

DEVELOPING THE DIASPORA

Asian Development Bank

A. BACKGROUND

A key issue that should be considered in the High-Level Dialogue scheduled to take place during the sixty-first session of the General Assembly in 2006 is the challenge of better using diasporas to contribute to development thinking and financing. Developing nations have long worried about the economic impact of losing their best and brightest people to the opportunities presented in richer countries. This “brain drain” does affect economies. But increasingly the effect is positive, and the new focus is on “brain gain.”

Instead of worrying about the outflow of workers, Governments in developing countries should be looking for ways to help talented and ambitious people make the most of their skills—both at home and abroad.

The monetary contribution of overseas workers to economic development and poverty reduction in their home countries is clear. In 2002, official remittances by such workers totaled \$88 billion. Unofficial flows were perhaps as much again. These figures dwarf flows of official development assistance.

But these workers send home much more than cash. The distinctive contribution by technical and professional workers to their homelands should also be recognized.

The stunning growth of India’s software industry is a strong example. The industry has created 400,000 new software jobs in India and it exported over \$6 billion worth of goods and services in 2002. There are many reasons for this success including favorable telecommunications policies and a skilled, affordable workforce.

The role of India’s diaspora has also been critical. Nineteen of the top 20 Indian software businesses were founded by or are managed by professionals from the Indian diaspora. The industry relies for new ideas, new technologies and new markets on diaspora-led professional organizations in India and abroad, and diaspora-led subsidiaries in key markets such as the United States.

The technology sectors in Taiwan Province of China, the Republic of Korea and People’s Republic of China (PRC) have also expanded rapidly, relying in large part on diaspora professionals from the United States.

This pool of talent living overseas is playing an increasing role in developing business opportunities and public services in a large number of countries. Filipinos working in the United States, for example, provide professional and financial support for medical services and e-Government in the Philippines. In Afghanistan, many top Government leaders are from the diaspora. A number of web-based, diaspora networks now facilitate commercial investments and public service by members for the benefit of their home country.

At another level, diaspora entrepreneurs and investors can play a critical role in bringing new ideas and ways of doing business to their nations. By sharing new knowledge and fusing it with local customs they can help speed the adoption and acceptance of positive change. As citizens, or at least ethnic cohorts, they can deflect criticism that capitalism is a foreign import.

Despite the many benefits overseas workers and returnees can bring their homelands, there are also challenges. Returnees, for example, may be resented for leaving home in a time of national conflict and

then returning with greater prestige and earning power than those that struggled behind. In Afghanistan, for example, some people call professional returnees “dog washers,” implying that their jobs abroad were more humble than the lofty positions they now hold at home. In Viet Nam, many returnees originate from the south of the country making it awkward to work with some officials from the northern-dominated Government.

B. ADB SUPPORT

To overcome these challenges governments in both developed and developing countries need to work harder to ensure that the benefits derived from the work and contribution of overseas workers and returnees are clear to all parties. Asian Development Bank (ADB) is supporting regional Governments in this regard by carrying out two ongoing studies.

The first builds on the fact that many types of distant, cooperative work are now possible, as demonstrated by numerous international research projects, and by the daily operations of multinational corporations and non-governmental organizations (NGOs). Although expatriate specialists have always had limited links with their originating countries, new technologies make it possible for these links to become systematic, dense, and multiple.

Among the associations for the Asia-Pacific region linking developing member country (DMC) expatriate specialists with their countries are Rebuild-Afghanistan.com,¹ Worldwide Indian Network, the Global Korean Network (Republic of Korea), Brain Gain Network (the Philippines), and The Reverse Brain Drain Project (Thailand).² All of these have the explicit purpose of connecting the expatriates among themselves and with their country of origin, and of promoting the exchange of skills and knowledge. They were all set up in the 1990s, and use the Internet as the main tool for promoting and making visible the networks to potential network members.³ Some have made important contributions to poverty reduction work in their home countries.

