

The Migration-Development Nexus: Diaspora as Development Agents

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Abstract

Increasing attention is being given among scholars and students to the issue of how diaspora contributions impacts poverty, development, and equity in home countries. However, it is only within recent years that donor government departments, responsible for overseas assistance, and multi-lateral agencies have started to think diasporas into a development context. They do now have focus on the potential contributions of these groups as a tool to reduce poverty and contribute to economic growth in their countries of origin.

Reaching an estimated amount of USD 401 billion in 2012, three times as much as the total official development aid, remittances, sent to developing countries by diasporas, had tripled between 1995 and 2012. Diaspora organizations are often engaged in local areas of their countries of origin and therefore has the potential for creating development in their home country.

It is essential to have a good understanding of the diasporas, and the dynamics of their interaction with their countries of origin, as this may influence the nature and scale of their willingness to contribute to the development in their countries of origin. This study uses three countries - Mexico, The Philippines and Cuba - as examples of how governments have perceived their respective diasporas and how these governments have attempted to engage them in the interest of national development. These countries offer three diverse examples, which illustrate a broad range of diaspora engagement policies.

This thesis have sought to determine which conditions that are essential for diaspora members, from developing countries, to contribute to the process of development in their home country.

First of all, it is necessary that there is some general structural conditions in place before it is possible to create an environment where a positive sustainable development is possible. Acemoglu & Robinson (2012) explains that these structural conditions must be in the form of, what they call, "inclusive" political and economic institutions. Banks & Hulme (2014) explain that without additional inclusive social institutions that allow broader citizen participation, improved economic outcomes are not likely to be joined with improved social outcomes.

Sending governments also need to improve policy, legal, and regulatory frameworks. Brinkerhoff (2012) has developed a framework that intend to describe what measures sending governments should take to create an enabling environment for diaspora contribution.

Brinkerhoff argues that sending governments needs to have a legal and regulatory framework. Secondly, they need to create government agencies and initiatives to support and connect with their diasporas. Thirdly, offer direct public funding such as investment in diaspora business development as well as financial incentives. Fourthly, enter into government partnerships with diaspora organizations and finally, acknowledge the value of their diasporas.

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List of Acronyms

MDGs Millennium Development Goals

NELM New Economics of Labour Migration

BGN The Philippines Brain Gain Network

POEA Philippine Overseas Employment Administration

OWWA Overseas Workers Welfare Administration

CFO Commission on Filipinos Overseas

PhilDev The Philippine Development Foundation

GILAS Gearing up Internet Literacy and Access for Student

OLAMWA Office of the Legal Assistant for Migrant Workers Affairs

IME Mexico's institute for Mexicans Abroad

GDP gross domestic product

CCIME The Consultative Council of IME

PCMLA Program for Mexican Communities Living Abroad

NAFTA North American Free Trade Agreement

CAA Cuban American Alliance

Introduction

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1.1 Introduction

International migration is far from a new phenomenon, and there may be many reasons why people choose to migrate. It is usually a range of external factors that motivate people to migrate such as the growing gaps in wages and living standards between countries, which draws migrants towards countries with higher standards of living. Furthermore poor governance, lack of quality education and health services as well as corruption can be features that motivate people to migrate. There may also be factors such as discrimination, based on ethnicity, religion, race, gender or other grounds as well as the absence of personal freedom. Conflicts, environmental factors (floods, soil and coastal erosion, and droughts), and demographic imbalances, such as labour shortages or labour supply surplus, can also affect people's decision to move to another country [Nonnenmacher 2010].

Increasing attention is being given among scholars and students to the issue of how migrant contributions impacts poverty, development, and equity in home countries [Sharma, Kashyap, Montes & Ladd 2011, Johnson 2007]. However, it is only within recent years that donor government departments, responsible for overseas assistance, and multilateral agencies, such as the World Bank, have started to think migrants, or diasporas as they are also referred to, into a development context. They do now have focus on the actual and potential contributions of these groups as a tool to reduce poverty, contribute to economic growth, trade or post-crisis recovery in their countries of origin. A large number of reports, conferences, consultations and policy recommendations have been developed within the last few years surrounding the positive relationship between diasporas and development. This has led to an increasing number of governments in origin and destination countries that has develop policies to engage diasporas in development plans [Newland & Patrick 2004, Vezzoli & Lacroix 2010, for Migration 2013, Vertovec 2006]. Reaching an estimated amount of USD 401 billion in 2012, three times as much as the total official development aid, remittances, sent to developing countries by diasporas, had tripled between 1995 and 2012. Diaspora organisations are often engaged in local areas of their countries of origin and therefore has the potential for creating development in their home country [Kleist 2012, Aga, Eigen-Zucchi, Plaza & Silwal 2013].

Hence, the focus of donors has since the start been on financial remittance flows, more specifically, on how to increase them as well as direct them toward more development uses. The donor governments and multilateral agencies interest has therefore primarily been on "lowering transaction costs, improving data collection, extending the availability of financial services to poor people and rural areas, encouraging collective remittances to support community development and employment generation, and sponsoring research on

the patterns and uses of remittances" [Newland & Patrick 2004, Vezzoli & Lacroix 2010, for Migration 2013, Vertovec 2006]. The potential of diaspora, in supporting sustainable development in their countries of origin, is not only related to financial remittances but rather to a variety of resources such as the transferring of knowledge, ideas and opinions back home, which can contribute positively in the formulation of more effective development policies [for Migration 2013, Terrazas 2010]. The new optimistic view of migration in relation to development, which has emerged over the last decade, is a reflection of a broad re-evaluation of the relationship between migration and development. Diasporas are now increasingly seen as "bottom up" development actors, which could introduce new approaches to development practice [Vezzoli & Lacroix 2010]. The modern technology, which among other things has led to lower costs surrounding internet connectivity, telephone calls, satellite television as well as traveling and mobility have meant that diasporas can stay in close contact with each other virtually wherever they are in the world. The exchange of money, information, knowledge as well as religious, social and political opinions within diasporic networks often means that there is a common collective identity within diaspora groups [Vertovec 2006]. While the recent migration and development debate has been focusing on how diasporas can play vital roles in the development of their origin countries, implementation of effective policies, which can strengthen this development, is seldom straightforward. It seems that governments, who have taken a more balanced approach where both parties benefit from the collaboration, is better to attract and retain their diasporas in a long-lasting commitment [Vezzoli & Lacroix 2010]. While some agencies and governments perceive their diasporas as positive stakeholders, which contributes to the development in the home country, others see them as harmful, as they may do various kinds of harm to their national society. It is important to stress that remittances do not automatically generate development and economic growth in migrant-sending areas, which often seems to be related to an unfavourable investment climate, lack of political stability and legal security [de Haas 2005, Vertovec 2006].

Diasporas often reproduce the ethnicity, divisions of class, language and region, political affiliation and religion that are found in their countries of origin. It is essential to have a good understanding of the diasporas, and the dynamics of their interaction with their countries of origin, as this may influence the nature and scale of their willingness to contribute to the development in their countries of origin [Newland & Patrick 2004].

A number of studies show that remittances have had a great impact on many developing countries in terms of achieving the Millennium Development Goals (MDG), and given that there are more than 215 million international migrants in the world today, this development is likely to continue in the

years ahead. Remittances, as potential sources of innovative financing, are therefore increasingly being featured as important instruments in achieving the Post-2015 agenda [Aga et al. 2013].

There is considerable variation in how governments reach out to their diasporas, and which policies they have implemented in this context. This study uses three countries - Mexico, The Philippines and Cuba - as examples of how governments have perceived their respective diasporas and how these governments have attempted to engage their diasporas in the interest of national development. These countries offer three diverse examples, which illustrate a broad range of diaspora engagement policies. Common to all three countries is that they all have a large number of diasporas living in the United States. Cuba, however, differs from the other two countries, as they perceive their diaspora members as a negative element of change although remittances factors importantly in Cuba's economic life.

1.2 Research Question

This new recognition of diasporas as development agents and their potential to contribute to poverty reduction and economic growth, as well as the increasing number of governments in migrant sending countries, who now are engaging diasporas in development plans, leads to the following problem formulation:

Which conditions are essential in order for diaspora members, from developing countries, to contribute to the process of development in their home country?

To help provide an answer to this question, the following working questions will be answered:

1. How can diaspora members contribute to the development of their home country?
2. What can sending governments do to support diaspora contributions to local and national development?

1.3 Methodology

This section outlines the research scope and strategy as well as the methods used to produce this report.

1.3.1 Aim of Study

This thesis aims to contribute to the body of research about the enabling environment of diaspora contributions to their country of origin. It attempts to provide an overview of the most salient policies implemented in order to encourage contributions.

Government policies on diaspora contributions play a major role as they are able to influence the motivation and ability of the contributing migrants. Hence, this focus may provide some insight from a political perspective on the question; what motivate diasporas to contribute. When policy makers know which and how policies enable them to contribute, a more focused approach can be initiated.

This thesis also attempts to provide some insight in the fundamental conditions needed in order to promote development in a country and thereby apply them to the migration-development nexus.

1.3.2 Research Design and Methods

Before it makes sense to analyse the policy issues within the field of diaspora and development, it is essential to explore the theoretical field in which this study is embedded. Chapter two gives here an introduction in the migration-development nexus as well as core concepts of diaspora contributions. Subsequently, chapter three establishes a theoretical framework, which forms the basis for the analysis of the three case countries. The following chapter attempts to provide an insight into the role of governments when it comes to diaspora contributions. In order to reach an answer to the research question, Mexico, The Philippines and Cuba are used as examples in chapter five in order to provide case-specific perspectives that clarify the complexity of the diaspora-development environment. The final chapter combines the three case countries with the general analysis to develop a final conclusion on the research question.

This thesis makes use of a wide range of sources such as books, reports from governmental and non-governmental organizations, academic and journal articles, official documents and press releases.

Finally, an deductive approach have been adopted in this thesis, as it is impossible to test the theories in practice. Deduction means that the study is guided by one or more theories that contribute to answer the main research question.

Choice of Theory

Acemoglu & Robinsons book from 2012 "Why Nations Fail" is used to explain the fundamental structural conditions needed in order to promote development in a country. They argues that a country's economic success depends

on whether a country has, what they call, extractive or inclusive economic and political institutions. They stress that these institutions affect the incentives that motivate people and are thus fundamental when it comes to successful social and economic development outcomes.

Their theoretical perspective is selected in preference to the more established development theories, such as the modernisation or dependency theory, as they provide a more nuanced picture of what is required in order to create development in a country.

Acemoglu & Robinsons extractive and inclusive economic and political institutions are complemented by Banks & Hulme (2014) who states that a country furthermore need additional inclusive social institutions that allow broader citizen participation and greater accountability and responsiveness of elected officials in order to achieve improved economic outcomes. Many social institutions have been created by diaspora groups, which can help to facilitate more inclusive political and social institutions as well as backing the processes that embrace these.

There is a relatively large difference in how the various states around the world perceive their diasporas. Levitt & Schiller (2004) have identified three broad types of migrant-sending states, which also form the basis for the selection of the three case countries.

Finally, a framework developed by Brinkerhoff (2012), that intend to describe what measures governments can and should take to create an enabling environment for diaspora contribution to the development of their country of origin, is used to answer the subquestion of how sending governments can be able to use their diasporas to create development.

Choice of Case Countries

Mexico, The Philippines and Cuba have been chosen as case countries as they all have a large number of diaspora members abroad. Common to all three countries is also that the majority of their diasporas are residents in the United States. In addition, they provide three diverse examples of how governments perceive and attempts to engage their diaspora members. Mexico and the Philippines represents two diverse examples, which illustrate a broad range of diaspora engagement policies while Cuba differs from this, as they perceive their diaspora members as a negative element of change. Lastly, the three countries have been chosen as remittances factors importantly in all three countries economic life.

1.3.3 Additional Limitations

This paper concentrates on migrant sending country government policies and their effects on diaspora contribution. Hence, there will be a demarcation in relation to the recipient country. However, it is important to emphasize that there may be some positive aspects for the recipient country by receiving the cheap labor as well as negative aspects (e.g poor integration, unemployment among locals who cause strife in a country, etc.). It is further important to point out that the recipient country also has an influence on the remittance and migration flow as they, in many cases, have restrictions against migrants. The United States restrictions against Cuba will very briefly be described in chapter five, but beyond that it will not be further discussed.

As mentioned, there has also been made a demarcation regarding the choice of case countries. The three countries were chosen based on the criteria described above, but a more comprehensive analysis would need to cover a much larger set of countries. This was, however, beyond the scope of this current study.

It is further important to point out that this thesis are dealing with the developmental potential of migration and remittances rather than a predetermined impact in terms of gross domestic product (GDP) etc. Hence, it is essential to conceptualize migration as an endogenous variable which is part of a wider development process.

The Context of Diaspora Contributions and Development

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2.1 The Migration-Development Nexus: A Conceptual Framework

The root of much migration is a consequence of disparities between living standards and lack of development options in many developing countries. This is often associated with poor governance, which in many cases lead to human rights abuse as well as violent conflict. As the poorest lack the resources and network connections needed to migrate, international migrants most often come from countries that are well incorporated into global trade as well as production networks and thus are undergoing a rapid development. This emphasizes that although poverty underlies much current migration, it is far from the direct cause of it. There are also strong indications that this rapid development can stimulate migration as the resources needed to move now are more accessible [Sørensen, Hear & Pedersen 2002].

2.1.1 The Academic Debate

The mindset surrounding migration and development has over the past four decades been through three paradigm shifts and has been the subject of heated debate. The debate has swung back and forth from the developmentalist optimism which dominated in the 1950s and 1960s to a pessimism through the 1970s and 1980s and then again towards more optimistic and nuanced views in the 1990s and 2000s. These shifts in the debate surrounding migration and development reflects a more general paradigm shift in social and development theory [de Haas 2010, de Haas 2007].

The Optimists

The developmentalist era emerged in the 1950s and 1960s and it was now widely assumed that poor countries could achieve modernization through large-scale capital transfer and industrialization. The newly decolonialized countries in this period were thus, according to the developmentalist model, expected to rapidly achieve economic growth and follow the same road of modernization and industrialization as many of the Western countries had followed.

Walt W. Rostow Stages of Growth model was one of the most influential development theories from the time. Rostow argues that economic growth occurs in five basic stages; (1) Traditional society, (2) Preconditions for take-off, (3) Take-off, (4) Drive to maturity, (5) Age of High mass consumption. He furthermore argues that a country needs to have 10% or more of the national income to be invested into the economy in order to reach the take-off phase [So 1990].

Large-scale migration from developing to developed countries began to take

2.1 The Migration-Development Nexus: A Conceptual Framework

off during this period and the Neo-classical migration theory, which dominated this period, perceived migration as a optimal allocation of production factors which benefited both the sending and receiving countries. The migrants were now perceived as important agents of change, investors and innovators. Migration optimists tend to think in economic models and believe that capital flows are expected to go from labour- scarce to the capital- scarce migrant sending countries. They also believe that migration will influence the traditional communities in a positive direction and help them achieve democratic ideas, modern knowledge and education. The governments of developing countries thus started to encourage emigration as it now was considered as a means to promote development. It was now widely believed that remittances, experience, skills and knowledge which the migrants acquire abroad would help developing countries in achieving economic development [de Haas 2010, de Haas 2007].

This "top-down" way of thinking about development reflects, to a great extent, the societal political approach in this period, where economic development was equivalent to a growth in world trade and the law on comparative advantages [Potter, Binns, Elliott & Smith 2008].

