

Study of the Diasporas' Contributions to the Socio-Economic Development in the Western Balkans

ECONDIAS Final Report

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May 2023



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Suggested Citation: Qaisrani, A, Perchinig, B, Jokić-Bornstein, J, Hendow, M, Bilger, V, and Kobzeva, V, Study of the Diasporas' Contributions to the Socio-Economic Development in the Western Balkans: ECONDIAS Final Report. (2023). Vienna: ICMPD.

The contents of this Publication are the sole responsibility of the authors.



Acknowledgements

The authors would like to express gratitude to all those who supported this research, including EU representatives, government officials, international organisations, diaspora, business and NGO experts, and stakeholders who shared their knowledge and insights. The authors would also like to thank the ICMPD team for their efforts in managing the project and for their invaluable support and feedback during the research process: Katharina Hahn-Schaur, Eva Kitzler, and Enisa Musai.



List of acronyms

AAST	Association for the Advancement of Science and Technology
ABSL	Association of Business Service Leaders
ADA	Austrian Development Agency
AICS	Italian Agency for Development Cooperation
AIDA	Albanian Investment Development Agency
ASMAI	Association of Albanian Doctors in Italy
AWPK	Association of Wood Processors of Kosovo
B2B	Business to Business
BMZ	Federal Ministry for Economic Cooperation and Development
CAP	Common Agricultural Policy
CCSG	Central Council of Serbs in Germany
CESO SACO	Canadian Executive Service Organisation
CREDI	Centre for Development Evaluation and Social Science Research
CSO	Civil Society Organisation
DBC	Diaspora Business Centre
DDI	Diaspora Direct Investments
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EEAS	European External Action Service
EIP	External Investment Plan
EMN	European Migration Network
EU	European Union
EUDIF	EU Global Diaspora Facility
EDP	Engaging Diaspora Professionals
FAO	Food and Agriculture Organisation
FDHA	(Swiss) Federal Department of Foreign Affairs
FIPA	Foreign Investment Promotion Agency
FMI	Financial Markets International
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICM	International Cooperation on Migration
ICT	Information and Communication Technologies
IFC	International Finance Corporation
IOM	International Organisation for Migration
KIESA	Kosovo Investment and Enterprise Support Agency
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
NBA	Nordic Business Alliance
NGO	Non-Governmental Organisation
NiCAT	Nis Cluster of Advanced Technologies
NRW	North Rhine-Westphalia
ÖAD	Austrian Agency for Education and Internationalisation
PMD	Programme on Migration and Diaspora
PPP	Public-Private Partnership
RARIS	Regional Development Agency Eastern Serbia
OECD	Organisation for Economic Cooperation and Development
ODA	Official Development Assistance
QR	Quick Response
SDC	Swiss Agency for Development and Cooperation (Direktion für Entwicklung und Zusammenarbeit)
SDG	Sustainable Development Goals



SECO	State Secretariat for Economic Affairs
SEM	Swiss State Secretariat for Migration
SEP	Swiss Entrepreneurship Programme
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprises
SSBC	Serbian Swedish Business Council
SSF	SECO Start-up Fund
UMŠ	Udruženje Majevičana Švajcarske
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VET	Vocational Education and Training
WBAA	Western Balkans Alumni Association



Table of Contents

Acknowledgements	3
1. Introduction	9
2. Methodology	11
2.1. Migration corridor approach: country of settlement selection	11
2.2. Key areas of focus of country research	12
2.3. Data collection methods	12
2.4. Methodological challenges	13
3. Conceptual understanding	16
3.1. Defining the scope	16
3.1.1. Types of activities and stakeholders mapped	18
3.2. Defining the criteria for identifying promising practices	20
3.3. Conceptual challenges	21
3.3.1. Defining Diasporas	21
3.3.2. Diaspora engagement and economic theory: “Patriotic discount” or rational action?	22
3.3.3. Diaspora investors and diaspora communities – overlaps and distinctions	24
3.4. Summary of conceptual challenges	25
4. Migration trends	27
4.1. Migration drivers	27
4.2. Migration stocks and flows	29
4.3. Demographic profiles	33
4.4. Key findings relevant for the development of diaspora groups in European settlement countries	36
5. Policies impacting diaspora engagement	37
5.1. Policies in the Western Balkans	37
Albania	37
Bosnia and Herzegovina	40
Kosovo	41
Montenegro	43
North Macedonia	45
Serbia	47
5.2. Policies at the EU level	48
5.2.1. Evolution of relevant policies at the EU level	48
5.2.2. EU policies and frameworks on the Western Balkans	49
5.3. Policies of the selected EU settlement countries and Switzerland	51
Austria	52
Germany	53



Italy.....	56
Sweden.....	58
Switzerland.....	60
5.4. Key findings across all countries.....	62
5.4.1. Western Balkans perspective.....	62
5.4.2. EU and countries of settlement perspective.....	63
6. Stakeholder analysis: relevant institutions and actors.....	65
6.1. Stakeholders and cooperation in the Western Balkan countries.....	65
Albania.....	65
Bosnia and Herzegovina.....	67
Kosovo.....	70
Montenegro.....	72
North Macedonia.....	73
Serbia.....	75
6.2. Key findings: Western Balkans stakeholders.....	78
6.2.1. State institutions.....	78
6.2.2. Trade and Business organisations.....	79
6.2.3. Diaspora organisations and civil society actors.....	79
6.2.4. International organisations and foreign development agencies.....	80
6.2.5. Obstacles to stakeholder involvement.....	80
6.3. Stakeholders and cooperation on EU level and in settlement countries.....	82
6.3.1. The view of EU institutions.....	82
6.3.2. Stakeholders and cooperation in the selected European countries.....	85
Austria.....	85
Germany.....	87
Italy.....	89
Sweden.....	92
Switzerland.....	93
6.4. Key findings: Stakeholders at the EU level and in EU countries and Switzerland.....	96
6.4.1. EU-level institutions.....	96
6.4.2. State institutions, trade and business organisations.....	97
6.4.3. Diaspora organisations and civil society actors.....	97
6.4.4. EU-level specific barriers to diaspora entrepreneurship.....	98
7. Diaspora economic engagement initiatives: stakeholders and practices.....	99
7.1. Mapping results.....	99



7.1.1. Practices and stakeholders across countries of settlement	99
7.1.2. Practices and stakeholders across countries of origin	101
7.1.3. Type of activity and sector	101
7.2. Practices in focus	102
7.2.1. Lead stakeholders engaged	102
7.2.2. Enterprise development/employment creation/entrepreneurship	103
7.2.3. Promotion of trade	109
7.2.4. Co-development initiatives	113
7.2.5. Investment in financial instruments	116
7.2.6. Market intelligence/consultation	118
7.2.7. Contributions to technological upgrade, scientific development and innovation	120
7.2.8. Networking.....	122
7.2.9. Skills training, vocational programmes and knowledge transfer initiatives	125
7.3. Key findings: Impeding factors	130
7.3.1. Country of origin state institutions	130
7.3.2. Business environment.....	131
7.3.3. Diaspora organisations and civil society	132
7.3.4. International organisations and foreign development agencies	133
7.3.5. All stakeholders	133
7.4. Key findings: Success factors	135
7.4.1. Country of origin state institutions	135
7.4.2. Business associations and other private sector actors.....	135
7.4.3. Diaspora organisations, civil society and networks	136
7.4.4. International organisations, foreign governments and development agencies	136
7.4.5. All stakeholders	137
8. Conclusions and recommendations	140
8.1 EU Institutions.....	140
8.2 EU Member States	146
8.3 Western Balkan countries.....	149
9. Bibliography.....	152
10. Annex 1: Table of interviews.....	160
11. Annex 2: Glossary of key concepts used in ECONDIAS.....	161



1. Introduction

Historical and recent trends of emigration from the Western Balkan region, comprising Albania, Bosnia and Herzegovina, Kosovo¹ Montenegro, North Macedonia, and Serbia, have led to the formation of diverse diaspora groups across the world, with prominent representation in the Western European countries. Diaspora members often maintain close transnational socioeconomic ties with their countries of origin, most commonly reflected through the transfer of remittances at the individual or household level, but also increasingly through investment, entrepreneurship, or knowledge transfer etc., with the scope to create a greater impact on the socioeconomic development of the Western Balkan countries. However, this potential largely remains untapped so far.

Recognising the unique potential of diaspora groups as transnational development actors, the Western Balkan countries, as well as the countries of settlement, and international development partners are ever more interested in devising diaspora engagement mechanisms to channel their contributions towards national development agendas. However, considering the heterogeneity of Western Balkan diaspora groups, differences in governance and institutional structures, and varying economic and political conditions of the Western Balkan countries, there are wide information gaps in understanding how to make diaspora contributions impactful for socioeconomic development in the Western Balkans.

With support from the European Commission, ICMPD conducted the Study of the Diasporas' Contributions to the Socio-Economic Development in the Western Balkans (ECONDIAS). The ECONDIAS study had the following overarching goal:

Enhancing the Western Balkan diasporas' contribution to socioeconomic development in their countries of origin, with a focus on business diaspora and entrepreneurship in order to increase the transfer of knowledge/skills and investments.

To achieve this overall goal, the ECONDIAS answers the following research questions:

1. What are the current diaspora engagement frameworks, government policies, programmes and other institutional structures in relation to diaspora affairs in Western Balkan countries of origin, selected countries of settlement and at the EU level?
2. What migration trends and patterns led to the formation of Western Balkan diaspora groups in the EU? What are the demographic and skills profiles of Western Balkans diaspora based in the EU?
3. Who are the relevant stakeholders in the Western Balkan countries and in selected EU countries of settlement? What are the motivations and needs of these stakeholders?
4. What are some specific practices and initiatives that relate to diaspora investment in the Western Balkans? What are the challenges, opportunities and lessons learned from these practices that can contribute to improving diaspora investment for the promotion of socioeconomic development in the Western Balkans?

This report synthesises the overall findings of the ECONDIAS project and takes stock of the country-specific, and EU-level policy and institutional landscape on migration-development nexus, and identifies relevant stakeholders and practices to draw context-specific lessons on success and impeding factors for diaspora-led investment in countries of origin.

¹ All references to Kosovo in this document are without prejudice to positions on status, and are in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.



The report is organised as follows:

Chapter 2 defines the methodology adopted for ECONDIAS. It discusses the selection criteria for countries of settlement of the Western Balkan diaspora, explains the different strands of research that together feed into this report, and highlights the methodological challenges experienced during the project.

Chapter 3 sets out the conceptual framework and scope of analysis for ECONDIAS. It defines concepts used in the project, and highlights the types of activities and stakeholders that have been mapped and analysed through the project, in line with the project objectives. It also sheds light on the conceptual challenges encountered during the analysis.

Chapter 4 provides an overview of migration patterns between the Western Balkan countries and selected Western European countries. It discusses the drivers, flows, and demographic profiles of the Western Balkan migrants.

Chapter 5 discusses the evolution of relevant policies, legislation and strategies that impact diaspora engagement in each of the six Western Balkan countries, the selected EU countries and Switzerland, and at the EU level. Relevant strategies of the countries of settlement towards the Western Balkans are also highlighted.

Chapter 6 gives an overview of the relevant stakeholders and institutions across the Western Balkan countries, and selected countries of settlement that are engaged in diaspora cooperation and diaspora-led investment with the aim of highlighting their main motivations, needs, and challenges.

Chapter 7 discusses the results of the practice mapping exercise, highlighting the main trends in terms of common types of practices involving diaspora engagement and economic sectors that they focus on. This chapter then draws lessons from selected relevant practices, specifically highlighting the impeding factors and success factors, in order to inform future policy design in the field of diaspora engagement for investment purposes in the Western Balkans.

Chapter 8 summarises the main findings, draws conclusions and suggests context-specific recommendations for various actors and stakeholders in the field of diaspora engagement in the Western Balkans.



2. Methodology

This section details the research methodology and its different components adopted to undertake the ECONDIAS project that collectively informs the development of this final synthesis report. Primarily a mapping study, ECONDIAS is built on sound research processes, with the objective of drawing lessons for meaningful engagement of the Western Balkan diaspora in the process of socioeconomic development of their countries of origin. This synthesis report draws on 12 different country researches, including the six Western Balkan countries, five countries of settlement in the EU and Switzerland, and one study carried out at the EU policy level. Empirical research conducted under this project is based on two conceptual frameworks, developed specifically for the project, focusing on defining the scope of the project and guiding the identification of promising practices respectively. In addition, this study draws on the practice mapping conducted across the 11 countries under study, as well as more broadly across the EU.

The following sub-sections briefly highlight the research approach adopted by the project across these research strands.

2.1. Migration corridor approach: country of settlement selection

In addition to analysis of diaspora engagement from each of the six countries of origin in the Western Balkans, the project also examined diaspora engagement from the perspective of the country of settlement. To understand the relationship between the Western Balkan diaspora members and their countries of origin, a “corridor approach” was employed for the analysis by considering a corresponding country of settlement in the European settlement country outside the Western Balkan region. For the main European settlement countries under research, the following selection criteria was used:

1. Significant presence of origin countries’ diaspora in the European settlement country;
2. Well organised diaspora in the European settlement country;
3. History of diaspora engagement policy and practice in the European settlement country.

Based on these criteria, the following country corridors were selected for country research, in which specific diaspora groups related to the country of origin were studied for engagement practices in the country of settlement.

Country of settlement	Country/location of origin
Austria	Bosnia and Herzegovina, Serbia
Germany	Bosnia and Herzegovina, Kosovo ¹ Montenegro, Serbia
Italy	Albania, North Macedonia
Sweden	Albania, Serbia
Switzerland	Bosnia and Herzegovina, Kosovo ¹ , North Macedonia

In addition, an EU policy level research was conducted to understand how diaspora engagement with the Western Balkans is conceived and implemented at the supra-regional level of the European Union through its Directorates and specified instruments. In total, research was conducted and compiled in the 12 countries/locations to inform this synthesis report.



2.2. Key areas of focus of country research

The local research offers in-depth knowledge along the following major axes:

1. **The migration trends and patterns from each of the six Western Balkan** countries of origin to the EU and Switzerland, with specific focus on the main countries of settlement for each of the respective country of origin. The analysis also covers **the profile of the migrants and diaspora groups** in countries of settlement, in order to provide context for subsequent analysis related to policy development and engagement practices.
2. **The policy and institutional landscape** that relates specifically to diaspora engagement, with a focus on those facilitating the socioeconomic contributions of diaspora in countries of origin.
3. **Stakeholder analysis** highlighting which stakeholder groups are involved in diaspora engagement for socioeconomic development of countries of origin, examining in particular their cooperation with each other, as well as obstacles and lessons learned in their engagement.
4. **Practices and initiatives related to the scope of diaspora investment and socioeconomic contributions** in the countries of origin. These practices highlighted the development process, as well as the factors that have contributed to the success of the initiatives or impeded progress. Particularly, the focus was to identify recently concluded or existing programmes and projects that target diaspora engagement for the purpose of socio-economic development, specifically engaging business and entrepreneurial diaspora organisations and/or members.

2.3. Data collection methods

The research conducted for ECONDIAS is based on both primary data collection as well as desk review of existing literature and resources publicly available. Local country experts were recruited to undertake the country research for the selected countries and for mapping country-level diaspora initiatives and practices, while the EU-level report was developed by ICMPD. The research immensely benefited from the expertise of the local researchers who had years of experience in the field and with relevant stakeholders in their respective project countries.

Data collection was guided by two conceptual frameworks: one focused on laying out the scope of the project, including guidance on the type of stakeholders and activities to be mapped; and the other focused on developing the criteria relevant for identifying relevant and potential promising practices.

Desk research mainly comprised of analysing existing legal, policy and institutional frameworks related to the topic of migration and development and diaspora engagement, as well as for understanding the migration trends and patterns and their impact on diaspora engagement. International and national databases were consulted to collect data on migration trends and patterns. Moreover, desk research also helped in identifying relevant stakeholders and mapping relevant initiatives and practices.

ECONDIAS mapped 330 practices and initiatives across the six Western Balkan countries, 27 EU countries and Switzerland. The practices were mapped through desk research, as well as through direct contact to relevant stakeholders in the EU-27 (Embassies and Consular Offices, chambers of commerce, diaspora organisations), and were categorised based on the type of stakeholders involved, the type of activity, and the NACE code² of the economic sector of the activity. Based on the initial mapping, relevant stakeholders and representatives of

² NACE codes are the standard European nomenclature of productive economic activities. They break down the universe of economic activities in such a way that a NACE code can be associated with a statistical unit carrying out the activity it designates.



potential promising practices were identified in the Western Balkan countries and the selected EU countries and Switzerland, which were then reached out for expert interviews.

In terms of primary research, a total of 160 semi-structured interviews were conducted with policy-makers, stakeholders and entrepreneurs across the 11 countries and in the European Commission.

The interviews were aimed at drawing out the **motivations** for stakeholders' activities related to the scope of the project, **experiences** with policy and institutional frameworks, **obstacles** to meaningful engagement, and **lessons learned and success factors** that contribute to socioeconomic investment-related initiatives in the context of the Western Balkans. These interviews were also meant to generate a list of "promising" or relevant practices through a snowball approach, to be further detailed in the respective country researches.

Interviews were conducted between April and September 2022 in local languages or English. This data was then used to develop the respective country and the EU-level research. All the data were then coded in a qualitative data analysis software to map out findings across the axes of research, to then feed into this synthesis report.

2.4. Methodological challenges

Limitations in assessing emigration trends

Analysing emigration trends from the Western Balkan countries presents certain measurement challenges that are important to highlight. Five of the six countries under study were part of former Yugoslavia (Bosnia and Herzegovina, Kosovo¹, Montenegro, North Macedonia, and Serbia). Emigration trends from this region predate the dissolution of the Yugoslav federation, making it **difficult to trace population movements based on country of birth and/or citizenship principles** with the formation of new independent states. Many people who migrated from the former Yugoslav regions were entitled to multiple nationalities of the Western Balkan countries due to different ethnic communities being spread across former Yugoslavia. Thus, having dual nationalities of two Western Balkan countries is also quite a common phenomenon, which has implications for counting the emigrants of a country (as noted for the cases of Bosnia and Herzegovina and North Macedonia). Some Western Balkan countries have dual nationality agreements with non-Western Balkan countries, the number of Western Balkan migrants and diaspora abroad may be underestimated if calculated based on nationalities in countries of settlement. Moreover, those who have been naturalised in the country of settlement are also excluded if the metric of measurement is based on nationality principle.

Data based on country of birth may also not be a true representative of migrants or diaspora of a specific Western Balkan country. Firstly, it excludes the successive generations of migrants and does not allow analysis of the actual size of diaspora. Secondly, those born in specific regions of the Yugoslav federation before the breakup may no longer identify as migrants of the newly formed country resulting from the dissolution. Lack of official sources of data for countries of origin was a common problem reported by case study researchers. This has implications on assessing the overall emigration trends and profiles of those migrating.³ With limited data generated from official government sources of Western Balkans countries, the analysis thus utilises statistics and trends captured by international sources such as Eurostat, UN DESA, the World Bank, and OECD that largely publish data obtained from countries of settlement or data extrapolation based on available estimates from countries of origin. Indicators used include the UN DESA and World Bank reports on international migrant stocks,

³ Corrado Bonifazi, and Marija Mamolo, "Past and Current Trends of Balkan Migrations," *Espace-Populations-Societes*, no. 3 (2004): 519–31, <https://doi.org/10.4000/eps.356>; Danijela Vuković-Čalasan, and Siniša Tatalović, "Defining Diaspora in Post-Yugoslav States," *Politička Misao* 57, no. 4 (2020): 100–122, <https://doi.org/10.20901/pm.57.4.05>.



Eurostat estimates of immigration to countries of settlement, Eurostat's data on all valid permits granted to nationals of Western Balkan countries over time, etc.

None of the datasets covers all the EU countries and Switzerland, and **data gaps are common** in terms of coverage and availability of latest statistics. Thus, the availability of data on migration stocks and trends may also depend on whether the respective country of settlement collects information on migrants' country of birth or nationality.⁴ Based on the same issues, it is relevant to note the challenge of identifying diaspora organisations in certain cases as diaspora organisations may be based on ethnicity or religious background, rather than nationality.

Low response rate from some stakeholders

While it was relatively easier in some countries to identify diaspora organisations, often because of a database of registered organisations maintained by the respective embassy or diaspora cooperation department of the country of origin, not all registered organisations had contact details, and for those who did, response rate was generally low.

The response rate also varied across the type of stakeholders in some cases. While entrepreneurs, diplomatic missions to the Western Balkans and development actors had a high response rate, while on the other side of the corridor Western Balkan diplomatic missions appointed in some country of settlement were unavailable for an interview on the basis that they were not involved on the topic of diaspora engagement. Transnational entrepreneurs were more responsive but largely unavailable for interviews based on lack of time. In general, across the countries, the response rate from diaspora organisations was comparatively low. In most cases of denying a request for an interview, lack of time was cited as the major reason.

Challenges identifying relevant practices

The research also found that a number of diaspora organisations are either dormant or are registered but do not implement any regular and formal activities. Initially the focus was on meso-level companies or organisations headed or managed by diaspora members, but considering the responses received and relevant practices in the field, the criteria was broadened to also include individual diaspora members and private entrepreneurs who were investing at a smaller scale in their countries of origin.

However, while diaspora organisations may be registered in some official databases, and thus easy to identify and approach, **private entrepreneurs are difficult to identify** especially when their diasporic identity or migration background is unknown or hidden. In the countries of settlement, the business owners and investors rarely identify as diaspora and are often naturalised citizens, making it additionally difficult to identify relevant actors, especially if they belong to the second generation. The most vocal members of the diaspora (who come up the most in desk research), usually engage in humanitarian work rather than development-oriented business or investment and hence do also not qualify as a relevant practice for the scope of ECONDIAS.

While this report does include a number of such individual level practices, the collection should not be understood as a representative account particularly since these practices or initiatives do not necessarily follow a "project-based" approach or fit under an umbrella form of engagement (such as via a diaspora organisation or another entity) and are thus very difficult to identify. Challenges in the mapping through Embassies included issues around data protection laws in the EU, which prohibit the sharing of a person's nationality or country of origin without their explicit permission.

⁴ For instance, based on Eurostat's database, statistics for immigration by country of birth for Western Balkan countries were not available for member states such as Germany, Greece, Cyprus, Spain, France, Poland and Portugal, while there was no data available for Denmark based on the measure of citizenship.



Fieldwork also showed that the initial guidance provided for identifying a practice as “good” or “promising” (see section 3.2) was limited in its capacity to cover the kind of practices that were being implemented, and the low response rate from diaspora organisations/members also restricted the number of practices that could be included. Hence, the criteria were broadened to encompass practices that were emerging from stakeholder interviews that seemed to typify diaspora engagement in other ways. The practices that were identified through desk research and stakeholder interviews in such cases were identified for further profiling in the respective country research as they were still telling in terms of their experiences, the obstacles they faced, or the factors that contributed to their success. For instance, new practices and initiatives may not have checked off the criteria of “longevity” and “sustainability” (and thus not align with international standards for identifying as “good” or “promising” practice) but may still offer valuable lessons on obstacles and success factors.



3. Conceptual understanding

The premise of the ECONDIAS project is situated within the migration-development nexus approach. With the overall aim of the project to enhance the Western Balkans diaspora's contribution to socioeconomic development in their countries of origin, the project conceptualises migration as one of the factors feeding into development.

In order to better understand and thereby enhance the Western Balkans diaspora's contribution to socioeconomic development in their respective countries of origin, the study identified the demography of the diaspora, identified and analysed diaspora economic engagement in the Western Balkan countries as well as existing diaspora engagement frameworks. The study has thus aimed at achieving the following objectives:

1. To analyse the current **diaspora engagement frameworks, government policies, programmes and other institutional structures** in relation to diaspora affairs towards the Western Balkans of selected European countries, of Western Balkan states themselves, and at EU level, with a focus on socio-economic development, business diaspora and entrepreneurship;
2. To draw the **demographic profile of Western Balkans emigrant population** based in the EU and Switzerland, map the organised diaspora and existing projects based between selected EU countries and Switzerland and the six Western Balkans countries, provide mappings of relevant stakeholders and policy-making in the Western Balkans countries, in selected EU countries and Switzerland, and at the level of EU institutions – with a focus on socio-economic development, business diaspora, entrepreneurship and related transfers of knowledge activities;
3. To identify **relevant and promising practices of economic diaspora engagement**, analyse obstacles to meaningful engagement, draw lessons learned, and identify needs and potentials as a base for follow-up policy and programmatic recommendations to the European Commission, as well as recommendations to the Western Balkan public authorities.

Based on these objectives, it is imperative to define the scope of the research, frame the concept of diaspora for this study, and identify the types of stakeholders and activities that have been mapped under ECONDIAS. The following offers a brief background on the evolution of the conceptual framework on diaspora engagement as defined in migration studies, explains how the concept has been applied in the ECONDIAS project, and delineates some of the conceptual challenges experienced during the empirical data collection period for the project.

3.1 Defining the scope

Stemming from the migration and development theme, diaspora engagement as an institutionalised process is a relatively new concept in the realm of the migration and development framework, with roots in the early 2000s. It is generally aimed at **channelling development-from-below** and “making migration work” for all (countries of origin, settlement, and migrants).⁵ Because migrants and diaspora members engage in transnational activities, such as the flow of remittances, investment, involvement in trade and businesses, promotion of cultural diplomacy, humanitarian contributions and the transfer of social and human capital, they are increasingly

⁵ United Nations, General Assembly. *Making Migration Work for All Report of the Secretary-General, A/72/643*, (12 December 2017), available at <https://refugeesmigrants.un.org/report-secretary-general-making-migration-work-all-0>.



considered new development partners.⁶ Accompanying this viewpoint has been a proliferation of policies designed to engage diaspora members as “agents of development” and leverage the opportunities provided by the contributions of migrants and diaspora members, redirecting them towards fulfilling national development agendas.⁷ Within the migration-development nexus debate, this viewpoint considers development as a product of migration, as opposed to viewing migration as an outcome of development.⁸

Realising the relevance of remittances for the national economy, a growing number of countries of origin developed institutional structures for cooperation with their diaspora and tried to motivate them to not only send remittances to their families, but to also consider investment and business creation in their homeland. Development agencies and Ministries of Foreign Affairs in countries of settlement too started delving into the idea of stimulating development in countries of origin by engaging **diaspora members as brokers for development cooperation**. However, this position often did not gain adequate ground in all government departments. Practical applications from countries of settlement’s perspective are scant so far and, from countries of settlement points of view, there continues to be some friction between engaging diaspora members for integration objectives and mobilising them as development partners in countries of origin. Moreover, academic studies have not found robust evidence that migrants are more entrepreneurial than natives that they bring valuable entrepreneurial skills to their home country on return, nor that migrant remittances can be successfully channelled to fund start-ups there.⁹ Criticising the lack of empirical evidence to serve as basis for such projects, migration researchers warn not to depict migrants as “super entrepreneurs” providing “deus ex machina” solutions to development challenges, and highlight the need for more sound empirical research on the concrete economic effects of diaspora business engagement in the country of origin.¹⁰

Against this background, the ECONDIAS project aims to **map activities, projects, and initiatives** carried out in the Western Balkan countries that comprise diaspora socioeconomic engagement as a core element. While recognising the potential of remittances to foster social development, ECONDIAS goes beyond measuring the contribution of remittances to development and focuses on social development, particularly through the lens of investment, business development, and skills and knowledge transfer. A glossary of key concepts used in ECONDIAS is provided in Annex 2.

