



Diaspora finance for development: from remittances to investment

26th January 2022

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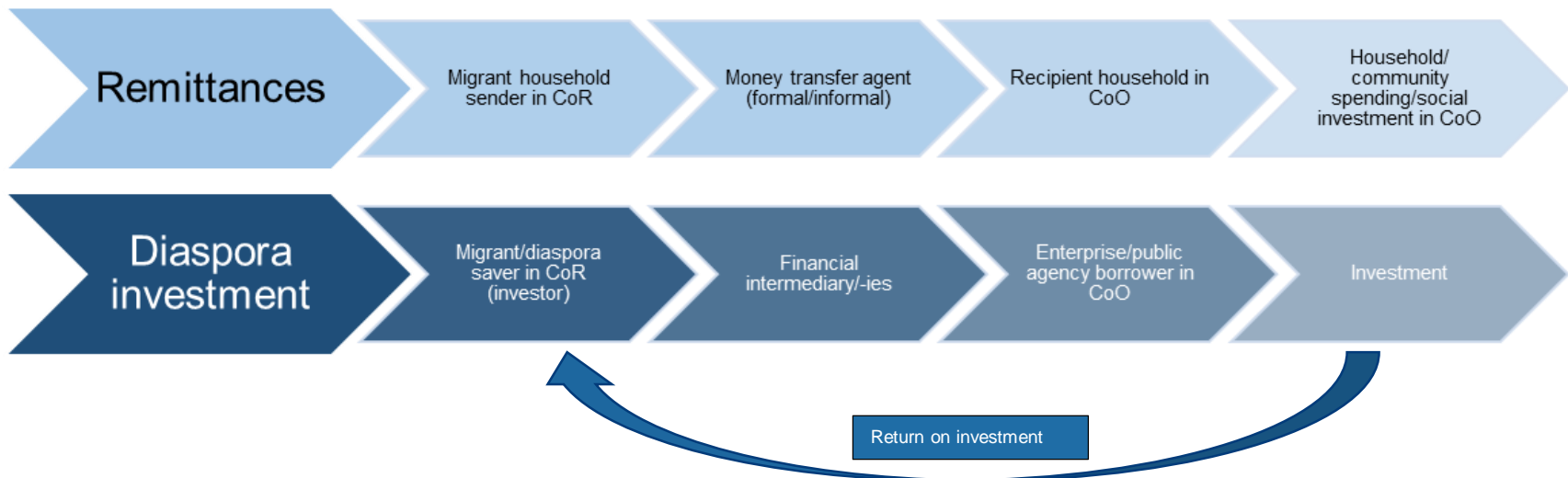
Diaspora finance includes remittances *and* diaspora investment

- a) From 'migrants' to 'diasporas'
 - i. Migrants and their descendants
 - ii. Self-defined group
 - iii. May be 'patriotic discount' – more willing to invest in origin country
 - iv. May have information/network advantages
- b) From 'remittances' to 'diaspora investment'
 - i. Not only interpersonal transfers between households
 - ii. Diaspora-specific mechanisms
- c) We need to look more closely at diaspora investment
 - i. No systematic data
 - ii. Database: 254 diaspora investment mechanisms, using preliminary collection of 508 documents in 7 languages

