NATIONAL DEVELOPMENT: CHALLENGES AND OPPORTUNITIES FOR DIASPORA

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Objective of presentation

- Meaning of Diaspora and Development
- Emerging concepts on Diaspora’s role in developing native lands
- View of International Organizations on the topic
- Examples of Africa and Asia
- Case study of Nepali Diaspora
- Achievements and challenges of the Nepali Diaspora
- Opportunities and Challenges for Diaspora
- Summary

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What is Diaspora

- "a group of people who live outside the area in which they had lived for a long time or in which their ancestors lived" – Merriam-Webster Dictionary
- "The dispersion of any people from their original homeland" - Oxford Dictionary
- Three main characteristics:
  - Dispersion
  - Homeland orientation
  - Boundary (identity) maintenance

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Some numbers related to Diaspora

- 215 million people (3% of the population) live outside their land of origin (2013)
- Global remittances is US $500 billion (2012) (World Bank) – outstripped official global aid total
- Major destinations for all – OECD countries
- For Asians – USA, Canada, UK, Australia, Japan
- Middle East and North Africa – France, USA Spain
- Largest supplier nations – India, China, Philippines, Mexico, Egypt, Nigeria, Somalia
- Most educated migrants in OECD countries are from India, UK, Philippines, China and Germany
- In the US, 62 million (20%) of the populations first and second generation diasporas (2012) – largest in any country

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What is Development

- Economic development. “Economic Development...is most commonly described as the creation of jobs and wealth, and the improvement of quality of life. Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic well being of a community.” – IEDC
- Increased businesses and trade
- Increase in investments
- Resulting in higher standard of living
- Social development
- Enhanced economic and social indicators

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Emerging views of international organizations on Diaspora

- Institutions recognizing the catalytic role of Diaspora: UN system, Migration Policy World Bank, Regional Banks, Academia, Investment Banks, International businesses
- Remittance-based Economy vs Sustained Development
- Solid evidence available for diaspora’s role in development – reducing poverty, transferring skills
- Governments have not cashed on the potential of mobilizing the Diaspora
- Donor agencies have ignored the blind-spot for a long time, but have begun to appreciate the opportunity

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Why Diaspora is More Effective

- “Diasporas can and, in many cases, do play an important role in economic development of countries of origin or ancestry. Beyond sending remittances, they can also promote trade and foreign direct investment (FDI), create businesses and spur entrepreneurship and transfer knower and skills.” — Migration Policy Institute
- They know the culture and ground reality
- They have inherent networks inside the native land
- They have emotional reason to give back — some guilt of leaving the country and some altruism to one’s own people
- They have first-hand experience of the social, cultural and infrastructural circumstances in the native land

Source: Caribbean Diaspora in Sc. Tech. and Innovation. CDSTI.org

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Flagship Examples

- Taiwan, Korea, Ireland, Israel, China, India, Mexico, Philippines

Key areas of support:
- Remittance
- Technology transfer
- International business and trade
- Foreign Direct Investment. NRI invested $500 million 1998-2001
- Returning Diaspora - 800,000 in China during 2007-2012
- Creating international network for trade, technology and business
- In 2013, top countries receiving remittances were India, China, Philippines, Mexico and Nepal (in terms of the percentage of GDP)
- Mexico, Mali and Philippines have 10% of their population abroad.

*Eskenn (23.2) not shown

Chinese and Indian Diaspora,
Source: The Economist Nov 19, 2011

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African Diaspora and Economy

- Diaspora from several African countries (e.g., Kenya, Morocco, Tanzania, Nigeria, Uganda, Rwanda, Somalia, Congo Eretria and Burundi) have settled or work in Europe, and North America

- Support Native lands through:

- Africa accounts for 11% of global remittances

- The total remittances were around 65 billion USD in 2013 (African Economic Outlook website 02-28-2014)

- Example: Remittances make up 36% of Lesotho’s GDP. In many other countries, remittances constitute around 10% of their GDP.

