

An  X  publication

# BENCHMARK REPORT: DIASPORA INVESTMENT PRACTICES

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## Ingredients for success

- Coordinated and committed institutional approach.
- Space for initiatives by non-governmental players provided.
- Trust is built through transparency.
- Recognition of diaspora's role in development.
- Investment integrated as a part of a wider diaspora engagement process.
- Clear investment offering.
- Resources and marketing budgets set aside.
- Appropriate communication channels adopted to fit the diaspora segment in question.

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## ACRONYMS

<b>ADBC</b>	Albanian Diaspora Business Chamber
<b>AfDB</b>	African Development Bank
<b>BPM</b>	Business Process Management
<b>AMDIE</b>	Agence Marocaine de Développement des Investissement et de l'Exportation
<b>CEO</b>	Chief Executive Officer
<b>CGEM</b>	General Confederation of Enterprises in Morocco
<b>DDF</b>	Diaspora Development Fund
<b>DDI</b>	Diaspora Direct Investment
<b>DEED</b>	Diaspora Engagement in Economic Development
<b>DMAG</b>	Developing Markets Associates Global
<b>EDTF</b>	Ethiopia Diaspora Trust Fund
<b>EUDiF</b>	European Union Global Diaspora Facility
<b>FDI</b>	Foreign Direct Investment
<b>FINCOM</b>	Moroccan Forum of International Competencies Abroad
<b>GAFI</b>	General Authority for Investments and Free Zones
<b>GDD</b>	Gambia Diaspora Directorate
<b>GIEPA</b>	Gambia Investment and Export Promotion Agency
<b>GIPC</b>	Ghana Investment Promotion Centre
<b>HNI</b>	High Net Worth Individual
<b>ICMPD</b>	International Centre for Migration Policy Development
<b>IDA</b>	Irish Diaspora Agency
<b>IDA</b>	Investment Development Agency
<b>IIT</b>	Indian Institute of Technology
<b>IOM</b>	Organisation for Migration
<b>IPA</b>	Investment Promotion Agency
<b>IT</b>	Information Technology
<b>ITRS</b>	International transaction reporting services
<b>JRC</b>	Joint Research Centre
<b>KIESA</b>	Kosovo Investment and Enterprise Support Agency
<b>KPI</b>	Key Performance Indicator
<b>M&amp;E</b>	Monitoring & evaluation
<b>MAD</b>	Moroccan Dirham
<b>MDM</b>	Morocains du Monde
<b>MRE</b>	Moroccans Residing Abroad
<b>MSDG</b>	Migration and Sustainable Development in the Gambia
<b>NGO</b>	Non-governmental organisation
<b>NRN</b>	Non-resident Nepalis
<b>NRNA</b>	Non-resident Nepali Association
<b>NRNIL</b>	Non-resident Nepali Infrastructure and Development Limited
<b>ODI</b>	Overseas Development Institute
<b>PR</b>	Public Relations

<b>R&amp;D</b>	Research & Development
<b>SIPA</b>	The Indus Entrepreneur
<b>UNDP</b>	United Nations Development Programme
<b>USA</b>	United States of America
<b>USD</b>	United States Dollar

# 1. Introduction and background

This benchmark report was produced within an EUDiF “[Capacity Development Lab](#)” action with the objective of enriching the knowledge of the [General Authority for Investments and Free Zone](#) (GAFI) on existing diaspora investment initiatives. The action is led by GAFI and is in partnership with [ANIMA Investment Network](#), a network for economic cooperation between Europe, Middle East and Africa. Under the action, EUDiF provides technical support to GAFI to enhance governmental capacity to attract diaspora investment into Egypt. The report was edited from its original form to be suitable to a larger audience of investment promotion agencies (IPAs) and public institutions working on attracting diaspora direct investment (DDI), inside and outside of Egypt.

**Across the globe there have been many different approaches aimed at mobilising the diaspora to invest in their country of origin.** With a focus on DDI from multiple approaches and contexts, the report displays the practices IPAs in attracting DDI through the examples of **Ireland, Ghana, Kosovo, and The Gambia**. Another section is dedicated to Ireland to highlight public-private partnerships and the positioning of diaspora as investment promoters. The use of investment grants, match-funding and other incentive mechanisms through the case of Morocco are also highlighted. The Nepalese example shows the success factors of a diaspora investment fund which was set up outside of the government. Finally, the report highlights how the diaspora drove direct investment in the case of the Indian diaspora in Silicon Valley. For each of these approaches, an overview of its key features, success factors and challenges are presented.

**It is important to remember that expatriate engagement is a process. It involves building a relationship over time.** DDI is one part of this engagement. There needs to be other policies and frameworks in place to support, communicate and encourage expatriates to participate in homeland development.

Overall, this document should be a useful guide when considering different options for DDI plans.

## 2. Identification of activities

**The focus in this section is on direct diaspora investment mechanisms<sup>1</sup>.** Generally, the discourse around diaspora investment is often broader with a focus on diaspora portfolio investment. This narrows the pool of case studies to look at. This section presents some case studies from different countries, looking mainly at the activities of IPAs and evaluating the pros and cons of these initiatives and lessons.

**These case studies have been identified to display the different approaches that governments and other actors have taken towards encouraging diaspora direct investment drawing on those that are considered to have ingredients for success.**

The definition of a successful diaspora investment initiative varies from one context to another. Traditionally, finance ministries set general investment objectives. Practically, the institution aiming to attract diaspora investment should set specific and achievable objectives at the beginning of the programme. Measures of success can include amounts invested, jobs created and investment frequency. Leon Isaacs gives his take on successful diaspora initiative in one of [EUDiF's expert voice pieces](#).

Across countries there is a lack of data and reporting on the 'success' of different initiatives and the sums invested as a result of different interventions and programmes. As such, these case studies have been sourced based on DMA Global's experience and recommendations from other diaspora investment specialists (including the team from the [Joint Research Centre](#) (JRC) at the EU, a specialist from the [Overseas Development Institute](#) (ODI) and from [The Networking Institute](#)) on successful initiatives. In 2019, DMA Global conducted a comprehensive mapping of diaspora investment initiatives for the [African Development Bank](#) (AfDB), through this process interviewing a large number of people involved in diaspora investment to draw out successes and challenges of different initiatives. Similarly, the JRC and ODI teams are drawing on their experience of looking at hundreds of diaspora investment initiatives for their 2021 study "[Diaspora Finance for Development; from Remittances to Investment](#)".

Understanding peer country experience is an important step when implementing investment activities, particularly concerning lessons learned. It is important to note that this is not an exhaustive list of global activities.

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<sup>1</sup>As per [Balance of Payments Manual 6](#), foreign direct investment is where shareholdings by an investor are >10% and foreign portfolio investment is where shareholdings are <10%. A mapping study on diaspora investment schemes globally conducted for the African Development Bank in 2020, found that much of the focus on diaspora investment globally is on raising diaspora portfolio investment – for example through government securities, bonds, funds, crowdfunding etc.

