

## **DRAFT DIASPORA POLICY**

### **BACKGROUND**

#### Diaspora/Home Country Relationships

The importance of Diaspora populations in the social and economic lives of their countries of origin has come into sharp focus in several regions and among several agencies. High priority is placed on tapping the latent potential in Diaspora communities. This is indicated in the dialogue that is being held between sending countries and their non-resident populations. Commencing with the first Pravasi Bharatiya Divas (Indian Diaspora Day) in 2003, the Ministry of Overseas Indian Affairs, with support from the Federation of Indian Chambers of Commerce, has set aside the first week in January for an annual Diaspora Conference. Another initiative was the scheduling of an Africa Diaspora Policy Dialogue in June 2008 under the topic "engaging African Diaspora in Europe as strategic agents for Development in Africa".

It has been recognized that non-resident populations account for a significant percentage of a country's citizens and often outnumber the domestic population in small countries that have suffered heavy out-migration. Moreover, it has been noted that, based on their emotional ties to their countries of origin, these populations have unreservedly contributed to the latter in a number of areas, chiefly through:

- Providing remittances to their families mainly for use in the consumption of food and clothing, for housing as well as donations for charitable causes. Remittances from developing countries exceeded receipts from exports and official development assistance (ODA) and fell just short of receipts from foreign direct investment (FDI) in 2004 (World Bank in Ruiz-Arranz)
- Investment and skills transfer. In the case of India, for example, the non-resident population has contributed in the area of investment, particularly in the dynamic software development industry. It is noted that 19 of the top 20 software companies were either managed by or established by

professionals in the Indian Diaspora (Asian Development Bank, 2004). In addition, Diaspora professionals have contributed to the expansion of the technology sectors in countries such as Taiwan, the Republic of Korea and the People's Republic of China. It is estimated that 60 per cent of all FDI to China during the 1990s (over US\$ 100 billion) was provided by the Chinese Diaspora (Carlo Dade, 2006)

- Contribution to tourist expenditure by those visiting family and relatives (VFRs), mainly through their utilizing restaurants, entertainment and other services

It is with regard to realizing the potential for investment, trade and skills transfer that most regions have been strengthening links with their Diaspora populations. For, while remittances have contributed to poverty alleviation, foreign exchange earnings and balance of payments support, to date there is no definitive evidence that they have propelled output growth. It has been argued that, while remittances have in some cases been used to set up micro businesses, they have tended to encourage high consumption. Moreover, it has been suggested that higher and continued levels of consumption, generated by remittances, could work to the disadvantage of long-run growth (UNB, 2007; Ruiz-Arranz; IMF in Hindustan Times, 2008). It has also been noted that for most countries in the Caribbean, the total losses due to skilled migration outweigh the gains from remittances (Mishra in Growth and Social Protection Strategy (GSPS) 2006, Rev. 2008).

### Dominican Diaspora

The Government of the Commonwealth of Dominica has outlined a number of policies in various documents, the most comprehensive being the Growth and Social Protection Strategy (GSPS). These policies, plans and programmes seek to promote the social and economic development of all citizens and to encourage their partnership in the development of the Country. Government is committed to

“Leveraging all the human, natural and financial resources available to the country, in order to realize the vision

for Dominica as a place characterized by economic success, and by the much-enhanced quality of life of its people, through their own empowerment, and through policies of Government geared to facilitating an environment within which private enterprise can flourish" (GSPS Rev. 2008).

The above creates a space for the engagement of the Diaspora in the country's development. Government is conscious that Dominicans abroad have generally kept abreast of developments in their home Country and have contributed in many ways, particularly in advancing social causes. They have provided substantial sums, estimated at EC\$ 80 million per annum,<sup>1</sup> in the form of remittances to family, as well as for charitable causes.

Government is also aware that substantial out-migration has occurred and with this, the loss of a cadre of skilled persons. Of particular concern for the Government and people of Dominica is the large number of persons of a working age who now reside abroad. In fact, Dominica could be faced with a population that is skewed towards the very young and the old, resulting in a high dependency ratio. The vanishing of the middle tier has implications not only for the availability of human resource, but also for fiscal buoyancy and market size, so necessary to stimulate and maintain economic activity. As stated in the GSPS, Government policy has to be addressed as much towards retaining resident, highly skilled Dominicans as towards attracting the input of their counterparts in the Diaspora.