A conceptual understanding of diaspora investments is a prerequisite for mapping such practices. Generally, remittances flow is at a micro level (individual or household) through simple financial transfer mechanisms. Remittances are often spent on consumption, non-productive expenditures or education of family members. While acknowledging that remittances sent by diaspora members may sometimes be used as investment by those receiving it (often individuals or households), a fundamental difference exists between the two based on the mechanism used for the flow of such resources and the ultimate recipients of the money.¹¹ **Investment takes place at a meso level**, often with the involvement of formal financial intermediaries and enterprises or development projects as the ultimate recipient of funds. For remittances to be effective on the meso- and macro

⁶ International Centre for Migration Policy Development. *Rabat Process, A Collection of Diaspora Engagement Practices* (Vienna: ICMPD, 2020).

⁷ Giulia Sinatti, and Cindy Horst, “Migrants as Agents of Development: Diaspora Engagement Discourse and Practice in Europe,” *Ethnicities* 15, no. 1 (2015): 134–52.

⁸ Hein de Haas, “The Migration and Development Pendulum: A Critical View on Research and Policy,” *Special Issue: Migration and Development Buzz? Rethinking the Migration Development Nexus and Policies* 50, no. 3 (2012): 8–25.

⁹ Wim Naude, Melissa Siegel, and Katrin Marchand, “Migration, entrepreneurship and development: critical questions,” *IZA Journal of Migration* 6, no. 5 (2017).

¹⁰ *Ibid.*

¹¹ Stephen Gelb, Sona Kalantaryan, Simon McMahon, and Marta Perez Fernandez, *Diaspora Finance for Development: From Remittances to Investment*, EUR 30742 EN (Luxembourg: Publications Office of the European Union, 2021), available at <https://publications.jrc.ec.europa.eu/repository/handle/JRC125341>.



level, they need to be directed towards productive investment opportunities through adequate financial tools e.g. diaspora bonds.¹² While these bonds have been successful instruments in countries like India, Israel, Kenya and Nigeria, mixed results have been reported in other countries.¹³ Diaspora investments are often equity-based, meaning that diaspora investors acquire certain ownership rights in the businesses or projects in which they are investing, or come with an expectation of return of investment (e.g. through loans and stocks). Knowledge investment usually takes place through the creation of dedicated knowledge and skills transfer platforms and networks, as well as through exchange and temporary employment of staff and experts in institutions and companies in the country of origin and the settlement country.

In that sense, this **research has not considered remittances** as an end in itself, but rather studies how the financial, material and human capital of diaspora are channelled into productive investment opportunities, business development ventures, and skills and knowledge transfer avenues, through diaspora-led initiatives or programmes introduced by the countries of origin and settlement, and development agencies that involve diaspora contributions. In the same vein, the project also does not focus on charity and philanthropic donations of diaspora members during crises, despite the important role played by these inflows towards recovery and rehabilitation.

Understanding the circumstances under which diaspora organisations operate and the roles played by stakeholders in both the country of origin and settlement is crucial to gauge their developmental potential. Equally important is to recognise the role of non-state actors such as development partners and donor agencies, local and international NGOs, other CSOs, and the private sector to shape the circumstances under which diaspora-led development can take place.¹⁴ Therefore, analysing the mechanisms in place to promote diaspora-led development and the obstacles that exist is imperative to guide promising practices. Such an exercise is useful to build alliances and partnerships to enhance the Western Balkan diaspora's contribution to socioeconomic development.

3.1.1. Types of activities and stakeholders mapped

Within ECONDIAS's scope, relevant activities and practices include those that prominently feature or encourage diaspora's engagement and contributions in terms of **enterprise development, employment creation, entrepreneurship, promotion of trade, co-development initiatives, investment in financial instruments, market intelligence and consultation services, networking, contributions to technological upgrade, scientific development, and innovation, as well as skills training, vocational programmes, and knowledge transfer programmes etc.**

Given the above, there are a myriad of different actors, including diaspora organisations and networks, states, CSOs, and the private sector that interact with each other for the purpose of leveraging diaspora contributions for development. This section discusses key stakeholder groups and relevant activities that have been considered and included in this study. Some of the most prominent and relevant stakeholders include:

- **Diaspora organisations, enterprises, and networks**

The initial focus of ECONDIAS was on "organised diaspora". As such, no formal definitions of organised diaspora are mentioned in the literature. However, for the purpose of this research, **diaspora groups working on matters related to business, trade, investment, and knowledge and skill development programmes that have organised**

¹² Hein De Haas, "Remittances, Migration and Social Development," *Social Policy and Development Programme Paper* no. 34 (Geneva: United Nations Research Institute for Social Development, 2007).

¹³ Aleksandr V. Gevorkyan. "Can Diaspora Bonds Supercharge Development Investment?" *Migration Information Source*, June 24, 2021, available from <https://www.migrationpolicy.org/article/diaspora-bonds-supercharge-development-investment>.

¹⁴ Chukwu-Emeka Chikezie, *Strategies for Building Diaspora/Migrant Organisation Capacity for Development* (UK: African Foundation for Development, 2007), available from http://www.allianceonline.org/publications/evaluation_of_capacity.page.



themselves into associations, organisations, and networks, and are preferably registered in the country of settlement were prioritised to be mapped. Organised diaspora also includes business enterprises run and managed by diaspora members. The mapping exercise aimed at engaging diaspora organisations/associations/networks/enterprises that are oriented towards countries of origin through their projects, activities, and investments. However, most of the diaspora organisations in countries of settlement were found to be more focused on community building with the objective of creating an ethnic identity and/or work for integration of community in the country of settlement. These organisations are not included within the scope of ECONDIAS, unless some of their activities and objectives are also directed towards countries of origin.

More specifically, the following types of diaspora-led organisations were included:

1. Diaspora organisations (including umbrella associations and hometown associations) with a mandate to engage with the country of origin for socioeconomic contributions and investment
2. Diaspora-led private enterprises with investment in country of origin
3. Diaspora chambers of commerce or business groups
4. Professional networks

Although diaspora organisations were the main focus of ECONDIAS research, exceptions were made in case of **prominent individual diaspora members** who engage in activities that are highly relevant to ECONDIAS (see types of activities, next section) yet are not (formally or informally) part of any organisation, association, network etc. Certain influential individuals may invest in a specific development project in country of origin. They make investments independent of organisations, but still have a meaningful impact in achieving the development objectives of country of origin. Such cases may also be common for certain countries of settlement where diaspora is not well organised. Often times, the budget, scale and scope of their activities may be comparable to initiatives of more organised diaspora.

- ***State institutions in country of origin and settlement***

Government institutions in both countries of origin and settlement are relevant stakeholders, particularly through their role of developing and implementing policies, legislations and initiatives related to diaspora engagement. ECONDIAS maps these **relevant public authorities and institutions at different administrative tiers**, including the federal, regional, and local level. The project also discusses the different cooperation mechanisms that may exist between the government entities. While countries of origin often have dedicated state institutions mandated with diaspora engagement, countries of settlement often engage with diaspora through their migration and development initiatives, often implemented through their respective development agencies.

- ***EU institutions and delegations, and international organisations***

Supranational entities such as the **European Union and different international organisations** including ICMPD, UNDP, IOM, the World Bank and other development partners and donor agencies often have programmes aimed at developing and improving diaspora investment mechanisms in countries of origin. Relevant programmes for ECONDIAS include research and pilot projects aimed at encouraging diaspora investment, introduction of innovative financial instruments for investment in countries of origin that diaspora members are eligible for, capacity building and training of business-oriented diaspora organisations etc.

- ***Trade and business associations***

Particularly relevant are the chambers of commerce in countries of origin and settlement that are often leveraged as key partners **for promoting trade and commerce** between the two countries. Transnational



entrepreneurs and diaspora-led private enterprises are often active members of such chambers. Such associations or chambers may also be sector specific and often have strong engagement across relevant public and private entities.

3.2. Defining the criteria for identifying promising practices

In essence, ECONDIAS is a mapping project with the objective to identify existing and recently completed projects and initiatives that focus on diaspora engagement for fostering socioeconomic development in Western Balkan countries of origin.

The mapping exercise following the above-mentioned criteria were instrumental in identifying and stocktaking potential promising practices in promoting diaspora investments for socioeconomic development in countries of origin.

For the ECONDIAS project, two highly referenced list of criteria, one developed by the FAO¹⁵ and the other by the German federal organisation for international development cooperation, the GIZ¹⁶ (Deutsche Gesellschaft für Internationale Zusammenarbeit), have been selected as a base for the development of a project-related list of criteria to categorise **“promising” or “good” practices**. The two frameworks are distinct in the sense that the FAO criteria for identifying promising practices focuses on the project structure, the implementation process and their effects, and thus mainly lists criteria related to the project itself (“internal criteria”), while the GIZ framework includes criteria related to the relation of the project to the legal, social and political environment, which links the “external” country-specific framework to the definition of a “promising” practice.

FAO criteria	GIZ criteria
<ul style="list-style-type: none"> • Effective and successful: Successfully adapted and has had positive impact on individuals/communities 	<ul style="list-style-type: none"> • Stakeholder engagement: with focus on interest groups, NGOs and different government tiers
<ul style="list-style-type: none"> • Environmentally, economically and socially sustainable 	<ul style="list-style-type: none"> • Institutional buy-in: political and governmental support
<ul style="list-style-type: none"> • Gender sensitive: show how livelihoods of men and women are improved 	<ul style="list-style-type: none"> • Innovation: including technological innovation, policy innovation or institutional innovation
<ul style="list-style-type: none"> • Technically feasible: easy to learn and implement 	<ul style="list-style-type: none"> • Alignment with existing frameworks to achieve stated priorities and resource optimisation
<ul style="list-style-type: none"> • Inherently participatory: demonstrating a joint sense of ownership 	
<ul style="list-style-type: none"> • Replicable and adaptable: can be applied to achieve similar objectives in variable contexts 	
<ul style="list-style-type: none"> • Reducing disaster/crisis risks, if applicable 	

¹⁵ Food and Agriculture Organization of the United Nations, *Good Practice Template* (Rome: FAO, 2016), available from <https://www.fao.org/3/az745e/az745e.pdf>.

¹⁶ Marie-Jeanne Kurdziel, and Julie Emmrich, *Good Practice Database Summary Report: Evidence and Experience from New Cases in the Good Practice Database* (Bonn: GIZ, 2020), available from https://newclimate.org/sites/default/files/2020/03/Good_Practice_Database_Summary_report_2020.pdf.



The ECONDIAS mapping of promising practices built on these frameworks developed by the FAO and GIZ, adapting them to the specific research questions under study. Researchers thus focused on mapping practices that featured the following indicators:

1. The initiative's context or scope in relation to the types of activities that ECONDIAS focuses on, as discussed above: enterprise development, employment creation, trade promotion, investment in financial instruments, market intelligence/consultation, technological upgrade, scientific development, innovation, skills training, networking, vocational training programmes, knowledge transfer programmes, co-development initiatives etc.
2. Institutional buy-in of the initiative at different governance levels and stakeholders relevant to the scope of the project.
3. Degree of stakeholder involvement, inclusiveness and participation in activities of the initiative.
4. Level of beneficiary inclusiveness in the activities of the initiative.
5. Coherence of the initiative with existing legal and policy frameworks.
6. Impediments experienced and foreseen in the implementation of the initiative.
7. Impacts of the initiative, sustainability and duration, scope of replicability and upscaling of the project.
8. Presence of a monitoring and evaluation framework for the initiative.
9. Innovation introduced by the initiative.

3.3. Conceptual challenges

Over the course of the research period, a number of conceptual challenges arose that warranted further discussion and at times required adapting the research approach to the specific context identified. This section focuses on the main conceptual challenges faced during the research and highlights how they influenced the research.

3.3.1. Defining Diasporas

Firstly, defining and counting a diaspora is not straightforward. In policy documents focusing on diaspora, often nationals living outside its territory are considered "diaspora". However, conceptually diaspora is distinct from "migrant population", even if the most lenient definitions of diaspora are employed. For instance, Chikezie defines diasporas as "individuals originating from one country, living outside this country, irrespective of their citizenship or nationality, who, individually or collectively, are or could be willing to contribute to the development of this country. Descendants of these individuals are also included in this definition."¹⁷ According to the EMN glossary, diaspora is "individuals and members or networks, associations and communities, who have left their country of origin, but maintain links with their homelands".¹⁸ The underlying condition here is that **diaspora members maintain a strong connection with their country of origin**, while there may be also migrants in the same country who do not maintain this connection. Thus, the term "diaspora" should not be confused with the term "emigrants".

¹⁷ Chukwu-Emeka Chikezie, *Strategies for Building Diaspora/Migrant Organisation Capacity for Development*.

¹⁸ European Migration Network, *European Migration Network Asylum and Migration Glossary 2.0*, (Brussels: the Directorate-General for Home Affairs, 2012), available from https://www.emn.ie/media/EMN_GLOSSARY_Publication_Version_January_20102.pdf.



However, this specific and defining aspect is often neglected in policy documents and public debates, particularly when the number of emigrants from a country is considered as an estimation of the size of the diaspora. Available demographic data provided by international organisations, like the IOM, UN DESA, OECD, Eurostat or statistical offices of the countries of origin and settlement do not refer to the concept of diaspora, but usually provide data based on nationality and country of birth, the latter usually used as a proxy for the size of the migration stock. These datasets do not contain any information on the decisive behavioural aspect of the diaspora concept such as the keeping of connections to the country of origin. **This methodological nationalism thus creates complications when measuring the size of a diaspora.**

Knowing the degree of connection of an individual or a group with their homeland is often not easy and is even more so complicated for a region like the Western Balkans that has undergone numerous geopolitical shifts in terms of national territories, and where diasporic identification is highly politicised. Moreover, considering that Austria and Germany, two main countries of residence of Western Balkan emigrants, do not allow dual nationality on naturalisation, and have both naturalised a large number of Western Balkan citizens, this caveat is particularly important with regard to these countries. Although migration is the source of diaspora formation, **not all migrants may want to stay in contact with their country of origin**, while children of migrants born in the country of destination of their parents may well keep contacts with the country of birth of their parents and define themselves as members of the diaspora. Following on this, nationality also need not be a proxy for diaspora membership – migrants naturalised in the country of residence and not holding the nationality of their country of birth any more may well define themselves as members of the diaspora, while migrants still holding the nationality of their country of birth may not want to keep contact with the country of origin.

Another conceptual challenge in relation to identifying or counting diaspora is the assumption that diaspora is a homogenous group. As is evident in the Western Balkan case, **diaspora groups and individuals have various identities based on ethnic, religious or political affiliations** and thus a unified, singular diaspora group for a specific country of origin is difficult to identify. Diaspora groups formed after fleeing the Western Balkans are often separated along ethnic, religious or political cleavages and may on the one hand not cooperate, even when sharing the same country of origin, or on the other hand may encompass nationals of different Western Balkan states holding the same ethnic affiliation.

Moreover, as one of the respondents of ECONDIAS also shared, **emigrants understood by the government as “diaspora” might not understand themselves as diaspora**. This would be the case in particular with regard to emigrants from Montenegro in Serbia, which would be the largest Montenegrin diaspora group, far larger than the number of Montenegrins living in the EU. Due to the long history of common statehood, one shared identity has developed and would still prevail, also due to the large number of mixed marriages. Following the tradition of commuting and circular migration between Serbia and Montenegro, many would keep a household in both countries or commute to work on a weekly or monthly base. Most Montenegrins in Serbia would see themselves rather as dual citizens of both countries with two places of residence, and not as diaspora, even when the government was addressing them as diaspora in public documents.

3.3.2. Diaspora engagement and economic theory: “Patriotic discount” or rational action?

As outlined above, the emigrant population of a country of origin should not be equated with its diaspora. **Emigration or being a descendant of emigrants is a necessary, but not sufficient condition for belonging to a diaspora**; the decisive criterion is the interest to keep a relevant bond with the country of origin or the country of origin of one’s parents or grandparents and to engage for its economic or social development, individually or together with other diaspora members.



Keeping a relevant bond to the country of origin may also entail a priority for economic investment there. For the majority of migrants, economic relations focus on sending remittances to family members living in the country of origin, or investment into private property. Both countries of origin and international organisations have developed growing interest to tap into these resources and have developed programmes to motivate diaspora members to target their investment into development-related endeavours, e.g. municipal development programmes or government bonds or other investment tools, or to set up private companies in their country of origin.

The motivation to engage for the country of origin may be linked to the existence of a strong “connection” there such as an extended family in the country of origin, property ownership, or personal reasons.¹⁹ Independent from the reason, diaspora engagement includes the readiness for investment of personal or institutional resources (time, financial means, human and social capital) for the country of origin and the prioritisation of this country against other opportunities to invest one’s time, energy, and capital.

While at the first sight these activities might be entirely welcome, questions arise both with regard to economic theory and development cooperation paradigms:

- From the perspective of rational choice theory, which conceives **economic actors as profit-seeking maximisers, this behaviour demands explanation**, in particular if applied to diaspora entrepreneurship.
- From the perspective of development cooperation, the question arises **if belonging to a diaspora increases the likeliness of entrepreneurial success** in the country of origin and thus should be regarded as a criterion relevant for programme implementation and funding.

International organisations like the UN or the World Bank have rather uncritically embarked on praising diaspora investments without taking into account the scientific discussion of the concept. The explanations offered in the documents often conceive the diaspora as inherently altruistic and accepting a “patriotic discount”²⁰ when investing in the country of origin.²¹ This understanding conveys the picture of diaspora members as depicting economically irrational behaviour, waiving potential profits for sentimental gains. In particular, the conception of entrepreneurship, which centres around the identification of market opportunities and the usage of innovative means to exploit them, cannot easily be reconciled with the idea that belonging to a diaspora impacts business success. According to state of the art of economic studies, **successful entrepreneurs are rational actors recombining available resources in an innovative way and developing new products or services**, thus being able to establish and expand their business and penetrate markets in order to generate profits.²² Decision to invest in a certain region must be justified by business potentials, not sentiments.

Neoclassic economic theory has been criticised for limiting the concept of gains to the financial sphere, which cannot sufficiently explain motivations for investment. Private investors are not only motivated by the expectation of financial returns alone, these motivations often are moderated by social and ethical considerations, e.g. when deciding to invest into socially responsible investment vehicles accepting a lower return when compared to other investments. Based on the state of the art of investment behaviour analysis, Nielsen and Riddle²³ suggest to understand diaspora investment to be motivated by three categories of return –

¹⁹ Tjai M. Nielsen, and Liesl Riddle, “Why Diasporas Invest in the Homeland: A Conceptual Model of Motivation,” *SSRN Electronic Journal* (2007).

²⁰ “Patriotic discount” refers to the notion that diaspora members may accept a lower yield or rate of return on their investments in countries of origin based on a sense of attachment to the country of origin.

²¹ Suhas L. Ketkar and Dilip Ratha, “Diaspora Bonds. Tapping the Diaspora during Difficult Times,” *Journal of International Commerce, Economics and Policy* 1, no. 2 (2010): 251-263.

²² Nadim Ahmat and Richard G. Seymour, *Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection* (Paris: OECD, 2005), available at <https://www.oecd.org/sdd/business-stats/39651330.pdf>.

²³ Nielsen and Riddle, “Why Diasporas Invest in the Homeland: A Conceptual Model of Motivation.”



financial, social and emotional – whereby social embeddedness in a diaspora community in the country of settlement and the country of origin can be regarded as a main factor strengthening social and emotional return, but also impacting on success factors. **Diaspora investors develop a “homeland bias”** based on the assumption that their knowledge of the country of origin will help them to generate profits there. Their preference for homeland investment is not based on a “patriotic discount” then, but may rather be regarded as economically rational as it is based on a) the expectation to generate economic profits more easily due to their knowledge of the country of origin and b) the expectation to gain emotional and social return in the form of an increased recognition and a positive image among their homeland community in which they are embedded.

Understanding both utilitarian- and identity-related aspects as elements of individual economic rationality, the notion of diaspora investors as actors depicting economically irrational behaviour can be discarded. In addition, these considerations will help to answer the second question, the likeliness of entrepreneurial success of diaspora investment. Here it is necessary to understand that **the cultural capital of emigrants** (knowledge of the language, culture, the business environment and written and unwritten business rules in the country of origin, access to potential business partners, access to goods and services etc.) may allow access to cost-saving production leading to competitive advantage, or may foster the penetration of a new market, but that this knowledge may also be acquired by non-diaspora actors who e.g. have lived in the respective country of origin for some time. In addition, diaspora actors may refer to knowledge acquired in the past, which might not reflect the current situation anymore.

Diaspora membership thus will not automatically lead to an economic advantage with regard to knowledge of and connections in the country of origin, as the intimate knowledge of the business environment in the respective country of origin, and not the diaspora status itself, is the relevant factor. Diaspora membership might, but need not be a proxy for knowledge here. In short: While “diaspora” can be regarded as a supportive factor, it is no guarantee for better knowledge of the business environment. From this perspective, **avoiding the “diasporisation trap”**²⁴, which equates any diaspora investment as relevant for development, will need to judge any diaspora investment primarily by business-related factors, among them the investors’ knowledge of the business environment of the country and the entrepreneurial quality of the actors.

This theoretical consideration resonates well with the reflections of donor organisations and stakeholders from EU institutions on the issue, which highlighted the need to scrutinise business proposals of diaspora investors with the same accuracy as any other proposals, and not to overestimate the diaspora aspect.

3.3.3. Diaspora investors and diaspora communities – overlaps and distinctions

Understanding diaspora investment as being based on a combination of financial, emotional and social motives leads to the need to better understand the role of two different types of social actors, business organisations on the one hand and diaspora organisations on the other. While business organisations can support economic success and the profitability of investments, **diaspora organisations may be relevant for the social and emotional return of diaspora investors**. Both types of organisations link together different stakeholders, and are connected to different social fields based on different values and following different internal rules.

According to Pierre Bourdieu, our social world is a relational space, made up by distinct sub-spaces following their own internal logics. Related to the growing division of labour in modern societies, each sub-space is devoted to a specific type of activity. In this process, various occupations and social groups codify their functioning and develop specific signals and spheres symbolically defining membership.²⁵

²⁴ Aleksandr V. Gevorkyan, “Diaspora and Economic Development: A Systematic View,” *The European Journal of Development Research* 34, no. 3 (2022): 15-26.

²⁵ Pierre Bourdieu, “Genesis and Structure of the Religious Field,” *Comparative Social Research* 13, (1991): 1 – 29.



Besides the neoclassical economic theory, which postulates that individuals calculate their behaviour according to explicit rational and economic criteria, social field theory postulates that they behave and act according to the rules of the fields they are members of, which allows them to act in a way understood by the other field members as “good” and “adequate”. The members of a social field constitute an “epistemic community” defining the body of knowledge and the rules defining its boundaries.

Applying Bourdieu’s concept of the social field to the thematic scope of the study, diaspora communities can be understood as reflecting different social fields made up by different “epistemic communities”. Diaspora organisations focus their activities on knowledge and rules related to the history and culture(s) of the country of origin aiming to keep this knowledge alive among emigrants and their descendants living abroad, the “epistemic knowledge” of this social field is defined in cultural terms. Business organisations are usually based on the knowledge and competence of a specific economic sector, which is unrelated to socio-cultural or religious identities, but conceived as universal. **The common frame for diaspora organisations is related to the country of origin or specific (sociocultural or religious) group traditions there, while the common frame for business organisations is their economic sector and the drive for economic success.** It would be naïve to assume that these different social fields will come into contact and will share common interests automatically. Cooperation between separated social fields needs targeted bridge building and networking by external actors based on incentives relevant to both fields.

These theoretical considerations resonate well with the empirical results of the study. Both stakeholders from diaspora organisations and from business associations highlighted the lack of institutional cooperation of the two fields, with the business actors complaining that the traditional diaspora organisations were not helpful for improving business contacts. Governmental diaspora agencies in the countries of origin seemed to privilege the traditional organisations and their identity-building activities, while stakeholders had the impression that their work often neglected the economic dimensions of diaspora involvement, and they were mainly seen as sources of capital and revenue, and not as partners in development cooperation.

3.4. Summary of conceptual challenges

Based on the above discussion, the following conclusions can be drawn:

- There is no common understanding of the concept of diaspora among the stakeholders at governmental, business and CSO level and within academia. Whereby the term “diaspora” often is used synonymously for all emigrants by Western Balkan diaspora institutions, this understanding is critically discussed by stakeholders in the selected EU countries and Switzerland. In addition, **the heterogeneity of the Western Balkan diasporas** often prevents the development of common visions and targets of diaspora activists. The lack of a common understanding is reflected by a lack of reliable data on the demography of the emigrant population, their sociodemographic characteristics and the degree and intensity of their wish to keep relations with the country of origin and engage for it. There is a need for a European wide study on these issues based on the state of the art in academic research in economics, sociology and political sciences.
- Diaspora investments are motivated by financial, social and emotional expectations of investors and entrepreneurs. Diaspora entrepreneurs and investors may have deep knowledge of the business environment in the country of origin, which may help them to successfully establish, run and expand a business. However, this knowledge may also be accessible to non-diaspora investors, and may be outdated in the case of diaspora members who left the country of origin some time ago. As no empirical studies on the effects of diaspora investments on the economic development in the Western Balkan

countries exist, **no clear conclusions about the effects of diaspora membership on business success can be drawn**. From a development perspective, programmes and projects should support sustainable social development, and not solely focus on entrepreneurial success. There is a need for a comparative study on the effects of diaspora membership on the success of business investments and their effects on development in the Western Balkan countries.

- Diaspora investments may be motivated by both **financial and identity-related aspects**. While business associations and networks are highly relevant for economic support, diaspora organisations may be the network where emotional returns are reaped. According to the empirical results, these two types of organisations are only weakly interlinked. There is a need for a study on how to best make use of these different types of institutional actors for economic diaspora engagement.



4. Migration trends

This section focuses on the main migration trends and patterns of the Western Balkan countries. It highlights the key destinations, specifically in the selected EU countries and Switzerland under study, as well as elucidates the main drivers and factors responsible for emigration waves from the region. It does so in order to clarify the demographic profiles of the diaspora groups from these countries, given the differences in profiles of emigrants at specific points of time, including qualification levels and key economic sectors where migrants are engaged, in order to frame subsequent analysis on diaspora engagement within the broader migration context.

4.1. Migration drivers

The Western Balkans have a long history of population outflows, linked to prevailing political and economic circumstances in the region and abroad, leading to the creation of wide and numerous diaspora groups across the world. **As per recent estimates, about 21% of the total population of the Western Balkan region lives abroad of which 87% live outside of the region**, while the rest reside in another Western Balkan country within the region.²⁶ Bosnia and Herzegovina has the highest proportion of international migrant stock (48%), followed by Albania (44%), North Macedonia (38%), Kosovo¹ (21%), Montenegro (21%) and Serbia (14.5%).²⁷

A range of motivations related to emigration from the Western Balkan countries can be identified over the years. These include drivers such as **social upheavals** due to the democratic transformation processes, the marginalisation of certain ethnic and religious groups, fragile labour markets, deficient education and health sectors, as well as **economic hardship** caused by social inequality, which have resulted in various waves of economic, social, political as well as forced emigration.²⁸ While economic motivations and fleeing from conflict have been the main drivers of migration from Western Balkans, more recent trends are also defined by family reunification processes and migration in pursuit of education.

