

# Mobilising Ethiopian Diaspora Capital and Knowledge for Economic Growth and Transformation

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# Inspiring Quotes\*

*“There may be many reasons why the Ethiopian Diaspora are scattered across all regions and corners of the world. However, regardless of the causes and historical origins of their migration, Ethiopians in the Diaspora have the potential to be a positive development force and wealth for the country.*

*The Diaspora can contribute to the country financially and through investment, trade facilitation and knowledge transfer, all of which are essential, but to be sustainable, Ethiopia’s progress and development must also benefit the Ethiopian Diaspora...*

*A prerequisite for the effective engagement with the Diaspora in Ethiopia’s development effort is Diaspora members’ active participation and having a stake in the Country’s development process. Therefore, it is imperative that we design policies and programmes that enable their full participation and secure their benefits”*

*(Meles Zenawi, Former President and Prime Minister of Ethiopia, 2000)*

*(\* Author’s translation from Amharic)*

# Inspiring Quotes\*\*

*“Our belief is that we can address good governance issues effectively and decisively if and only if all sections of the Ethiopian society and its Diaspora stand and fight together”*

*(Hailemariam Desalegn, Prime Minister of Ethiopia, 2012)*

(\*\* Author’s Translation from Amharic)

# Inspiring Quotes

*“ The only collaterals we have for the Israeli Bonds are the children and the future of Israel.....*

*....When you purchase Israeli Bonds you have a stake in every drop of water we pour into our land, in every mile of road built, in every kilowatt of power, in every field, in every factory”*

*(Golda Meir, Former Labour Minister, Foreign Minister and Prime Minister of Israel, 1956)*

\*

*“ When our thousands of Chinese students abroad return, you will see how China will transform itself”*

*(Deng Xiaoping, Former Leader of China, 1979)*

# Structure of Paper and Presentation

1. Introduction and Background
2. Ethiopian Economic Development and Transformation
3. Mapping the Ethiopian Diaspora
4. The Role of the Diaspora
5. Brain Drain – Impacts and Implications
6. Turning Brain Drain to Brain Gain – Opportunities and Challenges:
  - I. Diaspora Development Finance
  - II. Diaspora Knowledge Networks
7. Ethiopian Diaspora Policy and Institutions
8. A Road Map for Mobilising the Diaspora – Recommendations

# Introduction and Background

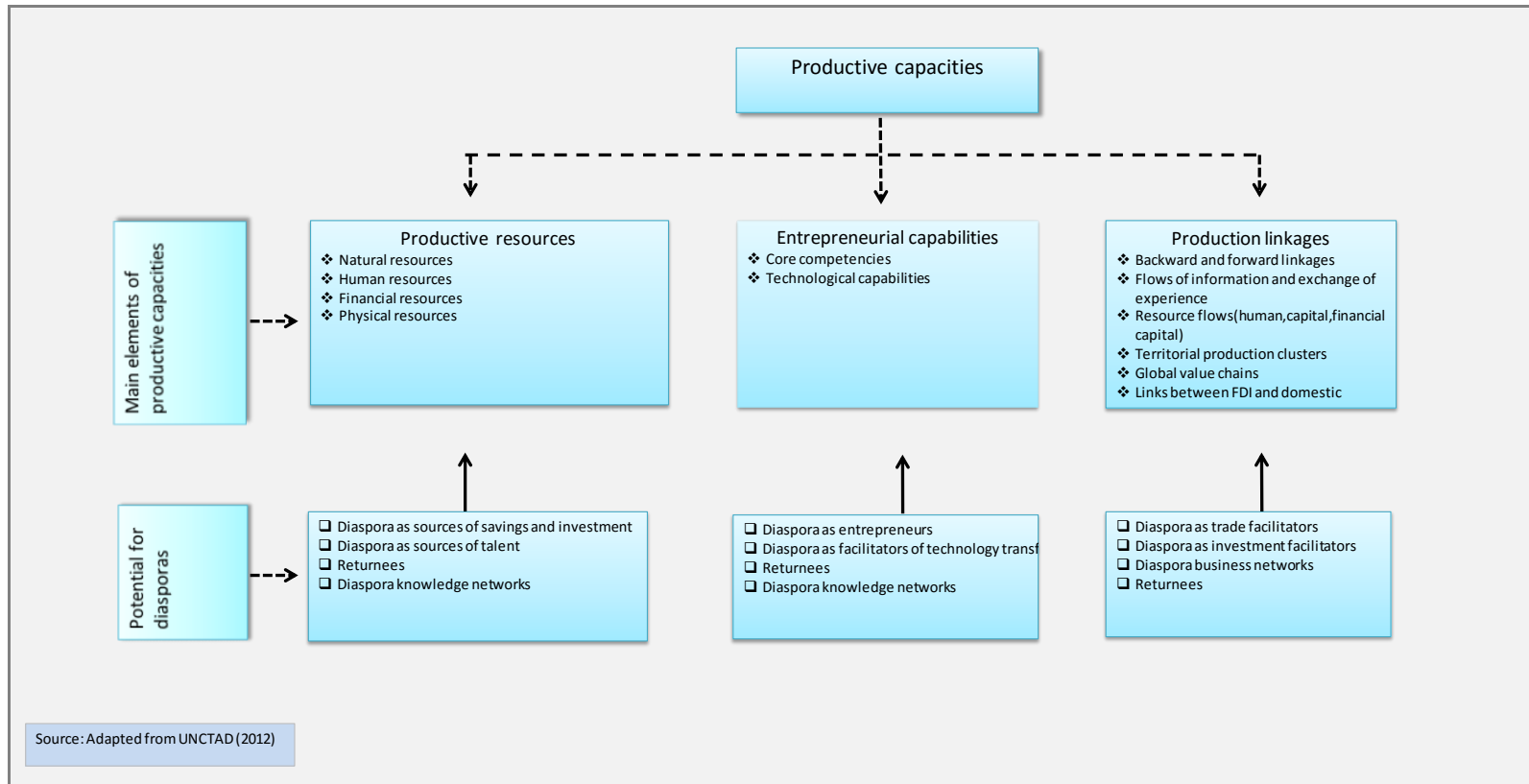
- ▶ The aim of the paper and presentation is to initiate discussion and to facilitate the development of policy regarding the role of Diaspora development finance and knowledge networks in Ethiopia's economic development.
- ▶ Specific objectives are:
  - ❑ To outline current diaspora investment and knowledge networks – potential and initiatives
  - ❑ To identify investment opportunities and challenges
  - ❑ To discuss current Diaspora policy and institutions
  - ❑ To propose a way forward for mobilising and harnessing diaspora investment, knowledge and technology.

# Introduction and Background

- It is focused on the potential role of the Ethiopian knowledge and business diaspora for building productive capacities to accelerate and sustain economic growth.
- It is modelled on a conceptual framework\* for building productive capacities through:
  - ❑ capital accumulation (human, financial, physical and social),
  - ❑ technological transformation (knowledge and technology transfer, and entrepreneurship development), and
  - ❑ structural change (information, networks and global linkages).

(\* Concept adapted from UNCTAD LDCs Report, 2012)

# Introduction and Background...contd.



# Ethiopian's Economic Development and Transformation.

- ▶ Under the Growth and Transformation Plan (GTP) the Ethiopian economy has registered an impressive economic growth, averaging 11% annually between 2004 and 2012.
- ▶ Between 2010/11–2012/13, the economy grew by 10% annually despite significant decline in coffee prices and a sluggish global economic recovery.

# Ethiopian's Economic Development and Transformation....contd.

- ▶ Moreover, according to the IMF:

“the robust growth was achieved whilst maintaining a strong pro-poor focus and making impressive progress in decreasing poverty and inequality. The robust growth was achieved with price stability, where inflation decelerated from 40% in July 2012 to 7% in June 2013, due to prudent macroeconomic management, responsible fiscal stance and tight monetary policy.”

(IMF Executive Board Press Release, 17 October 2013, Author's emphasis).

# Ethiopian's Economic Development and Transformation.....contd.

- ▶ Investment, with an annual average growth of 23.29% between 2001–2010, in particular public investment on infrastructure and social services, is the key driver of Ethiopia's strong economic growth during the last ten years.
- ▶ In view of the uncertainty about foreign aid flows, or attracting significantly more FDI, the role of mobilising domestic resources, including diaspora development finance, is vitally important.

# Ethiopia's Economic Development and Transformation.....contd.

- ▶ Ethiopia has also registered significant progress towards achieving the Millennium Development Goals (MDGs), already on track on six of the eight MDGs and working hard to bring the two on track by the end of 2015 (UNDP MDGs Report on Ethiopia, 2012).
- ▶ Integrating and mainstreaming the MDGs into the GTP has enabled the country to channel resources to key sectors that affect the MDGs goals.
- ▶ The UNDP Human Development Report 2013 has put Ethiopia as the third top mover, having recorded HDI gains of more than two percent annually since 2000 (UNDP HD Report, 2013).

# Mapping the Ethiopian Diaspora

Estimates of the Ethiopian Diaspora\* vary by sources:

- ▶ 1 – 2million Diaspora Members – (FMOFA 2013)
- ▶ Over 2.5 million – (IOM, 2013)
- ▶ Over 3 million – (unsourced/”educated guess”)

(\* Ethiopian Diaspora is defined to include Ethiopian nationals living abroad and all generations of people of Ethiopian origin)

# Mapping the Ethiopian Diaspora...contd.

- ▶ Ethiopian Diaspora by regions:
  - ❑ Over 0.75 million in North America.
  - ❑ Over 0.75 million in the Middle East.
  - ❑ Over 0.5 million in Africa (Sudan, Kenya, South Africa and Djibouti).
  - ❑ Over 0.5 million in Europe.

# Mapping the Diaspora.....contd.

The demographic and socio-economic characteristics of the Ethiopian Diaspora vary depending on the histories of their emigration and geographical locations.

Ethiopian emigrants in OECD countries:

- ▶ 27.15% of the emigrant population in OECD countries in 2005/06 was tertiary (university) level educated as against 23.5% in 2000.
- ▶ The emigration rate of highly-educated people was 14% in 2005/06 as against 10% in 2000, which demonstrates an increasing trend of “brain drain”.

# Mapping the Diaspora....contd.

- ▶ The occupational distributions of the Ethiopian Diaspora in the OECD countries, excluding the USA, in 2000 were:
  - 14% in senior and managerial positions,
  - 24% in professional occupations,
  - 23% in technical and associate professional occupations and
  - 39% in elementary occupations.
- ▶ In the USA, the occupational patterns in 2010 were:
  - 26.6% in management and professional jobs,
  - 30.6% in sale and office,
  - 20.5% in services,
  - 3% in construction and maintenance, and
  - 19.3% in production and transport jobs (USA Census 2000).

# Mapping the Diaspora.....contd.

- ▶ The employment status of Ethiopian emigrants in the OECD countries in 2000 was:
  - 62% employed,
  - 33% economically inactive and
  - 6% unemployed.
- ▶ In the USA, in 2007, the employment rate of Ethiopian immigrants was 76% as against 71% for all immigrants and 71% for USA- born population (American Community Survey, 2007).
- ▶ In terms of income status, the median annual earnings for 16+ aged Ethiopian immigrants in the USA in 2007 was \$24,000 as against \$27,000 for all African black immigrants, \$29,000 for all black immigrants, \$26,000 for all immigrants, or \$32,000 for all USA population.

# Mapping the Diaspora....contd.

- ▶ The educational attainments of Ethiopians in the USA in 2007 were:
  - 18% had 4 year of college education and
  - 11% higher degree, or professional qualifications.
- ▶ In contrast, 10% of all USA population and 11% of all immigrants had higher degree, or professional qualifications (ACS, 2007).
- ▶ There were 1600 Ethiopian Diaspora members with PhD in the USA and Canada, a number higher than the number of teachers with PhD in HE in Ethiopia in 2009.
- ▶ Furthermore, there were 200 professors working outside Ethiopia in 2009 (UNCTAD LDCs Report, 2012).

# Mapping the Diaspora.....contd.

Ethiopian emigrants in Middle Eastern (excluding Israel) countries:

- ▶ In contrast to the migrants to the OECD countries, the vast majority of legal migrants (those whose emigration was officially processed by the FMOLSA) to Middle East are women, where they make up over 90% of all emigrants.
- ▶ The majority of emigrants were aged 20–25, and a significant number aged 16–20 years.

# Mapping the Diaspora...contd.

- ▶ The educational profiles of legal emigrants to the Middle East in 2010/11 were: 50% had elementary, 21% secondary and 11% junior secondary education. 17% had no, or unknown education level.
- ▶ The vast majority of emigrants, 86%, to the Middle East in 2010/11 were single, as against 13% who were married.
- ▶ The labour migrants to the Middle East in 2010/11 came from most regions of Ethiopia: 30% from Addis Ababa, 27% from Amhara, 26% from Oromia, 12% from SNNP and 4% from Tigray regions.