It should be stressed that in a strictly neo-classical world, the possibility of a gain for non-migrants was completely ruled out. In addition, in neo-classical migration theory, remittances flowing to origin countries were not considered a possibility, as it tends to view migrants as maximizing individuals who do not belong to any social groups such as households, families and communities. This neoclassical view of migration and development was in fact the dominant view in many international financial institutions until recently. Institutions like the World Bank saw the benefits for the migrant receiving countries and did not mention remittances at all [de Haas 2010, de Haas 2007].

The Pessimists

In the 1970s and 1980s, the optimistic views were increasingly challenged, under the influence of neo-Marxist thinking, by a shift in social and development theory towards dependency views. This paradigm shift in migration and development thinking had largely been initiated by the 1973 oil crisis, which launched a period of worldwide economic downturn, increasing unemployment and industrial restructuring. Migration was now believed to increase disparities in developmental levels, thus turning the argument of neo-classical and developmentalist approaches entirely upside down. This new way of thinking sees migration as an escape from misery and believes that it will lead to a resolution of society where the North wins over South. They also argue that migration induces the withdrawal of human capital and is responsible for the breakdown of traditional, stable village communi-

ties and their economies, leading to passive, non-productive and remittance-dependent communities [de Haas 2010, de Haas 2007].

Remittance were, according to the pessimists' views, mainly spent on investments such as houses and thus rarely invested in productive enterprises, which contributed to a weakening of local economies and increasing dependency. This view about the use of migrant remittances for productive investments became the dominant discourse in the debate on migration and development. Furthermore, migration has often been held accountable for undermining the socio-cultural integrity and loss of community solidarity in migrant-sending communities. The only "positive" impact of migration- the increase in welfare for migrants and their families, was regarded to be problematic as remittances were considered an unstable and temporary source of income [de Haas 2010, de Haas 2007].

These pessimistic views were also enhanced by Gunnar Myrdal's theory of cumulative causation- one of the dominant dependency theories at that time. Myrdal states that capitalist development will unavoidably deepen spatial welfare inequalities and increase wealth in the Western world, thus draining the capital and labour from underdeveloped countries. The dependency school of development's thinking perceived migration as one of the causes of underdevelopment and damaging to the economies of underdeveloped countries. Migration is therefore expected to undermine the migrant-sending countries regional and national economies by depriving them of material and human capital. This will furthermore increase the dependence on the developed countries, stimulating further out-migration and contributing to unequal growth. Myrdal argues that strong state policy is needed in order to prevent the increasing spatial inequalities.

Although these dependency perspectives have been increasingly disputed in recent years, they have still remained predominant in some recent studies [de Haas 2010, de Haas 2007].

Pluralist Perspectives

In the 1990s and 00s, the theoretical thinking on migration and development became less clear. However, a more positive attitude emerged on the subject and more opportunities were seen in migration and remittances. This shift in thinking about migration and development reflects a paradigm shift in social theory in which social scientists abandoned the large theories, placing the household, rather than the individual, as the most applicable decision-making unit. This new approach sees the behaviour of households as risk-sharing and thus able to diversify labour in order to minimize income risks. Individual income maximization motives are therefore no longer considered to be the decisive factor in migration decision making [de Haas 2007].

2.1 The Migration-Development Nexus: A Conceptual Framework

New Economics of Labor Migration (NELM) In the 1980s and 1990s, the new economics of labour migration emerged as a response to developmentalist and neo-classical migration theory. This theory offered a much more nuanced view of migration and development by placing the behaviour of individual migrants in a larger societal context. It was now the family, not the individual, who were the most appropriate decision-making unit [de Haas 2010, de Haas 2007].

NELM scholars state that migration should be seen as a livelihood strategy that is able to overcome various market constraints and plays a vital role in providing a potential source of investment capital for the household. They argue that migration is an income-maximizing strategy that enables them to minimize and spread risks [de Haas 2007, Carling 2005].

NELM scholars also argue that due to market failures in migrant sending countries, a member of a household migrates to a non-correlated labour market and thereby enters a form of co- insurance deal with the families left behind. Households that are placed in weakly developed or poorly accessible markets which are predominantly in most developing countries see migration and especially remittances as a household strategy to overcome such market constraints. Remittances here provide an income insurance and enable households to improve their welfare by investing in productive activities. On the other hand, the co- insurance deal with the families left behind means that households will support the migrants by paying the costs of migration or if the migrant became unemployed. While remittances, as mentioned earlier, are ignored in strictly neo-classical migration theory, it is within NELM perceived as one of the most essential motives for migrating. Development contribution from migrants are thus not necessarily linked to return migration which means that permanent settlers and their descendants still can contribute to the development of their home countries by remitting money [de Haas 2010, Hagen-Zanker & Siegel 2007].

Migration as a Household Livelihood Strategy In the late 1970s, migration as a household livelihood strategy emerged which had striking conceptual parallels with new economics of labour migration. A household livelihood strategy consists of the opportunities, material and social resources as well as the activities required for a means of living. This means that a livelihood includes intra-household relations as well as social institutions and not only the household's income generating activities. A livelihood strategy can then be defined as:

"a strategic or deliberate choice of a combination of activities by households and their individual members to maintain, secure, and improve their livelihoods" [de Haas 2010, p. 244].

As this differs from household to household, families tend to have different livelihood strategies. Livelihood strategies are particularly seen in developing countries where many people are unable to secure the family income through private markets or government programs, thus increasing the importance of co- insurance deals with the families left behind. Poor families are now seen as able to actively improve their livelihoods and could not be seen only as passive victims of global capitalist forces. Migration is in this context, combined with agricultural intensification and local non-farm activities, seen as one of the key elements of strategies to secure, diversify and improve livelihoods [de Haas 2007, de Haas 2010].

2.1.2 Defining Development

The perception of how migration impacts development depends largely on how development itself is conceived. The term "Development" have different meanings depending on the specific scientific branch using it. The most common definition is development as a change towards a positive specified goal [Martinussens & Madsen 2013, Newland 2013].

In the mid-twentieth century, focus was on neoliberal growth perspectives and development became synonymous with economic growth. However, this changed during the 1970s and 80s when people began questioning the interpretation of development as being economic growth. GNP as a measurement of development was now criticized and social indicators of development now came into focus [Potter et al. 2008, Banks & Hulme 2014, Newland 2013].

Although poverty have been a factor driving the international development agenda since the 1950s, poverty reduction as the leading development objective is a more recent phenomenon [Banks & Hulme 2014]. In this report, a "human development" perspective is taken and development is thus defined as a process of improving the overall quality of life as well as the range of opportunities available. This means pursuing all avenues to improve a person's opportunities which includes improvements such as better health outcomes, wider access to education and social services, environmental sustainability, greater gender equality, political and human rights and poverty reduction [Nonnenmacher 2010].

This report also takes an approach to development which puts poverty reduction and the need of those who have the least first. In this approach, economic growth is an important factor and to sustain economic growth, political and financial institutions need to provide a stable and predictable investment climate which also includes secure property rights [Nonnenmacher 2010, OECD 2006].

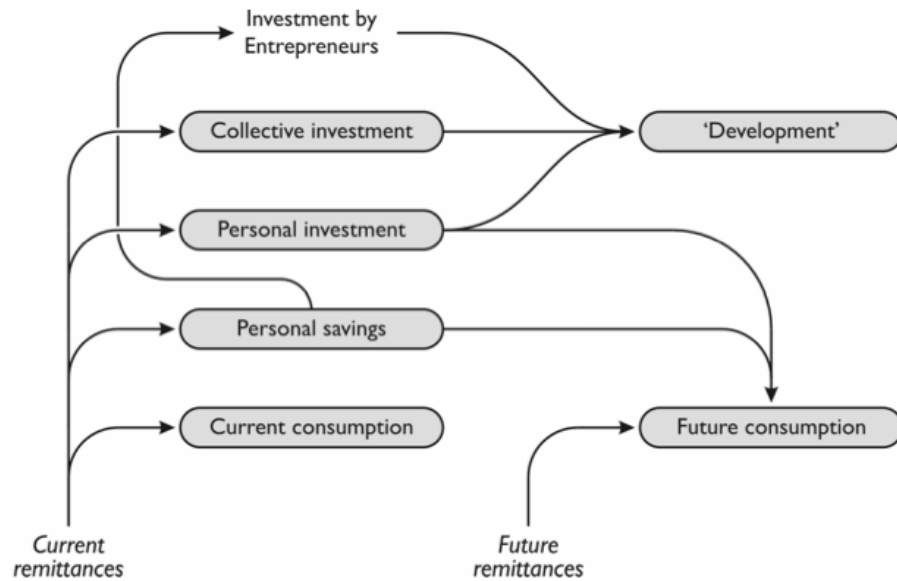


Figure 2.1: Retrieved from Carling (2005)

Remittance-Independent Development

It is essential that remittances are invested or saved in financial institutions in order to create a sustainable development in countries heavily dependent on remittances. Figure 2.1 illustrate that if remittances today are spent on consumption, then future consumption has to be financed by future remittances (or other sources of income). However, if remittances are invested or saved in financial institutions, this could help finance future consumption as well as have a multiplier effect on the economy which could lead to development [Makina & Kanyenze 2010, Carling 2005, Ellerman 2003].

In this report, "development" is also taken to mean remittance-independent development which mean future livelihoods that do not depend on future remittances.

2.2 Migration and Development in a Transnational Perspective

A transnational practice within migration studies had emerged in the wake of the more pluralist perspective on migration and development and there has during the past decade been a growing interest in the connections between migrants and their countries of origin [de Haas 2010, Carling 2005]. Various definitions of transnationalism have been described depending on the

backgrounds of scholars it has attracted. One of the more used definitions of transnationalism is:

"the processes by which immigrants forge and sustain multi-stranded social relations that link together their societies of origin and settlement" [Mazzucato 2008, p. 70].

Other authors are emphasising that the concept of transnationalism is activities and occupations that require maintained contacts over time across national borders and the flow of not-material things such as knowledge, ideas and feelings of solidarity. In the literature on transnationalism, the attention is on the linkages that bind people living in different countries [Mazzucato 2010, Mazzucato 2008].

There is an increasing recognition that migrants and their families can live transnationally and adopt transnational identities. This recognition reflects the improved technical possibilities for migrants, which has become available within the last few decades. Migrants can now relatively easily get in touch with their families through the use of mobile telephone as well as the internet and they have good opportunities to remit money through globalised banking systems or informal channels [de Haas 2008, de Haas 2010].

It has long been assumed that migrants, as they become more integrated, will lose the connection to their home countries. This explains some of the prior pessimism to the assertion that migrants contribute to development in origin countries. It also explains much of the previous pessimism on the sustainability of remittances which is now seen as an important transnational practice. However, it has now become increasingly clear that many migrant groups maintain strong transnational ties over long periods of time and are thus able to contribute to the development of their country of origin through telecommunication, holiday visits and circular migration patterns. An example of this can be seen in the persistent and increasing remittances as well as the involvement of diaspora groups in political, social, cultural and economic affairs of their origin countries. It should therefore be emphasized that the migrant's deeper involvement in their receiving countries does not necessarily mean that they are less committed to their countries of origin [de Haas 2008, de Haas 2010, Carling 2005].

2.2.1 Migrants or Diasporas?

A few decades ago, the word "diaspora" was rarely used in relation to migration. This has changed today and is in many current discussions often used loosely to refer to communities of migrants from the same country of origin. The term "diaspora" generally refers to immigrants, guest workers, alien residents, political refugees and ethnic minorities in countries other than their original homeland. What differentiates diaspora migration from other types

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of migration is a strong sense of connection to their country of origin as well as a claim to have a natural right to return to that homeland [Makina & Kanyenze 2010, Vezzoli & Lacroix 2010].

Although there is no clear definition of diasporas, scholars generally agree that migrant communities should have several characteristics which include:

"a history of dispersal from a homeland; a collective memory and idealisation of this homeland; an ongoing connection or idea of return; a strong group consciousness and a difficulty to integrate in the receiving countries" [Vezzoli & Lacroix 2010, p. 7].

(Sheffer 1986) define diasporas as:

"ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin—their homelands" [Sheffer 1986, p. 3].

Broadly, diasporas can be defined at its simplest as:

"the dispersal of a people from its original homeland" [Butler 2001, p. 189].

It is important to emphasise that not all migrants automatically become parts of diaspora groups. The differences between emigrants for whom the identities and activities revolve around maintaining connections to their countries of origin and emigrants for whom this is a small element of life becomes important. This clarification especially becomes relevant in the study of "diaspora engagement policies" [Vezzoli & Lacroix 2010].

2.2.2 Diaspora Communities

The transnational practice within migration implies that diasporas can act as actual or potential bridges between the recipient country and country of origin. Hence, when diasporas are described as transnational communities, community becomes a term, which represents a shared origin, real or imagined by the diaspora members. This shared origin is not only confined to their country, it can also represent a region within a country as well as an ethnic group. The notion of community does not necessarily mean that diaspora networks have been established. It can also mean that there is a possibility of the emergence of such networks [for Migration 2013].

		Donor Aggregation	
		Individual Donor	Multiple Donors
Donation Size	Small	Some remittances, individual donations	Hometown associations, online platforms, small foundations
	Large	Direct donations from magnates, celebrities, sports stars; large foundations established by such individuals	Professional associations, family foundations, venture philanthropy funds

Figure 2.2: Retrieved from Terrazas and Munster(2010)

2.3 Diaspora Contributions and Development

Diaspora contribution is far from a new phenomenon and is to be understood as diasporas' engagement with their countries of origin to advance human welfare. Diaspora contribution is characterized by a number of different actors with a variety of different objectives, capacities, impacts and motivations. Some donate through private foundations, ethnic organizations, faith-based groups, hometown associations, professional associations; NGOs etc. while others donate directly to beneficiaries [Newland, Terrazas & Munster 2010, Agunias & Newland 2012].

2.3.1 Individual Donors

A number of diaspora philanthropists have the needed connections and knowledge in order to donate independently and prioritize their causes. Individual diaspora philanthropists include small donors such as middle-income and even relatively poor non-elite philanthropists who donate to specific causes in their home communities. It also include philanthropists such as entrepreneurs, celebrities, international sports stars and industrial magnates who have achieved success abroad and thus are able to donate larger sums, see Figure 2.2.

It is often seen that members of diasporas are making one-time donations when their families have been exposed to a natural disaster and thereby have extraordinary needs. Apart from the obvious reason to donate in the case of a family which is in immediate need, individual diaspora donors have a wide number of different objectives and interests. Some diaspora philanthropists are focusing on humanitarian and community development efforts while others aim to bring about lasting political or socio-economic changes on their countries of origin [Newland et al. 2010, Agunias & Newland 2012].

2.3.2 Diaspora Institutions

A large part of diaspora contributions are channelled through intermediaries toward projects and initiatives in their home country. They are intended to provide opportunities for individual donors to channel donations to their communities of origin. Intermediaries include institutions such as hometown and community-based associations, internet-based platforms and faith-based institutions [Newland et al. 2010, Agunias & Newland 2012].

These diaspora institutions often act as important intermediaries for donors in relation to supporting the civil society as well as reconstruction and development projects in their countries of origin. Their development and reconstruction activities include areas such as support of rights of vulnerable groups, advocacy work, policy consultation and programme support as well as support of health, infrastructure and education. As they have transnational experience and knowledge of local conditions, they are able to support projects and activities in regions affected by conflict or other security problems which formal development actors find difficult to access. The diaspora institutions often work under difficult conditions with relatively small programmes supporting them and are usually administered by larger NGOs, funded by individual national development agencies [Kleist 2012, Kleist & Vammen 2012, Brinkerhoff 2012].