Source: Living Legacy Journal

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Nepali Diaspora

- **Economic clout**
  - US/Canada: 300,000 x $60,000 = $18 billion annual GDP (US and Canada GDP/capita = $52,500/yr - 2013)
  - World wide: 3 million x $15,000 = $45 billion annual GDP
  - Nepal GDP 2012 = US$ 19 billion (World Bank)
  - A very high credit potential of the Diaspora members
  - Retirement funds = 300,000 x 75,000 = $225 billion
  - NRN remittances = 26% of Nepal’s GDP (2013)

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Experience of Nepali Diaspora

- Informal support to Nepal by the Diaspora since several decades
- More than 10% of Nepal’s population lives outside Nepal (excluding in India)
- In 2003 the Diaspora formed a global organization – NRNA
- NRNA has made significant technical, investment and philanthropic support to Nepal
- NRNA is pushing for innovative ways to have more leverage for global investments.

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NRNA Successes

- Network of NCCs in 66 countries and growing [my take - World Bank without the money]
- Registered NRNA Association in Nepal – Non-Profit
- Mobilization for collective investment in Hydro-power
- Open University Initiative; Nepal Science Foundation, Nepal Library Foundation
- Large scale philanthropic activities – several charitable programs

Source: NRNA Website. New NRNA President Mr. Shesh Ghale and others (above) and NRNA blood donation program (below).

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Challenges for NRNA

- Problems of migrant workers still rampant – 400 died in Qatar only since 2011
- Open University Initiative still languishing in bureaucratic and political labyrinth
- Investments have only a limited impact
- High expectation of Nepalis of NRNA vs limited product delivery of NRNA
- Limited entry of professionals and academics in the organizational leadership
- Problems in financial sustainability of the secretariat

Dr. Pramod Dhakal of NRNA Presenting OUN project. Kathmandu Sep 2011. Nepali workers in the Gulf (above)
Challenges and Opportunities for Diaspora Generally

- Effective role for Diaspora in foreign policy recognized by advanced countries
- In China alone, in 2012, more than 272,000 students who studied outside have returned.
- Considered diplomatic bridge
- Leverage them as assets by both sides
- New market creation – investments in rich countries
- E.g. African themselves are largest donors to Africa
- Governments too slow to mobilize diaspora – ministries for diaspora needed

70% of MBA grads abroad wish to return to Africa. 35% wish to start their own business

Source: JACANA Partners website

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Examples of best practices and Innovation

- India’s Ministry of Overseas Indian Affairs (MOIA)
- Ministry of Malians Abroad
- Institute for Mexicans Abroad (IME)
- Non-resident Nepalis Association (NRNA)
- Overseas Workers Welfare Administration (OWWA) – Philippines
- Ministry of Expatriate Affairs, Yemen
- Foundation for Moroccans Residing Abroad

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Some Recommendations

- Diaspora Associations to be strengthened, and made sustainable to help the Diaspora in development
- Home countries to establish research and mobilization services for Diaspora
- Host countries to take due note on the value of Diaspora in their midst
- Win-win programs to be developed where sentiments, emotions, intimate knowledge of the home turf and need for development converge
- Sometimes it is just connecting the dots to get a better picture
- Economic Diplomacy
- Approaching donors to promote Diaspora’s involvement in native countries as consultants
- TOKTEN revival?
- Establishing institutions and Foundations in country and abroad for Diaspora welfare
- Example: Gorkha welfare council in India
- Self-sustaining organizations
- Councils that can promote and support the Diasporas
- Native governments and societies aware of the opportunities with the Diaspora to be explored.

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Conclusions

- Diaspora’s role is being increasingly recognized
- Large and organized Diaspora can help uplift native lands. In India, the Diaspora FDI 1998-2001 was $500 million
- Potential underutilized so far by all countries
- Need to think beyond remittance
- Nepal’s example has mixed successes/failsures
- Diasporas posses inherent advantages as development catalysts for native lands
- They are also important resources for adopted countries
- They can help in diplomacy, business and investment for both sides

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Thank you.

Questions and Discussions

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NRNA Open University Delegation meeting with Nepali PM Dr. Bhattarai in Kathmandu, October 2011