# Mapping the Diaspora...contd.

- ▶ There are 135,000 Ethiopian-Israelis (Ethiopian Jews known as “Bete Israel”) currently living in Israel.
  - ❑ 19% arrived in Israel during 1980–1990 under the “Operation Moses” repatriation programme;
  - ❑ 47% during 1990–1999 under the “Operation Solomon” programme, and
  - ❑ 34% during 2008–2013.
- ▶ Close to 40% of the Ethiopian-Israeli population is under the age of 18 compared with less than one-third for all Jewish Israelis.
- ▶ In 2010, 45% of Ethiopian-Israeli women had no education or no certificate and 12% had post-secondary or academic certificate. The corresponding figures for Ethiopian-Israeli men were 28% and 10%

(Sources: Israel CBS and Myers-JDC– Brookdale Institute, 2012)

# The Role of the Diaspora

- ▶ The Ethiopian Diaspora currently estimated to exceed 2.5 million (IOM Ethiopia, 2013), is poised to make critical contributions to the on-going economic development of the country in a number of sectors:
  - Investment
  - knowledge and technology transfer, and
  - Trade and tourism
- ▶ These are crucial for building productive capacities necessary for economic growth in Ethiopia.

# The Role of the Diaspora....contd.

For example,

- ▶ Remittances flows to Ethiopia in 2010 were \$3.2 billion (World Bank Ethiopian Remittances Survey, 2010),
- ▶ Remittances exceeded all foreign direct investment flows, or all official development assistance !
- ▶ By 2013 over 3000 diaspora members have invested over \$1 billion mainly in the expanding real estate, hotel and tourism sectors (Ethiopian Investment Agency, November 2013).

# The Role of the Diaspora...contd.

- ▶ Ethiopian Diaspora's combined gross annual income\* in 2009 was estimated in 2009 \$40 billion (compared to Ethiopian GDP of \$32 billion in 2009 at official exchange rate – Source IMF 2015).
- ▶ Diaspora's combined annual savings in 2009 was \$7.6.
- ▶ Therefore, the Ethiopian Diaspora has the potential to invest significantly more in the country.

(\* Author's calculation based on World Bank methodology and Ethiopian Diaspora stock estimates of 2.5 million).

# The Role of the Diaspora...contd.

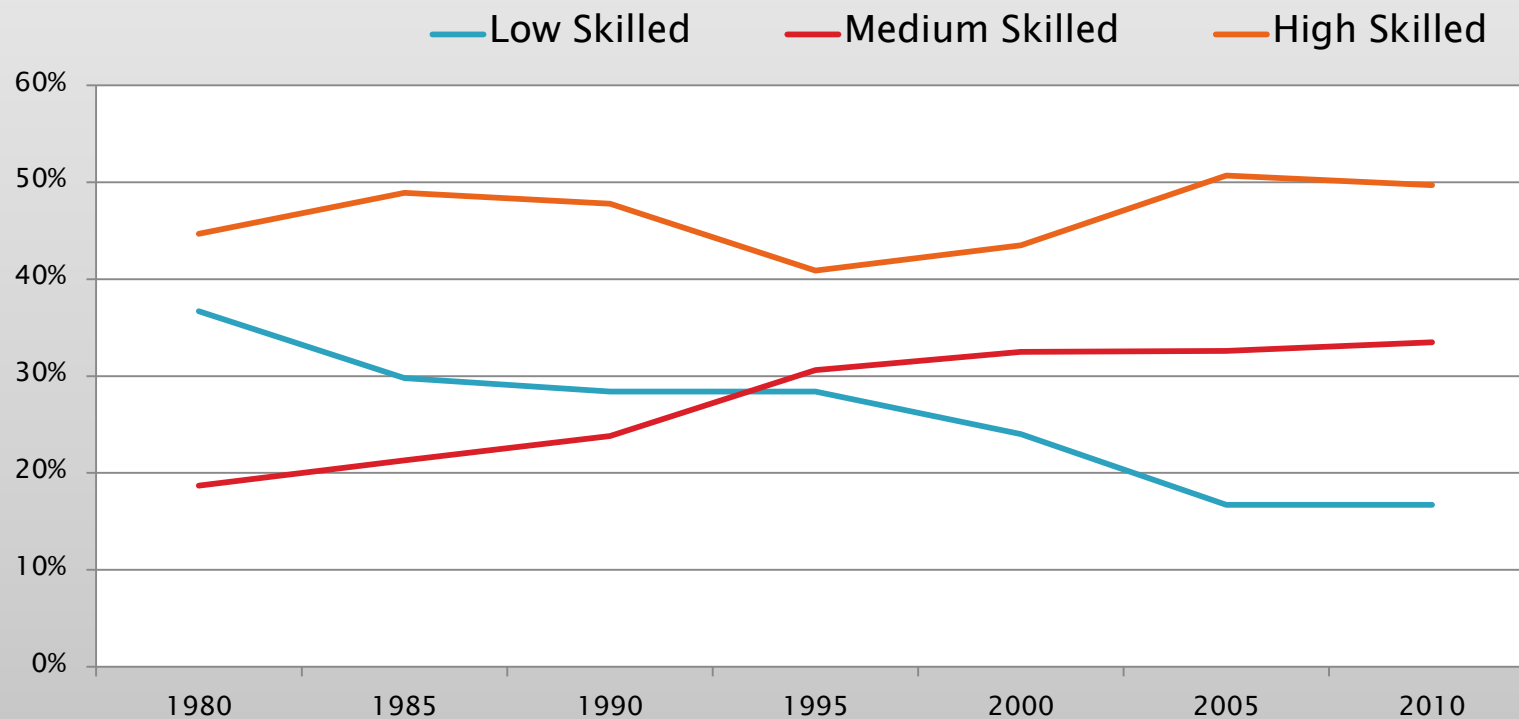
- ▶ The Ethiopian Diaspora can support export trade as importers and promoters of Ethiopian goods and services as well as Ethiopian tourism.
- ▶ The average Ethiopian Diaspora member in the USA purchases Ethiopian “nostalgic” and “ethnic” goods to the value exceeding \$1000 per year (UNCTAD LDCs Report, 2012).

# Brain Drain – Impacts and Implications

## Measures and Indicators:

- ▶ **Emigration Rate**  
(Emigrant population as a % of the whole population)
- ▶ **Skilled Emigration**  
(Emigration of people with tertiary/university level education; entrepreneurs, managers, professionals and people of talent (arts, music, sports etc.)
- ▶ **Skilled Emigration Rate**  
(Skilled emigrants as a % of the skilled population)
- ▶ **Skilled Emigration Selectivity Rate**  
(Skilled emigrants as a % of all emigrants)
- ▶ **“Medical Brain Drain Index”**  
(Emigrant doctors as a % of all doctors at home and abroad)

## Skill Level of Ethiopians Emigrants aged 25 and Over (%) in OECD Countries: 1980 – 2010



Brucker H ., Capuano S. and Marfouk A. 2013

## Brain Drain – Impacts and Implications...contd.

- ▶ In Ethiopia, the emigration rate of highly educated Ethiopian migrants rose from 13.9% to 17% between 1900 and 2000, registering a 22.3% increase (Docquier and Marfouk, 2004).
- ▶ Ethiopian emigration is highly selective because in 2005/06 emigrants to OECD countries with tertiary level education made up 27.1% of all emigrants where as they make up 4% of the total population.
- ▶ In other words skilled emigrants are hugely over represented, six to seven fold, amongst emigrants of all skill levels.
- ▶ Ethiopia stood 7<sup>th</sup>, with more than 50,000 skilled emigrants, in the number of emigrants from LDCs by 2000. Ethiopia was also ranked second, after Liberia, in terms of the number of skilled emigrants from African LDCs.

## Brain Drain – Impacts and Implications...contd.

- ▶ Reducing Ethiopia's stock of human capital, which is one of the fundamental determinants of its long-term economic growth;
- ▶ Implications in terms of fiscal costs and foregone revenue for the country. To train a medical doctor in Ethiopia, over six years, cost between US\$ 14,000 and US\$16,000 in 2006. It cost Ethiopia US\$50,000 to employ an expatriate medical doctor (Berhan Yifru, 2006);
- ▶ Potential brain waste of Ethiopian emigrants in host countries due to underemployment, or not using their skills optimally. For example, 22% of skilled African immigrants in the USA were in unskilled jobs as against 16% for USA-born skilled persons (ACS 2007); and
- ▶ Skilled emigration in Ethiopia has had negative externalities for knowledge institutions, in particular in higher education sector as well as adverse impact on institution-building by depriving the country of potential change leaders and managers.

# Brain Drain – Impacts and Implications...contd.

## Medical Brain Drain in Ethiopia

- ▶ Ethiopia has registered outstanding achievements in the health sector, in particular in lowering the incidence of infant and child mortality, maternal mortality as well as in combating the spread of HIV/Aids. The primary health care system is considered to be amongst the best in the LDCs.
- ▶ However, despite the unprecedented advance in primary health care and the rapid expansion of health workers at mid and lower levels, the health sector in Ethiopia exhibits a severe medical brain drain phenomenon with adverse effects on hospitals in the country.

## Brain Drain – Impacts and Implications...contd.

- ▶ The number of Ethiopian doctors in OECD countries rose from 275 in 1991 to 639 in 2004, a 76.5% increase for the period.
- ▶ The Medical Doctors “Brain Drain Index” rose from 15% in 1991 to 25% in 2004. In 2000, Ethiopia was ranked as the seventh top country for emigration rate of doctors at 25.6 %.
- ▶ Other sources put the number of physicians abroad in 2000 at 553, or 29.7%. The figure for nurses is 1,077, or 16.8% of nurses born in the country (World Bank, 2011; Clemens and Pettersson 2006).
- ▶ It is estimated that around 1000 Ethiopian medical doctors work in the USA, where as the number of physicians working in the country in 2009 was 2,154 (UNCTAD LDCs Report, 2012).
- ▶ A study by Yifru Berhan (M.D., Dean of Hawassa Medical Faculty) estimates that out of 4,629 doctors available to the public sector in Ethiopia between 1987 and 2006, 3697 left for abroad, which is an attrition rate of 80% (Berhan Yifru, 2006).

## Brain Drain – Impacts and Implications...contd.

- ▶ The Government's policy response to the severe medical brain drain problem has been to pursue a policy of rapid expansion of medical enrolment with an annual intake exceeding 3000, the so-called "flooding" strategy, with the explicit aim of overcoming the outflow of medical personnel from the sector.
- ▶ The policy emphasis is not primarily to stem down brain drain, (although retention of doctors is considered important and the Government provides incentives), but to match demand with supply through the rapid expansion of medical enrolment.
- ▶ A strategy that does not address medical brain drain directly faces a number of risks, which include capacity constraints to train the requisite quantity and quality of medical doctors over a short to medium term; and addressing the ever presence of dynamic push and pull factors that continually drive medical brain drain from the health sector in Ethiopia.

## Brain Drain – Impacts and Implications...contd.

### Higher Education Brain Drain in Ethiopia

- ▶ Ethiopia has made a huge stride in expanding higher education with 32 public universities and current undergraduate enrolment close to half a million.
- ▶ The Report, however, points out that the Higher Education sector in Ethiopia has also been adversely impacted by skilled emigration despite registering an impressive growth over the last decade.

## Brain Drain – Impacts and Implications...contd.

- ▶ Currently there are 32 public universities in the country. Undergraduate enrolment grew four fold: from 98,444 in 2003/04 to 491,871 in 2011/12. Women made up 26.7% of the enrolment in 2011/12. 15% of the enrolments were in private institutions (FMOE, 2013)
- ▶ However, postgraduate education is relatively much less developed, where postgraduate (Masters and PhD) enrolment grew from 13,881 in 2010/11 to 25,777 in 2011/12. Women made up 20.1% of postgraduate enrolment in 2011/12.
- ▶ Despite the advance in undergraduate enrolment, higher education is severely affected by brain drain.
- ▶ For example, whilst the number of graduates with bachelor's degree rose from 29,800 in 2007 to 75,300 in 2011, the corresponding figure for post graduates grew much more moderately, from 2,700 to 6,200 (UNCTAD LDCs Report, 2012).

## Brain Drain – Impacts and Implications...contd.

- ▶ For example, according to UNCTAD LDCs Report, 2012 : “Only 979 (6.4%) had a PhD degree amongst the 15,192 teachers and researchers working in the country’s 22 universities in 2010/11, and half of them worked at the Addis Ababa University”.
- ▶ Furthermore, the vast majority of teachers and researchers hold masters and bachelor’s degrees, 43.4%, and 42.6% respectively.
- ▶ This is far off from the Government’s benchmark requirement of teachers’ qualifications: 20% with bachelor’s degree, 50% masters and 30% PhDs.