The following are among the challenges that the Government seeks to address in the medium term:

- Ensuring the income- and employment-generating potential of its natural industries - water, energy and the environment
- Implementation of the Tourism Master Plan
- Productive and efficient investment in the country's agricultural sector, including agro-industry
- Formulation and implementation of a comprehensive policy for the development of small and micro businesses

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<sup>1</sup> DAAS Draft Diaspora Policy Paper

- Administrative reform to improve the business climate with a view to making it more investor friendly (GSPS, Rev. 2008)

These and other development imperatives suggest that a space be given to Dominicans, at home and abroad, to contribute meaningfully to the Country's social and economic development, even while recognizing that Dominicans in the Diaspora have responsibilities and obligations (such as work, taxation and other commitments) to their host countries that would limit the type of relationship that they can have with their Country of origin<sup>2</sup>. Nonetheless, the Government of Dominica recognizes that Dominicans in the Diaspora represent a critical resource and should be accorded the necessary space to participate in the Country's development.

To this end, the Government endorsed the preparation of a Diaspora Policy Paper by the Dominica Academy of Arts and Sciences (DAAS) in 2004. In the period that has elapsed since its submission, Government has formulated the Growth and Social Protection Strategy (the GSPS 2006, Revised 2008) and a number of sectoral policy papers which have created a framework for the more meaningful articulation of a Diaspora Policy. It should also be noted that Government has pursued a policy of facilitating the entry of returning migrants to the country. It is a happy coincidence, however, that Government's formal Diaspora policy statement is being launched during Reunion 2008, Dominica's 30<sup>th</sup> year of Independence.

The Diaspora Policy, which includes some of the findings of the DAAS Paper, has been finalized against the background of a crippling international financial and economic crisis, that has had its genesis in the housing mortgage defaults and steeply rising oil prices that have impacted the general price levels of developed and developing countries alike. These financial and economic developments could have negative implications for our non-resident and resident populations alike and points to the need, now more than ever, to channel our efforts to engaging all segments of our population in the development of the country.

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<sup>2</sup> On the subject of obligations, Kapur (2003) notes that the right to vote is tied to an obligation to pay tax

## Sample of Policy Measures, Selected Countries/Regions

A survey of the policy pronouncements of a sample of countries/regions indicates a preoccupation with harnessing the resources of the Diaspora for national development. Moreover, there is increasingly the tendency to regard the brain drain with more optimism than pessimism, that is, to see the non-resident population as having a store of brain power. Thus strategies are directed at utilizing the 'Diaspora option', optimizing the use of the skills bank from a distance. The tabular presentation of a sample of policies, applied by various countries, indicates the mechanisms being used to strengthen sending country-Diaspora population links (Table 1). The measures applied depend on the resources at the disposal of the sending country as well as the resourcefulness and commitment of the country and the Diaspora population.

It is noted, for example, that India which was once characterized by a fairly acrimonious relationship between domestic and Diaspora populations, has seen an improvement in relations and is found to be attractive to members of its overseas professional community, by virtue of the technological strides that it has made, chiefly as a centre for outsourced business processing services and software development. Substantial investment in the relevant infrastructure has paid off and the brain drain has to some extent been turned into brain-gain.

It also needs to be stated that the Government of Dominica, while gaining useful insights into the policies tried in other countries, must work within the limited resources at its disposal.

### **OBJECTIVE**

The Diaspora Policy is intended as a transparent and unambiguous statement of Government's Policy with regard to non-resident Dominicans and will indicate the areas in which the latter can be incorporated more meaningfully into the development agenda. The Policy also seeks to define the rights, privileges and obligations of Dominican citizens in the Diaspora.

## **APPLICABILITY AND SCOPE**

This policy shall apply to all aspects of the relations between Dominica and its citizens in the Diaspora. It is addressed to those citizens resident or naturalized in countries abroad and to persons of Dominican origin.

## **EFFECTIVE DATE**

## **RESPONSIBILITIES**

Responsibility for the coordination of Policy implementation rests with the Ministry of Diaspora Affairs. The implementation, which will cut across many agencies, will be as set out in an action plan.

