



USAID AND DIASPORA: PARTNERS IN DEVELOPMENT

As the foreign assistance and development arm of the U.S. Government, the U.S. Agency for International Development (USAID) works to end extreme global poverty and enable resilient, democratic societies to realize their potential.

Diasporas represent a vast and diverse community that have not only powered the development of the United States, but also hold the potential for transforming developing countries around the world. Today, more than 62 million Americans—a full fifth of the nation—are first or second generation diasporans. Globally, the number of people living outside their country of origin has almost tripled, from 76 million to 232 million, over the past four and half decades.

Because many diaspora communities retain emotional, financial, and familial ties to their ancestral home, they have far-reaching potential as partners in development for USAID. USAID has engaged diasporas for nearly two decades through a number of programs and partnerships. In early 2016, the Agency surveyed its diaspora-related initiatives, as well as those of the broader development community, to identify trends and new opportunities. This report, prepared by the U.S. Global Development Lab, which serves as the innovation hub within USAID, highlights the continuing importance of diasporas to USAID's work, describes challenges to effective engagement, and offers suggestions to foster greater internal and external collaboration.

What is a diaspora?

Diaspora is a term of self-identification used by a community of people who live outside a shared country of origin or ancestry, but maintain active connections with it.



Diaspora communities are becoming increasingly influential in humanitarian crises and disaster response. They are often the first to help with relief efforts through financial contributions, skilled labor, in-kind support, and advocacy.

DIASPORAS AND DEVELOPMENT

The diaspora community represents a force in today's global and political economy that cannot be overlooked. Diasporans play important economic and social roles in their countries of residence and countries of ancestry. For example, formal global remittances (transfers of money from migrants to relatives in home countries) regularly exceed \$500 billion annually—the second largest capital flow after that of the private sector. In many countries, remittances account for a large proportion of gross domestic product and support foreign currency reserves, consumption, and livelihoods.

Diasporans lead Fortune 500 companies, play influential roles in global investment banks and equity funds, and are well-renowned experts in their fields. Whether growing businesses in India, responding to a disaster in Haiti, or supporting peacebuilding efforts in Liberia, diasporas have a uniquely important role in addressing diplomatic, development and humanitarian challenges abroad.



SHARED DEVELOPMENT INTERESTS

Historically, the development community has focused on remittances as a key source of value in developing countries. More recently, development organizations have looked for additional ways to engage diasporas as a means to achieve more impactful and sustained outcomes. Diaspora skills, knowledge, market access, and familiarity with local culture and language can be deployed in different forms to impact development. And, commitment to their countries of origin or ancestry suggests that diasporas' engagement will likely endure beyond collaboration with USAID or other partners.

By engaging diasporas across these areas, policymakers, development practitioners and private sector companies alike are recognizing not only the economic prowess of diaspora communities, but also their role as important stakeholders and potentially powerful actors in international affairs and foreign assistance.

Donations of time, energy, knowledge and resources reflect the meaningful ties that diaspora from all nations have developed and maintain around the world.

Peace Corps

Channels for diaspora engagement:



Investment

With the rise of social impact investing, the growth of emerging economies, and an increase in venture opportunities in the developing world, diasporans are investing in their country of origin or ancestry.



Entrepreneurship

Many diaspora businesses or entrepreneurs want to invest and operate in their country of origin or ancestry, either to provide an income stream for their families or for their own livelihood.



Philanthropy

Diaspora philanthropy, also known as "collective remittances," is intended for the common good of a group (e.g., infrastructure) and is driven by personal and cultural ties to local communities.



Humanitarian Response

Diasporans play a significant role in pre-crisis, crisis, and post-crisis contexts, fueled by loyalty and solidarity to their country of origin or ancestry. With their linguistic, cultural, environmental, political, and economic links, they are in a unique position to contribute.



Mentorship

Diasporans can transfer knowledge to enterprises, organizations, and individuals in their countries of origin or ancestry. Diaspora mentorship, either in-person or remote, is a way to build networks and share experiences and skills.



Networks and Market Linkages

Diaspora individuals, organizations, and businesses can bring market insights and access to those in their country of origin or ancestry. This can be used to foster two-way business exchange, allowing small businesses to expand from domestic value chains to global export markets.



Tourism and Trade Markets

Diasporans make up a large portion of the tourists visiting developing countries every year. Diasporan tourists often buy nostalgic goods which are typically produced by micro- and small-scale enterprises in their home communities.



