How Can Countries’ Talent Abroad Help Transform Institutions at Home?

Instruments and Policies of Diaspora Engagement

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1. **Diaspora engagement with home country as a portfolio of tangible projects**

With funding from the Ireland Funds, Padraig O’ Malley, Irish diaspora member from University of Massachusetts, brought, with the endorsement of Nelson Mandela, the negotiators from all the warring factions of the Northern Ireland (NI) to South Africa in 1997 for a week-long deliberation with the chief negotiators from all the parties from South Africa that had reached South Africa’s historic settlement in 1994. Two years of intensive discussions with the leaders of the political parties in Northern Ireland were needed to prepare the trip. Factions from NI would not fly on the same plane, wouldn’t sit at the same table and wouldn’t come together within a half a kilometer or even in the same room to have Mandela address them for fear of “contamination”. Predictably, the logistics of accommodating the NI sides in South Africa was quite a project, which was on the verge of falling apart continuously, because, say, the size of the beer bar in one faction’s hotel appeared to be larger than in the other – open displays of “the narcissism of small differences,” Narcissism, of course, is a classic attribute of addiction. The trip to South Africa and the dialogue there – South Africans sharing their experiences and NI identifying with different aspects of those experiences and sharing their own created a bond between the two, resulted in a continuing post conference line of communication between some members of the NI Parties and some of the South Africans. This conference and the ongoing dialogue that followed were a contributing factor to the NI peace agreement in 1998. After that Agreement was reached, the NI negotiators were effusive in their praise of the contributions the South Africans had made.

This is an example of a project of high impact but also high risk. This note draws a parallel between a venture entrepreneur developing her high-risk high return venture with the help of a network of professional service providers and investors and a diaspora member constructing, with support of her own problem-solving networks, a portfolio of project with her home country’s institutions. Such a portfolio may consist of three segments:

- **Low risk-low impact initiatives:** That can include, for instance, traditional charity and cultural agenda. Conferences, workshops and diaspora databases are also in this category: they are useful but in itself are unlikely to generate significant development impact

- **Medium risk-medium impact:** activities which help to bring FDI to the home country, initiatives to promote skill transfers and export linkages, help in the image building and improvement investment climate. Support for educational and health reforms can also be in this category

- **High risk:** high impact project when diaspora members become agents of change in triggering institutional change in the home country like in the North Ireland peace process example.

Such a portfolio-based approach to home country- diaspora interactions eliminates the need to identify ‘silver bullets,’ the perfect combination of policies and programs to promote home country development and enables policy-makers to engage in a process of natural experimentation, introducing and observing variation in the policy context, economic outcomes and the connection between them.
The key question for policy makers and donors is how they can support, i.e. help to design, finance and grow such portfolios of projects of diaspora members in their home countries.

2. Diaspora’ impact: Why is the potential so elusive?

In 1997 Ramón L. García, a Chilean applied geneticist and biotechnology entrepreneur with a PhD from the University of Iowa, contacted Fundación Chile, a private-public entity charged with technology transfer in the area of renewable resources. Ramón is the CEO of InterLink Biotechnologies, a Princeton, New Jersey-based, company he co-founded in 1991. After jointly reviewing their portfolios of initiatives, Fundación and Interlink founded a new, co-owned company to undertake long term R&D projects. These projects were needed to transfer technologies to Chile that was a key to the continuing competitiveness of its rapidly growing agribusiness sector. Without Ramón’s combination of deep knowledge of Chile, advanced US education, exposure to US managerial practice and experience as an entrepreneur, the new company would have been inconceivable.

The fact that skilled expatriates can create enormous benefits for their countries of origin has come to sudden attention in recent years through the conspicuous contributions that the large, highly skilled, manifestly prosperous and well organized Chinese and Indian diasporas have made to their home countries. But Ramón’s collaboration with Fundación Chile suggests that diasporas do not need to be large and voluminous to produce an impact: ten cases of “Ramón García” could transform entire sectors of the economy in relatively small countries like Chile. Moreover, Ramón’s collaboration with Fundación Chile suggests that even sparsely populated, informal Diasporas networks linking small home countries with their talent abroad have some institutional resources, and may prove capable of developing more.

