

Learning Brief

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MIGRATION AND DEVELOPMENT: DIASPORA ENGAGEMENT



Migration and Development: Diaspora Engagement

Régis Blanc, Migration Advisor at Helvetas

Background

The Learning Brief is about furthering knowledge and stimulating exchanges on a particular subject that is often forward-looking. Its added value is in blending practice with concepts/ideas and synthesizing evidence-informed insights into a topic. It is rooted in the core principles facilitating knowledge management and learning for the main purpose of engaging and stimulating effective exchanges. The Learning Brief aims to tackle further conversations and elaborations among the development practitioners, but also to contribute to making the knowledge exchange more dynamic, interactive, and innovative.

RECONOMY is a regional inclusive and green economic development program of the Swedish International Development Cooperation Agency (Sida), implemented by HELVETAS Swiss Intercooperation in Eastern Europe, South Caucasus, and the Western Balkans. In the Learning Brief, the program facilitates synthesizing knowledge and learning from researchers and practitioners, supporting them to share lessons learnt so that others are able to draw from and build on their experiences.

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This Learning Brief was produced with the support of RECONOMY.

Introduction

The diaspora plays an important role in achieving development outcomes. Its engagement can help strengthen the link between migration and sustainable development. The 2030 Agenda and the Sustainable Development Goals' (SDGs) targets acknowledge their role and consider diaspora engagement as instrumental to the development process.

It is now widely recognized that *migrants and diasporas* have a *core role to play to contribute to development* in their countries of origin. What is less clear, however, is how to concretely promote their contributions to development. Over the years, a myriad of initiatives have emerged to engage diaspora and harness the potential of these development actors. Usually with mixed results and always with a certain impression that there is a "*continual untapped potential*" and that these actors are difficult to "capture".

As regions experiencing high emigration and strongly relying on resources provided by their diaspora, countries in the Western Balkans, Eastern Europe, and South Caucasus do not escape this phenomenon. There is an increasing focus on diaspora engagement by the governments and their partners.

This Learning Brief provides an overview of these issues in these regions and lays out several good practices and lessons learned on diaspora engagement.

Developed as part of RECONOMY, an initiative aiming at acting as a regional facilitator by fostering partnership and knowledge sharing, the goals of this tool are manifold: take stock of the existing knowledge and experience, share the learning, stimulate the reflection, and promote exchange and partnership.

Impact of migration in the Western Balkans, Eastern Europe, and South Caucasus

It is no secret that these regions are experiencing *massive emigration*. After several periods of important migrations during the 20th century, this phenomenon, respectively mainly to Western Europe and Russia, has remained widespread since the post-communist and post-conflict transition periods (for the Western Balkans) of the 1990s and 2000s. These periods are marked by the shift from a centrally-planned economy to a market-driven one – and may be explained by many factors (political, social, and economic). At the present time, the main driver of emigration from these regions includes social and economic inequality and demand for labor. People are leaving their homelands in *search of better opportunities*. More specifically, this may also be explained by the underperformance of the education systems in the regions which do not respond to the needs of the market. Indeed, graduates struggle with economic opportunities, due to the skill mismatch and a lack of confidence. Many private sector enterprises also complain about the shortage of skilled workforce. In addition, the lack of investment in innovation, science, and research leads to a weak attractiveness for an increasingly skilled youth, while most of emigrants are young and relatively skilled.

As a consequence of these structural challenges, the migration phenomenon is a huge trend in these regions. In 2013, 5.7 million persons originating from the Western Balkans lived abroad, bringing the emigration rate at [31.2%](#). Bosnia and Herzegovina (BiH) is the country with the highest emigration rate (50.1%) compared to its population. Albania has more than 41% of its population living outside its territory. In Kosovo, the emigration rate has reached the level of 34%, in North Macedonia emigration 31.6%, in Montenegro 24.4%, and in Serbia about [11%](#). In Eastern Europe, Moldova is the country with the highest emigration rate (25.1%), Belarus has reached the level of 15.7%, and Ukraine 13.5%. In South Caucasus, Armenia has more than 32% of its population abroad, 21.4% in Georgia, and 11.5% in Azerbaijan.