Professional Organizations Are most often non-profit organizations consisting of legal, medical, academic, and IT professionals which primary goal is networking and advancement for the members. However, a large part of these organizations have created philanthropic programs that provide contributions such as knowledge and skills, which may be important aspect for diaspora contribution in some countries. Professional organizations can thereby spur development at the macro-level through lobbying and advocacy [Johnson 2007].

Hometown Associations Among the most familiar diaspora institutions are hometown associations. The purpose of these institutions is to provide a forum for diasporas from the same state, region, town or village to gather and exchange experiences as well as cooperate on issues of common interest. Hometown associations do occasionally make collective donations to specific projects such as renovation and improvements of public spaces, local infrastructure, churches, schools and health centres. In fewer cases, these associations have funded scholarships for youth in their communities of origin [Newland et al. 2010].

Faith-Based Institutions Religious identity has, for some communities, replaced regional identity and the donations made through these institutions

thus have characteristics that distinguish them from other institutions. They are often seen as able to function more easily under closed regimes and are usually perceived as relatively non-political. Faith-based institutions almost always have well-established networks, often with official approval [Newland et al. 2010].

Internet-Based Platforms Allows individuals to donate as a group via an online platform. This can be done by, for example allowing individuals to lend money for microloans through microfinance institutions which then is repaid without interest. It can also be done by allowing people to donate directly to a specific project [Newland et al. 2010].

2.3.3 Types of Diaspora Contributions

Diaspora contributions to their country of origin, which are often made through diaspora institutions, include areas such as economic remittances, business investment, advocacy, skills transfer, and political influence. More specifically, diaspora contributions can be categorized into two types: Remittance and Human Capital [Brinkerhoff 2012].

Remittances

Remittances, which can be defined as the proportion of earnings that migrant workers send to their families in their country of origin, is far from a new phenomenon. Families have sent remittances to other family members for generations as part of widespread moral obligation to help their family and relatives [Kleist & Vammen 2012, Carling 2007].

Reaching an estimated amount of USD 401 billion in 2012, an increase of 5.3 percent compared with 2011 and three times as much as the total official development aid, remittances sent to developing countries by diaspora tripled between 1995 and 2012- see Figure 2.3. It also exceeds private debt and portfolio equity and is expected to grow to about USD 515 billion in 2015 [Kleist & Vammen 2012, Aga et al. 2013]. This new focus on the transnational connection between community, diaspora and family and the large amount of remittance flow to development countries, has since the beginning of the millennium drawn the interest of policy makers towards the earnings of diasporas. Many governments in countries of origin, international organisations, donor agencies and other development actors now recognize remittances as a major economic resource with the potential to create improved conditions for people in development countries. They are now increasingly aiming at "tapping" or "channelling" remittances towards more productive development purposes [Kleist & Vammen 2012].

Furthermore, diasporas tend to send more money to help their families and

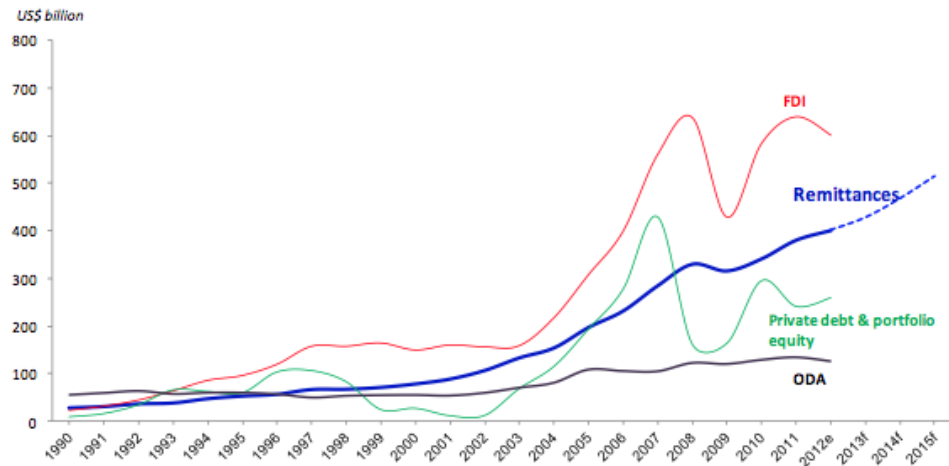


Figure 2.3: Retrieved from Aga et al. (2013)

friends during hard times such as a financial crises, political conflicts or natural disasters. This stands in contrast to the private capital flow, which tends to decline during times of instability. It thereby helps to maintain consumption and contributes to the stability of communities of origin [Ratha & Mohapatra 2007].

Micro-level Diasporas are now increasingly seen as “bottom up” development actors, thus supporting the local economies in communities of origin from below. Remittances made by diaspora are seen as important contributions to the well being of their families and community members in their countries of origin [for Migration 2013, Kleist & Vammen 2012, de Haas 2010]. Several studies have shown that families who receive remittances invest heavily in human capital such as education and health and children associated with a remittance-receiving household are more likely to complete primary school and enrol in secondary school. It furthermore enables them to cover their basic necessities such as food, investment in housing as well as repay loans taken to finance the migration [Newland 2013, Das, Banga & Sahu 2011, Ratha 2013]. The financial contribution from the diaspora can thus function as a form of insurance in situations with economic instability, bad functioning markets, failing state policies as well as situations where there is a lack of state-provided social security and public access to schooling and health [for Migration 2013, Kleist & Vammen 2012, de Haas 2010].

Macro-level Evidence has shown that, on the national level, remittances have proved to be a more stable and reliable source of external finance. It has proved to be less fluctuating and less cyclical than other capital flows such as

foreign direct investment and development aid [de Haas 2010, de Haas 2007]. A national economy is, according to Ratha (2013), likely to benefit from increased investment that remittances facilitate. Studies from Mexico, The Philippines and other countries indicate that remittances are associated with higher levels of self-employment, increased small- business investments and increased accumulation of assets in farm equipment [Ratha 2013].

Remittances may additionally also cover an important part of developing countries' trade deficits as well as expand the access to capital by improving a country's creditworthiness for external borrowing thus lower borrowing costs [de Haas 2007, Newland 2013].

Several scholars argue that the way countries benefit from remittances seems to be positively correlated with the countries' political and financial institutions. Ratha (2013) stresses:

"The extent to which countries benefit from remittances is closely related to the strength of domestic institutions and the macro-economic environment" [Ratha 2013, p. 7].

They emphasize that a well-developed financial sector will result in a larger development impact in remittance recipient countries [Fajnzylber & López 2008, Ratha 2013].

Diaspora Investments More recent studies have suggested that migration does not necessarily lead to passive dependency on remittances, but may instead lead to increased economic activities. The inflow of capital can potentially enable diaspora and their families to invest in agriculture and other private enterprises [de Haas 2005, Das et al. 2011].

Studies conducted by the World Bank have found strong indications of increased direct investment and portfolio investment in the presence of diaspora networks. Diaspora investments are particularly essential to economies that have not yet earned the trust of foreign investors. Diaspora members may here be instrumental in enhancing the reputation of their country of origin and thus give foreign investors more confidence in the business climate and quality of labour force. In addition, diaspora members who reach higher levels and thereby obtain more responsibility in corporations can be in a position where they can steer foreign investments to their country where they know the culture, language and business networks well [Newland & Plaza 2013].

Spill-over effect Remittances can also have a significant impact on non-migrant households as well as remittance receiving communities as a whole. Various empirical studies indicate that consumption and investments in housing, small businesses and education can have, provided that they occur locally, positive effects on local economic activity. Hence, it can provide em-

ployment and income for non-migrant households [de Haas 2010, de Haas 2005, de Haas 2007].

In addition to the spillover effect caused by remittances, migration tends to increase wages in migrant sending communities. For example, the price of agricultural labour could increase as a result of emigration, thus increasing the demand for agricultural labour. The dependency theorists have usually viewed such wage increases as negative. However, although the employers might see such increases as negative, it clearly benefits the non-migrant family members living in such communities [de Haas 2007].

Critique of remittances There have been numerous studies made on the effect of remittances. Most of them show positive results, but it has also been observed to have negative aspects in certain instances [Newland 2013]. The vast majority of studies that highlight the negative effect of remittances are related to the macro-level. Because remittances neither rarely flow to the poorest members of communities nor to the poorest countries, critics argue that remittance can cause inflation, reinforce inequalities, create dependency as well as have the negative effect of creating the "Dutch disease" [Kleist & Vammen 2012, Newland 2013, Makina & Kanyenze 2010].

A widespread view among critics of the development potential of remittances, is that remittances are generally not intended to serve as investments, but rather as social insurance to cover their basic necessities. Critics stress that in order for economic remittances to be utilized for investments, it will require a better understanding of the impact that it have on the recipients' lives as well as strong institutions that can help them make the most of the money they receive [Barajas, Chami, Fullenkamp, Gapen & Montiel 2009].

Human Capital

Whether the migration of the highly skilled have a positive or negative impact on the country of origin depends entirely of the perspective the researchers have on migration and diaspora's impact on development. This section describes the opposing camps, which consist of those who believe that the migration of the highly skilled will result in a "brain gain" and those who believe that it will result in a "brain drain".

Brain gain The concept "brain gain" has in recent years gained increased attention. When the diaspora returns on a permanent basis or even temporarily to their communities of origin, they bring back knowledge, skills and experience that they have acquired abroad. There has been a growing interest among governments in finding ways to utilize these skills and experiences to cover knowledge and skill gaps in their countries of origin [Agunias & Newland 2012, for Migration 2013].

Hein de Haas (2005) emphasises that the departure of the highly skilled can have positive impacts in the medium to long run in terms of trade and investment relations, a counter flow of remittances and new knowledge. Some governments do now increasingly consider highly skilled labourers to be an export product. Furthermore, some evidence indicates that the prospect of migrating stimulates the incentive to study among those who remain in the country of origin [de Haas 2005].

Diaspora institutions may, in addition to providing opportunities for diaspora to channel financial donations to their communities of origin, also give them a opportunity to channel knowledge and experience without the need to be physically present. A good example of this is the Chilean internet-based talent network for innovation called ChileGlobal, which seeks to facilitate and promote the development of key economic clusters in Chile. Chileans residing abroad thus contributing their time, skills, knowledge, experience and contacts to promote and globalize Chilean companies [Newland & Plaza 2013].

Brain drain Critics of migration as a development strategy often refer to skilled migration as "brain drain". The concern tends to be that emigration reduces a country's stock of highly educated workers. The highly skilled are instrumental in generating positive externalities such as productivity spillovers to high- and low-skilled workers, public services, innovative and creative activities as well as contributions to the strengthening of social, political, and economic institutions. The loss of these people can in turn deprive the private sector of an important resource as well as harm the provision of public services [Nonnenmacher 2010, Ratha, Mohapatra, Özden, Plaza, Shaw & Shimeles 2011].

However, studies have shown that brain drain seems to be only truly comprehensive in a minority of development countries. Although it remains difficult to generalise about the precise social, economic and cultural consequences of out-migration of highly skilled people, it only seems truly harmful in a limited number of development countries [de Haas 2005].

Theoretical Approach

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3.1 Inclusive and Extractive Institutions

In the book "Why Nations Fail", Acemoglu & Robinson (2012) argue that a country's economic success depends on whether the country has extractive or inclusive economic and political institutions. The institutions effect how the economy in a country works as well as the incentives that motivate people. Acemoglu & Robinson (2012) state that nations fail when they have extractive economic institutions, supported by extractive political institutions that prevent economic development. The quality of institutions is thus the key factor for prosperity of a country and it is not affected by culture, geography or religion [Acemoglu & Robinson 2012].

It is important to define the term "institution" in order to understand why and how inclusive and extractive institutions affect societies. North (1990) offers the following definition:

"Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction" [North 1990, p. 3].

He elaborates this by saying:

"Institutions are the humanly devised constraints that structure political, economic and social interaction" [North 1991, p. 97].

He goes on to emphasize the key implications by saying:

"In consequence they structure incentives in human exchange, whether political, social, or economic" [North 1990, p. 3].

Furthermore, he stresses that institutions consist of both informal constraints such as sanctions, taboos, customs, traditions, and codes of conduct as well as formal rules such as constitutions, laws and property rights [North 1991]. Hodgson (2006) offers a similar explanation as he define institutions as:

"systems of established and prevalent social rules that structure social interactions" [Hodgson 2006, p. 1].

He also argues that organizations are a special kind of institutions.

3.1.1 Economic Institutions

Economic institutions are essential as they influence the structure of economic incentives in a society as well as help to allocate resources to their

most efficient uses. Economic institutions are inclusive when they allow and encourage the participation of a large mass of people in economic activities that make best use of their knowledge and skills as well as enable individuals to make the choices they wish. To be inclusive also means that economic institutions are able to feature secure private property and an unbiased system of law. Secure private property rights are essential in order for people to be willing to invest and increase productivity. If one expects earnings to be expropriated, overtaxed or even stolen, one will have little incentive to undertake investments and innovations. Such rights must therefore be present for the majority of people in a society with inclusive economic institutions. Furthermore, a society must have a provision of public services that allows an environment where people can exchange and contract, start new businesses and choose their own careers [Acemoglu & Robinson 2012, Acemoglu, Johnson & Robinson 2005].

Public services, unbiased system of law, secure property rights and the possibility to contract and exchange all rely on the state which has the capacity to enforce contracts between private parties as well as the ability to impose order and prevent fraud [Acemoglu & Robinson 2012].

The state also plays a role in relation to public services such as transport networks, so that goods can be transported, as well as a public infrastructure, so that economic activity can thrive. Although a number of these public services can be provided by the market, the degree of coordination necessary in order to facilitate them often makes the state a necessary authority. Economic institutions and the state are inevitably connected to each other and inclusive economic institutions thus need and use the state [Acemoglu & Robinson 2012].

Inclusive economic institutions generate inclusive markets which provides an environment where people have the freedom to pursue the area of expertise that best suits their talents. This means that people with good ideas will be able to start businesses and workers will be able to go to activities where their productivity is better. Less efficient firms can thus be replaced by more efficient ones [Acemoglu & Robinson 2012].

Inclusive economic institutions lead to two other engines of prosperity: technology and education. Sustained economic development is virtually always accompanied by technological improvements that enable people, land and existing capital to become more productive. Technological change requires a high level of education, skills and competencies of the workforce. In this context, economic institutions are thus important in order to create an enabling environment [Acemoglu & Robinson 2012].

Institutions which have the opposite properties to inclusive institutions are called extractive economic institutions. They are extractive because they are designed to extract incomes and wealth from one group of society to bene-

fit a different group. A characteristic of a society with extractive economic institutions is that it does not respect property rights and investment incentives generated. These are societies whose rules are designed to economically benefit the elite and societies in which resources are extracted by this elite at the expense of society and the economic welfare of the rest of the population. [Acemoglu & Robinson 2012].

3.1.2 Political Institutions

While inclusive political institutions may promote economic development in a society, some elite groups or people will have a greater interest in setting up political institutions that are extractive. The outcome of institutions depends on the distribution of political power in a society and which group of people wins in the game of politics [Acemoglu & Robinson 2012].

The political institutions are the rules that govern incentives in politics in a society. They determine how the government is chosen and how power is distributed within this government. They also determine how power is distributed in society and to what ends that power can be used [Acemoglu & Robinson 2012].

There is a close connection between pluralism and inclusive political institutions. Pluralism, in this context, means that political power is distributed broadly in society instead of being allocated to a narrow group or a single individual [Acemoglu & Robinson 2012].

