

DEVELOPING THE DIASPORA

Asian Development Bank

A. BACKGROUND

A key issue that should be considered in the High-Level Dialogue scheduled to take place during the sixty-first session of the General Assembly in 2006 is the challenge of better using diasporas to contribute to development thinking and financing. Developing nations have long worried about the economic impact of losing their best and brightest people to the opportunities presented in richer countries. This “brain drain” does affect economies. But increasingly the effect is positive, and the new focus is on “brain gain.”

Instead of worrying about the outflow of workers, Governments in developing countries should be looking for ways to help talented and ambitious people make the most of their skills—both at home and abroad.

The monetary contribution of overseas workers to economic development and poverty reduction in their home countries is clear. In 2002, official remittances by such workers totaled \$88 billion. Unofficial flows were perhaps as much again. These figures dwarf flows of official development assistance.

But these workers send home much more than cash. The distinctive contribution by technical and professional workers to their homelands should also be recognized.

The stunning growth of India’s software industry is a strong example. The industry has created 400,000 new software jobs in India and it exported over \$6 billion worth of goods and services in 2002. There are many reasons for this success including favorable telecommunications policies and a skilled,

A second study focuses on enhancing the remittances of overseas Filipino workers. The main objectives are to review the flows of remittances, and to identify constraints in the policy, regulatory and institutional framework that impact these flows. The study will then develop proposals to address the