Table 1: Emigration from Western Balkan, Eastern Europe, and South Caucasus, 2019

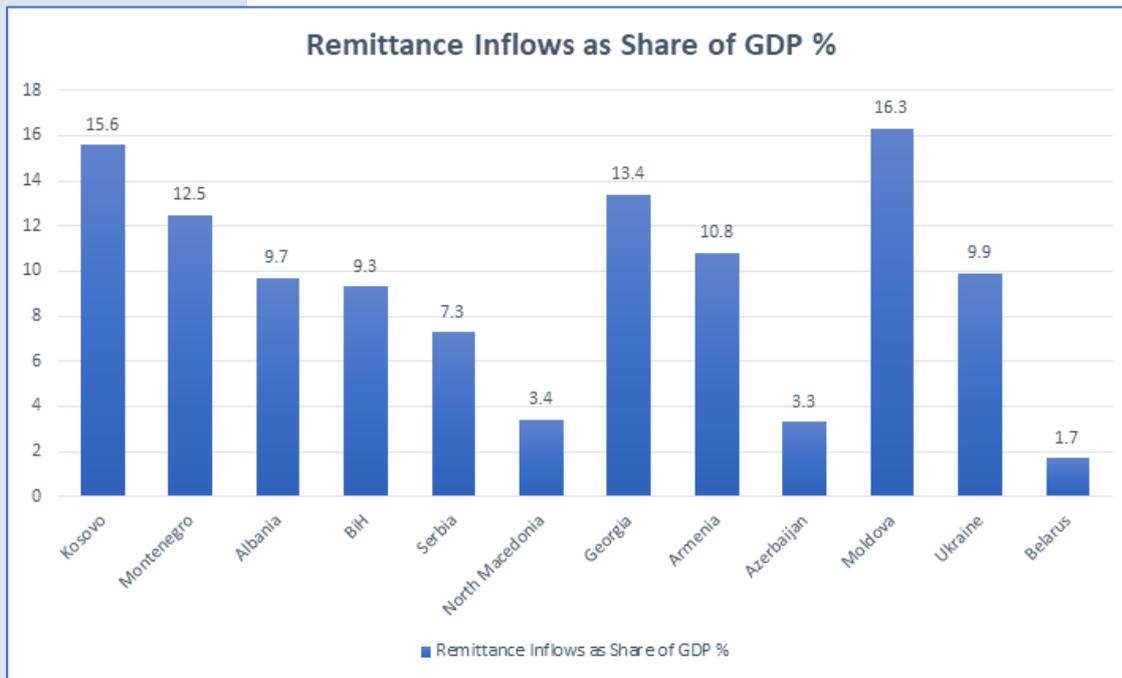
Country	Total number of emigrants	Emigrant Share of Total Population	Projected Population Decline, 2020-2050
Albania	1,207,032	41.9%	-15.8%
Bosnia and Herzegovina	1,653,056	50.1%	-18.2%
Montenegro	153,009	24.4%	-6.2%
North Macedonia	658,264	31.6%	-10.9%
Serbia*	950,485	10.8%	-18.9%
Belarus	1,480,794	15.7%	-8.6%
Moldova	1,013,417	25.1%	-16.7%
Ukraine	5,901,067	13.5%	-19.5%
Armenia	964,848	32.6%	-5%
Azerbaijan	1,155,852	11.5%	+9.1%
Georgia	852,816	21.3%	-11.8%

Sources: UN DESA Population Division, "UN Migrant Stock by Origin And Destination 2019"; UN DESA Population Division, "UN World Population Prospects 2019 Total Population for Both Sexes"; European Union Global Diaspora Facility, Interactive Map.

Outflows are less intensive in the last decade than during the 1990s, but the push factors remain intact and strong and the propensity to migration is high. Net migration from these regions will continue; for the Western Balkans, at a pace ranging between [0.1 and 3.2% per 1000 inhabitants](#), on an annual basis. Most of emigration remains permanent,

but there is an increasing trend for a shift from permanent to temporary and circular migrations due to the – slowly – increasing attractiveness of countries in these regions, the development of transports making the [migration easier and less permanent](#) and [the rapprochement with the European Union](#). As illustrated by the trend of several South-East European countries which joined the EU, countries in the Western Balkans and Eastern Europe, which work towards accession, should experience a similar dynamic, and continue to face high emigration in the coming years. It is also expected that South Caucasus countries follow similar trends.