## Brain Drain – Impacts and Implications...contd.

- ▶ There were 1600 Ethiopia diaspora members in the USA and Canada with doctorate degrees, a number higher than the number of teachers and researchers in Ethiopia with the same level of qualification in 2009 (UNCTAD LDCs Report 2012).
- ▶ An UNCTAD case study on Ethiopian academic diaspora identified 200 Ethiopian professors currently working outside Ethiopia, of which 148 in the USA. 72 were full professors, more than the 65 professors working in Ethiopia in 2009.
- ▶ This, perhaps, more than any other thing, showed the extent of brain drain currently affecting the Ethiopian higher education system” (UNCTAD LDCs Report 2012).

## Brain Drain – Impacts and Implications...contd.

- ▶ The Government's policy response to the issue of quality in higher education and the shortage of highly qualified teachers and researchers in postgraduate education is:
  - to introduce a quality assurance system, and
  - to recruit teaching personnel domestically and from the Indian Sub-continent, mainly India.
- ▶ For example, the number of higher education academic staff rose from 11,028 in 2007/08 to 20,822 in 2011/12, which is an increase of 89%, and expatriate academic staff in higher education rose from 683 in 2008/09 to 750 in 2011/12/, an increase of 11%.
- ▶ However, in spite of the efforts the higher education sector is still severely deprived of highly qualified personnel. For example, in 2011/12 the percentage of staff with PhD was 7.9%, M.D/MDV 10.8%, Masters 44.9% and Bachelors 37.2%, which were below the Government's own benchmarks.

# Turning Brain Drain to Brain Gain

- ▶ The pertinent question for Ethiopian Diaspora policy is how to turn brain drain and brain waste to brain gain and brain circulation for the country.
- ▶ Brain gain for Ethiopia could arise from increased return to education as the result of migrants gaining new skills, knowledge and experience in host countries.
- ▶ Furthermore, the prospect of emigration could provide incentive and motivation for obtaining additional education in Ethiopia above and over of what would have been without emigration prospects.

# Turning Brain Drain to Brain Gain...contd.

- ▶ The processes through which brain gain materialises is from the increase in human and financial capital, skills and knowledge that accrues to Ethiopia as an indirect effect of outward and circular migration.
- ▶ The benefits are mediated through financial, investment, trade, knowledge and technology flows facilitated by the Ethiopian Diaspora.

# Turning Brain Drain to Brain Gain...contd.

## Diaspora Finance

- ▶ Diaspora Business Networks (DBNs)
- ▶ Diaspora Remittances
- ▶ Diaspora Direct Investment
- ▶ Diaspora Transnational Business
- ▶ Diaspora Bank Accounts
- ▶ Diaspora Bond
- ▶ Diaspora Trade, and
- ▶ Diaspora Tourism

## Knowledge Diaspora

- ▶ Diaspora Knowledge Networks (DKNs)
- ▶ Virtual Knowledge and Technology Transfer
- ▶ Temporary Return
- ▶ Long-term or/and Permanent Return

# Turning Brain Drain to Brain Gain...contd.

## Diaspora Remittances (DRs)

- ▶ DRs are private transfers between persons, and depend on both emigrants' income and savings and their propensity to remit
- ▶ The propensity to remit is determined by the duration of migration, education level, the family situation of migrants (e.g. whether married, with children) and social network and attachment effects.
- ▶ DRs are very important sources of capital for the country. Quantitatively more important than FDI, or official development assistance.
- ▶ DRs are reliable sources of capital, where as FDI and ODA are more prone to global economic cycles.

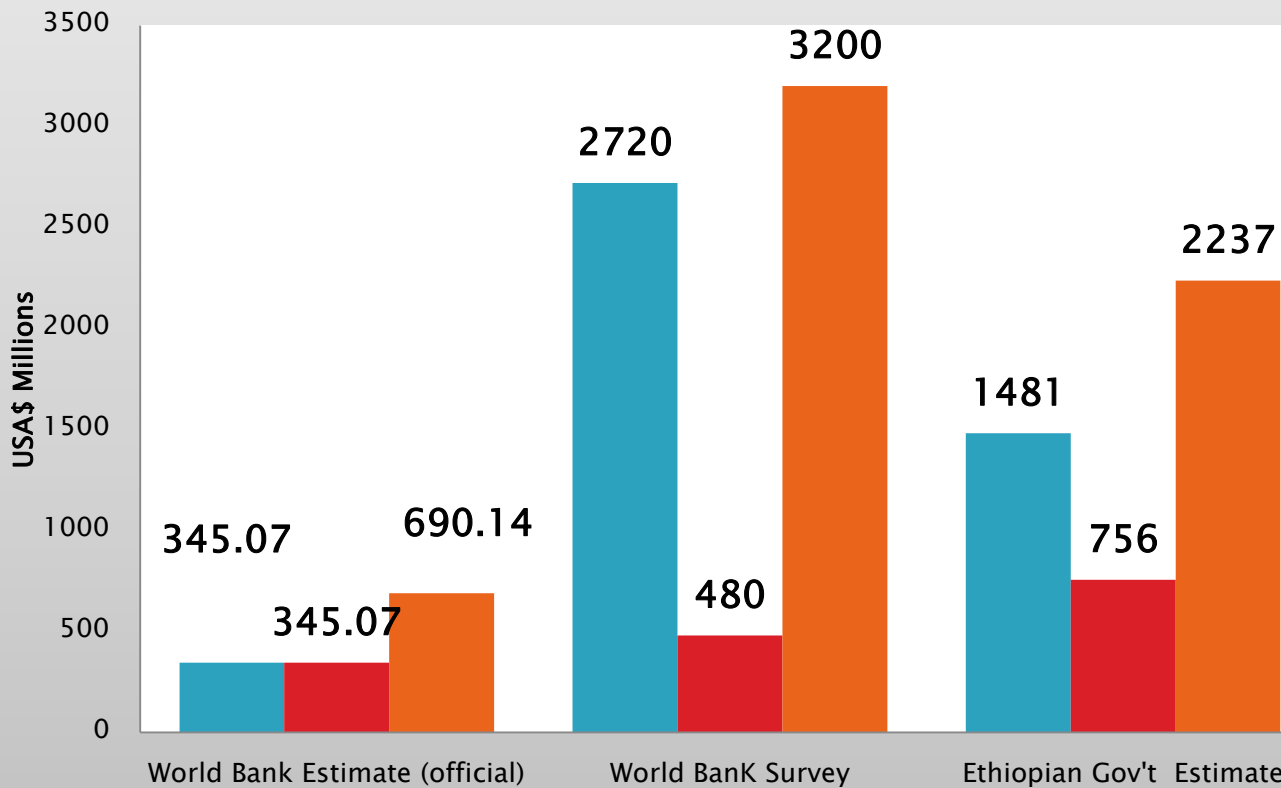
# Turning Brain Drain to Brain Gain...contd.

Three sources for estimating and analysing the magnitude and trend of remittances inflows to Ethiopia:

- World Bank and IMF estimates
- Ethiopian Government's records/estimates and
- World Bank Survey conducted on the inflow of remittances to Ethiopia in 2010.

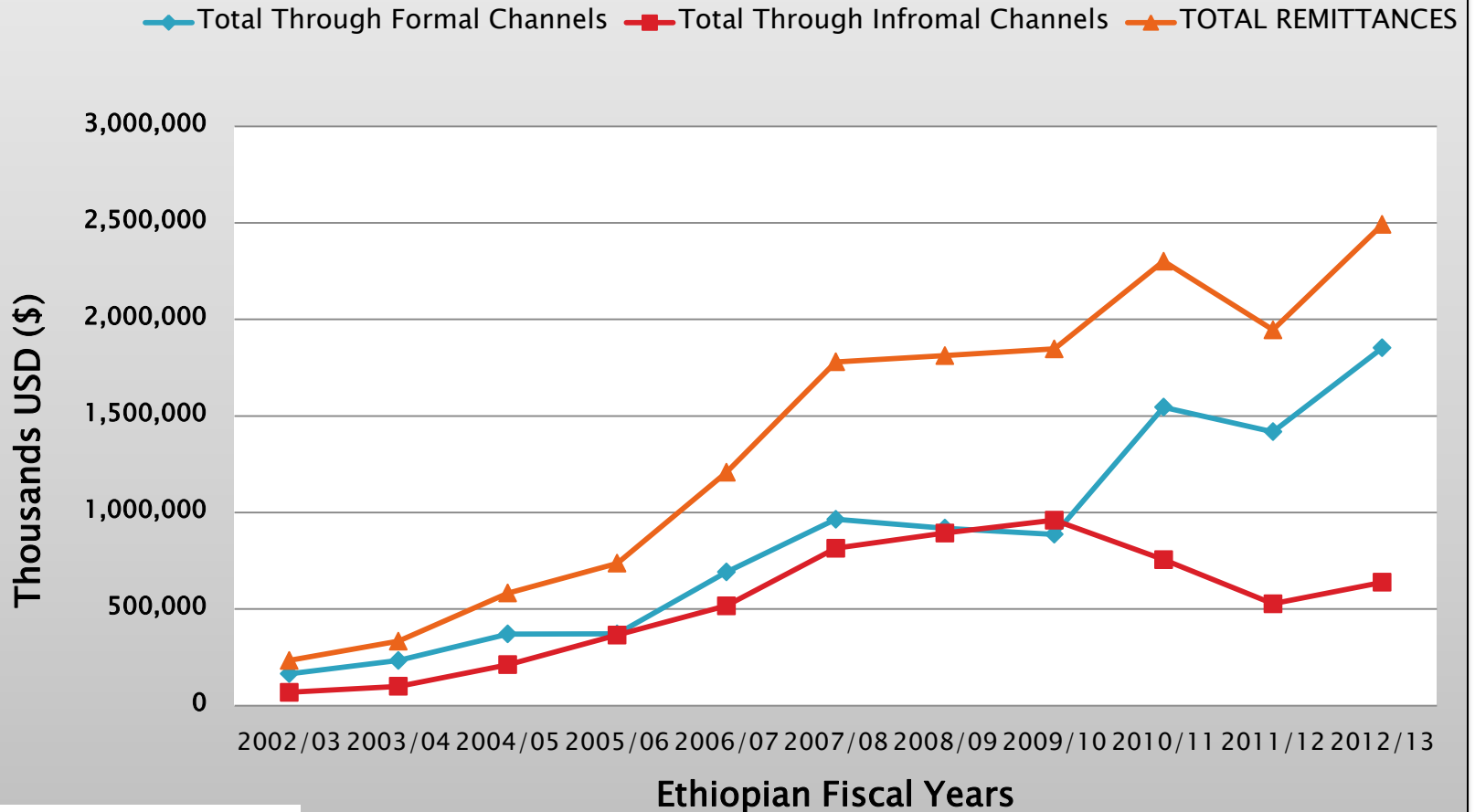
# Remittances Estimates by Sources: 2010

■ Formal Channels    ■ Informal Channels (estimate)    ■ Total



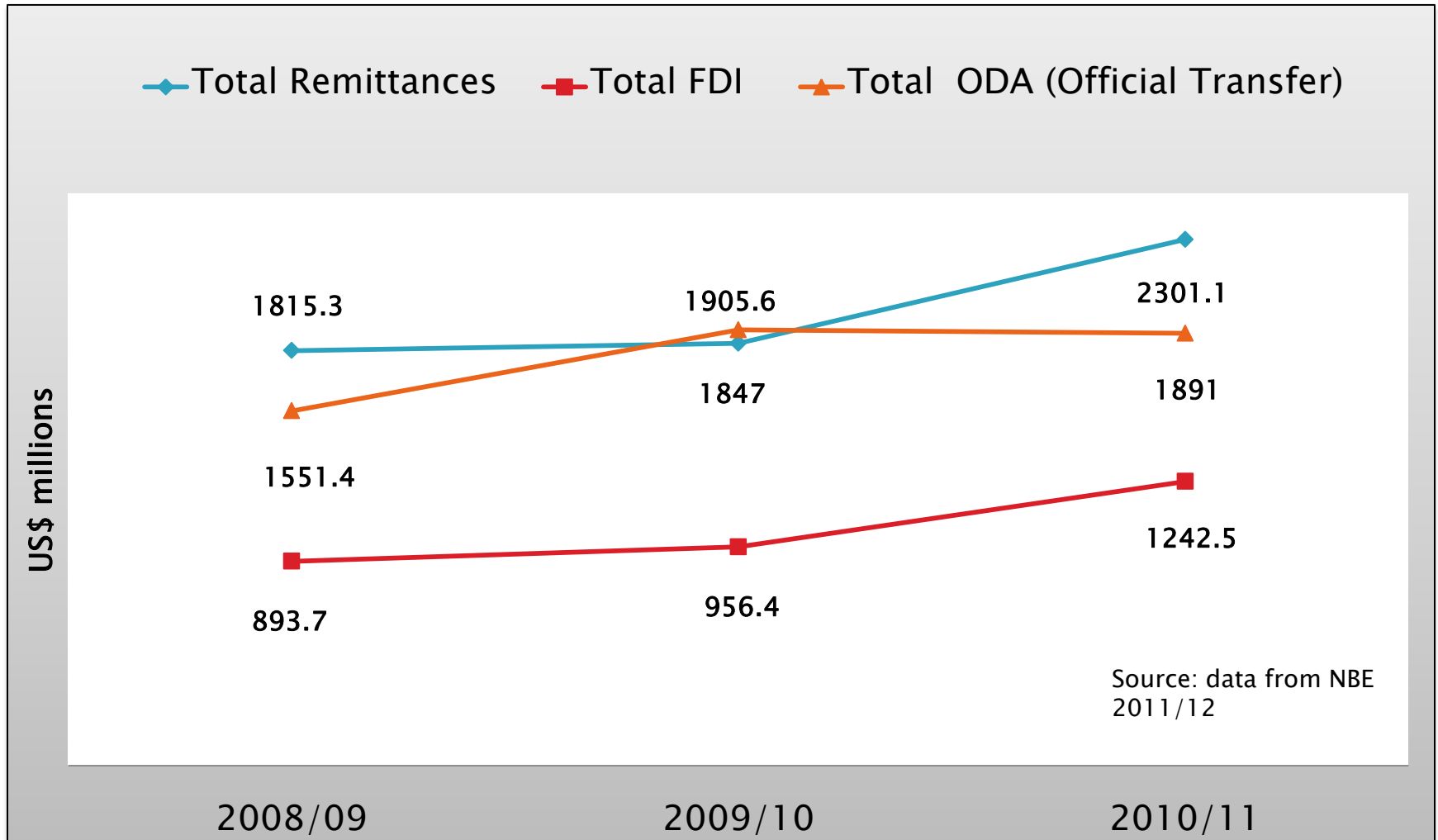
Source: Computed by author from WB and NBE sources

