

SOME DIRECTIONS OF DIASPORA ENGAGEMENT IN ARMENIA'S DEVELOPMENT AGENDA

Key words – Armenian migration, diaspora networks, participation of entrepreneurs, diaspora engagement promotion, developmental role of remittances, benefits of the diaspora

Migration pressure is the most serious development challenge Armenia has faced in recent years. But at the same time, it has provided an opportunity for the diaspora to extend its participation in Armenia and transfer its support for the homeland in line with new national needs. Hence, this article explores the attempt of some individuals to make the potential of diasporas and their knowledge somehow beneficial for the home country and summarizes a few directions for collaboration of the government and diaspora organizations to contribute broader diaspora engagement in Armenia's development agenda.

International mobility of talent and its most obvious manifestation, brain drain, usually described as the emigration of human capital from less to more developed markets, has become an important and hotly debated development issue on these days. This article examines ways to develop the participation of the Armenian diaspora to Armenia's long-term development plan. It distinguishes factors with the help of which the engagement and dynamics of a small group of entrepreneurs from the diaspora could be increased. Based on this, it develops recommendations to expand the number of such business activists and transform forces of diaspora to business initiatives and development projects.

In developing countries, policy makers are exploiting programs and interventions to design active diaspora networks and transform the brain drain into brain gain as diaspora networks connect better-acting segments of home country institutions with prosperous parts of the diaspora. So the point is not to treat emigrants as being irreparably lost to the home country, but to view them as potentially playing a decisive, transnational role. Bhagwati argues that such a diaspora model is much more likely to succeed than a retention strategy. [1] This will also increase the chances that young job seekers who do not find work at home will be able to take advantage of new career possibilities afforded by entry-level jobs abroad, as given the facility of language, such people are employable almost anywhere. [6]

Another phenomenon that is substantial in most developing countries, is the skilled migration (defined as emigration after the completion of

tertiary education), and most attempts to control it by prohibition and taxation have failed. [4] The fundamental cause of skilled migration is the little local demand for high skills and the low return on investment in education. [7] But today this pattern shows signs of turning into a back and forth movement in which talented students still go abroad to continue their studies and work in the developed economies, but then use their potential to help build new establishments in the home countries.

Diasporas of many countries have had a very beneficial impact on their nations. In contrast, the wealthy Armenian diaspora, which is built around four major institutions, the church, political organizations, schools, and the media, has mostly failed to help move the country up global value chains.

Armenia, which had about 3.5 million inhabitants in 1990, as well expected to be supported by its diaspora. At the beginning of the 1990s, after the fall of the former Soviet Union, the country seemed well positioned for the transition to a developed market economy, as it was the most educated and most industrial of the Soviet republics. Moreover, after 1998, the government of Armenia made numerous attempts to expand the diaspora's business potential and to facilitate its political unification. Unlike all this, the diaspora's participation in Armenia's economic life has been modest. [2, 5.] No strategic cooperation plan, aimed at mobilizing the diaspora, has ever been prepared, despite broad consensus that it is an invaluable and fundamental resource for Armenia's economic, social, and political development. [9]

Despite years of high economic growth and significant government attempts to increase the country's financing atmosphere, there is still a lack of confidence in the government's economic policy. Armenians have a major problem. They like to manage their money affairs by themselves, which is quite reasonable. However, when it is time to invest in Armenia, most of them do not know how to do it, and the way by which an individual makes an investment usually fails, because some investments will bring money and some others for sure are going to be lost. In this case non-Armenian investors turn to be more favorable than Armenian investors in Armenia because they do not come with prejudgments and excessive hopes. They know that this is a developing country and know how to cope with it.

So it is up to a number of individuals and some diaspora business leaders to close the gap. They need to encourage their companions to originate business plans in Armenia, support collective investment projects, and extend efforts to increase public recognition of the role of foreign investments in the diaspora for Armenia's future and the need to improve the business environment in the country. It does not mean that Armenians living abroad

should change their lifestyles and devote all their time to serving as investors, business managers, consultants, or advisors to Armenia. While some from the diaspora will indeed be needed to play these roles, this is not the main challenge for the diaspora as a group. Expatriates do not have to be investors or make financial donations to have an impact on their nations. They can serve as “bridges” by helping gain an access to markets, sources of investment, and expertise. Influential members of diasporas can articulate reform plans and help implement reforms and new projects. Successful diaspora entrepreneurs have to be more active in sharing their Armenian business experience with other members of the diaspora in order to improve Armenia’s business image. At the same time, the government has to find some means to renew its communication mechanisms and gain practices. The diaspora lacks access to timely, reliable information on Armenian business development and economic policies. The absence of such information draws an additional problem to mobilizing the diaspora.

Once the diaspora is ready to play a more active role in setting the development agenda for Armenia, it would help to restructure existing programs of bilateral technical support via more productive tools and projects. An example can be a direct support to new private sector organizations, temporary internships for new business owners in external firms, and coordinating grant programs for diaspora businessmen who might have a desire to run projects in Armenia.