Table 2: Remittance Inflows as Share of GDP, 2020



Sources: Migration Data Portal [except for Kosovo: Silviu Kondan (2020), using the following source World Bank, "Migration and Remittances Data: Annual Remittances Data"]

Migration is a **significant socio-economic reality** by being a crucial livelihood strategy for many and plays a key role in addressing the problems of unemployment and as an **important source of income through the remittances**. The economies of these regions are indeed largely supported by the money sent by the diaspora members, keeping consumption afloat and representing a high share of GDP (e.g. 9.7% in Albania, 10.5% in BiH).

Yet, two main aspects tarnish the picture of the migration phenomenon and raise concern for countries in the regions:

- With a low immigration and low birth rates, emigration is one of the most significant factors behind the **depopulation** of these regions, except for Azerbaijan. The departure of a large part of the labor force abroad, especially the young and skilled individuals, has considerably diminished the countries' human resource base. This is where the famous concept of "**brain drain**" comes in.
- The **remittances** and the use of these resources are perceived by some as unsustainable and are mainly **consumption-driven rather than investment-driven**. Even though these considerations call for some nuance since it strongly varies from country to country and since a part of the literature shows the significant impact of remittances on reducing poverty and inequality. Yet, in these regions, remittances

invested in business or profit generating activities [remain very low](#)¹. Moreover, the dependency on this source of income is generally highlighted as a risk, as illustrated by the [drop in remittances](#) faced by countries of origin during the recent crisis².

Driven by these considerations, the countries of these three regions have sought since several years to mitigate the brain drain trend by relying on the potential of diaspora, and remittances, as an agent for development. To this end, they have been examining the best ways to tapping into the potential of their diaspora for a potential gain to the country of origin in the form of economic, social, and human capital. The goal to *turn “brain drain” into “brain gain”*.

How does the diaspora contribute to the development?

Diaspora engagement is multidimensional and many-faceted and can be driven by individuals or families, and through formal or informal networks, with its mobilization assuming various forms of financial and human capital, such as remittances, direct investments, philanthropy, and tourism. Other forms include knowledge transfer through the sharing of learnt skills and ideas, both in social and business circles.

[The Balkan Forum \(2020\)](#).

The diaspora: the new mantra?

Over the last decade, countries in the Western Balkans, Eastern Europe, and South Caucasus have worked on the *migration and development nexus*, in particular from the *diaspora perspective*, by developing strategies and action plans for a number of countries and setting up ministries of diaspora or similar governmental agencies.

As a result of this process of *institutionalization*, national plans for diaspora engagement have been developed and adopted, migrant communities living abroad have been mapped, assistance and incentives for returning migrants have been offered, and innovative diaspora-targeted programs have been implemented to support their engagement³.

All the Western Balkan countries developed a substantial institutional framework related to diaspora by adopting laws and launching a myriad of initiatives and projects. In the [other regions](#), only Azerbaijan and Moldova have a diaspora engagement policy – Armenia has been working on a diaspora engagement policy since 2002 but because of internal politics, it has not yet materialized.

However, government offices responsible for diaspora engagement face *challenges* and, in general, *struggle to produce durable projects* due to several factors, including:

- lack of financial resources
- limited political weight by diaspora-related government offices
- weak institutional experience
- limited communication with the diaspora
- fragile trust in state institutions by diaspora communities
- politicization of policies⁴
- hardly conducive business environment – despite substantial improvements since a few years in some countries⁵

¹ As an example for the Western Balkan region, this figure varies from 2.9% in Serbia to 3.6% in Bosnia and Herzegovina and 4-8% in Kosovo.

² It is difficult to already have the necessary distance, but it should be noted that, as part of the COVID-19 pandemic, the remittance flows have defied all the predictions by remaining rather strong and resilient. [World Bank, [press release](#), May 2021]

³ A quite comprehensive mapping of diaspora-related institutions and main projects for the Western Balkan region may be found in a report developed by the [Balkan Forum](#) following the inter-diaspora roundtable “Looking up: discussion on the Balkan region”, held in Berlin in February 2020. For Eastern Europe and South Caucasus, a similar mapping was developed by the European Union Global Diaspora Facility (EUDiF) in a [Fact Sheet Dossier](#).

