that methods of aid delivery and lack of donor co-ordination were negatively impacting the effectiveness of aid. This included several issues. Tied aid, whereby donor country aid agencies were required to use resources from their own countries, added as much as 15-30% additional costs to a donor's aid program (Brown, 2011: 472). Other issues, such as duplication of aid initiatives, overlap in programming, and incoherence in policy planning raised further questions about the effectiveness of foreign aid (Brown, 2011: 472; Kharas, 2007: 17). As the 1990s drew to a close, it became apparent that a significant need existed to solve these issues in order to make progress in advancing development outcomes, especially with the adoption of the Millennium Development Goals (MDGs)<sup>4</sup> at the United Nations (UN) Millennium Summit in New York City in 2000 (United Nations, 2000: 5). As a result, a series of conferences were arranged to deal with these issues.

To this end, then United Nations Secretary General Kofi Annan convened the International Conference on Financing for Development in Monterrey, Mexico in March 2002. The first conference of its kind, it was attended by 50 heads of state, over 200 ministers, senior officials from all major intergovernmental financial, trade, economic and monetary organizations, and several private sector and civil society leaders (United Nations, 2003). The Monterrey Conference provided a venue to exchange ideas on global economic issues with a view to working towards the achievement of the MDGs. In addition to the role

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<sup>4</sup> The MDGs are a framework of eight major development goals, each with its own sub-set of goals, which are used to guide international development efforts. The MDGs are as follows: 1. Eradicate extreme poverty and hunger; 2. Achieve universal primary education; 3. Promote gender equality and empower women; 4. Reduce child mortality; 5. Improve maternal health; 6. Combat HIV/AIDS, malaria and other diseases; 7. Ensure environmental sustainability; and 8. Develop a global partnership for development (United Nations, 2010).

of ODA, the conference's outcome document, the Monterrey Consensus, also recognized the important implications that the private sector could have for development:

We urge businesses to take into account not only the economic and financial but also the developmental, social, gender and environmental implications of their undertakings. In that spirit, we invite banks and other financial institutions, in developing countries as well as developed countries, to foster innovative developmental financing approaches. We welcome all efforts to encourage good corporate citizenship... (United Nations, 2002: 10)

Furthermore, in order to meet the development objectives outlined in the MDGs, the Consensus stressed the need for effective partnerships among donors and recipient countries, based on national leadership and ownership of development plans (United Nations, 2002: 14).

Following a series of global regional workshops to build on the Monterrey Consensus, the OECD convened the First High Level Forum on Aid Effectiveness (HLF-1) in Rome, Italy in February 2003. As explicitly stated in the final outcome document from the forum, the Rome Declaration on Harmonization, the goal of the HLF-1 was to support the efforts of multilateral and bilateral development institutions to work towards the MDGs. The Forum endeavoured to achieve this by improving ODA through the harmonization of donor policies, procedures, and practices with those of partner governments in developing countries. In order to move this agenda forward, the Rome Declaration stressed the importance of donors forming partnerships with local country governments. Moreover, the Declaration emphasized local country ownership and leadership in engaging civil society and the private sector (Organization for Economic Co-operation and Development, 2003:

10). These first conferences in Monterrey and Rome lay the foundations for the subsequent High Level Forum in Paris.

Arguably the most important of the Forums, the Second High Level Forum on Aid Effectiveness (HLF-2) in Paris, France, held from February 28-March 2, 2005, would prove to be a milestone in moving the aid effectiveness agenda forward (Organization for Economic Co-operation and Development, 2005/2008). The outcome document of the Forum, the Paris Declaration on Aid Effectiveness, was described by the UK's Overseas Development Institute (ODI) think tank as being "the best summary we have on the lessons of a half-century of experience in trying to achieve good results and avoid doing harm with aid" (Overseas Development Institute, 2008: 1). Commonly referred to by donors as an "unprecedented global consensus" (United Nations Non-Governmental Liaison Service, 2008) to reform the delivery and management of aid in order to improve its effectiveness, the Paris Declaration committed 90 developing and 30 donor countries, along with 30 multi- and bilateral development agencies (United Nations Non-Governmental Liaison Service, 2008), to five principles:

1. Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
2. Alignment: Donor countries align behind these objectives and use local systems.
3. Harmonization: Donor countries coordinate, simplify procedures and share information to avoid duplication.
4. Results: Developing countries and donors shift focus to development results and results get measured.

5. Mutual accountability: Donors and partners are accountable for development results. (Organization for Economic Co-operation and Development, n.d.b)

In addition to the five principles, the Paris Declaration outlined the mechanisms to scale up for more effective aid, consider different country contexts, specify indicators, timetables and targets, and monitor and evaluate implementation.

Convened with the aim of reviewing progress on the principles outlined in Paris, strengthening their implementation, and further developing measures to improve the quality and impact of ODA, the Third High Level Forum on Aid Effectiveness (HLF-3) was held in Accra, Ghana in September 2008. At the time, this conference was hailed as “the largest ever gathering of the aid industry” (Hopper, Birch and Hemingway, 2010: 10); the HLF-3 convened over 1,200 members of the donor community, aid recipients, civil society, and the private sector. To accelerate advancement towards the Paris Declaration principles, the Accra Agenda for Action (AAA) proposed three areas of improvement:

1. Ownership: Countries have more say over their development processes through wider participation in development policy formulation, stronger leadership on aid co-ordination and more use of country systems for aid delivery.
2. Inclusive partnerships: All partners – including donors in the OECD Development Assistance Committee and developing countries, as well as other donors, foundations and civil society – participate fully.
3. Delivering results: Aid is focused on real and measurable impact on development. (Organization for Economic Co-operation and Development, n.d.b)

In order to achieve these principles, capacity development in developing countries was also a key priority of the AAA. In Accra, the importance of partnerships was highlighted at the

global level, committing both developed and developing countries to reform how aid was awarded and allocated. Additional commitments were also made concerning “the transparency and predictability of aid flows, ... the untying of aid, ... the use of in-country systems and the division of labour by donors at the country level” (Hopper, Birch and Hemingway, 2010: 10).

Finally, the Fourth High Level Forum on Aid Effectiveness, which took place in Busan, Korea from November 29-December 1, 2011, made the explicit shift from aid to development effectiveness and provided specific guidelines for this agenda. Even larger than the HLF in Accra, over 3,000 delegates representing governments, multi and bilateral institutions, and private and civil society organizations, gathered at the Forum. Following comprehensive negotiations, 18 sherpas agreed on the Busan Partnership for Effective Development Co-operation final outcome document (Fourth High-Level Forum on Aid Effectiveness, 2011a). The document acknowledged the changing nature of the global development landscape:

Today’s complex architecture for development co-operation has evolved from the North-South paradigm. ... The Paris Declaration did not address the complexity of these new actors, while the Accra Agenda for Action recognized their importance and specificities. ... At Busan, we now all form an integral part of a new and more inclusive development agenda, in which these actors participate on the basis of common goals, shared principles and differential commitments.” (Fourth High-Level Forum on Aid Effectiveness, 2011b: 4)

The document further explained that “[w]e [all stakeholders] welcome the diversity of development co-operation actors” (Fourth High-Level Forum on Aid Effectiveness, 2011b: 7), thereby recognizing the potential role of all development actors.

Building on the previous Forums, the Busan Partnership established a set of common principles towards this inclusive development agenda. The principles are intended to form the foundation of cooperation for more effective development:

1. *Ownership of development priorities by developing countries.* Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.
2. *Focus on results.* [Partners’] investments and efforts must have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries’ capacities, aligned with the priorities and policies set out by developing countries themselves.
3. *Inclusive development partnerships.* Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognising the different and complementary roles of all actors.
4. *Transparency and accountability to each other.* Mutual accountability and accountability to the intended beneficiaries of co-operation, as well as to [their] respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability. (Fourth High-Level Forum on Aid Effectiveness, 2011b: 3)

The document maintains that these shared principles will guide partners’ actions to “strengthen [their] efforts to achieve concrete and sustainable results” (Fourth High-Level

Forum on Aid Effectiveness, 2011b: 3). This is proposed through monitoring, evaluation, communicating progress, and scaling up development initiatives, among others. The urgency of implementing these principles is also highlighted, particularly in the case of fragile states, and as the 2015 deadline for achieving the MDGs nears (Fourth High-Level Forum on Aid Effectiveness, 2011b: 3).

The Busan Partnership document provides additional insight into broadening focus from aid effectiveness to cooperation towards effective development through South-South and triangular cooperation, as well as through the involvement of the private sector. Knowledge sharing and ‘mutual learning’ are proposed by taking more advantage of South-South and triangular cooperation, “recognising the success of these approaches to date and the synergies they offer,” and scaling them up where appropriate (Fourth High-Level Forum on Aid Effectiveness, 2011b: 10). Leveraging knowledge networks, peer learning and co-ordination among these actors in order to “facilitate[e] access to important knowledge pools by developing countries” (Fourth High-Level Forum on Aid Effectiveness, 2011b: 10) are also proposed towards this end. The central role of the private sector is also highlighted prominently in the Busan outcome document. For example, the private sector is seen as key to “advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction” (Fourth High-Level Forum on Aid Effectiveness, 2011b: 10). Acknowledging a common ground between business interests and development goals, the document also outlines the potential for increased public-private partnerships. Specifically, the document recommends that the private sector be included in the “design and implementation of development policies and strategies to foster sustainable growth and poverty reduction” (Fourth High-Level Forum on Aid Effectiveness, 2011b: 10).

Similar to the South-South and triangular cooperation approach, the Busan Partnership calls on the private sector and its partners to scale up their efforts in advancing development goals (Fourth High-Level Forum on Aid Effectiveness, 2011b: 10).

Setting out this series of well-meaning yet lofty goals using optimistic language, evaluations assessing progress in implementing these principles have found mixed results. One such evaluation, the ongoing OECD/DAC peer reviews, are conducted in order to determine to what extent and how successfully the aid effectiveness principles have been implemented. Peer reviews are conducted on each member country approximately every four years with the aim of highlighting best practices and drawing attention to areas of improvement. The 2007 OECD/DAC peer review of Canada, for instance, lauded its “promising approach toward fragile states, such as Haiti and Afghanistan” (OECD, 2008: 263). Nevertheless, Stephen Baranyi and Anca Paducel point out that

independent analysts have questioned those claims. With regard to Afghanistan, Nipa Banerjee (2009; 2010) and Stephen Brown (Chapter 3 of this volume), and others have argued that the WOG [whole-of-government] approach brought greater coordination but also more security-driven and less locally sustainable programming. In Haiti, Yasmine Shamsie (2008) and Nancy Thede (2008) have suggested that Canadian WOG approaches also yielded more security-oriented programming, while reinforcing inappropriate neo-liberal economic policies. (Baranyi and Paducel, 2012: 109)

Moreover, collective surveys conducted by the OECD/DAC found little progress towards implementation of the aid effectiveness principles. The 2011 survey of 78 countries and territories found that only one target out of 13 – coordinated technical cooperation, which measures the degree to which donors have coordinated their efforts to support capacity

development objectives in developing countries – had been narrowly met (Organization for Economic Co-operation and Development, 2011).

The aid-development effectiveness discourse has also been challenged in the fundamental understanding of the concepts and the direct causal link presumed between them. Aid results, for instance, are understood to refer to the *outcomes* of aid (i.e., the impacts), while they really currently measure the *outputs* (i.e., the number of schools built or the number of girls educated). This “fixation on short-term visible results emphasizes ‘accountancy’ more than it does actual ‘accountability’, which requires a longer time horizon (Edward and Hulme, 1996: 968). The desire to account for every tax dollar spent has reduced sometimes difficult-to-measure outcomes that may only become evident over the longer term, such as changes in societal attitudes towards women, for example, to mere numbers (Edward and Hulme, 1996: 968). Despite this dichotomy, Carlo Dade maintains there is “huge pressure to show immediate results” within development programs and projects (C. Dade, personal communication, August 8, 2012). Moreover, Stephen Brown points out that “causality [between foreign aid and development outcomes] is difficult to establish... [since] long-term development successes are not attributable to a single source, especially when donors work closely with each other or a recipient government,” and because foreign aid is merely one factor in the development process (Brown, 2011: 474).

Furthermore, Brown argues that “[t]he central concern of the Paris Declaration and other international agreements on aid effectiveness is more aptly described as efficiency, rather than effectiveness” (Brown, 2012: 7). Brown demonstrates that while donors’ intent to be efficient in order to maximize use of their resources is commendable, there is no guarantee that if the aid effectiveness principles are actually implemented, aid will further

effective development strategies. “The recipient government and donors might follow all the right processes and agree on a very efficient scheme that nonetheless utterly fails to produce the desired outputs, let alone positive outcomes” (Brown, 2012: 7). Dambisa Moyo, a vocal critic of aid to Africa, maintains that the trillion dollars poured into the continent during the past half century have done little to bring hundreds of millions of people out of poverty (Moyo, 2009: 17). Moyo cites Rwanda's President Kagama, who asserts that “there is little to show for [these funds] in terms of economic growth and human development” (Moyo, 2009: 28). Nilima Gulrajani further supports this argument, stating that “the causal link between the improvements to aid and tangible progress in reducing poverty is both unspecified and contestable...” (Gulrajani, 2012: 56). Therefore, aid effectiveness (i.e., efficiency) does not necessarily have a direct impact on development effectiveness (i.e., an improvement in the lives of the poor) (Stern et al. 2008). Finally, even if aid does result in positive outcomes, it may not affect broader development outcomes (Brown, 2012: 7) that lead to sustainability in the long term.

### **Thesis Breakdown**

Building on the principles of development effectiveness and the importance of engaging with all development actors, **Chapter 2** will draw particular attention to the significance and increasing role of diasporas as agents of development. The chapter will, therefore, first provide an introduction to diasporas, and explore several diaspora initiatives and institutions by home country government to harness the development potential of their populations abroad. Subsequently the chapter will analyze diasporas' specific economic, social and political activities with their countries of origin. In addition to exploring their

positive contributions, the second chapter will also critically examine these diasporic transfers, and will underscore the fact that they do not always translate into development.

Having demonstrated diasporas' role as development actors, **Chapter 3** will examine the diaspora engagement policies and programs of CIDA, DFID, and USAID. The analysis will examine the nature of these partnerships and highlight their outcomes (where available). The final chapter, **Chapter 4**, will distill a set of emerging themes and lessons learned from these donor-diaspora 'partnerships', drawing additionally on relevant literature and the interviews. The **Conclusion** to the thesis will tie all of the chapters together by linking the concepts of development effectiveness and inclusive partnerships from Chapter 1, the role of diasporas as development actors from Chapter 2, the analysis of donor-diaspora partnerships from Chapter 3, and the emerging themes and lessons learned from Chapter 4.

## **CHAPTER 2**

### **DIASPORAS AS DEVELOPMENT ACTORS**

Due to their myriad activities with development links in their countries of origin, diasporas have come to be recognized as development actors in the international arena. In order to focus the understanding of diasporas, the introductory section of this chapter will provide a definition of the term ‘diaspora’ that will be used throughout the thesis. The formation of diasporas (i.e., how, why and when they form), as well as the different types of diasporas that are formed (i.e., their common characteristics as well as their operations), are all factors that will be analyzed in the introductory section of this chapter. This section will also underscore the enabling role of distance-shrinking technologies in diasporas’ myriad endeavours. Next, the chapter will turn to diasporas’ development contributions. First, the chapter will examine theoretical analyses of diasporas and their links with development through concepts such as development ‘in’, ‘through’, and ‘by’ the diaspora (Robinson, 2002: 113), as well as the ‘4Cs’ (i.e., four types of diaspora capital) and ‘3Ps’ (i.e., three types of diaspora interests that serve as motivators) in diasporas’ activities. The chapter will then outline home country strategies and institutions to engage their diaspora populations abroad, and will provide further examples throughout the chapter in the appropriate sections. Turning to diasporas’ concrete activities, the chapter will explore their financial contributions to their countries of origin, by far the most studied aspect to date, including remittances, diaspora entrepreneurship through diaspora direct investment (also referred to as direct diaspora investment) (DDI), and their investments in home country capital markets.

Subsequent sections will delve into the development links of diaspora advocacy and political influence, diaspora volunteerism, diaspora tourism, and nostalgia trade.

While this thesis aims to provide a general overview of the many different activities with current or potential development impacts carried out by diaspora groups, I acknowledge that this chapter does not do justice to the work of the many experts and organizations that have extensively explored a number of these topics. Drawing on the interviews conducted for this thesis, original examples and analyses will supplement the literature where relevant. Moreover, although diasporas' many endeavours in their homelands have started to be widely documented and analyzed, a significant gap exists in evaluating the *results* (particularly the impacts or outcomes) of diasporas' development activities in their countries of origin, one of the main tenets of aid-development effectiveness.

### **Introduction to Diasporas**

Diasporas are enormously complex, diverse and dynamic entities. Originally, 'the diaspora' was equated in academic literature with the dispersed Jewish people, who survived centuries of difficulties and persecution, and remained highly visible in many societies (Sheffer, 2003: 9). Since this thesis aims to examine donor-diaspora relationships towards development effectiveness, and because the majority of donor's engagements have been conducted with ethno-national diasporas, focus throughout this thesis will fall on these groups as defined by Gabriel Sheffer:

An ethno-national diaspora is a social-political formation, created as a result of either voluntary or forced migration, whose members regard themselves as of the same ethno-national origin and who permanently reside as minorities in one or several host

countries. Members of such entities maintain regular or occasional contacts with what they regard as their homelands and with individuals and groups of the same background residing in other host countries. Based on aggregate decisions to settle permanently in host countries, but to maintain a common identity, diasporans<sup>5</sup> identify as such, showing solidarity with their group and their entire nation, and they organize and are active in the cultural, social, economic, and political spheres. (Sheffer, 2003: 9-10)

While several authors and organizations have explored the concept of diasporas and proposed varying definitions<sup>6</sup>, Sheffer's definition seems to have drawn together the complexities and many facets of ethno-national diasporas and their wide ranging activities most completely. Therefore, this definition will serve as the foundation for understanding and unpacking diasporas throughout the remainder of the thesis.

### **The Formation of Diasporas**

As alluded to in the definition above, several factors play a key role in the formation of diasporas. Sheffer outlines a process of three stages through which migrants coalesce into diasporas. The initial period following a migrant's arrival in their host society is characterized by close contact with their kin in their countries of origin. During this period,

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<sup>5</sup> Throughout this thesis, diasporan and diaspora member will be used to denote the same type of individual: one who belongs to an ethno-national diaspora, as defined in this passage by Gabriel Sheffer (2003). Similarly, diaspora organization and diaspora group will be used interchangeably.

<sup>6</sup> Due to the fluid nature of diasporas, Shaheen Nanji's opening remarks at the September 14, 2011 CIDA-funded diaspora dialogues – carried out in partnership between Simon Fraser University, the British Columbia Council for International Education, and Cuso International – provide an alternative understanding of these groups: “members of the diaspora are reflexive agents of change, whose diasporic attachment is defined through a capacity to empathize, borne of common experience (rather than pre-defined by ethnicity or culture). As an example, many of the so-called Indian Diaspora in Canada are also equally – and some more so – attached to East Africa or Fiji, demonstrating that people's sense of being diaspora, like identity, is layered and context specific” (Simon Fraser University, 2011: 1)

particularly depending on their legal status in their host countries, migrants may regard their homelands and home country governments as the centres of their nation, and correspondingly their national identity (Sheffer, 2003: 131). At this stage, migrants may contemplate returning to their home countries, depending on their reasons for leaving in the first place, their legal status, and personal experience in their host countries. Sheffer identifies that the second stage in the diaspora formation continuum begins once migrants make a firm decision to settle permanently in their host countries, and once they seek out others who have made this commitment, thereby beginning the formation of a core group (Sheffer, 2003: 141). As they become more integrated into their host societies – socially by developing networks, economically by entering the work force, and politically by gaining citizenship and the right to vote – their relationship with their home societies begins to alter as well. This second phase sees migrants “become better acquainted with their new social, political, and economic environments, and become aware of the advantages that would be offered by further organization” (Sheffer, 2003: 142). Today, many migrants reconcile the duality of this process, and particularly of the second phase, through the ‘hyphenization’ of their experience, and often, of their identities; that is, viewing themselves as Hungarian-Canadian or Haitian-American. Yossi Shain explores this phenomenon in the context of the United States, arguing that the tolerance for hyphenization affords diasporas the opportunity to pursue their agendas based on their dual identity selves (Shain, 1999), thereby facilitating and strengthening their establishment.

During the third and final phase,

committed members will gradually work out their main strategies vis-à-vis their homelands and host countries. They also will adjust their goals to account for the

circumstances prevailing in homelands and host countries, agree on operational procedures, determine the structure for their organizations, build those organizations, and establish the patterns of their relationships with all relevant actors. (Sheffer, 2003: 142).