## Remittances Inflows to Ethiopia: 2002/03 – 2012/13



Source: NBE, 2013

# Remittances, FDI and ODA Flows to Ethiopia

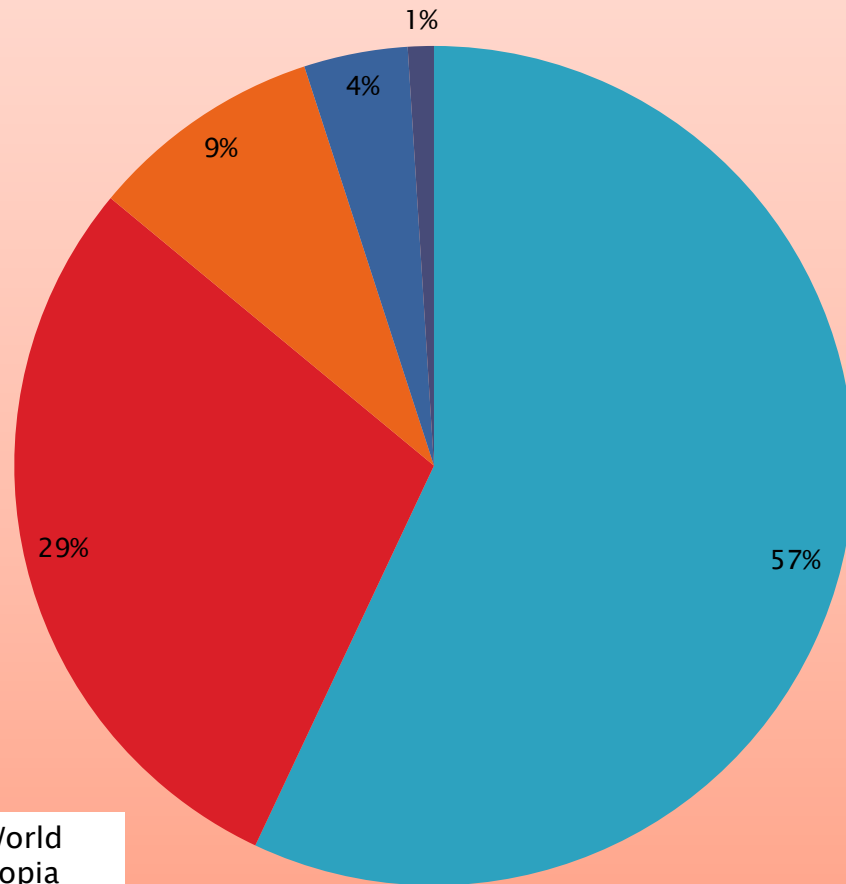


# Turning Brain Drain to Brain Gain...contd.

- ▶ A World Bank Remittances Survey in Ethiopia in 2010 estimated that the total value of remittances in 2010 was US\$3.2 billion, (World Bank, 2010).
- ▶ 5,400,000 (14%) of the Ethiopian adult population received remittances regularly, 5 times a year.
- ▶ The average remittance received was US\$120.
- ▶ By country, the USA accounted for 35% of the remittances sent followed by UAE 23%, the UK 7% and Germany 5%.

### Uses of Remittances (%) : 2010

■ Daily Expenses Only ■ University Education ■ Small Business  
■ Saving Account ■ Housing

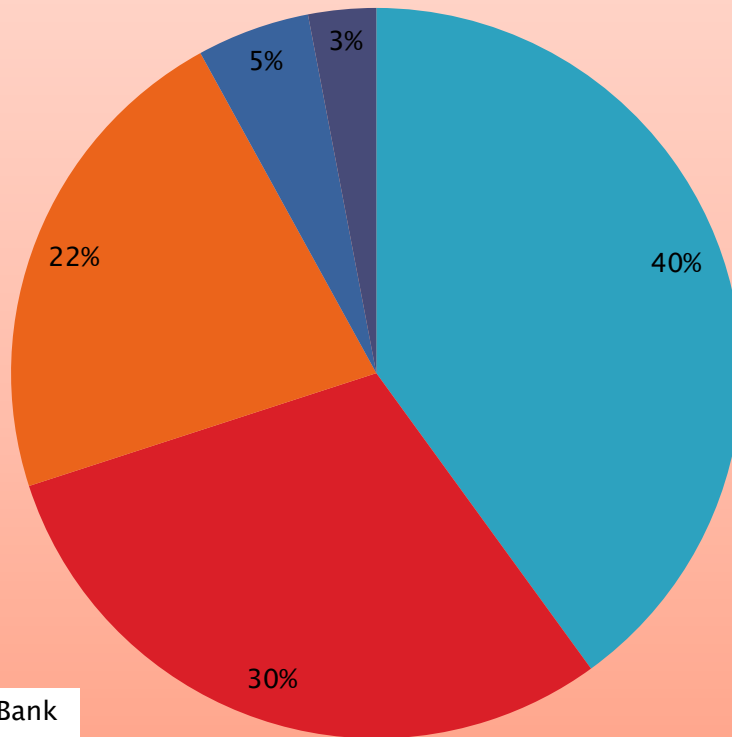


Source: World Bank Ethiopia Survey 2010

### Uses of remittance:

- ▶ 57% was for daily expenses,
- ▶ 29% to cover university education costs,
- ▶ 9% to start small business
- ▶ 4% for savings and
- ▶ 1% for housing.

## Remittances to Ethiopia by Regions (%): 2010



Source: World Bank Survey 2010

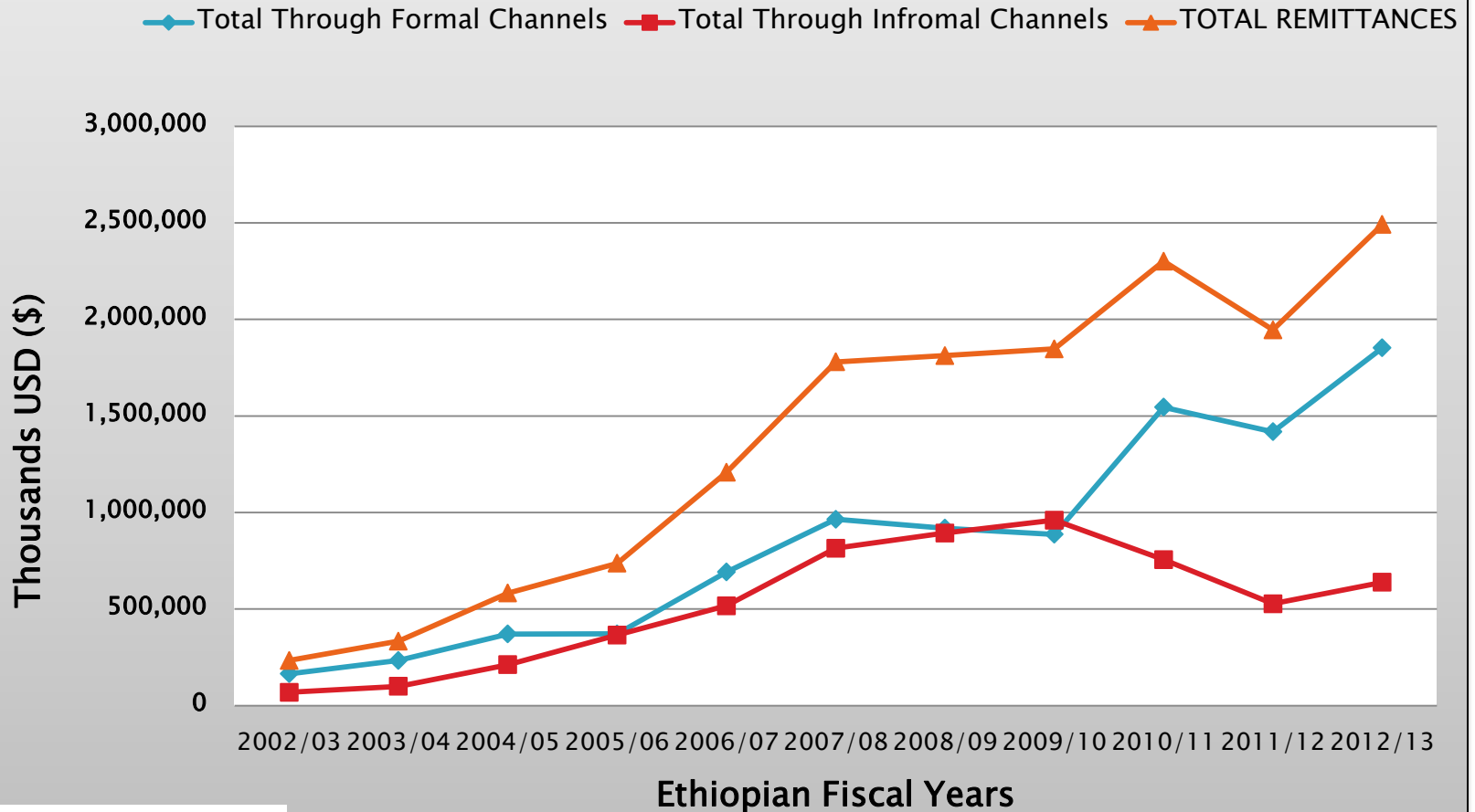
## Remittances by Regions:

- ▶ North America 40%
- ▶ Asia/Middle East 30%,
- ▶ Europe 22% and
- ▶ Africa 5%.

# Turning Brain Drain to Brain Gain...contd.

- ▶ The uses of remittances in Ethiopia have micro and macro-economic effects.
- ▶ For example, remittances uses in Ethiopia include supporting livelihood, financing university education and starting up businesses.
- ▶ Remittances flows to Ethiopia offset Balance of Payments deficits and reduce foreign exchange constraints.
- ▶ For example, in 2010/11 the \$1.48 billion cash remittances inflows more than account for the \$1.38 billion Balance of Payments surplus, or the \$ 1.38 billion foreign currency reserve position of the National Bank of Ethiopia (NBE Report, 2010/11).