⁴ As highlighted by the [EUDiF](#), « there is a risk of diaspora engagement policies and programs being politicised. This challenge is closely linked to the issues of trust »

⁵ [The Balkan Forum \(2020\)](#); [Krasteva & al. \(2018\)](#); learning from Helvetas-implemented in-country projects.

Most institutionalized actions and programs have been supported – or often led – by large international organizations, such as the International Organization for Migration (IOM), International Centre for Migration Policy Development (ICMPD), United States Agency for International Development (USAID), the UN Development Program (UNDP), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). All these organizations provide policy guidance, develop resources and processes for government bodies, fund biggest parts of the budgets, and support the logistical implementation of diaspora-related projects.

International organizations have hence had a particularly large [operational and financial role](#). This heavy *reliance on donor funding* represents a serious challenge and is perceived by many as a lack of prioritization of diaspora engagement by the respective governments – despite the consensus on the instrumental role of diaspora in various facets of development in the region.

In the Western Balkans, these projects are generally designed in a similar approach with three or four pillars and may be presented as follows:

- *At policy level*, by supporting the respective government and their diaspora-related offices (e.g. Ministry) to develop and strengthen their policy and strategic framework related to diaspora in order to build a conducive environment for diaspora's engagement. It also aims to build capacities of staff and institutions to work and engage with diaspora members and organizations (including by doing diaspora mapping, collecting data and network with diaspora communities)
- *At local level*, by supporting cities and municipalities to align their development strategies with national diaspora frameworks, provide services to diaspora and foster initiatives to attract diaspora investment. Driven by the fact that the impact of development of diaspora engagement is firstly felt at the local level (e.g. labour market, business creation, integration), most projects also target the local level and the direct link of diaspora to their hometown
- *Targeting more directly the diaspora and the domestic private sector*, by supporting joint engagement through a number of activities such as know-how and skills transfer from diaspora members to private sector, financial investments for business and creation of jobs (often known as diaspora direct investment [DDI]), the networking of these actors through face-to-face forums and online platforms to connect diaspora communities with local public and private actors and businesses and serve as investment-boosting tool. These structures and events have proliferated in recent years, from a formal structure managed by government/ chambers of commerce and industry with the support of international organizations to very informal frameworks, (e.g. [Interactive BiH Diaspora Portal](#), [ConnectAlbania](#), [Kosovodiaspora.org](#), [Georgian Diaspora Website](#), [Moldovan Diaspora Engagement Hub](#), The Business Atlas of Serbia and the Diaspora, facebook groups, etc.)

In Eastern Europe and South Caucasus, efforts have also been focusing on these pillars, but the general approach seem to give more emphasis on *return and repatriation* since most countries consider reintegration as high priority and have established special repatriation programs with initiatives targeting co-ethnic living in other countries. These programs aim at attracting citizens and non-citizens with ethnic, cultural, and/or historical ties to resettle voluntarily in the country of their origin.

Although the design of all these projects seems very promising on paper, notably with respect to the multi-stakeholder and multi-level approaches promoted, the innovative instruments tested and the strong willingness to connect people – as a key way to foster

diaspora engagement –, most of them seem to have produced *mixed results* according to several analysis and sources. This is especially the case for activities at policy level, which can be explained by *the factors raised above* (e.g., lack of priority and resources, weak experience, limited trust) but, above all, by *structural challenges* which go beyond the scope of these migration and diaspora-related projects (e.g., governance systems, key context-specific bottlenecks related to the business environment and the situation on the labor market). Regarding the other types of activities, the project-based logical and the functioning depending on external resources may also be seen as an obstacle in terms of sustainability.

Nevertheless, it is highly difficult to assess the impact of these projects on diaspora engagement since all these projects are quite recent (phase I or phase II) and, therefore, it is not possible to have the hindsight necessary. Due to the myriad of initiatives and actors involved, this is also very challenging to have a comprehensive and solid overview.

The impact on development by diaspora engagement can only be measured in the medium and long term. What, instead, is both certain and outstanding is the striking dynamism and creativity of diaspora across these regions, including the numerous – and less visible – initiatives undertaken by many diaspora members and local populations.