This process, not necessarily sequential, may take many years and may be shaped by social, economic and political factors in both the home and host countries. In some instances, and at any point during the process, diasporas may become dormant, since their continuing existence depends on their members' desire to maintain their ethno-national identity, contact with their homelands, and activities with their counterparts in their host societies (Sheffer, 2003: 26). Consequently, during the dormant periods, diaspora members integrate or assimilate into their host societies, show less interest in their homelands, reduce the activities of their diaspora organizations, or significantly sever connections with their countries of origin (Sheffer, 2003: 75, 142). Some DOs experience revival; they reorganize and become active again, particularly with the arrival of new waves of migrants from their home countries. Conversely, others do not regain the full vibrancy of their previous operations, and if there are too few committed members, the diaspora group may cease to exist altogether, or their activities and influence may be significantly reduced.

### **Types of Diasporas**

Massive flows of international migrants, coupled with rapid and pervasive globalization, have greatly contributed to the phenomenon of 'diasporization', signifying the formation and persistence of many types of diasporas (Sheffer, 2003: 51). According to research by the International Organization for Migration (IOM), approximately 214 million

migrants cross state borders each year, a figure that the Organization projects could rise to 405 million per year by 2050 (International Organization for Migration, 2010: xix). Facilitated by modern transportation systems and increasing access to Information and Communications Technologies (ICTs), diasporization is bound not only to persist but to become a more prominent phenomenon in future.

Many types of diasporas form, persist, and flourish in this environment. Chikezie has identified the following types of DOs:

- Associations such as alumni, ethnic, professional, religious, and hometown associations (HTAs);
- Diaspora development NGOs;
- Groups such as arts and cultural, investment, political, women's, and youth groups;
- Organizations, including business and virtual organizations (Chikezie, 2011: 126-127).

Their roles and activities are not necessarily mutually exclusive; in fact, they frequently overlap. Moreover, the extent and depth of study of each of these types of diaspora groups varies greatly, particularly with respect to their development activities in their home countries. By far, the most studied to date are HTAs, which have a long history of international migrants, some dating back to before the Second World War. By contrast, diaspora-led development NGOs are a more recent phenomenon and consequently less studied (Chikezie, 2011: 127). The different activities of many of these types of DOs will be presented throughout relevant sections of this thesis.

Although few generalizations are possible across such diversity, DOs do have certain common characteristics. In addition to overarching elements such as a common language and a shared history and cultural background, DOs' relationship with their homelands may also be strongly influenced by the reasons for their members' migration. The 'push' and 'pull' factors of diasporas' migrant experiences, encompassing a number of sometimes overlapping dynamics, may serve as important motivations for the types of diasporas that form and the types of activities they carry out (Sheffer, 2003: 52). As the term implies, push factors are the reasons migrants leave their homelands, either voluntarily or by force. They include issues such as poverty, lack of economic opportunities, an unstable political climate, conflict, and climate variability resulting in natural disasters or loss of livelihoods. On the other hand, pull factors such as improved economic prospects and access to education in their countries of destination, family reunification, and political stability and security, propel migrants to leave their homelands in search of better conditions and opportunities (European Commission, 2000: 3).

The status of their homelands, which at times plays a role in the push-pull factors, may be a causal factor in the reasons for migration, and consequently, the orientation of a DO or a faction of a diaspora. Sheffer, for instance, identifies the distinction between stateless and state-linked diasporas. As their name implies, "stateless diasporas are those dispersed segments of nations that have been unable to establish their own independent states," while state-linked diasporas "are those groups that are in host countries but are connected to societies of their own ethnic origin that constitute a majority in established states" (Sheffer, 2003: 73). Of the two, stateless diasporas constitute the smaller category, and encompass ethnic groups such as the Kurds, Palestinians, Sikhs, and Tibetans. These diasporas'

activities are often strongly motivated by their desire to establish or reestablish independent nation states (Sheffer, 2003: 74). Their activities and the implications of their endeavours will be explored in further detail in a subsequent section.

The ‘age’ factor is another consideration in the type of diaspora formation. Incipient diasporas, for example, are those in the early stages of formation, while modern or recent diasporas are those that have been operating for some time. Historical diasporas have strongly-established connections in both their home and host countries, such as the Jewish diaspora in the United States, for instance. Depending on their ‘age’, DOs may orient themselves towards different activities based on their experience, and may have different levels of influence in their home and host countries (Sheffer, 2003: 75).

In addition to their characteristics, the true impact of a diaspora depends on its capacity, which varies greatly across the different types of groups and migration contexts (Chikezie, 2011: 127). Sheffer maintains that “the more firmly established and the richer the community, the more elaborate and comprehensive its organizations become (Sheffer, 2003: 178). Long-established and rich diaspora communities are usually better equipped to mobilize financial resources towards their cause, and will tend to have wider reach and access to relevant and often powerful stakeholders in their host societies (Sheffer, 2003: 178). Communal affluence, however, is not necessarily a prerequisite for effective DO operations. Sheffer adds that “more important by far are determination, experience, and hard work on the part of activist members and leaders of diasporas” (Sheffer, 2003: 178-179). It is also important to note that in addition to organizational capacity, the individual capacity of their membership is also a determining factor to the extent and impact of DOs’ activities. Diaspora members often working or study full time, take care of children and ailing parents,

and deal with the host of other commitments and challenges that are a part of modern daily life. The sheer commitment, devotion and dedication – manifested through time, effort, funds, etc. – of key and dedicated diaspora members, which in many groups means one or a few key individuals, is essential to the successful and continuing operations of their respective diaspora organizations. For example, Nabil Imani, Volunteer Co-ordinator for the 2012 South Asian Festival in Ottawa, described the small dedicated group of organizers who co-ordinate the annual event. In his role, Imani managed between 50 and 75 volunteers for the festival – this on top of his studies and work – which has grown from attracting a crowd of approximately 2,000 attendees in its first year in 2008 to drawing a crowd of over 10,000 in 2012 (N. Imani, personal communication, August 14, 2012). Similarly, the Emerging Global Leaders Program (EGLP) is a reflection of the committed staff and diaspora members who invest their time, resources and energies to not only successfully run the program, but to continually build on it each year. A partnership between York University, Scotiabank, and the Jamaican and Barbadian diasporas, EGLP has provided leadership training to Canadian and international youth since 2004. Despite Scotiabank's termination of the funding for the international version in 2010 – which ran in the Caribbean for promising high school students from the region – the small team of staff at York International continue to work closely with the Toronto-based Alliance of Jamaican Alumni Associations (AJAA), particularly its forward-thinking 1<sup>st</sup> Vice-President, Paul Barnett, to benefit youth from their country of origin. Selected participants for the Canadian version of the program are generously supported by the diaspora members through funding and enrichment activities outside of the program (Employee of York University, personal communication, August 16,

2012; P. Barnett, personal communication, August 27, 2012; T. C. Wright, personal communication, August 12, 2012).

Despite the dedication of their members to a cause, diasporas are certainly not uniform and cohesive entities, and they do hold internal tensions. Tamaisha Eyle, for example, is a very active young woman within the Jamaican diaspora in Toronto, listing over six different involvements, including one where she represented Jamaican diaspora under 30 at a conference held in Jamaica. Although she is unmistakably committed to her community, she recounted in her interview that there has recently been exclusion of certain people within the diaspora, including herself, because – although she grew up in Jamaica – she holds Guyanese citizenship. However, she did note that most members are in favour of inclusion instead of exclusion (T. Eyle, personal communication, August 15, 2012). Moreover, generational gaps develop when older, more experienced members are unwilling to surrender their positions of power, or when members are not encouraged or allowed to ‘graduate’ into new roles with more responsibility. Eyle observed that in her case, she was ‘pigeon holed’ into the youth category (i.e., because of her age), and encouraged to continue working on youth affairs (T. Eyle, personal communication, August 15, 2012). Conversely, an employee of York University who requested to remain anonymous, noted that “there’s a want to develop” younger members within the AJAA (Employee of York University, personal communication, August 16, 2012). This is manifested by giving them different tasks, thereby providing them with the opportunity to grow into roles (Employee of York University, personal communication, August 16, 2012). The Alliance’s Paul Barnett confirmed that he strongly supports the election of younger officers onto the Board of

Directors, and encourages members to recruit young people (P. Barnett, personal communication, August 27, 2012).

Gender roles and the participation of women in diasporas is also a contested topic. Using Nigerian DOs in London as a case study, Ben Lampert maintains that

[c]ontrary to the hopes of globalising discourses of diaspora and development, London-based Nigerian diaspora organisations, like many migrant associations discussed elsewhere... appear to do more to reproduce rather than transform the established, and what might be seen as rather patriarchal, gender roles and relations of 'home'.... (Lampert, 2012: 158)

One way in which this manifests is through the meetings of the Ayege National Progress Union (ANPU), where mostly men attend, since “it is asserted by male and female members alike that it is the role and duty of the mother to stay at home and care for any young children while the father attends the meetings” (Lampert, 2012: 158), thereby reinforcing strong gender divisions of labour. In keeping with these attitudes, women are not involved in the decision-making aspects of the organization, and instead participate by attending fundraising and cultural events, and preparing food for these occasions (Lampert, 2012: 158). Lampert also demonstrates that while some women prefer to belong to women’s diaspora organizations, such as the Ukenwa Women’s Association (UWA), they create a social space for women to gather rather than “any sort of novel diasporic trend aimed at reconfiguring conventional gender norms” (Lampert, 2012: 159). The women who participate in these women’s groups organize traditional wedding ceremonies, share traditional recipes from their homelands, are more at liberty to discuss issues such as women’s health, and generally feel more comfortable relaxing in the company of their

female counterparts. Since their activities in their host societies reproduce and reinforce rather patriarchal gender norms, it is no surprise that their activities do not involve efforts to ‘empower’ women in their homelands (Lampert, 2012: 160). Naturally, Lampert’s case study is merely one example. Responding to questions about gender divisions within their diaspora groups, a number of interviewees indicated that women do indeed participate in meetings, although in lesser numbers than men, and also hold various leadership positions (Employee of York University, personal communication, August 16, 2012; P. Barnett, personal communication, August 27, 2012).

Diaspora groups may not be entirely representative of their countries of origin either, and may be quite political in nature. A DFID employee who requested to remain anonymous, cited the example of the Bangladeshi diaspora community in London, where approximately 80 percent of the members come from one specific region of the country, which also holds true for the Pakistani diaspora. He also noted that some diasporas may be mostly from one tribal group, or richer parts of society, as they tend to be the ones who can afford to migrate in the first place (Employee of the Department for International Development, personal communication, August 27, 2012). In addition, Eytel pointed out in her interview that many of the class divides that exist in Jamaica have transcended into the diaspora (T. Eytel, personal communication, August 15, 2012). Moreover, the possible political nature of diasporas was touched upon in two interviews. The interviewees noted that diaspora groups can be from a different political faction than the ruling party of the home country, or that a DO can represent a specific political faction altogether (Employee of the Department for International Development, personal communication, August 27, 2012; E. Alma, personal communication, August 30, 2012). All of these facets are important

considerations for donors prior to engaging a diaspora group, both to reduce the risk of becoming entangled in a potentially ‘problematic’ relationship involving a strongly political faction of a stateless diaspora, for example, as well as to increase the possible success of the engagement.

### **The Role of Distance-Shrinking Technologies in Diasporas’ Activities**

The instrumental role that distance-shrinking technologies have played in many of diasporas’ activities must be acknowledged at the outset. The substantial use of modern ICTs has greatly facilitated the “exchange of information between geographically dispersed ethnic groups” (Sheffer, 2003: 181-182). News websites and dedicated television channels provide DOs with access to up-to-date and often live coverage of issues of importance to them in their home countries (Sheffer, 2003: 181-182). In addition, these technologies foster networks and facilitate the transfer of ideas, knowledge, and skills between diasporas’ host and home countries, and within and between diasporas themselves. Free online communications technologies such as Skype, significantly reduced costs through mobile phones, as well as more recent websites such as Facebook, Twitter and LinkedIn, further allow members of the diaspora to maintain regular and frequent contact with their friends and relatives ‘back home’, as well as with each other. Marcia Forbes, a well-known Jamaican media consultant and author (Laman, 2011), writes of her own experience on Twitter: “[y]our virtual friend can become your actual friend. I’ve learnt this via Twitter as close bonds are formed with my Jamaican overseas tweeps” (Forbes, 2012). Forbes further notes that “[h]undreds of thousands of Jamaicans at home and in the Diaspora are on Facebook, Twitter and LinkedIn” (Forbes, 2012). She continues by calling the diaspora to

action “to take just one simple act -- Leverage your participation in social networks to foster greater links with Jamaicans at home” (Forbes, 2012). In addition to using ICTs extensively for information and outreach purposes, diasporas have also introduced and facilitated the implementation of new technologies in their homelands, particularly in less developed countries, by financing the purchase of new equipment and infrastructure, as well as training on its use (Sheffer, 2003: 184). Access to ICTs, however, is not universal; “there is an inherent bias against economically disadvantaged, rural populations and others without regular, affordable Internet access or sufficient computer skills or literacy” (Newland, 2010: 226).

Setting up and maintaining a website of their own for information and outreach purposes, however, has its challenges for diaspora organization. Unless the costs of financing these initiatives are drawn from DOs’ financial portfolios, Newland draws attention to the fact that these financial responsibilities often fall on a few key dedicated diaspora members. The amount of time it takes for these individuals to regularly update websites, often done outside of their other career and personal responsibilities, makes the sustainability of these initiatives problematic. Newland notes that “a number of the sites visited... had not been updated in years, or were no longer available...” (Newland, 2010: 226). Yemi Ifegbuyi, an active young member of the Nigerian diaspora in Toronto, described his experiences with [NigeriansAbroadLive.com](http://NigeriansAbroadLive.com). Ifegbuyi founded the website in order to dispel stereotypes of who Nigerians are, to find a community where the Nigerian diaspora could celebrate what they do outside of the homeland, and to “let me try to influence the political and economic process in Nigeria” (Y. Ifegbuyi, personal communication, August 12, 2012). Ifegbuyi recounted that this initiative is already his

second; the first was a group effort, where commitment within the group was unbalanced to such an extent that he ended up taking on many of the administrative, website design, and marketing functions. In his view, Nigerians Abroad Live has had moderately successful outcomes, with people participating through email exchange, the site's newsletter, and online opinion sharing. Several individuals gave Ifegbuyi the feedback that his website has provided them with an alternative perspective of affairs in Nigeria. Among one of the greater successes of this initiative was a partnership with the Canadian Council on Africa, who chose Nigerians Live Abroad as its medium to create awareness among the Nigerian diaspora of investment opportunities in their homeland, and to arrange meetings with a visiting minister. Although the site is still functional, Ifegbuyi expressed that his other commitments make it challenging to devote as much time to maintaining the website as he would like to, including financial costs, which he currently bears himself. Consequently, he has attempted to find like-minded, committed individuals to help share the responsibilities and make the site "something great" (Y. Ifegbuyi, personal communication, August 12, 2012). Although many advantages exist for diaspora groups to using ICTs, the use of these technologies does come with its set of challenges that DOs must overcome in order to harness their full potential to maintain contact with their homelands and develop their networks.

### **Diasporas and Development**

Mirroring their varied characteristics, the dimensions of diasporas' links to development are also multifaceted and will be illustrated with examples in relevant sections below. Jenny Robinson identifies a three-pronged approach between diasporas and

development: development *in* the diaspora, development *through* the diaspora, and development *by* the diaspora. Development in the diaspora is characterized by “the use of networks in the host country, which includes the formation of ethnic businesses, cultural ties, and social mobilization” (Robinson, 2002: 113). Development through the diaspora refers to the manner in which diaspora communities use their dispersed global connection in order to facilitate economic and social well-being in their countries of origin, while development by the diaspora encompasses “the flows of ideas, money, and political support to the migrant’s home country” (Robinson, 2002: 123).

Furthermore, Chikezie identifies ‘4Cs’ (four types of diaspora capital) with respect to diasporas’ operations and their implications for development. Briefly, the first ‘C’, *financial capital*, has received the most attention, especially as it pertains to the transfer, use, and impact of remittances. Diasporas’ financial capital encompasses a wide range of activities, such as diaspora bonds, DDI, and financing for venture capital. *Intellectual capital* refers to the knowledge, skills and experience that diaspora members transfer back to their countries of origin through elaborate transnational networks and through a variety of initiatives. This transfer of intellectual capital back to countries of origin has been referred to as ‘social remittances’ and ‘brain gain’. Diasporas also exert political influence both in their host and home societies through *political capital*. These activities include diaspora advocacy through demonstrations, electoral participation, and lobbying, to name a few. Finally, *social capital*, “constitutes the ‘ties that bind’ – the glue, rationale, obligations and even channels and networks” (Chikezie, 2011: 129) that serve as impetus for DOs’ activities (Chikezie, 2011: 128-129).

In addition to the ‘4Cs’, Chikezie suggests ‘3Ps’ (three types of diaspora interests) that motivate DOs to engage in development-related activities in their homelands. “Many diasporas harbor intentions of returning to their country of origin and are exercised by ensuring they have remunerative activities to sustain them” (Chikezie, 2011: 130). This *pecuniary interest* is particularly true for those who are temporary migrants, those with irregular status in the host country, those who wish to reduce their dependence on family and friends in their homelands, and those with plans to one day return to their countries of origin either temporarily (e.g., through circular migration or retirement) or permanently. *Private interests* denote activities that pertain to the private sphere of diasporas’ activities, such as resources sent to their immediate households (e.g., remittances) or specific segments of their local communities (e.g., DDI). Resource transfers and activities directed at the public sphere for which there are no personal prospects, expected gains, or rewards are grouped under *public philanthropy interests*, implying a sense of altruism as the underlying motivating factor. In proposing this framework, Chikezie particularly notes that altruism is only one motivating factor in diasporas’ activities that may have a development outcome, and that development can take place whether it was the intended result or not (Chikezie, 2011: 129-130). A notable aspect to DO’s operations that emerges from the literature, and one that was confirmed through several interviews, “is that, even among the largely philanthropic diaspora groups, the impact of their work may be developmental, even though they do not brand themselves along such lines and may indeed be unfamiliar with conventional development-speak” (Chikezie, 2011: 128).

The figure below, produced by Simon Fraser University through the CIDA-funded program Engaging Diaspora in Development: Tapping our trans-local potential for change,

Figure 1 – Engaging Diaspora in Development: Tapping our trans-local potential for change



[www.sfu.ca/diasporas/](http://www.sfu.ca/diasporas/)

Source: Simon Fraser University, n.d.

illustrates the manifold aspects of diasporas' activities and their impacts on development, many of which will be explored in detail in the following sections of this chapter.

### **Home Country Engagement of Diasporas**

Home country governments have taken notice of both the myriad ways in which their diasporas are already involved in their homelands as well as the further potential these groups hold for their countries of origin. In order to facilitate these relationships and capitalize on their potential, a number of countries have established institutions at various levels of government both within their borders as well as in host countries. In an IOM report, Dina Ionescu notes that nearly than 30 countries have established formal institutions at the highest levels of government through ministries of diasporas and expatriates (Ionescu, 2006: 36-37). “By establishing a separate, ministry-level diaspora institution, a government recognizes that traditional ministries such as labour and foreign affairs cannot manage the expatriate portfolio in all its dimensions” (Agunias and Newland, 2012: 74). Some examples of such institutions are the Presidential Office for Mexicans Abroad, established in 2001, the Ministry of Expatriates of the Syrian Arab Republic, established in 2002, and the State Secretariat for Romanians Abroad, established in 2003 (Ionescu, 2006: 36). The creation of full diaspora ministries sends the message that a government gives highest political importance to diaspora engagement, particularly when these ministries started out as smaller offices within other ministries, or as sub-ministries (Agunias and Newland, 2012: 74).

In addition to ministry-level government institutions, sub-ministry and local level offices also foster developing countries' engagement with their diasporas. These special offices are usually housed under the ministry of labour or foreign affairs, and “seem to

follow the mandate and priorities of their mother agency, which may or may not include a focus on development at home” (Agunias and Newland, 2012: 79). A joint International Organization for Migration and Migration Policy Institute (MPI) study found 21 such offices in 17 countries (Agunias and Newland, 2012: 79). Local level offices in developing countries are particularly well positioned to create programs that address the needs of local communities. If properly coordinated, they can act in a complementary role to the higher level institutions under which they reside, and even share the costs of engagement. Through these offices, diaspora members are in a better position to monitor the direct impacts of their contributions and investments, and hold responsible officials to account (Agunias and Newland, 2012: 83).