## 2.1 Diaspora Investment Promotion Agencies (IPAs)

**Many IPAs around the world target their diaspora in promoting foreign investments with a range of activities.** These broadly include:

- Marketing material outlining the incentives for their diaspora to invest;
- Outreach and awareness activities through cooperation with diaspora organisations;
- Networking in host countries through events and social gatherings;
- Meeting with diaspora owned companies in host countries;
- Diaspora organisations to play a key role in investment-promotion fairs in host countries; and
- Involving diaspora members working in large multi-national companies to gain insights into key contacts.

**As well as providing investments, expatriates can provide support to IPAs by facilitating linkages with other investors and helping to build trust.** An investor who is unsure of whether to support an initiative may be more inclined to do so if another investor, rather than a government agency, can vouch for it. There is generally a lack of data across the board on the success of IPAs in attracting investment through the diaspora, something that the IOM “[Contributions and Counting](#)” methodology aims to address<sup>2</sup>.

**This section will present the cases of Ireland, Ghana, Kosovo and Gambia with insights from Albania. These case studies have been chosen as they have IPAs that have dedicated focus on raising diaspora direct investment.** Each has taken different approaches with the success factors drawing out different lessons. This section also includes information on a new programme in Albania to attract diaspora investment launched in December 2020. It is too early to draw lessons from, but interesting to observe its process and approach.

### Ireland – IDA Ireland’s Foreign Direct Investment Agency

*These findings were collected through a peer-to-peer learning session with IDA Ireland that was conducted online with GAFI in October 2022.*

#### *Overview and Key Features*

**Ireland’s Investment Development Agency, [the IDA](#), has been working with the diaspora for decades and has an integrated and imbedded approach to including the diaspora in all of their outreach activities.** The IDA has attracted 1,700 multi-nationals to Ireland in a variety of sectors and has a long history of engaging their diaspora to assist and facilitate this. The IDA does not have a focused diaspora unit or a diaspora strategy; engaging and leveraging the diaspora is incorporated holistically across all outreach activities. The IDA does not offer any special incentives to the diaspora compared with other foreign investors<sup>3</sup>.

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<sup>2</sup> To measure DDI, the report recommends using different sources including enterprise surveys conducted domestically on FDI, international transaction reporting services (ITRS), or data collected at certain national institutions such as tax authorities or IPAs.

<sup>3</sup> IDA provides different kinds of support to foreign investors (including diaspora investors), such as:

1. Financial contribution to investments,



**The IDA has offices overseas (especially across the United States of America) that are focused on attracting new businesses to Ireland to create jobs back home.** They focus on *identifying* proud Irish diaspora and then '*activating*' them to leverage their connection to Ireland. The IDA takes a tailored approach to each relationship to build trust and value members of the diaspora. Depending on the profile of the diaspora in question (e.g. younger demographic or lower management, middle management and senior management), IDA's targeted activities will vary from emails to social events, to private 1-to-1 engagement. IDA's outreach activities are numerous and include breakfasts, dinners, sporting, consular and community events, IDA's own events (sectoral or geographic), access to government ministers and celebrities.

**The IDA is committed to working in close partnership and collaboration with other Irish government departments and agencies (e.g. the Ireland Fund – which is a philanthropic arm), embassies and consulates, and diaspora networks.** Diaspora are engaged with for (1) investment (2) their networks – the introductions they can make, and (3) return to Ireland.

**The IDA focuses on introducing new companies to Ireland rather than on high net individuals (HNIs).** The IDA in the USA suggests a sales navigator from the IDA will spend 3-4 hours a week researching diaspora in specific geographies and sectors, and companies and management may spend 1 day a week engaging at consulate level.

**The IDA has a concise and clear messaging around the benefits of investing in Ireland that have evolved over time.**

### *Success Factors*

- **Relationship approach** - The IDA takes a personalised, creative and committed approach to identifying and using the diaspora to promote investments. They have demonstrated commitment to focusing on the diaspora in terms of resourcing and tailoring messaging and outreach according to the audience.
- **Clear and strong offering & messaging**
  - The IDA has clear messaging, especially in terms of “creating jobs” in Ireland, which may resonate well with the diaspora in supporting their homeland and is perhaps more palatable than purely seeking investment.
  - The IDA has formulated a strong product offering and positioning – qualifying what is it that sets you apart from other investment opportunities (initially cheap, low-tax, English speaking and now tech & clusters, access to European Union etc.).
- **Use of networks and embassies**
  - The IDA has strong and united coordination and partnership with embassies/ambassadors.

- 
2. Research, development and innovation support, including tax incentives and collaborative funding,
  3. Training and upskilling for company staff through training and mentoring,
  4. Operational transformation support, and
  5. Sustainability strengthening (e.g. support to initial assessments, cost coverage of sustainability programmes)

- Coordination between entities (governmental and non-governmental). They are careful to complement one another and work collaboratively and make sure they are not treading on each other's toes.
- **Seniority builds trust** - The IDA places senior people in front of senior people. The IDA is able to mobilise and provide access to senior people. They are focused on making diaspora members feel important and have creative capacity to support this.
- **Presence in country of residence** - The IDA has a physical presence across the USA as this is a key focus market for them. This is also a large diaspora community for them. A presence in the country of residence is key for relationship building.
- **Partnerships** - with consulates and different parts of the government - always looking to work together.

### Challenges

- **Challenges in applying their same approach in countries where the IDA has no physical presence** - The IDA has a number of branches across the USA to focus on outreach activities and building relationships. The IDA is trying to emulate the same activities in Mexico. However, given that they do not have a physical presence in these countries, they have been finding it more challenging.
- **Data collection & profiling** – Despite all of their efforts, the IDA does not report to have a database of diaspora or conduct profiling of who their diaspora is. This is done on a case-by-case basis depending on the sectors, companies, geographies that the IDA is focused on.
- **Monitoring and evaluation** – The IDA has a strong M&E framework and KPIs around the numbers of jobs created. At the moment, there are no KPIs specific to the impact of the diaspora in those investments. Whilst there is no data, anecdotal feedback is very positive.

## Ghana – GIPC Ghana's investment promotion center

### Overview and Key Features

In 2013, the [Ghana Investment Promotion Centre \(GIPC\)](#) was established with the mandate of facilitating investments to encourage economic growth in [Ghana](#)<sup>4</sup>, as well as providing opportunities and increasing job creation in the country<sup>5</sup>.

Within GIPC, there is a **Diaspora Investment Desk (DID)** that was established in 2020. This Desk is specifically dedicated to converting the financial gains from the '[Year of Return, Ghana 2019](#)' into viable business opportunities, thus supporting GIPC's mandate. Ghana's 'Year of Return' was a yearlong programme of activities to encourage members of the Ghanaian diaspora (and more broadly African diaspora) to visit the country to learn and celebrate its history. One of the goals was to bring investments, tourism and trade into Ghana. President Akufo-Addo launched the "Year of Return" in Washington, D.C., in September 2018 for African-Americans, giving fresh impetus to efforts to unite Africans on the continent with their brothers and sisters in the diaspora. The focus was beyond just Ghanaians but aimed at pan-African diaspora and linked to the 400<sup>th</sup> anniversary of slaves landing in the US.