## Remittances Inflows to Ethiopia: 2002/03 – 2012/13



Source: NBE, 2013

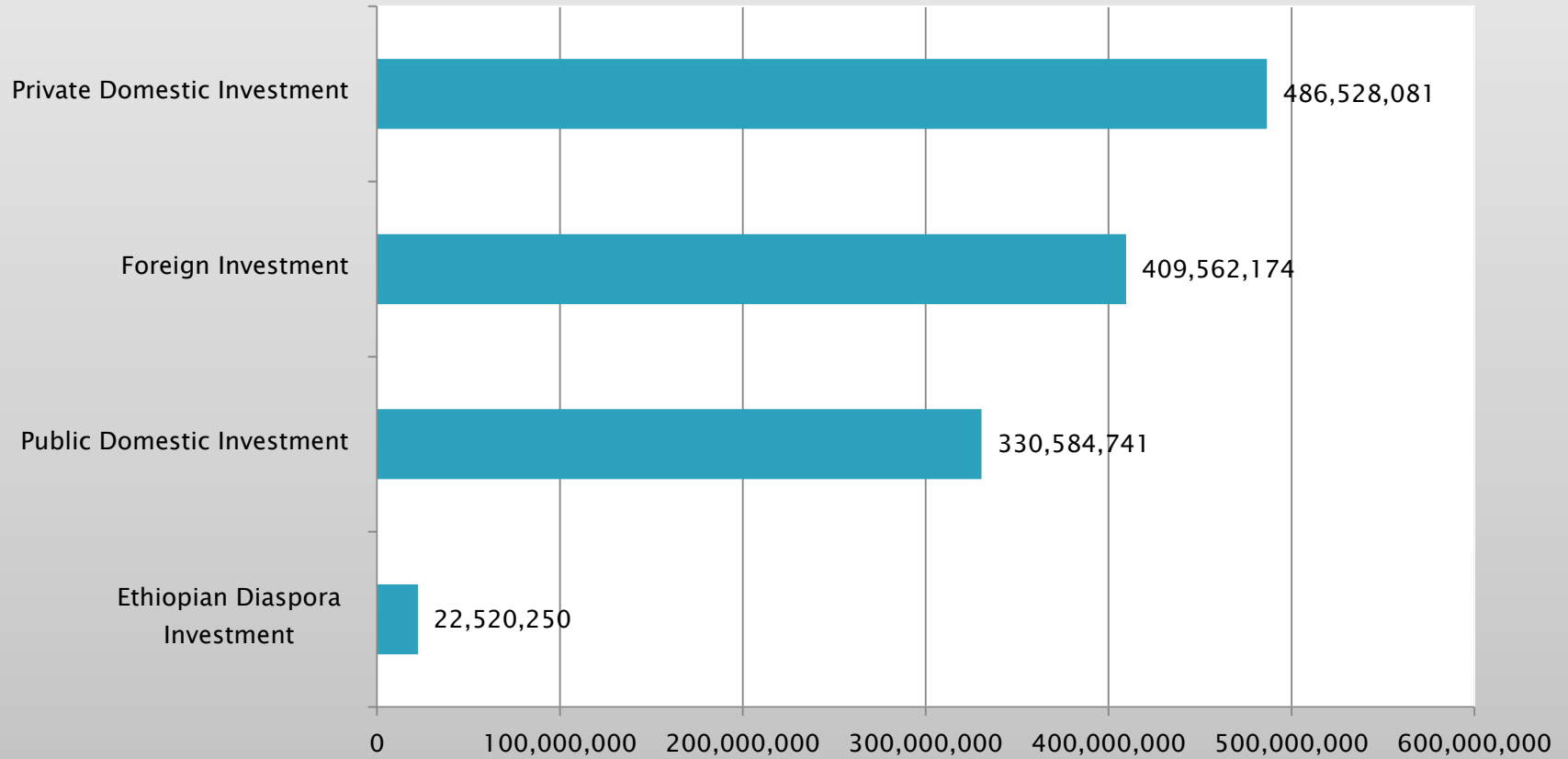
# Turning Brain Drain to Brain Gain...contd.

## Diaspora Direct Investment

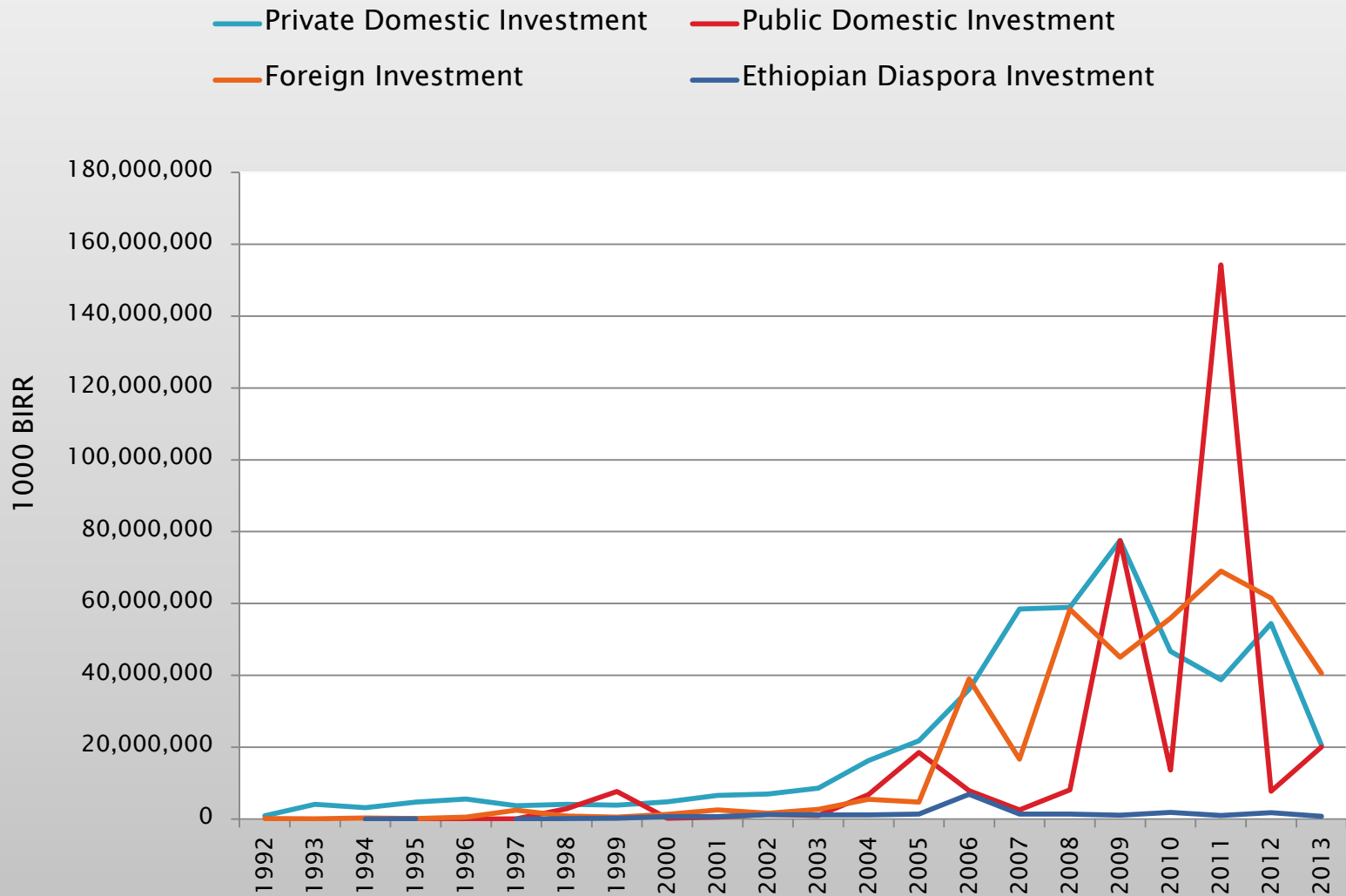
- ▶ The Ethiopian Diaspora, given its size, income and savings, has the potential to:
  - invest directly by setting up businesses,
  - buying equities in existing businesses,
  - promoting venture capital investment, or
  - Engage in transnational business initiatives,
- ▶ All contribute to economic development of the home country.
- ▶ According to the EIA, 2,872 investment projects were provided with investment license between 1994 and 2013 (EIA, November 2013).
- ▶ The combined capital value of the projects was 22.5 billion BIRR (equivalent to \$1.15 billion).

### Investment by Source: 1992 – 2013

■ Investment (1000 BIRR)



Source: EIA 2013

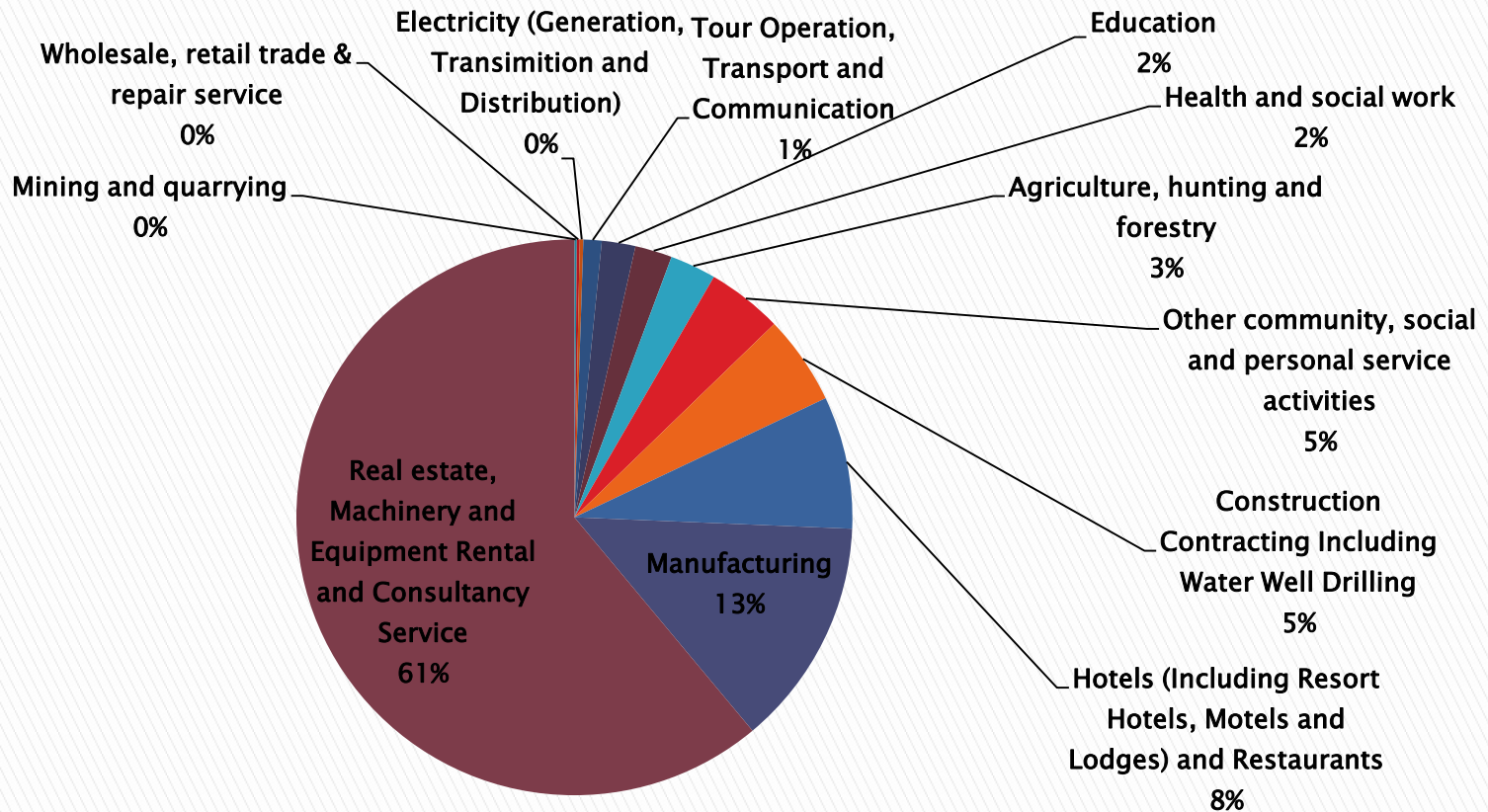


Source: EIA,

# Turning Brain Drain to Brain Gain...contd.

## Diaspora Direct Investment (DDI)

- ▶ 230 (8%) of all licensed projects with \$61m (5.3%) of the total capital value were operational,
- ▶ 115 (4%) of the projects with \$55m (4.7%) of the total capital value were being implemented, and
- ▶ 2,528 (88%) of the projects with \$1,035m (90%) of the total capital value were in pre-implementation stage.
- ▶ During the period, the licensed Diaspora projects were expected to generate 59,079 permanent and 65,924 temporary jobs.