Sufficiently centralized and powerful states are also important in relation to inclusive political institutions as pluralism itself does not lead to inclusiveness. The case of the East African nation of Somalia is a good example of this. The political power in Somalia is widely distributed and almost pluralistic but there is no real authority in control. The power in the country is divided into deeply antagonistic clans. The state lacks political centralization and is not able to enforce even the minimal amount of law and order to sustain the basic security of its citizens as well as support economic activity and trade. This distribution of power leads to chaos and not to inclusive political institutions [Acemoglu & Robinson 2012].

Institutions that are sufficiently centralized and pluralistic are thus referred as inclusive political institutions. To have extractive political institutions is when either of these conditions fails [Acemoglu & Robinson 2012].

Extractive political institutions are most often absolutist with a distribution of power that is narrow and unconstrained. Absolutist monarchies who have ruled throughout the world during much of history and the communist elite in North Korea are good examples of extractive political institutions. Those who can obtain power are thus able to set up extractive economic institutions to enrich themselves at the expense of society [Acemoglu & Robinson 2012].

The central argument in "Why Nations Fail" by Acemoglu & Robinson (2012) is that economic development is associated with inclusive political and economic institutions while stagnation and poverty typically are associated with extractive institutions. They emphasize, however, that extractive institutions, in some cases, can generate growth and that not all extractive institutions are created equal. There are two ways in which economic development can occur under extractive political institutions. The first way is when elites can directly allocate resources to high-productivity activities that they themselves control. This can occur when the economic institutions are extractive. A good example of this is the economic growth in the Soviet Union in the middle of the 20th century. Although the market was heavily constrained by extractive political and economic institutions at that time, they were still able to achieve growth as they used the power of the state to move resources from agriculture, where they were inefficiently used, into industry. The second type of economic development under extractive political institutions occurs when the political institution permits, even if not completely, inclusive economic institutions [Acemoglu & Robinson 2012].

3.1.3 The Synergy Between Economic and Political Institutions

Extractive political institutions distribute power to a narrow elite with very few constraints on the exercise of this power. This elite then structures economic institutions to extract resources from the rest of the society. Extractive economic institutions thus depend on extractive political institutions for their survival [Acemoglu & Robinson 2012].

This interconnection between the extractive institutions creates a strong feedback loop: Political institutions enable those in political power to choose economic institutions with few opposing forces or constraints as well as structure future political institutions and their development. Extractive economic institutions then enrich that same elite, and their power as well as economic wealth, this then helps to strengthen their political dominance. Furthermore, the resources these extractive economic institutions produce then enables the elite to sustain armies and security forces to defend their position as political rulers. The consequence is that extractive economic and political institutions support each other and have a tendency to be sustained over a long period of time [Acemoglu & Robinson 2012].

Inclusive economic institutions are created on foundations laid by inclusive political institutions which allocate power widely in a society. These institutions make it difficult for those controlling political power to take advantage of this power and set up extractive economic institutions for their own benefit. Inclusive institutions have, as in the same way as with extractive institutions, a synergistic relationship which creates a strong positive feedback loop: It is

difficult for others to obtain power and undermine the foundations of inclusive institutions. Inclusive economic institutions create, on the other hand, a more fair distribution of resources as well as facilitate the continuation of inclusive political institutions [Acemoglu & Robinson 2012].

A combination of extractive and inclusive institutions is generally an unstable composition. Inclusive economic institutions will not support or be supported by extractive political institutions. They will either be forced into extractive economic institutions to the benefit of a narrow elite, or create incentives to destabilize the extractive political institutions and thereby pave the way for the development of inclusive political institutions. On the other hand, extractive economic institutions under inclusive political ones are unlikely to survive for long [Acemoglu & Robinson 2012].

3.1.4 Critique of Acemoglu & Robinson's Theory

One of the recurring criticisms of Acemoglu & Robinson's theory is that it is too simplistic. Although an inclusive domestic environment can encourage economic growth, so can other factors, such as natural resources, geopolitics, technological discoveries etc. According to [Sachs 2014], mischaracterizes their theory the relationship among politics, technological innovation, and growth. Furthermore, he argues that Acemoglu & Robinson incorrectly assume that authoritarian elites are hostile to economic development. He states that dictators in fact sometimes can act as agents of deep economic reforms, most often because international threats forced their hands [Sachs 2014].

Their relative narrow focus on inclusive institutions also ignore other factors such as the effects of area's being landlocked, lack of proximity to global markets, inhospitable climate or low population densities which could be important variables in the equation for economic growth [Sachs 2014, Cowen 2012].

3.1.5 Social Institutions

Banks & Hulme (2014) argue that the institutional landscape of development can be characterized along the three pillars of state, market and civil society. Over time, the perception of what best promotes development has changed alongside with the perception of these three pillars [Banks & Hulme 2014]. They also mention that recent work has shown that institutions are fundamental when it comes to successful social and economic development outcomes. The state, its political systems and politics have an essential role in creating institutions which can promote economic development.

As Acemoglu & Robinson (2012) also argues, economic development is not necessarily inclusive. Identifying processes and groups that can facilitate more inclusive political and social institutions are essential in order to promote more economic development. Banks & Hulme (2014) stresses, in this

context, that we need to recognize that:

"without additional inclusive social institutions that allow broader citizen participation and greater accountability and responsiveness of elected officials, improved economic outcomes are not likely to be joined with improved social outcomes" [Banks & Hulme 2014, p. 186].

Another element which is being mentioned as an important factor with the potential to enhance the developmental roles of states is the alliance between philanthropy organizations and states. A change of approach in the field of philanthropy may thus provide an additional alliance through which states can extend their developmental role [Banks & Hulme 2014].

Civil society actors such as community or grassroots associations, volunteer movements, professional groups, social movements, labour unions, social enterprises, advocacy and development NGOs, think-tanks, cooperatives and religious organizations among others, are important in order to challenge societal relations and address issues of power and inequality. It is thus essential that development is not only seen as an economic process, but also as a social process that can facilitate the redistribution of power and accountability as well as more inclusive social, economic and political institutions [Banks & Hulme 2014].

3.2 Types of Migrant-Sending States

There is a relatively large difference in how the various states around the world perceive their diaspora. In some states, the diaspora has become an integral part of national policy, while other states perceive them as traitors who have abandoned their homeland. Levitt & Schiller (2004) have identified three broad types of migrant-sending states.

Transnational Nation-States Have often become dependent on remittances which often constitute a large part of that country's economy. They recognize and depend on the enormous political and economic influence that diaspora have in the country and diaspora participation and contributions are often an integral part of national policy. Transnational nation-states treat their diaspora as long-distance, long-term members and are also seen as partially responsible for their protection. States such as Portugal, Brazil, the Dominican Republic and Mexico are all examples of transnational nation-states [Levitt & Schiller 2004].

Strategically Selective States Encourage, to some extent, long-distance political and economic participation and contributions from their diaspora, but they still want to maintain some level of control over them. In the

same way as transnational nation-states, these states recognize the political and economic influence that diaspora have in their homeland. Strategically selective states never grant their diaspora any legal rights of citizenship or nationality, but instead offer them partial and changing packages of tax privileges and services. Haiti and Turkey are examples of states which have tried, at various times, to obtain support from their diaspora without granting full participation in their internal political activities.

These arrangements are of course not static. The Filipino government passed legislation in 2003 that allowed dual citizenship as well as restored citizenship to those who previously had lost it by becoming citizens of other countries. The Philippines thus provides an example of a state which have moved from a strategically selective state to a transnational nation state [Levitt & Schiller 2004].

Disinterested and Denouncing States Although this approach was more common before the current period of globalization, governments today which face powerful political opposition abroad may try to discredit diaspora influence. Disinterested and denouncing states treat migrants as if they no longer belong to their country of origin. They are, in some cases, seen as traitors who have abandoned the homeland and viewed as suspects which constitute a national security risk. Cuba's relationship to Cubans in the United States serve as a good example of a disinterested and denouncing state which is interesting since economic remittances factor so importantly in Cuba's economic life [Levitt & Schiller 2004].

3.3 Enabling Environment for Diaspora Contribution

Brinkerhoff (2012) argues that in order to achieve an enabling environment for diaspora contributions to home countries, governments need to build institutional capacity across sectors, allocate and mobilize public resources and investments as well as respond to citizens' needs and preferences. In addition, they also need to improve policy, legal, and regulatory frameworks.

Brinkerhoff (2012) describes four types of relationships between governments and their diasporas: co-optation, where the actors have different goals, but the means are similar; complementarily, where the means differ, but the goals are similar; cooperation, where they share similar goals and means; and confrontation, where the goals and means of both actors differ.

The relationship between governments and their diaspora are diverse and complex which means that any effort to describe an enabling environment will presumably be oversimplified [Brinkerhoff 2012].

Brinkerhoff (2012) has developed a framework that intends to describe what

measures governments can and should take to create an enabling environment for diaspora contribution to the development of the country of origin. The framework combines five proposed government enabling roles consisting of the following actions: mandating, facilitating, resourcing, partnering, and endorsing [Brinkerhoff 2012].

Mandating Refers to the legal and regulatory framework that effects diasporas which includes citizenship rights such as voting and dual citizenship. It also includes more general basic rights that allow diaspora to conduct activities in their country of origin, independent of government control. Laws affecting how government authorities operate can also play an enabling role. Examples such as statutes on public hearings, freedom of information, legislation and laws on citizen participation can all help to provide a broader insight for the diaspora into government policies and programmes. Laws and regulations that govern diaspora organizations, transparency and accountability are other important elements of government mandating. This affects the legitimacy of diaspora organizations through assuring trusted responsibility and a broader legitimacy of diaspora contributions. The government role thus has to do with the general political and socio-economic development of the sending country, and more specifically with democracy and economic liberalism which creates an enabling environment for diaspora contributions [Brinkerhoff 2012].

Facilitating Means that governments support and provide incentives for their diaspora: for example, creating government agencies and initiatives to connect with their diaspora, support in improving their quality of life abroad and creating a networking function among diaspora organizations which may motivate them to get involved in homeland contribution. A government's facilitating role may also involve providing incentives for public and private actors, to work with diaspora. Lastly, diaspora security in the recipient country is also an essential facilitating factor. Although governments usually have limited influence, they can engage in supportive diplomacy [Brinkerhoff 2012].

Resourcing Involve direct public funding such as investment in diaspora business development as well as financial incentives that can motivate diaspora to engage in contributions such as foreign direct investment and economic remittances. Exemptions from tax and tariff policies could be examples of government resourcing that could encourage diaspora investment [Brinkerhoff 2012].

Partnering Is based on a mutual interest and shared benefits between the government and diaspora organizations. A governmental role could, in

this context, be to establish procedures and mechanisms that allow public entities to enter into partnership arrangements with diaspora organizations. It could also be for governments to enter more extensive partnerships with their diasporas for national development planning, which may have more extensive macro-level outcomes [Brinkerhoff 2012].

Endorsing Refers to a recognition by governments of the value of their diaspora which can help enhance its legitimacy as a homeland development actor. The emphasis is on actions that praise, publicize and encourage individual diaspora and diaspora organizations, thus focusing on reinforcing cultural values and influencing attitudes. Government endorsement primarily provides moral and social resources to diaspora [Brinkerhoff 2012].

Diaspora Contributions: The Role of Governments

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4.1 Government's Role in Diaspora Contributions

This chapter serves as an elaboration of Brinkerhoff's framework, described in the previous section and will thus support the following analysis of the three case countries.

There are significant differences in how sending governments perceive their diasporas. Some perceive them as important contributors to social, political, and economic development in their country of origin while other governments sees them as representing a number of negative aspects and potential dangers for homeland governments. These negative views may contribute to a representations of diasporas as "traitors" who have failed their country of origin.

A challenge for many governments today are, on the one hand, to prevent brain drain and be able to control the activities of diaspora communities, while on the other hand not to limit their potential economic contributions [Brinkerhoff 2012, Mazzucato 2010, Brinkerhoff 2006].

Sending governments play a vital role in the creation of positive conditions that will enable diasporas to fully contribute to their countries of origin [for Migration 2013].

Gamlen (2005) distinguishes between three types of diaspora engagement strategies: diaspora networking, remittance capture and diaspora integration [Gamlen 2005].

4.1.1 Diaspora Networking

This means networking that links the homeland to their diasporas by facilitating activities that provide intermediary functions. It encompasses programme activities such as the promotion of commercial and scientific networks by, for example, maintaining websites and produce newsletters for their diasporas. Networking may give the diasporas access to make political contributions as well as give them greater investment opportunities that may benefit them economically [Gamlen 2005, Brinkerhoff 2012].

4.1.2 Remittance Capture

means maximizing expatriate remittances and investments as well as channelling them towards a country's development goals. The term "Remittance capture" is derived from the expression "diaspora option", which means that the diaspora is conceived as an asset to be captured rather than "traitors" who have failed their country of origin. Originally, the diaspora option was applied to recapturing the contributions of skilled diasporas. Today, however, it is used in a broader context were it comprises a large range of diasporas

4.2 Government Institutions Supporting Diaspora Communities**43**

potential contributions [Gamlen 2005, Brinkerhoff 2012].

4.1.3 Diaspora Integration

refers to the promotion of social cohesion between the country of origin and the diasporas. The diasporas are, in this context, recognized as a group that is marginalized from the country of origin. Homeland governments often make integration policies, such as the extension of citizen rights, in order to provide political influence, social status, and legitimacy to the diasporas. These policies are aiming to extend moral resources to the diasporas by legitimizing them as influencers and contributors with the objective that they then will contribute to the development of their country of origin [Gamlen 2005, Brinkerhoff 2012].

4.2 Government Institutions Supporting Diaspora Communities

Many developing countries recognize their overseas diaspora communities as potential contributors to national development. A number of countries have thus started to make institutional policies that mainstream migration into national development [for Migration 2013].

Furthermore, an increasing number of these countries have, in order to facilitate ties with their diasporas, established institutions more systematically. Governments can choose to institutionalize the relations with their diasporas in various ways as well as in various levels and different degrees of organisation. As later described, see section 5.2 and 5.1, Mexico and the Philippines are good examples of countries who have multiple institutions who represent their diasporas at various ways and levels of government [Agunias & Newland 2012].

4.2.1 Types and Level of Government Institutions

Government institutions that supports their diasporas can roughly be categorized into six types depending on whether they function at a local, national, subministry, or ministry level. The six types of institutions will in the following section be described briefly. Examples of these institutions will then be described in the chapter about the three case countries used as examples.

Ministry-Level Institutions

An increasing number of developing countries have, since 2001, established ministries whose aim is to maintain contact as well as address the needs of their diaspora. The existence of these ministry-level institutions also sends a clear message that the government prioritize diaspora engagement at the

highest political level. Thus, they also recognize that traditional ministries, such as labor and foreign affairs, are not able to manage all the aspects of diaspora engagements [Agunias & Newland 2012].

Subministry-Level Institutions

By creating special offices, typically under the ministry of labor or foreign affairs, a number of development countries have since 2001 institutionalized diaspora engagement at the subministry level. The general orientation and activities of these institutions seem to follow the priorities of their mother agency. Protection of their diasporas is an important element in the work of these institutions, but a number have also taken initiatives that facilitate their diasporas integration into host-countries as well as initiatives that make them participate in their homelands development activities [Agunias & Newland 2012].

Other Institutions at National Level

Refers to diaspora institutions that fall short of full ministry standing. These institutions still have relative influential positions within governments and reports directly to the highest level of government [Agunias & Newland 2012].

Local-Level Institutions

A number of studies have shown that diasporas often are willing to engage in development at a local level. Most often it is in their place of origin where many still have family ties. These institutions are often perfect in providing a framework to design programs, which are consistent with home-country community needs. It also makes it easier for the diaspora members to monitor their contributions and investments at the local level as well as holding their officials accountable. By complementing the activities of higher-level institutions, and in some cases also sharing the cost of engagement, programs are often more likely to succeed [Agunias & Newland 2012].