Contemporary emigration trends have roots in **historical flows** from the region: “the legacy of migrations that took place centuries ago is still tragically relevant, and weighs on the destiny of the Balkan peoples”.²⁹ While regional migration have constituted the major proportion of outflows, trends of emigration to other parts of the world are also common, such as to the United States and Türkiye. In more recent history, outflows were also impacted by the labour attracting policies of certain countries in Western Europe. For instance, in the 1960s, Austria and Germany signed guest worker agreements with Yugoslavia (formerly comprising Western Balkan countries of Bosnia and Herzegovina, North Macedonia, Kosovo¹, Montenegro and Serbia) to meet their industrial demand.³⁰ From all “guest workers” leaving former Yugoslavia during this period, 50.1% went to Germany.³¹ Around the same time, Switzerland also opened up opportunities for short-term labour migrants. Migrants during this wave often comprised of semi-skilled and skilled labour. These countries are thus prominent

²⁶ Organisation for Economic Co-operation and Development (OECD), *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*, by Lisa Andersson Martin Kohtze, Elma Aga and Martina Ćirić, and Nicola Duell (Paris: OECD Publishing, 2022), available at <https://www.oecd.org/south-east-europe/programme/Labour-Migration-report.pdf>.

²⁷ As per latest or most reliable data available.

²⁸ European Asylum Support Office, *Asylum Applicants from the Western Balkans – A Comparative Analysis of Trends, Push-Pull-Factors and Responses* (Luxembourg: Publications Office of the European Union, 2013).

²⁹ Bonifazi and Mamolo, “Past and Current Trends of Balkan Migrations.” (In: *Espace, Populations, Societies*, 2004-3 pp. 519-531)

³⁰ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

³¹ Stefan Alscher, Johannes Obergfell, and Stefanie Ricarda Roos, “Migrationsprofil Westbalkan – Ursachen, Herausforderungen und Lösungsansätze,” (Working Paper 63 der Forschungsgruppe des Bundesamtes, Nürnberg: Bundesamt für Migration und Flüchtlinge, 2015).



destinations for the Western Balkan migrants and highly relevant for the longer-standing diaspora groups formed in these respective countries.

Many “guest workers” found opportunities to stay in these destinations permanently, especially those with higher qualifications³² and those who migrated just before these guest worker policies were reversed in 1973, leading to the **formation of prominent diaspora groups**. The 1970s were also marked by an outflow of migrants based on family reunifications, thus changing the demographic composition of Western Balkan migrants abroad and reflecting more permanent settlements in the destination countries.³³ Albania was an exception to this trend due to emigration being outlawed between 1945 and 1990 during communist rule, and also not being part of the “guest workers” schemes. Despite the ban, some limited outflows did take place during this time, primarily dominated by political activists.

Political developments and crises in the latter half of 1980s gave rise to new emigration trends from the Western Balkans. In Albania, for example, the easing of restrictions in 1990 resulted in a large outflow of around 20% of the Albanian population, mainly to Greece and Italy in the early 1990s, largely because of the geographic proximity.³⁴ The dissolution of Yugoslavia in 1991 was also a watershed moment for migratory movements in the region, leading to widespread resettlement-related movements. The transition and the related economic downturn and conflicts in some countries exacerbated forced and irregular emigration of its population in the 1990s to Western European and EU countries, quite notably for Bosnia and Herzegovina, but also to other Anglo-Saxon countries such as Canada, Australia and New Zealand, specifically for Serbia. While Bosnia and Herzegovina had the highest emigration rate as a percentage of population, the flow of Albanians in absolute terms was highest at the time.³⁵ The Kosovar refugee crisis in 1999 not only created a wave of forced emigration of Kosovars, but also led to the return of political activists in exile. At the same time, Albanians also attempted to access asylum and temporary protection that were made available for Kosovar refugees. The main destination countries emerging due to the conflict were neighbouring countries (Albania, North Macedonia and to some extent Montenegro), as well as the UK, Switzerland and Western European countries such as Germany and Austria where these migrants had social networks. As the wars ceased, there was a wave of repatriation. Return rates varied for specific countries of origin, but also depended on the policies of the countries of settlement. For instance, Germany suspended refugee protection given to migrants from Bosnia and Herzegovina after the war ended, resulting in a large return flow, but Austria did not, allowing the Bosnian migrants to stay and achieve upward social mobility over three decades since the war.³⁶ Similarly, Finland and Luxembourg also shaped their policies to allow permanent residence to those given temporary protection.³⁷ In terms of absolute numbers, return was highest for Kosovo¹ from the major countries of settlement. The country research in Bosnia and Herzegovina and Kosovo¹ note that repatriation was dominated largely by low-skilled migrants, as highly skilled migrants were able to find opportunities to stay abroad through better access to the labour market.

The early 2000s witnessed a slight **downturn in emigration flows** from the Western Balkan countries to the EU and Western European destinations due to strict visa requirements and high emigration costs,³⁸ but also influenced by the improving economic and political situation in the Western Balkan countries, spurring some

³² Othmar Nikola Haberl, *Die Abwanderung von Arbeitskräften aus Jugoslawien: zur Problematik ihrer Auslandsbeschäftigung und Rückführung* (München: Oldenbourg: 1978).

³³ S. Stamenkovic, Key Migration Trends in Macedonia. Jefferson Institute, *PatchWork Balkan*, 2015.

³⁴ Ibid.

³⁵ Bonifazi and Mamolo, “Past and Current Trends of Balkan Migrations.”

³⁶ A recent OECD report points out that about 600,000 Kosovan refugees out of the 850,000 internationally displaced in the war of 1998-1999 returned. See: *OECD, Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

³⁷ Ibid.

³⁸ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.



regional migratory trends that later led to indirect pathways to the EU. For instance, in North Macedonia, a tendency to obtain a Bulgarian nationality based on proof of Bulgarian ethnicity was noted in 1990s. The same is the case for Bosnia and Herzegovina and Croatia, where dual nationality agreements allows many Bosnians to apply for Croatian nationality. It is estimated that in 2008, around 20% of all young people between 18 and 30 in Bosnia and Herzegovina held the Bosnia and Herzegovina as well as the Croatian nationality.³⁹

The trend of low emigration from the Western Balkan countries to the EU reversed when, in 2005, the EU and the Western Balkan countries started dialogues on **visa facilitation and readmission agreements** which lead to visa-free travel for five Western Balkan countries in 2009 (Serbia, North Macedonia, Montenegro) and 2010 (Bosnia and Herzegovina, Albania), except Kosovo¹ which again spurred short-term movements to the EU. Switzerland developed a Migration Partnerships with Bosnia and Herzegovina and Serbia in 2009, with Kosovo¹ in 2010 and North Macedonia in 2022, however the impact of these agreements on migration trends from these countries remains unclear, as the projects implemented in each country under the partnership varied by context. More recently, Germany introduced the Western Balkan Regulation in 2016, which allows migrants from the region to find employment in Germany without the requirement of qualification recognition processes. Another relevant trend to note is the movement of Western Balkan migrants towards Croatia to fill the labour demand there, as many Croatians moved to Western EU countries upon its accession to the EU in 2013.⁴⁰ A recent OECD study also notes an increase in migration from Bosnia and Herzegovina, Kosovo¹ and Serbia to Croatia and Slovenia.⁴¹ Moreover, emigration trends from Western Balkan countries may also vary based on **sub-national** regions, with people predominantly emigrating from certain municipalities.⁴²

4.2. Migration stocks and flows

In terms of popular destination countries for Western Balkan migrants, the EU countries dominate the trend for both labour migration and asylum flows, due to the geographic, linguistic, and cultural proximity, as well as the later accumulation of social networks, although destinations further afield, such as North America and Australia, are also popular among Western Balkan migrants. Over time, these migration flows have resulted in **concentration of migrant groups in specific countries of settlement**, giving rise to prominent diaspora groups. More specifically, a country-level perspective shows that Italy and Greece are the most popular destinations for Albanians, Croatia and Serbia are the most popular destinations for migrants from Bosnia and Herzegovina, Germany and Switzerland have the biggest Kosovar population, Türkiye and Germany host the biggest North Macedonian migrants, and Germany and Austria host the largest Serbian population. For Montenegrin migrants, Serbia is the most popular destination, which reflects the high rate of intra-regional migration, which is also noteworthy in the case of Bosnia and Herzegovina (see Table 2).

³⁹ Rusmir Pobri, "Bosnien-Herzegovina: Menschen ohne Rückkehrpläne," in *Flucht und Migration. Debattenbeiträge aus den Ländern des Westbalkans*, ed. Felix Henkel, Bert Hoppe (Berlin: Friedrich-Ebert-Stiftung, 2015), 10-12.

⁴⁰ Krasteva, Anna, Amir Haxhikadrija, Dragana Marjanovic, Miriam Neziri Angoni, Marjan Petreski, and Nermin Oruc, *Maximising the development impact of labour migration in the Western Balkans. Final Report*. The European Union's IPA programme for the Balkan Region (Brussels: IBF International Consulting, 2018), available at http://wb-mignet.org/wp-content/uploads/2019/10/Final-report_Maximising-development-impact-of-labour-migration-in-WB_0412018-1.pdf.

⁴¹ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

⁴² Momčilo Radulović, and Mila Brnović, *Economic migrations from Montenegro to the EU* (Podgorica: Evropski pokret u Crnoj Gori, 2016).



Table 1. Main destination countries for Western Balkan migrants

Western Balkan Country and national population ⁴³	Migrant stock in the EU27 and Switzerland ⁴⁴ (By country of birth) World Bank Data 2017	Migrant stock in the EU27 and Switzerland (by nationality) Eurostat 2021	Main countries of settlement with estimated population ⁴⁵ (Global)
Albania (2,840,000)	960,789	569,165	Italy (486,187); Greece (446,614); USA (97,252); Germany (61,063); Canada (16,544)
Bosnia and Herzegovina (3,230,000)	1,029,493	466,755	Croatia (381,100); Serbia (342,526); Germany (221,720); Austria (168,798); Slovenia (122,235)
Kosovo ¹ (1,786,038)	511,140	266,908	Germany (202,905); Switzerland (145,882); Italy (44,706); Austria (34,706); USA (25,294)
Montenegro (630,000)	94,944	29,764	Serbia (72,596); Germany (17,407); North Macedonia (9,269); Croatia (5,815); Slovenia (3,541)
North Macedonia (2,090,000)	326,240	304,659	Türkiye (198,004); Germany (108,634); Switzerland (69,612); Italy (68,840); Australia (53,144)
Serbia (7,220,000)	689,094	534,866	Germany (199,691); Austria (177,609); France (96,899); Italy (86,911); Switzerland (66,207)

When comparing total emigration estimates from the six Western Balkans countries to those specifically to the OECD countries, the difference may be interpreted as an important indicator of migration trends within the region as well as to non-OECD countries (Table 3). The OECD estimates that among the Western Balkan countries, the highest emigration rate to the OECD region is of Albania (28% of the population), followed by Kosovo¹ (22%), Bosnia and Herzegovina (20%), North Macedonia (18%), Serbia (10%), and Montenegro (9%).⁴⁶

⁴³ UN DESA (2022). Population, surface area and density. Available at: http://data.un.org/Docs/SYB/PDFs/SYB65_1_202209_Population,%20Surface%20Area%20and%20Density.pdf;

Estimates for countries are as per the latest data available on UN DESA website. Data for Kosovo is from the World Development Indicators for 2021. Available at: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=XK>.

⁴⁴ See: World Bank. *Bilateral Migration Matrix 2017*, Available at <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>.

⁴⁵ United Nations Department of Economic and Social Affairs, Population Division, *International Migrant Stock 2020*, (NY: UN DESA, 2020) available at <https://www.un.org/development/desa/pd/content/international-migrant-stock>. For Montenegro, there is missing information on Montenegrins in the US and Turkey. According to the report of 2013, there are 24,112 Montenegrins in the United States of America, and 54,850 in Turkey, <https://esa.un.org/MigGMGProfiles/indicators/indicators.HTM#europe>. Data for Kosovo is retrieved from the latest most comprehensive and reliable report of the Kosovo Agency of Statistics "Kosovar Migration", published in 2014, as UN DESA data is not available. However, the current numbers may differ. See: Kosovo Agency of Statistics. *Kosovan Migration* (Pristina: Kosovo Agency of Statistics, 2014), available at <https://ask.rks-gov.net/media/1380/kosovan-migration-2014.pdf>.

⁴⁶ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

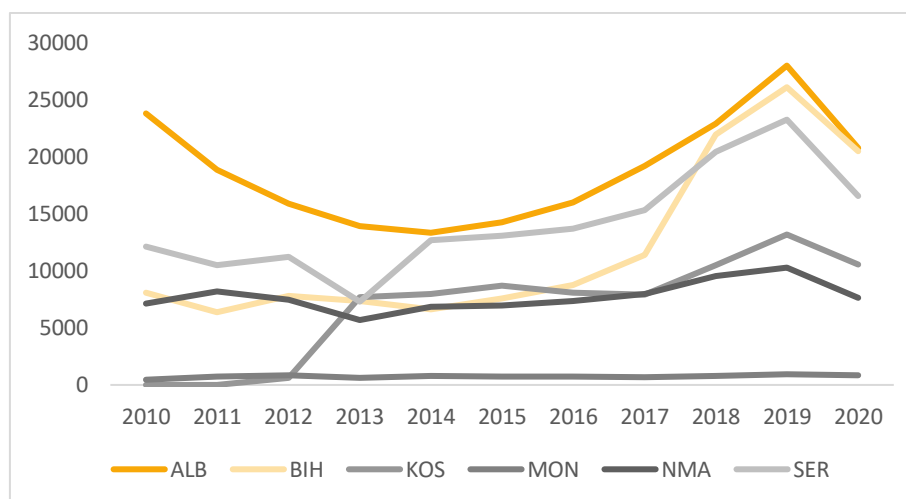


Table 2. Emigration rates from the Western Balkan countries

Western Country	Emigration rate (Global) ⁴⁷	Emigration rate to OECD Countries ⁴⁸
Albania	44%	28%
Bosnia and Herzegovina	48%	20%
Kosovo ¹	31%	22%
Montenegro	21%	9%
North Macedonia	38%	18%
Serbia	14.5%	10%

As of 2021, about 2.6 million residents in the EU27 and Switzerland have Western Balkan nationality.⁴⁹ Immigration flows in the past decade (2010-2020) to the EU27 and Switzerland show an upward tick in inflows of individuals from 2014 onwards up until 2020, when numbers considerably dropped with the spread of COVID-19 and the resulting lockdowns. The flows from Montenegro remained somewhat constant, while flows from Kosovo¹ experienced a slight decline between 2015 and 2017, and from there on the flows increased up until 2020. The highest spike is observed in flows from Albania, followed by Serbia. The rate of flow from Bosnia and Herzegovina drastically increased between 2017 and 2019 (Figure 1).

Figure 1. Immigration to the EU27 and Switzerland from the Western Balkan countries⁵⁰



Source: Eurostat, 2020

⁴⁷ Calculated based on UN DESA data and country estimates for population size. As UN DESA does not report separately on Kosovo, World Bank. Bilateral Migration Matrix 2017, <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>; is used.

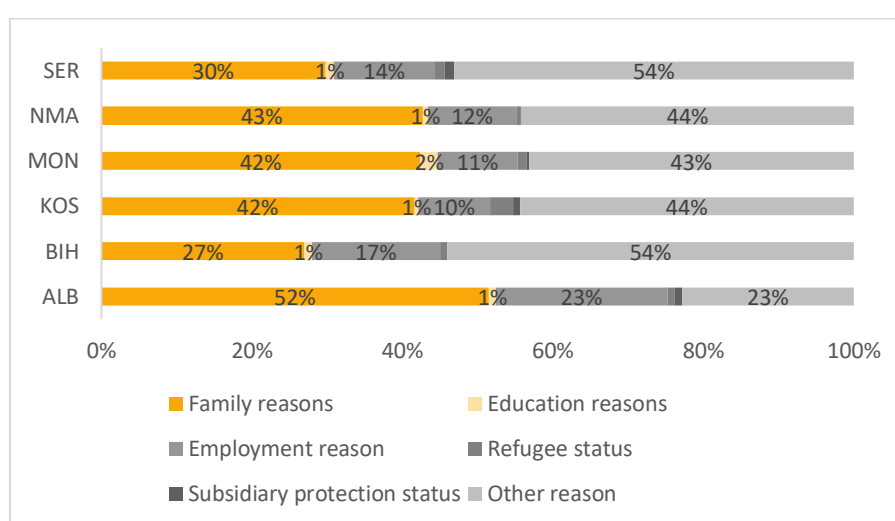
⁴⁸ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

⁴⁹ Eurostat, *Acquisition of Citizenship by Age Group, Sex and Former Citizenship*, Eurostat Data Browser website, 2020, available at https://ec.europa.eu/eurostat/databrowser/view/migr_acq/default/table?lang=en.

⁵⁰ Based on citizenship data (more data gaps based on country of birth).

The nature of all valid permits obtained by Western Balkan citizens in EU and Switzerland reflect that a **vast majority are residents based on family grounds as of 2021**. For Serbia and Bosnia and Herzegovina, valid permits for “other reasons”⁵¹ dominate the reason for residency. Among the Western Balkan migrants, residents based on employment permits are highest for Albania and lowest for Kosovo¹. Permits for education reasons also comprise a small percentage compared to family reasons and other reasons (Figure 2). Additionally, available data between 2017-2020 on seasonal work permits shows that Italy is a popular seasonal work destination for migrants from Albania, while Croatia is the most common seasonal work destination for workers from Bosnia and Herzegovina, North Macedonia and Serbia.⁵²

Figure 2. All valid permits in EU27 and Switzerland for Western Balkan migrants by reason⁵³



Source: Eurostat (as per latest data available)

The rate of asylum applications from Western Balkan nationals have also declined since 2015. Data between 2015 and 2021 shows that in 2015, the largest number of first time applicants to the EU-27 were from Kosovo¹ (66,860), which then drastically dropped to 9,140 in 2016 as Kosovo¹ and other Western Balkan countries were declared safe countries of origin.⁵⁴ This decline in asylum applications was also because of efforts of the Kosovar authorities in raising awareness about the asylum and migration policies in the EU countries and risks of irregular migration.⁵⁵ While the applications from Albanians also reduced in 2016 from 2015, the rate of the drop was much lower as compared to Kosovo¹ (64,565 applicants in 2015 and 27,405 in 2016) (Figure 3). The number of applications from all Western Balkan countries were very low in 2020 likely due to COVID-19 related travel restrictions, and continued to stay lower than 2019 levels in 2021. Between 2016 and 2021, applications from Albania have been the highest among the Western Balkan countries, and the recognition rate has increased from

⁵¹ As per Eurostat’s explanations, the ‘Other reasons’ category includes: diplomat, consular officer treated as exempt from control; retired persons of independent means; all other passengers given limited leave to enter who are not included in any other category; non-asylum discretionary permissions.

⁵² Eurostat, *Authorisations for the Purpose of Seasonal Work*, Eurostat Data Browser website, 2020, available at https://ec.europa.eu/eurostat/databrowser/view/MIGR_RESSW1_1_custom_3250146/default/table?lang=en.

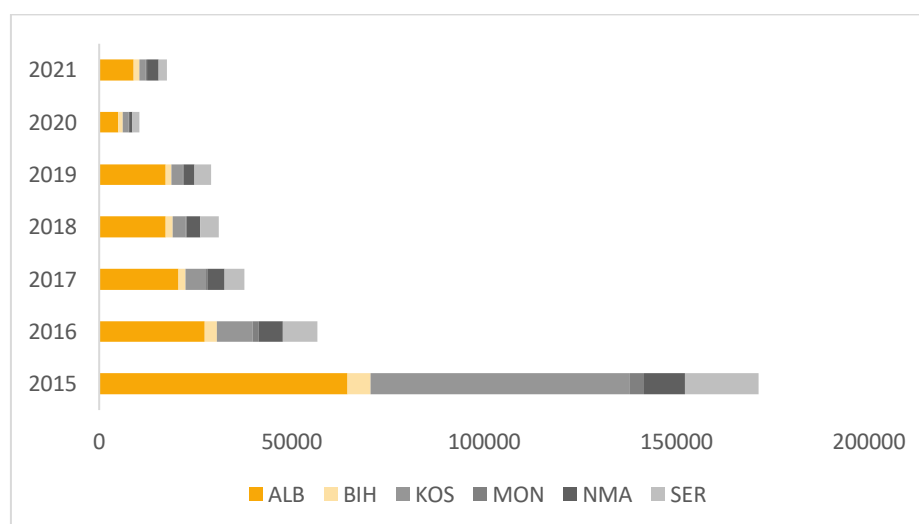
⁵³ Data was not available for Denmark.

⁵⁴ Eurostat, *Asylum Applicants by Type of Applicant, Citizenship, Age and Sex - Annual Aggregated Data (Rounded)*, Eurostat Data Browser website, 2021, available at https://ec.europa.eu/eurostat/databrowser/view/MIGR_ASYPAPTZA_custom_1540121/default/table?lang=en.

⁵⁵ Republic of Kosovo, “Republic of Kosovo: Migration Profile 2019,” 2019, https://mpb.rks-gov.net/Uploads/Documents/Pdf/EN/350/Migration Profile Light_2019_14122020_fin.pdf.

4% in 2016 to 8% in 2021.⁵⁶ This is despite the fact that increasing number of countries in the EU recognise Albania as a safe country.

Figure 3. Number of first time asylum applicants in EU27 and Switzerland from Western Balkan countries



Source: Eurostat (2021)

4.3. Demographic profiles

In terms of demographics, **the gender ratio of migrants from Western Balkans is not too wide** (Table 4). The gender ratio was tilted in favour of male migrants during periods of high labour migration, but over time, the ratio has balanced resulting from family reunifications as well as rounds of conflict-driven forced migrations. Nevertheless, gender gaps are still wide in terms of employment in countries of settlement as found in country research.

Table 3. Percentage of female migrants from the Western Balkan countries

Western Balkan country of origin	Percentage of female migrants
Albania	48%
Bosnia and Herzegovina	51.4%
Kosovo ¹	45%
Montenegro	53.7%
North Macedonia	48.4%
Serbia	50.4%

Source: UN DESA (2020)

⁵⁶ Eurostat, *First Instance Decisions on Applications by Citizenship, Age and Sex - Annual Aggregated Data*, Eurostat Data Browser website, 2021, available at https://ec.europa.eu/eurostat/databrowser/view/MIGR_ASYDCFSTA_custom_4256419/default/table?lang=en.



As per OECD data, **working age migrants comprise the highest share** of Western Balkan migrants in OECD countries, and there is a prominent trend of youth migration from Western Balkan countries in recent years, especially from Albania and Kosovo⁵⁷. Kosovar migrants form the youngest migrant group among the Western Balkan countries. The number of migrants above the age of 65 years is also high, specifically from North Macedonia (16%) and Serbia (17%). On average, children younger than 14 years old comprise 5% of the Western Balkan migrants, with lower proportions from Bosnia and Herzegovina and Montenegro. These demographic findings echo those on the various labour migration flows discussed above, in particular recent economic migration trends and historical labour migration trends.

In addition, there are marked **differences in the skills and qualifications levels** of the migrants who were part of the guest-worker regime and the more recent migrants as of the 1990s. Historically, it was mainly low-skilled workers from the Western Balkan countries who emigrated, followed by emigration of families in the 1980s, and a mix of irregular migration of youth and forced migration affecting all population groups during the 1990s. Since the early 2000s, a larger share of young and educated people have emigrated, including for career-oriented motives.⁵⁸ In fact, migrants from Bosnia and Herzegovina in OECD countries tend to have above-average qualification levels among working age foreigners, and as of 2015, 43% of all highly-skilled individuals from Bosnia and Herzegovina reside abroad.⁵⁹

In the long run, the continuous emigration of skilled and educated individuals **reduces the productive labour force** in the countries of origin at a time when many of these countries are already experiencing negative demographic developments. For instance, the Medical Chamber of Montenegro and the Montenegrin Trade Union of Physicians state that between 2016 and 2021, 7% of all Montenegrin doctors have emigrated.⁶⁰ Similarly, the Kosovo Chamber of Doctors estimate that for every 150 doctors graduating each year, about 180 leave Kosovo¹ for other countries.⁶¹ Similarly, a 2016 report by the World Bank states that 12.7% of Bosnian emigrants are physicians trained in Bosnia and Herzegovina.⁶²

In general, emigration has been long-standing in the region, while return migration has largely been limited. However, recent research indicates that return of highly educated individuals is rising especially for Montenegro, North Macedonia and Serbia from OECD countries.⁶³

There is also a **close correlation between acquisition of country of settlement nationality and educational attainment levels**.⁶⁴ Those with destination country nationality tend to have higher education than those with country of origin nationality. In terms of Western Balkan migrants in the EU and Switzerland, Albanians dominate

⁵⁷ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*; All references to Kosovo in this document should be understood to be in the context of United Nations Security Council Resolution 1244 (1999).

⁵⁸ Sandra M Leitner, "Net Migration and Its Skill Composition in the Western Balkan Countries between 2010 and 2019: Results from a Cohort Approach", Policy Note/Policy Report No. 47, (Vienna: The Vienna Institute for International Economic Studies, 2021), available at <https://wiiw.ac.at/net-migration-and-its-skill-composition-in-the-western-balkan-countries-between-2010-and-2019-results-from-a-cohort-approach-dlp-5682.pdf>; Hristina Cipuseva, Sokol Havolli, Fatmir Memaj, Abdul Ghaffar Mughal, Bardha Qirezi, Artane Rizvanolli, Luljeta Sadiku, Abdulmenaf Sejдини and Esmeralda Shehaj, *Brain Circulation and the Role of the Diaspora in the Balkans - Albania, Kosova and Macedonia* (Tetovo: South East European University, 2013), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2368417.

⁵⁹ The IAB database is based on migration data collected in 20 OECD countries of settlement.

⁶⁰ Vojin Golubović, *How Migration, Human Capital and the Labour Market Interact in Montenegro* (Turin: European Training Foundation, 2021).

⁶¹ Shkumbin Ahmetxhekaj, "Brain Drain: Will the Last Doctor in Kosovo Turn Out the Lights?," *Balkan Insight*, 2019, <https://balkaninsight.com/2019/12/04/brain-drain-will-the-last-doctor-in-kosovo-turn-out-the-lights/>.

⁶² World Bank. *Migration and Remittances Factbook 2016*, 3rd edition (Washington, DC: World Bank, 2016).