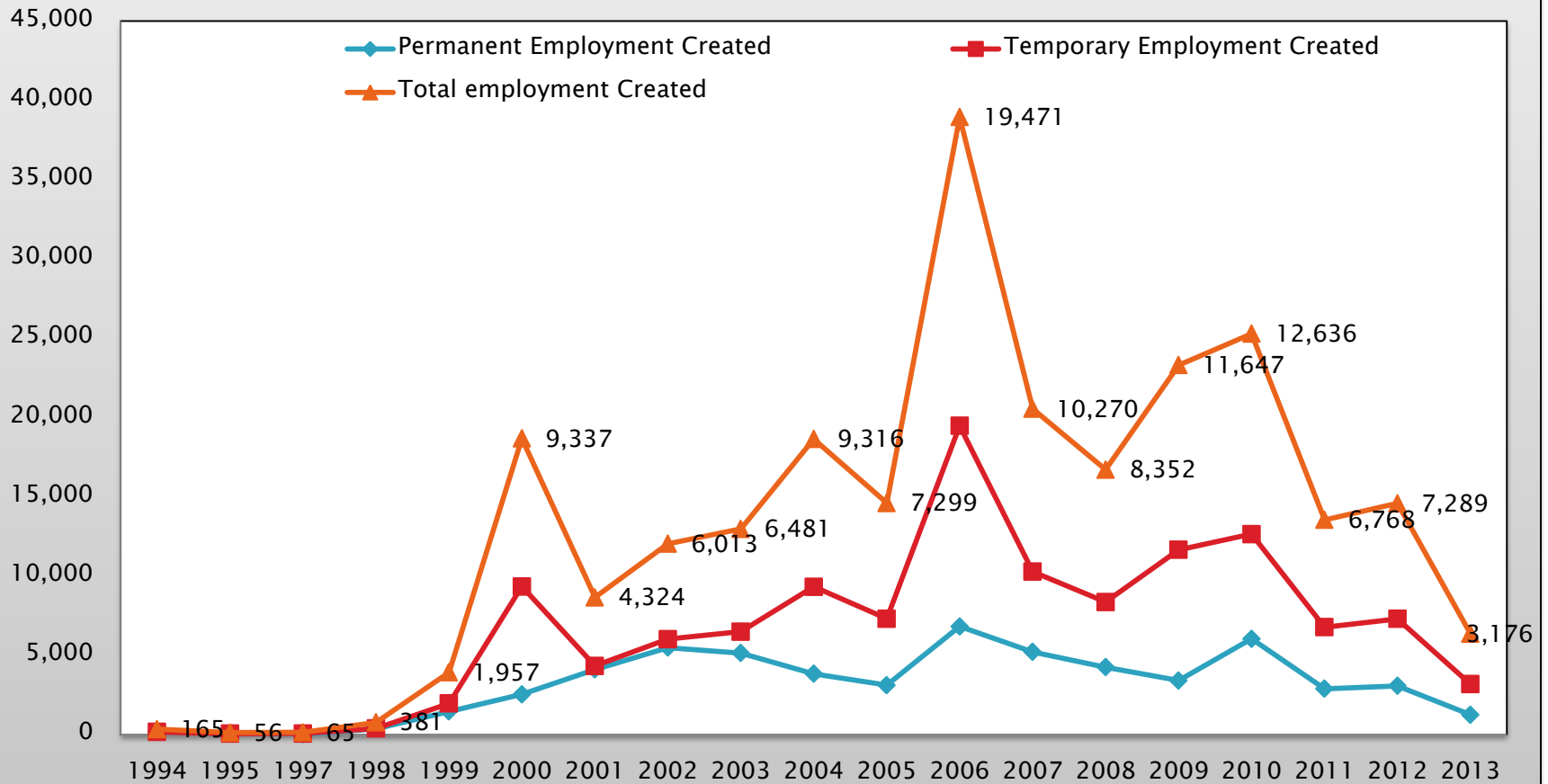


**Ethiopian Diaspora Sectoral Investment: 1994 –2013**

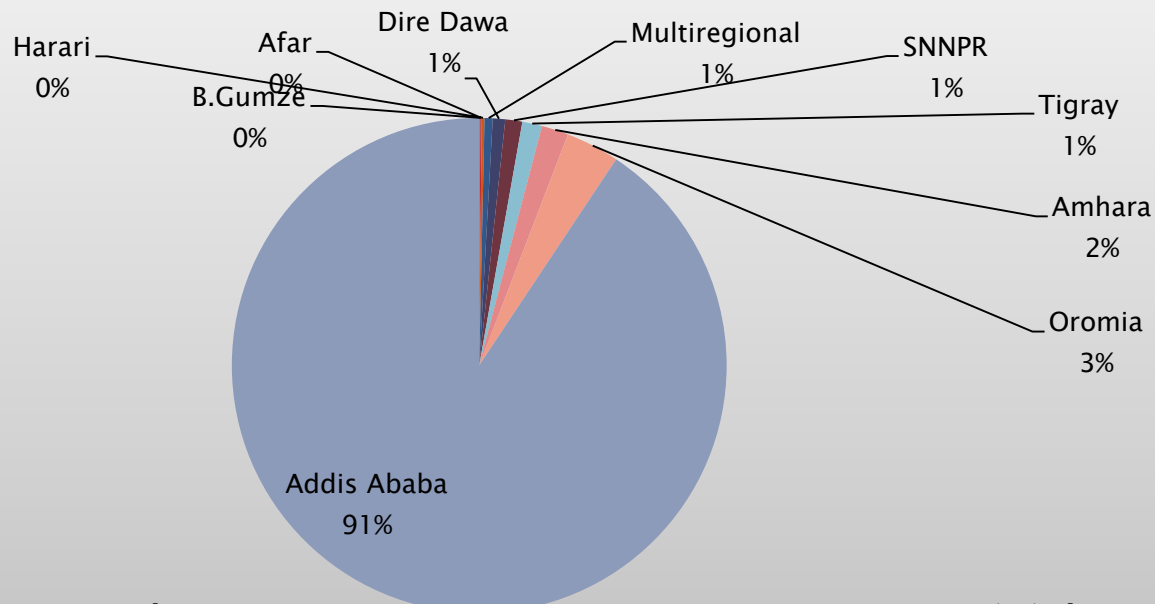
Source: EIA 2013

- DDI by sectors is hugely skewed towards the service sector, where real estate and machinery hire accounted for (61%); manufacturing (13%); hotels, restaurants and tours operation (8%); construction contracting (5%); personal and community services (5%); agriculture (3%), education (2%); and health and social services (2%).
- A major challenge for the Government is to encourage diaspora investment in high-productivity, high value-added manufacturing sectors (in particular in knowledge-intensive firms) by providing targeted and tailored investment incentives.

## DDI and Employment Creation: 1994 - 2013



Source: EIA, November 2013



Ethiopian Diaspora Direct Investment (%) by Ethiopian Regions: 1994-2013

Source: EIA,

- Diaspora direct investment in Ethiopia is overwhelmingly concentrated in the Capital, where Addis Ababa accounted for 91% of the investment, Oromia (3%); Amhara (2%); SNNP (1%); Tigray (1%); Dire Dawa (1%); and the rest (1%).
- Service infrastructure part explain the lop-sided regional investment pattern, but unsustainable. Require proactive policies to address issues.

# Turning Brain Drain to Brain Gain...contd.

## Government Diaspora Investment Incentives

- ▶ Ethiopian Origin Identity Card – “Yellow Card” Privileges
- ▶ Corporation/Business Tax Holiday
- ▶ Import Duty and Tariff Exemptions on Capital Goods
- ▶ Opening Foreign Accounts
- ▶ Access to Loans and Credit facilities
- ▶ Less Stringent Start-Up Capital Requirements
- ▶ Access to Land Lease
- ▶ Access to Industrial Zones
- ▶ Access to Sectors that are “Closed” to Foreign Businesses
- ▶ Diaspora Housing Schemes
- ▶ Support to Ethiopian Diaspora Association
- ▶ Support from Ethiopian Embassies Abroad and MOFA.

# Turning Brain Drain to Brain Gain...contd.

- ▶ The overall business climate in Ethiopia is favourable and conducive for investment,
- ▶ There are, however, significant issues that need addressing, including:
  - bureaucratic red tape,
  - real and perceived corruption in both the private and public sectors (rent-seeking)
  - limited access to finance and land,
  - restrictive contract enforcement and management regimes and
  - less developed/transparent local business culture.
  - lack of capacity of investment promotion agencies
  - Lack of diaspora co-ordination
  - Capacity limitation of Regional Diaspora/Investment Offices

# Turning Brain Drain to Brain Gain...contd.

## Diaspora Bond

- ▶ Ethiopia's experiment with Diaspora Bond as source of development finance since 2008, first by issuing the Ethiopian Millennium Corporate Bond (EMCB) to finance the construction of the Gilgel Gibe III electric power project.
- ▶ The EMCB had maturities of 5, 7 and 10 years providing fixed 4%, 4.5% and 5% returns respectively. The EMCBs did not raise the expected level of finance (AfDB, 2012).

# Turning Brain Drain to Brain Gain...contd.

- ▶ GERDB was issued to contribute to the \$5 billion cost of financing of the Grand Ethiopian Renaissance Dam (GERD), a national strategic project that will generate 6,000 MW electricity – important for the economic development of the country.
- ▶ The GERD Bond provides rate of returns based on floating international interest rate (i.e. LIBOR + 1.25% – 2%) and maturities ranging from 5 to 10 years.
- ▶ The bond is denominated in USD, EURO, GBP, other convertible currencies and BIRR.
- ▶ It includes interest bearing and non-interest bearing options.
- ▶ The GERDB is targeted at both the domestic population and the Ethiopian Diaspora.

# Turning Brain Drain to Brain Gain...contd.

## Progress regarding the sale of the Ethiopian Diaspora Bond.

- ▶ According to the Deputy Director of the GERD National Council, as of October 2013, 30% of the dam construction work has been accomplished costing 38 billion BIRR (\$1.9 billion).
- ▶ To date, the GERD Bond sale amounted to 6.24 billion BIRR (\$312 million), of which the Ethiopian Diaspora bought Bonds worth 440 million BIRR (\$22 million), which is 7% of the total bonds sale to date (Ethiopian Radio and Television Agency news, 4 December 2013).
- ▶ It is expected that 20% (i.e. \$1 billion) of the total cost of building the Abay Dam would be covered through the sale of GERDB to the Ethiopian Diaspora (Diaspora Magazine, 2013).

# Turning Brain Drain to Brain Gain...contd.

- ▶ Current purchase of Bond by Diaspora very low given the size, income and savings of the Ethiopian Diaspora !
- ▶ Although challenging given the current take up rate, it can be feasible provided the Government develops its strategy significantly and increases by several fold its current campaigns to promote and market the GERDB.
- ▶ It is also instructive to learn from successful diaspora bond initiatives, in particular the successful marketing of the Israeli and Indian diaspora bonds.

# Turning Brain Drain to Brain Gain...contd.

## Diaspora Business Networks and Trade

- ▶ The potential of Ethiopian diaspora business networks, such as the USA-based Ethiopian Diaspora Business Forum (EDBF) and the online Ethiopian Diaspora Business Network (EDBN), to contribute to Ethiopia's economic growth through their networks and influence in destination countries.
- ▶ Many are well networked, and are in positions of authority and influence with the capacity to influence the home economy by facilitating the establishment of business and trade links between the home and the host countries.
- ▶ For example, EDBF and EDBN have played an advocacy role by promoting preferential trade policies, such as the African Growth Opportunities Act (AGOA), for the benefit of Ethiopian exports to the USA

# Turning Brain Drain to Brain Gain...contd.

## Diaspora Returnees

- ▶ There is no comprehensive database on the number of Ethiopian diaspora returnees, their current occupations, or activities.
- ▶ Furthermore, there is no comprehensive study, or information that shed light on their experience to date, the opportunities, challenges or constraints that they might be facing.
- ▶ In October 2013, it is estimated that over 3000 diaspora returnees invested in the country, or were running businesses.
- ▶ It was reported that 12,000 diaspora returnees registered for the Government Diaspora Housing Scheme in July 2013, although some of the registrations were undertaken by agents for members of the Diaspora who reside abroad (FMOFA, 2013).
- ▶ An “educated guess” by the Ethiopian Diaspora Association (EDA) is that currently there are about 10,000 returnees (Personal communication with EDA’s, December 2013).

# Turning Brain Drain to Brain Gain...contd.

## Ethiopian Diaspora Knowledge Networks (DKNs)

- ▶ The Report emphasises the importance of the Ethiopian Diaspora as a potential, or latent “brain trust”, or “brain bank” abroad for the home country.
- ▶ Properly organised and engaged with, they can become a source of knowledge sharing and technology transfer with their home country.
- ▶ The diaspora members are positioned to acquire the combination of technical expertise and knowledge due to their knowledge of host countries and home country.

# Turning Brain Drain to Brain Gain...contd.

- ▶ The importance of learning and adapting from the experience of countries that successfully engaged with their diasporas in the economic development of their countries, such as China, Korea, Taiwan Province of China and India.
- ▶ Although the Ethiopian Diaspora members are to some degree made up of heterogeneous groups with different shared values, cohesion and motivations, they have patriotic sentiment and professional pride to contribute through the transfer of knowledge and technology, and human capital.

# Turning Brain Drain to Brain Gain...contd.

- ▶ A comprehensive mapping and analysis of the Ethiopian DKNs is perhaps the single biggest challenge of a diaspora policy that seeks to engage with and enable their participation
- ▶ Apart from FMOFA and IOM tentative identification of some 106 Ethiopian diaspora organisations worldwide, mostly in the USA (IOM i-Map Ethiopia, 2012),
- ▶ To date, there has not been a major mapping exercise, or the development of a comprehensive database of EDKNs.

# Turning Brain Drain to Brain Gain...contd.

- ▶ The Ethiopian Diaspora in the top destination countries is organised and networked around a number of issues and agenda.
- ▶ The types of associations range from self-help and mutual-support organisations, social, community and religious groups, alumni and development associations to professional and knowledge networks.
- ▶ The Ethiopian Diaspora youth, in particular the second and third generation diaspora, are increasingly networked via the new social media (e.g. the Internet, LinkedIn, Facebook, WhatsApp and Twitter).