## **POLICY STATEMENT**

### **Citizenship, Rights and Obligations**

- Non-resident Dominicans and persons of Dominican origin are eligible to be citizens of Dominica
- Citizenship, however, does not confer the right to vote on non-residents
- Eligibility to vote is contingent on the citizen having resided in the country for --- months
- The children or grand children of Dominican citizens shall be entitled to citizenship
- Provision is made to assist the re-settlement of Returnees (See *Returning Residents Information Manual*, July 2007 for procedures on the application for a passport, facilities available to returning residents and provisions on investment incentives)

## **Financial and Economic Incentives & Regulations**

Government is committed to a policy of non-discrimination between domestic, foreign and Diaspora investors. Provisions and application procedures are contained in the *Returning Residents Information Manual (July 2007)*. In general, an approved investment is entitled to:

- Tax holiday of up to 20 years
- Waiver of import duties on machinery, vehicles and materials used in the production of a good
- Exemption from import and other duties on construction materials used in construction of buildings used for housing the enterprise
- Waiver of duties on materials used in construction or furnishing hotels, guest houses
- Exemption from VAT for initial capital investments up to the time of commencement of operations  
(Provisions under the Fiscal Incentives Act 42 of 1973 (amended in 1983 & 1990), the Hotel Aid Act, Chapter 85:04 of the Revised Laws of Dominica, the Income Tax Act, Chap. 67:01 of 1990 Revised Laws of Dominica and the Value Added Tax Act, No. 7 of 2005).

Government will establish a "one-stop shop" with a view to increasing the efficiency of the investment approval process

## **Investment Opportunities**

- Non-resident Dominicans are invited to invest in any legitimate area
- Notwithstanding this provision, there are certain sectors that appear particularly suited to their investment, given their proximity to markets. These include the tourism sector, agricultural products particularly with appeal to exotic and ethnic market segments, information technology-based activities, housing and time share accommodation

- Dominicans in the Diaspora are encouraged to enter into joint ventures with local business operators

#### **Skills Transfer - Brain Gain**

- Government will work with Diaspora organizations to establish data bases of skilled and qualified non-resident Dominicans
- Government is committed to encouraging skills utilization on temporary and volunteer bases, e.g. short term visits/attachments by qualified members of the Diaspora
- Government will promote initiatives to facilitate visiting medical teams to supplement the provision of health services
- Government will, through the various Missions, advertise vacancies
- Government will work with Diaspora organizations to recruit persons who might perform representational and lobby functions particularly in areas where no permanent Missions exist
- Government will institute the registration of individuals and companies that may be eligible to provide consultancy services that may be required from time to time
- Government will facilitate the establishment of structured technical networks to facilitate ongoing technical consultations between Diaspora and resident technicians in fields such as education, health, tourism, agriculture, trade, science and technology
- Government will work with regional bodies, OECS and CARICOM to establish data bases with the assistance of key international agencies for the recruitment of qualified members of the Caribbean Diaspora

#### **Information exchange between Dominica and Dominicans in the Diaspora**

- Government will ensure that all information pertinent to investment, procedures for relocation of returning

residents, list of firms engaged in land transactions, vacancies, consultancy announcements are housed in all Missions and on web sites for easy access by members of the Diaspora

- Government encourages information flows, from the Diaspora to Government, that may be useful in guiding policies and strategies
- Such information should be channeled through the Executives of the Diaspora Associations to the Missions and to the Ministry of Diaspora Affairs

#### **Trade Promotion**

- Government will work with Diaspora organizations to institutionalize a system of trade promotion that incorporates the skills and knowledge of members of the Diaspora
- Government will enlist the services of members of the Diaspora in identifying niche markets in capitals with high concentration of Dominicans
- Government will encourage potential investors/Diaspora firms planning to establish enterprises in Dominica to incorporate the marketing aspect as a critical component of proposed ventures
- Such investors should avail themselves of opportunities under the various trade agreements, such as CARICOM, CARIBCAN and the EPA

#### **Cultural Exchanges/Export of Cultural Products**

- Government will support sound initiatives undertaken by members of the Diaspora to promote Dominica's musicians, dancers and other performing artistes, artists, writers as well as its festivals in host countries

- Government regards this as an area in which the Diaspora communities could take the lead

### **Recognition for Outstanding Service**

- Government will recognize members of the Diaspora for outstanding contributions to the social and economic well-being of Dominicans in the Diaspora and at home, within the framework of the National Awards

### **Conclusion**

The successful implementation of this policy will depend on a unified approach to national development by Dominicans at home and abroad. The Government therefore strongly emphasizes joint initiatives between Diaspora and resident Dominicans. Attitudes that promote accommodation and unity must replace those that harbor mistrust and disharmony.