As of January 2008, Ramón has created three biotech firms with Fundación Chile. ChileGlobal -- a network of about 100 overachieves of Chilean origin -- was established in 2005 to institutionalize contributions which “Ramón Garcias” can make to Chilean innovation system. However, the story does not end, but rather, begins here. ChileGlobal has engaged Chilean talent abroad in design of early stage venture capital initiatives in Chile. In this endeavor, the Chileans can study (yet not copy) a now-famous Taiwanese experience of creating early stage venture capital industry. When the Taiwanese government decided to promote venture capital (VC) industry in the beginning of the 80s, it had neither the capabilities, nor a blueprint to do that. Many were opposed to the idea because the concept of venture capital was foreign to traditional Taiwanese practice, in which family members closely controlled all of a business’ financial affairs. Entrenched interests in maintaining the status quo were strong. Through a process of intense interactions with the Taiwanese Diaspora in Silicon Valley, new institutions such as Seed Fund (with initial allocation of NTS800 million, later complemented by an additional 1.6 billion) provided matching capital contributions to private venture capital (VC) funds. Two American-style venture funds: H&Q Asia Pacific and Walden International Investment Group were also created in the mid-80s. They were managed by US-educated overseas Chinese who received invitations to relocate to Taiwan. Once the first venture funds proved successful, domestic IT firms created their own VC funds. Once those started to pay-off, even the conservative family groups started to invest in VC funds and IT businesses.
A search network\(^2\) consisting initially of key dynamic and forward-looking members of the Taiwanese government and leading overseas Chinese engineers in Silicon Valley was central in the emergence of this modern VC industry in a place dominated by conservative and risk-averse business groups. This network did not have a blueprint, yet it did have a role model (Silicon Valley) and a clear idea of “what to do next”. By defining each subsequent step along the road, the network became wider and eventually incorporated skeptics and opponents.

The extension of projects of Diaspora entrepreneurs from co-founding joint firms in home countries to co-creating institutional infrastructure so that these firms can flourish is natural, and almost matter-of-fact. The initial objectives of Ramon Garcia and his peer from Taiwan were both modest and specific: to advance their professional interests by setting up technology firms at their home countries. Yet as the constraints of the home country institutional environment became apparent to them, they engaged in advancing institutional reform to remedy some of the constraints. Successful growth of knowledge-based firms and creation of appropriate institutional environment became two side of the same collaborative process. Innovation entrepreneurship has blossomed into institutional and policy entrepreneurship. Significant in this transition is that only a small number of diaspora members with knowledge, motivation and institutional resources are involved. In such a collaborative process, diaspora members bring their status and resources to their undertaking in home countries; they do not seek it from them.

In the established perspective, diasporas are viewed as a source of tangible help and resources (remittances, philanthropic contributions, investments and, recently, under the influence of the India example, technological and organizational knowledge): these are direct economic impacts. These impacts are well known and documented, particularly the size and dynamics of migrant remittances (World Bank 2010). This note points out that the increased salience of diaspora networks to home economies goes beyond their direct economic impacts. Diasporas of the highly skilled can contribute to institution building through multiple, incremental changes that lead to the transformation of private and public sector institutions. Direct economic impact is about the breadth of diaspora engagement, whereas the institution-building impact is about its depth. While remittances and donations—currently the focuses of migration debates—are important for poverty reduction, the key issue is how to turn migrants and diasporas into agents of change in institutional development in their home countries.

Table 1 summarizes various types of impact and motivations of Diaspora members for making a contribution (the five types of Diaspora impact echo Maslow’s hierarchy of needs, ranging from basic needs related to survival to a need to belong, and on to self-actualization (see Maslow, 1971). Figure 1 illustrates the depth of diaspora impacts, starting from remittances (subsistence agenda) at the base of the pyramid to institutional reform at its pinnacle.

But if the promise of diaspora engagement is very high, so are frustration and disappointment. For every success story from China, India, and Chile, there are many more stories—from Argentina or Armenia and sub-Saharan Africa—of diaspora members who have tried but failed to make a contribution to their home country. Yet repeated failure is not for lack of trying on both receiving and contributing ends. Governments are often proactive, establishing a bewildering number of programs and other

\(^2\) A search network in this context is defined as a network to identify successive constraints and then people or institutions that help mitigate, at least in part, the difficulties associated with these constraints.
institutions (repatriation schemes, diaspora ministries etc.) to tap into diaspora resources. In part, a variety of programs reflects a sheer diversity of forms of diaspora engagement and contributions (see table). But it is precisely this diversity and contextuality (diaspora members are effective only within a localized context) of engagement that makes most centralized interventions too crude to be successful. They tend to stifle rather than promote innovation, and consolidate entrenched interests rather than coordinate. Yet it is not possible to rely on the bottom-up creativity of diaspora members and their networks alone; to have an impact, informal networks needs to be scaled up and institutionalized. Here, then, is the central policy dilemma: How can government provide a coherent, centralized framework to assure diverse, bottom-up initiatives that fit specific local circumstances?