Figure 1: GIPC DID Strategy

Institutional structure	Policy support	Diaspora spotlight	Diaspora resource mobilisation	Diaspora liaison	Diaspora mapping
Actively seek partnerships and collaborations with other stakeholders to set up a structured engagement process for the diaspora	Work to provide expert counsel to the government on its diaspora policy with specific focus on the framework of diaspora engagement and provision of incentives	Highlight the work of key Diaspora personalities who have moved back or invest in Ghana successfully	Organise various investment missions to countries with significant diaspora populations to develop business partnerships and educate diaspora on the	Act as key focal point for Diaspora entrepreneurs and investors looking to invest in Ghana, and match diaspora entrepreneurs with Ghanaian companies and entrepreneurs	Identify specific provinces and regions with concentrations of diaspora and attract them to visit and relocate to Ghana and institutionalise the process of identification

<sup>4</sup> Loksan Harley (2020). Diaspora engagement factsheet: Ghana. EUDiF: Brussels: ICMPD

<sup>5</sup> Activities of GIPC include advising investors on potential investments, identifying initiatives that would be worthy of investment, providing incentives for investments, and providing administrative support to clients. The key incentives are around tax exemption, which aims to increase investors, including expatriates, access to agriculture and energy investment opportunities. The GIPC are also able to provide joint venture services and assist in bilateral treaties regarding investments. Incentives for all investors, not specifically diaspora, include:

- Custom duty exemption for agricultural, and industrial plant, machinery and equipment imported for investment purposes.
- Listed companies enjoy corporate tax of 25% and newly listed companies enjoy 25% corporate tax for the first three years.
- Location Incentives (tax rebate) for manufacturing industries located in the regional capitals.

for diaspora investors and entrepreneurs	various investment venues
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Source: GIPC DID – Diaspora Investment Desk PowerPoint

**The DID is the focal point for the coordination of investments, programmes and activities between the diaspora and Ghana.** See Figure 1 above for the DID’s strategy. The DID at the GIPC is targeting the high net worth individuals (HNIs), business owners and high-profile members of the diaspora for direct investment in Ghana. The DID have published a Diaspora Investor Info Pack for investors which will be available online (through a QR code) and in hard copy at vantage points<sup>6</sup>. The DID is also planning to establish an online portal for diaspora with all information that may be useful and relevant to them – including information on moving back to Ghana, employment opportunities, visa and employment visa issues, student information etc.

**The GIPC have organised global events to encourage and increase investment to Ghana.** In June 2021, in collaboration with the Diaspora Affairs Office of the President, the first Ghana Diaspora Investment Summit was held to attract DDI into the country. Furthermore, in October 2021, the GIPC and UK-Ghana Chamber of Commerce hosted a ‘Diaspora Investment Meeting’ in London to increase DDI to Ghana. The DID has missions in Canada, Germany, USA, France, Belgium and Italy planned and works with the Office of the President and the consulates to arrange these meetings. Attendees are surveyed pre and post events and the data is collected into a database.

### Success Factors

**Although still in its early stages, there have been several factors that are positively supporting the GIPC and the DID for success:**

- **The Year of Return and Beyond the Year of Return created significant momentum with the diaspora (Ghanaian and African) and policymakers, including to invest in the country.** According to the Minister of Tourism, the campaign brought in \$1.9 billion into Ghana’s economy and attracted a number of celebrities<sup>7</sup>. The government said the equivalent amount of media attention and PR - if paid for - would have cost about \$3.5m.
- **Diaspora celebrities also played a key role in the success of the Year of Return by promoting and hosting a range of events in the country.** Naomi Campbell, Idris Elba, Bozoma St John, Boris Kudjoe and others, encouraged a re-connection between the diaspora and Ghana. Diaspora organisations such as the Grow Unite Build Africa (GUBA) Award whose aim is to reward Ghanaians in the UK as well as promote the national interest of Ghana and Africa in the UK, were also influential in the success of the Year of Return. The DID was set up to follow up and capitalise on the interest and support generated through these diaspora engagement activities.
- **Demonstrable political support and motivation from the Ghanaian government regarding diaspora investment promotion.** For example, a Diaspora Affairs Office has been established

<sup>6</sup> The Diaspora Pack is not currently available on the GIPC’s website, but was sent to the author’s on request. The GIPC website has Diaspora Spotlight testimonials available for download.

<sup>7</sup> <https://voyagesafriq.com/2019/12/16/year-of-return-generates-1-9-billion-tourism-minister/>

under the Office of the President. Thus, demonstrating the government's view of the importance of the diaspora.

- **Using in-country roadshows as a way to convene diaspora and showcase investment opportunities.** Using these roadshows as an opportune time to collect data and profile the diaspora.
- **There is strong inter-ministerial coordination and partnerships within the Ghanaian government for the “Year of Return”.** A Steering Committee has been established as well as a WhatsApp group of Ministers and Heads of Departments including: Ministry of Foreign Affairs & Regional Integration, Diaspora Affairs (Office of The President), Registrar General's Department, Ghana Immigration Service, Ghana Tourism Authority, Ghana Free Zones Authority, Ghana Export Promotion Authority, Ghana Missions Abroad, Ministry of Trade and Industry, Scholarship Secretariat, Ministry of Finance, Ministry of Tourism, Arts and Culture.

Coordination within government is important to the success of diaspora investment because it means there is no duplication of efforts focusing on diaspora investment and that capacity and resources are directed for the intended initiatives. Nevertheless, externally for diaspora, it can become confusing as to which office to go to for various needs as information flows and mandate definition between these institutions are still in need of improvement.

- **The GIPC is not solely focused on diaspora direct investment, but also on supporting the diaspora returning to Ghana or wanting to move to Ghana.** This not only supports the development of the Ghanaian economy with the diaspora bringing crucial funds as well as skills and knowledge from their experiences abroad, it also aims to provide a service to potential returnees and the diaspora through a planned online portal. This demonstrates a two-way relationship in terms of providing services useful to the diaspora, rather than a sentiment of “tapping” them for resources. Skills and knowledge transfer is an important element of a diaspora investment strategy.

### Challenges

Whilst DID can demonstrate some success factors, there have been, and continue to be challenges:

- **In the first instance, DID is still in its infancy as it was only established at the beginning of COVID-19, meaning that there are limited results to be analysed.** There is also a significant lack of data to show the success of interventions. The DID is currently undergoing a review of the GIPC forms so that they can monitor investments made by the diaspora. Currently, this is not possible, which is considered a significant weakness undermining their work and the ability to be able to evaluate the programme.
- **The DID at GIPC has also been hindered by a slow and bureaucratic policy environment.** A diaspora engagement policy has yet to be ratified despite being in motion for seven years. Therefore, a specific diaspora related incentive framework has not been created.
- **There is also a need for detailed diaspora mapping.** The DID at GIPC suffers due to lack of data, profiling and/or a database on potential diaspora investors. The DID have raised this as an area of key focus ahead of planned events in 2022. They intend to put in place a strategic approach to profiling and mapping around their planned events.
- **The final significant challenge impacting the DID at the GIPC is that communication channels are limited** to events in host countries, events in Ghana and social media.