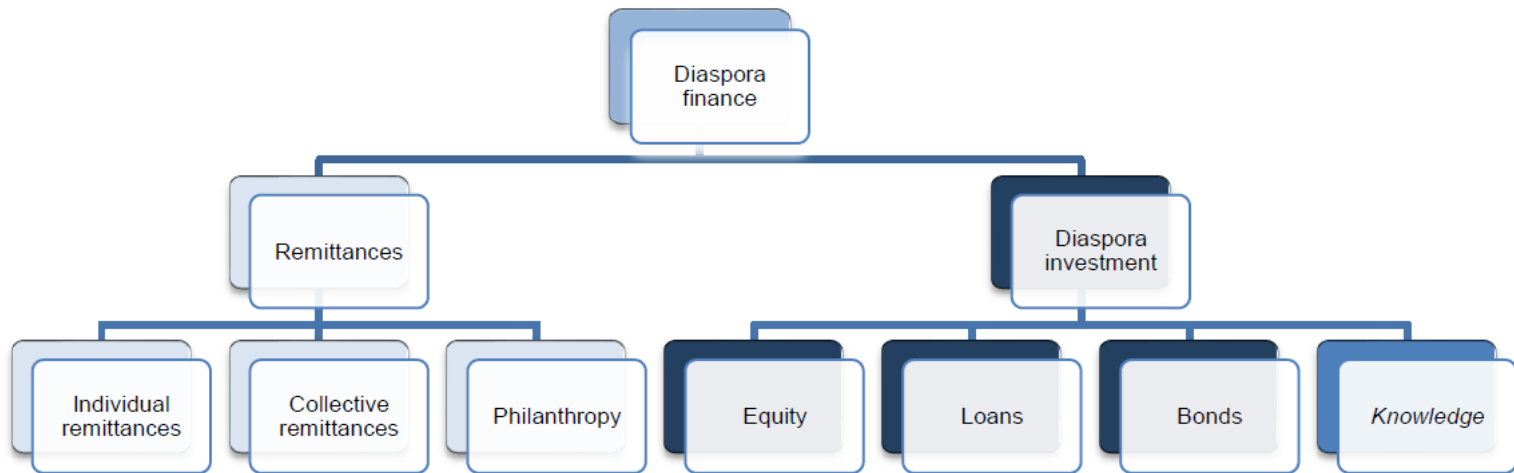
Remittances and diaspora investment, I

Feature of transaction	Remittances	Diaspora investment
Monetary flows	One-way	Two-way
Sender	Migrants	Diaspora = migrants + <i>later generations</i>
Recipient	Households, community organisations	Non-households = firms, government, NGOs/social enterprises
Sender/recipient links	Usually direct and interpersonal = one-to-one	Usually indirect and impersonal = many-to-one, many-to-many, one-to-many
Transaction type	Gift - no transfer of property	Asset creation and transfer