Migration & Development good practices and lessons learned from the regions

With the view to sharing experiences and enriching the reflection in order to stimulate the identification of entry-points – seen as one of the major challenges by existing Helvetas-implemented projects in the Western Balkans – this learning brief provides, in a non-comprehensive manner and mainly from an institutional perspective, several good practices and lessons learned from initiatives developed in the area of diaspora engagement:

Several projects, in particular in the Western Balkans, have implemented innovative M&D instruments in terms of know-how and skills transfers which tackle directly specific development issues matched with specific diaspora resources. This Transfer of Knowledge (ToK) instruments from diaspora members/ diaspora businesses to private or public sector may take multiple forms: specialized trainings, industrial mentoring, professional advice, peer-to-peer exchange, networking events, etc. These initiatives go from simple low-cost initiatives (e.g., video, telephone) to higher-budget options arranging longer-term job placements. These interventions have a wide potential as they bring cutting edge know-how to the economy making local businesses competitive on the international markets and is also linked to the creation of new jobs.

A few projects directly target the start-ups in the regions since they represent the most dynamic part of the economy, produce synergistic effect with other initiatives and have already strong existing links with the diaspora (e.g., former diaspora member, relatives):

- The EU for Innovation project, implemented by GIZ, has developed mentor agreements with entrepreneurs from the Albanian Diaspora who agreed to support some of the most promising local start-ups through regular mentor sessions and opening their networks to help the start-ups grow. This project is part of the global GIZ Program “[Migration & Diaspora](#)”, also implemented, among other, in Kosovo, Georgia, Serbia and Ukraine.
- The ICMPD Link Up! Serbia II project has implemented mentorship programs delivered by diaspora members and based on different specific topics relevant for internationalization and DACH market access for SMEs in Serbia. For

Transfer of Knowledge (ToK)

ToK and focus on startups

example, one includes business diaspora as mentors with the topic of improving skills and knowledge in export to DACH markets, DACH market standards, diaspora representation, and trade summit participation for SMEs from Serbia. The implementing partners are the Chamber of Commerce and Industry of Serbia and several Serbian regional development agencies.

- The D4startups instrument launched by the [UNDP Diaspora for Development project \(D4D\)](#) firstly gathered 80 IT experts in BiH who participated in basic trainings. Then, 30 participated in a hackaton and developed software solutions for problems faced by domestic companies. As a result of the activities that were implemented, 5 newly established start-up companies continued working on solutions for industrial challenges faced also by global companies and presented by companies from Bosnia and Herzegovina. All teams had diaspora mentors at their disposal – top-notch IT experts that have acquired their experience abroad. These mentors were at the disposal of start-ups for any assistance they needed in relation to technical aspects of their work on solutions as well as all issues related to economic and legal aspects, teamwork, and customer relations.
- According to the external review of this D4D project, this kind of instrument prove the “importance of developing within the country a network of “nodes of excellence” (e.g. business incubators, accelerators, etc) which can in the long-term act as intermediary bodies in the implementation of D4D-type interventions for the development of the BiH start-up ecosystem”. D4D worked with existing business incubators and accelerators in BiH (such as Intera technology park, eMPIRICA)
- Armenian government launched the [NerUzh](#) program with the aim of enriching and diversifying the Armenian start-up ecosystem by promoting the inflow of innovative, capable and scalable tech start-ups from the Armenian diaspora, absorbing and investing on their advancement and growth within the Armenian start-up ecosystem, and lastly, serving as a gateway for deploying and scaling-up impactful Armenian technologies and business models throughout the world markets using the leverage of significant presence and deep connections of Armenia Diaspora in the leading tech hubs of the world
- Most of these ToK to start-ups are supplemented by investment support schemes, to facilitate business investments from diaspora towards domestic businesses.

Incentive Program for remittances

Several countries in these regions have also set up incentive programs for attracting remittances which promote formal channels instead of informal channels. That is the case, for example, in Moldova with the project Para 1+1 which was designed to attract remittances into the economy through the mobilization of migrants’ savings, stimulating Small and Medium Enterprises development, and supporting job creation, especially at the local level. Every Leu invested from remittances is matched with a Leu from PARE.