Consular Networks

The 1964 Vienna Convention on Consular Affairs focuses primarily on the assistance and protection of nationals in receiving states. Consulates have, however, recently been providing services to their diasporas, which have not been contemplated in the drafting of the 1964 Vienna Convention. The new services, such as health assistance, community-building events, education and skills training, counselling for families experiencing domestic problems or the provision of ID cards, are primarily established in order to help the diasporas to better integrate in their destination countries. Many consulates are also

focusing on linking their diasporas to the homeland. This is done by implementing programs on culture, economic development and education such as language training, facilitate sponsorship of cultural shows and overseas voting as well as providing information on developments at home [Agunias & Newland 2012].

Quasi-Governmental Institutions

Some governments from migrant sending states are not interested in intervening too much in the affairs of the receiving countries. By establishing quasi-governmental diaspora institutions, such as diaspora councils and foundations, these governments have adopted more unconventional ways to institutionalize their engagement with their diasporas. These institutions often blur the usual distinction between nongovernmental and official bodies. A mix of community leaders and government officials whose purpose is to advise the government on diaspora-related issues can also compose quasi-governmental diaspora institutions. Like in the case with local-level institutions, quasi-governmental diaspora institutions can be ideal complements to government bodies at both the local and national levels [Agunias & Newland 2012].

4.3 Government Policies and Their Impact on Diaspora Contributions

Many states have developed a range of policy measures and programs that vary with respect to how they target their diasporas. Some explicitly pursue policies that encourage state contact with temporary diasporas to facilitate their return while others develop policies that encourage enduring links to diasporas who have settled permanent abroad. Some states identify a target group, such as public service bureaus, which focus exclusively on diasporas or special bank accounts for diasporas. Additionally, policies that do not target diasporas explicitly can also be implemented. It can be policies that make use of social arenas with high diaspora presence, such as the internet or policies that are concentrated geographically in regions of out-migration [Levitt & Schiller 2004, Carling 2005, Johnson 2007].

Today, among the key practices from governments, in engaging their diaspora in homeland development, are the extension of political and legal rights, active government outreach to their diasporas, supportive financial policies and monetary incentives. Using the typology developed by Gamlen (2006), the following subsections will describe three broad policy areas which is closely related to Brinkerhoff (2012) framework of government enabling roles [Johnson 2007, Gamlen 2006].

4.3.1 Capacity Building Policies

These policies are intended to create a sense of national identity that is linked to the country of origin and to generate the institutions that can strengthening the capacity of diaspora associations to engage in development projects in their homeland. Governments, who lack the organizational capacity or expertise, can often benefit from engaging actively with diaspora associations who have the commitment as well as the funds to constitute valuable development agents. It has furthermore shown that it is a good strategy to support existing diaspora organisations or networks rather than government or agency-led efforts to create such alliances [Vezzoli & Lacroix 2010, Gamlen 2006, Carling 2005, Vertovec 2006].

4.3.2 Extension of Rights to Diasporas Living Abroad

Policies regarding the extension of rights include the political incorporation of diasporas. This can be by allowing multiple citizenship as well as the right to vote, which can strengthens the link with the country of origin, both symbolically and administratively. In some states, diaspora members can even run for office although their primary residence is abroad. Furthermore, a number of countries are also issuing special identification and registration cards that allow diasporas to enjoy privileges similar to those of citizens in their home country. Multiple citizenship and other policies that makes it easier for diasporas to travel between their home country and the country of settlement can have a strong impact on whether they will support development projects in their country of origin [for Migration 2013, Vezzoli & Lacroix 2010, Gamlen 2006, Agunias & Newland 2012].

Another good example of extending the rights of diasporas is granting them special property rights. A large number of countries place limits on diasporas ownership of property. However, an increasing number of countries have been adopted special laws that give privileges to former citizens and those in the second and sometimes third generations [Agunias & Newland 2012].

Some countries have implemented a tax exemption, especially for those who want to return, on diasporas belongings imported from abroad. A few countries are offering reduced income tax for returning diasporas who have worked abroad for a certain number of years while other countries have introduced tax exemptions or deductions on investments and charitable contributions [Agunias & Newland 2012].

Other examples regarding the extension of rights can include policies to grant migrants access to civil and social services such as pensions and medical and life insurance [Agunias & Newland 2012, Vezzoli & Lacroix 2010, Gamlen 2006].

4.3.3 Extracting Obligations from Diasporas

Some governments policies focus on encouraging their diasporas to contribute with knowledge, see section 2.3.3, while other governments policies focus on financial incentive schemes for attracting remittances towards investment in small-to-medium enterprises in the country of origin. Making it easier to start and run a business is seen as contributing to economic development in the country of origin. It is often seen that entrepreneurs must undertake many different procedures, which may cause a long start-up phase [Vezzoli & Lacroix 2010, Gamlen 2006, Carling 2005].

Another way of supporting diasporas interests is to improve the banking system. Special bank accounts that give them a low interest rate on their deposits or to reduce remittance transfer costs are both good ways to support diasporas interests. This could mean that a greater portion of the earnings given by diasporas can benefit their local communities of origin. Some governments have furthermore offered special bonds to their diasporas, which serve to finance public investments [Carling 2005, Vertovec 2006].

Further to improving the banking system, is to divert flows from informal to formal channels as well as reducing the proportion of unbanked households. Being unbanked, and thereby conducting all financial transactions in cash, can involve safety risks, especially when they transport the money home. Furthermore, they have limited possibilities for taking up loans as well as facing much higher costs for basic financial services [Carling 2005].

Another way of extracting obligations from diasporas is, for example, mandatory remittance requirements, which means that a specified portion of the earnings of the diasporas must be remitted to the country of origin. [Carling 2005].

Case Studies

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5.1 The Philippines: From Strategically Selective to Transnational Nation-State

The Philippines is one of the highest migrant-sending countries in the world with approximately 4.275 million, equivalent to 4.6 percent of its 98 million population, living and working overseas. The country has one of the most extensive institutional and legal framework governing the international migration of its people. The top remittance source countries for the Philippines are the US, with around 2 million diaspora, and Saudi Arabia, with around 1 million. The country also sends a large number to Canada, Japan and UK, see Figure 5.1. From the 103 million US dollar recorded in 1975 when the Philippines started its overseas employment program, annual remittances as of 2009 reached the level of 19.766 billion US dollar, and in 2012 remittances constituted about 8.6 percent of the country's GDP [Carling 2007, Bagasao 2005, Bank 2011, Aga et al. 2013, Institute 2014c].

Since the beginning of the 1970s when the Philippines started to participate in international migration, the country has come a long way. Compared to many other diasporas, especially in the Asian region, the Filipino diasporas are very diverse. Women and men are equally migratory and are more widely distributed throughout the world [Carling 2007]. The Philippine development strategy regarding migration has always been on temporary migration in which the main focus is on maximizing remittances inflow to the country and primarily directly to households. Hence, the policies of the Philippine government appear to treat the financial contributions from their diaspora members primarily as income flows rather than potential investment stock. They have further focused their work on a few areas such as nursing and seafaring [Makina & Kanyenze 2010, Newland & Patrick 2004].

Migration from the Philippines occurred due to a combination between a growing unemployment and the economic boom of the oil-producing Arab states in the 1970s. The Philippine government then institutionalized labour migration through the adoption of the Labour Code of the Philippines in 1974. Furthermore, many middle-class Filipinos migrated, mostly to the US, due to political repression during the Martial Law period from 1972 to 1981 [Carling 2007, Makina & Kanyenze 2010].

5.1.1 Filipino Diaspora Networks and Organisations

A large number of civic, social, regional and other Filipino diaspora organisations have for several years been raising funds to support small infrastructure projects in the Philippines such as building churches, schools, hospitals and water wells. The organisations have furthermore been raising funds to support humanitarian causes such as amelioration of catastrophes and funding of medical missions and medicine. Other Philippine civil society organisa-

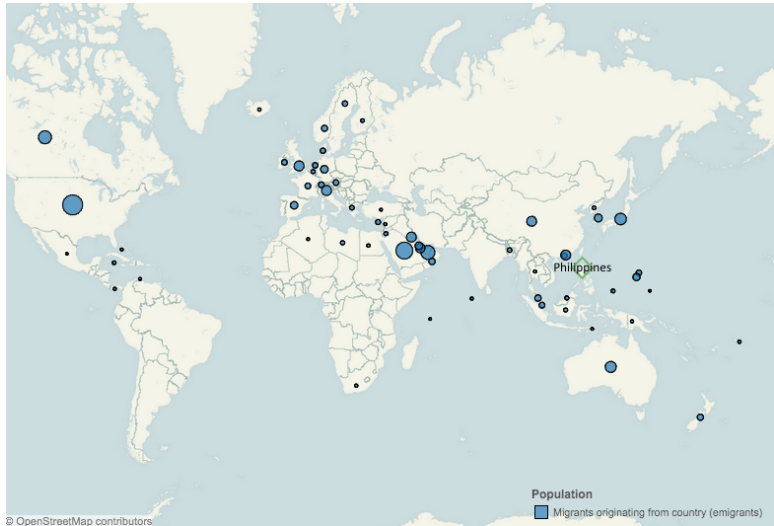


Figure 5.1: International Migrant Population from The Philippines. Retrieved from Institute (2014)

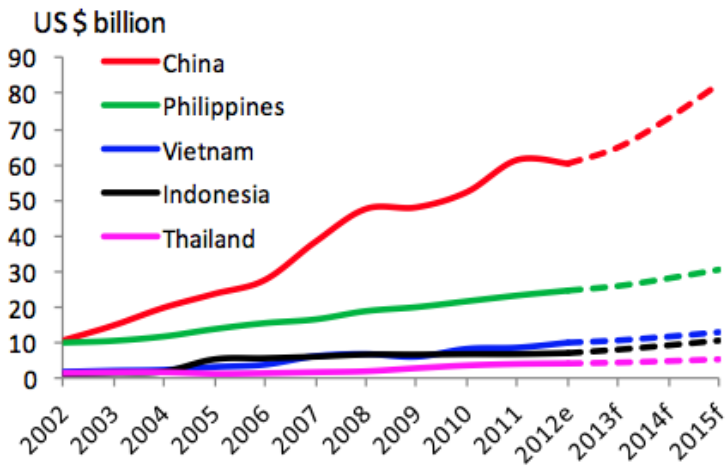


Figure 5.2: Trends in remittance flows to the five largest recipient countries in East Asia and the Pacific. Retrieved from Aga et al. (2013)

tions, such as Unlad Kabayan, Atikha and the Asian Migrant Center, help diasporas to prepare for their return to the Philippines as well as helping them invest their savings within their hometowns [Bagasao 2005].

A good example of a network is the Philippines Brain Gain Network (BGN), which consists of organisations and talented professionals abroad and in the Philippines. The main focus of this network is to increase the competitiveness of the Philippine economy by providing a strong platform for the diasporas to network and start new businesses in the Philippines. This is done by encouraging cooperation between Philippine-based professionals, corporations and students and highly skilled Filipino diaspora professionals. The network have more than 2,200 members in its database all of which can access profiles of people in the database and thus be able to search for a professionals within a specific industry or educational background. In addition, BGN also partners with head-hunter organisations in order to assist diaspora members in finding jobs in academic, business, governmental and nongovernmental organisations in the Philippines [Agunias & Newland 2012].

Another example is the Philippine Development Foundation (PhilDev), whose primary purpose is to encourage and strengthen philanthropy among Filipino Americans. The foundation connect the Filipino Americans to non-profit organisations whose primary objective is to build an sustainable system of technology- and science-based entrepreneurship and innovation for economic and social development in the Philippines. One of PhilDev's main focus areas is to produce a higher number of qualified engineering and science experts and practitioners among the Filipino population. They are trying to achieve this by strengthening education and training programs for youth in engineering and science. For example, a program called the Gearing up Internet Literacy and Access for Student (GILAS) whose purpose is to provide Internet access to public high schools in the Philippines was established in 2005. At present, the foundation has provided Internet access to more than 44 percent of the country's public high schools. PhilDev has, since its establishment in 2000, raised more than 10 million US dollars, entered into partnerships with 161 organisations and supported over 200 projects [Agunias & Newland 2012].

5.1.2 Government Policies

Philippine government policies toward their diasporas are targeted on protecting and placing temporary diaspora members as well as maximizing their remittances. However, many of these policies are also accessible to permanent diaspora members of Filipino communities abroad [Newland & Patrick 2004].

Supportive Government Institutions and Capacity Building Policies

The Philippines was one of the first countries to create institutions at the subministry level. As a result of increasing challenges due to a rapidly expanding temporary worker population abroad, the Overseas Workers Welfare Administration (OWWA) was established by the Philippine government in 1981. OWWA act as an agency under the Department of Labor and Employment and is responsible for providing the Filipino diasporas with various services such as counselling to members in need, repatriation of distressed workers and the provision of scholarships, loans and life and disability insurance to its members. The administration also works closely with the Office of the Legal Assistant for Migrant Workers Affairs (OLAMWA) to provide legal services to diaspora members who have found themselves in difficulty [Agunias & Newland 2012, Makina & Kanyenze 2010].

Another example of a Philippine institution at the subministry level is the Philippine Overseas Employment Administration (POEA). This administration was established in 1982 and has the exclusive jurisdiction to regulate and manages temporary employment abroad. This is done by setting minimum standards of employment and recruitment as well as formulating rules and regulations to manage the process. In 1995, as a response to increasing reports of illegal recruitment and maltreatment of temporary workers, the Office of the Undersecretary for Migrant Workers Affairs was created under the Department of Foreign Affairs. The main purpose of this office is, like OWWA, to help distressed workers by providing them legal advice and judicial support [Agunias & Newland 2012, Makina & Kanyenze 2010].

In 1980, as part of an overall strategy that included POEA and OWWA, the Philippines established the Commission on Filipinos Overseas (CFO), which was directly under the Office of the President. The purpose of the commission is to promote capacity building policies as well as extracting obligations from the Philippine diasporas, which is done by promoting both cultural and economic ties between the Philippines and its diasporas. CFOs main focus is on Filipinos who have either acquired citizenship in the destination country or established permanent residence there. The promotion of cultural ties between the Philippines and its diasporas, which is an attempt to promote Filipino values and give them a sense of identification with their homeland, include overseas tours of Philippine entertainers, establishments of schools in areas with a high concentration of Filipino diasporas and psychological counselling services [Agunias & Newland 2012, Makina & Kanyenze 2010, Newland & Patrick 2004].

The Philippines have been expanding their diplomatic presence in places with large diaspora populations and are now maintaining 88 offices in 65 countries. In their effort to provide help to their diasporas the Philippines

consulates sometimes goes so far as to assist in diaspora disputes, including domestic ones. The Philippines consulate in Seoul mediates, for example, personal disputes between Filipinos. In other cases, they assist in marital problems and helps battered wives in returning to the Philippines if they wish to do so [Agunias & Newland 2012].

Extension of Rights to Diasporas Living Abroad

The Filipino Government has, since the 1970s, made a number of initiatives to extend the rights of its diasporas living abroad. In 2003, the Citizenship Retention and Reacquisition Act was created. This act allowed the citizenship back to all Filipino diasporas who had lost their citizenship [Makina & Kanyenze 2010]. Furthermore, the Filipino Government seeks to promote and facilitate temporary legal migration through supportive initiatives such as pre-departure training, tax breaks, life and medical insurance and emergency loans. The government furthermore encourages remittances to be sent through official channels [Sriskandarajah 2005].