Table 1: Impact of Diaspora Members

<table>
<thead>
<tr>
<th>Type of impact</th>
<th>Country paragons and numbers involved¹</th>
<th>Type of Entrepreneurship and their motivation</th>
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| Remittances                           | 11.9 Million Mexican abroad sent remittances for 22.5 US$B (2.5% of GDP). Estimated savings of Mexicans abroad are 46 US$B (26% of domestic savings).  
- El Salvador diaspora, 1.3 million, remittances of 3.6 US$B (15.7% of GDP)  
- Lebanese diaspora remittances, 8.1 US$B, (22% of GDP) | Subsistence entrepreneur: (typically) subsistence motivation                        |
| Donations and collective remittances  | Mexican municipalities matching program of collective remittances for public investments.  
- Armenia, thousands of migrants are involved (an estimate). Remittances are 0.86 US$B (9% of GDP). | ‘Feel Good’ entrepreneur: motivation to belong                                      |
| Investments                           | Armenia. FDI (often driven by diaspora) exceeded remittances at 0.9 US$B in 2010.  
- Chinese diaspora of 8.3M includes thousands of investors in mainland. | Conventional (conservative) entrepreneur  
Profits maximization                                                                  |
| Knowledge and innovation agenda       | India. The diaspora equates to only 0.9% of Indian population, but represents 4.3% of the tertiary educated live abroad, and remittances are 3.9% of GDP. Influential Indians in the US are very instrumental in influencing US multinationals to start knowledge-process outsourcing in India in dozens, see Kuznetsov, 2006 for overview | Technology entrepreneur  
senior manager  
Professional credibility and growth                                                   |
| Institutional development and reform  | Taiwan and India, see Saxenian, 2008 for an overview | Institutional and policy entrepreneurs. Self-actualization                         |

Figure 1: Diaspora Engagement with the Home Country: Direct and Institutional Impacts

To discern emerging solutions to this policy dilemma, we need a theory of institutional development at home, a view which helps to identify entry points for Diaspora contributions. The central conceptual block of such a theory (see Kuznetsov, Sabel 2008) is heterogeneity of home country institutions: co-existence of (relatively) well functioning institutions co-existing with dysfunctional ones. Our example of Chile provides a good illustration in this regard. Its institutional framework is far from perfect, yet it does have a segment which performs well enough to take calculated risks in developing new programs and approaches, to be accountable for such calculated risk-taking and to assure continuity of performance with the change of administrations.

Heterogeneity of public sector institutions is matched by heterogeneity of the diasporas of highly skilled. Only a few are experienced, successful and resourceful enough to engage into a dialogue about creating innovation firms and institutional dynamics. But these few individuals are enough to trigger a process of reform. Search networks match better performing and dynamic segments of Diasporas and home country institutions.

In contrast, the received literature treats the Diaspora, the national economy, and its institutions as unified, homogeneous entities. As Sabel and Saxenian (2008) note “the new Argonauts are only part of the Diaspora, their expertise is in specific industries, and they collaborate with particular agencies or policymakers. This differentiation means that economic and institutional change begins in certain locations and/or domains, and advances through partial and incremental (micro-level) reforms that only with time aggregate into larger scale transformations’.

Diaspora members can become “Archimedean levers” to initiate change and introduce new institutions. The local elite’s expertise is often entrenched. Diaspora members in contrast, have familiarity with local circumstances, credibility and trust of local actors yet they are not part of the established and vested interests. Recall our Taiwan example of venture capital industry. Diaspora members in Silicon Valley not only brought expertise on venture capital industries, they also helped me to
make the case to establish that industry in Taiwan in the first place and that was done with little help, in fact with overt resistance from a conservative and closely held financial sector in Taiwan. Before catching up, one need to wake up and the diaspora talent is sometime indispensable in providing a wake-up call: they have a rare combination of credibility, motivation and expertise to do that. This is not to say that diasporas cannot themselves become entrenched. Diaspora organizations can pursue narrow objectives with little consideration of the interests of the country they presumably represent. Long-distance nationalism of diasporas (see Kapur, 2006) can be unproductive and detrimental. A tendency of diaspora organizations to become entrenched and pursue narrow objectives is one reason we focus on informal diaspora networks and individual talent, the motivation of which are presumably pragmatic and diverse.