# Turning Brain Drain to Brain Gain...contd.

- ▶ There are numerous cases of knowledge diaspora initiatives, in partnership with home institutions, in Ethiopia over the last fifteen years that provided benefits.
- ▶ The type of initiatives include projects that seek to facilitate social and economic development, such as:
  - the building of schools and hospitals;
  - initiatives that transferred knowledge and technology, in particular in higher education and health sectors; and
  - Staging highly specialised international scientific and medical conferences and seminars.

# Turning Brain Drain to Brain Gain...contd.

- ▶ Some major constraints that impede the full realisation of benefits from Diaspora initiatives, in particular beneficial impacts beyond specific project objectives.
- ▶ Ethiopian DKNs initiatives are largely fragmented and ad-hoc, often initiatives are unilateral actions undertaken between diaspora members, or associations and a home institution, such as a hospital, or a university.

# Turning Brain Drain to Brain Gain...contd.

- ▶ EDKNs initiatives lack infrastructure for co-ordination. There are no central registers, at institutional or national level, of diaspora programmes that systematically record, collate and analyse initiatives
- ▶ There is lack of capacity in home institutions to plan, implement and co-ordinate diaspora initiatives.
- ▶ Most home institutions do not have dedicated staff, or a focal point for diaspora liaison, and
- ▶ Diaspora linked activities are not mainstreamed within home institutions (e.g. Personal communication with teaching hospitals medical directors, November 2013).

# Turning Brain Drain to Brain Gain...contd.

- ▶ There have been cases where there were mismatch of expectations between EDKNs and home institutions, including some resentment by home-based professionals due to differential treatment of diaspora returnees.
- ▶ For example, a former head of a department at the Addis Ababa University remarked *that* “some, though a small minority, might inadvertently view employing the diasporas as a ‘Fenkela’ (displacement) of existing staff” (Personal Communication, December 2013).

# Turning Brain Drain to Brain Gain...contd.

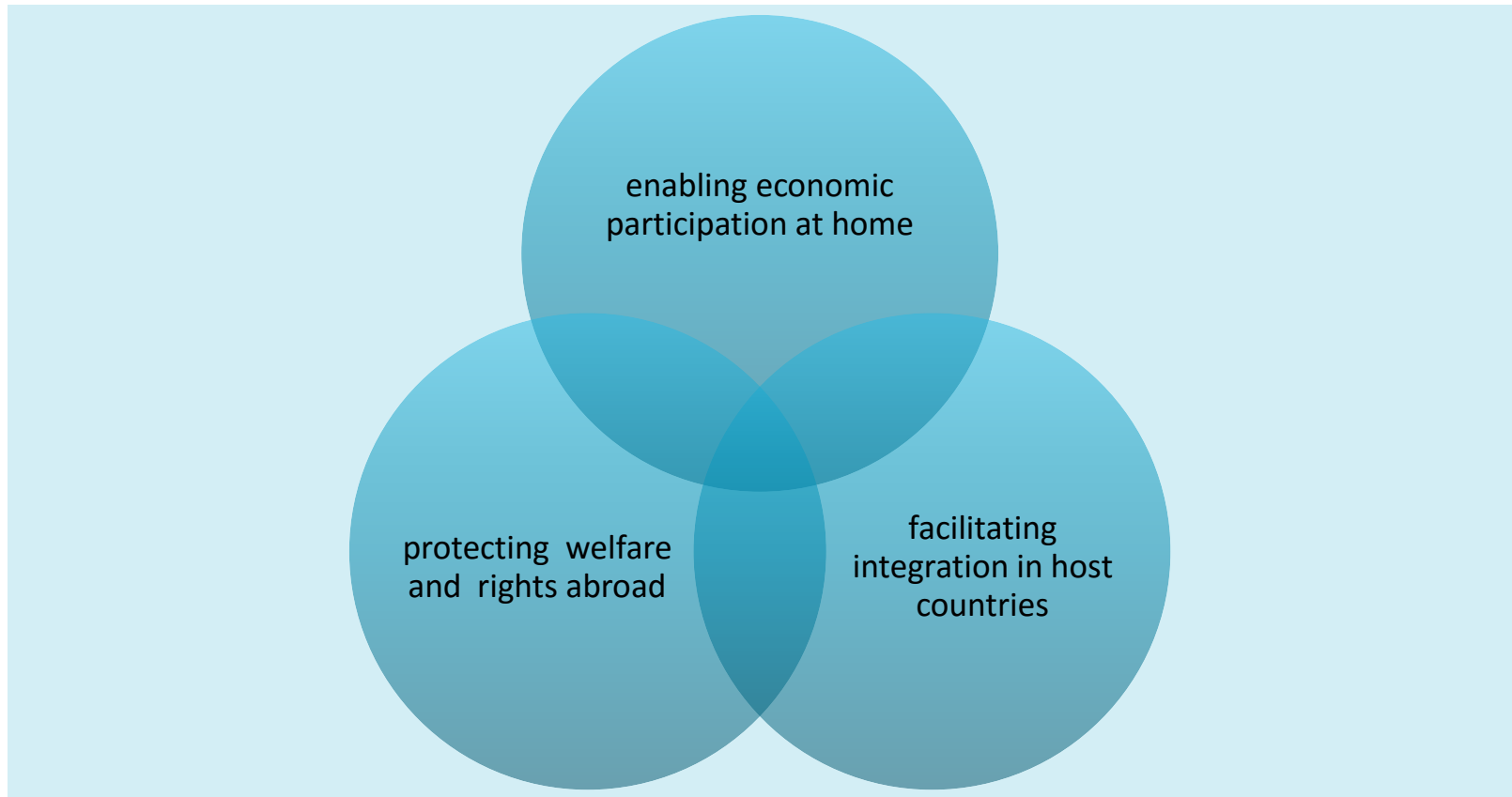
- ▶ A major challenge for the Ethiopian Diaspora policy is to address institutional and infrastructural capacity limitations that constrain the effective and efficient mobilisation of Ethiopian DKNs.

# Ethiopian Diaspora Policy and Institutions

- ▶ The Ethiopian Government's overarching diaspora policy goal has three broad objectives that are complementary yet with competing priorities:
  - protecting the welfare and rights of nationals and the diaspora in host countries,
  - facilitating their integration in the destination countries, and
  - enabling their participation at home.

# Ethiopian Diaspora Policy and Institutions...contd.

## Overlapping Government Diaspora Policy



## Ethiopian Diaspora Policy and Institutions...contd.

- ▶ The launch of the Ethiopian Diaspora Policy in June 2013 is a major milestone in the development of diaspora policy instruments over the last ten years.
- ▶ Prior to the launch, the Government's policies consisted of an array of discrete policy instruments, such as the introduction of the Ethiopian Origin Identity Card and economic and investment-related incentives.
- ▶ The diaspora policy was widely consulted at home and abroad and for the first time provided a coherent policy framework, an institutional arrangement and a broad strategy for engaging with the Ethiopian diaspora.

## Ethiopian Diaspora Policy and Institutions...contd.

- ▶ The general objectives of the Ethiopian Diaspora Policy are:

“Building up strong relationship between Diaspora with their origin country Ethiopia, encouraging and facilitating conducive environment for participation of Diaspora on on-going peace and democratisation building process to benefit their country, and to preserve their rights and interests abroad”

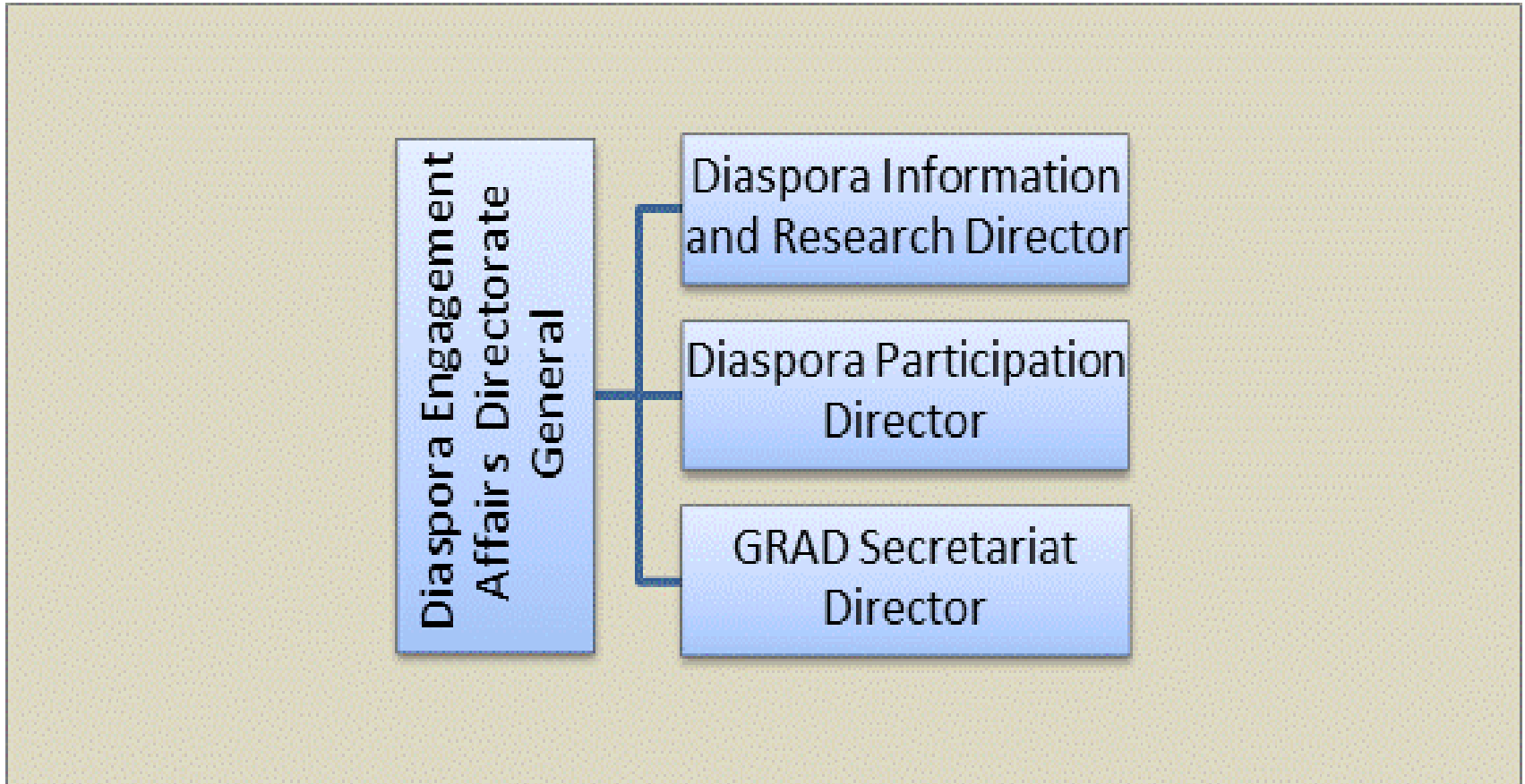
(Ethiopia Diaspora Policy, FMOFA, 2013).

# Ethiopian Diaspora Policy and Institutions...contd.

## Challenges and Prospects

- ▶ The Federal Ministry of Foreign Affairs (FMOFA) is the lead and co-ordinating ministry for diaspora affairs.
- ▶ The Diaspora Engagement Affairs Directorate General (DEADG) was set up within FMOFA in 2002 with the aim to work closely with Ethiopians in the Diaspora and to facilitate their activities in Ethiopia (FMOFA, 2013).
- ▶ A National Diaspora Council would be established representing various higher federal and regional officials and stakeholders. Diaspora Advisory Council would be set up
- ▶ Regional Diaspora offices would direct and co-ordinate their Diaspora participation.

# Ethiopian Diaspora Policy and Institutions...contd.



## Ethiopian Diaspora Policy and Institutions...contd.

- ▶ Diaspora policy implementation is co-ordinated by the FMOFA through a forum that meets quarterly and involves key “focal points” from the Federal ministries and other public agencies (personal communication with officials at the FMOSA, 2013).
- ▶ Diaspora issues across regions and between the regions and federal agencies are co-ordinated through joint meetings.
- ▶ Important to underscore the need for a functioning and structured institutional arrangement for co-ordinating diaspora affairs, in particular on cross-cutting diaspora issues.
- ▶ There is a need to develop the diaspora policy with detailed action plan with time-bound outcomes, targets and milestones corresponding to the objectives outlined in the Diaspora Policy documents, and a mechanism for monitoring and reviewing the implementation of policy.

## Ethiopian Diaspora Policy and Institutions...contd.

- ▶ The crucial importance of diaspora affairs co-ordinating mechanisms, which are multi-faceted and cross-cutting across federal and regional agencies as well as other stakeholders in the public, private and third sectors.
- ▶ Building the capacity of key federal and regional diaspora institutions is critical to delivering a successful diaspora policy.