Finally, although quasi-government institutions are less frequently utilized by developing country governments, they nevertheless represent opportunities to institutionalize diaspora engagement. Quasi-government institutions such as foundations and diaspora advisory councils can blur the distinction between official and non-governmental lines, and are particularly pertinent when home country governments do not wish to be perceived as intervening in the affairs of host countries. These institutions advise the home country government on diaspora-related issues, and are typically comprised of a mix of government officials and diaspora members who are leaders within their communities (Agunias, 2009a: 16). Through their activities, quasi-government institutions provide the diaspora with an opportunity to exert their political influence, provide feedback to their home country government, take part in policy consultations, and discuss issues relevant to national development. Of particular importance in this type of institution is the manner in which diaspora members who sit on these bodies are selected (i.e., truly representing the diaspora

in question by being elected through fair proceedings). In order for these institutions to be effective, it is imperative that the diaspora community perceive them as legitimate channels for engagement with the home country. If they are not perceived as such, they run the risk of being unrepresentative, illegitimate and irrelevant extensions of bureaucratic home government bodies (Agunias, 2009a: 17).

By way of a positive example of a home country government-diaspora collaboration, Mexico's Institute for Mexicans Abroad (Instituto de los Mexicanos en el Exterior (IME) in Spanish) is an example of a quasi-government institution with a wide reach within the Mexican diaspora, particularly in the United States. As an organization within the government that serves the role of a consultative entity with the diaspora, "[i]ts main objectives are to promote public policies in the Mexican government that address the needs of Mexican communities abroad, link those communities with their counterparts in Mexico, and support the formation of leadership in migrant communities" (Orozco, 2011: 114). Towards these goals, IME has collaborated with its Consultative Council (CCIME), an advisory council as well as a consultative body, since 2003. CCIME's membership of 152 individuals (Hispanic American Center for Economic Research, 2008) "is composed of Mexican, Mexican American, and Mexican Canadian community leaders; directors of Latino organizations; and special advisers and representatives of Mexican state governments" (Agunias, 2009b). The Hispanic American Center for Economic Research (HACER) maintains that "[i]n the United States, the [IME's] Advisory Council has become a meeting forum for Mexican and Mexican-American leaders who, in the past, were dispersed throughout in different coalitions of local and regional scope" (Hispanic American Center for Economic Research, 2008). IME aims to bring its stakeholders various initiatives,

including educational conferences that promote the Mexican government's programs and services to improve the living standards of Mexicans abroad, financial literacy programs among the diaspora in order to facilitate remittance transfers, and activities promoting the support of financial institutions to help migrants enter the formal remittance transfer market (Orozco, 2011: 114).

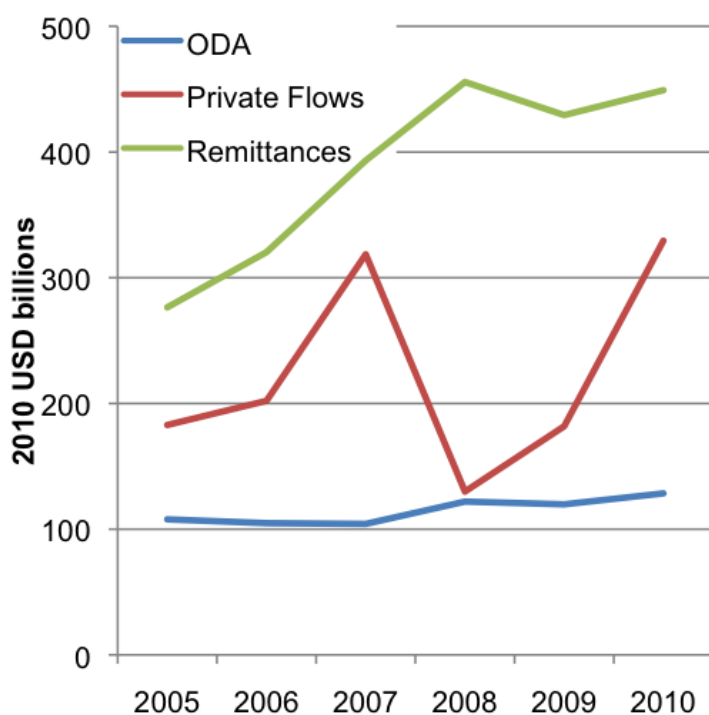
While organizations such as the one outlined above have facilitated diaspora engagement by home country governments, these institutions are not without their faults and challenges. Although their existence, particularly at the highest levels of government, signals the importance home country governments place on their diasporas, Michael Fullilove notes that most diaspora institutions are often underfunded (Fullilove, 2008: 70). To demonstrate, the budgets of four countries with active diaspora engagement strategies – the Philippines, Mexico, India, and Mali – receive a minuscule amount of the national budget. In 2009, for example, the Philippines spent 1.7 percent of total government expenses, Mexico spent 1 percent, and India 0.16 percent (Agunias and Newland, 2012: 37-38). The only exception in this case is Mali, which spent 7 percent of its total central government budget on diaspora initiatives. Moreover, the lack of evaluations, especially of impact evaluations, is notable in home countries' diaspora engagement strategies. In an IOM review of 130 websites of the development agencies and of the labour, foreign affairs, interior and immigration ministries of 68 countries, only 54 percent of formal evaluations of their migration policies, programs, and projects were available – provided that they were conducted at all. The review also found that rigorous impact evaluations were extremely rare; it found only six such evaluations with experimental designs (Chappell, Salazaar-Ruiz and Laczko, 2011: 26-29).

Finally, the developmental link between home country government institutions and diasporas may not be as strong as it first appears. In another IOM survey, 92 percent of countries indicated that they have diaspora-specific policies and programs in place with the intent of furthering development within their borders (IOM, 2005: 205). None of the institutions responsible for diaspora engagement, however, fell directly under the responsibility of a government body or ministry with the primary purpose of development planning (Agunias and Newland, 2012: 79). The extent and influence of consultations between ministries responsible for diaspora engagement and those focusing on development is questionable. While positive engagement between diasporas and their home states are evident, the ‘diaspora option’ is not necessarily a guarantee of success in reaching development goals. “The ‘Diaspora option’ is an emerging policy orientation aimed at utilizing the human, economic and social capital of migrant populations in order to revitalize levels of investment, skill and development in the places with which they maintain ancestral ties” (Pellerin and Mullings, 2012: 1). H  l  ne Pellerin and Beverley Mullings point out that the main motivator behind states’ strategies to engage their diasporas abroad has been less the desire to build new partnerships, and more the reality of their significant need to accumulate capital (Pellerin and Mullings, 2012: 18). Therefore, it is important to recognize that while some developing country governments have made strides in reaching out to their diasporas abroad, these engagements do not always bear development fruits, nor are they without their frictions, and often leave a great deal of room for future improvement, some of which will be explored in subsequent sections below.

### The Role of Remittances in International Development

Remittances are a significant and growing source of financial flows to developing countries. As the figure below demonstrates, officially recorded remittances were sent to developing countries in the excess of US \$400 billion in 2010, more than three times the amount of ODA, and over 25 percent higher than private flows (Zealand and Howes, 2012: 1).

**Figure 2 – Flows into Developing Countries**



Source: Zealand and Howes, 2012: 1.

Estimates including unofficial remittance flows through informal channels (e.g., sending through relatives or friends, by mail, or through unrecorded semi-official channels such as ethnic grocery stores or small businesses) puts the amount of remittances “to be at least 50 percent larger than recorded flows” (Ratha, n.d.). Furthermore, according to the World

Bank's Migration Remittances Unit, "remittance flows to developing countries are expected to grow at 7-8 percent annually to reach \$467 billion by 2014" (Ratha and Silval, 2012: 1). As illustrated in the graph above, remittances also seem to withstand financial shocks, although they are affected to some extent by global financial cycles, such as the global economic crisis that began in 2008. Compared to private flows, which dipped sharply by nearly US \$200 billion in 2008, remittance flows only slightly diminished in 2009, and rebounded to their pre-crisis levels in the following year.

Several reasons exist why remitters may choose to forego formal transfer channels. One such reason is because banks and money transfer organizations (MTOs) (also referred to as money transfer agencies (MTAs) or wire transfer companies), such as Western Union or MoneyGram, may not have convenient locations near their families back home, especially in rural settings (Inter-American Development Bank, 2005:15). Moreover, these institutions charge transfer fees in the range of 10-20 percent of the amount remitted per transaction, deterring many remitters from using formal channels (Ratha and Shaw, 2007). Based on a cost elasticity model, Dilip Ratha, Sanket Mohapatra and Sonia Plaza estimate that

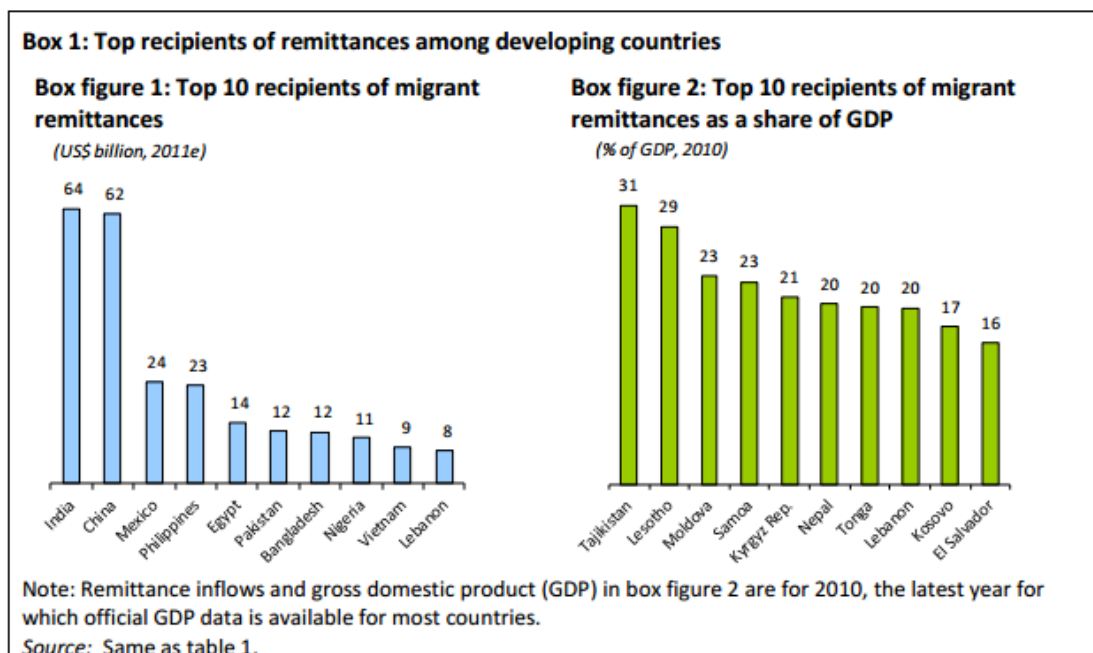
assuming that the reduction in remittance [transfer] costs also succeeds in bringing half the unrecorded remittances into formal channels, this would result in an increase in recorded remittances flows to Sub-Saharan Africa of \$2.5 billion (Ratha, Mohapatra and Plaza, 2008: 17-18).

A number of OECD/DAC donors have devised policies and programs to attempt to lower the high transaction costs of sending remittances, and to increase the transparency of the remittance transfer market, with varying degrees of success. In an interview, an employee of CIDA provided an overview of the Agency's current efforts in advancing financial sector

development in developing countries, and in working towards the Groups of Twenty's (G20's) target to reduce the transfer costs of remittances to 5% of remittance fees by 2014, the latter in collaboration with other government departments (OGDs) (Employee of the Canadian International Development Agency, personal communication, August 20, 2012; Montpetit et al., 2012). This initiative will be highlighted in the third chapter under CIDA's activities.

These large volumes of financial flows play an important role in the economies of several developing countries. Particularly telling is the graph on the right below, which shows the top ten remittance recipient countries as a share of Gross Domestic Product (GDP). It is noteworthy that for eight of the ten countries, remittance flows represented one-fifth or more of their GDP in 2010.

**Figure 3 – Top Remittance Receiving Countries, 2010**



Source: Ratha and Silwal, 2012: 2.

Remittance figures are especially telling considering the fact that migrant communities often face a number of challenges to accumulating wealth in their host countries. Many may be trapped in low-wage jobs as a result of their lack of legal immigration status, limited required language skills, low levels of education (Terrazas, 2010: 67), or inability to integrate into the job market at their appropriate skill level. Nevertheless, Manuel Orozco and his colleagues at the Inter-American Dialogue maintain that “even among relatively marginalized immigrant communities – for instance, those from [El Salvador and Guatemala] – upward of 80 percent save or invest their earnings, although many do so outside formal banking institutions” (Orozco, 2010).

Remittance flows are also impacted by the ‘type’ of diaspora remitters, as well as by generational differences in remitting patterns. Sheffer, for example, deconstructs the volume of remittance flows by the type of diaspora that is more likely to remit larger amounts to their homelands. Citing the lack of disaggregated data collection as an issue, Sheffer nonetheless maintains that “...there is no doubt that proletarian migrants and members of incipient diasporas remit substantial sums of money to their homelands... Generally, however, it seems that members of established diasporas remit more money to their homelands...” (Sheffer, 2003: 190). Since established diasporas tend to be better integrated into their host societies and employed in better paying jobs, they are able to remit higher sums of money to their families ‘back home’. Generational differences also influence remittance transfers. Mirroring research conducted by Pellerin and Mullings that “a first generation migrant tends to send more money back home than second generation would...” (Pellerin and Mullings, 2012: 21), Tricia Vanderkooy found that second generation Haitians

in Miami tend to remit less than those of the first generation (T. Vanderkooy, personal communication, August 17, 2012).

### **The Development Impacts of Remittances**

Many families in developing countries rely on regular remittance transfers. Due to the additional funds they provide families, remittances have been shown to increase household income. In a USAID study, Guatemalan households that received remittances were found to have an average monthly income that was 1.23 times higher than the country's per capita GDP (Orozco and Hamilton, 2005: 2). In the words of William Lacy Swing, Director General of the IOM, “[f]or some, migrant remittances literally put food on the table” (Lacy Swing, 2010). Remittances also have a positive impact on access to and spending on healthcare and education. Disaggregated by gender, a study on the use of remittances in Kosovo “found that households that receive remittances spend, on average, 22 percent more on healthcare than non-recipient households” (UBO Consulting, 2010: 35-36). The study further confirmed that “[w]hen comparing the gender-based access to healthcare in general, ... [t]he women heads of households that receive remittances... find it easier to meet the cost of seeing a doctor” (UBO Consulting, 2010: 35-36). Similarly, many families, especially in rural settings, experience difficulties when travelling to educational facilities, and have trouble meeting the cost of books, tuition and uniforms. Not surprisingly, remittances help alleviate these costs, and remittance recipient households spend, on average, more on education than households that do not have access to remittances (UBO Consulting, 2010: 37). Providing a specific example, Tricia Vanderkooy, who conducted research on the Haitian diaspora in Miami towards her PhD at Florida International University, noted that

people in the Haitian diaspora community were “barely making it”, yet were sending money back to Haiti when possible in order to permit their families back home to register their children to school (T. Vanderkooy, personal communication, August 17, 2012).

Furthermore, remittances have the potential to facilitate the generation of wealth, the acquiring of assets, and access to financial institutions in the communities where they are sent. The Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IADB) maintains that

remittance backed low-income mortgages can help migrants pay for homes of relatives or for their own use... The reliable flow of remittances can help transnational families save the required downpayment and build their credit records. In addition, households that receive remittances can access formal financing, if they are able to document their total income – including remittances – to acquire a house. (Inter-American Development Bank, 2005: 45-46)

Consequently, remittances have also been associated with increased financial literacy and access to financial institutions, due to recipient households’ exposure to financial services, mostly through MTOs or banks. The IADB, for example, found that 40 percent of remittance recipient households open an account with a financial institution, in comparison to 17 percent who are not remittance recipients (Inter-American Development Bank, 2005: 45-46). Nevertheless, these potential positive effects can be greatly hindered by a lack of institutional capacity and financial infrastructure in recipient states. These issues are particularly prominent in rural areas, where isolated, poor, and financially illiterate populations have limited access to financial institutions and often lack the necessary understanding and confidence to navigate financial products and services. Consequently,

while they may be regular remittance recipients, many remain outside the formal remittance transfer market, and fail to take advantage of the wealth and asset generating potential of these financial flows.

Despite their positive impacts on immediate poverty alleviation, the impact of remittances on sustainable development in recipient communities has been called into question. In Kosovo, for example, “over 45 percent of the total cash remittances received are used for consumption, while only 11 percent are used for business investment” (United States Agency for International Development, 2010: 30). Although some remittances are dedicated to business investments and savings, the Kosovo study confirms that “this amount should increase in order to maximize the sustainable development impact of remittances” (UBO Consulting, 2010: 42). The use of such a high percentage of remittances for household consumption such as food, housing and utilities (Inter-American Development Bank, 2005: 19), reveals a strong dependence on them by recipient households. As illustrated in the figure above, while remittances represent a resilient source of financial flows to developing countries, they do fluctuate with global financial shocks, adversely affecting dependent households. As a result, these households do not necessarily break the cycle of chronic poverty, since they continue to rely on regular remittance flows. Manuel Orozco further sheds light on the issue, stating that “these interchanges alone are not a solution to the structural constraints of poverty. In many and perhaps most cases, remittances provide a temporary relief to families’ poverty but seldom provide a permanent avenue to financial security” (Orozco, 2008a: 212-213).

Remittances have also kept local elites in power and reinforced traditional authorities in diasporas’ countries of origin. ‘Collective remittances’ sent by diaspora groups have been

regarded “as a key means through which they can accrue recognition and status back in the ancestral community and potentially even receive chieftaincy titles and favourable access to land and other economic opportunities” (Lampert, 2012: 153). Using the London-based Nigerian diaspora as an example, Ben Lampert notes that these types of collective remittances have been channelled towards the construction, maintenance, and improvement of traditional symbols of local and national authority, such as palaces, parliament buildings, courts, town halls, and statues (Lampert, 2012: 153). The Ayege Progress Committee, for example, has devoted some £180,000 to the construction of such edifices in the town of Ayege, thereby “neglecting the most pressing needs and desires of the wider community, especially the ‘grassroots’” (Lampert, 2012: 155). Of particular concern to locals is the fact that the Committee has made no effort to restore a reliable water and electricity supply, or a functional telephone connection in the town.

By far the greatest complaint, however, is that the APC has done precious little to create or improve livelihood opportunities for ‘ordinary’ Ayege ‘citizens’, especially those enduring widespread underemployment or unemployment and the many small-scale farmers who struggle to eke out an existence in the face of high input costs, a lack of equipment and low produce prices. (Lampert, 2012: 155)

With the sum of money the Committee has spent on the interests of town elites, it could have devoted (at least some) of the funds to these enduring issues.

In spite of these intentions for remittances, the development community has taken note of these large volumes of remittance flows and their further potential development impacts. As a result, donors have attempted to both divert remittances towards ‘productive’ development projects (i.e., those that they view as meeting the real needs of communities

and being more sustainable), and facilitate the transfer of remittances, mostly by attempting to reduce remittance transfer fees and increase the transparency of the transfer market. Nevertheless, Carlo Dade notes that “[w]e can’t get between people and their money... [when] the development community immediately went after the money... the reaction from the diaspora community was to reach across the table and smack us” (C. Dade, personal communication, August 8, 2012). Tricia Vanderkooy further sheds light on the issue, stating that remittances are “intensely personal” (T. Vanderkooy, personal communication, August 17, 2012). Consequently, it is not surprising that from the diaspora’s perspective, external agencies have no place in telling them how to use their funds. To remitters, some of whom work multiple jobs in order to make ends meet and to send money to their loved ones back home, the fact that a bank or an MTO is taking a percentage of their hard-earned money when transferring the funds is already a difficult reality. The thought of another institution such as a donor government redirecting their money towards a ‘more effective’ or ‘useful’ way to spend these funds simply seems inappropriate (C. Dade, personal communication, August 8, 2012).

## **Diaspora Investment in Home Country Economies**

### **Diaspora Entrepreneurship through Diaspora Direct Investment**

Diaspora entrepreneurs have on a number of occasions played a key role in generating investments in their countries of origin through DDI, mirroring the similar concept of FDI by private enterprises. Kathleen Newland and Hiroyuki Tanaka have identified several avenues through which DDI contributes to development. Firstly, “diaspora entrepreneurship fosters business development, job creation, and innovation” (Newland and Tanaka: 2010: 28).