The Overseas Workers Welfare Administration has issued an identification card to all its official diaspora members, which also function as a Visa card that can be used to transfer remittances back home at a low cost as well as access savings accounts [Sriskandarajah 2005, Newland & Patrick 2004]. Although voting for diaspora members is conditional upon the return within two years, the Filipino Government have recently decided to allow overseas workers to vote in national elections [Newland & Patrick 2004].

Extracting Obligations from Diasporas

The Philippine government has conducted a number of initiatives in order to attract remittances towards investment and national development. It has eliminated practices such as mandatory remittance quotas and overvalued exchange rates, which limited remittance contributions. Furthermore, the government has created privileged investment options for its diasporas and is facilitating the transfer of funds [Newland & Patrick 2004].

The Pag-IBIG Overseas Program, established by the Philippine government, allows diasporas to access short-term loans under the Multi-Purpose Loan Program. These loans can, for example, help finance the diasporas' educational, livelihood or medical need. In addition, Filipino diaspora members can also access a housing loan under the Magaang Pabahay, Disenteng Buhay Program or the End-User Financing Program. However, in order to be eligible for this kind of loan, the diaspora members must be a member of the Pag-IBIG and have made remittance contributions to this program for at least 24 months [Agunias & Newland 2012].

5.1.3 Reflections

At the micro-level, evidence has shown that remittances from Filipino diasporas translate into better conditions for their families back home. Compared to children of non-migrants, children of diasporas have higher levels of consumer durables and home ownership. Other studies at micro-level have shown that collective remittances by Filipino diasporas are contributing to local development. While lower-income families spent a high amount of their remittances on consumption, higher-income families are investing their remittances in small business enterprises and their children's education [Carling 2007, Makina & Kanyenze 2010]. With around 4.6 percent of the country's 98 million population employed overseas, the Philippine labour export model has most likely alleviated the unemployment challenge in the Philippines. Furthermore, evidence shows that remittances have a positive effect on poverty reduction and it is estimated that it has alleviated poverty in the country by five percent in 2006 alone [Makina & Kanyenze 2010]. It is not only at the micro-level that remittances have had a positive effect on the Filipinos, also on the macro-level have there been economic benefits. At this level, the increase in remittances has been easing the foreign debt burden, boosting the Philippine peso and limiting national inflation. [Baggio 2008].

The policies of the Philippine government treat the remittance from diaspora members primarily as income flows rather than potential investment stock. As income flows, it has a directly effect on poverty reduction but has made the country dependent on remittances and overseas jobs to keep the economy afloat. Thus, while benefiting from short-term gains of Filipino diasporas, the Philippine government does not have a specific strategy to optimize the developmental potential, which might have a more long-term effect on poverty reduction [Brinkerhoff 2006, Newland & Patrick 2004].

One of the reasons why remittance contribution from Filipino diasporas have had a positive impact on the country's poverty reduction and development may be explained by their inclusive political, economic and social institutions.

The Philippines have since the political reforms in 1986, after fourteen years of Ferdinand Marcos' dictatorial regime, seen a period of political and economic stability. As stated in section 3.1.2 there is a close connection between pluralism, which in this context means that political power are being distributed broadly in society instead of being allocated to a narrow group or a single individual, and inclusive political institutions. The most essential aspect of the political reforms in the Philippines in 1986 was the restoring of the presidential system of government based on the principles of separation of powers between the three branches of government: the legislative, executive and the judiciary. Furthermore, the democratic transformation in the Philippines after the political reforms was characterized by a strengthening

of the legislature, free election of legislators and local officials, restoration of a free press, the reestablishment of an independent and credible judiciary and institutionalization of a decentralized bureaucracy and local government autonomy.

Fidel Ramos, who served as president of the country from 1992 to 1998, were actively involved in the transformation towards a market economy. He did so by utilizing programs of privatization and liberalization with the purpose of increased competitiveness in the international market.

Compliance with the country's political institutions is considered among the most essential aspect for national identity in the Philippines. The political institutions in the country fundamentally perform their functions and policy-making, and implementation is executed by political considerations between the legislative and executive branches of government [Stiftung 2014].

There is a strong correlation between mandating and facilitating in Brinkerhoff's theory about enabling environment for diaspora contributions on the one hand and inclusive political institutions on the other. Brinkerhoff (2012) argues that mandating among other refers to the legal and regulatory framework that affects diasporas, which includes citizenship rights such as voting and dual citizenship, see Section 3.3. As mentioned in Section 3.2, The Citizenship Retention and Reacquisition Act was created in 2003, which allowed dual citizenship as well as restored citizenship to all Filipino diasporas who had lost their citizenship by becoming citizens of other countries. In addition, the Philippine government have recently decided to allow diaspora members to vote in national elections, although it had previously been conditional upon the return within two years.

Brinkerhoff (2012) stress that facilitating is about creating government agencies and initiatives that connects with their diasporas, supports them in improving their quality of life abroad and creating a networking function among diaspora organizations, which may motivate them to get involved in homeland contribution, see Section 3.3. The Philippines have in this regard the agency OWWA, see Section 5.1.2, which is responsible for providing the Filipino diasporas with services such as counselling, repatriation of distressed diaspora members and the provision of scholarships, loans and life and disability insurances. They also have the CFO, see Section 5.1.2, whose purpose is to promote capacity building policies as well as extracting obligations from the Filipino diasporas.

Brinkerhoff (2012) furthermore argues that diaspora security in the recipient country is an essential facilitating factor. The Philippines have been expanding their diplomatic presence in places with large diaspora populations and are providing help to their diasporas in cases from small disputes to marital problems, se Section 5.1.2.

Inclusive economic institutions is closely linked to resourcing in Brinkerhoffs theory about enabling environment for diaspora contributions. As mentioned in Section 3.3, resourcing involve investment in diaspora business development and financial incentives that can motivate diasporas to engage in contributions. Acemoglu & Robinson (2012) also emphasizes, in this regard, that a society must have a provision of public services that allows an environment where people can start new businesses, see Section 3.1.1. The Philippine government has created privileged investment options for its diasporas as well as conducted a number of initiatives, such as the Pag-IBIG Overseas Program, in order to attract remittances towards national development and investments, see Section 5.1.2. Furthermore, as stated by Brinkerhoff, see Section 3.3, exemptions from tax and tariff policies could be examples of government resourcing that could encourage diaspora investment. Acemoglu & Robinson (2012), support this by saying that if people expects their earnings to be expropriated or overtaxed, they will probably have little incentive to undertake investments and innovations, see Section 3.1.1. The Philippine government have made an effort to supportive initiatives, such as tax breaks, life and medical insurance and emergency loans, in order to support their diaspora members. In addition, they have issued an identification card, which also function as a Visa card that can be used to transfer remittances back home at a low cost, to all its official diaspora members, see Section 5.1.2.

Banks & Hulme (2014) argues, like Acemoglu & Robinson (2012), that inclusive institutions are fundamental when it comes to successful social and economic development. They stresses that a country need inclusive social institutions in order to gain a positive social development, see Section 3.1.5. In the Philippines, a large number of inclusive social institutions, such as the Brain Gain Network (BGN) and the Philippine Development Foundation (PhilDev), have for several years been raising funds to support small infrastructure projects as well as to support humanitarian causes, see Section 5.1.1.

5.2 Mexico: A Transnational Nation-State

Mexico is one of the largest recipients of remittances in the world with a remittance inflow in 2012 of 23.4 billion US Dollar, equivalent to 2 percent of the country's GDP. Their Diaspora is heavily concentrated in the United States. The country is also the largest recipient of remittances in Latin America and the Caribbean (LAC), accounting for 56 percent of the total remittance to LAC in 2012, thus receiving four times more than Brazil, the next largest recipient, see Figure 5.3 [Newland & Patrick 2004, Aga et al. 2013, Institute 2014*d*]. In addition to the United States, Mexico also have diasporas in countries such as Canada, Spain, Bolivia, Germany, Guatemala,

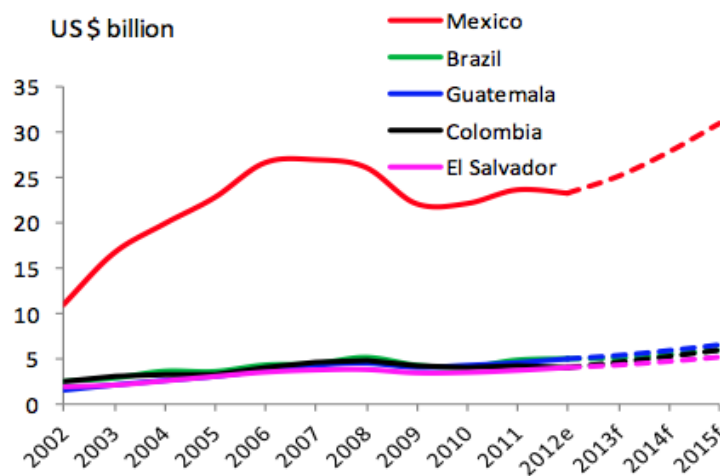


Figure 5.3: Trends in remittance flows to the five largest recipient countries in Latin America and the Caribbean. Retrieved from Aga et al. (2013)

France, the United Kingdom, Italy and Panama, see Figure 5.4 [Bank 2011]. The Mexico-United States migratory system has a long history, and today, approximately 23.2 million Mexican immigrants and their children live in the United States making them the largest source of immigration to the country [Carling 2007, Institute 2014d].

Although the volume of collective remittances is highest among individuals and families, organizations among diaspora from the same places settling together in the United States have built collective remittances into a model of grass-roots development. Mexican states have tried to exploit these flows for a greater impact on development, but the primary impact still remains on poverty reduction at household level [Newland & Patrick 2004].

5.2.1 Mexican Diaspora Networks and Organisations

Across the United States, the Mexican diasporas has established a great number of professionally managed and well-funded networks and organizations. These include federations of hometown associations, labour and migrant-rights advocacy groups, institutions dedicated to the promotion of Mexican or Chicano arts and culture, mutual aid societies, political action committees and business and professional networks [Institute 2014d].

The Chicanos Por La Causa is a good example of a diaspora organization in the United States. This organization was founded in 1969 and focus its work on economic development (financial empowerment, commercial development and business lending), education (charter schools, prevention, leadership workshops and academic enrichment programs), housing (property management, client counselling, and other pertinent services) and so-

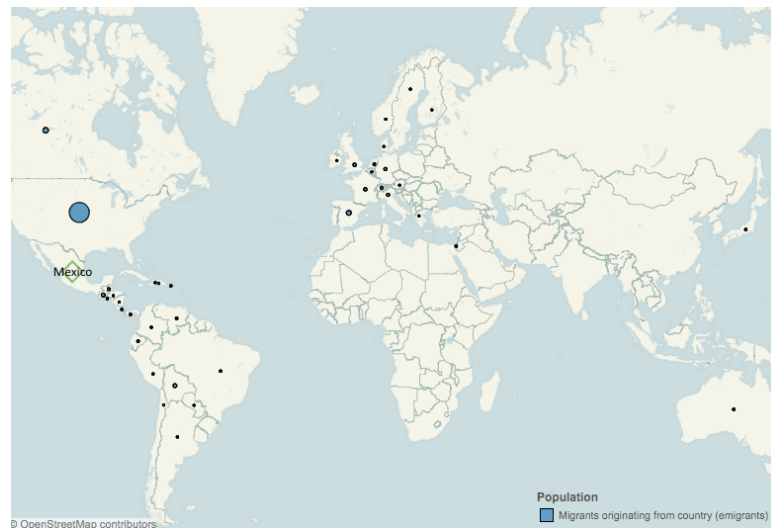


Figure 5.4: International Migrant Population from Mexico. Retrieved from Institute (2014)

cial services (domestic violence shelter and prevention, legal immigration counselling, individual and family counselling, emergency assistance, elder services, women's health, employment training and drug and alcohol rehabilitation and prevention) [Causa 2014]. The Chicano Federation and the U.S.-Mexico Foundation are also among the most prominent Mexican diaspora organizations in the United States [Institute 2014*d*].

5.2.2 Government Policies

The Mexican government has for many years had an ambivalent relationship to their diaspora members, and formal programs for Mexican diasporas began only in the early 1990s. The federal government in Mexico is thus a relative latecomer in outreach to their diaspora communities. However, in the last decade, the government has developed a conception of the Mexican diaspora as an integrated and active part of the nation with President Vicente Fox referring to Mexican diaspora as “heroes”. The country has, in the context of this progress, created a number of supportive government institutions and capacity building policies in order to promote diasporas contributions [Newland & Patrick 2004].

Supportive Government Institutions and Capacity Building Policies

Mexico's institute for Mexicans Abroad (IME), which is a decentralized body of the Ministry of foreign Affairs, is a good example of an institution at the

subministry level. The aim of this institution is to improve the living conditions of Mexican communities by promoting their integration in the receiving country. IME provides a wide range of services in areas such as education, health, consular support and financial services as well as providing information about remittances to Mexico [Agunias & Newland 2012].

The National Council on Mexican Communities Abroad, which were created in 2002, constitute an example of intergovernmental and parliamentary committees that coordinate actions on both the legislative and executive fronts. The council thus includes the secretaries of various ministries [Agunias & Newland 2012].

The Mexican government also engage their diasporas at the local level. The Federal District and 29 of the 31 states in Mexico have established state-level offices that address diaspora affairs. Their aim is to strengthen cooperation on diaspora protection in Mexico as well as abroad [Agunias & Newland 2012].

Mexican consular networks have been present in the United States since the 1800s. Since 2000, the Mexican government have established new consulates in order to reach the growing number of Mexican diasporas. Mexico now have a network of 50 consulates in the United States, which focuses on advising and assisting Mexicans on US laws and legal rights. In addition, the consulates provide safe repatriation, assist hospitalized persons, offers legal assistance to nationals in detention and locate missing persons. They furthermore provide their diasporas with education and skill training such as leadership training, money management and financial literacy skills. The consulates also provide health assistance, such as basic medical advice, referrals to medical facilities and vaccinations, to their diasporas. In order to strengthen diaspora cooperation with the Mexican government, the consulates also engaged with various HTAs in Mexico to host conferences and cultural events in the United States [Agunias & Newland 2012].

The Consultative Council of IME (CCIME), which is an advisory and consultative body created in 2003, is an example of a quasi-governmental institution in Mexico. CCIME is composed of Mexican, Mexican American and Mexican Canadian community leaders as well as special advisers, representatives of Mexican state governments and directors of Latino organizations [Agunias & Newland 2012].

The Mexican government has initiated two federal programs, the Paisano Program and the Program for Mexican Communities Living Abroad (PCMLA), in an attempt to create a better relationship with their diasporas abroad. The Paisano Program, which was initiated in 1989, is supported by 29 committees at the State level and administrated through a board of directors, two Mexican representatives in the US and a national coordinating mechanism. The Paisano Program focus on preventing the abusive treatment,

robbery, extortion or other forms of corruption committed by public authorities when Mexican diaspora members return to Mexico [Newland & Patrick 2004, Carling 2007].

PCMLA, which is initiated by the Foreign Ministry through cultural centers and Mexican consulates in the United States, focus their work on improving the treatment of returning diasporas as well as improving services to Mexicans diasporas in the United States. In addition, the program also helps to channel remittances to local development projects in Mexico [Newland & Patrick 2004].

Extension of Rights to Diasporas Living Abroad

Between 2000 and 2005, the Mexican government, through its Secretariat of Foreign Relations, registered 4.7 million Mexicans living abroad. This diplomatic registration, the so-called *Matricula Consular*, was accepted as a valid ID by the United States in 2004. It enabled Mexican diaspora members as well as illegal Mexican immigrants to open banking accounts and get drivers' licenses in a number of states in the United States. It furthermore facilitated the intermediation of remittances through the formal banking system [Carling 2007, Makina & Kanyenze 2010, Agunias & Newland 2012].