### *Overview and Key Features*

The [Kosovo Investment and Enterprise Support Agency \(KIESA\)](#), has been focused on attracting diaspora direct investment for more than a decade with success. Information in this section has been obtained through an interview with the Head of the Investment Promotion Sector from KIESA.

**In 2009 the country, started to focus on building relations with its diaspora with the former Ministry of Diaspora, currently the Ministry of Foreign Affairs and Diaspora, but there was still no dedicated institution dealing with diaspora businesses.** In 2012, the focus turned to diaspora investment with support from the UNDP and IOM through the [DEED programme](#) (Diaspora Engagement in Economic Development) with the Ministry of Foreign Affairs and Diaspora, Ministry of Trade and Industry and KIESA. Through this programme which ended in December 2016, they created business diaspora networks, convincing the diaspora business owners to connect and form a union. This was done through local diaspora NGOs and the embassies and the first network was held in Koln, Germany with 35 business owners in the room. Since then, 17 business diaspora networks have been created in different geographical locations including the USA, Scandinavia, Italy, Austria and Switzerland. The business networks have been registered and established a coordination office in Pristina, validating that they are now fully independent and functioning as one entity, and demonstrates that the joint programme has contributed to establishing concrete and sustainable outcomes.

**Since 2014, KIESA has held information sessions with support from the embassies to the diaspora business networks and used these sessions as opportunities to listen to the needs, opportunities and perspectives of the diaspora business owners.** These sessions also bring Ministers giving the diaspora business owners opportunities to speak directly with the Ministers and vice versa. Through this process, KIESA has built a database of diaspora-owned businesses and surveyed all of those registered. To support these networks and celebrate the diaspora, 24 June was marked as Business Diaspora Day and 500 businesses are invited to Kosovo to an event led by the Prime Minister and with other local businesses, local authorities and NGOs.

**According to KIESA, since focusing on targeting the diaspora, they have had over 350 companies co-investing with the diaspora in Kosovo.** Through these sessions KIESA learned, for example, that many of the diaspora-businesses were in the construction sector and therefore KIESA focused on trying to get these businesses to source or manufacture their inputs and construction materials in Kosovo. KIESA also has a portfolio of companies looking for investment in Kosovo from the diaspora.

**KIESA was also able to offer incentives to diaspora (not different from foreign investors), but to make Kosovo an attractive place to do business.** For example, free space in certain economic zones, tax-free machinery and raw materials, free customs channels, credit guarantee funds, 10-year tax holidays, providing 200 people 50% wages for a year, free transport and so on. FDI in Kosovo is relatively low and so KIESA is creative and flexible to meet prospective investors' need in making Kosovo an attractive place to invest.



*KIESA speaking at the diaspora business network in Sweden*



*Diaspora business owners visiting businesses in Kosovo.*

### *Success Factors*

- Enthusiasm and commitment from KIESA – a team committed to engaging with the diaspora and enthusiasm for the initiative.
- Establishing diaspora business networks allowed KIESA to identify, profile and communicate with targeted members of the diaspora.
- The government was committed to diaspora investment and has been working recently towards an adequate enabling environment with the creation of the [2012 The Law on Diaspora and Migration](#), the [2013 Strategy on Diaspora and the Action Plan \(2013-2018\)](#), and the [2017 Project Strategy on Diaspora 2019-2023](#). As such KIESA was in a position to be responsive to the needs of the diaspora, offering incentives that made Kosovo an attractive place to invest and worthwhile changing existing business arrangements and practices.
- In addition to the business networks, the government also showed their commitment to the business community through a dedicated day and an annual event and visits from the Ministers.

### *Challenges*

- Generally, KIESA views this initiative as successful, however, stresses that it has required continued commitment and sustainable mechanisms for engaging the diaspora financially consistently.



## Gambia – GIPEA Gambia's Investment and Export Promotion Agency

### *Overview and Key Features*

**In recent years, The Gambia has been active in promoting diaspora investment.** There are different agencies involved in increasing investment into the country.

In the first instance, The [Gambia Investment and Export Promotion Agency \(GIEPA\)](#), established in 2010, has key roles including promoting the exportation of Gambian goods, and formulating investment promotion. GIEPA has established working relationships with the Central Bank of The Gambia, the Ministry of Finance, the [Migration and Sustainable Development in the Gambia](#)<sup>8</sup> (MSDG) Project, and other partners with an aim to facilitate 20 DDI and issued two diaspora bonds. The GIEPA also develops strategies for creating employment and bringing wealth to the country through investments as presented in the [Vison 2020](#).

**The Gambia has also established an [Angel Investors Network \(GAIN\)](#) comprised of both local and diaspora investors to support start-ups in the country.** GAIN is a not-for-profit organisation that was established for bringing seed funding to Gambian businesses. GAIN facilitates the introduction of Gambian entrepreneurs to potential investors through presentations and other mechanisms. It consists of individual angel investors interested in financing privately held companies or ventures typically in an early stage of development. Anecdotally, it has been stated that GAIN brings together between 10 and 15 local and diaspora investors who have committed to providing funding to between 9 and 12 start-ups in The Gambia each year (USD20,000 – USD30,000)<sup>9</sup>.

**In partnership with the Government of Switzerland and GK Partners, MSDG launched in May 2022 a call for grant applications for the “[Diaspora Development Fund](#)” (DDF)<sup>10</sup>, which co-finances social impact projects for The Gambian diaspora organisations** involved in community, civil society, social enterprise and cooperative activities in different parts of the country. DDF was piloted in 2020 with total grants of €74,890, and now grants €275,000 to 55 diaspora-led projects.

**Beyond diaspora investment promotion agencies, a diaspora mentorship programme has been launched.** The Ministry of Foreign Affairs, International Cooperation and Gambians Abroad, through the Diaspora and Migration Directorate in partnership with the International Organisation for Migration (IOM), launched the programme in October 2021. “The aim of this mentorship program is to promote skills and knowledge transfer to government institutions and make the best use of the know-how and enthusiasm of Gambian professionals from the diaspora as valued partners for national development.”<sup>11</sup>

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<sup>8</sup> MSDG is a team of Gambian professionals with extensive experience in every aspect of migration, diaspora, and development. The team is supported by a diverse range of Gambians, based in different parts of the world, acting as ‘project champions’. It is a Technical Cooperation Programme developed and implemented by the Swiss Government and GK Partners, with support from the Government of the Gambia.

<sup>9</sup> Stakeholder information

<sup>10</sup> <https://standard.gm/60-applications-to-the-diaspora-development-fund-from-9-countries-awards-to-be-made-in-august-2022/>

<sup>11</sup> <https://allafrica.com/stories/202110130253.html>



### *Success Factors*

- The MSDG project has taken a structured approach to diaspora investment in The Gambia and supported the government and international stakeholders in advancing diaspora-related initiatives.