Investments by diaspora members, if successful, have the potential to advance and generate a positive economic cycle of creating jobs and spurring competition, thereby encouraging innovation, additional business creation, and further jobs. The 2013 World Development Report (WDR) on jobs, for instance, states that “... in middle-income countries, many among the owners of micro- and small enterprises are as entrepreneurial as their peers in industrial countries. Their weak performance may be due to an adverse investment environment – for example, limited access to credit” (World Bank, 2012: 12). Kazoza, an organization of young Burundian diaspora investors in Canada, provides the collateral behind this credit to young entrepreneurs in Burundi, who otherwise face extreme difficulties in qualifying for funding. Literally meaning ‘future’, Kazoza’s approximately 40 members each donate CDN \$20 on a monthly basis to the organization, founded three years ago. According to Fernand Niyokindi, a member of Kazoza, “we wanted to be part of the solution” (F. Niyokindi, personal communication, August 10, 2012; paraphrase). The organization partners with a local microfinance institution, provides them with the necessary funds to pay the monthly interest rates on the loan of a small local business which the group’s members select, and guarantees the entrepreneur’s loan. In addition to providing the collateral for these loans, Kazoza’s members – who have expertise in various areas, such as marketing and business development, acquired through their educational and professional experiences – also provide mentorship to young aspiring Burundian entrepreneurs by providing them with ideas, guidance, and mentoring. So far, Kazoza has successfully guaranteed one pilot project in the amount of \$7000, working with young entrepreneurs in Burundi who established a fruit juice business. According to Niyokindi, the youth created a thriving enterprise out of an excess of regional fruits, already repaying 50 percent of their loan, and employing some 50 locals.

Kazoza's challenges remain the popularity of their program and lack of funds; Niyokindi confirmed that they receive more requests than they can finance (F. Niyokindi, personal communication, August 10, 2012; paraphrase). This initiative nevertheless demonstrates the key potential role of overseas diaspora entrepreneurs in enabling local businesses.

Secondly, "diaspora entrepreneurship taps into social capital through cultural and linguistic understanding" (Newland and Tanaka: 2010: 28), an advantage diaspora investors have over non-diaspora investors. Since many diaspora entrepreneurs tend to have an in-depth knowledge and understanding of cultural and social norms, business culture, and local languages, they are better positioned to develop trust with potential local businesses and government officials (Gillespie, Riddle, Sayre, and Sturges, 1999; Ramamurti, 2004). Lastly, Newland and Tanaka maintain that "DDI creates economic, social, and political capital through global networks" (Newland and Tanaka: 2010: 28). Drawing on their comparative advantage through the attributes mentioned above, as well as networks of friends and family, diaspora members may have a range of potential business partners and supporters to connect with and draw on, both in their countries of origin as well as in their host societies. "These connections may create opportunities for investment, trade, and outsourcing; foster strategic partnerships; and tap into sources of political and financial capital that can facilitate the transfer of knowledge and technology from developed to developing countries" (Newland and Tanaka: 2010: 28).

### **Diaspora Investment in Home Country Capital Markets**

In addition to investments in their home countries through entrepreneurship, members of the diaspora also invest in their countries of origin via capital markets. "Capital markets

include any institution that matches savings and investments via markets where private- and public-sector entities are able to borrow mid- to long-term funds from multiple lenders...” (Terrazas, 2010: 61). Recognizing diasporas’ potential to provide much needed capital to their economies, developing country governments have started to take advantage of their diasporas in order to mobilize their wealth<sup>7</sup> through various capital market instruments. Among the most basic of these instruments, diasporas may maintain special deposit accounts, denominated in both local and foreign currencies, “when they have ongoing financial obligations in these countries (known as current liabilities) or expect to have them in the future (known as contingent liabilities)” (Terrazas, 2010: 73). Among their current liabilities, diaspora members may count remittance obligations or property maintenance, while their future retirements plans may be part of their contingent liabilities. Often receiving a ‘patriotic discount’ through favourable terms and interest rates, these “[d]eposit accounts increase domestic bank assets, allowing banks to expand lending and onward investment” (Terrazas, 2010: 73). The National Bank of Ethiopia, for example, created foreign currency deposit (FCD) accounts in 2004. Accepted in a number of currencies, all nonresident Ethiopians and nonresident foreign nationals of Ethiopian origin are eligible to open the accounts in person or via post. The accounts are restricted to the amounts of US \$5,000 to \$50,000, but account holders are eligible to use them as collateral, a guarantee for loans, or to make payments in the local currency (Agunias and Newland, 2012: 207-208).

Transnational loans are another vehicle used by developing country governments. “Transnational loans are generally small loans provided by banks or micro-finance lenders that allow immigrants to apply for and service a loan in their countries of origin while

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<sup>7</sup> The World Bank’s Suhas Ketkar and Dilip Ratha point out that while remittances tap the *incomes* of migrants, the greater challenge for countries of origin remains to mobilize the *wealth* of diasporas (Ketkar and Ratha, 2007: 2).

residing abroad” (Terrazas, 2010: 77). These loans allow members of the diaspora to provide credit to their family and friends in their countries of origin by leveraging their credit history in their host countries. These loans may be used to finance the purchase of real estate, business expansion, or home improvement projects, as well as to offset educational expenses. Of all transnational loan schemes, mortgage lending has been the most successful (Terrazas, 2010: 78). An example of a public-private transnational loan initiative that was an initial success but later went bankrupt is Mexico’s Sociedad Hipotecaria Federal (SHF), a government-financed institution that partnered with financial intermediaries in Mexico and the United States (the largest of which was Hipotecaria Su Casita, S.A.). Through its mandate to promote the development of Mexican mortgage markets, SHF offered transnational loans to migrants in the US in pesos and/or US dollars. The initiative further facilitated the loans by allowing migrants to remain in the United States and finalize transactions remotely through a power of attorney. In its four years of operation between 2004 and 2008, SHF and its partners issued some 3,500 loans. The severe impacts of the economic crisis in the United States, however, wiped out Su Casita (Barranco, 2010), and presumably, adversely affected the intended beneficiaries of the loans.

Finally, diaspora bonds have also been used to raise capital for developing countries. “A diaspora bond is a debt instrument issued by a country – or, potentially, by a subsovereign entity or by a private corporation – to raise financing from its overseas diaspora” (Ratha, Mohapatra and Plaza, 2008: 15). The bonds, which allow governments to borrow long-term funds from their diasporas (Agunias and Newland, 2012: 205), are marketed to diasporas and in some cases to nationals by national banks and their branches, as well as through embassies, consulates and other government representative offices around

the world (Agunias and Newland, 2012: 208, 211). One advantage for governments of issuing diaspora bonds is that they have the potential to mobilize relatively small individual amounts (e.g. less than US \$100) collectively into considerable resources for development (Terrazas, 2010: 79).

Although diaspora bonds have been utilized by some governments for decades, diaspora bonds as an instrument of development financing are not yet widely used (Ketkar and Ratha, 2007: 2). The governments of Israel and India, for example, are two such governments. Since its establishment in 1951, the Development Corporation for Israel has provided a “flexible menu of diaspora bonds... to keep the Jewish diaspora engaged,” successfully raising over US \$25 billion to date (Ketkar and Ratha, 2007: Abstract). In contrast, the government-owned State Bank of India (SBI) has issued diaspora bonds to raise financial capital specifically to “avoid balance-of-payments crises and to shore up international confidence in India’s financial system during times of financial sanctions or special needs” (Agunias and Newland, 2012: 210), particularly in 1991, 1998 and 2000. The government succeeded in raising over US \$11 billion (Ketkar and Ratha, 2007: 19) through the bonds. Not all attempts at raising capital from the diaspora in this way have been successful, however. The Ghanaian government’s 2007 Golden Jubilee Savings Bond, for example, only raised US \$10 million of the intended US \$26 million “for infrastructural development projects in all ten regions of the country, [to] raise awareness of the importance of saving, and [to] diversify financial instruments on offer to the market” (Agunias and Newland, 2012: 210). Similarly, the Ethiopian government’s initial issuance of its Millennium Corporate Bond failed to raise enough funds for the Ethiopian Electric Power Corporation’s (EEPSCO’s) construction of the Great Renaissance Dam, envisioned as

Africa's largest hydroelectric power plant. Although the bonds were available in denominations as small as US \$50, the "bond[s] did not reach [their] financial targets due to risk perceptions among investors with respect to EEPSCO, the government, and the political environment in Ethiopia" (Agunias and Newland, 2012: 210-211). The success of the government's second bond issuance in 2011, which aims to raise US \$4.8 billion towards the same project, remains to be seen (Agunias and Newland, 2012: 210-211).

### **Diasporas as First Movers in Developing Country Investments**

While risk perception was one of the deterring factors in the success of the Ethiopian government's first diaspora bond issuance, diaspora investors may be more prone to take risks and have different profit expectations than their non-diaspora counterparts due to their unique position as investors in their countries of origin. Since they often have a different perception of risk, diaspora investors are more likely to risk investing in diaspora bonds or starting businesses in high-risk or emerging markets (Gillespie et al., 1999: 623-35; Ramamurti, 2004: 277-85), as previous examples demonstrate. Nevertheless, using diaspora bonds as an example, H  l  ne Pellerin and Beverley Mullings point out that this has the potential to shift the risk burden onto diasporas: "Diaspora bonds are said to constitute a risk management mechanism for home states insofar as they shift the risk of currency devaluation or default payment on diasporas, more likely to accept these financial burdens because of their patriotism" (Pellerin and Mullings, 2012: 21). They further assert that "this option is a thin veil for mobilizing capital and socializing the risk, using affect as collateral" (Pellerin and Mullings, 2012: 21), since diaspora bonds would not be backed by credible

international sources such as an investment bank, “but by African states who have had the stigma of being ““failed”, “diseased”, “fragile” and “dysfunctional”” (Negash, 2009: 2).

Diaspora investors may also have different time frames for profit expectations, which tend to be longer than those of non-diaspora investors. Dovelyn Rannveig Agunias and Kathleen Newland suggest that diaspora investors may even be willing to accept lower rates of return on their investments in their home countries (i.e., a patriotic discount) (Agunias and Newland, 2012: 205). Furthermore, diasporans

like the idea that their savings will pay for bridges and clinics at home. They are patient, since they have a long-term tie to the issuer. They are less jittery than other investors, too, since they have friends who can tell them whether political unrest is really as bloody as it looks on television. And they are sanguine about currency risk. If the Zambian kwacha crashes, an expat Zambian can buy his mother a cheap house. (*The Economist*, 2011)

Patriotic discounts seem to be particularly meaningful among first generation diasporans, but have been shown to deteriorate over succeeding generations (Terrazas, 2010: 70).

The large investments channeled to Afghanistan by diaspora entrepreneurs are a case in point of both diasporas’ willingness to take risks and the potential patriotic discount, as well as their ability to be ‘first movers’ in developing country economies. As former Afghanistan finance minister Ashraf Ghani remarked, the diaspora is a “key to reviving the collapsed manufacturing and commercial sectors” (Burnett, 2004: 31) of the war-torn country. The most often-cited examples of diaspora investments in Afghanistan are the US \$25 million Coca-Cola bottling plant established by Habib Gulzar, an Afghan living in Dubai (Burnett, 2004), and Kabul’s first shopping mall, opened in 2005 by an Afghan

American (Interview with K. Atta in Riddle and Marano, 2008: 144). Moreover, of Afghanistan's 13 commercial banks, two were founded by Afghans from Dubai (Interview with S. Fatimie in Riddle and Marano, 2008: 144). As these examples illustrate, diaspora investors can be instrumental as first movers in investing in their countries of origin, thereby attracting additional FDI. This has the potential to boost economic growth, and facilitate spillover effects for local economies through the creation of jobs, infrastructure and other services (Sharma and Montes, 2011: 146).

### **Diaspora Advocacy and Political Influence**

Using several methods to convey their message, diaspora groups have been vocal advocates for a wide range of issues with development impacts in their countries of origin. DOs have drawn extensively on their trans-state networks and mobile technology in their advocacy campaigns. Kathleen Newland has grouped the focus of their advocacy issues into three main categories: issues that affect the status of the diaspora in their countries of origin or in their host countries; those that affect the homeland; and those that have bilateral implications between their two countries. Briefly, the first type of issue includes matters such as citizenship, migration status, and voting rights (Newland, 2010: 229). The dispersal of migrants across the globe has created large numbers of dual citizens for states that have legalized dual citizenship rights for their populations abroad, creating an important political constituent for states outside of their borders. As Stephen C. Lubkemann describes, there are fourteen counties in Liberia, yet it is often said that five more exist in the US (Lubkemann, 2008). The opportunity to vote in domestic elections is one way that diasporans can exercise their citizenship rights, thereby giving them a direct voice in shaping the political course of

their countries of origin. For example, in the recent October 2012 Venezuelan election, nearly 5,000 Venezuelans living in Canada registered to vote, with polling stations set up in main centres such as Toronto, Ottawa, Montreal and Vancouver. Around the world, over 100,000 Venezuelan citizens were estimated to have registered to vote in 80 different countries (ABC News, 2012). Considering their potential to sway national elections, candidates on the campaign trail have often visited their diaspora populations abroad. This was the case when Peruvian presidential candidate Keiko Fujimori visited Paterson, New Jersey in July 2010, ahead of the April 2011 national election. Home to one of the largest concentrations of Peruvians outside of the country, Fujimori pledged that she would advocate for congressional representation of the diaspora in Peru's congress should she be elected (Newland, 2010: 224).

Issues that affect diasporas' homelands, on the other hand, comprise human rights, good governance, and matters of political participation (Newland, 2010: 229). Diaspora groups have often used fundraising as a tool to advocate for home country policies by raising money for political parties. A single fundraising dinner in Houston, Texas in 2007, for example, brought together members of the Ghanaian diaspora from at least nine major cities in Canada and the United States. Organized in support of Jerry Rawlings, Ghana's main opposition leader and former president, and his National Democratic Congress, the event raised \$700,000 towards Rawlings' campaign (World Bank, 2007). Although Rawlings was not elected, this example illustrates the potential of the diaspora to mobilize significant funds in support of political figures and corresponding issues of importance to them in their countries of origin.

Returning diasporans have, in some cases, also played a key role in shaping the domestic agendas of their countries of origin. Research by the United Nations Development Programme (UNDP) found that returning Somalis represented a significant presence in the government of Somaliland: “as of 2009, ten ministers of a cabinet of 29, leaders of two out of three political parties, the head of one of two legislative chambers, and 30 members of the 82-member House of Representatives were returnees” (United Nations Development Programme, 2009). In his testimony to the Canadian Parliament’s Standing Committee on Foreign Affairs and International Development in March 2012, Carlo Dade recounted a different yet still highly influential manner in which returning diasporans influence governance in their home countries. According to Dade, during a visit to El Salvador, a USAID governance project officer working in the country remarked that

all the money we spend on seminars, on getting NGOs to do democracy promotion, on getting academics to host seminars, on getting people down here, and on sending people back to the States is not worth half as much as a planeload of Salvadorians who've spent years living and working in the United States getting off that plane, going back to their home communities, and saying to the local authorities, “What do you mean I have to give you a bribe for a driver's licence? What do you mean we can't see the local municipal development plan? What do you mean we can't comment on the forestry plan or the new agricultural plan?” This has had a huge impact on democracy promotion. (Dade, Testimony to Parliament, 2012)

In yet another context, using Afghanistan as an example, Kathleen Newland notes that “[m]any of the technocrats returning to Afghanistan after the removal of the Taliban government were educated in the West or had worked with Western aid agencies and NGOs

in Pakistan as refugees” (Newland, 2010: 223). Not surprisingly, particularly in countries where few have the opportunity to leave the country or work abroad, and where even fewer can afford to study outside of their homelands, returning diasporans may be seen as members of the elite and “agents of foreign power” (Newland, 2010: 223). Therefore, returning diaspora members may experience resentment and distrust by their compatriots. Consequently, “diaspora experience and support are no substitute for a domestic power base” (Newland, 2010: 223).

The third and final types of issues, those with bilateral implications between diasporas’ homelands and their host countries, include the often overlapping issues of development, foreign-affairs related matters such as trade policy and security, and humanitarian relief (Newland, 2010: 229). In advocating for these issues, diaspora groups direct their advocacy primarily at their governments of origin and settlement. However, DOs have also engaged with various stakeholders such as international organizations, mass media, and businesses in order to further their cause and increase their effectiveness (Newland, 2010: 217). Lobbying for trade relations, both to strengthen bilateral relations between their countries of origin and settlement, as well as to end economic boycotts or limitations on imports and exports, have been key efforts of diaspora advocacy (Newland, 2010: 217). For example, diaspora groups in the US have been vocal advocates both for and against various free trade agreements. In particular, American Jewish organizations were powerful lobby groups during the apartheid era, when they pressured the US government to end the economic boycott of South Africa. Their goal was to assist the Jewish community in the country, which was experiencing economic difficulties. “Those efforts to sway international policies toward South Africa led to heated controversies among various groups and movements in that diaspora. They also led

to tensions with African-Americans, who were working to intensify the boycott against South Africa” (Sheffer, 2003: 177).

This example brings to light the important questions of diaspora advocates’ legitimacy and claim to representation. Who is entitled to speak for whom? Based on what grounds does a group speak for a larger constituency? Do segments of a diaspora truly represent the broader public interest? Newland cautions that many DOs who engage in advocacy issues “are fragmented and fractious” (Newland, 2010: 214). As a result, it is important to their cause for DOs to gain recognition not only from the targets of their advocacy, but also the stakeholders with whom they work. Otherwise, the latter “may be charged with naïveté, cynicism, or playing favourites” (Newland, 2010: 214).

The security and territorial recognition of their homelands have also been issues DO advocates have pursued, some with particular zest. The powerful American Israel Public Affairs Committee (AIPAC), working in conjunction with other Jewish organizations in the United States, has been especially effective in lobbying the US Congress to “ensure that Israel remains strong militarily and economically, and endures as a national homeland for Jews” (Solomon, 1993). Moreover, diasporas “who share a geographically defined homeland may mobilize around a unified diaspora identity in order to promote peace in their homelands” (Brinkerhoff, 2008: 24). This was the case of the Sudanese diaspora in the Netherlands, who mobilized across ethnic lines and organized a peace tour, demonstrating that it was possible to aim for peace based on an overarching Sudanese identity (Brinkerhoff, 2008: 24).

Diasporas’ activities, however, have not always contributed to peace and security. As a result of their interventions, diaspora groups have also played a role in fostering insecurity

and instability in their homelands, particularly in fragile and failing states (King and Melvin, 1999/2000). A Rand Corporation study found that 19 countries with insurgencies had important backing from diasporas (Byman et al, 2001). Paul Collier and Anke Hoeffler further demonstrate “that poor postconflict countries with diasporas face a sixfold increase in the probability of the reemergence of violent conflict (Collier and Hoeffler, 2001). According to Sheffer, the Kurds, Palestinians, Sikhs, and the Tibetans have been the most active in this regard. “Because of a deeply ingrained veneration of the idea of the nation-state, the ultimate goal of [these stateless] diasporas is still to establish or re-institute sovereign states in their homelands” (Sheffer, 2003: 156-157). Sheffer continues to observe that stateless diasporas have particularly supported and engaged in “subversive acts and terrorist activities” (Sheffer, 2003: 157-158). For instance, the Palestine Liberation Organization (PLO)’s leadership and headquarters in Lebanon during the 1970s, when it was considered a terrorist organization, as well as the operations of the Hamas leadership out of Jordan (Sheffer, 2003: 158), provide two such examples.

Terrorism, however, is only one way in which stateless diasporas utilize their elaborate networks with the aid of technology. “Through those trans-state networks diasporas transfer to people back in their homelands various seditious resources, including combatants, weapons, military intelligence, and money” (Angoustures and Pascal, 1996). Transfers within these networks take place both ways; information, money and other resources are often transferred out of diasporas’ countries of origin to DOs abroad in order to finance their operations and promotional activities, including propaganda campaigns on behalf of their homelands. The Israeli secret services, for instance, “maintain ongoing contacts with the security officers of major Jewish organizations all over the world. Through those networks,

warnings about possible terrorist attacks and other disruptive activities against the homeland and the diaspora are exchanged” (Sheffer, 2003: 187). Following the terrorist attacks of September 11, 2001 in the United States and the political atmosphere that followed thereafter in the country, many diaspora organizations that had in the past supported militant factions in their countries of origin began distancing themselves from these groups, as was the case of the Tamil diaspora in the US with the Tamil Tigers (Cohen, 2008: 170).

### **Diaspora Volunteerism**

Diaspora volunteerism has been recognized as an important subset of international volunteerism to developing countries. Diasporas engage in many different types of volunteer activities in their homelands. The most often cited examples include providing pro bono professional services and training to individuals and institutions, carrying out medical work in underserved areas, or teaching university courses (Newland, 2010: 9). Participants of the North-South Institute (NSI) project *The Diaspora Giving Back: Strengthening Health Care Systems in Sub-Saharan Africa* note that while sending money or transferring medical supplies may be useful to meet immediate local needs, giving back to their homelands through volunteering – such as training, for instance – is sustainable well into the future (NSI, 2010: 4). Plenty of examples are available of diaspora individuals’ volunteer initiatives. To cite a few, a report commissioned by GIZ refers to Afghan doctors in Germany and Italy who operate clinics in Jalalabad, Mazar-e-Sharif, and the Chewa refugee camp (Bauralina et al., 2006), while Nick Young and June Shih document the work of Chinese diaspora medical professionals in the US, Hong Kong, Taiwan, and Southeast Asia, who provide pro bono hands-on training to physicians in China (Young and Shih, 2004).