Remittances and diaspora investment, II

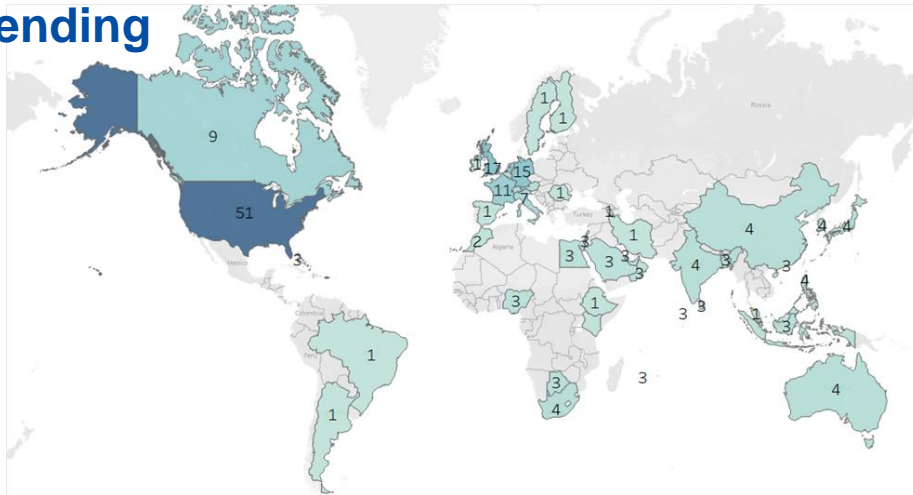


Remittances and diaspora investment, III

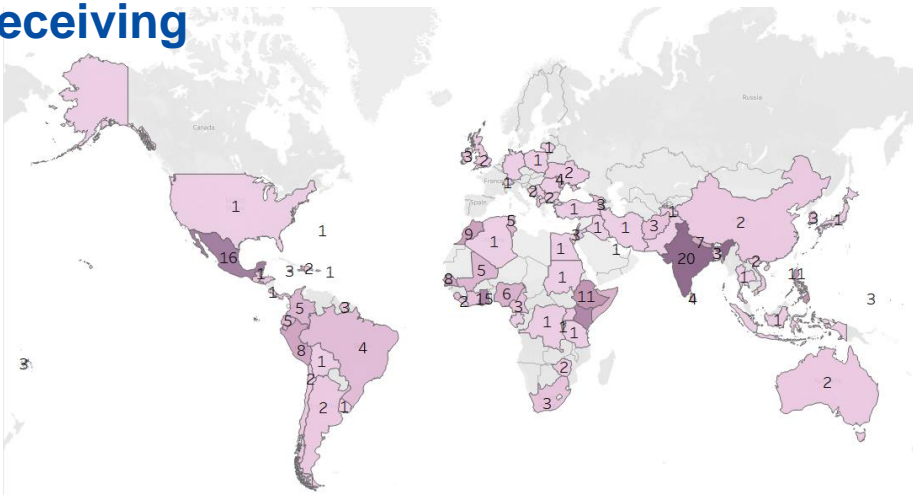


The global diaspora finance landscape

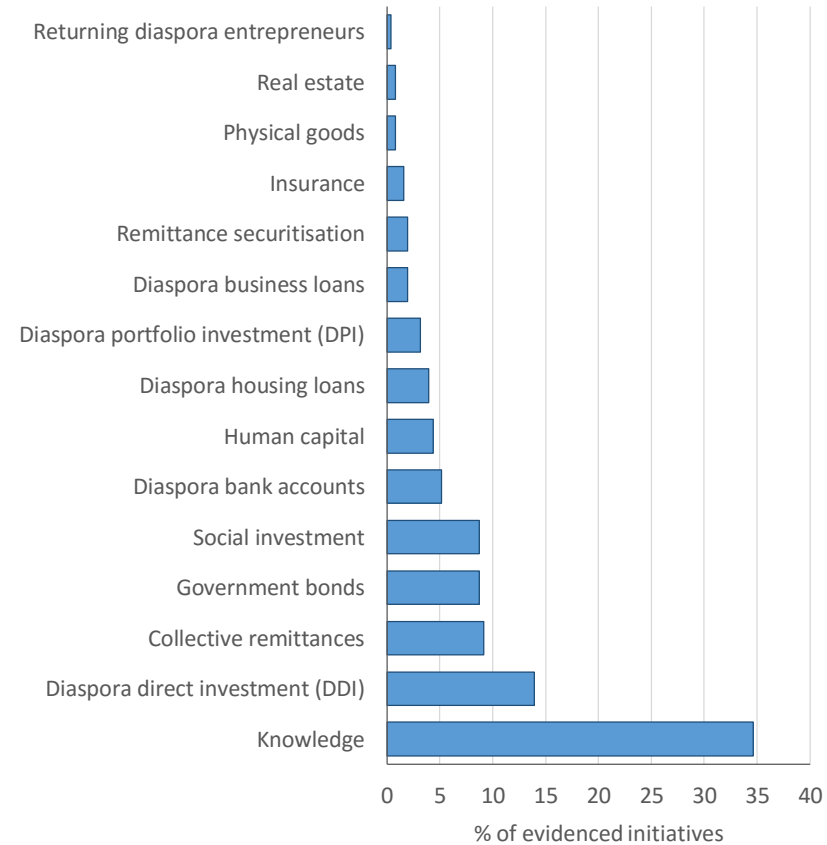
Sending



Receiving



Diaspora finance mechanisms



Objectives and outcomes

Enterprise development

- Increase access of country of origin enterprises to finance

Knowledge exchange platforms

- Increase exchanges between the diaspora and their CoO via the creation of a platform or network

Economic inclusion

- Promote economic inclusion of beneficiaries (e.g. employment, skills, financial literacy)

Inequality reduction

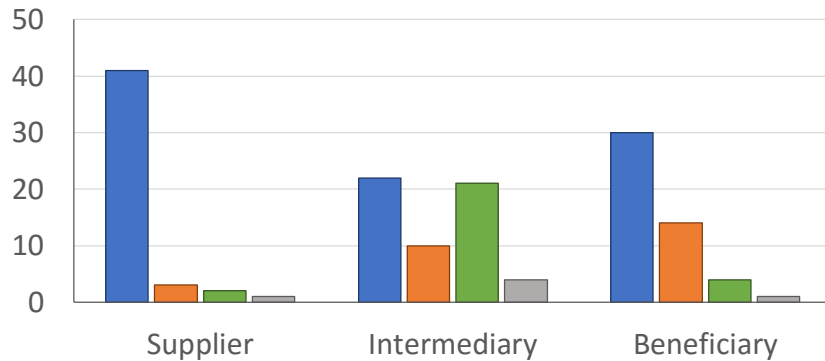
- Increase funding for projects which promote social, political and economic development (e.g. in health, education, public space)