Volunteerism

Volunteer organizations offer a vehicle for diaspora members to return to their country of origin or ancestry to perform public service, leveraging their specialized and local knowledge.

DIASPORA ENGAGEMENT AT USAID

USAID works with a range of partners—from nonprofits and humanitarian organizations to corporations, investment firms and foundations—to support diaspora efforts in home countries that align with its development objectives in sectors such as economic growth, health, education, science, technology and innovation, and disaster and crisis response.

The majority of its diaspora initiatives are part of the Agency's economic growth efforts, focused on entrepreneurship, investment, and leveraging diaspora capital. To a lesser extent, additional USAID efforts focus on skill and knowledge transfer.

47% OF USAID'S DIASPORA ENGAGEMENT INITIATIVES FOCUS ON INVESTMENTS TO SUPPORT ECONOMIC GROWTH IN DEVELOPING COUNTRIES.

22% INCLUDE VOLUNTEERISM, BRINGING KNOWLEDGE, SKILLS AND EXPERTISE OF DIASPORAS BACK TO HOME COUNTRIES.

USAID engages with diasporas across various fields:



Entrepreneurship
Diaspora entrepreneurs and innovators are creating economic opportunities that address development challenges in their countries of origin or ancestry.



Investment & Trade
Diaspora investors play a vital role in growing the American economy and boosting emerging and frontier markets through trade, finance and start-up capital.



Expertise & Volunteerism
Diasporas impact their home countries by transferring knowledge and skills, volunteering, and advocating for change.



PARTNERSHIP PROFILE: PROMOTING ECONOMIC GROWTH THROUGH ENTREPRENEURSHIP IN AFRICA

Entrepreneurship is key to economic growth in Africa, from creating new jobs to improving product development and service delivery. The African diaspora is a deeply committed, yet largely untapped, source of entrepreneurial solutions to poverty and economic development on the continent. The African Diaspora Marketplace (ADM)—a partnership originated by USAID, Western Union and George Washington University—supports U.S.-based African diaspora entrepreneurs with innovative and high-impact ideas for businesses in sub-Saharan Africa.

ADM allows African diaspora entrepreneurs to invest in their countries of origin and to contribute to local economic growth. Since 2009, ADM has provided matching expansion capital, business advice, and mentoring to help launch successful businesses. One example is Hello Tractor, a Washington, D.C.-based company focused on solving agricultural challenges in Nigeria. The company's "Smart Tractor" uses a co-sharing platform (for sharing or renting products), allowing farms to rent the tractors through SMS for a low daily fee. This model benefits phone service providers as well as farmers, who spend less time cultivating their fields.

Hello Tractor has the interest of several investors, development organizations, and African governments, and is just one example of innovative diaspora entrepreneurs contributing to long-term economic growth in developing countries.

PARTNERSHIP PROFILE: LEVERAGING DIRECT INVESTMENTS FOR HAITI

Haiti's private sector is crucial to the country's sustainable economic development and vitality. The Haitian economy is primarily driven by small- and medium-sized enterprises (SMEs), which have the potential to be strong engines of economic growth and create thousands of new jobs. However, SMEs have difficulty accessing financing, and are thus limited in their ability to grow. To address this challenge, USAID's Leveraging Effective Application of Direct Investments (LEAD) project attracts investments in Haitian SMEs and amplifies the development impact of remittances.

LEAD provides matching grants as well as technical assistance to both local and diaspora-driven SMEs operating in Haiti. This support specifically aims to strengthen the credit worthiness and financial sustainability of SMEs by increasing their equity base, ability to access bank loans, and to generate employment in the economy. Additionally, LEAD provides information about investment opportunities in Haiti so that diasporans can directly invest in promising enterprises, or offer technical expertise to entrepreneurs.

Working closely with the Haitian diaspora, LEAD will strengthen the capacity of SMEs to engage in best business practices, attract investments, grow businesses, create jobs, and generate income across Haiti.



PARTNERSHIP PROFILE: EMPOWERING PAKISTAN THROUGH IMPROVED HEALTH SERVICES

Pakistan is on a path of increased economic growth and prosperity, but with the fastest growing population in South Asia, the country has made little progress in maternal and child health indicators over several decades. USAID is working in Pakistan to improve women's and children's health by increasing access, availability, and utilization of key health services, as well as by strengthening the health system.