Ultimately, it is the dynamic segments of home country institutions which will do the work (however crucial the Silicon Valley talent were in triggering the Taiwanese venture capital industry, it was a set of new national programs and procedures which made the difference), the diaspora members help to perform the search for individuals, expertise and institutions to articulate a missing agent of development. This is the essence of Archimedean lever hypothesis which requires close attention to heterogeneity of both diasporas and home country institutions.

The following sections will examine a key question of institutional design of diaspora engagement which takes into account this heterogeneity: how to turn spontaneously emerging diaspora–home country networks into search networks.

4. Toward a New Generation of Diaspora Initiatives

How does matching of dynamic segments of diaspora talent and dynamic segments of the government occur? R. Garcia stumbled at his match—CEO of Fundacion Chile at Miami airport. Is it possible and if so how to create an environment facilitating serendipitous matches between domestic and diaspora champions? Centralized schemes, particularly those managed by the government proved to be of very limited efficacy in terms of reaching this objective. And so are many recommendations of the current diaspora debate: ever more detailed studies of diasporas, digital diaspora networks and conferences of diaspora members. They are useful as entry points and initial introduction but they cannot substitute for detailed and lengthy discussions over possible joint projects between public sector champion(s) and diaspora talent.

Three approaches have emerged to provide a framework to articulate and implement joint projects.

The first follows the logic of how Ivy League universities work with their alumni. Intentionally small groups of diaspora talent are invited to join an elite diaspora program: Global Scot has about 900 members, whereas Chile Global about 100. The program is housed within an entrepreneurial and capable economic development organization (Scottish Enterprise and Fundacion Chile respectively) to follow up on the joint projects. Significantly, even for those highly capable organizations, the binding constraint is in the home country: its ability to follow up and implement ideas and projects of the diaspora members rather than commitments of the diaspora.
This observation shows that this ‘high intensity’ approach is predicated on sophisticated domestic capabilities, an approach which might be too demanding for low income countries.

A contrasting ‘light touch’ approach focuses on dissemination success stories of diaspora – home country interactions and generally on learning from emerging good practice. Through focused workshops, the objective is to transform success stories into role models to follow.

A third approach, which is just emerging, intends to provide room for bottom up creativity and initiative, while assuring sharing of best practice between decentralized and bottom-up projects and experiments. A contest, pioneered independently in Mexico in 2009 and Russia in 2010, provide matching funds to organizations in a home country interested in articulating and running a project with diaspora members that advance their own missions and objectives. Both in Russia and Mexico the beneficiaries are domestic R&D organizations. These contests are too new, so the jury about their performance is still out. The key feature is their focus on domestic organizations as immediate beneficiaries, not on the diaspora members. This reflects understanding that domestic capabilities being the key binding constraints and also provides an entry points for domestic champions to articulate their projects.

In such a contest, one organization might be interested, say, in leveraging diaspora professionals to test new methods of delivery of preventive medicine to low-income population. It would then formulate a proposal for the Diaspora Contest which will be considered receiving matching fund contributions. Operational details would obviously differ from country to country but such a Contest Fund would have clear eligibility criteria and can, for instance, support institutionalized diaspora initiatives for a period of up to three years with a limit of $100,000 contribution per year and could support 10-20 focused global search initiatives with the help of diaspora. Ideally, each project within a portfolio of initiatives to be supported by the contest would be characterized by the following features:

- The ability to identify, bet on, and manage strategic first movers. Strategic first movers are individuals with a longer than usual planning horizon. They are not philanthropists, yet they have more patience in seeing returns on their effort and investment.
- Focus on mentoring as a key feature in nourishing joint projects between diasporas and home country organizations. Another way to describe a search function of diaspora members is to characterize them as mentors: they do not do the work themselves but primarily help home country organizations to perform their functions better).

5. Turning diaspora networks into search networks: Triggering guided serendipity

How does matching of dynamic segments of diaspora talent and dynamic segments of the government evolve over time? To put it another way, how do search networks emerge and get institutionalized as they develop portfolio of diaspora-home country projects? Our hypothesis is that this process of emergence and institutionalization goes through three stages (Table 2).
On a first stage informal networks emerge. Continuing our example of Ramon Garcia of the Chilean diaspora, he was sharing his proposals with many government agencies, yet with little success, until he found a like-minded individual – CEO of Foundation Chile. Crucially, ability to act innovatively and think “out of the box” stems both from personal reputation and credibility, not necessarily linked to official position (an overachiever maintains her credibility and networks even when she is fired) and ability to leverage resource lent by an official position. This duality allows flexibility and opens the door to institutionalization of personal and informal networks.