Similarly, Ethiopian university professors who teach university courses at Ethiopian universities during the summers provide a case in point (Schlenzka, 2009).

Due to their expertise and apparent cultural and linguistic familiarity, diaspora volunteers have often been viewed as natural individuals to enlist in development initiatives. With the aim of increasing the effectiveness of projects and potentially reducing costs, “international agencies operating in dangerous, war-torn, or volatile regions have long employed members of the diaspora both directly and as intermediaries because of their language skills and ability to easily blend into the general population” (Terrazas, 2010: 170). Moreover, interviews conducted by the Migration Policy Institute show that diaspora members typically require less intensive pre-departure and post-arrival orientations. MPI also found that diaspora volunteers may reduce the costs of a program by staying with family or friends in their countries of origin (T. W. Giorgis, Migration Policy Institute personal communication, January 27, 2010). Another positive effect of volunteer assignments in their homelands may be “diasporas’ greater likelihood of long-term engagement based on personal connections with peers in the country of origin” (Terrazas, 2010: 207).

The benefit of using diaspora volunteers in development initiatives, however, may be overstated. Aaron Terrazas points out that not all migrants have fluent language skills in their native tongues, and may not (or no longer) have the required cultural awareness either. This is true particularly for second or later generation migrants, and those who have been away for extended periods of time (Terrazas, 2010: 170). Furthermore, the UK-based African Community Development Foundation’s Bob Awuor observes that ‘diaspora distractions’ (i.e., personal or family concerns) can greatly detract from diaspora volunteer initiatives (B. Awuor, Migration Policy Institute personal communication, January 26,

2010). Finally, Terrazas points out that it is difficult to measure the true development impact of diaspora volunteer initiatives, particularly because most projects “are measured by little more than a summary of financial accounting” (Terrazas, 2010: 205). Different ideas about what constitutes successful outcomes, as well as varying objectives with regards to addressing immediate and long-term development issues, pose additional challenges (Terrazas, 2010: 205).

### **Diaspora Tourism**

Another way in which diasporas contribute to their countries of origin is through diaspora tourism. Diaspora members of all generations already frequently travel to their countries of origin. Until recently, however, they have been considered merely as ‘friends and family’, and have largely been overlooked by researchers and entrepreneurs in their countries of origin. The phenomenon of diaspora tourism, therefore, has now begun to be studied in order to assess the extent and impact of this type of tourism industry on national and local economies.

Diaspora tourists represent a distinct subset of the tourism industry. Using the Caribbean as a case study, findings of a research study conducted by the University of the West Indies’ Cave hill campus in Barbados and Ottawa’s Carleton University, supported by IDRC and other donors, were shared through a 50-minute documentary video entitled *Forward Home: the Power of the Caribbean Diaspora*, launched in 2011 at Toronto’s Caribbean Tales Film Festival. The multi-country study focusing on Dominicans in New York – who constitute 9% of the city’s population – Jamaicans in London, Surinamese in Amsterdam and other Dutch cities, and Guyanese in Toronto, found that while non-diaspora

tourists may come for short visits to enjoy the sun and surf, members of the Caribbean diaspora also return home to

attend festivals or family events such as weddings or funerals, and — especially in the case of second and third generations — to find out more about Caribbean heritage and lineage. As one tourist put it, his reason for returning was “to learn about my cultural baggage. (International Development Research Centre, n.d.)

The study further found that Caribbean diaspora tourists already make up a significant portion of all tourists travelling to the region each year, and that they have a sizeable impact on their home country economies. Members of the Guyanese and Surinamese diaspora, for example, constitute nearly two-thirds of all tourists to these countries. Moreover, diaspora tourism impacts a very wide range of local stakeholders, helping to “sustain ‘enablers and facilitators’ such as remittance firms, tour operators, telecommunication companies, hoteliers, airlines, even newspapers that serve emigrants” (International Development Research Centre, n.d.).

Tourism is an important source of earnings for many countries, to the tune of several tens of billions of dollars annually. Although it is difficult to accurately estimate the impact of diaspora tourism specifically, it has been suggested that diaspora tourism occupies an important space between international and domestic tourism, particularly considering its potential for local development (Newland and Taylor, 2010: 94). In keeping with diasporas’ considerable diversity, Regina Scheyvens notes two streams of tourists among the diaspora: those with strong ties to their friends and relatives in their countries of origin; and those who are more removed from their homelands and may therefore not be able to call on friends and family for food and accommodation during their visit (Scheyvens, 2007). Both types of

tourists, particularly the first, however, “are more likely than other international travelers to have or make connections with the local economy by staying in small, locally owned accommodations..., eating in local restaurants, [and] shopping in locally owned shops” (Newland, 2010: 6). Scheyvens demonstrates this phenomenon in her case study of Samoan tourism. She notes that visiting diaspora members from both streams tend to use the same kinds of facilities as locals and domestic tourists. These establishments are, on the whole, cheaper, simpler, and more integrated into surrounding society than large, often foreign-owned, tourist enclaves (Scheyvens, 2007). Moreover, “they require less capital to establish and consume fewer resources – especially imported resources – than more mainstream tourist facilities. And because they have lower start-up and running costs, they enable domestic entrepreneurs to enter the tourism sector more easily” (Newland and Taylor, 2010: 97). Although diaspora tourists typically do not spend as much money as foreign tourists, the money they do spend is more likely to benefit local business owners directly, thereby contributing to local development in a more meaningful way (Newland and Taylor, 2010: 96).

Diaspora tourism has the potential to impact development in countries of origin in two additional ways. Firstly, since diaspora tourists are more likely to visit their homelands throughout the year, diaspora tourism may promote an increased use of local infrastructure, thereby helping sustain local livelihoods by providing employment outside of conventional peak tourist seasons. Secondly, diaspora tourism may help expand the geographic reach of the tourism industry within their countries of origin, since diaspora tourists travel to more ‘remote’ regions in order to visit friends and relatives, to participate in cultural and sporting events, and to visit less known (i.e., regional or secondary) sites that may hold particular

value to them (Pérez-López, 2007). Consequently, as with DDI's impact on local entrepreneurship, diaspora tourists may be important first movers in establishing new tourist destinations in their localities of origin as potential destinations for others. In addition to 'testing the waters' and spreading the word about homeland attractions, they may also invest directly in developing new tourist destinations by "building new tourist facilities or bringing existing ones up to the standard they have come to expect as a result of their experience abroad" (Newland and Taylor, 2010: 97-98).

In considering diaspora tourists' impact on local development, three particular forms of diaspora tourism have been identified with strong developmental links. Medical tourism, for instance, is particularly important to countries such as Cuba, India, the Philippines and Taiwan, which promote their countries' medical infrastructure, staff's expertise, cost effectiveness, and high level of modern medical practices. Although they target a wide clientele, all of the countries named "have strong medical tourism campaigns that show an awareness of diaspora members as potential clients and promoters" (Newland and Taylor, 2010: 99). Consequently, their diasporas have contributed considerably to the development of their medical systems, particularly through DDI, philanthropy, and volunteerism (Newland and Taylor, 2010: 99).

Similarly, diaspora business tourism has shown strong links to the development of local economies and service sectors. A number of countries have successfully established business tourism promotional campaigns through online marketing strategies, aimed specifically at their diaspora professional associations and business populations abroad. Countries of the Caribbean have been particularly successful in this endeavour, drawing on their established diaspora populations with strong business footholds in Canada, the United

States, and the United Kingdom. Their strategies include marketing conference facilities and high quality hotels, launching VIP tours, and introducing business opportunities combined with visits to top tourist destinations on the islands (Newland and Taylor, 2010: 100).

Lastly, ‘peak experience’, ‘exposure’, or ‘birthright programs’ have been particularly successful in both short-term direct development as well as long-term indirect development in some diasporas’ countries of origin. These programs, designed to bring diaspora members into closer contact with their heritage, “tend to operate in countries with a strong sense of national identity, transcending territoriality, and that have a commitment to perpetuating this identity, especially among second and subsequent generations” (Newland and Taylor, 2010: 104). These programs include study tours, academic exchanges, youth programs, as well as VIP tours for business travelers and diaspora government officials. The short-term direct development potential of these programs lies in the funds participants spend in country, while their long-term indirect potential has been noted through return tourism, diaspora volunteerism, business investments, as well as diaspora advocacy (Newland and Taylor, 2010: 104). Birthright Israel serves as a prominent example of one such program. “The most elaborate of the state-supported homeland tours that are cropping up all over the world, this tour seeks to foster in the Jewish diaspora a lifelong sense of attachment to Israel based on ethnic and political solidarity” (Kelner, 2010: xvi). The tour is an all-expense paid ten-day pilgrimage that has, since 1999, provided the opportunity for several hundred thousand young Americans of the Jewish diaspora to visit Israel in order to (re)connect with their heritage. The program has generated over a half-billion dollars on cultivating this attachment, and is financed through a partnership between the government of Israel, Jewish

community organizations in the country, as well as diaspora philanthropists of the Birthright Israel Foundation (Kelner, 2010: xvi).

### **Nostalgia Trade**

Similar to diaspora tourism, trade in ‘nostalgia goods’ earns substantial revenue for diasporas’ countries of origin, particularly for small local and artisanal producers. “Nostalgia trade involves goods produced in the country of origin or ancestry of a migrant group and marketed to that group in the country of destination... help[ing] migrants to maintain a sense of identity and community while living transnational lives.” (Newland and Taylor, 2010: 113). The traded goods tend to be distinctive to the country or region of origin, and are often comprised of foodstuffs, although clothing and ceremonial goods, jewellery, films, literature, music, ornaments, and textiles, are also important products (Newland and Taylor, 2010: 112-113).

Studies have shown that diaspora members spend considerable sums on nostalgia goods, and that the profits from their expenditures reach local populations in higher proportions than in other types of trade. A study conducted in January 2010 by the Honduran Central Bank, for example, found that 75 percent of Hondurans abroad consumed some type of nostalgia goods (Banco Central de Honduras, 2007). The most in-depth research on this subject, however, has been conducted by Manuel Orozco at the Inter-American Dialogue. In a nationwide survey of 1,300 immigrants from 12 different nationalities across the United States, supplemented by interviews in 50 ethnic shops (Orozco, 2008b: 1), Orozco found a very high participation of migrants in the market for home-country goods, particularly foodstuffs. Considering their large consumption of nostalgia goods, it is not surprising that

diasporas spent considerable sums on this type of merchandise. “The annual expense of nearly one thousand dollars by 90 percent of migrants purchasing home country goods is in the billions of dollars” in the United States alone (Orozco, 2008b: 3). However, similar to diaspora tourism, precise earnings of nostalgia goods are difficult to pinpoint, as these flows are not currently recorded separately in trade statistics.

Nevertheless, the development impacts of nostalgia trade rest on its composition (Newland and Taylor, 2010: 95). As alluded to earlier, the production of nostalgia goods tends to be labour intensive, often supplied by local artisanal producers. Consequently, earnings from these products are likely to be absorbed at the local and household levels. “In addition, the diaspora market for nostalgia goods can offer a measure of protection to small or artisanal producers who may be threatened by the standardization of large-scale production for the global market” (Newland, 2010: 7). According to Orozco’s research, nostalgia goods have nonetheless become an integral part of commercial distribution networks, particularly in the United States, and most migrants no longer resort to informal transfer mechanisms (i.e., shipping via visiting family and friends, or through visits of their own to their countries of origin). These formal commercial distribution networks are comprised primarily of ethnic distributors and small ethnic shops that specialize in nostalgia goods, and are often located in migrant neighbourhoods (Orozco, 2008b). As a result, nostalgia trade not only maintains the livelihoods of local and artisanal producers in diasporas’ countries of origin, but also plays a role in supporting diaspora members who are engaged in this type of economic activity in host countries.

**Conclusion**

Diasporas' myriad activities in their countries of origin, many with development links, have raised the profile of this private sector group as a nascent development actor. These activities encompass economic endeavours through remittances, diaspora entrepreneurship, diaspora direct investment, and investments in capital markets in their home countries. DOs have also engaged in prolific non-economic initiatives, such as diaspora advocacy and political influence, volunteerism, tourism, and nostalgia trade. While these endeavours have often benefitted local communities and have contributed to national development objectives, diasporas' activities have not always translated into development; their activities have also financed factious groups, facilitated transnational money laundering schemes, maintained elites in power, and helped sustain paternalistic gender norms. While these activities have at times been contrary to the existing power base in their homelands, a number of home country governments have nevertheless recognized the important contributions and further potential of their diasporas abroad, and have established institutions at different levels of government, including through their consular networks in host countries, to engage their diasporas. Through these engagements, they have signaled both the importance they place on their diasporas as well as their interest in leveraging this development actor to advance economic, political and social objectives within their borders. In light of the repeated emphasis placed on home country-driven development and partnerships with all development actors within the development effectiveness agenda, diasporas and the attention they have garnered from their home country governments are factors to consider in discussions of how to make development more effective.

### **CHAPTER 3**

#### **CASE STUDY ANALYSIS: DONOR ENGAGEMENT OF DIASPORAS**

During the past decade, bilateral donors have also taken note of diasporas, and have designed policies and delivered programs to engage these emerging development actors. Overarching policies on the migration-development nexus, and specifically on ‘partnering’ with diasporas on their development objectives, have varied greatly across donors. While it must be recognized that “[t]here is no one singular definition of engagement and it may be unhelpful to push for one... [since] different forms of engagement will suit different purposes” (Chikezie and Thakrar, 2005: 6), donors’ distinct policy approaches to diaspora engagement have contributed to their divergent development programming involving these actors. Accordingly, this chapter will first examine the diaspora engagement policies, strategies, and frameworks of three donors: the United States Agency for International Development, the United Kingdom’s Department for International Development, and the Canadian International Development Agency. Next, the chapter will turn to the methods and the extent to which these donors have worked with diasporas in their programming areas through research, consultations and dialogues, support for diaspora volunteerism, entrepreneurship, and capacity building through NGO partner organizations, and direct funding to diasporas themselves. The chapter will aim to highlight these donors’ initiatives overall, and will select relevant examples with corresponding evaluations.

### **United States Agency for International Development**

The United States Agency for International Development has an impressive global partnerships strategy, and sets a leading example within the donor community of diaspora engagement using a multi-pronged approach. USAID’s Office of Innovation & Development Alliances (IDEA) oversees the Agency’s global partnerships and diaspora approaches. IDEA’s mission is rather ambitious: to “pioneer, test, and mainstream models, approaches, and mechanisms that can lead to drastic (not incremental) improvements in development outcomes while establishing and co-ordinating partnerships that can lead to more sustainable development outcomes” (United States Agency for International Development, n.d.a). To these ends, USAID established the Global Development Alliance (GDA) public-private partnerships program in 2001, managed by the Global Partnership Division (United States Agency for International Development, n.d.a). The figure below illustrates the model on which GDA’s work is based:

**Figure 4 – USAID’s Global Development Alliance Framework**

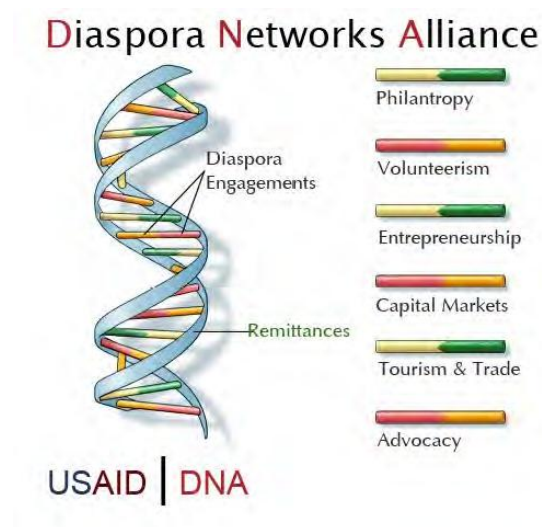


Source: United States Agency for International Development, 2012.

GDA has so far instituted more than 3,000 different public-private partnerships (i.e., alliances) (O’Neill, 2011). These initiatives have channelled over US \$9 billion towards development initiatives on specific USAID priorities (United States Agency for International Development, n.d.a).

In order to help leverage diasporas’ potential for development within this model, GDA launched the Diaspora Networks Alliance (DNA). DNA is “a framework that enables partnerships between USAID, [the] private sector, other donor organizations and Diasporas built on knowledge generation, engagement, and operational work with the purpose of promoting economic and social growth in the countries of origin” (United States Agency for International Development, n.d.b: 1). The DNA acronym and corresponding figure, depicted in Figure 5 below, fittingly capture that “[such] engagements are inherently sustainable as Diaspora’s connection to their homeland is unbreakable” (United States Agency for International Development, n.d.b: 1).

**Figure 5 – USAID’s Diaspora Networks Alliance**



Source: United States Agency for International Development, n.d.b: 2.

In carrying out this work, USAID has solicited alliances with additional partners, such as CSOs, foundations, US and non-US NGOs, international and private sector organizations, other US government agencies and donor organizations, host country governments, and regional organizations (United States Agency for International Development, n.d.c). The Agency has also funded diaspora-related research, including its most comprehensive collection of studies entitled *Diasporas: New Partners in Global Development Policy*, produced in 2010 in collaboration with MPI (Newland and Tanaka, 2010).

An evaluation of GDA, however, found that USAID's ambitious collaborative partnership goals are difficult to meet in practice. A recurring issue among other donors as well is confirmed in the GDA evaluation:

Turnover among business partners and USAID staff presents challenges to building the sustained relationships that are critical for strong partnerships... Business partners value having a dedicated point of contact at USAID-headquarters in Washington, DC serve as a development expert, thought partner, and champion. However, given the small size of USAID's Washington based alliance-building team, they cannot realistically be involved in all alliances. In reality, most alliances begin, proceed, evolve and conclude with only minimal interaction with the Washington-based GDA team. (United States Agency for International Development, n.d.d: 5-6).

Moreover, while the evaluation identified that USAID staff aim to provide more support at the outset of a partnership, partners remarked that they require increasing support and resources in the middle and latter stages of alliances (United States Agency for International Development, n.d.d: 6). Training, providing opportunities for knowledge sharing and

identifying key lessons learned, as well as ensuring proper buy-in from management were also key factors identified as elements that factor strongly into the success of alliances.

One of the strands of the Agency's DNA framework are remittances. Recognizing the potential of these financial flows for development, USAID has followed this issue for over a decade, and has commissioned several research studies on remittances in its recipient countries, some of which were profiled in Chapter 2. USAID and its partners aim to increase the development impact of these financial flows through activities such as facilitating the international transfer market by developing regional and domestic payment systems, exploring innovations through mobile technology, and supporting pilot programs that establish linkages between remittances and financial products in developing countries (e.g., housing, consumer and student loans, health insurance, education funds, and pension plans) (United States Agency for International Development, n.d.b: 1). To this end, the Agency has implemented several programs with a focus on remittances. In 2002, for example, the Agency's Latin American regional office established a remittance pilot program focusing on Mexico. USAID's grant to the World Council of Credit Unions, Inc. (WOCCU) has helped the Caja Popular Mexicana take advantage of WOCCU's remittance services: "[with] a network of 330 branches in 28 states, the credit union has distributed over \$165 million in remittances to recipients in rural Mexico. Membership in the credit union has grown from 600,000 to over 1 million since 2003" (Orozco, 2008a: 224). USAID has also partnered with the Jamaica National Building Society (JNBS), one of Jamaica's remittance companies, on increasing access to financing by introducing a smart-card technology that aims to reduce the costs of money transfers for senders while increasing the access to funds for recipients. As of 2007, 45 percent of remittance recipients used the cards to withdraw the money they had

received. As a continuation of this project, USAID partnered with JNBS in acquiring computers from US companies and donating them to Jamaican schools, and reinvested the savings from the implementation of the smart card technology into providing computer connections and training on these technologies to the students and staff (Orozco, 2008a: 224).