Public investment including infrastructure development

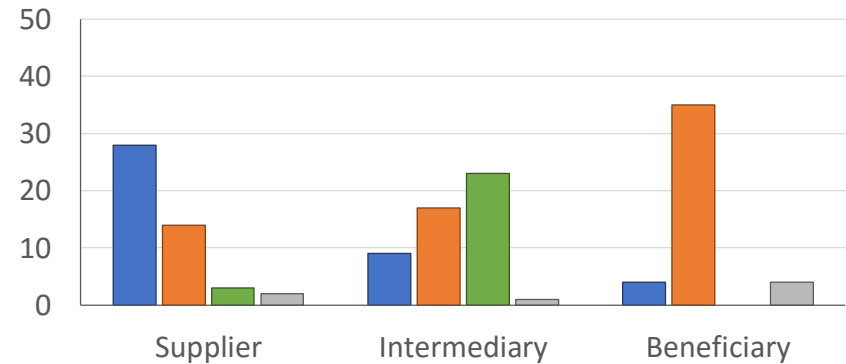
- Increase financial support for infrastructure projects (e.g. constructing roads or expanding digital access)

Different mechanisms – different ecosystems

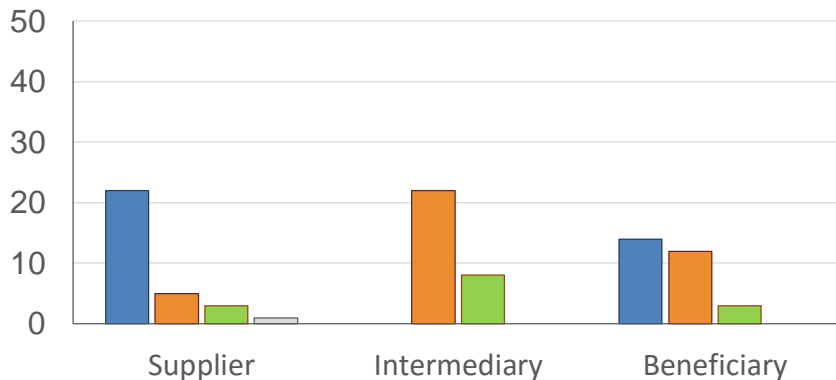
Remittances



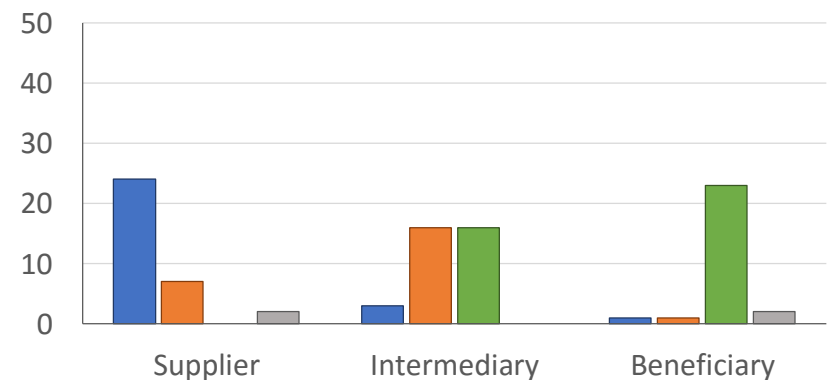
Equity



Loans



Bonds



Knowledge and non-financial mechanisms

- 99 initiatives worldwide
- Sector-specific knowledge and technical skills useful for productive activity
- Experience and know-how of business in countries of origin and residence
- Returning diaspora entrepreneurs
- Transfers in kind eg. machinery and equipment

Conclusions

- Investments from migrants and diasporas are a major source of funds for countries of origin, beyond individual and collective remittances
- There are many different mechanisms – some have been successful, while others have not
- Diaspora investment needs to be better recognised and supported
- Our report takes a first step:
 - Defining a structured framework
 - Systematically building an evidence-base
 - Making the data publicly available
- But there is more to do:
 - Broader evidence to fill in the gaps
 - Evaluations to know what works
 - Institutions and networks that facilitate investments

Thank you



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