The following example from Mexico illustrates the second stage of evolution of search networks – their partial institutionalization. Mexican Agency of Science and Technology views about a million of tertiary-educated Mexicans in the US (about 400,000 of them in managerial positions) as a unique opportunity which Mexico hasn’t even started to explore. Hence, with advisory assistance from the World Bank, CONACYT started “Red de Talentos para Innovacion” (www.redetalentos.org) – a network of talents for innovation. But it very rapidly found itself in a catch. By its very nature search networks are inter-disciplinary and inter-organizational: they bridge boundaries and articulate new projects by finding previously unnoticed similarities. This is why bridge organizations such as Foundation Chile and Scottish enterprise are so critical: they serve as incubators of search networks. But in Mexico there is nothing similar exists to Foundation Chile. Moreover, there is no tradition of meaningful inter-organizational communication and joint action. There is no dearth of inter-ministerial councils to coordinate issues but they tend to be cartels of established interests, an arena where each agency protects its turf. Moreover, in a corporativist structure every such action was mandated from the very top, and breakdowns of the corporativist system resulted in a governance paralysis at a federal level. To proceed, the Mexico Talent Abroad program required creative and day-to-day collaboration between Ministry of Foreign Relations, Ministry of Economy and Ministry of Science and Technology (CONACYT). A solution found by high-ranking official of CONACYT was simple yet brilliant. He instituted a series of meetings of relevant agencies which were held on Saturdays. The fact that the meetings were outside the established routines helped to open a meaningful discussion and to define a new agenda of concerted action. Management of the program is done by Mexican Enterprise Accelerator in San Jose, California which is established by the Ministry of Economy. All these are embryos of a possible future Foundation Chile yet to be invented in the Mexico context. Individuals champions remain the key players: should they leave their positions, the future of the program is in doubt. Yet they engage their respective organizations in their projects: the program finds institutional home, receives budget allocations and gains other attribute of institutionalized experiment. This is an example of how diaspora search networks help formalize other networks while making them more effective as a means for incubating new programs as governance structures as well as new projects.

A third stage – a fully institutionalized search network – is illustrated with the example of GlobalScot. GlobalScot is an innovative and successful programme to form a network of about 950 high-powered Scots all over the world and use their expertise and influence as “antennas”, “bridges” and springboards to generate a surprising variety of projects in Scotland. Interestingly, although GlobalScot relies on all the strengths of Scottish Enterprise (its home organization—a highly capable local economic development organization) even GlobalScot failed to utilize the ideas and connections from GlobalScot members. The GlobalScot is now increasingly forging connections between its members and businesses in Scotland, bypassing Scottish Enterprises.
Tellingly, starting from its inception in 2001, evolution of the program was full of surprises. Invitations to join the network to high-positioned Scots were signed by Scottish First Minister, and it was expected that only a small percentage of these very busy and successful individuals would respond positively. In reality, a positive response rate was close to 90%. Yet, out of 950, less than 200 (about 20%) are involved actively in projects with Scottish businesses – a dynamic segment, internal diversity within the networks itself – and there is no way of predicting from the outset which particular “talent” will form this dynamic segment.

A crucial observation is that full formalization of diaspora search networks is typically not desirable, particularly in a context of a developing economy. An institutional home is desirable, yet many informal features (characteristic of the stage 2 of the evolution) should remain. Full institutionalization can easily result in stifling of creativity and capture of a hereto vibrant network by vested interests. In short, interests of powerful organizations may overtake dynamic searches of diaspora members (see Kapur, 2006, and J. Marks in Kuznetsov, 2006 for examples from India and South Africa).