The other strand of USAID's Diaspora Networks Alliance are diaspora engagements. DNA's diaspora engagement strategy "[seeks] to focus on creative mechanisms through which migrants can contribute to growth in their homelands" (United States Agency for International Development, n.d.b: 2). One of the most dynamic diaspora engagement strategies has been the Agency's Global Diaspora Forum, initiated under Secretary of State Colin Powel and strongly supported by Secretary Hillary Clinton. A partnership between the US Department of State and USAID, the 2011 and 2012 Forums have brought together diaspora leaders, academic experts, officials from national governments and international institutions, as well as members of the non-governmental and private sectors representing all regions of the globe. The 2012 Forum highlighted the importance of partnering with diaspora communities in delivering development and diplomacy initiatives under the title *Moving Forward by Giving Back*, and brought together over 450 participants (Department of State of the United States of America and United States Agency for International Development, 2012: 2). Throughout the two-day conference, those in attendance shared ideas about diasporas' needs and enabling mechanisms to create more appropriate partnerships. A theme that surfaced during a number of discussions centred on "the need to create diaspora-led initiatives that not only successfully target a critical challenge, but that are scalable, efficient, and effective enough to create a sustainable solution to the problem"

(Department of State of the United States of America and United States Agency for International Development, 2012: 3). The final report identifies the main themes that emerged from the discussions, centred around the importance of partnerships with diasporas for more effective foreign policy, the role of diaspora communities as ‘diplomatic bridges’ during times of transition in their countries of origin, DOs’ role in driving innovation and exploring new markets, as well as the role of diaspora mobilization in saving lives following natural disasters and post-conflict situations (Department of State of the United States of America and United States Agency for International Development, 2012: 3-5). Building on the successes of the previous year’s forum, the Secretary of State announced several new initiatives at the 2012 Forum: the La Idea business competition platform for entrepreneurs in the US and Latin America, for instance, will seek to expanding innovative businesses to generate employment and economic growth throughout the Americas; MentorCloud is an online peer-to-peer e-mentorship and knowledge sharing platform that will aim to connect diasporas and relevant organizations in order to help them share their experiences; the GlobalGiving online fundraising site’s objective is to facilitate diaspora giving and networking; and Diasporas for Development (DfD) a US \$1.5 million diaspora volunteer initiative through a partnership between USAID, Canada’s Cuso International, and Accenture LLP (Cuso International, 2013; Department of State of the United States of America and United States Agency for International Development, 2012: 5-6; Idea, n.d.).

While these initiatives highlight the complexity and extent of USAID’s diaspora engagement activities, there are examples in the Agency’s diaspora engagement history that serve as examples of what not to do. The 2005 Community Revitalization through Democratic Action Program, a diaspora volunteer initiative framed around building relief-

and-recovery capacity in the Vojvodina region of northern Serbia, was terminated after only a few months. The program was initially created through a partnership between USAID and the NGO America's Development Foundation (ADF), and sought to recruit skilled volunteers from the American Serbian diaspora. The placements were advertised via ethnic media, including newspapers, Serbian-language television, and community centres. Despite these efforts, only two diaspora volunteers expressed interest. "ADF officials suspect that the relative lack of interest among the Serbian diaspora related to the inability to sacrifice several months of paid work in the US to undertake volunteer work in Serbia" (Terrazas, 2010: 187-188). Since this project, USAID has funded and continues to work with volunteer-sending organizations such as FAVACA, and as mentioned above, is currently funding a diaspora volunteer partnership initiative with Canada's Cuso International and the private sector company Accenture.

The USAID-sponsored Iraq Partnership website is another example of an ineffective way to engage diasporas. In September 2005, at a meeting with the Iraqi American community in Michigan, then USAID Administrator Andrew Natsios' message directly targeted the Iraqi diaspora: "We view the Iraqi-American community as an important partner. We know that you are eager to assist and in response we have developed a tool that allows you to contribute directly to local development projects in Iraq" (Natsios, 2005). Despite acknowledging their central role in the 'partnership', this initiative merely solicited the Iraqi diaspora's funds in support of USAID community projects in their home country, by allowing them to donate through an online platform to the USAID project of their choice (United States Agency for International Development and Global Giving, 2005). Diaspora members did not have the opportunity to engage with the Agency, project partners, or other

diaspora members in any way, or to collaborate in the project design, development, execution, or evaluation phases. Moreover, the Iraq partnership website has been critiqued as being impersonal and heavily USAID-focused. It is, therefore, not surprising that this initiative raised a mere \$1,500 (Brinkerhoff, 2008: 14-15).

By contrast, USAID's African Diaspora Marketplace (ADM) worked closely with members of the African diaspora in the US. ADM was a pilot business plan competition that was an outcome of the Agency's "realization of a diaspora driven demand to invest in home country business projects" (Orozco and Jewers, 2011: 2). Through a public-private partnership between USAID and Western Union, the goal of ADM was to encourage and leverage the African diaspora's investments in order to spur local economic growth, business innovation, and job creation, and to help achieve social development on the continent (Orozco and Jewers, 2011: 3-4). Following the screening process, 14 business ideas were selected as winners, each receiving US \$50,000 to \$100,000 in matching grants. The winners proposed to start businesses in seven Sub-Saharan African countries within eight economic sectors (Orozco and Jewers, 2011: 4). The businesses included a commercial goat farm in Ghana, an 'eco' catamaran passenger ferry in Uganda, and a digital agricultural marketplace using cell phones to match buyers and sellers in Kenya (Orozco and Jewers, 2011: 6-7). The evaluation report, which assesses the impact of the project on local development, the performance of the businesses, as well as the design and implementation of ADM, confirmed that "diaspora partnership initiatives are important mechanisms to engage in local business development" (Orozco and Jewers, 2011: 1). Interestingly, many of the selected grantees established business relations with family members back home. ADM was, therefore, found to have strengthened transnational family partnerships, both with diaspora members in the

United States as well as with their family members back home, who were found to be key decision makers in the business (Orozco and Jewers, 2011: 4, 8). Despite these initial positive signs, only three of the businesses succeeded at the conclusion of the project, although three additional undertakings showed “solid prospects to succeed in the future” (Orozco and Jewers, 2011: 1, 10). The evaluation found that most of the businesses were struggling to achieve their goals due to internal design and implementation factors, heavily influenced by the limited business expertise of grant recipients, as well as external local infrastructure constraints (Orozco and Jewers, 2011: 1). Although without ADM financing, most of the businesses would most likely not have achieved the level of success they did reach, funding continued to be an issue, particularly because the funds granted by the project were insufficient to cover the operating costs required for revenue generation.

USAID’s launch of the Second African Diaspora Marketplace in November 2011 has attempted to rectify some of these issues. For instance, the second phase provides small business workshops in seven cities across the United States, and focuses “grants toward high priority, high-impact sectors in Africa, including agribusiness, renewable energy, and information and communication technology (ICT)” (United States Agency for International Development, 2011). In addition, applicants were given the choice of applying for matching grants of up to US \$50,000 and/or technical assistance grants of up to US \$20,000 (Kriss, 2012). While the implementation of these lessons from the first ADM are promising, the outcomes of the project remain to be seen.

**Department for International Development (United Kingdom)**

The Department for International Development continues to be one of the leaders in the bilateral donor community addressing the migration-development relationship, including working with diasporas. DFID has outlined its policies on these issues in its white papers. As early as its first white paper of 1997 entitled *Eliminating World Poverty: A Challenge for the 21st Century*, DFID made a commitment to “build on the skills and talents of migrants and other members of ethnic minorities within the UK to promote the development of their countries of origin” (Government of the United Kingdom, 1997: 68). Diasporas are explicitly mentioned for the first time in the third paper of 2006, where the focus falls on diaspora volunteering, particularly for young people (Department for International Development, 2006: 82). The 2009 paper specifically asserts that

[t]he work of governments alone will never be enough. For lasting change, states must interact with voluntary groups, charities, faith and diaspora groups, trade unions, co-operatives and others. These organisations can and do often deliver basic services where states cannot or will not. They can challenge governments to ensure that policies benefit ordinary people, including the poorest. (Department for International Development, 2009: 132)

Although not explicitly stating its importance for development effectiveness, this last excerpt particularly demonstrates DFID’s recognition of the importance of partnerships, including with diaspora groups. A dedicated migration team coordinates and conducts the work of the Department on these issues, with at least 14 employees in the UK, and approximately the same number working in DFID’s offices around the world (Employee of the Department for International Development, personal communication, August 27, 2012).

Research has been central to DFID's migration programs. The Department has funded several research programs on the migration-development nexus. Its current Migrating out of Poverty Research Programme Consortium, which runs for six years between 2010 and 2016, includes Southern institutions and aims to link the relationships from previous research programmes in order to fill the Department's currently identified knowledge gaps in this area (Department for International Development, 2013). While it is commendable that DFID has not only recognized the importance of integrating migration into its development policies and programs, but has also funded research to increase its knowledge and evidence base to this effect, it has not done so with research on diasporas specifically. Certain policy teams within the Department have carried out targeted research on diasporas internally to DFID, producing pieces on remittances, social investment bonds, and diaspora-related topics as they were required (Employee of the Department for International Development, personal communication, August 27, 2012). Moreover, involving diasporas in research has mostly taken place through town hall meetings and by accepting written submissions from diaspora groups when commissioning studies or inquiries. For instance, the House of Commons International Development Committee's inquiry into migration and development took submissions from DOs in preparing its report, and invited several representatives to give oral evidence (Department for International Development, 2005: 13).

One area where DFID has worked closely with certain diaspora groups has been in its consultation outreach. Consultations with DOs have taken place in the preparation of Country Assistance Plans (CAPs), in the cases of Bangladesh, India, Nepal, Nigeria, Pakistan, and Somalia, for example (African Foundation for Development and Asian Foundation for Philanthropy, 2005: 12; Employee of the Department for International

Development, personal communication, August 27, 2012). Diaspora consultations have been varied, ranging from extensive UK-wide consultations to more focalized meetings with groups in London (Chikezie and Thakrar, 2005: 12). The Department's offices in various countries around the world "are [also] very interested in consulting and talking to all the different diaspora organizations in the UK for any advice and ideas they have on international development" (Employee of the Department for International Development, personal communication, August 27, 2012).

Following publication of the 2006 white paper, which highlighted diaspora volunteering in particular, DFID's support of diaspora volunteering was led by the UK's Voluntary Service Overseas (VSO) under the Diaspora Volunteering Scheme (Thornton and Hext, 2009: 10; Employee of the Department for International Development, personal communication, August 27, 2012). The programs' objectives were to encourage volunteering among diaspora communities in the UK, while raising awareness of international development issues within the broader population (Terrazas, 2010: 197). Although the Asian Foundation for Philanthropy (AFP) is the flagship initiative within the program, other partner organizations range from small community groups with specific objectives to larger associations ranging from student movements and the promotion of human rights (Terrazas, 2010: 201). The VSO program has revealed some promising practices. For instance, when it first became VSO's partner, AFP conducted a thorough review of potential organizations in Delhi and the states of Gujarat, Karnataka, and Uttar Pradesh in India, where the majority of the United Kingdom's Indian diaspora members originate (Terrazas, 2010: 200). Having identified 12 partner organizations in these areas, AFP works with these community organizations to identify precisely where volunteers are needed, and bases its selection of the

volunteers on the thematic areas of need in addition to their linguistic skills, cultural background, and region of origin. As outlined in Chapter 2, these considerations are particularly important when dealing with later generation diasporans, but are also strongly taken into consideration with first generation members and are integrated into the organization's predeparture orientation session (Terrazas, 2010: 200). A notable insight that the VSO-AFP partnership has produced is that returning volunteers are among the program's most effective marketing and recruitment agents, paying tribute to diasporans' networks. Following their return to the UK, volunteers are encouraged to raise awareness of development issues in India and South Asia at large, as well as of the UK's international development policy through business networking events, community talks, conferences, and exhibitions (Terrazas, 2010: 201). These have proven to be effective mechanisms to spread the word about development and their personal volunteer experiences abroad.

For over a decade, DFID has also provided direct support to diaspora organizations working in development, and has demonstrated a culture of learning from its assessments in modifying the course of future programming. Similar to USAID, the Department has made repeated efforts to directly engage UK-based diaspora organizations through a number of funding opportunities. This type of engagement is mainly carried out by DFID's civil society department, which manages the different types of funding schemes that are available to DOs. The Civil Society Challenge Fund, the first such fund, aimed to provide funding to a wide range of civil society organizations, with diasporas receiving special attention. The review conducted of this initiative in 2002 identified that the number of diaspora organizations that were being supported was lower than had been expected. Based on this assessment, a second fund was developed in order to provide seed funding to diaspora organizations for new

project ideas. This endeavour was specifically targeted to DOs in order to ensure that they applied for the funding and became part of the “whole system so that in the long run they could apply successfully to the whole civil society challenge fund” (Employee of the Department for International Development, personal communication, August 27, 2012). The following year’s review found yet again that the number of diaspora organizations receiving funding through this initiative was lower than had been expected. DFID tried again, in 2004, to alter its approach in order to attract and successfully fund DOs through the Connections for Development program. Through a strategic grants arrangement with a network of diaspora organizations that included African and Asian DOs working on development issues, DFID aspired to build up the capacity of Black and Minority Ethnic (BME) groups, including diasporas, in order to enable them to successfully apply for funding through the Civil Society Challenge Fund “and be successful and be a partner in development with DFID” (Employee of the Department for International Development, personal communication, August 27, 2012; Department for International Development, 2012a). The review of this initiative echoed previous reviews: the number of DOs successfully accessing funding was again found to be lower than had been expected.

At this point, DFID decided to launch the Common Ground Initiative (CGI) in partnership with Comic Relief in 2009, which had for years worked with small NGOs and diaspora organizations (Comic Relief, 2013). “[A] £20 million fund supporting African development through UK based small and diaspora organizations” (Department for International Development, 2011), this Initiative aims to fund over 120 projects in 20 African countries in order to reach 1.5 million beneficiaries, and is currently the “main avenue for funding for diaspora organizations in the UK” (Employee of the Department for

International Development, personal communication, August 27, 2012; R. Mistry, personal communication, September 10, 2012). The purpose of CGI is twofold: to increase access to grants for small and diaspora-led organizations based in the UK and working in Africa, and to provide capacity building to UK-based diaspora organizations. The flat rate grants facilitate selected DOs' hiring of a consultant – from Comic Relief's list of vetted and regularly updated consultants – who assist them in identifying their organizational needs and priorities. Once DOs have successfully completed this phase, implementation grants aid them in implementing their identified plan of action, again in collaboration with a consultant who has expertise in the identified area (e.g., financial management, strategic planning, or legal affairs). Finally, research consultation and planning grants, which were identified as a need during the initial consultations, help to alleviate diasporas' lack of resources and capacity to plan their projects properly. While the use of external consultants may increase program costs, Comic Relief uses them extensively in its diaspora capacity building work due to its own small team's existing charged workload (e.g., one program manager is responsible for a portfolio of 40-45 grants), as well as the recognition that “the donor relationship is quite a loaded relationship” (R. Mistry, personal communication, September 10, 2012). In this way, Comic Relief attempts to neutralize the funder-recipient relationship. Two additional ways in which the organization works to build diasporas' capacity is through its dedicated learning team, who brings grantees together in a ‘start-up session’, where responsibilities and expectations are identified. Moreover, another practice that many diaspora groups who were unsuccessful in their grant bid appreciate is the 30-minute feedback call provided to them by Comic Relief following the conclusion of the grant selection process (R. Mistry, personal communication, September 10, 2012).

Since the start of CGI, DFID has also established the Global Poverty Action Fund in 2010. The Fund provides financial support through one or two funding rounds to a wide range of small and medium sized UK-based non-profit organizations, including qualifying diasporas. Small organizations much have an “average income of less than £1,000,000 p.a. for the past 3 years” (Department for International Development, 2012b), which is still a substantial sum, considering the fact that many DOs who applied for the CGI funds had incomes of only £15,000 to £20,000 (R. Mistry, personal communication, September 10, 2012). Nevertheless, of the rounds conducted since the initiation of the program, a number of diaspora groups have been successful in securing funding (Employee of the Department for International Development, personal communication, August 27, 2012). Based on its history of explicitly identifying diasporas as policy and programming priorities, along with its two active programs, DFID’s commitment to engaging DOs is bound to continue well into the future.

### **Canadian International Development Agency**

Unlike USAID and DFID, CIDA does not currently have an overarching migration and development policy, or a diaspora strategy to direct its programming. Consequently, the Agency’s diaspora engagements have been periodic and dwindling throughout the years. The most recent 2012-2013 Report on CIDA’s Plans and Priorities, released under the former Minister of International Cooperation, Beverley J. Oda, makes no reference to diasporas. It does list “Coherence between aid and non-aid policies (e.g., foreign, defence, environment and immigration)” as an indicator under the result “Increased ability to advance Canada’s development priorities in Canada and globally,” a part of its global engagement and strategic

policy (Canadian International Development Agency, 2012a: 24). Partnerships with development actors would fit neatly under this category, and diaspora organizations could certainly be included in it. This is a divergence from the Agency's 2009-2010 Report, which names "diaspora communities – people with roots in developing countries" (Canadian International Development Agency, 2010a: 23) under its key strategies to expand public engagement activities. Moreover, the House of Commons November 2012 publication entitled "Driving Inclusive Economic Growth: The Role of the Private Sector in International Development" asserts that "in considering the full range of private sector actors and activities that could be harnessed towards the realization of development objectives,... a couple of areas – Including engagement with diaspora communities – ... [need] further work" (House of Commons, 2012: 2).

Despite the lack of an overarching diaspora policy, CIDA has periodically met and consulted with diasporas. Since Canada is home to one of the largest and most influential Ukrainian diasporas in the world, with approximately 1.2 million Canadians of Ukrainian origin residing in the country, CIDA has drawn on the expertise within this group in several ways (Findlay, 2012). The Ukrainian Canadian Congress has been an active partner of the Agency. The UCC's Ukraine Advisory Committee, an arm of the Canada Ukraine Committee, "interfaces with the Canadian civil service on behalf of the Ukrainian Canadian Congress... and cultivates and maintains working relationships with Canadian government ministries, departments and agencies that are actively engaged with Ukraine" (Ukrainian Canadian Congress, 2012). This activity mainly takes place through an annual meeting where senior federal public servants from CIDA, DFAIT, Citizenship and Immigration Canada (CIC), as well as provincial officials, discuss issues that have arisen out of Canada's

dealings with Ukraine (Ukrainian Canadian Congress, 2012). CIDA's latest evaluation of its Ukraine program, conducted in 2010, also lauds the Agency's consultations with the Ukrainian diaspora. The evaluation found that "[t]he involvement of the Ukrainian Diaspora has been and continues to be a positive factor for the Ukrainian Program" (Canadian International Development Agency, 2010b), since program planning and project selection is carried out in consultation and/or partnership with several stakeholders and partners, including the Ukrainian diaspora. Nevertheless, the evaluation raises the issue of staffing, particularly the low relative numbers of staff on the Program compared to others at CIDA, the high rate of staff turnover, as well as the low level of project design and planning experience of new staff (Canadian International Development Agency, 2010). With respect to its most recent Ukrainian diaspora engagement, Canada sent 500 election observers ahead of the October 28, 2012 Ukrainian elections in a jointly-funded initiative between CIDA and DFAIT. A significant number of the recruited observers – with some estimates running as high as 50 percent – were members of the Ukrainian diaspora (Bryden and Blanchfield, 2012). While the merits and outcomes of this initiative were strongly debated following the election, CIDA has clearly made an effort to draw on Canada's sizeable Ukrainian diaspora in its development efforts in the country, particularly through consultations.

One of the most recent and successful diaspora-related programs that included consultations and dialogue with the diaspora was the CIDA-funded diaspora round tables held in Vancouver, British Columbia from July 2010 to February 2012. Carried out in collaboration between Simon Fraser University, the British Columbia Council for International Education (BCCIE), and Cuso International, this project was a response to CIDA's public engagement fund call for proposals, which named diasporas and youth as its

priorities (S. Nanji, personal communication, September 6, 2012). Entitled “Engaging Diaspora for Development: Tapping our Trans-local Potential for Change,” the project generated an in-depth discussion between Canadian diaspora leaders through five public dialogues based on the MDGs, and centred around the themes of poverty reduction and economic development, health, education, human insecurity and peacebuilding, and diasporic contributions to development. The project team has provided a rich array of resources from the dialogues. These include a series of videos, blogs, and reports detailing Canadian diasporas’ current innovative contributions to their countries of origin, a book of stories of personal narratives about diaspora-led development experiences, lessons learned from their activities, and recommendations for how to support DOs in carrying out their work in their countries of origin.