All these networks facilitate the transfer of knowledge from highly-skilled expatriate nationals through joint developmental projects with Government agencies, businesses and NGOs in their countries of origin. For example, the Philippines Brain Gain Network has helped create companies in the Philippines, provide consulting services to Filipino corporations, Government agencies, and universities, and helped encourage foreign companies to set up Philippine branches. East-Timor’s ETRA is carrying out research and advocacy to better treat and prevent diseases such as tuberculosis and dengue fever that are endemic, with the greatest risk to the poor. These and other networks may also contribute to regional and global initiatives such as the Convention on Long-Range Transboundary Air Pollution forums on air pollution. While most partnerships to date have linked diasporas with private companies in developing member countries,⁴ there is considerable potential for expanding links with the public sector as well. Although United Nations agencies⁵ have recently expanded partnerships with such networks, ADB’s experience is limited. ADB could partner with such networks to secure world-class expertise appropriate to the cultural context of developing member countries, and to better link what are often *ad hoc*, charitable contributions of diaspora networks with development strategies.

In response to these trends, the goal of the first, ongoing ADB study is increased use of associations of highly skilled expatriate nationals in transfer of knowledge and capacity development, and improved awareness among developing member countries of the benefits of such practices. The purpose is to complete a detailed review of such knowledge transfer experiences in and Afghanistan, People’s Republic of China and the Philippines to promote more extensive applications in these and other developing member countries, and to explore innovative means of using of these networks for knowledge transfer that would otherwise be carried out by non-diaspora consultants under contract. Such knowledge transfers can increase the development impact of remittances, and are valuable in their own right. The studies are all underway, in consultation with the respective diaspora organizations, and will be concluded in 2005.

A second study focuses on enhancing the remittances of overseas Filipino workers. The main objectives are to review the flows of remittances, and to identify constraints in the policy, regulatory and institutional framework that impact these flows. The study will then develop proposals to address the identified problems and constraints with the goal of possibly increasing remittance volumes, facilitating the shift from informal to formal channels, and where applicable, encourage the use of remittance proceeds for sustainable poverty reduction. The final report is going through the formal approval process with the Government of the Philippines, and should shortly be available for public release.

In addition to this ongoing work, ADB is making plans to carry out a follow-up study on remittances that will review remittance flows among Hong Kong SAR, Indonesia, Japan, mainland China, Malaysia, the Philippines and Singapore and identify policy, regulatory and institutional factors that affect these flows. It will make recommendations to encourage greater remittance flows channeled through formal channels.

Although the detailed recommendations of these studies are still being formulated, it is clear that more governments need to follow the lead of China, and the Philippines in providing extensive support to overseas workers. At the same time, these countries should improve the business climate for diaspora investors with improved regulation and stronger moves against corruption. With creative thinking and determination, all sides can benefit.

NOTES

¹See <http://www.rebuild-afghanistan.com>. Accessed 6 October 2004.

²See <http://rbd.nstda.or.th>. Accessed 6 October 2004.

³See Meyer J-B, Kaplan DE & Charum J., "Scientific Nomadism and the New Geopolitics of Knowledge", *International Social Sciences Journal*, No. 168, June 2001; and Jean-Baptiste Meyer and Mercy Brown, "Scientific Diasporas: A New Approach to the Brain Drain" Prepared for the World Conference on Science UNESCO – ICSU Budapest, Hungary, 26 June-1 July 1999, online. Available at <http://www.unesco.org/most/meyer.htm>. Accessed 6 October 2004.

⁴Cf. UNDP (2002). *Capacity for Development: New Solutions To Old Problems*. Sakiko Fukuda-Prr, Carlos Lopes, and Khalid Malik, eds. New York: pp.256-259.

⁵For example, the Ayala Foundation (Philippines-USA) supports, in partnership with the World Bank, the CISCO Networking Academies in Laguna and Cebu.