Table 2: Institutionalization of search networks with diaspora participation

<table>
<thead>
<tr>
<th>Characterization of better performing segments</th>
<th>Examples</th>
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<tbody>
<tr>
<td><strong>Informal networks</strong></td>
<td>Individual champions, usually “talent”, from government, diaspora and private sector sides Ireland in the 70’s, India in the 70’s and 80’s Most middle-income and many low income countries now</td>
</tr>
<tr>
<td><strong>Some institutionalization</strong></td>
<td>The champions (personalities) create institutional platforms to institutionalize interactions Taiwan experience with early stage venture capital Taiwan experience with early stage venture capital Mexico’ Red de Talentos Diaspora initiatives promoted by private sector associations such as TiE</td>
</tr>
<tr>
<td><strong>Institutionalized networks</strong></td>
<td>A process of matching Diaspora members and institutions in home countries to generate and support joint projects GlobalScot ChileGlobal</td>
</tr>
</tbody>
</table>
The framework of Figure 2 juxtaposes the individual initiative and creativity of an entrepreneurial champion (or a group of champions) and the organizational support they need. Typically diaspora initiatives do many useful things once they remain small (“hit the wall” situation). The organizational support they receive may indeed stifle the creativity: there are a number of initiatives with significant resources, resulting in a flurry of activities yet with little impact on home country institutions (“living dead” situation). The framework of Fig. 2 helps to chart a trajectory of institutionalization of diaspora initiatives to help them arrive at elusive synergy between creativity and individual initiative of projects champions with effective and non-bureaucratic organizational support of projects (the title “guided serendipity” helps to capture the paradox we are after).

Examples of GlobalScot (and perhaps ChileGlobal) are rare examples “guided serendipity” -- of institutionalized, yet evolving and adapting search networks. But for every case of “guided serendipity”, there are hundreds, if not thousands of cases of “hit wall” situations, or worse, still “living dead” diaspora programs.

6. Toward a New Generation of Diaspora Initiatives: Combining Narrow and Instrumental Perspectives

“What is diaspora?” – a senior official of the biotechnology department of India’s Ministry of Science and Technology asked me as she was describing how the department engages with India’s talent abroad. Relevant expertise is drawn upon for peer review of proposals and mentoring of their subsequent implementation. Diaspora members are relied upon as ‘sounding boards’ and ‘antennas’ when decisions are made on allocation of funds for research and technology development. Engagement with diaspora has
become a routine part of the department’s organizational practices. In this sense, diaspora has become part of the country. This is clearly an example of a good practice in diaspora engagement yet the senior public sector official in question didn’t know what the term diaspora means and the fact that India had a Ministry of Overseas Indian Affairs was the news to her. A Moliere character was shocked to discover that he was speaking prose without knowing it. In contrast, in this example, the official was making a good practice in diaspora engagement without having a slightest idea of it – she was indeed ‘speaking in verse’ yet unaware of it. I would argue that the official in question didn’t need to know what diaspora term meant and as long as the engagement with diaspora members were serving her particular needs, there was no need for her to interact with a specialized diaspora ministry.

This is an example of instrumental diaspora policy agenda: skilled diasporas are viewed and relied upon pragmatically, for specific tools and purposes, as an extension and continuation of sector-specific agendas. Engagement with diasporas becomes a part of everyday management practice. Experience shows that the ‘incorporation of diaspora in everyday management practice’ way of engagement comes other forms of interaction are already well developed. Paragon of this approach is Ireland which relies on diaspora in many areas: FDI promotion, education, science and technology and where relevant government agencies incorporate diaspora into everyday management practice by promoting a variety of search networks, which are not diaspora networks per se but include diaspora members.

Instrumental perspective focus on pragmatic search for solutions and search networks which help to find such solutions. ‘Diasporas for what?’ is a key question of the instrumental perspective. The instrumental perspective on diaspora as means (as a problem-solving device) can be contrasted with diaspora engagement as an end in itself – let’s call it the narrow diaspora agenda.

Diaspora agenda in the narrow sense includes familiar diaspora ministries, Ministries of Foreign Relations and related NGOs. These are entry points of diaspora engagement which play also a coordination role: advocate reasonable institutional environment for diaspora engagement and maintain dialogue with diasporas. These are Diaspora ‘embassies’ in the home countries. But just like embassies are just entry points to the governments, one needs ‘diaspora agenda in the instrumental sense -- a process of engagement with specialized government agencies (Ministries of Health, Education, Science and Technology) and agents to elicit credible commitments between the agents with resources and expertise at home and relevant diaspora members.

So, narrow and instrumental diaspora policies are both needed and they complement each other. Since diaspora engagement is by definition cross-cutting, other cross-cutting agendas such as Science, Technology and Innovation or Investment Promotion or Local Economic Development -- areas with vastly superior policy experience -- provide useful and telling parallels. Every country, for instance, has a Ministry of Science and Technology but those more often a problem rather than a solution as they often a cartel of established interests -- primarily ivory tower academics defending their turfs. One can easily see how diaspora engagements in the narrow sense can gravitate towards a cartel of established interests as well as, with Diaspora NGOs competing for funds.