⁶³ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

⁶⁴ Ibid.

amongst the Western Balkan migrants who have acquired the nationality of the country of settlement between the period of 2002-2020, followed by Bosnia and Herzegovina, and Serbia (Table 5).⁶⁵

Table 4. Acquisition of nationality by the Western Balkan migrants in the EU and Switzerland

Country of origin	Acquisition of nationality in EU+ (2002-2020)
Albania	507,336
Bosnia and Herzegovina	227,563
Kosovo ^{1, 66}	88,009
Montenegro	8,735
North Macedonia	133,076
Serbia	195,234

Source: Eurostat 2020

In the countries of settlement, Western Balkan migrants, especially those from former Yugoslavia, tend to have **higher median annual incomes** than those from newer EU member states, Türkiye and third countries. This is especially noteworthy in the cases of Austria and Germany as countries of settlement.⁶⁷ According to the Public Employment Service of Austria, 13% of those living in Austria with a nationality from a former Yugoslav country (excluding Croatia) are unemployed, as compared to 15.8% for migrants from non-EU countries.⁶⁸

Male migrants from the Western Balkans are most often engaged in **manufacturing, building and construction-related occupations and blue-collar jobs**. Migrants from Albania tend to be more engaged in the agriculture sector, while migrants from Montenegro tend to be more engaged in the services sector.⁶⁹ Amongst the Western Balkan male migrants, Serbians have higher engagement in engineering and related fields. For female migrants, common occupational sectors include cleaning (particularly from Kosovo¹ and Albania), personal care, sales, and health-related professionals.

In general, **Western Balkan migrants are well integrated** in the selected EU countries and Switzerland. Many of those who migrated irregularly in the 1990s have managed to regularise themselves in the recipient countries, and some studies note that while Western Balkan migrants may intend to return, this is rather foreseen after retirement from the labour market.⁷⁰ While certain communities such as Kosovars and Albanians struggled with a negative stereotyping in countries of settlement, over time the image has transformed into a more positive one with increased levels of social and economic integration.⁷¹ The second and in some cases the third

⁶⁵ Bosnians and Herzegovinians have the highest percentage of migrants who have acquired nationality (54%) in OECD countries. See: OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*. All other data is from Eurostat, "Acquisition of Citizenship by Age Group, Sex and Former Citizenship."

⁶⁶ Data available only as of 2008.

⁶⁷ Statistics Austria, *The Statistical Yearbook on Migration and Integration* (Wien: Kommission für Migrations- und Integrationsforschung der Österreichischen Akademie der Wissenschaften, 2022).

⁶⁸ Ibid.

⁶⁹ Golubović, *How Migration, Human Capital and the Labour Market Interact in Montenegro*.

⁷⁰ De Zwager, N., and Gressmann, W., *Maximizing the development impact of migration related financial flows and investment from Austria to Bosnia and Herzegovina*. IASCI and IOM Report, prepared for OeEB, 2009.

⁷¹ Eralba Cela, Elisa Barbiano di Belgiojoso, Russell King, and Livia Elisa Ortensi, "Labour market profiles of Albanian migrants in Italy: Evidence from Lombardy 2001–2015," *International Migration* 60 (2022): 88–106.



generation of Western Balkan migrants tend to be more educated and integrated in their host communities, and ties with countries of origin tend to weaken over generations as they become more integrated in the countries of settlement.⁷²

As the post 1990 Western Balkan emigration consisted of a large number of refugees, many were deprived of their possessions and property in their former homeland or their relatives were killed in the ethnic cleansing campaigns of the Balkan wars. While these experiences have motivated some to abandon contacts with their country of origin, others still kept contacts and are engaged in diaspora activities. These transnational and diasporic ties are reflected most prominently through the **high rate of flow of financial capital** in the form of remittances, philanthropy and humanitarian aid, and investment towards the countries of origin, creation of diaspora associations, transnational movements and visits, political involvements in countries of origin, voting in countries of origin, cultural preservation activities, etc.

Unfortunately, there are no scientific studies available allowing to estimate the distribution of attachment to the country of origin among the post 1990s emigrants and refugees. The investment potential of labour migrants tends to be lower as often they are employed at levels below their qualifications, leading to limited savings. **Financial transactions are thus dominated by remittance flows.** There are also wide ethnic and political cleavages among the migrant populations in the countries of settlement. Thus, the condition for diaspora involvement on the Western Balkans differs considerably from the diaspora investment showcase countries like Mexico or the Philippines, where the diaspora is united and well established institutions offer incentives for diaspora investments.

4.4. Key findings relevant for the development of diaspora groups in European settlement countries

- **Political and economic drivers** dominate emigration from the Western Balkans region historically, with family reunification and economic drivers becoming more prevalent in recent years.
- Currently, the biggest Western Balkan migrant population is located in the EU, along with noteworthy presence within the Western Balkan region itself. **Migration policies** from selected EU countries and Switzerland have clearly influenced destination choice to the region over the years.
- While low-skilled migrants dominated early labour migration trends, especially through the guest-worker schemes, recent migration trends reflect **emigration of higher-skilled migrants**.
- Emigration of highly skilled migrants, particularly **younger migrants and recent graduates**, has been a particular issue for some Western Balkans countries in recent years, especially impacting the health sector.
- Western Balkans migrants tend to be **well integrated in European countries**, particularly the second and third generation. Particularly, first generation migrants from the region tend to maintain ties with their country of origin, reflected through diasporic and transnational activities such as flow of remittances, philanthropic and charity flows, political engagements, cultural preservation in the diaspora through formation of associations etc. However, the degree of diaspora engagement may vary depending on ethnic and political identities of migrants.

⁷² Zana Vathi and Russel King, "Return Visits of the Young Albanian Second Generation in Europe: Contrasting Themes and Comparative Host-Country Perspectives," *Mobilities* 6, no. 4 (2011): 503–18.



5. Policies impacting diaspora engagement

This section offers an overview of relevant policies, strategies, and legislation in the field of diaspora engagement, both from an origin and settlement perspective. It draws on the country research provided by the local researchers, while also offering a broader regional discussion on the EU level policies, and bilateral relations among the countries of origin and settlement from a diaspora engagement angle.

5.1. Policies in the Western Balkans

The long history of emigration from the Western Balkans has led to the development of a **multi-layered migrant population**, whose orientation differs with regard to period of emigration and ethnic associations, as discussed in the previous section. Other than in India, Mexico or the Philippines, where an institutional framework targeting the diaspora emerged since the 1980s, Western Balkan states started to set up comparable structures only recently. The decade of 2010 shows a visible trend among the Western Balkan countries to consider migration management in general, and diaspora engagement in particular, as a policy priority. With the overarching goal of optimising development gains while mitigating brain drain and shortage in the local labour market, as well as an emphasis on reducing irregular migration flows, the Western Balkan countries have taken a series of steps to streamline and strengthen their migration and diaspora frameworks. An increased focus can be observed on developing institutions, policies and/or legal frameworks in relation to migration, with some countries creating dedicated ministries, and others integrating specialised agencies within existing ministries and departments. The development and implementation of their policy approach towards migration management and diaspora engagement is also supported through varying degrees of donor funding, with some countries receiving more donor funding for this (e.g. Bosnia and Herzegovina), than others (e.g. Serbia).⁷³ Examining the priority areas and timing of these policies and their development, it is clear that policy design in the area of migration management in the Western Balkans aligns with the requirements under the EU integration process, with major focus on addressing irregular migration, reducing push factors and expanding readmission and reintegration facilities.

While there is progress on developing institutional and policy frameworks related to diaspora engagement, the **degree of implementation varies** and depends significantly on the political climate in the country. As is evident in the country-specific discussion below, many Western Balkan countries have gone through various rounds of administrative restructuring and government changes in the last few years, which, for a variety of reasons, has hindered meaningful diaspora engagement outcomes. While much of the policy attention has been concerned with institution building for diaspora engagement, identifying and mapping diaspora and increasing remittances by reducing transaction costs, a growing interest is visible in leveraging the investment potential of diaspora members by engaging them in development processes, including in initiatives designed for “brain gain” and knowledge transfer, examples of which will be discussed in more detail in Chapter 7.

This chapter focuses more closely on diaspora engagement frameworks, rather than offering a comprehensive overview of the migration management landscape in each of the Western Balkan countries.

Albania

The following constitute the Albanian policy and legislative landscape in terms of diaspora engagement:

- National Diaspora Strategy and Action Plan 2021-2025
- The National Strategy on Migration and Action Plan 2018-2022

⁷³ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.



- Law No. 16/2018 for Diaspora, 2018
- The Decision of Council of Ministers No. 780, 2019 “On the appointment of coordinating officers for the issues of the Albanian diaspora in the Albanian consulates in Italy and Greece”
- The Decision of the Council of Ministers No. 104, 2019 “Determining the Criteria for Creating the State Register of Albanian Language and Albanian Culture Teachers and Issuing Certificates for Students in the Diaspora”
- Cooperation Agreement between the Council of Ministers of the Republic of Albania and the Republic of Kosovo for Cultural Centres in Diaspora, 2017
- Council of Ministers Agreement with the Government of Montenegro for Cooperation in the Field of Diaspora 2018
- Council of Ministers Agreement with the Government of North Macedonia in the Field of Diaspora, 2021

While a new field of focus, Albania has swiftly developed an extensive policy framework dedicated to diaspora engagement, mostly concentrated at the central level, **aimed at building trust among the diaspora for the state, encourage knowledge and skills transfer through temporary and/or permanent return, leverage the investment potential of diaspora and promote the Albanian identity abroad.** These objectives are envisioned to be met through a series of laws, council decisions and dedicated diaspora engagement strategies, mentioned above. The Albanian government approaches its diaspora as a resource for development, knowledge exchange and cultural promotion. In Albania, the framework around migration management and diaspora engagement acknowledges the importance of the field in the EU policy arena and thus highlights the need for Albania’s policies to be reflective of the same.⁷⁴ The Albanian diaspora does not have a right to vote in Albanian elections, reflecting the state’s priorities on drawing development-oriented benefits from the diaspora, yet keeping political involvement is limited. A recent study highlights that state’s diaspora engagement implementation budget has an annual average of USD 6.3 million, which is the second highest budget among the Western Balkans for diaspora engagement, following Serbia.⁷⁵

In terms of legal framework, in 2018, Albania passed Law No. 16/2018 for Diaspora which sets the rules for institutional needs for fostering diaspora relations, including creating a dedicated Diaspora Coordination Council, introducing means of cultivating and strengthening diaspora engagement, valorising diaspora investment through prizes and awards, and the preservation and promotion of national culture abroad.⁷⁶ Following this law, a number of Ministerial Decisions were initiated that serve to achieve these goals. In 2019, the Decision of the Council of Ministers no. 780 advocated for the appointment of coordination officers for the affairs of the Albanian diaspora in the Albanian Consulates in Italy and Greece.⁷⁷ The coordination officers’ responsibilities include developing and maintaining diaspora relations in coordination with the National Agency of the Diaspora, promoting the Albanian language and culture in the countries of settlement with the support of diaspora and in

⁷⁴ Government of Albania, *Albanian National Diaspora Strategy 2021-2025*, DCM Decision 585, July 2020, available at <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>.

⁷⁵ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

⁷⁶ Government of Albania, National Diaspora Agency. *Caktimin e Oficerëve Koordinues Për Çështjet e Diasporës Shqiptare Në Konsullatat Shqiptare Në Itali Dhe Greq (Appointment of Coordinating Officers for Issues of Albanian Diaspora in Albanian Consulates in Italy and Greece)*, Decision No. 780, November 2019. Available at <http://akd.gov.al/wp-content/uploads/2020/07/VKM-PER-OFCERET-KOORDINUES-NE-ITALI-DHE-GREQI.pdf>.

⁷⁷ Government of Albania, National Diaspora Agency, *Përcaktimin e Kriterëve Për Krijimin e Regjistrimit Shtetëror Të Mësuesve Të Gjuhës Shqipe e Të Kulturës Shqiptare Dhe Dhënien e Certifikatës Për Nxënësit Në Diasporë (Determination Of The Criteria For The Creation Of The State Registry Of Albanian Language And Albanian Culture Teachers And Issuing Certificates For Students In The Diaspora)*, Decision Nr. 104, February 2019, available at <https://diaspora.gov.al/wp-content/uploads/2019/03/VKM-REGJISTRIMI-MESUESVE-NE-DIASPORE00.pdf>.



cooperation with the Diaspora Publishing Centre, as well as supporting Albanian businesses in the country of settlement in coordination with the Albanian Diaspora Business Chamber.

Moreover, Albania is also seeking **bilateral regional partnerships** to cooperate in the field of diaspora relations management. In 2020, a decision of the Council of Ministers formed the basis of bilateral cooperation between Albania and Montenegro on matters related to the field of diaspora, with a focus on exchange of lessons learned through their respective experiences of diaspora engagement, and institutional cooperation on diaspora matters following the recommendations of European Union, the Council of Europe and IOM.⁷⁸ Similarly, in 2021, an agreement was reached between the Council of Ministers of Albania and the Government of North Macedonia to collaborate in the field of diaspora engagement with similar objectives as in the agreement with Montenegro.⁷⁹

Policy guidance on diaspora relations is drawn from Albania's dedicated National Diaspora Strategy (2021-2025) and the related Action Plan, which present a blueprint for diaspora engagement activities in the country. This policy was preceded by the National Diaspora Strategy 2018-2024. The National Diaspora Strategy defines Albanian diaspora as, "**Albanian community who legally lives in their host countries**".⁸⁰ The current policy formalises the enhanced interest of the Albania government to regain and strengthen the trust of the diaspora in the state, and encourage the diaspora to contribute to national development and promote Albanian culture abroad. It also sets the foundation for developing an institutional network for formalising diaspora engagement through legal amendments and establishing dedicated state structures. In addition to the Diaspora Strategy, the labour migration framework (The National Strategy on Migration and Action Plan 2019-2022) also guides diaspora engagement through the perspective of promoting brain gain and brain circulation by encouraging skilled Albanian diaspora to return temporarily or permanently.⁸¹ The National Diaspora Strategy also highlights the important role that the Albanian diaspora plays in diplomatic lobbying for the country of origin in their countries of settlement.

Specifically, for engaging the Albanian diaspora in economic development, the National Diaspora Strategy includes the following goals:

- Strengthening the role of the Diaspora Business Chamber
- Establishing a legal framework for investments from the Albanian Diaspora
- Establishment of a network structure of professionals of the Albanian Diaspora

Despite the development of a formal policy, dedicated institutions (discussed in Chapter 6), related legislation, and specialised diaspora-government coordination bodies, interview respondents highlighted considerable **coordination issues** and a general lack of direction regarding the role of the state. One major issue that a number of respondents highlighted was that most of the migration management initiatives, including diaspora policy development, are supported with international funding, reflecting the donors' vision regarding how the Albanian

⁷⁸ Government of Albania, National Diaspora Agency, *Caktimin e Oficerëve Koordinues Për Çështjet e Diasporës Shqiptare Në Konsullatat Shqiptare Në Itali Dhe Greq (Appointment of Coordinating Officers For Issues E Albanian Diaspora In Albanian Consulates In Italy And Greece)*, Decision Nr. 780, November 2019, available at <http://akd.gov.al/wp-content/uploads/2020/07/VKM-PER-OFCERET-KOORDINUES-NE-ITALI-DHE-GREQI.pdf>.

⁷⁹ Government of Albania, National Diaspora Agency, *Marrëveshje Ndërmjet Këshillit Të Ministrave Të Republikës Së Shqipërisë Dhe Qeverisë Së Republikës Së Maqedonisë Së Veriut Për Bashkëpunimin Në Fushën E Diasporës (Agreement between Council Of Ministers Of The Republic Of Albania And Government Of The Republic Of North Macedonia About Cooperation In The Field Of The Diaspora)*, February 2021, available at <http://akd.gov.al/wp-content/uploads/2021/09/Marrevshja-me-Maqedonin-e-Veriut.pdf>.

⁸⁰ Government of Albania, *Albanian National Diaspora Strategy 2021-2025*.

⁸¹ IOM and Government of Albania, *National Strategy on Migration and Action Plan 2019-2022* (Tirana: International Organization for Migration – Mission in Albania, 2019), available at <https://albania.iom.int/sites/g/files/tmzbd1401/files/documents/THE%20NATIONAL%20STRATEGY.pdf>.



government should engage with the diaspora, and the government's own role and vision in this regard is often lacking. However, a recently published OECD study notes that only about 0.81% of the total implementation budget for migration management (USD 6.3 million) is covered by donor funding.⁸²

Bosnia and Herzegovina

Policy and legislative frameworks in Bosnia and Herzegovina include:

- Policy on Cooperation with Diaspora, 2017
- Plan for Communication with the Diaspora, 2018
- Strategy on Cooperation with Federation of Bosnia and Herzegovina Diaspora and Action Plan (2020-24), 2019
- Strategy on Cooperation with diaspora of Brčko District for 2020-2024, 2020
- Republika Srpska Strategic Plan for Cooperation with Diaspora 2020

In Bosnia and Herzegovina the development of policy mechanisms for diaspora engagement is a fairly recent endeavour, largely influenced by the EU accession negotiations with implementation dominated by civil society and donor organisations. In Bosnia and Herzegovina, diaspora refers to **population with Bosnia and Herzegovina origin** (or Republika Srpska in the case of the Republika Srpska strategy) **living outside of Bosnia and Herzegovina** (or Republika Srpska) **and feeling attachment to Bosnia and Herzegovina** (or Republika Srpska). Thematic focus in diaspora planning in Bosnia and Herzegovina has concentrated on mapping the diaspora, engaging with them in economic development of Bosnia and Herzegovina and the respective Entities, maintaining and promoting cultural and ethnic identity, and garnering diaspora's contribution in knowledge transfer and innovation.

In terms of policy and strategic frameworks, the Policy on Cooperation with Diaspora was introduced in 2017 following intense debate and in lieu of a formerly envisaged Law on Diaspora. The 2017 Policy had the following three key objectives:

- Development of a legal system and institutional capacities for cooperation with emigrants
- Providing support to diaspora and improvement of cooperation
- Creating conditions for greater contributions of diaspora to the development of Bosnia and Herzegovina

As the name suggests, the Policy on Cooperation with Diaspora focuses on formalising cooperation between the State of Bosnia and Herzegovina and its diaspora with the objective of **attracting diaspora investment in dedicated development projects**. As a foundation of cooperation, the policy emphasises on the need for diaspora mapping and skills profiling in countries of settlement. Estimates for implementation budget was not publically available for diaspora engagement in Bosnia and Herzegovina.

The policy was followed by a Plan for Communication with the Diaspora in 2018, which focused on creating **communication mechanisms** between the state and the diaspora. Before this policy, while Bosnia and Herzegovina introduced a series of four-year strategies in the area of "Migration and Asylum, and Action Plan" in the last two decades, these did not cover issues of emigration, return and diaspora, rather focused on visa policy, border control, immigration, asylum, irregular migration and trafficking.

While migration as a policy field is a federal subject in Bosnia and Herzegovina, **policy implementation is the responsibility of the two entities** (the Federation of Bosnia and Herzegovina and the Republika Srpska), and the Brčko District, guided by their own separate strategic frameworks. The Policy on Cooperation with Diaspora

⁸² OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.



serves as a reference point for sub-national government levels to frame their own strategic agendas. Initially, based on the Policy on Cooperation with Diaspora, a state-level strategy was developed with the involvement of both the Federation of Bosnia and Herzegovina and Republika Srpska, following a modular approach i.e. two entity level strategies that together formed the country level framework strategy. However, the Republika Srpska later withdrew from the strategy based over the usage of terminology of “Bosnia and Herzegovina diaspora” in the strategy document. The Federation of Bosnia and Herzegovina adopted the state level strategy in 2019 leading to its Strategy on Cooperation with Diaspora and Action Plan (2020-2024), while the Republika Srpska developed its own Strategic Plan for Cooperation with Diaspora in 2020. In 2020, the Brčko District also launched its own Strategy on Cooperation with diaspora of Brčko District for 2020-2024, closely aligned with the Federation of Bosnia and Herzegovina’s strategy, but specified for Brčko District. The implementation of these strategies is also managed by separate institutions at the entity level. Moreover, the Federation of Bosnia and Herzegovina also adopted its own set of parliamentary conclusions focusing on migration, brain drain, and the need for diaspora engagement for investment, at the Parliamentary Assembly.

The focus and priorities of the two entities is visibly different as reflected in the policy narrative. The Federation of Bosnia and Herzegovina strategy emphasises on attracting investment, skills and knowledge transfer from the diaspora, while the Republika Srpska strategy is more concentrated on **practicing and fostering the “identity of Republika Srpska diaspora”**. The Republika Srpska strategy uses the terms “citizens of Republika Srpska” and “Serbs from Republika Srpska” interchangeably, terminology that is not inclusive of the other ethnic groups that originated from this entity, particularly those who were forcibly displaced during the war in Bosnia and Herzegovina. While the Republika Srpska strategy also aims to leverage the diaspora’s development potential, its focus seems rather on the cultural aspects than on socioeconomic development ones.

Bosnia and Herzegovina **allows the diaspora to vote** in national elections without restriction, with an obligation to register to the central voting list. Diaspora members, who are citizens of Bosnia and Herzegovina, can vote by visiting polling stations of a municipality of previous residence in Bosnia on the election day, as well as at polling station open in embassies/consulates and through postal vote.

Meanwhile, despite the fact that emigration is a phenomenon already making a significant negative impact on demographic and labour market trends in Bosnia and Herzegovina, **government policies are still designed to promote emigration**. Recently, Bosnia and Herzegovina signed bilateral agreements for employment of workers in Slovenia and Qatar, as well as agreements with Serbia on employment of Bosnian and Herzegovinian workers in Serbia and Serbian workers in Bosnia and Herzegovina. Also, Bosnia and Herzegovina signed an agreement with Germany for temporary employment of healthcare professionals from Bosnia and Herzegovina in Germany, leading to the emigration of around 3,000 health workers to Germany and 15.000 (mainly construction) workers to Slovenia in the last several years. These agreements and associated migrant flows highlight the role of governments of target countries in the migration policy making of Bosnia and Herzegovina. With the exception of the Swiss Migration Partnership Agreement with Bosnia and Herzegovina, these agreements are not systematically linked to the diaspora and development policies of Bosnia and Herzegovina. This lack of coordination might in future lead to tensions with regard to policy goals: As Germany is planning to increase recruitment of trained nurses and vocational trained workers in Bosnia and Herzegovina, while the country itself is suffering from a lack of medical staff, the issue of care drain will become prominent in the next years.

Kosovo¹

Kosovo¹ has the following strategies and laws in relation to diaspora engagement:

- National Strategy for Diaspora (2013-2018)
- Law on Diaspora and Migration, 2012



- National Strategy for Diaspora (2019-2023) Draft (not approved)

Diaspora engagement has been a prominent policy area in Kosovo¹ since 2008, but frequent political changes and institutional restructuring has influenced policy development and implementation. Diaspora engagement in Kosovo¹ is **strongly shaped by political motivations** due to the historic active involvement of Kosovar diaspora in its independence movement, however, mobilising economic contributions from the diaspora has also been a central theme of the diaspora engagement framework in Kosovo¹, particularly in recent years.

The state apparatus has strongly focused on developing, maintaining and expanding relations with the Kosovars abroad. Legal and policy discourse in Kosovo¹ defines a diaspora as “**anyone dwelling or emplaced outside the Republic of Kosovo and who was born or has family origins in the Republic of Kosovo**”.⁸³ In 2011, with the creation of the first dedicated institution of the Ministry of Diaspora and Strategic Investments, the priority goals of the state were to develop deeper ties with the Kosovars abroad, extending political and social rights to them, and engaging them in decision-making processes. In 2012, Kosovo¹ passed the first piece of legislation pertaining to diaspora, the Law on Diaspora and Migration, which was mainly concerned with reaching out to the diaspora to engage them in preservation and cultivation of national identity, language, culture and education of the diaspora members.⁸⁴

Kosovo’s¹ first National Strategy for Diaspora (2013-2018) was created to **institutionalise the relationship between the state and the Kosovar diaspora**, extend political and social rights to the diaspora members, support the integration process of emigrants in host countries, and provide administrative support to those interested to contribute to Kosovo¹. As a first step, the state initiated the creation of a registration portal for Kosovar diaspora, and organisation of cultural heritage initiatives (e.g. Days of Diaspora in Kosovo¹, language courses in countries of settlement of Kosovar diaspora etc.). The annual average implementation budget of the Strategy was about USD 1.5 million.⁸⁵

Attracting diaspora investments was a key feature in the National Strategy for Diaspora (2013-2018). To achieve this goal, the policy agenda included establishing a capital guarantee fund for the diaspora, as well as mapping and profiling the skills of diaspora members for knowledge transfer, establishment of diaspora business networks, and organisation of business fairs, conferences, and networking forums. Additionally, in order to encourage local government engagement for drawing diaspora investments in particular municipalities, the post of Municipal Diaspora Liaison Officer (MDLO) was created, and by 2016, 20 out of 38 municipalities in Kosovo¹ had a MDLO, however only in eight of the municipalities the MDLO was solely focusing on diaspora issues. The purpose of appointing MDLOs was that they would be able to guide diaspora members about investment opportunities at the local level.⁸⁶

While there has been progress in establishing platforms for engaging diaspora, such as the position of the MDLO at the municipality level, creating Diaspora Business Networks, and organising and hosting multiple networking and business forums, policy implementation struggled to achieve its full potential and **the diaspora has been hesitant in investing in Kosovo¹**. The research based on interviews with relevant stakeholders in Kosovo¹, identifies that political instability as well as scarce capacities of the government institutions and financial instruments were the main factors towards the limited take-up of the initiatives by the diaspora. Since 2017, the government has changed four times, with none being able to complete their tenure. During this time, the implementation period of the National Diaspora Strategy also came to an end, and while a new strategy and an

⁸³ Assembly of the Republic of Kosovo, *Law no. 04/L – 095 for the Diaspora and Migration* (July 2012), available at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2831>.

⁸⁴ Ibid.

⁸⁵ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.

⁸⁶ Milot Burani. “The Role of Economic Zones and their Potential to Attract Diaspora Investment in Kosovo” (Thesis. Rochester Institute of Technology 2016).



accompanying law were drafted to cover the period of 2019-2023, they failed to get an approval from the parliamentary procedures due to the political turmoil in the country.

Recently in 2020, **institutional restructuring** has led to the merger of the Ministry of Diaspora and Strategic Investments with the Ministry of Foreign Affairs, now known as the Ministry of Foreign Affairs and Diaspora (see Chapter 6 for more detail). Largely, the mandate of the Diaspora department has remained the same as it was previously, but this shift reflects a more strategic importance given to diaspora matters as the Ministry of Foreign Affairs is a more frontline Ministry with more resources at disposal, and thus has the capacity to be more active. With the merger, the focus has been reoriented towards **protection of diaspora rights** through improved consular services, and supporting the creation and projects of diaspora organisations. Specialised mechanisms are also being created to mobilise diaspora's financial and human capital such as Diaspora Bonds and Citizen Diplomacy Fellowship. However, these mechanisms are being implemented through diplomatic consulates that are not holistically resourced to encourage economic engagement.

Kosovo¹ has also introduced Diaspora Bonds aimed at **mobilising its diaspora's financial resources**. These state-guaranteed securities valued at 20 million euros, are offered at three and five-year maturity periods.⁸⁷ Offered for a minimum of EUR 10,000 and a maximum of EUR 500,000 per person, the bonds are meant to offer safe investment avenues for Kosovar diaspora. While the first year fell short of its objective and was able to collect EUR 10 million out of EUR 20 million, the bonds do offer government-guaranteed investment opportunities in Kosovo¹ for interested diaspora members.

Additionally, while not a direct mandate, diaspora engagement is also **influenced by economic and development policy making and strategies** in the energy sector, mining, information technology, aimed at steering economic development of Kosovo¹ and the creation of a favourable investment climate. Moreover, programmes related to knowledge transfer, as well as promotion of Kosovar identity, culture and the Albanian language are also mandated under the education sector.