### *Challenges*

- There is a lack of information on GIEPA and GAIN, however, the MSDG programme has been focused on improving diaspora engagement and putting in place diaspora investment mechanisms.

Connect Albania – a recent programme for the engagement of the Albanian diaspora in the economic development of Albania.

### *Overview and Key Features*

Through the [Albanian Diaspora National Strategy 2021-2025](#), the government of Albania started to officially recognise the potential of diaspora and encourage their contribution to socio-economic development, with the aim of building a reliable relationship between the two parties. The strategy comes as a continuation of existing efforts, including the [Connect Albania](#) programme.

Created in 2017, this programme is still in its infancy and therefore the success of the campaign and Development Agents will be seen in the coming years. However, it is useful to see some of the innovative approaches that are being taken and the commitment from governments to mobilise their diaspora for investments.

Connect Albania is a recent and ongoing programme that aims to facilitate the engagement of the Albanian Diaspora to home country development. Ambassadors will be Development Agents to attract and boost the potential investment among Albanian and foreign communities. In its first phase, the focus is on the Albanian Diaspora living in Italy, taking into account that the IOM Diaspora Programme in Albania was funded by the Italian Development Cooperation Agency.

The “Connect” idea is based on the central role of the Albanian Diaspora members as Development Agents<sup>12</sup>, who will intermediate and facilitate foreign direct investments to Albania. It is the first programme that will serve directly to potential investments through members of Albanian Diaspora, aiming to create the foundations, experience and best practices to increasingly involve the Albanian Diaspora in the economic development of Albania through facilitating investments.

In addition, Connect Albania has established the [Connect Albania Program Office](#) as a support desk for members of the diaspora, providing relevant legal and sector information to establish new businesses in Albania. It was established under the [Albanian Diaspora Business Chamber](#) (ADBC) in Tirana, to support Development Agents and through them, potential foreign investors and diaspora investors.

Connect Albania is also supported by a branding and PR campaign. The campaign focused on digital and social media channels, targeting Albanian Diaspora in Italy and Italian entrepreneurs interested in investing in Albania, reaching more than 300,000 unique people and driving more than 30,000 visits to [Connect Albania website](#). See the promotional [video](#).

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<sup>12</sup> Albanian diaspora members can apply on the [Connect Albania website](#) to become a diaspora agent if their age is 18+, completed a secondary education at least, and if they have been residents of other countries for at least 5 years. The mechanism compensates development agents with a cash sum of EUR1,000 for every employee in a business they contribute to creating in Albania.



## 2.2 The Diaspora as Investment Promoters

### The case of Ireland

#### *Overview and key features*

In some cases, expatriates respond more favourably to efforts from organisations outside of the government. The case of Ireland and [ConnectIreland](#) with the [Irish Diaspora Agency](#) (IDA) demonstrates that value of the diaspora promoting investment to their home country. ConnectIreland finished in 2017, and there are disputes regarding the number of jobs created through it.

In 2011, Ireland was struggling with the impact of the 2008 financial crisis. Irish philanthropist, Terry Clune, had the idea to call on the Irish diaspora to help support Ireland to recover. He launched ConnectIreland, which was a privately-owned agency set up to crowd-source inward FDI promotion within the Irish diaspora. ConnectIreland became a public-private partnership between ConnectIreland and the Irish government (through the Irish investment promotion agency (the IDA)).

REGISTERED CONNECTORS IN 147 COUNTRIES   CONNECTIRELAND'S RESULTS - 94 INTERNATIONAL COMPANIES   2,822 JOBS (66% OF THOSE I

[ConnectIreland](#)   DOING BUSINESS IN IRELAND   REGISTER   LOG IN

Watch video

RECENTLY ANNOUNCED

**Alien Technology Transfer**  
19 Jobs for Dublin

HELP US CREATE JOBS IN IRELAND. SIMPLY INTRODUCE US TO A CONTACT IN A COMPANY THAT MAY BE CONSIDERING EXPANSION.

ConnectIreland had a clear message: 'we need your help' and started an incentivised referral scheme to generate employment and promote business in Ireland. ConnectIreland asked the Irish diaspora to refer companies that were looking to expand abroad to the IDA. The IDA was then responsible for managing the relationship with the prospective business. There was a financial reward in place for those referrals that resulted in sustainable jobs (after 2-3 years). The reward ran from EUR 1,500 to EUR 3,000 per sustainable job depending on the value of the connection and the timeframe in which the project will come to fruition.

ConnectIreland incentivised the diaspora to introduce potential foreign investors to the idea of investing in Ireland. Through an online referral network, introductions could be made that will lead

to new jobs in Ireland and as a result the person that makes the introduction (connectors) will be financially rewarded after a period of time of the jobs coming to fruition. Both the connector and ConnectIreland were paid from the increased tax revenues.

**There is some disparity between the IDA and ConnectIreland on the number of jobs created and the number of projects completed.** According to ConnectIreland, a total of 95 projects were launched that created more than 1,500 jobs in the first full year of operation (2012). By 2017, ConnectIreland also stated that over 2,200 jobs were created. The IDA on the other hand states that 527 jobs were created in Ireland since 2012<sup>13</sup>.

**It has been argued that Ireland's experience sets the standard:** today's "Global Irish" population is a networked diaspora that champions Irish interests throughout the world and has made critical contributions to Ireland's economic recovery.

### *Success factors*

**Overall, ConnectIreland could be considered a success when bringing in investment to Ireland from the diaspora.** There are a number of contributing factors to the success of the initiative, some unique to Ireland and others that could be emulated by other countries.

- **ConnectIreland was initially funded by philanthropist and HNI Terry Clune, making it a well-resourced programme with a team of 30 people and a solid marketing budget.** Terry Clune was the key driver of the programme and drove the development with strong leadership. The project had a clear and concise message: "Help us create jobs in Ireland. Simply introduce us to a contact in a company that may be considering expansion".
- **Very strong marketing calling on the Irish diaspora.** The team employed the services of actors, sports players and popular celebrities to promote ConnectIreland and encourage the people to leverage their connections to help create jobs in Ireland. The team also had large advertisements at the airport on arrivals, in taxis, at hotels, in magazines, with the aim to be as visible as possible.
- **To attract investors, ConnectIreland offered competitive incentives for both referrers and investors.** A competitive package was devised to provide investors including tax incentives (5% corporate tax) and a skilled work force from national universities. There was also a great deal of commitment from ConnectIreland, which included flexibility and commitment to meet the needs of potential investors, as well as providing after care. For referrers, they were given the ability to advocate for their own regions, which gave a sense of autonomy to people encouraging investment.
- **The ConnectIreland model meant that referrers and investors identified themselves which helped to create an extensive mapping and database of Irish expatriates.** The diaspora used their own networks to refer companies to expand to Ireland and thus the database of diaspora members grew. The referral scheme gave them an incentive to register their details.