Legislative changes, to allow Mexicans living abroad to maintain dual nationality, was also introduced during this period, and in February 2005, the *Programa Voto en el exterior* (Vote Abroad Programme) was approved. This program allowed Mexican residents abroad to vote in presidential elections by a registered mail-in voting process [Carling 2007, Newland & Patrick 2004].

Extracting Obligations from Diasporas

The best example of Mexico's effort to extract obligations from its diasporas is the *Programa Tres por Uno* (Three-for-One Programme), which was established in 1999. In this program, a dollar each from the federal state and municipal governments match every dollar that is being remitted by diasporas through a Mexican HTA abroad. In late 2010, the *Tres Por Uno* program operated in 28 of the 31 states of Mexico and reached a total financing of over 100 million US Dollar. The program had approved 2,488 projects including 571 potable water, drainage, and electricity projects, 874 urbanization and paving projects, 332 productive projects, 359 education, health and sports projects and 56 rural road projects [Carling 2007, Agunias & Newland 2012, Carling 2005].

A number of Mexican states have started projects with diaspora communities. One of these projects, *Adopta una Comunidad*, now called the "Padrino programme" was expanded in early 2002 by President Fox to encompass the 90 Mexican regions. The purpose of this program is to encourage success-

ful Mexican-American businesspeople to invest, in consultation with the local communities, in one or more development projects in Mexico. The purpose is furthermore to encourage them to become personally involved in the projects. The goal of the programme is to support employment-generating activities as well as increase living standards through construction of health centers, schools, potable water facilities, roads, etc. [Newland & Patrick 2004].

Another example is the Programa Invierte en Mexico (Invest in Mexico), which was created in 2001 at the initiative of the Nacional Financiera (Mexico's prime development bank) and the Inter-American Development Bank. The purpose of this programme was, similar to the Padrino programme, also to support and encourage successful Mexicans abroad to invest in Mexico. The focus here, however, involves technical support and loans when diaspora members commit to invest in small businesses such as pharmacies, restaurants, small grocery stores, gas stations, etc. [Carling 2007].

5.2.3 Reflections

Studies have shown that remittances sent from Mexican diaspora members are very important for poorer recipient households as they lead to significantly improved living standards in origin areas. A look at diaspora contributions in Mexican states also indicates that they have a number of positive effects on economic development. Higher remittances are, for example, often correlated with better outcomes in labour markets [Orrenius, Cañas, Zavadny & Coronado 2009]. There is also evidence that these remittances have a positive impact on infant health and decrease infant mortality in the country. Other empirical studies have indicated that remittance expenditure on consumption and investments stimulate economic activity and employment directly as well as indirectly via multiplier effects. The impact of remittances on small businesses has been found to be significant and it is estimated that almost 20 percent of the money invested in microenterprises in urban Mexico comes from remittances [de Haas & Vezzoli 2010, Makina & Kanyenze 2010]. The Tres por Uno program have through social institutions, such as hometown associations, establishes the basis for promoting local community development by diaspora members. Remittances from these members have helped finance small community projects and provide an important source of start-up capital in the formation of new businesses [Makina & Kanyenze 2010, Aguiar & Newland 2012].

The Mexican government had traditionally played a major role in the country's economy. But in 1988, there was a radical change in the economic policy. Carlos Salinas assumed the presidency that year and modernized the economy and allowed it to operate under market economy conditions far more extensively than previously. The financial sector in Mexico has previously been totally government controlled, but after the liberalization of the econ-

omy, there has been a significant decrease in the number of state-owned enterprises. It has also paved the way for the participation of Mexico in the North American Free Trade Agreement (NAFTA) as well as being the first Latin American country that joined the OECD [Danske 2014].

The positive impact of diaspora contribution, which was described above, may be because Mexico has gone from a totally government controlled financial sector to a liberalization of the economy and thus gone from having extractive economic institutions to now having inclusive ones.

As previously mentioned, there is a close connection between political power, that are being distributed broadly in society instead of being allocated to a narrow group or a single individual, and inclusive political institutions. The United Mexican States are a federation whose constitution indicates a complete separation between the legislative, executive and judicial powers. The legislative branch of the Mexican government is bicameral with the Chamber of Representatives having 500 members who are elected for three years and the Chamber of the Senate having 128 members, four from each of the 31 states and four from the Federal District Mexico City, who serve for six-year terms.

The President has the executive power and is elected for a six-year period. He appoints and leads the government, whose members he can regularly replace. The 31 states have independent taxing, own constitutions and directly elected governors [Wisegeek 2014, Grage 2014].

As described in Section 5.2.2, the Mexican government has initiated a number of mandating initiatives in order to create an enabling environment for diaspora contribution. They have introduced the so-called Matricula Consular registration, which enabled the Mexican Diasporas to open banking accounts in the United States as well as facilitated the intermediation of remittances through the formal banking system. They also made legislative changes to allow Mexicans living abroad to maintain dual nationality as well as vote in presidential elections.

Within the last decade, the Mexican government has been endorsing their diasporas and developed a conception of them as an integrated and active part of the nation, referring to them as "heroes". Mexico has, in this regard, launched a number of facilitating initiatives in order to promote diaspora contributions.

As facilitating initiatives, see Section 5.2.2, Mexico has the IME, which purpose is to provide services in areas such as education, health, consular support and financial services to Mexican communities in the receiving country. Furthermore, the country has made initiatives such as the National Council on Mexican Communities Abroad and the Consultative Council of IME. The

Mexican government has also established state-level offices that address diaspora issues as well as a extensive network of consulates, which focuses on advising and assisting Mexican diaspora members.

One of the best known examples of diaspora resourcing is Mexico's Programa Tres por Uno (Three-for-One Programme), see Section 5.2.2, where the Mexican government is trying to attract remittances into development projects by matching communal remittances with government funds. The Three-for-One Programme is also a good example of partnering as both the state, municipal governments and HTAs agrees to select projects to be implemented and all provides facilitation as needed [Brinkerhoff 2012].

As mentioned earlier in Section 3.1.5, Banks & Hulme (2014) stresses that inclusive social institutions are fundamental when it comes to successful social and economic development. The Mexican diasporas have, in this regard, established a large number of professionally managed and well-funded inclusive social institutions, such as HTAs, institutions dedicated to the promotion of Mexican or Chicano arts and culture, mutual aid societies, etc. See Section 5.2.1.

5.3 Cuba: A Disinterested and Denouncing State

Some of the Cuban diasporas perceive themselves as exiles or political refugees while others have migrated in the search of better personal opportunities and thus not identify themselves as exiles. Common to all of them, whether they perceive themselves as exiles or merely emigrants in search of better opportunities, is that they all have lost the right to live in Cuba [de Aragón, Domínguez, Duany, Mesa-Lago, Márquez & Blanco 2011].

The relationship between Cuba and its diasporas can be dated back 200 years and have always been characterized by a complex combination of cultural, social, religious, political and economic elements [de Aragón et al. 2011].

Migration from Cuba has, since 1960, been dominated by a climate of hostility and international confrontation. Migration from the island can be divided into seven waves, each with different socioeconomic and political context. The first migration wave, of approximately 250,000 Cubans, took place between 1959 and 1964. Migrants from this wave grew up in the pre-revolutionary conservative social order and had left the island for political reasons. The majority of these migrants consisted of those in the middle and upper classes, as they were the first to be affected by the revolution [Eckstein & Barberia 2002, Grenier 2003].

The second migration wave, of about 300,000 Cubans, took place between 1965 and 1973 and was particularly characterized by a large number of technical workers. Migration from Cuba during the period from 1959 to 1973 laid the foundation for the Cuban diaspora enclave in south Florida, which

accommodated almost all subsequent arrivals from Cuba [Grenier 2003].

The third wave consists of those who came to the United States between the periods of 1974 to 1979. There had been a reduction in migration from Cuba to the United States during this period, but those who did migrate also consisted of highly educated and professionals [Grenier 2003]. The vast majority of the approximately 672,000 people who migrated from Cuba to the United States, before 1980, included officials of the Batista government, businessmen and professionals from the upper class, small shop owners as well as others of the middle class. Only a small proportion consisted of unskilled or semi-skilled workers [Eckstein & Barberia 2002].

The Mariel Crisis of 1980 initiated the fourth migration wave from Cuba. The crises were the result of a strong deterioration of the Cuban economy, which created tension on the island. Thousands of Cubans had rushed into the Peruvian Embassy to seek asylum, which subsequently made the Cuban government open the port of Mariel to allow all Cubans who wanted to leave the island to do so. This decision resulted in a mass immigration of 124,776 Cubans who left the country and ultimately settled in the South Florida region [Grenier 2003].

Between the years 1981 to 1989, which constitutes the fifth wave, the migration between the United States and Cuba were once again severely diminished [Grenier 2003].

The sixth migration wave consists of those who came to the United States between the periods of 1990 to 1996. After the collapse of the Soviet Bloc in 1989, Cuba's economy went into a period of severe restrictions. The island under Castro had been heavily dependent on the Soviet bloc and the cut-off in Soviet aid and trade had caused the Cuban economy to decrease over 30 percent during these years. This period, which was known as "the special period during times of peace", initiated illegal exits from the island, and in desperation the Cuban government reached out to families in the diasporas for help. The government made an effort to "normalize" its contacts with their diaspora members and remittances became one of Cuba's most common survival strategies during these years. Remittances thus became many Cubans main source of income. In 1994, in an attempt to reform its bureaucracy to address diaspora issues, the Cuban government established the Bureau of Cuban Residents Abroad, later renamed the Bureau of Consular Affairs and Cuban Residents Abroad.

It is estimated that remittances went from 50 million US Dollar in 1990 to more than 1 billion US Dollar in the first years of the new millennium contributing with more money into the Cuban economy than foreign investment, foreign bank capital and foreign aid [Grenier 2003, Eckstein 2010, de Aragón et al. 2011].

The Cubans who migrated from the island during the period from 1996 to 2004 are categorized as the seventh migration wave. This group differs from

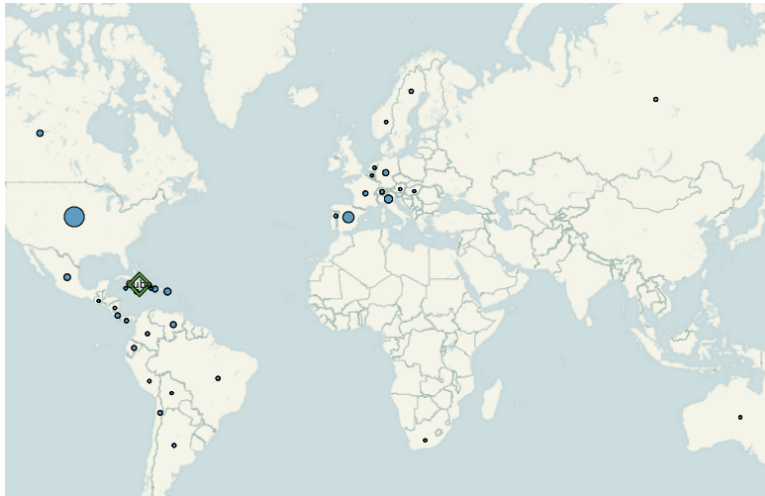


Figure 5.5: International Migrant Population from Cuba. Retrieved from Institute (2014)

the previous migrants in that they left Cuba with silent approval from the Castro government. This group had a large representation of black and mixed race Cubans, which consequently have resulted in a more extensive cultural diversity within the Cuban community in the United States [Grenier 2003].

Today, as well as in the beginning, the Cuban diasporas were primarily migrating to the United States, but are also scattered throughout Latin America, Europe and recently also in Africa see Figure 5.5. It is estimated that there were about 1.2 million Cuban migrants living in the United States at the close of the twentieth century. This number had increased to almost 1.8 million in 2011 where most of them (1.2 million) live in Florida, making up the largest Latin American immigrant group [de Aragón et al. 2011, Grenier 2003].

5.3.1 Remittances to Cuba

Numerous studies have showed that approximately 68 percent of Cuban diaspora members in the United States send money to relatives on the island [Orozco & Hansing 2011, Orozco 2003, de Aragón et al. 2011, Group 2014]. In addition, about 13 percent of the Cuban recipients received financial remittances from Europe (primarily from Spain) and 19 percent received remittances from Latin America and other developing countries [Orozco & Hansing 2011].

Remittances to Cuba have grown rapidly within the last few decades. An increase from 50 million US Dollar in 1990 to over 750 million US Dollar in 2000 shows this development. In 2013, remittances to Cuba reached a record

of 2.77 billion US Dollar, 6.57 percent more than the previous year. This increase in remittances to Cuba is interesting considering that the number of Cubans in the United States grew by only 300,000 between 1990 and 2000 [Group 2014, Orozco 2003, de Aragón et al. 2011].

Remittances are thus increasingly playing an important role in the economic survival of Cubans. The vast majority of the Cuban recipients use remittances to buy food. However, a large part of them also use the money to pay their cell phone bills and to buy products in local and online foreign-currency stores. Remittances have thus historically gone toward consumption and rarely into investments in private businesses [Orozco & Hansing 2011, de Aragón et al. 2011, Group 2014].

A relatively large part of the Cuban recipients want to own a business and some already have established one. The businesses that they want to or have established are primarily led by micro-enterprises geared toward the service sector. [Orozco & Hansing 2011]. A study carried out by the Cuban Research Institute in 2011 shows that 23 percent of those who receive remittances have invested in a business, 34 percent express a desire to do so and 43 percent do not express any interest in investing the money [de Aragón et al. 2011]. However, the arguments for not wanting to invest the money in a business was a lack of resources, undependable economic and political environment as well as lack of entrepreneurial know-how [Orozco & Hansing 2011].

The same study by the Cuban Research Institute shows that Cuban diaspora members in the United States send an annual average of 1200 US Dollar to relatives in Cuba. They furthermore argues that recipients manage to save a portion of this money, adding up to an estimated 900 million US Dollars in savings [de Aragón et al. 2011]. The majority of these savings (87 percent) is not deposited into bank accounts in Cuba [de Aragón et al. 2011, Orozco & Hansing 2011].

Several studies suggest that nearly half of Cuban diaspora members send remittances through “mulas”, as they are known in the country. However, experts in the field, such as academics, government officials and business representatives in Cuba, estimate that this number reaches approximately 80 percent.

“Mulass” are entrepreneurs who travel to Cuba, predominantly as tourists, as they have no license to operate a business on the island. They are typically Cuban Americans or foreign nationals, primarily from Mexico or Colombia, who are able to travel with ease to the island [Orozco 2003].

5.3.2 Government Restrictions Against Their Diasporas

As mentioned, the Cuban government has through the past prohibited emigre visits, portraying those who left the island as worms, scum, and unpatriotic. This rhetoric was, however, re-envisioned as the economy dipped into deep recession after the collapse of the Soviet Bloc in 1989. Overseas diaspora

members were now seen as potential asset rather than a liability. Hence, the Cuban diasporas were now referred to as the Cuban communities abroad and long-distance nationalists. This new discursive practice was, however, rooted in Cuba's desperate need for hard currency to finance foreign debt repayments, imports and investment [Eckstein 2010].

Today, a large number of Cuban officials still perceive the diasporas as enemies and refer to Miami Cubans as "the Cuban American mafia." On the other hand, the majority of the diaspora members consider the Cuban government to be a ruthless dictatorship [de Aragón et al. 2011].