Gevorkyan and Grigorian have examined the extent of the diaspora’s current involvement in Armenia’s development and have proposed introducing nontraditional financial instruments, such as diaspora bonds and investment funds, and creating a Pan-Armenian Development Bank to facilitate diaspora investment in Armenia. [3]

Roberts has analyzed the impact of remittances and private external transfers to Armenia on the country’s macroeconomic performance. He concludes that the annual aggregate amount of private transfers may be three times official estimates of payments. Roberts highlights the importance of private transfers for poverty reduction, as well as for savings and the financing of household investments in home improvements, land acquisition, and children’s education. He finds no systematic evidence that transfers fuel business development, for example, through the creation of small and medium enterprises. [8]

The potential developmental role of remittances should also be a major topic for policy research and experimentation. Perhaps public policy attention should focus on increasing the developmental impact of remittances. There is an old stylized fact that most remittances are settled on

consumption, health care, education, land and the like but that there is little expenditure or investment in direct productive uses. But even if payments are wasted unproductively, there is still a pro-development multiplier effect, particularly if the expenditures are used locally instead of on imports.

Our analysis also implies a few major directions for a partnership between the government and diaspora organizations to promote broader diaspora engagement in Armenia's development plan.

First of all targeted programs, that facilitate travel by successful diaspora professionals and community activists should be developed, because visits to Armenia often change attitudes, motivating members of the diaspora to become more involved in Armenia. Tourism could be combined with the development of professional contacts and the provision of consulting services.

Second, attempts should be made to restore diaspora professional networks and systems and promote them to get involved in current discussions about Armenia's development strategy. This may require considerable redistribution of resources within the diaspora from more traditional institutions and causes. Providing diaspora activists with the opportunity to contribute professionally could turn into a real entry point for building complementary confidence between the government and diaspora institutions, which in turn may motivate more productive partnership on mutual development projects.

Third, the government and the diaspora should try to mark the information gap in the diaspora referring to Armenia's development challenges and efforts to improve the business environment. The government should try to improve its investment image and build awareness of business options in Armenia. The government should also develop a new communication strategy to promote success stories of business people from the diaspora as well as their professional contributions to Armenia's development. Partnerships between Armenian and diaspora media outlets should be organized, with the aim of expanding access to information on development progress and providing an opportunity to participate in policy debates. The government should also reduce information barriers for diaspora and other foreign investors.

Fourth, the government and the diaspora should try to identify and implement apparent collective projects with the help of international partners, that could expand the commitment of the diaspora in development, promote the formation of new types of diaspora associations, and increase the diaspora's responsibility for Armenia's development process.

The policy agenda summarized in this article is both ambitious and modest. It is ambitiously optimistic, because it suggests an opportunity, at

least for middle-income economies, for a profitable position for both sides: an emerging worthy cycle of co-development of migrant human capital and home country organizations. It is modest, however, in recognizing the intricacies of policy solutions that could make this happen. Migration pressure is the most serious development difficulty Armenia will face in the future. At the same time, migration would provide an opportunity for the diaspora to expand its commitment in Armenia and transfer its support for the homeland in line with new national requirements, as well-designed diaspora programs can contribute both to the formulation of new public sector and new industrial strategy. Therefore, their significance spreads beyond the narrowly set points of international mobility of talent.

So diaspora engagement could be critical to help Armenia raise adequate amounts of foreign direct investment and create a sufficient number of professional jobs, but the diaspora will have to become much more committed to Armenia's development before it will make a difference.

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ՀԱՄԱՌՈՏԱԳԻՐ

Արմինե Բալասյան

ՍՓՅՈՒՌԻ ՆԵՐԳՐԱՎՎԱԾՈՒԹՅԱՆ ՈՐՈՇ ՈՒՂՂՈՒԹՅՈՒՆՆԵՐ ՀԱՅԱՍՏԱՆԻ ԶԱՐԳԱՑՄԱՆ ՕՐԱԿԱՐԳՈՒՄ

Արտագաղթի ճնշումը վերջին տարիների ամենալուրջ մարտահրավերն է, որի առաջ կանգնել է Հայաստանը՝ իր զարգացման գործընթացում: Սակայն, միևնույն ժամանակ, այն հնարավորություն է տվել սփյուռքին Հայաստանում ընդլայնելու իր մասնակցությունը և աջակցություն ցուցաբերելու հայրենիքին՝ նորանոր ազգային կարիքները հոգալու համար: Այսպիսով, հոդվածում ուսումնասիրության է ենթարկված որոշ մարդկանց նախաձեռնությունը՝ սփյուռքի ներուժն ու իրենց գիտելիքները քիչ թե շատ շահավետ դարձնելու հայրենիքի համար, և ամփոփված է կառավարության ու սփյուռքում առկա կազմակերպությունների միջև գոյություն ունեցող համագործակցության որոշ ուղղություններ՝ նպաստելու սփյուռքի առավել լայն ներգրավվածությանը Հայաստանի զարգացման օրակարգում:

АННОТАЦИЯ

Армине Баласян

НЕКОТОРЫЕ НАПРАВЛЕНИЯ ВОВЛЕЧЕНИЯ ДИАСПОРЫ В ПОВЕСТКЕ РАЗВИТИИ АРМЕНИИ.

Давление миграции является наиболее серьезной проблемой развития Армении, с которым она столкнулась в последние годы. Но в то же время, последняя предоставила возможность для диаспоры расширить свое участие в Армении и передать свою поддержку на родине в соответствии с новыми национальными потребностями. Следовательно, эта статья изучает попытку некоторых людей, которые пытаются сделать потенциал диаспоры и их знания выгодной для родной страны, и обобщает несколько направлений для сотрудничества государства и организаций диаспоры содействовать более широкому участию диаспоры в программе развития Армении.