While economic mobilisation of the diaspora has not resulted in huge amounts of investments as of yet, although remittances and philanthropic transfers remained high, political mobilisation of the diaspora is a key achievement of Kosovo¹. **Kosovo¹ allows diaspora voting from abroad by post**. The number of voters from the diaspora has increased tenfold in the past five years, directly influencing the orientation of political parties' policies towards the diaspora.

As for other countries in the region, the policy landscape in Kosovo¹ is supported and influenced by **active engagement of civil society organisations and international donor agencies**. The non-governmental and donor community contributes through financial resources, capacity building, and diaspora mobilisation initiatives, including programmes aimed at fostering economic development, diaspora investment and knowledge transfer.

Montenegro

The following constitute Montenegro's current policy framework on diaspora engagement:

- Strategy of Cooperation with Diaspora-Emigrants 2020-2023 (preceded by the 2011-2014 Strategy)
- Law on Cooperation of Montenegro with Diaspora-Emigrants, Official Gazette, 44/2018 and 47/2029
- Law on Foreign Affairs, Official Gazette, 70/2017

Montenegro's official approach to diaspora engagement was laid in 2011 when the first Strategy for Cooperation with the Diaspora was passed covering the period of 2011-2014. This strategy was followed by a law passed in 2015 which guided the **establishment of dedicated mechanisms for diaspora cooperation** in the fields of identity

⁸⁷ Republic of Kosovo, Ministry of Finance, *Bono per Diasporen*, (2021), available at <https://mf.rks-gov.net/Page.aspx?id=2,2,1100>.



and cultural preservation, protection of diaspora's rights, educational exchange, and cooperation in the field of science and sports, and strengthening economic cooperation with diaspora. This law led to the creation of a new Law on Cooperation of Montenegro with Diaspora-Emigrants, which was passed in 2018 and set the legal basis for diaspora engagement in Montenegrin decision-making. The law is accompanied with three relevant by-laws that regulate relations with diaspora: Regulation on criteria and procedures for awarding distinguishing members and organisations of diaspora emigrants, Official Gazette 15/19, Regulation on evaluation of the programmes and projects proposed by organisations of diaspora emigrants, Official Gazette 16/19 and Regulation of emigrant ID form, Official Gazette 57/19. Additionally, the Law on Foreign Affairs 2018 also mandated the Ministry of Foreign Affairs to cooperate with emigrants and their organisations.

Between 2011, when the first strategy was developed, and 2018, when the new law came into effect, much of the focus of Montenegrin state in relation to diaspora **focused on identity creation and preservation**. The priority areas during this time included extending rights and protection of diaspora, identification and consular matters, registration of diaspora, and information and research related to diaspora engagement. Montenegro defines its diaspora as "Montenegrin citizens and other persons who originate from Montenegro, live abroad and believe that Montenegro is their mother state, or a state of origin, and who respect it as democratic, independent, sovereign and civil."⁸⁸ During this time, the government's initiatives reflect its priority for extending the diasporic identity associated with Montenegro and practicing symbolic nationalism. For example, dedicated "Emigrant ID cards" were introduced for people who have Montenegrin origin, have permanent residence abroad and do not have Montenegrin nationality. These Emigrant IDs were not coupled with any special rights, but depicted a symbolic identity for those who had migrated from Montenegro but naturalised elsewhere. Despite the lack of accompanying rights, the Emigrant ID was a popular initiative. For Montenegrin diaspora, voting from abroad is not allowed. Moreover, the Strategy for Integrated Migration Management in Montenegro (2017–2020) passed in 2017 did not mention diaspora engagement, and rather focused on aligning emigration and immigration policies with EU legislation, strengthening the institutional framework, and establishing a monitoring system for implementing the strategy and action plans.

Gradually, the government priorities have evolved to encourage diaspora members **to invest financial, human and social capital** in Montenegro. The new law in 2018 opened up the political space for diaspora representation in decision-making bodies and led to the creation of the Council for Diaspora Cooperation, with the objective to institutionally involve diaspora representatives to express their opinions, interests and concerns related to Montenegro's socioeconomic development.

Based on the 2018 law, the Strategy for Cooperation with Diaspora-Expatriates for the period 2019-2023 and the Action Plan for its implementation were developed. This Strategy aims to achieve six main goals:

- Goal 1: Preserving Montenegrin identity in the diaspora: through registration of diaspora and emigrants, observation of state holidays and cultural events, share educational and culture promotional resources, develop a more active engagement in the Council of Diaspora consultative group,
- Goal 2: Preserving the language: through language courses and involving diaspora in cultural projects,
- Goal 3: Strengthening educational, scientific, cultural and sport cooperation,
- Goal 4: Networking and connecting with diaspora,
- Goal 5: Protection of the rights and status of emigrants,

⁸⁸ Government of Montenegro, Directorate for Diaspora, *Strategije o saradnji sa dijasporom – iseljenicima 2020 – 2023. Godine (Strategy of cooperation with diaspora-emigrants 2020-2023)*, Podgorica, May 2020. 8.



- Goal 6: Improving economic partnership with emigrants.

While most policy goals seem to be focused on fostering Montenegrins' cultural engagement with their country of origin, the last policy goal, in relevance to the scope of ECONDIAS, further delineates objectives such as developing a **deeper cooperation with the diaspora groups** to provide them with necessary information at the national and local administration level for investment purposes, and support them through the administrative and bureaucratic processes related to investment in Montenegro. As part of Goal 6 of this policy, local governments are also encouraged to propose plans that may involve diaspora investments. Moreover, investment is also envisaged through human and social capital transfers such as engagement with scientific and academic experts in the diaspora. Preservation of cultural capital is also included as a priority area for diaspora engagement through cultural visits, heritage tourism etc. For achieving these objectives, the government has allocated USD 590,909 as their annual implementation budget for the whole strategy.⁸⁹

While Montenegro has reformed its institutional and policy framework to engage proactively with the diaspora, the system undergoes **frequent administrative changes**, which proves to be a challenging factor in implementation. For instance, frequent changes of the Directors of relevant state agencies (such as the Department for Diaspora) and administrative reorganisation has reportedly led to loss of institutional memory and hampered smooth progress towards achieving policy goals and objectives.

North Macedonia

The policy framework guiding diaspora engagement in North Macedonia comprises of:

- National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora and Action Plan 2019-2023
- The Third Resolution of the Migration Policy of the Republic of Macedonia and Action Plan (2021-2025); preceded by the First Resolution (2009-2014) and the Second Resolution (2015-2020)
- The Law on Fast Money Transfers
- The Law on Financial Support of Investments 2018, and its 2021 Amendments

For North Macedonia, the policy and legal framework in the area of migration was formally initiated in 2009 through the first Resolution of the Migration Policy of the Republic of Macedonia (2009-2014), referring to **diaspora as an important pillar**. However, the major focus of this Resolution, and the subsequent Second and Third Resolutions (2015-2020; and 2021-2025) has been on strengthening the visa regime, establishing citizenship regulations, promoting legal migrations of Macedonian citizens, managing immigration and employment of foreigners, regulating asylum, promoting integration of foreigners, curbing illegal migration, migrant smuggling, and trafficking in human beings, developing readmission protocols – all aspects largely mirroring the priority areas for EU accession.

Initially, **diaspora engagement was considered a thematic area under the foreign policy**. Until 2017, the state did not have a formal framework for diaspora engagement and engagement was largely in the form of ad hoc support provided by the government to diaspora-related projects. A dedicated diaspora engagement framework has become a priority only more recently, with efforts starting in 2017, leading to the National Strategy in 2019. Despite this progress, the process has experienced bureaucratic and political impediments.

The policymaking process, which formally started in 2017 included **representation** not just from the state bodies, but also diaspora members and diaspora organisations. In 2018, the Prespa Agreement leading to the change in

⁸⁹ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.



name of the country (to now North Macedonia), created some disagreements between certain diaspora groups and the government, which slowed down the consultative process of the policy design. As such, what started as a well-represented consultative process for policymaking, ended up as policy with limited input and feedback from key diaspora stakeholder groups.⁹⁰

In 2019, the government published the Strategy for Cooperation with the Diaspora, together with its Action Plan, which for the first time delineates the **mechanisms for communication and cooperation** between the Republic of North Macedonia and its diaspora. The Strategy has a four-pronged approach:⁹¹

- understanding what comprises the Macedonian diaspora by mapping and registering diaspora members;
- extending rights and determining obligations for the diaspora;
- creating cooperation mechanisms between the diaspora and the state to draw financial and human capital-related benefits e.g. through business forums and educational and youth forums; and
- mobilising the diaspora for cultural diplomacy.

Acknowledging the **lack of trust that the diaspora** may have in the state, the strategy also includes in its objectives to build trust with the diaspora. Because of the links, this strategy carved out with economic and sustainable development of North Macedonia, it also calls for the integration of the objectives in other strategic development plans of the country. Diaspora is seen as an important resource to stimulate investment, promote foreign trade by increasing exports to countries that have large Macedonian community, supporting heritage tourism, and contributors to science and innovation through engagement with experts.⁹² To this end, the strategy proposes to build a “one-stop shop” for diaspora investors to provide them with all the support and information needed to invest in the country. It also proposes to build diaspora business forums to promote partnerships and investments, and a database of the business community in the diaspora. However, according to the North Macedonia country research, the National Strategy for Cooperation with the Diaspora has had limited implementation due to lack of legislation, budget, funds, projects and human resources, but also due to the effects of COVID-19.

While there is no dedicated law for diaspora investors, North Macedonia’s **legal infrastructure on investment** does not discriminate against foreigners, including diaspora members with foreign nationalities, on investment.⁹³ The Law on Financial Support of Investments 2018, and its Amendments in 2021 offers key incentives for investment to all foreigners in up to 15 free economic zones through job creation subsidies, capital investment subsidies, and financial support to exporters.

The North Macedonian diaspora is seen as an **important resource for foreign direct investment, human capital, as well as mediators** between North Macedonia and western world in the potential accession to EU and NATO.⁹⁴ However, its involvement in state affairs has often been subject to politicisation, leading to impediments in the implementation of existing policies and frameworks. For instance, although the diaspora is allowed to vote in

⁹⁰ Aleksej Demjanski, “North Macedonia Scraps Ministerial Post Responsible for the Diaspora,” *Global Voices*, September 28, 2020, <https://globalvoices.org/2020/09/28/north-macedonia-scraps-ministerial-post-responsible-for-the-diaspora/>.

⁹¹ Government of North Macedonia, *Strategjia Nacionale e Republikës së Maqedonisë së Veriut për Bashkëpunim me Diasporën 2019-2023 (National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023)*, 2019, 7.

⁹² IOM and Government of the Republic of North Macedonia, *Migration in North Macedonia: Country Profile 2021* (Geneva: IOM, 2021), available at <https://publications.iom.int/books/migration-north-macedonia-country-profile-2021>.

⁹³ U.S. Department of State, *2022 Investment Climate Statements: North Macedonia* (Washington: Bureau of Economic and Business Affairs, 2022), <https://www.state.gov/reports/2022-investment-climate-statements/north-macedonia/>.

⁹⁴ Demjanski, “North Macedonia Scraps Ministerial Post Responsible for the Diaspora.”



general elections in the country through consular offices, there is currently no parliamentary representation of diaspora, without any association to a political party, despite efforts in previous years.⁹⁵ Moreover, the Macedonian diaspora has had concerns in the past regarding the insufficiency of consular and diplomatic services that the state offers its diaspora.⁹⁶ To address these issues, through a legal amendment in responsibilities of the relevant authorities in 2019, the North Macedonian government has increased welfare and protection services to the Macedonians abroad through a handbook of information on citizenship rights, right and obligations, as well as information on pension and insurance schemes that they may be eligible for in countries of settlement.⁹⁷

Serbia

Serbia's legal and policy framework on diaspora engagement includes the following:

- Economic migration strategy of the Republic of Serbia (2021-2027)
- Strategy on maintaining and strengthening the relationship of the mother country and the diaspora, and the homeland and Serbs in the region, 2011
- Law on diaspora and Serbs in the region ("Official Gazette of RS", no. 88/09), 2009
- Law on migration management ("Official Gazette of RS", no. 107/12), 2012

Serbia has one of the oldest state frameworks in relation to diasporas among the Western Balkan countries depicted through the establishment of the dedicated Ministry of Religion and Diaspora in 1991 (see Chapter 6 for more detail on government stakeholders). However, a more streamlined approach to developing legal and policy guidance initiated in 2009, when Serbia passed the Law on Diaspora and Serbs in the Region ("Official Gazette of RS", no. 88/09).⁹⁸ To engage diaspora members for economic cooperation, the main policy issues at this point were creating cultural ties and trust between the Serbian government and the diaspora, and managing administrative issues and concerns of the diaspora, including matters related to citizenship, voting rights etc.⁹⁹ Thus at this stage, the state priorities were focused on establishing relevant institutions aimed at identifying the Serbian diaspora, and developing consultation mechanisms to engage more actively with diaspora representatives. **Dearth of data on the Serbian diaspora** is a major issue that obstructs more targeted policy planning. The law provides the legal basis for the structure and approach of engagement with Serbians abroad by delineating the roles and responsibilities of the relevant institutions in Serbia that have the portfolio to engage with diaspora members. The law also establishes the foundation for the Budget Fund for Diaspora, the Councils for Diaspora and Serbs in the Region, and the requirement of registering diaspora organisations. Another relevant piece of legislation is the Law on migration management ("Official Gazette of RS", no. 107/12), passed in 2012. Pertinent to guide stipulations of broader migration management, the law also touches upon documenting emigration from the Republic of Serbia through a unified data registry managed at the local municipality level.¹⁰⁰

With the approval of the first Strategy on maintaining and strengthening the relationship of the diaspora with the country of origin, Serbia adopted in 2011 a formal policy direction to develop, maintain and strengthen ties

⁹⁵ Ibid.

⁹⁶ Ibid.

⁹⁷ Republic of North Macedonia, Ministry of Foreign Affairs, Review Of The Implementation Status Of The Global Compact For Migration (GCM) In The Republic Of North Macedonia, (Skopje, March 2022), available at <https://migrationnetwork.un.org/system/files/docs/North%20Macedonia%20-%20Voluntary%20GCM%20Review.pdf>.

⁹⁸ Republic of Serbia, *Law on Diaspora and Serbs in the Region*, Official Gazette of the Republic of Serbia, no. 88/09 (2009), available at <http://www.dijaspora.gov.rs/wp-content/uploads/2014/04/LAW-on-diaspora-and-Serbs-in-the-Region.pdf>.

⁹⁹ Mihajlo Đukić, and Duško Bodroža, "Diaspora Contribution to the Economic Development of the Republic of Serbia: Remittances and Investments," In *Economic and Financial Implications of Covid-19 Crises* (Nice: Université Côte d'Azur, 2022), 181-199.

¹⁰⁰ Republic of Serbia, *Law On Migration Management*, Official Gazette of the Republic of Serbia, no, 107/2012 (2012), available at https://kirs.gov.rs/media/uploads/Dokumenti-i-publikacije/Zakoni/Law_on_Migration_Management.pdf.

with its diaspora.¹⁰¹ Acknowledging the **trust deficit** that exists among the diaspora with the state of Serbia, the policy prioritises reclaiming and rebuilding trust of the diaspora in the state, the local economy and domestic politics as its top objective. Other key objectives include facilitating and supporting the Serbian diaspora in their countries of residence to improve their status and welfare, mainstreaming the importance of Serbian diaspora in the domestic policy and public discourse, and strengthening connections and networks between the diaspora and local stakeholders.

Gradually, the state priorities expanded to also focus on **economic cooperation** with the diaspora members. A new policy document, called the Economic Migration Strategy of the Republic of Serbia (2021-2027), puts forth Serbia's strategic approach towards labour migration and diaspora cooperation.¹⁰² Serbia has an annual average implementation budget of more than USD 105 million for the Strategy, including migration management and diaspora engagement.¹⁰³ Its objectives include:

- establishing deeper ties with the diaspora
- reducing push factors for emigration
- encouraging return and circular migration to facilitate brain circulation
- attracting qualified diaspora members for investing in the Serbian human capital,
- developing guidelines for boosting diaspora and returnee investment etc.

Among its specific objectives, the strategy also includes involving diaspora members in **local economic development and fostering transnational entrepreneurship**, citing local municipalities as key actors responsible for supporting diaspora investment and entrepreneurship.

Serbian diaspora members have a right to vote in elections in Serbia, however with certain conditions. They have to submit a registration request through the respective diplomatic and consular missions of Serbia. The request has to be submitted at least 20 days prior to the election day. If the number of registered voters at a location are more than 100, then a polling station is set up there.

5.2. Policies at the EU level

5.2.1. Evolution of relevant policies at the EU level

Although migration from third countries has been a central subject within the EU policy frameworks, diaspora engagement as a theme has only come to the forefront more recently, particularly within the purview of the migration-development nexus. A bird's eye view of EU migration policies since the late 1990s reflect the evolution of policy narrative from a strict control and "root causes" approach to slowly moving towards **integration and expanding the agenda on diaspora engagement**, at least with respect to certain regions and priority countries.

The European Union's formal policy approach towards migration management initiated in 1997 with the Treaty of Amsterdam, which focused on defining **the common rules for labour immigration and a common legal status**

¹⁰¹ Republic of Serbia, Ministry of Foreign Affairs, *Стратегије Очувања И Јачања Односа Матичне Државе И Дијаспоре (Strategy of Preserving and Strengthening Relations between the Mother Country and the Diaspora)*, (Belgrade, 2011), available at http://dijaspora.gov.rs/wp-content/uploads/2012/12/strategija_mvd2011.pdf.

¹⁰² Republic of Serbia, *Стратегија о економским миграцијама Републике Србије за период 2021–2027. Године (Economic Migration Strategy of the Republic of Serbia For The Period 2021- 2027)*, "Official Gazette of RS", No. 30/18 (2018), available at https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf.

¹⁰³ OECD, *Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges, and Reaping Benefits*.



of immigrants. Over the years, while agreements were reached on matters related to family reunification and long-term residents, provisions related to the entry and residence of third country nationals became a topic of contention and, thus, the EU failed to adopt a common policy towards the entry and residence of third country nationals. In the early 2000s, the focus on EU migration policymaking remained on the harmonisation of legal rules and procedures in the field of asylum and the development of an integration policy framework. During this time, both at the EU and the Member State level, integration of migrants was the main concern.

In the late 1990s and early 2000s, international development agencies, supported by academia, slowly developed a more **positive outlook on migration and development** for the countries of origin, which was eventually taken up by the respective EU directorates. It is in this line of reasoning that the notion of diaspora members as “agents of development” rests, which is now the broad theme followed in European policy directives related to diaspora engagement. It has led to a rise in policies and institutional set-up geared towards achieving a “triple-win” situation, through the support of diaspora members. This viewpoint is reflected since 2005 in various policy documents.¹⁰⁴ Under the New Pact on Migration and Asylum 2020, the six Western Balkans countries receive priority attention as potential focus areas for Talent Partnerships. Among other aspects, such as skills development and matching, labour market assessments, and reintegration, diaspora engagement is a planned area of cooperation within the Pact.

However, most of the programmes and projects resulting from these policy frameworks apply a development assistance approach and thus adopt a geographical focus outside of Europe through an “**international partnership**” approach. This, thus, excludes the Western Balkans as a region, which includes potential accession countries. More targeted and recent initiatives of the EU, mainly the EU External Investment Plan (EIP) proposed in 2016, encourage investments in partner countries in Africa and the EU Neighbourhood, focusing on eastern and southern neighbourhood, but excluding the Western Balkans. Similarly, other initiatives comprising diaspora engagement as a key component, such as project IncludiFi¹⁰⁵ (aimed to attract investment from diaspora in small businesses in their countries of origin), EU Global Diaspora Facility (EUDIF)¹⁰⁶ (implemented by ICMPD, the project aims to consolidate efforts on diaspora engagement for development), etc. also do not cover the Western Balkans as a region.

5.2.2. EU policies and frameworks on the Western Balkans

In parallel to the policy evolution on migration and diaspora engagement, policies of the EU towards the Western Balkans have largely developed with **limited incorporation of the migration and diaspora matters**. While a part of EU foreign policy in the 1980s and 1990s, the policies of the EU towards the Western Balkans emerged primarily from the experiences of the Balkan wars following the dissolution of the former Yugoslavia in 1992 and the security risks for Europe associated with the instability of its successor states. Since the 2000s, EU accession of the Western Balkan states became a policy goal guiding policy engagement with this region.

The Balkan wars massively influenced the development of the European Union’s foreign security and migration policies. While towards the end of the 1980s and the early 1990s, the then European Community had focused on the deepening of economic integration and the development of Union Citizenship, the Balkan wars highlighted

¹⁰⁴ Including: the Communication “Migration and Development: Some concrete orientations” (2005), Stockholm Programme Action Plan 2010-2014 and the Policy Coherence for Development Work Programme 2011-2013, the Global Approach to Migration and Mobility (GAMM) (2011), the 2013 Communication “Maximising the Development Impact of Migration”, the EU Council Conclusions on Migration in EU Development Cooperation of 12 December 2014, the 2015 European Agenda on Migration, the New European Consensus on Development ‘Our World, Our Dignity, Our Future’ of 2018, and the Communication on the New Pact on Migration and Asylum of 2020.

¹⁰⁵ European Commission, “IncludiFi Programme,” 2021, https://www.cdp.it/sitointernet/page/en/inclusifi_programme?contentId=PRC36461.

¹⁰⁶ European Union Global Diaspora Facility (EUDIF), “Fostering an Informed, Inclusive & Impactful Diaspora-Development Ecosystem,” accessed November 21, 2022, <https://diasporaforddevelopment.eu/>.



the need for the EU to become a relevant actor in the international political arena **to stabilise its neighbourhood**. Not having been able to secure peace in the Balkans after the dissolution of Yugoslavia, EU foreign policies were largely regarded as a massive failure by the international community, which pointed to the fact that only the military intervention of NATO and the United States had ended the Balkan wars. The large subsequent refugee movements also highlighted the need to forge a common migration and integration policy, as Member States were applying different legal procedures granting different legal status and movement rights to refugees. The 1999 Tampere Summit devoted to migration policy, which led to the agreement on a common legal status of third country nationals and firmly established a common asylum policy as an EU competence, was the most visible reaction of the EU Member States to the situation on the Balkans.

Similarly, the appointment of Javier Solana as “High Representative for the Common Foreign and Security Policy” and the agreement on the Stability Pact for Eastern Europe also in 1999 were the first signals of the growing **relevance of foreign and security policy making within the EU**, followed by several EU-led military operations within the European Security and Defence Policy aimed at stabilising peace in the Western Balkan region. Soon it became clear that in order to become a major peacekeeping force in the region, a long-term strategy for the stabilisation of the Western Balkan states was needed.

While peacekeeping was the focus of the EU Western Balkan policies in the 1990s, the first and vague **accession perspective** was given at the EU Western Balkan Zagreb Summit of 2000, which outlined a future of the Western Balkans in close association with the EU. Under the heading “The future of the Balkans is within the European Union” the agenda adopted at the Western Balkan-EU Thessaloniki Summit of 2003 described the EU approach in detail, defining the Stabilisation and Association Process launched in Zagreb and the European Neighbourhood Policy as the framework for the future accession of the Western Balkan countries. Similar to the Eastern Enlargement, the accession framing gives both an economic and a security perspective to the Western Balkan countries, while simultaneously reducing security risks for Europe. As a sign of this paradigm shift, in 2005, the EU relations with the Western Balkans were moved from the Directorate for “External Relations” to “Enlargement”.

In the following years, the bilateral Stabilisation and Association Agreements signed with the Western Balkan countries since 1999 were complemented by **autonomous trade concessions** allowing 95% of the exports to enter the EU free of duties (2000), and specific funding instruments for the preparation of accession were implemented. In 2007, the Western Balkan countries joined the Central European Free Trade Agreement, integrating them fully into the EU market. In 2016, the region’s total trade with the EU was over 43 billion Euros, up by 80% since 2008 and with significant further growth potential.¹⁰⁷ EU companies are also the biggest investors in the Western Balkans, with over EUR 10 billion of Foreign Direct Investment in the region in the past five years alone.¹⁰⁸ As a further sign of the perspective of accession, visa-free travel to the Schengen area was granted to citizens of North Macedonia, Montenegro and Serbia in December 2009, and the citizens of Albania and Bosnia and Herzegovina were granted the same status a year later. Visa liberalisation for Kosovo¹ will enter into force on 1 January 2024.

In 2005, North Macedonia was the first Western Balkan State to be granted **candidate country status**, followed by Montenegro (2010), Serbia (2012), Albania (2020) and Bosnia and Herzegovina (2022). Kosovo¹ applied for accession in November 2022, but has not yet been granted candidate country status. In 2011, the EU introduced the EU Strategy for the Danube Region¹⁰⁹, which presented a macro-regional framework for implementing

¹⁰⁷ European Commission, Directorate-General for Communication, *A Credible Enlargement Perspective for Enhanced EU Enlargement with the Western Balkans*, (Brussels, 2018), 2.

¹⁰⁸ Ibid.

¹⁰⁹ Among the Western Balkan countries, this included Bosnia and Herzegovina, Serbia and Montenegro.



transnational cooperation programmes in the region with an objective of achieving economic, social and territorial cohesion.

In its communication from February 2018, the Commission refocused its Balkan strategy and presented six flagship initiatives¹¹⁰ to support the **transformation of the Western Balkans**. The communication particularly highlighted the economic potential of the EU's relations with the Western Balkans and focused on investment provided by the EU in preparation for accession. Stressing the potential gains from accession for both the EU and Western Balkan states, the Commission urged them to implement comprehensive reforms regarding the rule of law, fundamental rights and governance and the need to overcome the legacy of the past, in particular border disputes as a precondition for accession. With regard to security and migration, the focus was laid on prevention of irregular migration and police cooperation in border management, a clear priority for the EU vis-à-vis the region since 2015. Diaspora engagement was not discussed in this Communication.

Despite the reiterated focus on accession, progress has not been fast. This **"enlargement fatigue"** is often explained with reference to experiences with former enlargement rounds and the effects of the sovereign debt crisis 2009 showing the risk of a Member State – Greece – to go bankrupt and massively damage the Euro, a risk also relevant for the relatively economically weak Western Balkan countries. In addition, the so-called refugee crisis of 2015 with irregular migration flows through the Western Balkans strengthened the view of many Member States that the Western Balkan states would not be ready for accession yet. A lack of political and economic reforms in the Western Balkan countries, including the persistence of corruption and the declining support for EU accession on the side of the Western Balkan countries supported this **"enlargement fatigue"**.¹¹¹

More recently, the situation again changed after the military aggression of Russia against Ukraine as of February 2022. After Ukraine, Moldova and Georgia were given European perspectives in June 2022, and Ukraine and Moldova were accepted as candidate countries, the accession of the Western Balkan states found new impetus. In July 2022, accession negotiations with North Macedonia and Albania have been opened.