Partnering with the Association of Physicians of Pakistani Descent of North America (APPNA)—an organization that has served as a bridge between Pakistan and its diaspora community in North America for 40 years—USAID is leveraging the skills and expertise of the Pakistani diaspora to support USAID health programs in Pakistan. Through the partnership, USAID provides APPNA with opportunities and logistical support, while APPNA delivers telemedicine and web-based and in-person services to patients in USAID-supported health outlets. APPNA also taps its extensive network in the U.S. to provide and facilitate funding, knowledge, and skills transfer to support joint activities.

Building on the capacity and expertise of these highly-skilled diaspora communities holds enormous potential to further USAID's development goals around the world.



EXPANDING USAID'S DIASPORA ENGAGEMENT

While there is evident and significant value to engaging diaspora communities for USAID and the broader development community, forming effective partnerships remains challenging.

CHALLENGES:

- » **No one-size-fits-all models:** The vast geographic, socioeconomic, and political diversity of diaspora communities makes it difficult to create universal principles and models for engagement. Even within a single diaspora group, individual interests may vary. Some diasporans prioritize development in their countries of origin or ancestry, while others choose to focus on domestic issues in their host country (e.g., those pertaining to immigrants). Likewise, USAID programs around the world find value in different diaspora engagement activities.
- » **Insufficient data and information:** There is limited information on diaspora programs and best practices to inform the initiation or expansion of engagement efforts. As a result, the best way to leverage diaspora strengths and align them with development priorities is still undetermined. The absence of baseline data, monitoring and evaluation frameworks, and an understanding of how activities lead to change means that evidence for the impact of diaspora engagement is largely anecdotal.
- » **Limited capacity and coordination:** A lack of funding, staff capacity, and guidelines for coordinating with diasporas are additional challenges to further embedding diaspora engagement within USAID. Furthermore, diasporas are not often included in the design and management of diaspora-focused initiatives, leading to a lack of ownership, empowerment, and long-term support for activities.

Despite these challenges, there are a number of opportunities to expand upon and deepen USAID's diaspora engagement efforts.

OPPORTUNITIES:

- » **Connect and share lessons learned:** Strengthening linkages and creating platforms would allow for greater collaboration within diaspora and development networks. This improved communication would directly address the need to share best practices and lessons learned around effective diaspora engagement strategies. Greater coordination could also lead to improved matching of diaspora talents and resources with partners' specific needs.
- » **Adequately resource efforts:** Within USAID, additional human and financial support could be provided to programs and offices around the world that are looking to expand their diaspora engagement efforts. This assistance could include conducting mapping exercises to understand diaspora stakeholders' motivations, as well as the creation of diaspora-specific guidance, trainings, and other resources.
- » **Leverage an engaged community:** In coordination with the Office of U.S. Foreign Disaster Assistance (OFDA) and the Center for International Disaster Information (CIDI), crafting a more comprehensive and proactive framework for diaspora engagement in disaster and conflict scenarios could provide significant value to humanitarian relief efforts. Additionally, deeper engagement of diaspora business networks, investment and philanthropy efforts, and facilitating skills transfer could lead to more sustainable development solutions.

The Global Innovation Exchange

A global online marketplace for innovations, funding, insights, resources and conversations, the Exchange is helping to promote greater collaboration to address global challenges. Its diaspora engagement portal (diaspora.globalinnovationexchange.org) provides an online community for those interested in diaspora engagement to share resources and connect on opportunities.



LOOKING AHEAD

Global development actors are increasingly recognizing the value that diaspora populations bring to humanitarian and development efforts, yet diaspora engagement is still an often-overlooked development tool. As global migration trends continue to rise, the role for diasporas in development is likely to grow, and cannot be ignored.

Even within organizations that are active in this domain, such as USAID, there is room to improve efforts. Effective diaspora engagement will need to consider the various models—from remittances to investment to volunteering—for engagement, as well as challenges and opportunities to best leverage this important stakeholder.

A number of actors—including donor institutions, home-country governments, charities, foundations and private companies—have developed diaspora initiatives that provide learning and partnership opportunities. At USAID, we aim to leverage these resources, expertise, and technologies to maximize our impact and deliver results that are sustainable in the long term.

Within the U.S. Global Development Lab, we see diaspora engagement as the next partnership frontier. We invite your collaboration, and encourage diaspora groups and interested organizations to explore ways to partner with us.

Contact diasporas@usaid.gov or visit www.usaid.gov/partnership-opportunities/diaspora-engagement to learn more about partnering with USAID in its diaspora engagement efforts.

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