The final evaluation of this project reports mixed findings specific to Canada’s engagement of diasporas as development actors. In discussing enabling conditions for diaspora-led development, the report notes that participants “commended the Canadian government and CIDA for their expressed commitment to international development generally” (Simon Fraser University, 2012a: 18-19). Nevertheless, “participants also pointed to the relationship (or lack thereof) between immigrants to Canada and institutions (public and private) involved with international development as... [a] major factor constraining diaspora-led development” (Simon Fraser University, 2012a: 18). Diaspora members particularly expressed frustration about the lack of acknowledgement of their localized knowledge and its potential value for Canadian development efforts. For instance, an interviewee who commented on the Canadian government’s peacebuilding and reconstruction efforts in Nepal and Bhutan expressed concerns for the government’s lack of

engagement of the Canadian Nepalese community in this endeavour. Of particular relevance to CIDA's hotly-debated private sector engagement strategy, a diaspora member "noted that CIDA does not make a concerted effort to leverage the [diaspora] resources that [exist] in this country to promote these development initiatives" that aim to increase investment in Asia and elsewhere (Simon Fraser University, 2012a: 19). The report concludes that while the Agency has engaged diasporas in its development activities, it needs to develop a more in-depth understanding of the benefits, challenges and criteria for this type of engagement. In addition, the evaluation calls on CIDA to communicate more effectively with DOs in order to benefit future programming and to respond to Canadian diasporas' requests to participate in its development initiatives (Simon Fraser University, 2012a: 19).

During the past decade, CIDA has also recognized the need to help build diaspora groups' capacity. The Agency has provided funding towards this end, particularly for the Haitian diaspora. In his parliamentary testimony, Carlo Dade notes that "CIDA ha[d] the longest-running contribution agreement of any development agency with the diaspora group Regroupement des organismes canado-haïtiens pour le développement (ROCAHD)" [the Coalition of Canadian-Haitian Development Organizations] (Dade, 2012). Dade explains that the Haitian diaspora was interested in helping their homeland, but had neither enough funds nor the expertise in carrying out formal development work in partnership with a government agency, which was evident in their proposals: "CIDA takes one look at their due diligence and governance, organization, experience... zip, zilch, zero" (C. Dade, personal communication, August 8, 2012). As a result, CIDA recommended that these

groups work with a Quebecois umbrella organization that would help them manage the money and establish their systems.

It was “brilliant, absolutely brilliant in terms of how to do this. So, it was a way to do capacity building, and training at the same time, but do it in such a way that the government funds were not at great risk. There’s always a risk, but you do the huge job of mitigating the risk here and allowing the group to grow into the responsibility and then turn around and have a demonstrated skill set that had development results attached to it. (C. Dade, personal communication, August 8, 2012)

Eventually, ROCAHD was successful in applying for and receiving funding on its own; its CAD \$980,000 project to strengthen local partner capacity in meeting basic human needs ran from 2007 to 2012 (Canadian International Development Agency, 2012b). In light of recent remarks by Julian Fantino, Minister of International Cooperation, that aid to Haiti is under review (Clark, 2013), whether ROCAHD receives further funding remains to be seen.

One area where CIDA has shown promise is in working with other departments in a ‘whole of government approach’ on migration issues, particularly on reducing remittance transfer costs. CIDA is currently working with CIC, DFAIT, Finance Canada, and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) on a Canadian approach to remittances in order to meet the G20 ‘five by five’ commitments. This agreement commits member states to reducing remittance transfer costs to 5 percent by 2014 (5 years from 2009, when the agreement was made) (Montpetit et al., 2012). While Finance Canada has taken the lead on this issue, CIDA regularly feeds into the developmental aspects of this policy target. An employee of CIDA recounted that while this is seen as a useful target, it presents significant challenges to Canada. Short of overstepping financial regulation

boundaries by “going into [our] banks and MTOs... and saying here’s what the price has to be,” there is a great deal of pressure to show accountability and make progress on this topic towards the quickly-approaching 2014 deadline (Employee of the Canadian International Development Agency, personal communication, August 20, 2012). A major challenge in meeting this deadline is a significant research gap concerning both the volume and the destination of remittance flows from Canada. One approach that has been discussed in working towards this deadline has been deepening financial inclusion and financial sector development in the countries where the Agency works. The CIDA employee noted that if recipients have more and easier access to banks and MTOs, and if they are more aware and confident in using secure financial services and products, they will actually use these formal channels. If enough people in Canada’s remittance recipient countries draw on these formal channels, they may reach a ‘critical mass’, at which point remitters from Canada will be encouraged to send more money through formal channels, increasing competition for their funds between Canadian transmitting organizations, thereby driving down remittance transfer fees. The employee noted that CIDA has already integrated financial sector development and financial inclusion into its programming areas, and although none of them target remittances specifically, they have the potential to positively affect the reduction of remittance transfer costs through this cycle (Employee of the Canadian International Development Agency, personal communication, August 20, 2012). While the potential exists for this scenario to come to fruition in the future, it is difficult to imagine that it will take place uniformly across all of Canada’s remittance recipient countries, and ahead of the 2014 deadline.

Currently, CIDA has one operational project with some mention of diasporas as a component, in the amount of over CAD \$55,700,000 ending in 2014. The project works in collaboration with Canada's Cuso International – which has two full time staff working on diaspora volunteering – in sending selected individuals on overseas volunteer placements to share their expertise, mostly in Latin America and Africa (Canadian International Development Agency, 2012c; Cuso International, 2012). Two projects that recently ended (in 2012) were both categorized under the Agency's public engagement strategy. One of the projects focused on British Columbian youth in creating sustainable, youth-led public engagement to support the MDGs, which was expected to draw on diaspora youth in the province (Canadian International Development Agency, 2011). The second endeavoured to raise awareness of the impact of HIV/AIDS in the Caribbean among youth in the Caribbean diaspora in Ottawa (Canadian International Development Agency, 2012d). The evaluations for both of these projects are presumably forthcoming. While these initiatives mention diasporas in their brief descriptions on the Agency's Project Browser, the mention of diasporas seems to be secondary in the first two, and not necessarily central to the projects' objectives.

One avenue for CIDA to engage its recipient country diasporas residing in Canada in future, and to support diaspora research, capacity building and pilot projects, may be Simon Fraser University's Institute for Diaspora Research and Engagement (IDRE). Since the conclusion of the SFU diaspora dialogues in 2012, SFU has obtained internal approval for its proposal to establishment this Institute. IDRE's proposed three main functions appear promising: to become a hub for interdisciplinary research on diasporas; to help incubate diaspora-driven projects and carry out capacity building programs; and to become a centre

for dialogue between diasporas, the academic and NGO communities, and the wider Canadian public (Simon Fraser University, 2012b: 1-2). Continuing its support through IDRE for diaspora-related initiatives may be a natural next step for CIDA following its initial diaspora project with SFU, and one potential future avenue to expand its diaspora engagement activities.

### **Conclusion**

As is the case with home country governments, bilateral donors have also made efforts to develop diaspora engagement policies and programs. While all three donors examined above have carried out some form of diaspora engagement, notable differences exist between them. Of the three donors, the United States Agency for International Development seems to be the most advanced in its diaspora activities. USAID has developed an explicit Diaspora Networks Alliance framework within its Global Development Alliances strategy, and hosts an annual Global Diaspora Forum, attended by several hundred participants in 2012, that brings together international stakeholders who work on diaspora-development issues. USAID's work in this area is managed and executed by a team working specifically on matters concerning diasporas. The Agency has also funded several research studies, with its remittance-related research being the most prolific. Moreover, USAID continues to launch pilot projects and new diaspora initiatives, signalling its commitment to continue working with and developing these actors.

The United Kingdom's Department for International Development has also developed a sturdy diaspora policy and program strategy. DFID's initiatives in this area have their founding in the Department's white papers, which have clearly outlined its policy priorities

in the migration-development and diaspora-development nexuses. The ensuing research and programming has been overseen by a dedicated migration team since the early 2000s. The Department's activities in these areas have included conducting consultations with diaspora groups towards DFID's Country Assistance Plans, supporting diaspora volunteering through VSO, and providing funding directly to DOs, while regularly reassessing and altering its approach to the latter accordingly. Since 2009, DFID's main diaspora initiative has taken the form of a partnership with Comic Relief, which provides diaspora groups with seed funding through grants that help these groups 'get their ideas off the ground'. With the aid of DFID's funding, Comic Relief has also worked on developing diasporas' capacity through a series of workshops, dialogues, and learning modules that bring diasporas together with each other and other relevant organizations.

CIDA's diaspora work has been more ad-hoc in comparison to its two donor counterparts. The Agency does not currently have an overarching diaspora engagement strategy or a dedicated team working specifically on diaspora issues. The Agency has funded a number of initiatives involving diasporas in different capacities throughout the past decade, mostly focusing on the Ukrainian and Haitian diasporas through consultations and capacity building, respectively. CIDA has continued to fund diaspora programming, specifically diaspora volunteering, through Cuso International, an initiative which is due to continue until 2014. CIDA has also been collaborating with other Canadian government departments in working towards meeting the G20's goal to reduce remittance transfer fees to 5% by 2014. One of CIDA's most comprehensive diaspora engagement activities, which ended in 2012, took place in partnership with the Vancouver-based Simon Fraser University in British Columbia, Cuso International and BCCIE, which brought together several hundred diaspora

members from the Greater Vancouver Area and arranged a series of dialogues around the MDGs. Mirroring USAID and DFID, CIDA would benefit from a diaspora policy that provides direction and a longer-term scope to its future diaspora engagement programming as the Agency's plan in this area remains unknown after next year. All three donors' diaspora engagements have resulted in both successes as well as challenges that provide a source of emerging themes and lessons learned in order to move these 'partnerships' towards the inclusive model that the development effectiveness framework aspires to.

## **CHAPTER 4 EMERGING THEMES AND LESSONS LEARNED FROM DIASPORA ENGAGEMENTS**

Donors' diaspora engagement initiatives, as well as the interviews conducted for this thesis, have identified a set of emerging themes and lessons learned. The aim of compiling these themes and lessons is to build on existing successful engagement practices and to help move future partnerships closer to the cooperative development paradigm outlined in the High Level Forums. In particular, four such themes and lessons will be examined in this chapter. The first section will focus on the need for additional research and (impact) evaluations, and will highlight how engagements would benefit from more context-specific data on diasporas in host countries, as well as diasporas' activities directed at donors' recipient countries. In addition, resource constraints such as lack of sustained or sufficient funding, pressures on staff's time, and short timelines in which to show tangible results, remain continuing issues in producing rigorous impact evaluations. The latter is particularly troublesome when considering that the results agenda is a key principle within development effectiveness.

The next sections will examine diasporas as development actors and the role of relationship building and communication in these engagements. These sections will specifically examine, among others, diasporas' capacity to carry out development work, the importance of speaking the same language in partnerships, and the impact of dedicated staff with the appropriate skill sets. The final section of this chapter will examine the operational aspect to these partnerships, including the challenges that donors face in engaging these emerging development actors.

### **The Need for Additional Research and (Impact) Evaluations**

The notable gap in available information and reliable quantitative and qualitative research about diasporas within host countries is a serious consideration for donors when engaging with these development actors. USAID's final event report of its 2012 Global Diaspora Forum underlines the importance of drawing on diversity within a host country, in order to ensure that the full range of diasporas are considered in policy and program design. The report stresses the importance for donors of knowing their diasporas in order to increase the level of success of working with them.

This involves serious, comprehensive data collection, mapping the location of the diaspora, compiling inventories of diaspora skills and experience, and engaging a wide range of diaspora members in listening exercises to understand what the diaspora has to offer, what it is willing to offer, and what it expects from the government in return (Agunias and Newland, 2012: 27)

Evidently, this not only includes being aware of which diasporas exist in the host society with links to their homelands, but also having reliable data and research available on their size, past activities, legitimacy through the representativeness of their membership base within the host country, their political stance, relations and track record with their home country government and communities, and their influence based on their previous initiatives. The importance of creating a strong evidence base on diasporas prior to engagement is echoed by the International Development Research Centre's (IDRC's) Eileen Alma, who notes that much more knowledge and in-depth analysis is needed in order to understand both diasporas as well as the specific contexts in which they work. She proposes that policymakers and practitioners need to conduct a proper group or institutional assessment as

part of due diligence processes in order to ensure that development policies and programs are truly effective (E. Alma, personal communication, August 30, 2012).

In addition to knowing their diasporas, research and data on diasporas' specific activities is also an important factor for donors prior to engagement. While research exists for certain diaspora activities in some countries, country-specific information is key. Carlo Dade points out the significance of this research gap in Canada. Dade notes that with respect to remittances, the United States has detailed data that tracks these financial flows “down to the county. [By contrast, we] know extremely little, almost nothing, about this phenomenon in Canada, so research is desperately needed” (Dade, 2012). Dade notes that the culture of research funding is fundamentally different between Canada and the United States; in the US, the private sector – particularly large corporations and foundations – spend millions of dollars each year to fund and promote independent research and policy work (Ditchburn, 2011). Consequently, he remarks that Canada often uses estimates from USAID about this phenomenon, simply because “We just haven't done the research. But there's huge potential....” (Dade, 2012). Touching on this topic, an employee of CIDA notes that discussions about the collection of information on remittances have taken place within the Agency, with many proponents in policy who believe that more and better data informs sound policymaking. Discussions have centred on how to best collection this information (e.g., from the banking sector or at the household level, the latter of which may be plagued by issues of trust and the resulting accuracy of information, but may conversely capture remittance volumes sent through informal channels). Despite these discussions, she notes the magnitude of this undertaking in Canada – where direct remittance corridors are presumed to be few in comparison to the United States or Italy, for example – and the high costs

associated with collecting this information (Employee of the Canadian International Development Agency, personal communication, August 20, 2012).

Further to the need for additional research on the nature and activities of diasporas within host countries, a significant gap exists in the evaluation and assessment of the impacts of diasporas' current activities in their homelands, as well as donor initiatives overall. Few, if any, formal evaluations are available of diasporas' many initiatives in their homelands, and while their impacts are alluded to in research studies, rigorous and context specific impact evaluations are necessary in order to confirm the true influence of their initiatives. A similar issue exists for donors. For instance, DFID's 2009 review of its work to build support for development through its partnerships with various actors, including with VSO on diaspora volunteering, found that it was "difficult to quantify impact beyond that of organisational development and the community influence of returned volunteers" (Thornton and Hext, 2009: 27). Likewise, USAID's GDA evaluation found that

[e]valuation is not taken seriously within USAID, as evidenced by current practice. Most USAID staff with direct experience working on GDA evaluations, and several contract evaluators, told us that while a number of useful steps are currently mandated (such as having a Performance Monitoring Plan, or PMP, and identifying indicators as part of the initial discussions around goals and agreements), there is usually no follow-up, and no likely consequence if they are done badly, or even not at all. When evaluation is taken seriously it is usually because the CTO [Cognizant Technical Officer] cares about it, and stays on top of this issue. (United States Agency for International Development, n.d.d: 16)

Existing evaluations do identify project outcomes, including the successes, challenges, and shortcomings of programs and projects. Nevertheless, the large sums collectively devoted to the range of diaspora specific policies and programs across donors, as well as the intended goal of benefitting populations in donors' recipient countries, necessitate a clearer understanding of how these programs impact development results.

### **Diasporas as Development Actors**

When considering diasporas as development actors and potential partners, donors may encounter a dichotomy, since many diaspora activities tend to fall within the development realm, yet the majority of these groups do not think of themselves as development actors, and their activities may not have an intended development impact. Newland and Tanaka point out that “many diaspora members do not actively or consciously seek to contribute to the development of their home countries. Instead, their everyday actions such as remitting money to family members only happen to contribute to economic development” (Newland and Tanaka, 2010: 25). This was a recurring theme throughout the interviews, particularly with diaspora members, who rarely framed their activities in a development light.

Conversely, the CIDA-funded Simon Fraser study found that “[a] theme that surfaced constantly in the narratives of diasporic leaders in the GVA [Greater Vancouver Area] was that their agency was not fully recognized...” (Simon Fraser University, 2012a: 17). One interviewee in the study expressed his frustration for CIDA's preference for ‘experts’ who acquired their expertise through formal education in Western (i.e., Canadian) institutions, which trumps diaspora expertise acquired through local knowledge and experience (Simon Fraser University, 2012a: 19). Research by Jennifer Brinkerhoff confirms these sentiments:

donors and development processes would benefit from including diaspora associations in development consultations, needs assessments, and priority setting for the purpose not only of disseminating information about donor activities but more essentially to *exchange* information with diasporas to better inform these activities. In this sense, donors may also play a major intermediary role between homeland and host-land governments and diaspora groups. (Brinkerhoff, 2008: 13)

Furthermore, the example of USAID’s Iraq Partnership website presents a pertinent example of diaspora groups’ desire to be involved in all aspects of projects, instead of being mere ‘cash cows’. Diaspora groups who are interested in playing a more active role in the development of their countries of origin may find their lack of ability to control and oversee the development projects they help finance as a source of great frustration (Newland and Tanaka, 2010: 25). As the example of the failed Iraq Partnership demonstrates, these one-sided endeavours rarely lead to successful partnerships.

Ensuring that diasporas have the capacity and not only the good intentions to carry out development initiatives is crucial. While many diaspora activities are carried out by organized groups, “[a] lot of diasporas that are doing the work are really doing it off the corner of their kitchen table, and so they’re very small and they’re not necessarily recognized...” (S. Nanji, personal communication, September 6, 2012). Moreover, the SFU study found through its workshops that diaspora groups in the GVA were often conducting their work in isolation of each other. This was a theme that was confirmed through the interviews conducted for this thesis, where engagement between different diaspora groups rarely, if ever, surfaced.

Capacity development can be encouraged and facilitated in several different ways. Cuso International's Executive Director, Derek Evans, further confirmed the need and great interest expressed by diaspora groups for capacity building when he shared that at USAID's 2012 Global Diaspora Forum, the session on how to access US government funding was attended by some 200-300 participants (D. Evans, personal communication, August 27, 2012). In an interview, a PhD student studying migration who requested to remain anonymous stressed the importance of understanding what kind of capacity is meant when discussing capacity building within the diaspora (PhD student studying migration, personal communication, August 31, 2012). More traditional capacity building of *imparting* a specific set of knowledge and skills, for example, has been found to be important. Key pieces of information such as how to access government funding or conduct more effective fundraising campaigns, how to design and manage projects, how to articulate the project's 'story', and how to improve diaspora groups' overall professionalism in the eyes of donors were among some of the elements identified as areas of need for diaspora capacity building (Member of a community organization serving a vulnerable population; PhD student studying migration, personal communication, August 31, 2012; Simon Fraser University, 2012a: 8; S. Nanji, personal communication, September 6, 2012; Thornton and Hext, 2009: 27). A member of a community organization serving a vulnerable population who requested to remain anonymous, expressed the issue of the lack of capacity to apply for funding particularly poignantly:

It's one thing to even get yourself to a place where you understand how to put in an application, or who to put in an application to, and how the funding process works, and how your application should work. We consistently spend the very little funds that we

have hiring consultants to come in and help us do these applications, so there is that gap in practical knowledge... (Member of a community organization serving a vulnerable population, personal communication, August 13, 2012).

The Alliance of Jamaican Alumni Associations's Paul Barnett also confirmed that funding remained an "ongoing battle", although the Alliance is an organization of over 5300 alumni from 40 schools in Jamaica, and its members pay a membership fee (The Alliance of Jamaican Alumni Associations, n.d.; P. Barnett, personal communication, August 27, 2012).

Intermediary partners such as NGOs and universities have played a significant role in designing and delivering capacity building initiatives to meet diasporas' needs. "Conventional discourse on "building the diaspora's capacity" as a development actor is typically framed as mainstream development actors doing the capacity-building, conveying the notion at least of a one-way flow of knowledge" (Chikezie, 2011: 125-126). As seen above, it is necessary to provide interested DOs with the information they require in order to successfully access donor funding along with other skills and services. Nevertheless, peer learning through workshops and dialogues, facilitated by knowledgeable individuals who act as resources, has been shown to be particularly effective (Chikezie, 2011: 138). SFU's series of diaspora dialogues and Comic Relief's extensive capacity building workshops are merely two examples of responsive capacity building programs that were built through a collaborative approach to *sharing* information.

Intermediary partners with previous donor partnership experience have also been instrumental in actively involving diasporas in development efforts, thereby allowing diasporas to gain experience in formal development efforts. An observable trend among donors has been the increasingly frequent funding of these organizations to carry out specific

diaspora initiatives on behalf of donors, instead of directly funding DOs themselves. Particularly when it concerns large intermediary partners, it is important that diasporas do not become instrumentalized in these relationships. FAVACA's Rebecca Reichert, for example, points out that the trend coming out of Washington has been for the size of contracts to increase in order to reducing the workload of managing a series of small(er) contracts on already overstretched administrative donor staff. These "huge contracts" given out by the US government (i.e., those worth several millions or tens of millions of dollars) are awarded to "huge contractors", as DOs would not qualify due to their lack of experience and resources in managing such sizeable agreements (R. Reichert, personal communication, August 17, 2012). These organizations, in turn, are meant to involve smaller organizations in their work, including diaspora groups. From the trends she has observed, however, Reichert notes that this is "largely lip service" (R. Reichert, personal communication, August 17, 2012). Furthermore, Reichert maintains that in these types of situations, diaspora groups may end up becoming the 'petty partner,' as the majority of the funding may end up going to the managing organization (R. Reichert, personal communication, August 17, 2012). While diasporas have established themselves as development actors through their activities, a great deal remains to be done in order to bring them into the mainstream development industry.