5.3. Policies of the selected EU settlement countries and Switzerland

This section gives an overview of the migration-related policies in place in the selected settlement countries: Austria, Germany, Italy, Sweden and Switzerland. The following sections elucidate the policy frameworks in these countries that relate to diaspora engagement, highlighting those initiatives specific to engagement with the Western Balkan countries. Based on the focus on diaspora engagement, the discussion explores how the respective countries of settlement approach the concept from two angles that have impacted such engagement, namely **integration and development cooperation**.

Moreover, an important aspect to note is that as countries of settlement, there may not be dedicated institutions and targeted policies focusing on diaspora engagement for diaspora groups of specific countries and regions. Rather, diaspora engagement with a specific focus on the Western Balkans may be reflected through varying types of **policy implementation initiatives** in the form of programmes and projects under broader frameworks of migration and development and international cooperation, instead of standalone policies or laws on diaspora engagement. Hence, where relevant, these initiatives, programmes and projects are briefly mentioned in this section, and explained further in Chapter 7.

¹¹⁰ These are: Initiative to strengthen the Rule of Law, Initiative to Enhance Support for Socio-economic Development, Initiative for a Digital Agenda for the Western Balkans, Initiative to Reinforce Engagement on Security and Migration, Initiative to Increase Transport and Energy Connectivity, Initiative to Support Reconciliation and Good Neighbourly Relations.

¹¹¹ Spyros Economides, "From Fatigue to Resistance: EU Enlargement and the Western Balkans," (Working Paper no. 17, Dahrendorf Forum IV, 2020); John O'Brennan, "Enlargement Fatigue and its Impact on the Enlargement Process in the Western Balkans," *The Crisis of EU Enlargement. IDEAS Special Report 40* (2013): 36-44.



Austria

The following policy documents relate to Austria's approach to diaspora engagement, and towards the Western Balkans:

- Focus Paper on Migration and Development, 2016
- Strategy on Danube Area/ Western Balkans Region, 2016
- National Action Plan 2017
- Integration Act 2017

Although Austria is a popular country of settlement for many migrant groups, including from the Western Balkans, **diaspora engagement has not been a policy focus for the country**. More broadly, policy development in the area of migration in Austria has been influenced by historical patterns of migration (e.g. the guest-worker scheme in the 1960s), as well as more recent geopolitical and socioeconomic events. As mentioned in Chapter 4, Austria offered temporary protection to those displaced by the Bosnian war in the early 1990s, and did not suspend the temporary protection as the war ended, thus allowing the refugees to stay permanently. Such events and policy decisions have reoriented Austria's approach from being a temporary host country to a country of permanent settlement.

While legal stipulations and regulations governing the entry and stay of foreigners in Austria have been in place since the late 1960s, and have undergone significant changes through the 1990s to 2015, much of the focus has been on **aligning policies in accordance with EU immigration frameworks** since its accession in 1994, restricting immigration, controlling irregular migration, designing integration frameworks, and strengthening the asylum management system. Policy implementation was in the form of investment in projects related to mitigating migration flows, combatting human trafficking, managing migrants that are already in Austria, and providing support to refugee communities in other regions (primarily outside the Western Balkans).¹¹² Hence, as in most EU countries of settlement, migration was approached through a security and development lens or from an integration perspective. Up until 2016, neither of these two perspectives included diaspora engagement as an integral theme.

In 2016, the Austrian Agency for Development (ADA) published a Focus Paper on Migration and Development, which introduced diaspora engagement as an important mechanism to achieve Austria's **development cooperation objectives**.¹¹³ The focus paper called for enhancing migrants' and diaspora's engagement in their countries of origin, and engaging with diaspora organisations for promoting business opportunities and entrepreneurship.¹¹⁴ The paper recognises the importance of remittances as a major contributor to development, stresses on the relevance for engaging with diaspora organisations to identify development opportunities and mentions the need for providing support and funding to diaspora organisations to contribute to their development activities in countries of origin.

In 2016, ADA also published a regional strategy paper on the Western Balkan countries which mentions the **Western Balkan diaspora as important partners** in the objectives of intensifying regional cooperation as well as

¹¹² More information can be found here: <https://www.entwicklung.at/en/ada/news/detail-en/migration-und-entwicklung-das-engagement-geht-weiter>.

¹¹³ Austrian Development Agency, *Focus Paper on Migration and Development* (Vienna: Austrian Development Agency, 2016), available at https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/Fokuspapiere/Englisch/Focus_on_Migration_and_Development_Oct2016.pdf.

¹¹⁴ *Ibid.*

implementing EU-integration support (a part of which also focuses on private sector development).¹¹⁵ A key outcome of that strategy is the project LinkUp! Serbia (I and II), which focuses on facilitating diaspora entrepreneurship in Serbia (see chapter 7 for more detail). Besides this specific project with diaspora engagement at its core, Austria's other development cooperation initiatives in the Western Balkans do not specifically involve a diaspora engagement component, but in essence some of these initiatives may indirectly facilitate diaspora engagement. These include programmes implemented to encourage remittance transfer to South-Eastern Europe and mitigate brain drain from the Western Balkans,¹¹⁶ improving the business environment in Bosnia and Herzegovina,¹¹⁷ and an upcoming programme in Serbia, which will develop a sustainable crowd-investing platform by providing support to start-ups to raise funds online.¹¹⁸ Moreover, through the Austrian Agency for Education and Internationalisation (ÖAD), Austria also has bilateral agreements with Bosnia and Herzegovina and Serbia for knowledge transfer, vocational education and training programmes, which may potentially be an avenue for diaspora engagement.¹¹⁹

In terms of **integration**, while there is an extensive policy framework, including the National Action Plan 2017, the Integration Act 2017, and specialised programmes focused on language training, civic education, mentoring on economic engagement and skills training for specific economic sectors,¹²⁰ **diaspora engagement does not emerge as a central theme**. Austria's Integration Fund focuses on helping migrants in Austria, or individuals with migration background in Austria, succeed in the country. "People with migrant background" is a special statistical category in Austria which refers to first generation (born abroad) and second generation (born in Austria with both parents born abroad) individuals.¹²¹ Austria, however, does not allow dual nationality. As was found in the country research in the past, people with migration background of the Western Balkans have received state funding to expand their work in Bosnia and Herzegovina and Serbia. However, these initiatives have been scarce and without a strong "diaspora investment element". There is no list of such projects, but this example indicates there are funding opportunities available if Western Balkan diaspora members intend to invest in the region.

Germany

The following policy documents relate to Austria's approach to diaspora engagement, and towards the Western Balkans:

- General Administrative Regulation on the Residence Act, 2009
- Integration Act, 2016
- National Action Plan for Integration, 2018

¹¹⁵ Federal Ministry for Europe, Integration and Foreign Affairs and Austrian Development Agency, *Danube Area/ Western Balkans Region* (Vienna: Austrian Development Agency, 2016), available at https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/Strategien/Englisch/EN_Strategy_Danube_area_Western_Balkans.pdf.

¹¹⁶ Katerina Kratzmann, and Katharina Hartl, *Common Home: Migration and Development in Austria* (Vienna: Caritas, 2019), available at https://www.caritas.at/fileadmin/storage/global/caritas-at/Hilfe-Angebote/Migration-Flucht/MIIND_Common_Home_Studie_Austria.pdf.

¹¹⁷ More information here: <https://www.entwicklung.at/en/projects/detail-en/beitrag-zu-iom-bosnia-and-herzegovina-resilience-initiative>.

¹¹⁸ More information here: <https://www.entwicklung.at/en/projects/detail-en/wp-ser-conda-einfuehrung-einer-crowdinvesting-plattform-in-serbien>.

¹¹⁹ The complete strategy for Bosnia and Herzegovina is accessible here: https://oead.at/fileadmin/Dokumente/oead.at/KIM/Kooperationen/Biko/Strateski_dokument_engleski.pdf. The country office information for Serbia is available here: <https://oead.at/en/cooperations/educational-cooperation-with-eastern-and-south-eastern-europe/educational-cooperation-partner-countries/republic-of-serbia>.

¹²⁰ The website can be accessed here: <https://www.integrationsfonds.at/en/home/>.

¹²¹ "More than a Quarter of the Total Austrian Population Has a Migration Background Statistical Yearbook Migration & Integration 2022," *Statistics Austria*, Press release: 12.859-157/22, July 25, 2022, available at <https://www.statistik.at/fileadmin/announcement/2022/07/20220725MigrationIntegration2022EN.pdf>.



- Western Balkan Regulation, 2015

Germany's policy approach to migration dates back to 1955 when it focused on signing labour migration agreements with southern Europe and Türkiye, and later on with other countries including the former Yugoslavia in 1968.¹²² Germany has traditionally adopted a stance of being a temporary host for "guest workers", rather than a country of immigration granting permanent stay.¹²³ This process of receiving temporary labour migrants came to a halt in 1973 with a restriction in recruitment of foreign workers owing to the oil crisis. Owing to this temporary approach to migration management, integration was not a prime focus at that time, and naturalisation was not an option for immigrants and children born to parents having non-German nationality. Moreover, as a means to discourage further in-migration for seeking asylum, Germany branded itself as "not a country of immigration".¹²⁴ It was not until 1999 that children born to immigrant parents in Germany received German nationality, as Germany shifted its policy stance to present itself as an immigration country. Currently, as per the Nationality Act, Germany allows dual nationality only under specific conditions.¹²⁵

In 2000, **reforms in the overall migration policy** led to a paradigm shift in the German approach to migration management. Effort was made to streamline policies, legislation, and regulations related to immigration, stay of foreigners, access to the labour market, integration of resident migrants etc. through the immigration law of 2005 (it includes the Residence Act and the EU Freedom of Movement Act). Integration of immigrants received enhanced policy attention under the mandate of the federal government, rather than leaving it at the behest of local authorities.¹²⁶ Moreover, in 2007 Germany introduced the official statistical category of population with a "migration background"¹²⁷ in an attempt to document those naturalised, as well as children of foreigners who were German citizens. Currently, the Integration Act of 2016 guides Germany's overall agenda related to integration of migrants along with the more recent National Action Plan for Integration of 2018. These Acts recognise the importance of transnational links of people with migrant backgrounds in their design for achieving integration related goals.

In relation to diaspora engagement, the "Returning Experts" (Rückkehrende Fachkräfte) programme initiated in the 1980s could be termed as one of the first German initiatives that pertains to diaspora engagement. This programme aimed at assisting qualified migrants to return to their countries of origin as "experts, entrepreneurs or vocational instructors" to contribute to the development of their countries of origin.¹²⁸ This programme was initially introduced from a labour market perspective, rather than from a development-cooperation lens, however over time this programme has experienced structural transformations to be now implemented through a **development cooperation framework**. In 2009, also Germany introduced the General Administrative

¹²² "Labour Migration. Germany started recruiting foreign workers from southern Europe and the Mediterranean region in 1955 after concluding an agreement with Italy," *Federal Ministry of the Interior and Community*, accessed November 15, 2022, <https://www.bmi.bund.de/EN/topics/migration/immigration/labour-migration/labour-migration-node.html>.

¹²³ Victoria Rietig, and Andreas Müller, "The New Reality: Germany Adapts to Its Role as a Major Migrant Magnet," *The Online Journal of the Migration Policy Institute* (August 2016), available at <https://www.migrationpolicy.org/article/new-reality-germany-adapts-its-role-major-migrant-magnet>.

¹²⁴ Werner Eichhorst and Florian Wozny, *Migration Policies in Germany* (Warszawa: Instytut Spraw Publicznych, 2012), available at <https://www.isp.org.pl/uploads/drive/oldfiles/Migration-PaperWernerWozny.pdf>.

¹²⁵ In case of naturalisation, dual nationality is allowed for European Union Citizens and Swiss Nationals, or in case there are reasons in accordance with Section 12 of the Act. With regard to acquisition of nationality by birth, dual nationality is allowed for children of a German and a non-German parent, and to children of foreign parents born in Germany up to the age of 21 in the instance that one parent has a legal residence of at least eight years in Germany before the birth of the child and an unlimited residence permit.

¹²⁶ Rietig and Müller, "The New Reality: Germany Adapts to Its Role as a Major Migrant Magnet."

¹²⁷ A person has a migration background if s/he or at least one of his/her parents did not acquire the German citizenship at birth". ([Statistisches Bundesamt, 2017](#): 4).

¹²⁸ Zafar Shayan, *Diaspora Support Programmes in Development Cooperation Examples from Denmark, France, Germany, Italy, Switzerland and from the European Level* (Vienna: Vienna Institute for International Dialogue and Cooperation (VIDC), 2021), available at https://www.vidc.org/fileadmin/pdfs/diaspora_support_neuweb2.pdf.



Regulation on the Residence Act,¹²⁹ which allows permanent residents in Germany to leave the country for more than half a year if the purpose of the extended stay serves the interests of Germany, including for promoting development-related business relationships or employment relationships abroad. This created an opportunity for migrants to engage in economic activities outside of Germany.

Since the beginning of the 21st century, migration has gained much attention in German policy spheres through three main thematic areas: **expanding options for high skilled labour migration, improving its asylum management system, and reducing the “push factors” of irregular migration**, specifically through development cooperation. Nowadays, the German development cooperation follows the “triple win” approach, discussed previously in Chapter 3. While a dedicated policy does not exist on the nexus of migration and development, Germany’s programme Migration and Development, implemented by its development agency (GIZ) since 2006 shows the institutionalised approach it adopts towards the topic. Through this programme, migration has been established as a permanent feature in German development cooperation discussions. It is through these implementation programmes of Germany’s development cooperation approach that the relevance of diaspora engagement can be assessed. In fact, the programme Migration and Development is an outcome of discussions held at two conferences hosted by the GIZ in the early 2000s, which had the objectives of devising pathways for diaspora engagement for development cooperation.

Under the framework of migration and development, Germany offers **a range of programmes that are focused on the theme of diaspora engagement for development of countries of origin**. Through its dedicated Programme on Migration and Diaspora (*PMD*), the German federal government aims to engage diaspora members as key development partners in bringing socioeconomic transformation in 22 partner countries, including Albania, Kosovo¹ and Serbia.

German development cooperation works in five areas with regard to migration:

- Development-oriented reintegration
- Regular labour migration and mobility
- Social engagement by diasporas
- Financial and economic contributions of diaspora
- Advice on migration policy

More specifically, **Germany’s support to diaspora engagement** in recent years has taken the form of: facilitating and supporting transparent and sustainable remittance transfers, supporting diaspora enterprise development in countries of origin and collective development projects by civic organisations, capacity building of migrant organisations in Germany and simplified access to dual nationality since 2014 for those who held it at birth.

Moreover, towards the Western Balkans, Germany’s policy approach is reflected through its share of investment and its position as the biggest trade partner in the region.¹³⁰ In 2015, Germany initiated **the Western Balkan Regulation** to specifically encourage labour migration from the region in an attempt to reduce the number of asylum seekers. The Regulation allows Western Balkan nationals to achieve temporary work visas against valid

¹²⁹ Federal Ministry of the Interior, Bundesministerium des Innern, *M. Migration, Integration; Flüchtlinge; Europäische Harmonisierung*, Nr. 62-63/2009 (2009), available at <https://www.verwaltungsvorschriften-im-internet.de/pdf/BMI-MI3-20091026-SF-A001.pdf>.

¹³⁰ Adam Balcer “Germany and Poland in the Western Balkans: A New Field of Cooperation under the EU Umbrella?” *Wise Europa*, January 10, 2019, <https://wise-europa.eu/en/2019/01/10/germany-and-poland-in-the-western-balkans-a-new-field-of-cooperation-under-the-eu-umbrella/>.



job offers from a German employer, following an annual quota.¹³¹ Germany has also signed bilateral agreements with Bosnia and Herzegovina and Kosovo¹ promoting employment opportunities for healthcare professionals in Germany.¹³² In the same vein, under the framework of the Berlin Process,¹³³ the heads of states of the six Western Balkan countries gathered in Berlin on November 3, 2022 to sign agreements for promoting regional economic cooperation and integration through mutual recognition of ID cards, university diplomas, and professional qualifications.¹³⁴ This agreement is in line with Germany's efforts to extend the freedom of movement for goods, capital, services and people for establishing a Common Regional Market, bearing important implications for "near and friend-shoring".¹³⁵ Hence, there is scope for more active diaspora engagement in the implementation of these agreements.

Italy

The following policies and legislative documents relate to diaspora engagement in Italy:

- Law 125/2014 on Italian development cooperation, 2014
- Integration Act, 2012
- AICS three-year programming and policy document 2021-2023

Up until the late 1990s, Italy had a rather **reactive approach to migration management**. In 1998, Italy published the three-year Document of Migration Policy Planning, which reflected a deliberate attempt at identifying priorities for the integration of migrants, as the country acknowledged its transformed status from an emigration to an immigration country. Within Italy's multi-layered governance framework, integration is a local and regional jurisdiction in terms of planning and implementing policies. In general, Italy allows for dual nationality for its migrant population. Policy planning on the themes of integration vis-à-vis diaspora engagement were first formalised in 2012 with the introduction of the Integration Agreement, setting out the rights and duties of the state and of migrants.¹³⁶ With regard to migrant integration, the policy set out a points system. For instance, within two years, extendable for an extra year, the migrant must acquire at least a 30 credit score, reflecting A2 level of language proficiency, as well as familiarity with the constitution, civic life and the Italian institutions, purchase of property, enrolment in the National Health Service, higher educational qualifications, etc. The Italian government is also striving to strengthen its relationship with the second and third generations of migrant groups through an integration and youth mobilisation point of view. Initiatives introduced by the government in this area include holding consultative programmes with the second-generation youth, and establishing social associations aimed at creating inclusive spaces for youth with migrant background etc.¹³⁷

¹³¹ Centre for Global Development, *Migration Pathways: Western Balkan Regulation*, (July 2021), available at https://gsp.cgdev.org/wp-content/uploads/2021/07/CGD-Legal-Pathways-Database_Western-Balkan-Regulation-1.pdf.

¹³² Marjan Icoski, "Toward a New Youth Brain-Drain Paradigm in the Western Balkans," *GMF*, August 31, 2022, available at <https://www.gmfus.org/news/toward-new-youth-brain-drain-paradigm-western-balkans>.

¹³³ The Berlin process was set up in 2014 as a platform for high-level cooperation between high official representatives of the Western Balkan Six and their peers in Berlin Process host countries. The Process also involves the EU institutions, international financial institutions and the region's civil society, youth and businesses.

¹³⁴ Damir Marusic, Maja Piscevic, and Jörn Fleck, "Germany Steps up in the Western Balkans. Will the EU Follow Its Lead?" *The Atlantic Council*, November 3, 2022, <https://www.atlanticcouncil.org/blogs/new-atlanticist/germany-steps-up-in-the-western-balkans-will-the-eu-follow-its-lead/>.

¹³⁵ *Ibid.*

¹³⁶ Government of the Republic of Italy, Ministry of Labour and Social Policies, *Integrazione Migranti*, available at <https://www.integrazionemigranti.gov.it/Dettaglio-approfondimento/id/11/Nuove-generazioni>.

¹³⁷ "CoNNGI - National Coordination of the New Italian Generations," *Integrazione Migranti*, available at <https://integrazionemigranti.gov.it/en-gb/Altre-info/id/27>.



In terms of diaspora engagement, Italy considers diaspora organisations as **facilitators of international development cooperation** through their investments and employment generation potential in respective countries of origin. As such, Italy strives to strengthen exchange and consultative mechanisms with the diaspora organisations. A hallmark event is the passing of the Law 125/2014 recognising the importance of diaspora organisations and migrant associations as key contributors and partners to development cooperation in the countries of origin.¹³⁸ Implementation of this law takes various forms such as encouraging and facilitating the involvement of diaspora associations in developing policy frameworks, capacity building, creating networking events for diaspora associations, initiating diaspora cooperation programmes, reducing remittance transfer costs etc.¹³⁹ Two practical outcomes of the law include the National Council for Development Cooperation (est. 2014) which is the main instrument of participation, consultation and stocktaking of different development proposals prepared by diaspora associations and other non-profit stakeholders; and the National Diaspora Summit (first Summit held in 2017), which provides a platform to CSOs, and diaspora associations to engage with development authorities, government institutions, as well as the private sector (see Chapter 6 and 7 for more detail).

More recently, in the latest three-year report (2021-2023), diaspora organisations and relevant CSOs are involved in the process of developing the Strategic Guidelines on Migration and Development, along with government partners including the Ministry of Interior, the Ministry of Labour and Social Policy, Ministry of Foreign Affairs, the Italian Agency for Development Cooperation (AICS) and the local authorities.¹⁴⁰ Relevant **diaspora associations are identified through a registry** maintained by the General Directorate of Immigration and Integration Policies called the Register of Association and Bodies.¹⁴¹

Italy's institutional engagement specifically with the Western Balkans can be traced to the early 1990s when humanitarian cooperation was provided especially to Albania under specific agreements between the two countries. The approach slowly transitioned from humanitarian cooperation to a more comprehensive developmental support as Italy started contributing to the development and strengthening of key priority areas in the Western Balkans such as energy, transport, utilities, social development, institutions strengthening etc. As reflected in the AICS's Western Balkans Report, this change in policy was rooted in the Western Balkans anticipated accession to the EU.¹⁴² Today, **the Western Balkan region is one of the priority geographical areas** for Italian development cooperation, with Albania termed as a priority country.¹⁴³ AICS's Western Balkans Report also notes that Kosovo¹ Bosnia and Herzegovina, North Macedonia and Serbia are secondary and complementary countries and cooperation activities in North Macedonia and Serbia started in July 2021.

However, despite Italy's efforts to engage diaspora organisations in consultative forums, and open partnership opportunities with them, diaspora engagement in the development cooperation towards Western Balkans has so far been limited, largely owing to the **lack of initiative from the diaspora associations'** side (either because of unfamiliarity with the formal processes of developmental partnerships or lack of trust in countries of origin).

¹³⁸ Centro Studi di Politica Internazionale, *Le diaspore nella cooperazione italiana: Documento per la discussione* (Rome: CeSPI, 2017), available at https://www.aics.gov.it/wp-content/uploads/2017/08/SD_Documento_di_discussione_LUG17.pdf.

¹³⁹ "Empowering the immigrant diaspora for sustainable development," *OECD*, June 28, 2021, available at <https://www.oecd.org/development-cooperation-learning/practices/empowering-the-immigrant-diaspora-for-sustainable-development-d054470a/>.

¹⁴⁰ Government of the Italian Republic, *International Development Operation Three-Year Programming And Guidance Document 2021 – 2023*, (2021), available at <https://www.esteri.it/wp-content/uploads/2022/07/Documento-triennale-programmazione-indirizzo-2021-2023.pdf>.

¹⁴¹ The six items listed in the register are name, relevant community, municipality, province, region and purpose. Please see: <https://integrazionemigranti.gov.it/it-it/Ricerca-Associazioni>.

¹⁴² Government of the Italian Republic, Ministry of Foreign Affairs, *La Cooperazione Italiana in Albania* (Tirana: Cooperazione Italiana allo Sviluppo, 2013), available at https://www.aics.gov.it/wp-content/uploads/2016/05/20131015050126_coop_ita_albania_web.pdf.

¹⁴³ Italian development cooperation initiatives are mainly aimed at partner countries, defined by the OECD/DAC as "recipient countries." Some are considered priority countries and are identified by the Ministry of Foreign Affairs and International Cooperation. The geographical priority of Italian Cooperation is assigned to 20 countries: 11 in Africa, four in the Middle East area, one in Balkan Europe (Albania), two in Asia, and two in Latin America.



Sweden

Sweden's approach to diaspora engagement and specifically towards the Western Balkans can be understood through the following laws and policies:

- Policy for Global Development, 2003
- 1975 Aliens Act
- Communication 2013/14:154, 2014
- Swedish Government Bill 2009/10:60, 2010
- Law on Newly Arrived Immigrants, 2018
- Strategy for Sweden's reform cooperation with the Western Balkans and Türkiye for 2021– 2027

Up until 1996, Sweden approach towards migration has been separate than towards development. It viewed **migration as a domestic policy concern**, while development was considered relevant for external contexts.¹⁴⁴ Hence, migration was largely discussed in relation to immigration, asylum and integration issues, and policy focus on development priorities has largely been uncoordinated with migration issues.

Sweden has had a dedicated migration policy since the 1970s, which largely focused on regulating immigration to the country. Sweden moved from a rather assimilation approach towards a more multicultural **approach to integration** through a series of strategies introduced after the 1970s aiming to give migrants the same rights, protection and opportunities regardless of their ethnic and cultural backgrounds.¹⁴⁵ This included a straightforward naturalisation procedure, allowing access to welfare and voting rights to migrants at the local and regional level, offering free language courses, offering subsidies to migrant and diaspora associations, the right of migrant children to acquire education in their mother tongue etc.¹⁴⁶ The national level coordinates policy response in this area, while municipalities are responsible for implementation.

The Swedish Establishment Programme (*etableringsprogrammet*), a **special support programme** for newly arrived migrants, is the cornerstone of Sweden's integration approach towards newcomers, especially humanitarian migrants. The Law on Newly Arrived Immigrants introduced in 2018 replaced the then-annulled 2010 Law on Measures for the Introduction of Certain Newcomers, and made the Establishment Programme a mandatory component of the integration process until the newcomers become residents in two years of being in Sweden.¹⁴⁷

In addition, the Swedish state also **sponsors a number of ethnic organisations**, including migrant associations, on the condition that at least 51% of the members of the organisation have a foreign background.¹⁴⁸ The assumption behind this is that engagement in civil society organisations allows migrants to organise themselves and engage in the civic, social, and political channels of the country. Up until the 1980s, they were organised under National Associations that were closely connected with the state institutions, organisations, councils and

¹⁴⁴ Måns Felleson and Lisa Roman, *Sustaining a Development Policy: Results and Responsibility for the Swedish Policy for Global Development*, Rapport 2016:08 (Expertgruppen för biståndsanalys, Stockholm, 2016). 14.

¹⁴⁵ European Commission, *Governance of Migration Integration in Sweden*, European Website on Integration (2018), available at https://ec.europa.eu/migrant-integration/country-governance/governance/sweden_en#:~:text=Sweden%20no%20longer%20has%20a,effect%20on%201%20January%202018.

¹⁴⁶ Henrik Emilsson, "A national turn of local integration policy: Multi-level governance dynamics in Denmark and Sweden," *Comparative Migration Studies* 3, no. 7 (2015).

¹⁴⁷ European Commission, *Governance of Migration Integration in Sweden*.