Cubans are required a permit from the government in order to migrate or even travel. If they migrate without a permit or if the permit expires before they re-enter the country, they may be refused permission to live in Cuba. The government then have the right to confiscate all of their belongings [de Aragón et al. 2011].

The Cuban government also withholds dual citizenship as well as other legal rights, such as the right to external vote, from those who are refused permission to live on the island. They are furthermore not allowed to participate in the political process in the country. In addition to losing their civil, political, and social rights, the diaspora members, who are considered to have permanently exited Cuba, also lose their rights to own property or open businesses in Cuba. Visiting Cuba are still restricted to a small fraction of Cubans and entry visas are much more expensive than they are for foreign tourists [de Aragón et al. 2011].

Cuban Government Reforms

General Raúl Castro has, since his inauguration as President of Cuba's Councils of State and Ministries, expressed concern over the country's economy and from the beginning spoken in favour of changing official attitudes toward the diasporas. However, the government have not made any visible changes in attitude toward their diasporas and have not given them a role in Cuba's development [de Aragón et al. 2011].

The Cuban government have made some efforts to reform its economy by encouraging small business entrepreneurship among its population. Most of the allowed occupations have characteristic of a subsistence economy. This has brought attention to the potential role of remittances as a mean to create business development in Cuba. However, the new reforms still makes it increasingly difficult for the remittance recipients to undertake economic activities as diaspora members, who are permanently exited, for example, still are banned from investing in small businesses in the country [Orozco & Hansing 2011, de Aragón et al. 2011].

The United States Restrictions Against the Cuban Diasporas

Although the focus of this report is on the migrant sending country, US restrictions against the Cuban diasporas will be briefly described as these have been influential on migration and remittance flow from the United States to Cuba.

Between 2004 and 2008, President George W. Bush introduced some of the tightest restrictions in the last four decades on travel and remittances to Cuba. As a consequence of these restrictions, the volume of transfers dropped, transfer costs increased and informal funds transfers were used more regularly. The Cuban government responded to these restrictions by implementing laws levying a tax on dollar currency exchange as well as restricting the use of the U.S. dollar in Cuba [Orozco 2009, de Aragón et al. 2011].

In 2009, Barack Obama stated that he would remove many of the restrictions on Cuban American travel and remittances to Cuba, which the Bush administration had implemented in 2004. The Obama administration has subsequently made an effort to facilitate contacts between Cubans in and outside of Cuba. The administration has furthermore removed the limit on the amount of money a family member can receive as well as the frequency of sending [de Aragón et al. 2011, Orozco 2009].

5.3.3 Cuban-American Diaspora Organizations and Institutions

Cuba has a number of Cuban-American political organizations in the United States, such as the Coordinadora Social Demócrata de Cuba and Partido Demócrata Cristiano de Cuba, both examples of illegal political organizations with a social democratic ideology [Institute 2014b].

The island also has numerous cultural, social, religious, and human rights diaspora institutions and organizations in the United States, who work for a process of reconciliation and to a nonviolent democratic transition in the country. CNC, founded by a group of Cuban-American professionals in 1972, is an example of such an organization. Previously named the Cuban National Planning Council, CNC was one of the first non-profit organizations conducting research on the socioeconomic needs of Cubans in the United States [hispanic communities 2014]. Another example is the Cuban American Alliance (CAA) whose purpose is to educate the public at large on issues related to current United States-Cuba relations [Alliance 2014]. Other examples are organizations such as the Directorio Democrático Cubano [Directorate 2014] and the Free Cuba Foundation [Foundation 2014] both of which are non-profit organizations that work towards the establishment of an independent and democratic Cuba using nonviolent means.

The Center for a Free Cuba [for a Free Cuba 2014] and the Cuban Liberty Council [Institute 2014b] are examples of diaspora institutions who are dedi-

cated to the promotion of human rights and democracy in Cuba. The Cuban American Commission for Family Rights can be mentioned as a final example of a diaspora institution who have been established to work towards the abolition of the government restrictions on travel and remittances to Cuba [Institute 2014b].

5.3.4 Reflections

Numerous studies show that remittances are an important element of change in Cuban society and are increasingly playing an important role in the economic survival of Cubans. As mentioned earlier, the vast majority of Cubans who receive remittances are using them for consumption and thus rarely for investments in private businesses. A large part of the remittance recipients however, would like to invest the money but lacks the resources as well as the entrepreneurial know-how. They believe, moreover, that Cuba have an undependable economic and political environment, which makes it almost impossible for them to invest their money.

Cuba's current policy towards their diaspora members creates obstacles to transnational activity between the island and its diasporas. The policies also results in a loss of human capital when skilled Cubans migrate and not are able to return back home [de Aragón et al. 2011].

The new economic reforms implemented by the Cuban government have been limited and seems to be completely separate from the island's migratory laws. The government may have abandoned the most aggressive discourses when referring to their diasporas, and its migration policies may have grown more flexible since the 1980s, but it has not concealed its contempt towards its diaspora members.

As stated in Section 3.1.1, secure private property rights as well as an unbiased system of law are essential in order for people to be willing to invest and increase productivity. The Cuban government however, continues to adhere to extractive economic institutions and still owns most of the means of production on the island. This have created an informal economy in Cuba where approximately 40 percent of all goods and services operate [Institute 2014a]. As mentioned in Section 3.1.2, there is a close connection between absolutism with a distribution of power that is narrow and unconstrained and extractive political institutions. The Cuban Communist Party (PCC) are, according to the Cuban Constitution, defined as the the highest leading force of society and of the state and no opposition parties are allowed to engage in political activities on the island [Institute 2014a].

Mandating, which refers to the legal and regulatory framework that affects diasporas, such as voting and dual citizenship, is not present in Cuba. Cubans are required a permit from the government in order to migrate or even travel

and may be refused to live in Cuba if the permit expires before they re-enter the country. They are also not allowed to participate in the political process in the country.

Brinkerhoff (2012) argues that facilitating is about creating government agencies and initiatives that connects with their diasporas, supports them in improving their quality of life abroad and creating a networking function among diaspora organizations, which may motivate them to get involved in homeland contribution, see Section 3.3. Cuba has in this regard made very few initiatives in order to support their diasporas. However, they have established Bureau of Consular Affairs and Cuban Residents Abroad. This bureau was created as the country's economy went into a period of severe restrictions after the collapse of the Soviet Bloc in 1989. Hence, its function was not to support the diaspora members abroad but rather, in desperation, to reach out to families in the diasporas for help.

Resourcing involve, according to Brinkerhoff (2012), investment in diaspora business development and financial incentives that can motivate diasporas to engage in contributions, see Section 3.3. Although the Cuban government have made some efforts to reform its economy by encouraging small business entrepreneurship among its population, it still makes it very difficult for the remittance recipients to undertake economic activities as the diaspora members are prohibited from investing in small businesses on the island.

The Cuban diasporas have a number of professionally managed inclusive social institutions such as the CNC, Directorio Democrático Cubano, Free Cuba Foundation, The Center for a Free Cuba, Cuban Liberty Council and The Cuban American Commission for Family Rights. These institutions work, as opposed to the Mexican and Philippine institutions, not together with the government to create development in the country, but rather to create a democratic and free Cuba.

CHAPTER

6

Conclusions

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6.1 Discussion

This study has examined diaspora communities and organisations from three countries - Mexico, the Philippines and Cuba – and outlined how the governments of these countries have perceived their respective diaspora members as well as the way in which these governments have attempted to engage them in the interest of local and national development.

The potential of diasporas to generate development in their home country is no longer debated. However, most development contributions by diaspora members still occur at the household level independently of government interference. Although the needs and interests of diaspora members and their families drive most contributions, it does not mean that they do not contribute to the development of their local communities. For instance, through remittance expenditure at the micro-level on consumption, housing and small scale businesses evidence have shown that remittances from Filipino diasporas, not only translate into better conditions for their families back home, but have also significantly improved the living standards and contributed to the development and economic growth of local communities.

The same applies in Mexico where studies have shown that remittances sent from Mexican diasporas are significantly improving the living standards for recipient households. Other studies from Mexico indicate that remittances have a number of positive effects on economic development in local areas as well as a positive impact on infant health and decrease infant mortality in the country. At macro-level, remittances are often correlated with better outcomes in labour markets where remittance expenditure on consumption and investments stimulate economic activity and employment directly as well as have the substantial potential to reduce poverty indirectly via multiplier effects.

In Cuba, studies show that remittances are an important element of change and are increasingly playing an important role in the economic survival of Cubans. Unlike Mexico where it is estimated that almost 20 percent of the money invested in microenterprises comes from remittances, the vast majority of Cubans receiving remittances are using them for consumption and thus rarely for investments in private businesses.

As stated in Section 5.1, The primary strategy of the Philippines is to maximize the income stream from remittances directly to households in their origin areas. This kind of strategy probably has the most immediate effects on poverty reduction. However, the main challenge of this approach is that the remittance stream only lasts as long as the migration lasts. Recipient households are thus vulnerable to changes in receiving-countries economy and immigration policies. Hence, the Philippines encounter here a challenge in relation to the creation of remittance independent development, see Section 2.1.2. However, the Philippines is a good example of how remittances from

diaspora members can generate more sustainable poverty reduction via local multiplier effects if remittance flows are large and lasting enough.

Mexico serves as an example of how a government is trying to achieve remittance independent development. The Mexican government attempts to use federal programs, such as the “Tres por Uno” program, to promote collective remittances and investments to achieve a more sustainable poverty reduction.

In Cuba, the economic reforms entails the need for a concurrent analysis of the country’s migration policy in order to facilitate access to the expertise, technologies, capital and markets, which the Cuban diaspora members can offer, and which the island’s economy requires. The new reforms chances of success would presumably increase considerably with a parallel improvement in state-diaspora relations. A modification of Cubas migratory policies could furthermore spur the normalization of relations between the Cuban government and its diasporas. This could allow the Cuban society to benefit not only from contributions in the form of remittances, but also in terms of human capital.

As stated in Section 5.3.1, the Cuban Research Institute argues that the Cuban recipients manage to collect an estimated 900 million US Dollars in savings. If one considers the potential of this amount, then the non-state sector has the potential to enjoy enough liquidity to invest in new enterprises without depending on the state. Furthermore, if the government are able to remove the obstacles to collective social projects, models from Mexico, such as the “Tres por Uno” program, could be especially relevant to Cuba.

At the end of the day, the extent to which diasporas are able to effectively contribute to sustainable development in their country of origin fundamentally depends on the political and economic institutional environment in that country. The Mexican and Filipino case study shows that the diasporas have an enhanced affiliation to their country of origin because the national government treat them as legitimate stakeholders in the political and economic processes. The Cuban case study, however, constitutes an example of a government that confine the potential of remittance-focused strategies due to extractive political and economic institutions thus contributing to a under-developed market and a poor investment climate.

6.2 Conclusion

Through this report, it is sought to give an answer to the research question:

"Which conditions are essential in order for diaspora members, from developing countries, to contribute to the process of development in their home country?".

First of all, it is necessary that there are some general structural conditions in place before it is possible to create an environment where a positive sustainable development is possible. As mentioned in Section 2.1.2, this thesis takes an approach to development which puts poverty reduction and the need of those who have the least first. In this approach, economic development is an important factor and in order to sustain this, political and financial institutions need to provide a stable and predictable investment climate. Acemoglu & Robinson (2012) explains that these structural conditions that needs to be in place must be in the form of, what they call, "inclusive" political and economic institutions. They argue that the quality of institutions is a key factor of prosperity of a country and that nations fail when they have "extractive" economic institutions supported by extractive political institutions that prevents economic development.

In addition, it is argued that more inclusive social institutions are essential in order to promote more economic development. Banks & Hulme (2014) explain that without additional inclusive social institutions, such as professional groups, HTA's, cooperatives, religious organizations etc. that allow broader citizen participation, improved economic outcomes are not likely to be joined with improved social outcomes.

Mexico and the Philippines constitute two examples of countries that have gone from governments with extractive political and economic institutions to a more inclusive national environment. Studies from the two countries have shown that remittances from their diaspora members have translated into local development and better conditions for recipient households in their community of origin as well as a positive effect on poverty reduction and national economic development. The two countries also have a great number of inclusive social diaspora institutions, organizations and foundations, which are able to challenge societal relations and address issues of power and inequality.

The Cuban case study, however, shows that the island's government continues to adhere to extractive economic and political institutions, which creates obstacles to transnational activity between the island and its diasporas as well as makes it almost impossible for them to invest their money in the country. Cuba's current policies are also resulting in a loss of human capital when skilled Cubans migrate and not are able to return back home. Cuba has a number of inclusive social diaspora institutions fighting for more democracy and better conditions for the diasporas in the country. However, these social institutions are not working together with the government to create development in the country, which is the case in Mexico and the Philippines.

In addition to inclusive institutions, diasporas sending governments need to build institutional capacity across sectors as well as improve policy, legal, and regulatory frameworks. Brinkerhoff (2012) has developed a framework

that intend to describe what measures sender country governments can and should take to create an enabling environment for diaspora contribution to the development of their home country.

Firstly, sending governments need to have a legal and regulatory framework that affects diasporas, such as multiple citizenship as well as the right to vote. The Mexican and Philippine case studies constitute examples of how governments can create an enabling environment for diaspora contribution. In both cases, their diasporas have been allowed dual citizenship as well as the right to vote in national elections. The Cuban diasporas do not have these rights and are even required a permit from the government in order to migrate or even travel.

Secondly, sending states need to create government agencies and initiatives to connect with their diasporas and support them in improving their quality of life abroad as well as creating a networking function among diaspora organizations. Mexico and the Philippines have, in this regard, a large number of agencies, which purpose is to provide services in areas such as education, health, consular support and financial services. The Philippines have furthermore been expanding their diplomatic presence in places with large diaspora populations and are providing help to their diasporas in cases from small disputes to marital problems. Cuba, on the other hand, has made very few initiatives in order to support their diasporas.

Thirdly, direct public funding, such as investment in diaspora business development as well as financial incentives that can motivate diasporas to engage in contributions, such as exemptions from tax and tariffs, are also important enabling factors for sending governments. In order to support their diaspora members, the Philippine government have made supportive initiatives, such as tax breaks, life and medical insurance and emergency loans as well as initiatives to transfer remittances back home at a low cost. One of the best-known examples of direct public funding is Mexico's "Tres por Uno" program where the Mexican government is trying to attract remittances into development projects by matching communal remittances with government funds. Despite some efforts to reform its economy by encouraging small business entrepreneurship among its population, the Cuban government still makes it very difficult for the remittance recipients to undertake economic activities as the diaspora members are prohibited from investing in small businesses on the island.

Fourthly, government partnerships with diaspora organizations to achieve local and national development are advantageous in order to gain more extensive macro-level outcomes. The "Tres por Uno" program is also here a good example as both the state, municipal governments and HTAs agree to select projects to be implemented.

Finally, sending countries need to acknowledge the value of their diasporas, which can help enhancing their legitimacy as homeland development actors.

Mexico constitutes a good example of a government who have changed their attitude towards their diasporas, which is now being referred to as "heroes". The Cuban government has for many years portrayed those who left the island as worms, scum, and unpatriotic. However, this rhetoric has changed after the Cuban economy dipped into deep recession in 1989 but a large number of Cuban officials still has a tense relationship with their diasporas. This thesis has outlined that the conditions, which are essential in order for diaspora members to contribute to the process of development in their home country, to a large extent are present in the case countries, Mexico and the Philippines. However, in the Cuban case study, research shows that the country lacks most of the essential conditions in order to enable their diaspora members to contribute to the process of development. As remittances already play a vital role in many Cubans life, the island could probably, with more inclusive institutions and an enabling environment for diaspora contribution, be able to achieve a more sustainable development.

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