# A Road Map for Unlocking the Potential of the Diaspora for Development

## Diaspora Policy Implementation, Co-ordination and Institutional Capacity

- ▶ The Report emphasises and recommends the crucial importance of developing an up-to-date and comprehensive database of the Ethiopian Diaspora, in particular diaspora knowledge and business networks.
- ▶ To develop an evidence-based diaspora policy and to monitor its implementation is crucial to map out the Diaspora detailed by geographical locations, community and professional associations, demographic and socio-economic characteristics through the collection, collation and analysis of secondary data and information as well as commissioning primary research.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ The Report underlines and recommends the need to develop and implement an actionable diaspora strategic plan.
- ▶ Given the Diaspora Policy Framework, the next milestone is a further elaboration of the policy by developing a strategic action plan with realistic, achievable and time-bound targets, milestones and outcomes as well associated monitoring, reporting and evaluation arrangements.
- ▶ The strategic action plan needs to dovetail into and synergised with diaspora action plans of the regional states and other stakeholder organisations.
- ▶ Furthermore, diaspora policy needs to be sufficiently integrated within overarching national development strategies and plans (e.g. GTP II, PASDEP II, industrial, education and training strategies).

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ The current structure of diaspora institutional arrangement is feasible, and its long-term efficacy and “strategic fit” is a matter for future evaluation.
- ▶ In the short to medium-term, building the capacity of the institutions and regular monitoring and review of their working is necessary
- ▶ FMOFA is well placed to lead on Diaspora affairs and provide one-stop services through its embassies and consulates, the current diaspora co-ordination forums need to be strengthened, better structured and institutionalised.
- ▶ Co-ordinating cross-cutting and multi-faceted Diaspora issues across Federal Ministries, Regional States, firms and industries, public and private institutions and third sector organisations would require a high level of co-ordination and organisational structure.
- ▶ The development of a strategic diaspora service delivery infrastructure by significantly upgrading the current sign-posting functions of the Diaspora Affairs Directorate would meet such a requirement in the short to the medium-term.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ Diaspora policy implementation is primarily decentralised through Regional State Diaspora Offices. The Report assessment is that the regional states abilities to implement comprehensive diaspora strategies are seriously handicapped due to mainly capacity issues that involve technical, personnel and financial resource limitations.
- ▶ It is vitally important that capacity issues at regional level are addressed urgently, and that federal, multilateral and international expertise and resources are mobilised with a view to building their ability to deliver the policy effectively.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ There is a need to address the “trust deficit” and “confidence gap” within the Diaspora through sustained partnership working and by enhancing transparency and accountability, for example, by widely consulting on the terms of reference for the proposed Diaspora Advisory Council.
- ▶ Furthermore, there should be strong, credible and independent Diaspora “voice” and “presence” on the National Diaspora Council.
- ▶ It is important that the election or selection of members is undertaken in a transparent manner, to ensure wider and inclusive representation and to put in place mechanisms for accountability.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ The Report emphasises the crucial importance of the development of an effective and credible diaspora communication strategy.
- ▶ The Government has made significant progress in reaching out to and engaging with the Ethiopian Diaspora by diversifying, scaling up its engagement activities and improving its communication media (e.g. Diaspora Portal, community outreach by consular community liaison personnel and high-level government official visits abroad).
- ▶ However, significant communication challenges persist. Given the current diaspora political landscape, it is vitally important to further develop and scale up the Government's diaspora communication and engagement strategy.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

Elements of such as a strategy would include:

- ▶ reaching out to the “silent majority” and strengthening the engaged diaspora;
- ▶ pursuing a two-way, open communication styles and using communication media more effectively, including the new social media (e.g. the Internet, Facebook, Twitter etc.);
- ▶ training and enhancing the capacity of embassy and consular counsellors as effective community engagement and communication professionals;
- ▶ seeking feedback and responding to concerns and comments; and
- ▶ learning from other countries’ successful diaspora engagement strategies.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Harnessing Diaspora Development Finance to Build Productive Capacities

- ▶ A major policy challenge for the Ethiopian diaspora policy is harnessing diaspora development finance.
- ▶ The Diaspora can contribute as remittances senders, FDI enablers, direct investors, purchasers of bonds, trade facilitators and advocates, importers of Ethiopian goods and services, international tourists and business networks for transferring technologies.
- ▶ Given its size, income and savings the Ethiopian Diaspora has the potential to do all these.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ *Ethiopian Diaspora Business Networks (EDBNs)* – It is recommended to use DBNs websites, portals and databases as platforms for promoting and creating links between diaspora and home country counterparts.
- ▶ DBNs can serve as a vehicle for transferring technologies and knowledge in international business standards, and as a collective voice to influence business and economic reforms in home country.
- ▶ The Government needs to develop an up to date and comprehensive database of EDBNs, including business leaders and champions with a view to engaging with and building confidence and collaborative partnership.
- ▶ Government support ought to include facilitating technical support for setting up and maintenance of DBNs platforms and portals; building the capacity of domestic investment promotion agencies (e.g. EIA); and securing international funding for developing links between DBNs and their domestic counterparts

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ *Diaspora Remittances (DRs)* – Remittances inflows to Ethiopia are major sources of capital for the country, exceeding the flows of FDI and ODA to Ethiopia.
- ▶ They impact on poverty reduction by providing for the livelihood of millions of Ethiopians, paying for education and supporting the setting up of small businesses.
- ▶ DRs also have macroeconomic effects by helping offset BPs deficits and building the country's foreign exchange reserves.
- ▶ Firstly, the Government needs to maximise the value of remittances inflows to the country by reducing the cost of sending remittances and expanding the range of RSPs (e.g. through post offices and micro-finance institutions), and by regulating the remittance market (e.g. prohibiting exclusivity agreements between RSPs and MTOs).
- ▶ Secondly, the Government needs to develop financial mechanisms for developing the investment value of remittances by measures, such as providing incentive for remittance receivers to leverage loans and set up bank accounts.
- ▶ Thirdly, the Government needs to maximise the foreign exchange value of remittances by tackling the informal channels for remitting through measures, such as expanding the range of formal RSPs, improving the services of RSPs as well as reducing the cost of remitting.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Diaspora Direct Investment (DDI) –

- ▶ The Government needs to harness the Diaspora's potential to facilitate, promote and broker FDI in Ethiopia as well as directly invest in the country by identifying and engaging with potential diaspora investors through Diaspora-targeted and tailor-made promotion campaigns.
- ▶ It ought to provide customised information on investment opportunities as well as enhanced diaspora investment incentives.
- ▶ It is important that Government agencies maintain an up-to-date and detailed record of DDI in Ethiopia broken down by amount, projects, sectors and regions invested.
- ▶ Currently, DDI is hugely skewed towards the service sector at the expense of the manufacturing sector.
- ▶ DDI is also overwhelmingly concentrated in the Capital. It is vital to analyse patterns of investment and their implications for sectoral and regional balance with a view to developing incentive regimes that maximise equitable and balanced investment pattern across the regions and the sectors of the economy, in particular in the high-productivity, high value-added manufacturing sector.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Diaspora Bond (DBs) –

- ▶ The Report emphasises the importance of DBs as a means for mobilising diaspora savings and providing opportunities for the Diaspora to invest in major projects in Ethiopia.
- ▶ DBs provide profitable returns as well as contributing to strategic national projects.
- ▶ The Report recommends that the Government develops and implements a more comprehensive marketing strategy that emphasises the economic and national strategic value of the Bond by significantly improving its communication strategy.
- ▶ It is critical that the Government addresses urgently the current very low take up by the Ethiopian Diaspora given its number and purchasing power. It is imperative to undertake sustained and comprehensive marketing campaigns that involve the highest echelon of the Government.
- ▶ It ought to review and evaluate current efforts and outcomes and adjusting features and packaging of the Bond offer as necessary.
- ▶ It is important to learn from successful diaspora bond initiatives, in particular the marketing of the Israeli and Indian diaspora bonds.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Diaspora Trade (DT) –

- ▶ The Report underscores that the Ethiopian Diaspora can facilitate the establishment of business and trade networks between the home and host countries as well as facilitate trade in “nostalgic” and “ethnic” products.
- ▶ The Diaspora can serve as “trade ambassadors” promoting trade and preferential trade policy in host countries.
- ▶ The Government identifies and contacts diaspora members with the requisite skill and credential to act as “trade ambassadors”.
- ▶ It could learn and adapt good practice models from other countries, for example, the Republic of Korea, which uses “honorary counsellors for trade” model to promote Korean trade globally.
- ▶ Moreover, it is important to develop an integrated export strategy that incorporates the role of diaspora as trade facilitators.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Diaspora International Tourism (DIT) –

- ▶ The Ethiopian Diaspora is viable international tourists and can promote Ethiopian tourism.
- ▶ The Government needs to target potential diaspora tourists by developing attractive packages (e.g. group travel at reduced transport rate) and developing and implementing a “National Expo and Festival” in conjunction with Diaspora Day.
- ▶ The planned “Festival Tigray 2014” is an example of a regional initiative that demonstrates the value of harnessing the potential of diaspora tourism.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Mobilising Diaspora Knowledge Networks to Build Productive Capacities

- ▶ Highlights the potential role of the Ethiopian Diaspora knowledge networks in the country's development efforts.
- ▶ Given the size of the Ethiopian skilled emigrant population, and with over 100 Internet-based Ethiopian Diaspora networks operating globally,
- ▶ Mobilising Ethiopian Diaspora knowledge and knowledge networks can potentially contribute to the accumulation of human capital and technological capabilities in the home country.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Ethiopian Diaspora Knowledge Networks (EDKNs) –

- ▶ EDKNs are Internet-based diaspora “knowledge banks”, or “knowledge trusts” that can provide opportunities for reversing “brain drain” by:–
  - increasing aggregate human and social capital;
  - by providing access for home firms, industries and professionals to global knowledge and networks; facilitating technology transfer; and
  - spurring innovation in home institutions.
- ▶ The Government develops an up to date and comprehensive database of EDKNs by profiling and mapping out Ethiopian DKNs in main destination countries.
- ▶ It needs to mobilise the knowledge diaspora by sustained and strategic marketing and public relation campaigns as well as by developing measures to build confidence and trust.
- ▶ It is vital that the Government develops a strategic delivery infrastructure that brokers, documents and disseminates Diaspora Knowledge initiatives in Ethiopia; matches diaspora skills sets with skill shortages and gaps in home industries; and builds capacities for transactions between the Diaspora and home industries and institutions.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Virtual Knowledge and Technology Transfer (VKTT) –

- ▶ VKTT as a cost effective mechanism for the Ethiopian Diaspora to provide virtual and distance training to counterparts in the home country, for collaborative research and for distance mentoring of potential professionals (e.g. in academia) in Ethiopia.
- ▶ That the Government develops an institutional infrastructure to plan, implement and co-ordinate diaspora virtual and technology transfer initiatives.
- ▶ It is important to address challenges and constraints, such as lack of database of potential diaspora participants, limited viability due to voluntary nature of job assignments and lack of institutional infrastructure for identifying suitable volunteers and linking them with home participants.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Temporary Diaspora Return (TDR) –

- ▶ Ethiopian Diaspora professionals can contribute by undertaking short-term volunteering assignments with home institutions and industries, and by transferring knowledge and expertise through short, intensive on the job training.
- ▶ They can contribute to ease critical shortages and gaps in home institutions.
- ▶ That the Government builds an institutional infrastructure to plan, implement, and co-ordinate temporary diaspora return initiatives as part of a broader human resource management strategy.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

- ▶ It is vital that the Government strengthens home industries' and institutions' capacity to plan, manage and co-ordinate their links with the diaspora professionals.
- ▶ The Government would need to secure resources from and collaborate with international agencies' diaspora programmes (e.g. UNDP, IOM, World Bank etc.).
- ▶ It is important to review and evaluate diaspora short-term voluntary assignments, and
- ▶ Tackle constraints, which include:
  - a lack of institutional infrastructure for identifying, recruiting and matching potential temporary returnees with the needs of home industries and institutions;
  - a lack of policy guideline on the appropriate remuneration of temporary returnees; and
  - a lack of policy guidelines for resolving potential conflicts of interest between home professionals and temporary returnees.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Long-term and Permanent Diaspora Returns (LPDR) –

- ▶ The Report notes that LPDR provide opportunities for job assignments to narrow critical gaps in home industries and institutions on long-term, or permanent basis.
- ▶ The Government needs to appraise the value of employing key diaspora personnel on long-term basis to fill high level, critical and strategic positions given the challenges of recruiting from the Diaspora on long-term or permanent basis due to resource limitations and other considerations.

# A Road Map for Unlocking the Potential of the Diaspora for Development...contd.

## Bi-lateral, Multi-lateral and International DKNs initiatives –

- ▶ The Government enhances its collaboration with international development agencies, and synergises its Diaspora initiatives with multi-lateral and international agencies' programmes that promote the mobilisation of knowledge diaspora for transferring knowledge and technology to their home countries (e.g. World Bank, EU, UN agencies, AfDB and the AU).
- ▶ Areas for collaboration would include joint programme development, co-financing of projects and development of knowledge diaspora databases and inventories.

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# Thank You

*(Comments, feedback and questions are welcome and appreciated)*

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