¹⁴⁸ Olle Frödin, Axel Fredholm, and Johan Sandberg, "Integration, Cultural Preservation and Transnationalism through State Supported Immigrant Organizations: A Study of Sweden's National Ethnic Associations," *Comparative Migration Studies* 9, no. 35 (2021), <https://comparativemigrationstudies.springeropen.com/counter/pdf/10.1186/s40878-021-00245-1.pdf>.

trade unions. These Associations also had pathways to access state funding.¹⁴⁹ In 2000, through an Ordinance, migrant associations were required to provide a three-year plan of how they would contribute to integration of its members, to be eligible for state funding. Since 2008, the mandatory requirement to provide an integration plan has been removed. Moreover, as part of the integration planning, the Swedish government also offers support to established entrepreneurs from non-Swedish backgrounds in the form of networking opportunities, mentoring and advisory services.¹⁵⁰ The Swedish Agency for Economic and Regional Growth also engages with the financial sector to create funding opportunities for small migrant-run businesses with the objective of improving economic integration opportunities.¹⁵¹

In relation to development cooperation, **Swedish priority areas** originally focused on poverty alleviation, human rights, justice, and equity. In 1978, the priorities were revised to include economic growth, economic and social equality, economic and political autonomy, and democratic development of society. In 1987, a fifth goal of sustainable development was added, and another Bill in 1995 introduced gender equality among the objectives of development cooperation. In 1996, Sweden passed the bill on Swedish Migration Policy in a Global Perspective, which called for a holistic approach catering to the close relationship between development cooperation policy and migration policy, with a primary view that development assistance in countries of origin would lead to less migration towards Sweden.¹⁵² In 2003, yet another Bill revamped Sweden's approach to development cooperation through the Policy for Global Development which integrated development cooperation into all policy areas, including migration.¹⁵³ This was the first instance of establishing an institutionalised link between migration and development policy planning. The document acknowledges the bi-directional relationship between migration and development, and recognises migration as an essential contributor to development (in contrast to the earlier consideration that lack of development leads to migration). The policy was later aligned with the priorities of the 2030 Global Development Agenda, including the Sustainable Development Goals.¹⁵⁴

A 2013 Communication also emphasises the need for **policy coherence in the direction of development assistance and migration** in order to reap the positive impacts of migration on development.¹⁵⁵ This Communication acknowledges the role of diaspora organisations, which are considered important development contributors to countries of origin through knowledge transfer, and their unique role as a bridge between the countries of origin and Sweden for trade and investment.¹⁵⁶ The same year, the government also organised a seminar engaging diaspora organisations among other stakeholders to discuss how the developmental effect of remittances could be strengthened in countries of origin.¹⁵⁷

¹⁴⁹ Ibid.

¹⁵⁰ Government of Sweden, Ministry of Integration and Gender Equality, Swedish Integration Policy Bill 2009/10:60 (Stockholm: Government Offices of Sweden, 2009).

¹⁵¹ Esther Foundation Sweden, "Esther Foundation, Sweden," accessed November 17, 2022, <https://betterentrepreneurship.eu/en/content/ester-foundation-sweden>.

¹⁵² Government of Sweden, Ministry of Foreign Affairs, Sweden's Policy for Global Development, Government Bill 2002/03, Government Communication 2004/05:4 (Stockholm: Government Offices of Sweden, 2009), available at <https://www.government.se/49b752/contentassets/c3dd5516c6e3476fb3dc92d3743bbf9e/swedens-global-development-policy>.

¹⁵³ Therese Brolin, "Ownership or Donorship? Results and ownership in Swedish international development cooperation" (Thesis, University of Gothenburg, 2017), available at <https://gupea.ub.gu.se/handle/2077/52511>.

¹⁵⁴ Fellesson and Roman, *Sustaining a Development Policy: Results and Responsibility for the Swedish Policy for Global Development*.

¹⁵⁵ Ibid.

¹⁵⁶ Government of Sweden, Ministry of Foreign Affairs, *Implementation of Policy Coherence for Development – Focus: The Global Challenge of Migration Flows*, Government Communication 2013/14:154 ((Stockholm: Government Offices of Sweden, 2013), available at <https://www.government.se/49b74a/contentassets/3f799010e2604a418476186a7c829670/government-communication-on-policy-coherence-of-development-2014>.

¹⁵⁷ Ibid.



In terms of engagement with the Western Balkan countries, Sweden approaches them as potential EU accession countries, and **aligns its approach with the EU's approach towards the region**. Sweden initially had bilateral strategies for development cooperation with countries in the region. While these bilateral strategies still reflect the more detailed activities of Sweden in the countries, in 2014, Sweden published a Reform Strategy for the Danube Region¹⁵⁸ (2014-2020).¹⁵⁹ This Strategy aligned Sweden's approach towards the Western Balkans with the EU Strategy for the Danube Region.¹⁶⁰ Migration or diaspora were not an agenda item in the strategy.¹⁶¹ The strategy has now been replaced by the Reform Strategy (2021-2027) designed to support Western Balkan countries in their process to accede to the EU.¹⁶² Priority areas of focus are democratic development through strengthening human rights, gender equality, inclusive economic development, and protecting the environment and managing climate change. Much of the focus of this strategy is not state-to-state development cooperation, and diaspora cooperation is not mentioned as an issue of concern in this strategy. Nevertheless, the strategy calls for reduction in remittance transfer costs and emphasises on the need for establishing migrant and refugee reception measures in line with the EU standards.

Thus, policy implementation as traced in programmes and initiatives led by the Swedish International Development Cooperation Agency (SIDA) in the Western Balkans, shows **limited degree of diaspora engagement in its projects**. As is explained further in Chapter 7, Sweden's development interventions in the Western Balkans, particularly in Albania and Serbia, focus on areas of EU priorities for accession countries, and focuses on aspects such as improving rule of law and enhancing economic investment landscape in the countries. In principle, these measures have the potential to improve the conditions for diaspora investment and entrepreneurship as well, however direct involvement of diaspora in these projects is limited.

Switzerland

The Swiss approach to diaspora engagement in general, and with Western Balkans more specifically is guided by the following policy measures:

- Migration Partnerships, 2009 (updated in 2012) – with Bosnia and Herzegovina, Serbia and Kosovo¹ and with North Macedonia more recently (November 2022)
- The Swiss Migration Strategic Framework for the Western Balkans, 2020
- Foreign Nationals and Integration Act 2005

Switzerland's policy mechanisms related to migration date back to its 1960s guest worker programmes aimed at filling labour demand based on a rotation model.¹⁶³ While many "guest workers" managed to acquire permanent residence in Switzerland, subsequent migration flows towards Switzerland were managed by a narrow "three-

¹⁵⁸ Covering Eastern Europe, the Western Balkans and Turkey.

¹⁵⁹ Joakin Anger, *Reform Cooperation in the Western Balkans - Regional Cooperation: Experiences, Constraints and Opportunities*, Sida Decentralised Evaluation (Stockholm: Citat, 2012), available at <https://cdn.sida.se/publications/files/sida61560en-reform-cooperation-in-the-western-balkans---regional-cooperation-experiences-constraints-and-opportunities.pdf>.

¹⁶⁰ The EU Strategy for the Danube Region includes Bosnia and Herzegovina, Montenegro and Serbia as accession countries.

¹⁶¹ Government of Sweden, Ministry for Foreign Affairs, *Results Strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey 2014 – 2020* (Stockholm: Elanders Grafisk Service, 2014), available at <https://www.regeringen.se/49b72b/contentassets/12a89180bafb43e3823b6c6f18b6d86a/results-strategy-for-swedens-reform-cooperation-with-eastern-europe-the-western-balkans-and-turkey-2014-2020>.

¹⁶² Government Offices of Sweden, Ministry for Foreign Affairs, *Strategy for Sweden's reform cooperation with the Western Balkans and Turkey for 2021-2027*, Reference No.: UD2021/14497 (Stockholm: Government Offices of Sweden, 2021), available at <https://www.government.se/international-development-cooperation-strategies/2021/10/strategy-for-swedens-reform-cooperation-with-the-western-balkans-and-turkey-for-2021-2027/>.

¹⁶³ Line Huter, "Migration and Migration Policy in Switzerland," *BPB*, September 20, 2021, available at <https://www.bpb.de/themen/migration-integration/laenderprofile/english-version-country-profiles/switzerland/340382/migration-and-migration-policy-in-switzerland/>.



circle model” (1991-1998) with the rules of immigration based on levels of cultural proximity to Switzerland, reflecting the value ascribed to integration. Switzerland, therefore, sought to ease immigration of those from the EU and European Free Trade Area within the “first-circle” or those from the US, Canada, Middle and Eastern European countries as the “second circle”, while only allowing highly skilled migration from all other countries comprising the “third circle”. This approach was later replaced by the dual admission model in 1998, although it continued to impose the same ideology. Today, the Foreign Nationals and Integration Act 2005 guides immigration to the country and integration matters, and is based on the same model.

This model, naturally, is designed to cater to integration of migrants in Swiss society. In Switzerland, integration mechanisms are designed on the social values of commonality, connectedness, and groupness, and are guided by **foreigner integration, naturalisation, and dual nationality policies**.¹⁶⁴ Foreign nationals are required to learn one of the official languages of the country and familiarise themselves with the social and civic life in Switzerland. Policy planning and coordination of integration mechanisms with development objectives are a federal mandate but implementation is the responsibility of the cantons and municipalities in collaboration with the federal level. This means the practices and initiatives on the ground vary across the cantons and municipalities.¹⁶⁵ In general, migrants have access to naturalisation and dual nationality options.¹⁶⁶

As Switzerland views **migration as a global phenomenon** requiring a collective response from the countries of origin, settlement and transit, it perceives diaspora engagement as an active element to its approach to integration and international migration and development cooperation.¹⁶⁷ Focusing on the main countries of origin of foreign nationals in Switzerland, it introduced Migration Partnerships in 2009, a policy instrument to frame Switzerland’s foreign policy approach towards the specific partner countries in relation to readmission, return assistance, visa policy, human trafficking, and migration and development. The aim is to promote the interests of Switzerland as a country of settlement, the country of origin and the migrants themselves, echoing the “triple win” approach also adopted by other countries. Under the framework of the Migration Partnerships, a Memorandum of Understanding is signed between the partner countries, based on which programmes and projects are then introduced.

Among the Western Balkan countries, Switzerland has **Migration Partnerships with Bosnia and Herzegovina (2009), Serbia (2009), and Kosovo¹ (2010)** and a **Migration Partnership with North Macedonia** was recently **concluded (November 2022)**¹⁶⁸. A Migration Partnership with North Macedonia is expected to be signed by the end of 2022. In all the existing Migration Partnerships with the Western Balkan countries, diaspora relations as a theme is mentioned as a key area of cooperation, along with other relevant elements such as cooperation in the field of education and training, and migration and socio-economic development. These partnerships serve as the frameworks, which guide bilateral relations between Switzerland and the partner country, promote a whole-of-government approach for development cooperation in the partner country, address concerns on irregular migration, and improve cooperation on return and readmission. Migration Partnerships have proven to build trust and communicate the needs between the partners, which allows the identification of solutions to migration challenges. The current scope and size of programmes between Kosovo¹, Bosnia and Herzegovina, and

¹⁶⁴ Francesca Pogliani Mileti, “Labelling migrants in Switzerland: Social, political and symbolic dimensions,” In *Switzerland and Migration* (Palgrave Macmillan, Cham, 2019), 61-78.

¹⁶⁵ Johanna Probst, Gianni D’Amato, Samantha Dunning, Denise Efonyi-Mäder, Joëlle Fehlmann, Andreas Perret, Didier Ruedin, and Irina Sille. *Kantonale Spielräume im Wandel: Migrationspolitik in der Schweiz* (Neuchâtel: Université de Neuchâtel, 2019): 168-169.

¹⁶⁶ Pogliani Mileti, “Labelling migrants in Switzerland: Social, political and symbolic dimensions,” 61-78.

¹⁶⁷ Swiss Agency for Development and Cooperation, “Diaspora – a Development Factor,” accessed November 18, 2022, <https://www.eda.admin.ch/deza/en/home/themes-sdc/migration/diaspora-migrant-communities.html>.

¹⁶⁸ Swiss State Secretary for Migration, <https://www.sem.admin.ch/sem/en/home/international-rueckkehr/ch-migrationsausserpolitik/abkommen/migrationspartnerschaften.html>, accessed November 18, 2022



North Macedonia compared to countries which have no migration partnership agreement with Switzerland, shows the difference between case countries.

The Swiss Migration Strategic Framework for the Western Balkans 2020-2023 is an interdepartmental coordination framework on migration-related initiatives in the region.¹⁶⁹ It recognises the Western Balkan countries not just as countries of origin, but the region as an **important transit route**. It includes migration and development as a key area of intervention as part of which it aims to “foster framework conditions allowing the diasporas to fully realize their potential”. Along with the countries, which have existing Migration Partnerships, it also covers Albania and Montenegro, although project focus, especially on diaspora engagement, is prominently more towards the countries with the migration partnerships (see Chapter 7 for more detail). As such, policy implementation in this area has taken the form of direct support to diaspora groups and organisations in the form of establishing networking platforms, mentoring, funding opportunities etc.

Moreover, Switzerland’s **policy implementation measures in other thematic areas** such as economic investment in the Western Balkans, has also highlighted the relevance of engaging with diaspora actors. For instance, Swiss government funded credit facility scheme Start-up Fund, support long-term and sustainable growth in developing and emerging countries through financial support provided to the private sector.¹⁷⁰ While diaspora engagement was not originally part of the project design, it emerged as a key avenue of private sector engagement through diaspora entrepreneurs. In the Western Balkans, this Start-Up Fund is offered for Albania, Bosnia and Herzegovina, Kosovo¹, North Macedonia and Serbia.

5.4. Key findings across all countries

The above discussion has highlighted policy evolution for the Western Balkans, at the EU level, and for specific European countries in relevance to diaspora engagement. Where evident and in place, specific policies of the EU and EU+ countries towards the Western Balkans have also been highlighted to understand the policy approach for engagement and the degree to which diaspora engagement factors in the decision. Based on the description of the respective policy and institutional framework in Western Balkan countries of origin, countries of settlement in the EU+ area, and the EU level, the following summary insights can be drawn:

5.4.1. Western Balkans perspective

- Policy development in the area of migration and diaspora in the Western Balkans largely reflects the efforts of individual countries to **align their approach with EU priority areas, in line with their potential accession status**. Hence, more focus is on migration management in the Western Balkans, with an emphasis on addressing irregular migration, reducing push factors and expanding readmission and reintegration facilities, as per the requirements for the EU accession process.
- While migration management is a key policy area for Western Balkan countries of origin, diaspora engagement as a dedicated policy field is more recent and has grown in importance. Much of the policy development in the area of **diaspora engagement initiated in the 2010s**, and today all six Western Balkan countries have dedicated diaspora engagement strategies, in most cases supported by a dedicated legal framework.

¹⁶⁹ Federal Department of Foreign Affairs Switzerland, *Swiss Migration Strategic Framework for the Western Balkans 2020-2023* (2022), available at <https://www.rayonverbot.ch/dam/sem/en/data/internationales/internat-zusarbeit/westbalkan-zusammenarbeitsstrategie-e.pdf.download.pdf/westbalkan-zusammenarbeitsstrategie-e.pdf>.

¹⁷⁰ “SECO Start-up Fund,” *Global Forum on Migration and Development*, October 9, 2015, available at <https://www.gfmd.org/pfp/ppd/2283>.

- In all the Western Balkan countries, **policy planning is at the national level**. In Bosnia and Herzegovina, the two entities have their own separate strategic documents for diaspora engagement, along with a national level policy.
- Considering the political history of the Western Balkan region and the prominent ethnic and territorial rifts not only within the countries of origin, but also among the diaspora community, governments in the Western Balkan countries are aware **of the trust deficit between the different diaspora groups and the government**. Hence, most of the diaspora engagement strategies and activities to date have largely focused on “creating” the diaspora and extending a symbolic identity with the aim of building and regaining the trust of the diaspora groups in the government. In line with these objectives, “identifying, mapping and registering” the diaspora is a prominent stream of activity initiated by the respective governments, along with the focus on language, culture and national identity promotion through the diaspora. Lack of information and data on diaspora groups is a major issue restricting meaningful engagement with the diaspora.
- In certain country contexts, however, this trust building between the state and diaspora can be jeopardised by **frequent administrative and government changes**. In some countries, such as North Macedonia and Kosovo¹ institutional restructuring, accompanied by government changes, have been highlighted as factors responsible for low participation rate from diaspora members in state initiatives, including in projects related to economic investment, as it sends a signal of instability in the country to diaspora investors abroad.
- In the policy documents and strategies of all countries of origin, strengthening relations with their diaspora is often envisaged as achieved by **creating and improving dedicated coordination mechanisms** with the diaspora. For instance, a number of countries have created diaspora coordination units within their executive or parliamentary bodies to engage diaspora representatives directly in policy planning in matters related to diaspora, as well as decisions related to national development. Cooperation and coordination mechanisms at the local level have also emerged as a relevant policy development in this area, given local-level insights on investment and other economic opportunities. Bosnia and Herzegovina (for the Federation of Bosnia and Herzegovina entity and the Brčko district), Kosovo¹ and Serbia have created structures and strategies for diaspora at the local level in order to support and facilitate diaspora members for information related to economic opportunities and services related to investment. Strategies of Montenegro and Serbia also highlight the need for coordination between diaspora members and the local administration.
- Policy and strategy documents specifically emphasise **encouraging economic cooperation and financial investments** from diaspora members, as well as promoting knowledge transfer from the diaspora members to the countries of origin. This is also often linked to the initiative of mapping and profiling diaspora members in order to take stock of the diaspora community that can be engaged for such investment and knowledge-transfer purposes. However, so far, the focus on introduction of specialised financial instruments has largely been related to reducing remittance transaction costs, and investment-specific instruments have been limited. Kosovo¹ is the only country in the Western Balkans where the government recently introduced dedicated diaspora bonds.

5.4.2. EU and countries of settlement perspective

- Because of the volatile political and security situation in the Western Balkans and the close proximity of the Western Balkans region with EU member states, the approach to engagement with the Western



Balkans has traditionally been seen through a **security lens**. The Balkan wars highlighted the need for the EU to become a relevant actor in the international political arena to stabilise its neighbourhood. Since the 2000s, EU accession of the Western Balkan states became the policy goal guiding the development of policies and cooperation vis-à-vis the Western Balkans.

- In the EU's policy framework related to migration, the Western Balkans did not receive any specific focus until the latest New Pact on Migration and Asylum (2020). Under the New Pact, the Western Balkans receive priority attention as a **potential focus region for Talent Partnerships**, while diaspora engagement is also a planned area of cooperation within the Pact.
- The approach of the ECONDIAS countries of settlement towards diaspora organisations and groups can broadly be categorised into two approaches: 1) **inward-oriented**, with a focus on engaging with diaspora members for promoting integration; and 2) **outward-oriented**, with the objective to engage diaspora members as "agents of development" and partners through their development cooperation mechanisms in the countries of origin. While there is a general acknowledgment that better integrated diaspora may be in a stronger position to contribute towards the development of countries of origin, there is limited policy and institutional overlap and coordination in terms of design and implementation of integration and development cooperation programmes.
- In all five countries of settlement under study, **integration** of migrants is backed by legislation and relevant policies. Italy and Sweden have also developed institutional mechanisms for coordination and engagement with diaspora groups. Local and sub-national governments play an active role in these mechanisms.
- In terms of diaspora engagement for development in the Western Balkans, **Switzerland through its Migration Partnerships approach depicts a strong mechanism for diaspora cooperation**. In all the other countries, while diaspora engagement does not feature as a key objective in their bilateral or regional development cooperation policies towards the Western Balkans, specific programmes implemented by the respective development agencies in the countries of origin involve diaspora engagement to varying degrees. In countries like Germany and Italy, local governments sometimes support development projects in countries of origin of diaspora groups. However, no prominent policy or strategy is in place for this mechanism, specifically for the Western Balkans.



6. Stakeholder analysis: relevant institutions and actors

6.1. Stakeholders and cooperation in the Western Balkan countries

The following chapter gives an overview about the main stakeholders in the field of diaspora policy making in the six Western Balkan countries studied. It is based entirely on the country research conducted by the local researchers and discusses the contribution of the main stakeholders: state institutions, business organisations, diaspora organisations, and international organisations and national development agencies. This is followed by a discussion of the main obstacles for stakeholder mobilisation. The chapter contains a separate description for each country, followed by a comparative summary.

Albania

State institutions

In Albania, four state ministries are the main actors for the governance of migration and diaspora policies.

- The **State Ministry for the Diaspora**, established in 2017, developed and implemented policies related to the development of the relations between the Albanian state and the Albanian diaspora living abroad until the Ministry was dissolved end of 2021. It was the main institution responsible for the implementation of the National Diaspora Strategy and Action Plan (2021-2025). The Agenda was transferred to the **Ministry of Europe and Foreign Affairs**, which is also responsible for the protection of the rights of individual Albanian citizens living temporarily or permanently abroad by way of the established consulate structure. In fulfilling these objectives, the government assigned coordinating officers for issues of the Albanian diaspora at the consular structures in Italy and Greece. These officers are also in charge of developing close relations with the Albanian communities in the host country and the promotion and organisation of Albanian businesses in the host country in cooperation with the Albanian Diaspora Business Chamber.
- The **Ministry of Internal Affairs** is mainly concerned with the governance of immigration and residence of foreign citizens in Albania and border management, but it is also in charge of the registration of Albanian emigrants in receiving countries (Civil Status Directory).
- The **Ministry of Economy and Finance** is responsible for the financial, economic and employment issues in the country. The **Albanian Investment Development Agency (AIDA)**, which is under the Ministry of Economy and Finance, is responsible for attracting foreign investments in Albania, including investments coming from Albanian communities abroad.

For the implementation of the National Diaspora Strategy, in addition four specialised agencies have been created, aimed at mobilising Albanians abroad by providing communication channels and building trust with the government, notably the

- National Diaspora Agency, the
- Publication Centre for Diaspora, the
- Centre for Research and Publications on the Arbëresh and the
- Albanian Diaspora Development Fund.

In this context, the **National Diaspora Agency** can be regarded as the main player with regard to the institutional cooperation with the diaspora community abroad. The mission of the **Albanian Diaspora Development Fund** is to encourage and boost i.a. investments by the diaspora in Albania. It cooperates with the Albanian Investment



Development Agency (AIDA), which is aiming at attracting foreign investments in Albania, including investments from Albanian communities abroad. The **Publication Centre for Diaspora** is in charge of publishing information, i.a. on diaspora investment opportunities, and the **Centre for Research and Publication on the Arbëresh** initiates and coordinates research on this Albanian ethnic minority in Italy.

Trade and Business organisations

In regards to the implementation of specific projects and programmes, the **Albanian Diaspora Business Chamber** and the **Connect Albania Platform** are relevant actors. The Albanian Diaspora Business Chamber, established in November 2019, is a non-profit and independent business advocacy organisation founded by a group of Albanian businesspersons living in Albania and abroad. It is involved in various activities in terms of facilitating diaspora economic engagement in the country of origin and closely collaborating with IOM, in particular aiming at the facilitation of foreign direct investments to Albania. The business platform “Connect Albania” facilitates foreign direct investments to Albania, focusing on Albanians living abroad.

Diaspora organisations and civil society actors

With the Diaspora Strategy and Action Plan, **diaspora organisations** have been defined as core stakeholders with whom the government should engage. Thus, the government encourages Albanians abroad to organise in diaspora organisations, connecting with them through coordinating officers at the consulates and state institutions.

The National Diaspora Strategy 2021-2025 has identified the lack of data on the diaspora as a major obstacle for fostering diaspora engagement. In order to gain more information on the skills, knowledge and professional competencies of the Albanian diaspora, the government created four networks (**Network of Albanian Professionals, Network of Albanian Students; Network of Albanian Teachers; Network of Albanian Women**) for identifying qualified and skilled diaspora members. As found through country research in Albania, there are limited insights on the effectiveness of these initiatives so far.

International Organisations and Foreign Development Agencies

Additionally, both **IOM**, as well as various development agencies, like i.a. the **Italian Development Agency** or the **German Agency for International Cooperation (GIZ)**, are active in projects fostering diaspora engagement in Albania. GIZ has been working closely with the Albanian government through its Programme Migration & Diaspora aiming at harnessing the development potential of qualified returnees. Together with GIZ, the **Swedish International Development Cooperation Agency (SIDA)** implement a project aiming at boosting the creation of start-ups in Albania based on connecting experienced Albanian entrepreneurs living abroad as mentors to promising local entrepreneurs. There are currently 20 mentors active in helping Albanian start-ups to accelerate business growth.

With the aim to support the implementation of the National Diaspora Strategy 2021–2025 and its Action Plan, IOM Albania has implemented the program "Engage the Albanian Diaspora to the Social and Economic Development of Albania". With funding from the Italian Ministry of Foreign Affairs and International Cooperation and operational involvement of the Italian Agency for Development Cooperation (AICS) in Albania, the programme has been supporting Albanian government institutions by applying different fellowship schemes and deploying human resources to support Albanian diaspora engagement institutions through the mobilisation of highly skilled diaspora professionals mainly in Italy, Belgium, the UK, France, Portugal, Switzerland, USA, Germany, Türkiye, and Canada.



Bosnia and Herzegovina

Bosnia and Herzegovina is a highly decentralised state, with a high degree of often unclear and overlapping competencies between institutions at different level of government (federal, entity, cantons, Brčko District). However, migration and diaspora policies mainly fall under the competence and authority of the federal institutions, with a specific body established at the entity level in the Republika Srpska, and a few diaspora institutions active at the municipal level in some municipalities

State institutions

The most relevant competencies in the field of diaspora policy are held by:

- The **Ministry of Human Rights and Refugees** with a focus on emigration and human right of migrants. In the Ministry, the **Department for Diaspora** develops and implements laws and policies in the field of emigration and cooperation with the Bosnian diaspora. Until recently, the Ministry had an exclusive jurisdiction over creating diaspora policies, in particular the collection and administration of status issues and information, as well as economic, educational, scientific and cultural cooperation. These tasks are now shared with the
- **Ministry of Foreign Affairs**, which is also tasked to actively cooperate with the Bosnian diaspora in respective countries through its network of embassies and consulates.
- Immigration, asylum, residence of foreigners and border management are governed by the **Ministry of Security**, which has specific sectors for immigration, asylum, foreigners, as well as its Border Police. As many diaspora members are naturalised citizens of Western European countries, who, due to the nationality legislation of their country of settlement, had to give up Bosnian nationality, this ministry is also administratively concerned with returning diaspora members.
- At the entity level, in the **Republika Srpska** recently a **Department for Diaspora** was introduced within the **Ministry for EU Integration and Regional Cooperation of the Republika Srpska**, which developed a diaspora policy program for the Republika Srpska and the Brčko District. In addition, the representative offices of the Republika Srpska, which, due to the specific status of the entity, represent the Republika Srpska abroad, - have been tasked with increasing their activities towards diaspora. According to the country research, implementation of diaspora related activities largely depends on the individual staff members of the representative offices.
- The **Ministry for Civil Affairs** is responsible for administrative tasks related to acquisition and loss of citizenship, issuance of travel documents to foreigners, and the keeping of the central database of Bosnia and Herzegovina citizens, including acquired nationality and renouncement of nationality by former citizens naturalised abroad. Its Sector for Labour, Employment, Social Security and Pensions is responsible for the preparation and making the proposals and draft bilateral agreements on the social security issues.
- The **Foreign Investment Promotion Agency (FIPA)** of Bosnia and Herzegovina is the most relevant State Agency for attracting and maximising the flow of foreign direct investment into Bosnia and Herzegovina. It is tasked to facilitate the interaction between public and private sectors, and to actively contribute to continually improving environment for business investment and economic development. So far, it has not been engaged into targeted diaspora investment programmes, but supports diaspora entrepreneurs like any other foreign investors.



- Finally, at lower levels of government, including **Sarajevo Canton** and a number of **municipalities**,¹⁷¹ cantonal or municipal **Offices for Diaspora** have been established, following a project for local cooperation and design of local policies related to migration and diaspora policies, in cooperation with UNDP.