Just like diaspora as a means (instrumental approach) needs to be balanced by diaspora as an end (a narrow approach), there is a need to balance bottom-up (decentralized) and top-down (centralized) approaches to diaspora engagement. The main idea of this note is that diaspora engagement with the
home country is act of entrepreneurship – social, private and public initiatives. Private, social and public entrepreneurs develop a portfolio of projects with their home countries overcoming many constraints and imperfections of institutional environment of home countries. Hence bottom up (decentralized) approach to facilitate a diverse portfolio of projects and initiatives should be central. Yet a centralized effort has its role as well particularly in sharing good practice and in improving institutional context for diaspora engagement. A contest between domestic organization for projects with diaspora engagement (Section 4) is one approach to create an institutional space institutionalizing bottom-up creativity and entrepreneurship and combining it with centralized knowledge-sharing and discussion of emerging good practice.

Juxtaposing narrow vs. instrumental diaspora agendas on the one hand and centralized vs. decentralized approach, one arrives at a table of diaspora strategy options (Table 3). Our contention is that centralized and narrow agendas are routinely overemphasized. The diaspora ministry, for instance, which are sometimes proposed as best practice solution to design and manage diaspora strategies, has a role to play as an entry point to diaspora agenda but they can just as easy stifle and bureaucratize interactions with diasporas. Centralized focal points for diaspora engagement are useful but it needs to complemented by other approaches, such as:

- Incorporation of diaspora networks into everyday business and public sector practices (illustrated by the India biotechnology example). This is not usually part of the diaspora agenda conventionally defined. Contests for sector-specific projects between domestic organizations (domestic NGOs for instance) to construct search networks with diaspora participation is an example of policy instrument here.

- Guiding serendipity: support to institutionalized diaspora search networks.

Good practice in this policy domain (illustrated by Global Scot) is context specific and requires advanced institutional capabilities to be adopted and adapted to developing country conditions. Another issue is that institutionalization of search networks can result in its bureaucratization and stifling of creativity (see section 5 for details)

- Articulation of diverse entry points for diaspora engagement

In this approach, a portfolio of diaspora initiatives covering, ideally, all three segments introduced in Section 1 (high impact, high risk projects, medium impact, medium risk and low risk activities such as conferences and databases) covering the whole pyramid of diaspora impact (Fig. 1) is constructed implicitly – through support of many diverse diaspora initiatives. Continuity and impact is the main issue of narrowly defined diaspora projects (i.e. initiatives which focus on diasporas per se rather than home country – diaspora interactions).

Drawing on these for emerging diaspora policy agendas, here are some recommendations for the international development community with respect to designing a new generation of diaspora programs:

a) Focus on joint projects between exceptional stakeholders in home countries and Diaspora individuals, rather than execute "capacity building" or "help". A crucial point is the heterogeneity of both Diasporas and home country institutions. A good project links together better-performing
and forward-looking segments of a home-country’s institutional setting with similarly dynamic Diaspora individuals. They then formulate and implement a joint agenda against all odds, problems and obstacles. Better performing segments always exist even where institutions are generally dysfunctional. A good diaspora project leverages this heterogeneity. This is one reason that makes it difficult to do it right on a massive scale.

b) Perform surveys as a means to fine-tune actual diaspora initiatives and give a priority to focused “high resolution” empirical work. As the diaspora agenda is a fairly new one for development organizations, their first impulse is to take stock of diaspora members. Hence their studies are bound to count diaspora groups and correlate their sizes with financial flows such as investments. At best, such aggregate studies at a macro-level are useful background information. Counting diaspora members is based on the premise of “representative” diaspora members. If one disaggregates diasporas by level of education and other indicators, these are still likely to be too low level of resolution to discern “talent” for innovation and institutional development impact. Talents are, for every diaspora community, counted in dozens not thousands. An example of relevant empirical work is a database of highly influential Indians and their carrier trajectories abroad and at home. Tellingly, the database starts from home-country institutions—these are individuals who occupy (or occupied) important positions in India. Additionally, it is constructed in the context of a specific question: Shedding light on political economy of Diaspora – India interactions (Kapur, 2010)

c) Be humble and ambitious at the same time. This is a paradox which only makes sense if one considers the time scale. One is humble in the short-run with a pragmatic objective to get a few tangible joint projects (between the diaspora and their home country) going. Yet one is ambitious in the long run because the stakes are high: The stakes are economic reform and institutional changes resulting in a “critical mass” of promising and demonstration cases. For instance, it is almost invariably counter-productive to put return migration as a short-term objective. Let’s develop joint projects first, and if those projects develop well, the expatriate talent would have both the motivation and the context to come back. This is one example of how the humble agenda translates into an ambitious one.