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<sup>13</sup><https://www.irishtimes.com/opinion/diaspora-job-creation-initiative-should-be-saved-1.3013515>

### Challenges

- **The key challenge was tensions between ConnectIreland and the Irish Diaspora Agency<sup>14</sup>.** There were accusations of the IDA blocking investment from referrals from connectors who ConnectIreland believed should have been eligible for a reward. Hence, there are disparities in the number of projects funded and jobs created from both ConnectIreland and the IDA. ConnectIreland also did not necessarily agree with the IDA's verification process, which is demonstrated by the difference in published numbers.
- **Interestingly, Albania tried to replicate the experience of Ireland through an IOM project funded by the Italian government called 'Connect Albania'. Until now, the project has focused more on connecting skills transfers rather than financial investments. Connect Albania is a donor funded project with a more limited budget, timeline and commitment from the government.**

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<sup>14</sup> Elena Poliakova & Liesl Riddle & Michael E. Cummings, 2020. "[Diaspora investment promotion via public-private partnerships: Case-study insights and IB research implications from the Succeed in Ireland initiative](#)"

## 2.3 Diaspora Investment Grants and Matched Funding

### The case of Morocco<sup>15</sup>

*These findings were collected through a peer-to-peer learning session with [Department of Moroccans Residing Abroad](#) that was conducted online with GAFI in October 2022.*

#### *Overview and Key Features*

The Moroccan government has been aware of the importance of the diaspora for economic development for a long time. They set up incentive mechanisms to encourage Moroccans Residing Abroad (MREs) to invest.

**The main activities that the Moroccan government is engaged with to encourage diaspora investment are:**

1. Investment incentives for Moroccans living abroad (MDM Invest fund);
2. Use of regional offices in Morocco (Houses of MRE);
3. A website (MRE Invest) – with an interactive map with investment information, incentives and sectors;
4. International cooperation working in countries of residence (in France and Belgium) to reach out to potential investors.
5. Adoption of a new investment charter

**MDM Invest was a set up supported by the state.** For any proposed business superior to or equal to MAD 1 million, with a maximum of MAD 5 million (approximately USD 500,000), the government will contribute a non-refundable 10 percent to the investment. MDM Invest is managed via Tamwilcom through partnerships with other banks and focuses on four sectors – industry, education & training, health and hotels. The entrepreneur must provide at least 25 percent of the total amount, and financing from other sources (bank loans or grants) could total 65 percent of the total investment. MDM Invest has financed over 50 projects for a total value of MAD 450 million.

**In 2020, MDM included a new online platform which was developed to support Moroccans living abroad to start a company in Morocco called Moroccans MRE Invest.** This digital, multi-language platform provides potential business owners with the necessary information on starting a company in Morocco and offers the diaspora the opportunity to be put in contact with relevant government ministries.

**MRE Invest directs entrepreneurs on how to gain the funding and the industries they can propose projects for,** including: health, agri-business, sustainable developments, building materials, and hotels. As well as potential regions, a project database and the administrative process on creating a company in Morocco.

**Within the Department of Moroccans Residing Abroad, there is a division dedicated to supporting diaspora investors by informing and guiding investors of the different sectors;** assisting

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<sup>15</sup> AFFORD (2020). Diaspora engagement factsheet: Morocco. EUDiF: Brussels: ICMPD

entrepreneurs during all stages of the project; identifying partnerships to be established with local stakeholders and encourage investment in different regions. The Department also provides information to prospective investors through regional desks (Houses of MREs) for when people are visiting back home.

**The Department has also launched a partnership with the General Confederation of Enterprises in Morocco (CGEM), which is a private sector chamber of commerce in Morocco.** The diaspora is the 13<sup>th</sup> region of the CGEM, a virtual network, which provides an opportunity for diaspora businesses to meet with and network with Moroccan businesses.

**More recently, the Department of Moroccans Residing Abroad has been involved in joint partnerships with the [French](#) and [Belgian](#)<sup>16</sup> development agencies to promote diaspora investment in France and Belgium respectively.** This has involved outreach and events in France and Belgium to raise awareness about the opportunities in Morocco and to encourage entrepreneurship and investment back home. The Department has worked in collaboration with the embassies, the French and Belgium Chambers of Commerce and with diaspora networks (especially those focused on entrepreneurship) to raise awareness. Seminars, events and trainings have all taken place in different cities around France and Belgium respectively. These partnerships have resulted in the mobilisation of over 20 project holders residing in France, and over 40 projects holders in Belgium.

**The Department of Moroccans Residing Abroad does not focus on diaspora HNIs or large scale investments, but if they come across them then they are forwarded to the Moroccan investment promotion agency AMDIE (L'agence Marocaine de Développement des Investissement et de l'Exportation).** According to the Department, the larger investors do not need the kind of incentives or support that the core diaspora investor needs. The Moroccan approach is more about engaging with the diaspora and building the diaspora relationship with Morocco. The focus is on making remittances more productive and contributing to SME development. The Moroccan IPA focusses on larger investors, and do not differentiate between foreign and diaspora.

### *Success Factors*

- **The Moroccan case study shows the commitment to Moroccans overseas through their website dedicated to expatriate investment. All efforts are coordinated through the Department's dedicated team.**
- **Morocco has had many other initiatives that support diaspora engagement and Moroccans living overseas.** For example, Morocco's FINCOME (Moroccan Forum of International Competencies Abroad) that launched in 2007, aimed to involve Moroccan professionals residing abroad in supporting the economic, social, and cultural development of Morocco in terms of training, research, expertise, consultancy, or investment initiatives of their own.
- **The Department of Moroccans Residing Abroad encouraged the creation of competences-based networks. There have been a number of regional events bringing together Moroccan**

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<sup>16</sup> Read about the [Maghrib Belgium Impluse](#) project in EUDiF's project factsheet.



expatriates to network and support their country of origin in the United States, Canada, Germany and France. Moroccan government representatives also attended the event<sup>17</sup>.

- **Presence in the diasporas' country of residence** – the Department conveys a strong message underlining that you cannot wait for the diaspora to come to you, but have to go out and find them. The Ministry has tried many different approaches, and has been refining them over the years, but this was one of the most recent and recommended approaches.
- **Relying on diaspora networks and consulates** – the Department relies on these networks to identify and reach out to diaspora, they identify different partners on a project by project basis.
- **Coordination and partnerships** – The Department works in close partnership with the GCM, different ministries, Moroccan businesses, embassies, networks etc. They take a sector approach towards programming and identify people within that ecosystem to support and endorse their outreach.
- **Seniority of speakers** – Speakers and invitees should be from senior government levels to make sure the diaspora feel valued.
- **The more communication channels the better** – the Department has tried and uses all communication channels available. They could not share which is the most successful, but insist that all communication channels are valuable for different audiences and that all communication channels should be used (including social media, letters, online events, in-person events, brochures, websites, etc.).
- **Transparency in the messaging** – The key is to be transparent around the risk/benefit ratio and that honesty helps to build trust. The messaging depends on the audience – from high-level economic environment to specific feasibility assessments in specific sectors. The Department is also very clear in terms of the incentives to support the diaspora and the sectors of importance to the government.
- **Streamline processes** – A key lesson learned is the importance of streamlining the process, so that it is easy to do everything from abroad for the diaspora investor.