Blockchain-based diaspora remittances

The City of Nis in Serbia, UNDP Serbia and other local partners designed this [project](#) to test how this type of advanced technology can be of use to the government, while making the financial transfer cheaper, more transparent and tailored to citizen’s needs. The National Bank of Serbia fully endorsed the test since the Bank has been planning to also test and potentially induce blockchain technologies for diaspora remittances.

Role of facilitator

Since one of the biggest challenges regarding diaspora engagement lies in matching diaspora resources and local needs, as raised by several Helvetas-implemented projects in the WB region, several initiatives developed the use of a “facilitator” that follows-up

and promotes the matching – these facilitators often complete the role of more formal mechanisms such as platforms. An increasing business is currently developed to build facilitators and improve connections. For example, the consulting firm Restart in BiH is playing a key role in connecting the Bosnian diaspora and foreign investors to investment opportunities and talent pools in BiH.

Local level

Most projects working at local level seem to have provided quite successful results and significant systemic impacts. It may be explained by the fact that “local investment opportunities avoid the bureaucracy and ethnic polarization endemic at the national level”. It may be completed by the higher trust in local communities by diaspora members in comparison with the government level and the historic links between both parts. According to the D4D project evaluation, “local governments realize now that there is mutual benefit to be produced for the LG and the diaspora and their M&D approaches need to center on that. They no longer view the diaspora as “lost population” which needs to be “allured” into coming back to the homeland, neither as “money-bags” that will fund local needs only based on their emotional attachment”.

Engaging migrants for sustainable local development

The [UNDP Mainstreaming Migration into Local Development Project](#) (MiDL, phase I and II) in Moldova has been seeking to assist communities affected by migration to benefit from improved essential local services (namely water and sanitation, health, social and education services), and have access to income-generating opportunities (employment reintegration and business development support). One of the outputs was to identify, connect and effectively engage migrants in the inclusive and sustainable development of their native localities. To that end, activities merged to produce a nationwide trend of creation and institutionalization of local Diaspora organizations – Home Town Associations (HTAs) – a recipe for success through which migrants can engage in various activities, economic and social projects, and productive investments contributing to making a difference in their localities of origin. This concept of HTA appears promising, notably in terms of sustainability and relevance, since many additional municipalities have created HTAs without project support, demonstrating the appeal of the concept and the ability to replicate this development model.

Consider the government’s role as an enabler actor

Due to the challenges raised above regarding initiatives at policy and government level, experts suggest rethinking government’s role and promoting an enabler actor rather as a driving actor.

Ways forward: the appetite exists, the demand exists, so how can we make it happen?

Even though a wide consensus exists on the utmost importance of diaspora in the development of Eastern Europe, South Caucasus, and the Western Balkans, there is no doubt that the potential is largely underutilized despite a strong willingness to engage and mobilize. There is still a kind of *mismatch*.

Yet, it is striking how little consideration has been paid in the literature regarding diaspora engagement to the challenges and obstacles faced in mobilizing diaspora to development initiatives. It appears instrumental to ask questions about the relevance, the sustainability, the ownership, and the impact of these initiatives. This Learning Brief attempted to promote an objective approach by highlighting the good practices and some promising initiatives, but also the numerous challenges related to diaspora engagement.

Firstly, as mentioned above, it is important to bear in mind that the countries of these three regions have been addressing these issues in the past ten or fifteen years and *this whole process is quite recent*. Like all development processes, the progress can only be measured at least in the medium run. Moreover, it is fundamental *not to consider*

diaspora engagement in an isolated manner and, above all, *as the silver bullet* of development, since their impact faces structural challenges which go beyond the scope of these migration and diaspora-related initiatives. All these initiatives should be considered as part of a *systemic change approach* as promoted by RECONOMY.

Then, it also appears important to foster *regional cooperation* and promote *cross-regional approaches* to improve diaspora engagement both at country and regional levels.

In addition, as also raised above, the current dynamism illustrated by the multiplicity of initiatives, from very modest to more advanced, is a terrific pool of experiences, ideas, and good practices that are just waiting to be capitalized, connected, tested, and possibly upscaled. Yet, all progress on these issues requires to improve the understanding of the *mutual benefit* and move out from the dynamic relying on what the diaspora has to offer, and not vice versa.