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28<sup>th</sup> August 2008

**Table 1: Sample Policies, Selected Countries**

Country/Region	Policy Objective	Policy Measure	Comment/Notes
Jamaica	To strengthen the role of the Diaspora in national development	Establishment by Government of a bi-partisan committee on Diaspora affairs in Parliament to hold dialogue with Diaspora groups	Prime Minister Golding has called on Diaspora groups to be sensitive to the needs of the Jamaican population in the Diaspora as well as at home
South Africa	To retain/attract skills/intellectuals	Establishment of Jamaica Diaspora Foundation (JADF) & Jamaica Diaspora Institute (JDI)	JDI is hosted by the Mona School of Business of UWI and is the operational arm of the JADF
Africa/African Union	To strengthen the links between Africans in the Diaspora and Africa  To attract Diaspora skills and wealth for the development of Africa	Establishment of a South African Network of Skills Abroad (SANSa) through Institute of Research & Development & University of Cape Town  Establishment of Research Chairs Programme  Partnership of the AU and World Bank to strengthen the AU's capacity to develop & maintain effective relationships with the Diaspora  Preparation of a Plan of Action for use of Diaspora skills in major	SANSa is now housed in the National Research Foundation, which has responsibilities for policy and innovations in Science and Technology.  World Bank has provided a grant of US\$ 487 000 to AU

		<p>continental projects</p> <p>Launch of an initiative to register firms of the Diaspora on a World Bank database - eConsultant</p> <p>Support by Department for International Development (DFID) to promote volunteering of Diaspora Africans for work in Africa</p> <p><i>AfricaRecruit Brain-Gain Science and Technology</i> project funded by the International Council for Science &amp; National Research Foundation of South Africa</p>	<p>DFID funding of Pound Sterling 3 Million within VSO to support UK-based Africans as volunteers in Africa. Project initiative developed by a member of the Diaspora</p> <p>Activities include:</p> <ul style="list-style-type: none"> <li>- Database of 2500 Diaspora members</li> <li>- 30 case studies of successful Diaspora initiatives in other continents</li> <li>- Stakeholder engagement</li> <li>- Analysis of data</li> <li>- Report of findings</li> </ul>
India	To tap the entrepreneurial, professional skills & capital of Non-resident Indians (NRI's) and People of Indian Origin (PIO's)& to strengthen	Selective investment incentives: automatic approval for certain investments, right to repatriate for specific sectors, specification of limitations	

	cultural links	<p>Introduction of an Overseas Citizens of India (OCI) certificate and a PIO card</p> <p>Annual Pravasti Bharatiya Divas (PBD) – Indian Diaspora Day- jointly organized by Government and Private Sector:</p> <ul style="list-style-type: none"> <li>- to recognize &amp; award contributions of non-resident Indians of exceptional merit</li> <li>- to hold discussion fora on key development issues,</li> <li>- to stage exhibitions etc.</li> </ul>	<p>OCI bestows certain privileges, but excludes the right to vote. PIO is defined to include persons, whose parent or grand-parent is of Indian origin</p> <p>Most recent PBD (2008) was strongly outcomes-directed, with key decisions:</p> <ul style="list-style-type: none"> <li>- Prime Minister's Global Advisory Council of PIOs</li> <li>- India Development Foundation – to empower rural women</li> <li>- Council for the promotion of overseas employment</li> <li>- India Diaspora Network</li> <li>- PIO University</li> <li>- Mini PBDs in different parts of the world</li> </ul>
China	To harness the skills and talents of its non-resident citizens for the development of the country	<p>Firm decision to pursue the 'Diaspora option'</p> <p>Under the 'spring light project', brought back overseas Chinese for short visits</p> <p>Under the 'serving the nation' strategy, provided financial assistance to facilitate movement</p>	<p>These actions are suggestive of a country with vast resources</p>

		Provided research grants for returnees Built technology parks for returnees	
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