### Challenges

- **KPIs & data** – For the level of outreach the initial numbers shared are fairly low in terms of the number of businesses they attract (40 businesses supported by MDM Invest) and data was unavailable on the number of loans, guarantees that have been issued. These initiatives have not been running long, but expectations should be managed. For the Department of Moroccans Residing Abroad, diaspora investment initiatives are also part of a broadly diaspora engagement strategy, so the main KPI is not necessarily how much was invested.
- **Challenges in data and profiling** – surveys and profiling of diaspora abroad is notoriously difficult, but the Department takes opportunities to profile diaspora when possible.

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<sup>17</sup> <https://marocainsdumonde.gov.ma/en/press-release-organization-of-the-first-meeting-of-moroccan-competencies-residing-in-asia/>

## 2.4 Diaspora Investment Funds

### The case of Nepal<sup>18</sup>

#### *Overview and key features*

**The Nepalese case study is one of the most successful diaspora investment mechanisms globally.** This case study highlights the importance of a networked diaspora to be able to communicate investment opportunities, and highlights the importance of diaspora investment mechanisms that are well-structured, trusted and attractive to investors (in this case independent from government).

**The “NRN Infrastructure and Development Limited” company (NRNIL) was established in 2012 to pool capital to invest in Nepal’s hydropower sector while also looking at other investment opportunities.** Since its inception, it has invested in hydropower projects like the Dordi Khola Hydropower Project, which was the first commercial investment of the non-resident Nepalis (NRN) in Nepal. Other projects include the Middle Tamor, the Lower Likhu, and the Mathillo Mailung hydropower projects. So far non-resident Nepalis (NRNs) have privately invested Rs 50 billion (USD411 million) in joint ventures<sup>19</sup>. The projects are currently in the process of completion. Incentives for investment include tax exemptions on the capital sum at the time of investment and enabling the repatriation of investments and income.

**The NRN Infrastructure and Development Limited fund was established by members of the Non-resident Nepali Association (NRNA). NRNA is an NGO and network of people with Nepali origin across 85 countries.** The NGO was established in 2003 and has the goal of representing the interests, concerns, and commitments of NRN around the world. There are currently 170,000 members of NRNA around the world. In Nepal, it is not possible to be a dual citizen, and therefore the NRNA allows NRNs to identify themselves as a non-resident. The NRN Card is an identity card issued to a Non-Resident Nepali by the Government of Nepal. NRN card entitles cardholders various benefits which are similar to citizens in social, cultural and economic aspects as listed in the NRN Act and bylaws<sup>20</sup>.

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<sup>18</sup> Dr. Sen, S. (2020). Diaspora engagement factsheet: Nepal. EUDiF: Brussels: ICMPD

<sup>19</sup> <https://english.nepalpress.com/2021/02/28/foreign-employers-taking-rs-400-billion-from-nepal-can-be-stopped-badri-kc/>

<sup>20</sup> Privileges of an NRN Card (<https://nrna.org/faq/>)

1. *Identity of the status of the person as NRN*
2. *Free Visa to enter and stay in Nepal (for persons having citizenship of countries other than SAARC Countries)*
3. *Right to open a bank account in convertible foreign currency*
4. *Eligibility to make investment in convertible foreign currency*
5. *Provision to repatriate proceeds of the investment out of Nepal in convertible Foreign currency if investment made in the same currency*
6. *Purchase and sale of land (area as referred in NRNA bylaws) to limited extent Inheritance of ancestral property and ownership of that property in Nepal*
7. *Tax Exemption on initial capital of investment*
8. *Certificate of Investment Tax Exemption on upto NPR15 Lakhs remittance to close relatives of NRN in one fiscal year for personal expenses*
9. *Tax exemption on the remitted funds via formal banking channel for the Social, Political, Cultural, Religious, Charity, Sports and Disaster Relief Projects*
10. *Rights to establish Industry and Business and enjoy investment facilities as enjoyed by Foreigners*

The NRNA through the NRN card incentivises NRNs to register for the NRN card, which has allowed it to create its large membership and database<sup>21</sup>.

**In early 2021, the NRNA launched another fund worth NPR10 billion fund (USD84 million) to invest in Nepal's infrastructure development<sup>22</sup>.** The NRNA also launched an '[Oxygen Distribution Initiative](#)' in response to the COVID-19 pandemic. The slogan of the initiative was clear: "Send Oxygen to Nepal and Save the Life of Near and Dear Ones". The initiative received positive reactions from NRN, with 4.8 Crore Nepali Rupees raised (USD402,000).

### *Success factors*

- **The fund was established through an independent company that was set up independently from the government of Nepal.** The separation from the government helps to instil trust.
- **The fund can utilise the network of the NRNA for listening and awareness purposes.** The large network, with the same network structure and good representation across the globe, gave the fund access to NRN. The network was already trusted by the Nepali diaspora and efficient communication channels were already established.
- **The investment offering is clear, and the fund has focused on one area of public good – hydropower.** This clear strategic goal and commitment to one sector has allowed them to build expertise in the sector, reducing the risk (due to proven track record) for investors.
- **The NRNIL fund provides investors with transparency.** All investor information is available on their dedicated [website](#) with prospectus, annual reports, updates, and so on. The company also has a clear company structure with transparency around the Board and CEO.
- **NRNA has a strong narrative with its members to contribute to their countries development.** The organisation also plays a strong role in lobbying and solving problems for Members whilst overseas.

### *Challenges*

- The challenge for some countries is that dual citizenship is permitted and therefore there are not as obvious incentives for people to identify themselves as an expatriate when investing in Nepal.

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<sup>21</sup> (Dual nationality is also not permitted in Ethiopia and Indonesia, for example, where the use of Yellow Card or KMILN card respectively are used to identify members of the diaspora. Tracing diaspora investment is often easier in these circumstances.)

<sup>22</sup> <https://english.onlinekhabar.com/nrna-to-establish-rs-10-billion-fund-to-invest-in-infrastructures.html>

### Box 1: [Ethiopia](#)<sup>23</sup> Diaspora Trust Fund

The Ethiopian example provides another example of where separation from the government helped to build trust and credibility from the diaspora.

In 2018, the Ethiopian government wanted to raise funds (donations) from its diaspora and developed the “[Ethiopia Diaspora Trust Fund](#)” (EDTF). Mr Bisrat Aklilu became part of the Advisory Council for the EDTF and was tasked with mobilising the diaspora to contribute to the fund.

Mr Aklilu is a member of the Ethiopian diaspora and has experience in running the UN’s Multi-Partner Trust Fund (MPTF) in UNDP. This experience provided him with credibility and trust in managing financial funds. Mr Aklilu was the face of the initiative, which was therefore endorsed by high-profile credible representatives of the diaspora.