### **Relationship Building**

Building a solid foundation through relationship building is an essential part of development partnerships. Creating opportunities for the appropriate organizational representatives to meet in order to develop this working relationship is key. As a former staff member at the Inter-American Foundation (IAF), Carlo Dade puts the realities of this

relationship building into perspective. Dade notes that during the ‘dawn’ of work with diasporas in the US in the early 2000s, he spent a great deal of time getting to know diaspora communities across the country who were carrying out development work in their countries of origin. Dade recalls that “It’s going to churches on Sundays... meeting people where they are. It’s going to someone’s house... it’s also going out on nights and weekends... so meeting people where they are is both metaphorical and it’s also figurative and it’s also real” (C. Dade, personal communication, August 8, 2012). While he maintains that there is a great deal of potential in these relationships, not surprisingly, Dade notes that this process “was quite difficult” (C. Dade, personal communication, August 8, 2012). The implications of these types of visits for current donor structures and the divergent working styles and processes of donors and diasporas will be elaborated upon in the following section of this chapter.

The conflicting schedules and time constraints of diaspora members and donor staff have caused certain challenges in developing these relationships. As demonstrated above, diaspora members often have full-time jobs and perform their diaspora-related activities outside of regular working hours, particularly in the evenings and during weekends. Conversely, it is difficult for public service employees with fixed hours to practice such flexibility on a regular basis, and to meet with diaspora groups during the evenings and weekends. Diaspora members who have been involved in capacity building training workshops or overseas volunteer initiatives have taken time out of their professional lives, and companies such as Accenture or Deloitte, partners of Cuso International, have instituted regular diaspora volunteer programs for their employees. In the case of Deloitte, for example, this type of program has been a significant factor in employee retention (D. Evans,

personal communication, August 27, 2012). Nevertheless, although some diaspora members are interested in participating in overseas volunteer initiatives, their personal and work commitments do not allow them to take substantial amounts of time off (i.e., more than their allocated annual weeks of vacation) in order to participate in such programs (PhD student studying migration, personal communication, August 31, 2012).

Moreover, varying commitments across government administrations and personnel changes within all stakeholders have the potential to considerably affect partnerships. As echoed in the interviews, Agunias and Newland explain that “[c]ritically important technical know-how is acquired typically through years of trial and error. Many government initiatives on diasporas, however, tend to be short-lived and depend on the support of the central government, which can vary across administrations” (Agunias and Newland, 2012: 40; Employee of York University, personal communication, August 16, 2012; T. C. Wright, personal communication, August 12, 2012). With respect to staff, a review of DFID’s diaspora engagement strategy, for example, found that “[w]hilst there had been a degree of stability in the [migration] team during the early years, from 2005 staff changes became more frequent and closer to the usual DFID 3-year cycle” (Thornton and Hext, 2009: 31). Furthermore, turnover among USAID’s field and Global Development Alliances staff “presents challenges to the relationship building that is crucial to strong partnerships. Such transitions are common within USAID and in the private sector, and sometimes unpreventable. Under these circumstances, it is challenging to build trust and a meaningful dialogue structure” (United States Agency for International Development, n.d.d: 24). In addition to staff changes, the size of migration teams can also impact the extent of programs and staff’s ability to establish relationships, build trust and develop effective communication

with diaspora individuals. Although DFID has a sizeable team working on migration-related issues in both the UK as well in the Department's missions abroad, the Department has found it more effective to fund external partners with closer connections to diasporas. As seen earlier, Comic Relief has in turn hired consultants to balance out its staffing and to provide a more 'neutral' tone to these otherwise 'loaded' relationships. Staff workload has been identified as an issue at USAID as well; while the Agency has a broad diaspora engagement strategy, "[t]he small size of the GDA team places a natural limit on how much it can do in support of individual alliances" (United States Agency for International Development, n.d.d: 24).

A number of home country governments have provided their overseas representatives with the mandate of investing efforts in building relationships with their diaspora populations. Derek Evans explains that some home country minister "would have a very strong mandate to connect with the diaspora community here, and it's taken seriously" (D. Evans, personal communication, August 27, 2012). Evans cites the example of the Guyanese community in demonstrating the importance placed on relationship building by home country institutions that extend into host societies. During the summer of 2012, Cuso hosted a Guyanese cultural evening at the request of the Guyanese diaspora, who organized a stand-up comedy night. Both the past High Commissioner as well as the current High Commissioner attended the event, signalling their commitment. Evans further notes that when meeting with a home country representative, such as the Nigerian High Commissioner, for example, he would almost always have someone from the diaspora attend the meeting with him, "just to build the relationships" (D. Evans, personal communication, August 27, 2012). The relationship between the Barbadian Consul General, York University's then

Associate Vice-President International, and the Barbadian diaspora, resulted in the successful six year international version of the Emerging Global Leaders Program, which ran from 2004-2010 with the support of Scotiabank funding, and provided leadership training to approximately 1500 Caribbean high school students (Employee of York University, personal communication, August 16, 2012; T. C. Wright, personal communication, August 12, 2012).

The role of dedicated individuals with the right skill sets is instrumental in building these relationships. The Framework for DFID-Diaspora Engagement notes that “enthusiastic, pragmatic, ‘can-do’ individuals drove most instances of engagement... [despite] relatively little institutional support” (Chikezie and Thakrar, 2005: 5). Lessons learned from USAID demonstrate similar findings: “Staff are key. I can't stress that enough from the lessons we learned at USAID” (Dade, 2012). Often, existing staff members may not have the necessary skill set to work with private sector actors, including diasporas. While these skills can be trained internally, donors may need to hire external individuals to fill this gap. USAID recognized and rectified this issue by bringing in external consultants and hiring new staff members who had an affinity for working with the private sector. As Dade explains, “there was a whole cadre or cohort of us who were brought in: it was fundamental in changing and enabling the Agency to work with the private sector” (Dade, 2012). The role of individuals is equally important in diaspora groups. The SFU evaluation of the CIDA-funded Engaging Diasporas in Development project stresses the importance of recognizing key individuals in diaspora groups instead of attributing a ‘groupism’ to these actors. The study observes “that in the GVA it was often *individual* diasporic actors who took the initiative, made connections and mobilized resources in support of development activities” (Simon Fraser University, 2012a: 12). Consequently, key aspects to establishing a successful working

relationship between donors and diasporas involves the right individuals with the appropriate attitudes and skill sets on both the donor and diaspora sides.

Clear communication is another key factor in these relationships, particularly as it impacts building trust and a mutual understanding of development goals (Employee of York University, personal communication, August 16, 2012; T. C. Wright, personal communication, August 12, 2012). Donors and DOs alike “need to find a space for interaction and communication to bridge a divide that currently separates them...” (Orozco, 2008: 215). FAVACA’s Rebecca Reichert, for instance, draws attention to the fact that donors and diasporas do not always speak the same language. Using the example of USAID, Reichert notes that staff often speak using acronyms, which may seem cryptic to anyone outside of the Agency who is unfamiliar with these terms. Moreover, the people ‘on the ground’ (i.e., working ‘in the field’ in developing countries), have their own, and sometimes different terminologies (R. Reichert, personal communication, August 17, 2012). In addition to acronyms and the use of frequently used terminology internal to donors, the language that surrounds commonly understood concepts by professionals working in the development industry – including terms such as development effectiveness, sustainable development, and Millennium Development Goals – also acts as a divisive factor. As a result, FAVACA has invested efforts to raise awareness among its donor partners that they were “talking amongst themselves,” while helping its diaspora partners become more proficient in understanding and applying these terms (R. Reichert, personal communication, August 17, 2012).

Establishing a mutual understanding of each other and building this critical relationship may take a long time, sometimes even years. This may not be compatible with donors’ current focus on demonstrating (immediate or short-term) results. In addition, the

realities are that these objectives are often not achieved at all, and partnerships have remained at the simple donor-recipient level instead of developing into a more dynamic exchange. Where this relationship building has developed has been at the intermediary organization level. Derek Evans, for example, explains the time and efforts he has invested in building relationships and establishing a strong understanding of Cuso's private sector partners, which at times has taken many months and even years. This has, in turn, allowed Cuso's partners to ask questions about development (in which they often do not have expertise), understand Cuso's work, seek out where they would add the most value, and question how they would benefit (D. Evans, personal communication, August 27, 2012). Similarly, both DFID's and CIDA's executing partners have worked closely with diasporas in understanding their needs and tailoring existing and new programs to help address these needs. Simon Fraser University's recently approved Institute for Diaspora Research and Engagement is merely the latest example.

### **Operationalizing Partnerships**

Engagement between donors and diasporas has been shown to benefit from clear donor policies defining priorities, as well as management support at different levels of government. DFID's diaspora activities and the Department's commitment to exploring the migration-development relationship are both clearly defined in its white papers. Similarly, in addition to USAID's GDA and DNA frameworks that illustrate the Agency's commitment to engaging the private sector and its avenues for diaspora partnerships, these approaches have on a number of occasions been articulated and backed by high level government officials, including secretaries of state and USAID administrators (i.e., the 'head' of USAID).

Conversely, while political will in Canada does exist to engage the private sector, support seems to be in favour of partnering with large for-profit private sector entities over smaller volunteer-based groups such as diasporas to advance the Agency's development goals.

The considerable difference in the structure and processes of donors and diaspora organizations presents challenges to these stakeholders working together. As Newland notes, “[d]iaspora individuals and organizations can deploy their resources faster and more flexibly than official aid agencies, which are inhibited by bureaucratic requirements” (Newland, 2010: 2). For example, “CIDA projects take an average of three-and-a-half years just to be approved” (Auditor General of Canada, 2009: 27). Throughout these approval phases, diaspora members are keenly interested in adding their input to planning and developing programs and projects instead of being mere executors at later stages. These factors are particularly highlighted in DFID's consultation with diaspora groups in the design of its CAPs, which provided relevant diaspora groups the opportunity to meet with DFID during these phases. On the other hand, the concerns of not being able to provide their knowledge and skills to CIDA programs, expressed in the SFU evaluation of the CIDA-funded GVA dialogues by diaspora members, as well as USAID's failed attempt to draw financing from the Iraqi diaspora without giving diaspora members an outlet for additional participation, are examples of avenues to avoid in future.

A certain level of flexibility in working styles is necessary in order to reconcile these differences. A DFID employee articulated the Department's continual efforts of internal learning and recognized need of creating a more flexible environment to accommodate the different levels of capacity and working styles of diasporas: “... very much on the flexibility, lots of flexibility... over the years, we've had many kinds of internal documents on the role

of diaspora, or how to work on diaspora, or how to work on remittances, so there's been a huge amount of learning, and also with external organizations through the research programs" (Employee of the Department for International Development, personal communication, August 27, 2012). Furthermore, Derek Evans confirmed that "I'm sure 3 years ago, nobody would have imagined Cuso being in a partnership with the US government and a mega corporation like Accenture. Well, it's a good partnership" (D. Evans, personal communication, August 27, 2012).

The risk factor is also a significant consideration in donor-diaspora engagements. From the donor perspective "by the very nature of these organizations [i.e., diasporas], they're probably very high risk" (Employee of the Department for International Development, personal communication, August 27, 2012). Diaspora organizations, especially those that do not have a history of working with donors or established development partners such as NGOs, universities, or the private sector, have been viewed as particularly high risk. There exists a catch-22 for DOs in gaining this development experience, however. Often, in order to be able to officially establish a development partnership with intermediary organizations or to obtain donor funding, diasporas need to have a certain level of capacity and development experience, which they are only able to obtain if they have donor funds and intermediary partnerships (R. Mistry, personal communication, September 10, 2012). This particularly seems to be an issue in Canada, where funds have not been channeled specifically towards broader diaspora capacity building initiatives. Conversely, both DFID and USAID have had capacity building programmes in place for a number of years. Moreover, both of these donors have established pilot projects to provide a space for 'innovative' partnerships, which have included diaspora organizations.

In order to assess the risk associated with working with external partners, including DOs, due diligence processes have become central to donors' selection processes. DFID's risk assessment and due diligence process with respect to diasporas, for instance is

very institutionalized and rigorous at the moment. In the past, we covered the same sort of questions, but in a less institutionalized way. What we have now is we have a due diligence process in which we've got people who go out, with each organization, and produce a report, highlighting the risk and how they're being managed, and whether more needs to be done, so we've got a pretty rigorous system on that (Employee of the Department for International Development, personal communication, August 27, 2012).

DFID's delivering partner, Comic Relief, also takes approximately five months to go through its grant process, from the initial proposal to the selection of successful DOs. This process includes several levels of vetting applications by internal program managers and subject-matter experts, as well as sending its group of selected consultants to meet with the diaspora groups themselves in order to assess the soundness of these groups' project proposals and any additional funds and training they may need to successful carry out their work (R. Mistry, personal communication, September 10, 2012).

## **Conclusion**

The emerging themes and lessons learned compiled in this chapter have been drawn from donors' engagement activities and the interviews conducted for this thesis, with the purpose of building on existing practices and moving the diaspora-development agenda towards the partnership model outlined in the High Level Forums. Accordingly, this final

chapter identifies four emerging themes and lessons learned. The first, the need for additional research and (impact) evaluations, stresses the need for context-specific research and data on diasporas in host countries and their activities in their countries of origin (i.e., donors' recipient countries), along with rigorous impact evaluations of these initiatives as well as donors' diaspora engagement. The sections on diasporas as development actors and the role of relationship building in these engagements underline that the potential of donor-diaspora partnerships has not been fully taken advantage of for the benefit of all stakeholders, and that elements such as capacity building, appropriate staff, and clear communication are important considerations in enabling these engagements. The section on operationalizing partnerships brings to light the challenges large bureaucracies such as donors face when dealing with relatively small volunteer groups such as DOs, and vice versa. Although USAID and DFID have exhibited some flexibility and innovation (i.e., through USAID's Global Diaspora Forum, the first of its kind in the donor community) in their diaspora engagement approaches and internal processes, there remains a great deal of opportunity for progress in fully maximizing these partnerships towards more effective development.

## CONCLUSION

The past decade has seen a gradual shift in discourse from aid to development effectiveness within the OECD donor community, with corresponding principles adopted at the four High Level Forums on Aid Effectiveness. While evident in the agreements and outcome documents explored in Chapter 1, this evolution from aid effectiveness to cooperation for effective development has not always translated into donors' actual practices. One of the key principles repeated throughout the Forums is the role of partnerships with the private sector. Since diasporas are one type of private sector actors, Chapter 2 explores the role of diasporas in the development of their countries of origin through their myriad activities. These include financial contributions (e.g., through remittances, entrepreneurship, diaspora direct investments and investments in home country capital markets), advocacy and political influence, volunteerism, tourism and nostalgia trade. Recognizing these current diasporic transfers and their further potential for development, a number of home country governments have designed strategies to actively engage their diaspora populations abroad. These home country government initiatives have included establishing institutions at all levels of government and using their extensive consular networks around the world to connect with their diasporas. In line with the aid effectiveness principle that developing countries should drive the development agenda within their borders, home country governments with diaspora engagement strategies have signaled to their diasporas and the international community that they deem these initiatives beneficial and important as another avenue for their development.

Bilateral donors have also taken note of diasporas as emerging development actors and as potential development partners. Accordingly, Chapter 3 examines USAID, DFID and CIDA as case studies, highlighting different approaches to diaspora engagement at the policy and programming levels. The fact that diasporas are often the direct recipients of donor funding, or the beneficiaries of programming through intermediary partners, underscores that these relationships are often ‘loaded’ and power relations are tilted in favour of donors. During the past few years, the tendency within the donors examined has been to move away from direct engagement to ‘outsourced’ engagement through NGO and university partners, as is the case with CIDA and to a large extent with DFID. USAID is the notable exception in this area, as the Agency continues to encourage DOs to approach USAID with project proposals and to apply directly to USAID for funding. However, in light of the importance placed on developing country ownership in the HLFs, there was no evidence of donor consultations with home country governments in designing their diaspora engagement strategies, which are meant to benefit populations in donors’ recipient countries overall. The role of developing countries, therefore, must become more central to donors’ diaspora policies and programs.

The focus on results and transparency in communicating development outcomes are also central to the aid-development effectiveness principles. Nevertheless, Chapter 2 notes that diasporas’ activities are rarely evaluated to assess development impacts, despite the proliferation of these endeavours. Although donors conduct evaluations of their engagements, critiques show that the distinctions between accountability and accountancy (i.e., accounting for every dollar spent), as well as outputs versus outcomes (i.e., impacts) are not always clearly delineated. In addition, evaluations are sometimes difficult to locate or not

available publicly. Those that were consulted have shown some successes, but mostly mixed results to date. Moreover, the emerging themes and lessons learned in Chapter 4 emphasize the need for more targeted, context-specific data and research on diasporas and their activities. Impact evaluations of engagements are particularly necessary in order to move these relationships towards more sustainable and long-term development-oriented partnerships.

The final principles centre on the role of donors in aligning, coordinating and harmonizing their practices, as well as inclusive development partnerships and mutual accountability to achieve development outcomes. Analysis of donors' policies and programming in Chapter 3 found that there seems to be no coordination between donors on their diaspora strategies. Despite the fact that there was some evidence of lesson learning internally to donors, and while a number of donors have presumably attended USAID's Global Diaspora Forum, there did not seem to be significant lesson sharing or dialogue between donors on diaspora issues. With respect to partnerships with diasporas, while the three donors examined have worked with diasporas directly, the current trend seems to favour partnerships through intermediary organizations such as NGOs, universities and the private sector over direct donor-diaspora cooperations. Donor-diaspora relationships, then, do not currently qualify as the "inclusive development partnerships... [which are based on] openness, trust and mutual respect and learning" (Fourth High-Level Forum on Aid Effectiveness, 2011b: 3), as outlined in the Busan Partnership for Effective Development Co-operation final outcome document. Moreover, diasporas on the whole do not view themselves as development actors, and significantly lack the capacity to work with donors as equal partners, whom they view as a necessary source of funding. Indirect partnerships with

diasporas, however, could be considered somewhat more inclusive if intermediary partners are taken into consideration, as donors' tendency to use these established organizations to reach their diaspora populations highlights the important role of these partners as well as the challenging nature of direct diaspora engagement. As seen in Chapter 3 and highlighted in the final chapter, these intermediary organizations do seem to aim for the types of relationships with diasporas that are described in the Busan Partnership.

Several aspects must be considered in answering the research question posed at the outset of this thesis on how donors can better leverage their migrant populations through diaspora engagement in order to maximize development effectiveness in recipient countries. The research presented in this thesis has shown that the two assumption of this question – that donors are interested in leveraging their migrant populations for development purposes, and that they wish to do so through diaspora engagement – are only partially true. Moreover, as noted above, donors' diaspora engagement strategies are currently only moderately aligned with development effectiveness principles, which are meant to improve development impacts, as they pertain to diaspora partnerships. Nevertheless, the potential certainly exists for more inclusive partnerships by keeping the identified emerging themes at the forefront and applying the lessons learned from previous engagements.

The themes and lessons are central to donors' activities with diaspora groups in order to move these partnerships towards more effective development. One of the first steps in this process must be to expand the evidence base, both qualitative and quantitative, on diasporas in donors' countries. Understanding which diasporas are active in development work, their capacity, size, legitimacy and political orientation are among the factors that can help donors establish more targeted and appropriate strategies of engagement with this diverse actor. In

addition to investing in further research, there exists a great need for evaluations, particularly impact evaluations on broader development outcomes, that assess both the effects of diasporas' activities in donors' recipient countries, as well as engagements between donors and diasporas. Although many DOs do not consider themselves development actors, they are in fact carrying out activities with development implications in their countries of origin. In order to move donor-diaspora engagements towards more inclusive partnerships, it is imperative to continue building diasporas' capacity to carry out development work, to ensure that these groups are involved in each phase of a project, and to make the transfer of knowledge a two-way channel instead of a simple imparting of information. Despite the challenges such as resource constraints, high staff turnover and differences in institutional structures and processes, building a strong foundation for these partnerships by actively developing working relationships and open channels of communication is key. This highlights the final theme of operationalizing these partnerships, where lessons emphasize the need for institutional flexibility and internal learning, clear articulation of priorities and management support to back them, as well as the ability to take mitigated risks through comprehensive due diligence processes.

It is also important to note that compared to other development partnerships that have existed for decades between established development institutions and actors, engagement between donors and diasporas is still in its early phases. One of the observable positive impacts of these engagements so far has been the gradual professionalization of a new development actor by bringing diasporas into the official development industry. Ultimately, the emerging themes and lessons learned from donors' diaspora engagements point towards a need to remold the traditional development model by challenging conventional ways of

thinking about the nature of development partnerships in order to move the agenda towards more effective development.

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