Table 3: Emerging Diaspora Interventions: Combining Narrow and Instrumental Approaches

<table>
<thead>
<tr>
<th>Decentralized approach: ‘Let one thousand flowers bloom’</th>
<th>Narrow agenda (diaspora as an end): dialogue, integration and coordination</th>
<th>Instrumental agenda (diaspora as a tool): focused and specific projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diverse entry points</td>
<td>Guiding Serendipity</td>
<td>Managed networks (as Global Scot and Chile Global) and specialized NGOs</td>
</tr>
<tr>
<td>Support to Diaspora NGOs, associations, research groups, databases, social networks</td>
<td>Support to Diaspora NGOs, associations, research groups, databases, social networks</td>
<td>Support to Diaspora NGOs, associations, research groups, databases, social networks</td>
</tr>
<tr>
<td>Main issue: continuity, institutionalization and impact</td>
<td>Main issue: continuity, institutionalization and impact</td>
<td>Main issue: requires sophisticated institutions in a home country</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Centralized</th>
<th>Central focal point</th>
<th>Incorporation into everyday practice</th>
</tr>
</thead>
</table>
Diaspora ministries and agencies
Main issue: self-entrenchment and stifling of initiative

Reliance on diasporas as an extension of work of sectoral agencies (e.g. diaspora as a tool for FDI promotion)
Contests for projects with diaspora involvement (as in Mexico and Russia)

Main issue
‘Below the radar screen’ diaspora agenda
Documentation and sharing of good practice

7. Conclusions

Discussions of diaspora contributions to home country developments sometimes start with exhortation of appropriate home country conditions: “for diasporas to contribute, investment climate and governance in home country must improve”. This note starts from a different premise. Our question is how institutional environment of the home country can improve, gradually and incrementally, through participation of diaspora members.

Analytical and empirical investigation of this question becomes possible due to the recent literature in economic growth. It shows that growth is not hard to start: it almost starts itself, somewhere, sometimes. But keeping it going is not easy; doing so requires attention to the context of growth-binding constraints and situation-specific ways to resolve them. The same goes for institutions: it is almost always possible to find some that are working. The issue is using the ones that work to improve those that don’t. This hypothesis assumes that there are nearly always opportunities for development in a given economy, and that some actors, private and public, begin to take advantage of them. But while development in this view is not hard to start, neither is itself perpetuating. Senior public sector officials with a drive, vision and ability to take tasks (public sector entrepreneurs) start doing new things—introduce new programs and policies.

From this perspective, diaspora members are at once antennas to detect better performing and more dynamic segments of domestic institutions and institutional vehicles (as members of so-called search networks) to expand, institutionalize and scale up these better performing segments.

Furthermore, discussion of diaspora contribution tends to bifurcated into two perspectives. On one hand, there is somewhat naïve optimism about the possibilities of diaspora involvement. On the other hand, institutional preconditions—good investment climate, honest and transparent governments etc.—are emphasized. Typically both claims are advanced simultaneously, making it difficult to understand how high-impact diaspora contributions can happen in a typical institutional environment of a developing economy which is anything but ideal. This Note bridges the two perspectives by showing how engagement of diaspora members can create an institutional context for further and deeper engagement.

Members of expatriate communities may have three characteristics that position them to make a unique contribution to the development of their home country: a strong motivation to “make their mark” despite and against many odds; knowledge and expertise of both global opportunities and local particulars; and (not always, but frequently) financial resources to act on new opportunities. When these
resources combine, usually as a matter of serendipity, the impact on home country development can be substantial. Yet these resources can combine also in a negative way: diaspora talent can also become ferocious rent seekers allying themselves with reactionary and backward-looking vested interests in the home country.

Paradoxically, it is home country institutions that appear to be key determinants of diaspora impact. Yet both home country institutions and diaspora are highly heterogeneous. When dynamic, forward-looking, and better-performing segments of the diaspora and the government develop joint pragmatic projects, these projects have the potential of triggering institutional dynamics that are at once humble (in the short term) and ambitious (in the long run): economic and institutional change that begin in certain locations and/or sectoral domains, and advance through partial and incremental (micro-level) reforms that with time may aggregate into larger-scale transformations.
References