The EDTF was established as a non-profit organisation with the aim of mobilising the Ethiopian diaspora to raise funds for social economic projects in their home country. The Ethiopian diaspora were wary of investments into Ethiopia because of the negative experiences with diaspora bonds, particularly in relation to the [Renaissance Dam](#). Although the government has done efforts to restore trust (e.g. ratification of a diaspora policy, assigning diaspora officers in major embassies), it was important that the main promoter(s) of the EDTF were not from the government.

In early 2019, it was reported that USD 2.3 million has been donated to the EDTF, one year after its launch. Since then, and after opening a call for proposal, EDTF has awarded grants to 20+ projects out of 400 submitted to support different causes including children with special needs, education, sanitation, and water accessibility<sup>24</sup>. It has also launched in 2022 the “EDTF Building Forward” project that dedicated a fund of USD3 million to build four secondary schools in war-affected areas<sup>25</sup>.

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<sup>23</sup> AFFORD (2020). Diaspora engagement factsheet: Ethiopia. EUDiF: Brussels: ICMPD

<sup>24</sup> [https://www.ethiopiastrustfund.org/wp-content/uploads/2020/02/EDTF-Press-Release\\_02.21.2020\\_Addis-Ababa\\_The-Ethiopian-Diaspora-Trust-Fund-EDTF-Awarded-Its-First-Grant.pdf](https://www.ethiopiastrustfund.org/wp-content/uploads/2020/02/EDTF-Press-Release_02.21.2020_Addis-Ababa_The-Ethiopian-Diaspora-Trust-Fund-EDTF-Awarded-Its-First-Grant.pdf)

<sup>25</sup> <https://www.ethiopiastrustfund.org/wp-content/uploads/2022/01/Press-Release-EDTF-Building-Forward-English.pdf>

## 2.5 Diaspora driven direct investment

### The case of Silicon Valley to India<sup>26</sup>

#### *Overview and key features*

**The diaspora can be very influential in directing investment from companies to their home country.** In these cases, the diaspora may not directly invest, but may promote investment back home. A key example of this is the Indian diaspora in the US. Many of the Indian diaspora working in Silicon Valley have been instrumental in developing the IT industry in India by providing knowledge and managerial expertise based on their experience working in the US and getting their businesses to start outsourcing to India.

**Since the 70s and 80s, many of India's IIT (India's top engineering colleges) graduates migrated to Silicon Valley. Indians have since achieved remarkable success in business in the USA, both within existing tech companies and through their own start-ups.** In 2022, 25% of the USA's Silicon Valley start-ups were managed by individuals of Indian origin<sup>27</sup>, even though they only comprise about 1% of the US population<sup>28</sup>. The Indian diaspora are now CEOs of many of India's large tech companies, running companies (such as Parag Agrawal, Sundar Pichai, who heads Google and its parent company Alphabet, Microsoft's Satya Nadella, IBM's Arvind Krishna, and Adobe's Shantanu Narayen), and are the leading non-US born founders of unicorns (90 founders).

**The Indian diaspora created a series of networks and jobs resulting in a boost for India's image<sup>29</sup>.** The Indus Entrepreneur (TiE) and the Silicon Valley Professionals Association (SIPA) provided opportunities for networking and information sharing as well as role models and sources of finance for entrepreneurs. The Indian diaspora recognised that certain IT activities could be outsourced to India drawing on the highly skilled graduates from the IITs and the labour force that spoke English and was willing to work for significantly lower wages. By forming their own networks and mentoring each other, the Indian diaspora also changed the perception of Indian technologists and showed America that they could be CEOs.

**At the start of 2000, many venture capital companies in the US required that start-up companies needed to have a back-end in India as it saved on research and development (R&D) costs,** largely due to lower operational costs. R&D is often undertaken when a company is considering launching new products and services. It was decided that outsourcing for this element needed to be in India, however, local knowledge on the topic was limited, hence the Indian diaspora supporting the development.

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<sup>26</sup> Hodiwala, N. (2020). Diaspora engagement factsheet: India. EUDiF: Brussels: ICMPD

<sup>27</sup> <https://www.hindustantimes.com/india-news/25-silicon-valley-startup-bosses-58-top-notch-global-ceos-of-indian-origin-fm-101662884874688.html>

<sup>28</sup> <https://www.migrationpolicy.org/article/indian-immigrants-united-states-2019#Diaspora>

<sup>29</sup> Pande, A. (2014) "The role of Indian Diaspora in the development of the Indian IT industry".

Large parts of Bangalore's IT cluster progressed towards an expansion stage, in which diaspora networks facilitated investments by providing advisory services by selecting the right firms for business partnerships, mentoring entrepreneurs, and so on. By 2000, 10 of the top 20 most successful software companies in India were managed by former Indian residents in the US. By 2012, 12 of the 20 most successful IT companies in India were founded or co-founded by former Indian residents in the US. The IT & business process management (BPM) industry in India accounts for 55% of the total global outsourcing market.

#### *Success factors*

- **There was a clear industry, and therefore strategic goal, that the diaspora had built up expertise in from their time abroad and could provide support to their country of origin.** This was also an industry that India was beginning to progress in, so there were good foundations for the diaspora to implement their expertise.
- **The Indian diaspora had a strong desire to engage with their home country outside of the government,** thus private-sector intervention was attractive to the diaspora.

### 3. Concluding Remarks

Having evaluated a wealth of information on DDI practices, there are clear takeaways to consider when considering ways to increase expatriate investment.

#### Institutional approach



- Political support and coordination are key. Diaspora engagement and diaspora investment take commitment from across the government and requires inter-ministerial coordination, top-down support, resources, and coordination with overseas missions.
- The government can sometimes play the facilitator and/or the connector, rather than the implementer of everything. It depends on the country, its history etc.

#### Enabling environment



- Diaspora investment is part of a country's engagement with their diaspora. It does not sit independently but is imbedded in the relationship and the offering. The diaspora investing is often one of the later activities in engaging with the diaspora, rather than the first. Devoting efforts to creating an enabling environment for diaspora engagement is a pre-requisite.
- Incentives can play an important role in driving investments and should be communicated clearly and be simple and explicit (including tax, skills, grants and financing, etc.) to attract investors.
- Transparency is important to build trust.
- Diaspora are recognised as integral partners by the government through a committee or board and ambassadors. They may be selected based on their standing in diaspora communities or necessary criteria (business/ influence/ knowledge etc.).

#### Communication and outreach



- Clear investment offering and effective marketing messages and campaigns are necessary. The unique selling proposition and investment offering must be compelling and well communicated.
- Resources and marketing budget should be set aside. Targeting diaspora investors can be challenging and expensive, as they are hard to reach since they are dispersed all over the world. Therefore, effective campaigns, through the right channels, can require large budgets and commitment to identify the right people with the right message.
- There are multiple ways and channels to engage with the diaspora to inform the optimal diaspora investment strategy. For instance, outreach in the diaspora's country of residence is important to proactively meet with the diaspora instead of waiting for them to get in touch with the country of origin. Governments can plan in-person meetings and events in the diaspora's country of residence to raise awareness, convene diaspora and establish trust and relationships. Other channels such as events in the country of origin or social media are also important depending on the target group in question.

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