According to the research findings in Bosnia and Herzegovina, the **limited mandate and the low number of staff of the Department of Diaspora** massively hinders the Ministry of Human Rights and Refugees to effectively respond to the different needs of the diaspora. Furthermore, the engagement of embassies in diaspora cooperation depends to a great extent on individual staff who, however, are sometimes ill-prepared to promote investment opportunities or act as channels for skills transfer.

Both government institutions and international organisations highlighted the **relevance of the local level for diaspora involvement**. This means that **local governments** can design and implement effective activities to attract diaspora; they can potentially reach diaspora members more effectively and diaspora members can be more easily attracted by initiatives that target their attachment to a specific town or city, rather than appealing to their national identity and patriotism. Moreover, **diaspora seems to have more trust in local governments** with whom they can have more regular communication, rather than “impersonal” national level institutions. Many municipalities have started to take independent initiatives and contact diaspora through online meetings, which has proven to be a very successful practice as more active communication and access to information is something that the diaspora needs. The municipalities of Lopare, Foča, Bihać, and Kakanj are often mentioned as the most successful municipalities that manage to attract a large number of diaspora investors to start businesses in their hometown. Given that these are smaller towns with relatively smaller diaspora, this reflects rather the high level of interest by diaspora members and municipal administrations.

Trade and Business organisations

Private sector businesses and their associations are important stakeholders for diaspora involvement in the country’s development. Private companies and their associations in the growing sectors like IT, tourism, clean and green energy or the metal industries are particularly important, as they often have been founded by diaspora actors. They are often active in advocating for changes with regard to business-related procedures and labour force development. For example, **Bit Alliance**,¹⁷² an association of leading companies in the IT sector, acted as a partner of IOM in conducting research and developing recommendations for policy reforms with regard to emigration of highly skilled professionals, including new legislation to attract digital nomads, reform of education to reduce skills mismatches, and more flexible immigration policies. These business organisations cooperate with a number of actors, i.a. also the **Foreign Trade Chamber of Commerce**, or the Business Chambers. While ready to cooperate, these chambers are not active independently in the field of diaspora business support.

As stressed by NGO representatives and migration scholars interviewed, several **transnational entrepreneurs** have established sister companies of their companies in their country of settlement in Bosnia and Herzegovina, which led to the creation of a large number of jobs and relevant impact on the development of the respective region. These initiatives were results of private initiative only and were implemented without any support from the government and the relevant diaspora institutions, and often had to overcome obstacles created by the government institutions, e.g. bureaucratic building regulations or lack of access to construction sites.

¹⁷¹ The actual number is changing, but the most recent mapping done as part of the ECONDIAS project in spring this year found out that there were 32 municipalities with offices for diaspora. Moreover, 20 municipalities have managed to create and adopt strategies for cooperation with the diaspora.

¹⁷² See: <https://bit-alliance.ba/>.



Diaspora organisations and civil society actors

Most of the CSOs active in diaspora matters in Bosnia and Herzegovina are not diaspora organisations but **local CSOs**, only some of them organised by former diaspora members. Diaspora organisation, with a few exceptions, are most often only active in their countries of settlement. Many of them, such as the **i-diaspora platform**, organise regular events in Bosnia and Herzegovina, and cooperate with other CSOs (e.g. Naša Naša Perspektiva, *STEM Youth Camp* or *Inquire* program) or with municipal administration (local meet-ups), whereas cooperation with an entity or national level institutions are almost non-existent. There are a number of CSO organisations in Bosnia and Herzegovina with a mission to support contribution of diaspora investments and other contributions to the economic and social development of Bosnia and Herzegovina. Two of the largest ones, **Naša Perspektiva** and **Restart**, were established by highly educated returnees with long experience abroad as active diaspora members. Among other activities, they offer advisory services to potential investors from the diaspora and organise events for diaspora investors in order to connect them and share positive stories. One such event highlighted during the research was organised by Naša Perspektiva in cooperation with the City of Prijedor, the Foreign Trade Chamber of Bosnia and Herzegovina, and the World Diaspora Association of Bosnia and Herzegovina. Another important CSO is the **Mozaik Foundation**, a local CSO which runs programmes and projects in the area of youth empowerment, particularly helping them to start new businesses and, funded by Switzerland, currently implements the online platform for the diaspora, where the necessary information on events and project investments can be found in one place. Another important group of NGOs are **research and academic organisations** and associations, which provide a channel for skills transfer by academic members of diaspora through research trainings and promotion programmes that involve mentors from the diaspora.

According to the research findings, most activities in the field stem from private actors and CSOs. Diaspora organisations are often underfunded and understaffed, and, as they tend to reflect the ethnic and religious divisions in Bosnia and Herzegovina, often organise their activities along these lines which significantly limits the potential and effectiveness of their work.

International organisations and foreign development agencies

The main international organisations and development agencies active as donors and implementers of relevant projects are **IOM, SDC, USAID, UNDP** and the **World Bank**. All of them have funded and/or implemented several diaspora-related projects (e.g. IOM: *Diaspora Mapping*; SDC: *Diaspora Strategy*; USAID: *Diaspora Invest*; UNDP: *Diaspora for Development*). USAID initiated and funded the **DiasporaInvest** project, a \$6.2 million project implemented by the Financial Market International, Inc. and two local NGOs (Naša Perspektiva and **Restart**), aiming at fostering economic contribution of Bosnian and Herzegovinian diaspora through the provision of incentives for diaspora investment by matching grants and technical assistance to investors. The SDC focuses its work in the country on supporting preparation for accession to the European Union and general post-war recovery. With regard to diaspora cooperation, it focuses on establishing projects in cooperation with migrant organisations for the purpose of supporting the socio-economic development of Bosnia and Herzegovina.

With regard to the key initiatives, it is worth mentioning projects aiming at utilising the development potential of Bosnian diaspora that two international development agencies, USAID and SDC, started in 2017. USAID is implementing a four-year “**Diaspora Invest**” project and UNDP implemented the “**Diaspora for Development**” project, which aimed to mobilizing diaspora’s support toward the country’s socio-economic development, including linking diaspora with public, non-government, and private economic sectors. The program involves all type of stakeholders mentioned above.



According to the research conducted in Bosnia and Herzegovina, the activities of international organisations and foreign development agencies have been instrumental in anchoring development related approaches in diaspora policies at the government level even if, at times, not well aligned with the diaspora policy of the government due to its limited influence on the actual focus of IOs projects.

Kosovo¹

State institutions

Kosovo¹ was one of the first countries in the region to establish a separate ministry for diaspora back in 2011. The ministry was modified from the initial name, i.e. Ministry of Diaspora, to the Ministry of Diaspora and Strategic Investments in 2017. As the name itself shows, it was meant to give more focus to economic engagement when it comes to the relations with diaspora. In 2021, the Ministry of Diaspora and Strategic Investments was merged with the Ministry of Foreign Affairs. Today, the framework for diaspora policy making in Kosovo¹ consists of the following institutions:

- The **Ministry of Foreign Affairs and Diaspora** is the main responsible government body when it comes to diaspora engagement. The Ministry is currently drafting a new law and a new strategy on diaspora and migration, which might lead to further organisational changes, not yet reflected here. Diaspora engagement in Kosovo¹ is being treated as cross-sectoral policy issue, and several other ministries are involved in policy making.
- The **Ministry of Finance**, which merged with the former Ministry of Labour and Social Welfare in 2021, has a central role in engaging and mobilising diaspora financial resources. One example is the establishment of the so-called 'Diaspora Bonds' in 2021. Diaspora Bonds are state-guaranteed securities, regulated through the Law on Public Debt, which prioritises debt repayment over all other government expenditures.
- The **Ministry of Trade, Industry and Entrepreneurship** with its **Kosovo Investment and Enterprise Support Agency** is the main actor with regard to foreign investment. The agency has the mandate to promote and support investments, export, tourism, SMEs, and Special Economic Zones in Kosovo¹. It is actively facilitating market linkages between Kosovo¹ producers and diaspora buyers, investors and businesses by organising business fairs, and subsidises the participation of Kosovo¹ companies in international fairs and diaspora business meetings. The agency is the most important stakeholder when it comes to investment promotion and support for SMEs in the country. It is also a key stakeholder when it comes to diaspora economic engagement, as it is one of the key governmental bodies for foreign investments, including those from diaspora. It has therefore worked with Kosovar diaspora networks to inform them on both investment and export promotion opportunities from Kosovo¹.
- Furthermore, the **Ministry of Education, Science and Technology** provides support for diaspora members with the aim of preserving identity (culture, linguistics). It aims to support the supplementary education of the Albanian language among the diaspora by supporting teachers and students with necessary teaching materials.

Trade and Business organisations

Business-related organisations have been very active in connecting and engaging with diaspora and local businesses in the past few years in Kosovo¹. Their activities have focused on the advantages of some sectors such as wood processing, food and beverages production, and ICT in Kosovo¹ offer to diaspora businesses and professionals, which has led to the diaspora business community being concentrated in these sectors. Hence, the linkages between diaspora and local business facilitated by business associations have been growing lately



in these sectors. For instance, the exports from the wood sector in 2021 doubled in comparison with 2020. Sectoral associations of local producers in Kosovo¹ see diaspora as a means of accessing foreign markets and as great potential buyers, and thus have increased engagement in this field. Some of the most active economic sectoral associations are the “**Wood Processors’ Association**”, the **Food Processors Association “PEPEKO”** and the “**Kosovo Association of Information and Communication Technology**”.

In addition, relevant stakeholders also include local chambers of commerce and associations that connect the local economy with that of foreign countries with a high diaspora concentration. An example is the **German-Kosovar Chamber of Commerce** in Kosovo¹, which was established in 2012 with the support of the German Embassy in Kosovo¹ and 39 Kosovar companies. It is a membership-based chamber, with currently 151 businesses under its umbrella that works to represent and protect the interests of the German economy in Kosovo¹ and of Kosovar companies operating in Germany. Its main diaspora partners in Germany are the **Union of Albanian-German Businesses**, and the **BESA Foundation**. The Union is the largest Kosovar diaspora business association in Germany, founded in 2013 with membership across the whole country. The BESA foundation gathers Kosovar diaspora businesses and philanthropists around the Bavaria region. While focused on humanitarian aid in Kosovo¹, it has recently started a project supporting the implementation of a vocational education programme akin to the apprenticeship training in Germany conducted with the public institutions of Kosovo¹.

Similar to the German-Kosovar Chamber of Commerce, the **Swiss-Kosovar Chamber of Commerce** works to promote and protect the economic interests of the Swiss Confederation in Kosovo¹, as well as to promote the economic interests of Kosovo¹ in the Swiss Confederation. Founded in May 2021 by 38 independent Swiss-Kosovar venture businesses, in 2022 it organised the first and largest conference on business process outsourcing in Kosovo¹.

The **Albanian Diaspora Business Network**, which is supported by the Albanian government, has the mission to empower the Albanian economy in global markets, including Albanian-inhabited areas like Kosovo¹. To date, 25 diaspora business networks have been established in countries around the world.

Diaspora organisations and civil society actors

Kosovo¹ diaspora organisations abroad are mainly focused on cultural activities. There have been only a few activities related to diaspora professionals and networks, but with no concrete results. However, there are some **hometown associations** that have been contributing to the country of origin by mobilising collective remittances, such as supporting the building of houses for the homeless or elderly, or small infrastructure projects. Such cases can be found in the **municipalities of Viti/Vitina, Suhareka/Suva Reka and Kamenica**. Most of these initiatives are not sustainable, since they tend to function ad hoc without any proper planning or follow-up.

The NGO **Germin** is an organisation lobbying for the diaspora’s right to vote in the country of origin and their political, civil and economic rights. Since its establishment in 2011, Germin which uses technology and virtual channels to connect and engage the diaspora in advancing the development and democratisation of their home country and has been serving as an exchange platform for diaspora and the country of origin, facilitating the diaspora’s engagement in Kosovo¹ to play a proactive role in the social-political and economic developments.

International organisations and foreign development agencies

International organisations and donor agencies such as **IOM** and **GIZ** have also supported institutional efforts to increase the diaspora’s engagement with Kosovo¹ by providing technical support to help the Ministry of Foreign Affairs and Diaspora and other relevant institutions to gather information on diaspora organisations and experts and to develop proper strategies to reach out to them. In addition, **USAID** has been recently engaged with diaspora and is including it as a valuable resource (both human and financial) for many of its projects, by either collecting financial support or recruiting diaspora experts as project staff and/or advisers



Another example is the **DEED** project, supported by **IOM** and **UNDP**, which sought strategies to promote the use of formal channels for remittance transfers, and at the same time hold financial literacy trainings in order to educate women and men to better manage their finances and dedicate parts of their budget to savings and investments. The DEED project aimed to stimulate a strong private sector in Kosovo¹ by providing migrants and the diaspora with the most appropriate, viable, and sustainable instruments for utilising their financial and technical assets in job creation.

Montenegro

State institutions

In Montenegro, an elaborate network of institutions with a mandate to collaborate with the diaspora exists.

- The **Ministry of Foreign Affairs** is responsible for the organisation of the cooperation with emigrants and their organisations, which should be implemented through diplomatic and consular representative offices abroad.
- In this Ministry, the main institution in charge of cooperation with emigrants is the **Department for Diaspora and Emigrants**. The Department is divided into four sub-units:
 - Unit for the Protection of the Rights and Status of Diaspora and Identity Issue,
 - Unit for Monitoring the Situation and Cooperation with the Diaspora
 - Unit for Electronic Registers
 - Information, Research, Legal and Financial Unit.
- The Government has also set up the **Council for Cooperation with the Diaspora**, an advisory body with approx. 80 members, including government officials and some 40 representatives of diaspora organisations. The representatives of the diaspora are composed of one to three representatives of the diaspora in selected countries of residence of Montenegrin emigrants. Apart from representatives of the state and representatives of the diaspora, there are up to 15 additional members selected as “distinguished personalities”. The research findings from Montenegro found, that this body was supposed to facilitate diaspora’s interests, but has proven to be too large and inefficient.

Apart from those state bodies, which belong to the executive branch of the government, there also exists a **Parliamentary Board for International Relations and the Diaspora** as a forum of exchange between the different parties in parliament.

Trade and Business organisations

One of the recently established organisations relevant for diaspora cooperation is the **Business Forum**, organised by the Department for Diaspora and Emigrants, which intends to bring together business owners of Montenegrin origin living abroad and representatives of Montenegrin institutions and businesses in order to stimulate interaction and networking.

The **Chamber of Commerce of Montenegro** is active in facilitating economic activity with diaspora organisations. Apart from organising promotional events with diaspora business actors, they issue relevant publications informing potential diaspora investors about investment opportunities, requirements, procedures etc. The **National Tourist Office** does not have diaspora tailored activities, but includes representatives of diaspora and their organisations whenever there is an event to promote Montenegrin tourism abroad. This makes them an important potential bridge between diaspora and tourism-oriented business sector in Montenegro.



Diaspora organisations and civil society actors

The research shows that in Montenegro, **diaspora organisations are not particularly relevant for facilitating economic cooperation**. Their activities focus on humanitarian aid, and activity levels change over the years. Many rely partly on the Department for Diaspora and Emigrants for funding. Most of the funds provided by the Department are used for organising meetings with cultural and artistic content. According to the report, in 2019, the Department funded 56 projects with EUR 99,000, however, none had economic cooperation as a topic.

Moreover, it is unclear how active diaspora organisations are in the field: of the 70 mapped for the report, 20 organisations do not have any contact details such as a phone number, web site or email address. In several instances, the same person is registered as the contact for more than one organisation.

International organisations and foreign development agencies

At the time of implementing the research in Montenegro no activities of international organisations and/or foreign national development agencies with regard to diaspora engagement were highlighted.

North Macedonia

State institutions

The main state institutions for diaspora policy making in North Macedonia are:

- The **Ministry without Portfolio in Charge of Diaspora Affairs** is the most relevant institution, which is also in charge of the implementation of the National Strategy for Cooperation with the Diaspora. It is focusing on diaspora policy development, the cooperation with diaspora organisations abroad and support for their activities. Most activities are carried out in cooperation with the **Agency for Emigration of the Republic of North Macedonia (Emigration Agency)**, an independent state agency established by Law.
- The **Ministry of Economy** focuses on awareness raising with regard to diaspora investment and the promotion of export of products from North Macedonia to countries with the largest diaspora. In doing so, it cooperates with the investment agency "**Invest North Macedonia**", an independent state agency responsible for attracting foreign investment. In the ministry, the **Directorate for Technological Industrial Zones of the Ministry of Economy** is responsible for investment in dedicated industrial zones; investment support outside of these zones is administered by the investment agency.
- The **Ministry of Foreign Affairs** supports diaspora economic engagement by sending four specialised diplomats with the target to improve diaspora relations to the North Macedonian embassies and consulates in countries with a high percentage of North Macedonian emigrants. Their main task is the organisation of meetings with diaspora representatives in order to inform them about investment opportunities.

At the administrative level, there are two main state agencies implementing policy programmes and projects:

- The Emigration Agency is the main institution reaching out to expatriates and informing them about the conditions, laws, criteria and investment opportunities when returning to North Macedonia, and is also responsible for the care of the legal rights of emigrants, support for cultural activities of diaspora organisation, and communication and assistance in reintegration. It does not have a direct role in the investment of diaspora members in North Macedonia, but links them with the institutions that are directly responsible for this issue. The Emigration Agency cooperates with the NGO "**Macedonia 2025**" and with relevant ministries for the implementation of joint projects, business forums, conferences and other issues related to encouraging diaspora to invest in North Macedonia, but the main focus of funding is support for cultural activities.



- The Investment Agency “**Invest North Macedonia**”, which was founded in 2005, encourages and supports new foreign direct investments in the country, establishes and enhances business cooperation with local suppliers and promotes the export potential of local companies to foreign markets. When organising promotion events abroad, the agency usually cooperates with diaspora organisations active in the respective countries. “Invest North Macedonia” also administers the provision of financial support for investments outside the technological industrial development zones.
- North Macedonia has also implemented a **targeted support programme for diaspora investors** administered by the Investment Agency: For productive initial investments of business entities established by citizens of North Macedonia who have or had a permanent or temporary residence abroad for a period of at least five years until the day of application, the amount of financial support is increased by 15% of the justified investment costs, up to EUR 1,000,000 annually.

In order to better involve local authorities in diaspora support, it is planned to establish **Diaspora Centres in the municipalities** in North Macedonia to address the needs of diaspora and inform diaspora on investment opportunities in their place of birth. Their implementation is pending.

Trade and Business organisations

Among the business organisations involved in diaspora cooperation, the **North Macedonian Chamber of Commerce** and its regional sections is the most important actor. The Chamber is a partner with other chambers of commerce from other countries and has organised several business-to-business meetings including businesses owned by diaspora members. The Chamber has cooperated with the “USAID for Business Ecosystem” project, which included an activity to connect diaspora organisations with the chamber and the business community in North Macedonia. In June 2022, the first Italian – Macedonian Chamber of Commerce **API NORDES** was initiated by a few diaspora entrepreneurs. This initiative, which held a widely attended business forum in Treviso in June 2022, is expected to intensify cooperation between North Macedonia and Italy, including the country’s diaspora in Italy.

Switzerland domiciled entrepreneurs/enterprises are served by the Swiss Embassy and the **North Macedonian-Swiss Business Club** which was established with the support of the Embassy of Switzerland in Skopje and the Macedonian Chambers of Commerce. The activities of the Swiss Business Club strive to improve the economic cooperation between both countries, support investors and promote trade between the countries.

Diaspora organisations and civil society actors

The database of the Emigration Agency of the Republic of North Macedonia shows that the diaspora in 2018 was organized into more than 700 different organisations worldwide, the vast majority of them active in the field of culture and education. The landscape of the diaspora organisations is characterised by divisions along ethnic, political and religious cleavages, leading to a lack of cooperation among them.

The organisation “**Macedonia2025**”, an international, independent, non-political ‘think & do’ tank founded in 2007 by Macedonian expatriates with an office in Skopje, is the most relevant diaspora network with regard to economic cooperation. The mission of “Macedonia2025” is to shape Macedonia’s future by promoting sustainable economic growth that will improve opportunities for citizens, companies, and foreign investors. “Macedonia2025” focuses its work on cooperation with businesses in North Macedonia, as well as leadership development and capacity building with the goal to include the diaspora in all of their programmes and to use their knowledge and business contacts to foster development of the country. “Macedonia2025” has cooperated with “**United Macedonia Diaspora**”, a network of diaspora organisations, in a programme aiming at bringing young diaspora graduates to North Macedonia in order to undertake internships in companies in North Macedonia. Other cooperative projects concerned multidisciplinary research with the UKIM university (Ss. Cyril



and Methodius University of Skopje), focused on the academic diaspora. There also has been a cooperation project implemented with a Serbian diaspora organisation, ANA DIVAC.

International organisations and foreign development agencies

IOM has contributed to the formulation of the national strategy for cooperation with diaspora and the action plan 2019-2023, in particular the development of the Diaspora Mapping Toolkit. This toolkit includes methodologies on mapping the diaspora in different contexts, which is to serve as a guidance tool for policymakers in North Macedonia in the diaspora mapping process.

The **Swiss Embassy** provides support to Switzerland domiciled entrepreneurs and enterprises active in North Macedonia via the instruments of commercial diplomacy and export promotion. Respective cooperation was fostered by linking the two countries through the migration partnership agreed in November 2022 and creates a framework for all aspects of migration cooperation between Switzerland and North Macedonia including cooperation in the field of migration and economic development. The Swiss Embassy was also central to the foundation of the North Macedonian–Swiss Business Club mentioned above.

Serbia

State institutions

For Serbia, central, provincial, and local level authorities have been engaged in collaborating with the diaspora. Additionally, regional development agencies with a mandate of improvement of the regional development are involved in dealing with diaspora engagement issues.

At the national level, there are mainly two ministries responsible for diaspora engagement.

- The **Ministry of Foreign Affairs** collaborates with the diaspora primarily through its **Office for Cooperation with Diaspora and Serbs in the Region**¹⁷³. The ministry is in charge of linking foreign relations with diaspora policies and is politically responsible for diaspora policy making abroad. The Office for Cooperation with Diaspora and Serbs in the Region holds intense contact with Serbian diaspora organisations abroad. Its priorities are on the cultural side, including teaching of the Serbian language and organisation and support of cultural and artistic events, as well as solving administrative issues related to diaspora cooperation. In general, the role of the Ministry of Foreign Affairs in diaspora collaboration mainly refers to facilitating partnerships. Its policy perspective is mainly external, given that most of the activities are realised abroad or conducted in cooperation with institutions active outside the Republic of Serbia. However, it also provides grants for projects implemented by organisations from Serbia and diaspora aimed at strengthening ties between diaspora and the Serbian society. Currently, the Office provides small grants to be used for the organisation of the cultural events: under the last call in April 2022, 141 such projects were selected, with an average value of EUR 2,500.

In addition to the Office, although with a broader focus, the second channel of establishing and maintaining economic ties with diaspora is pursued through the **Sector for Economic Diplomacy of the Ministry of Foreign Affairs**. The main areas of activity of this institution are fostering cooperation with international economic organisations, investment promotion and foreign direct investments.

- The **Ministry of Labour, Employment, Veteran and Social Affairs** represents another important actor at the national level, primarily engaged in migration management issues. On the basis of the Economic Migration Strategy (2021-2027), the priority of the Ministry refers to monitoring and analysing the potential effects of migration trends as well as designing interventions that could improve outcomes on the local labour market. However, it is also engaged in strengthening cooperation between the Serbian

¹⁷³ The term is used to address the Serbs living in the successor states of the Republics of the former Yugoslavia.



diaspora and Serbia, particularly in terms of supporting return and intensifying transnational entrepreneurship. With the recent adoption of the Strategy and the establishment of the **Coordination Body for Monitoring Flows in the Area of Economic Migration**, the ministry became increasingly important. The main motivation for dealing with diaspora refers to stimulating the return of the highly educated workforce in order to stimulate knowledge transfers and reduce existing gaps within the labour market.

- In addition to the ministries, the **Office of the Prime Minister** has also shown interest in diaspora economic engagement. Recognising that the existing system for cooperation with diaspora is not sufficient, the Cabinet of the Prime Minister provided symbolic support to civil society initiatives funded the international donors in order to detect specific barriers for diaspora in terms of investing or returning to Serbia.
- **Regional development agencies** act as local business support institutions. Although cooperation with the diaspora is not a specific part of their mandate, they also engaged in providing support to investors from the diaspora. The most active role is played by development agencies from those regions which are characterised by strong emigration trends in the eastern parts of the country and which have played an important enabling and catalytic role in attracting diaspora investments from diaspora. Previous activities of the regional development agencies brought important systemic changes in creating supporting the environment for diaspora economic engagement. Within the project LinkUp! Serbia II, funded by the Austrian Development Cooperation and implemented by ICMPD, several **Regional Development Agencies (RDAs)**¹⁷⁴ increased their work with diaspora, recognising diaspora's potential for development of Serbia and especially those regions with high emigration. The project supported RDAs in i.a. developing guidelines for municipalities on how to establish institutional mechanisms to cooperate with diaspora, drafting a methodological framework for the assessment of local economic potentials to support greater diaspora engagement, mapping of diaspora, providing technical assistance to municipalities to develop and promote successful investment opportunities and local potentials, etc.
- Aiming to attract foreign investments and improve local economic development perspectives, several **municipalities** have also shown interest in establishing frequent communication with diaspora. Rough estimates indicate that in some areas every second or third household has family members in diaspora. **Local Offices for Diaspora** have been established in 14 out of 168 local self-government units, mainly in cities with large emigration and willingness to conduct long-term collaboration with diaspora organisations. Even though these local offices do exist, in practice, according to the Serbian country study, local government bodies establish cooperation with the diaspora in a rather ad hoc manner.

Trade and Business organisations

The **Chamber of Commerce and Industry of the Republic of Serbia** represents the most powerful business associations in Serbia as the membership is mandatory and all business entities in Serbia become members as of their day of registration. The Chamber of Commerce and Industry has thus a very developed network of businesses, grouped under 18 sectoral and 16 regional chambers of commerce. For the purpose of collaboration with business diaspora, the chamber has established the **Business Council for Diaspora**, which gathers 47 Serbian businesspersons from abroad and 21 representatives of Serbian institutions. Their main task is to foster collaboration among Serbian businesspersons abroad and to boost foreign investments in Serbian economy. In order to enable digital networking, the Chamber has also initiated a digital Business Atlas as a platform aiming to encourage interactions among entrepreneurs from the diaspora and in Serbia.

¹⁷⁴ RARIS - Regional Agency for Development of Eastern Serbia; REDASP - Regional Economic Development Agency for Šumadija and Pomoravlje; RDA BP - Regional Development Agency Braničevo and Podunavlje; CRJP - Centre for Regional Development of Jablanica and Pčinja Districts; RDA South covering the region of Southern Serbia.



Another important resource of the chamber are its **representative offices in nine countries worldwide**, out of which Austria and Germany are the two with the highest estimated diaspora population. They play a very active role in facilitating communication between enterprises in Serbia and diaspora business representatives, particularly through the organisation of different events and gatherings providing businesses with the opportunity to meet, share ideas and discuss business collaboration perspectives.

According to the experience of the Chamber of Commerce, events with diaspora entrepreneurs are more effective and successful when organised as thematic gathering of the business representatives in targeted sectors (ICT, tourism, green energy, etc.), than when targeting the business community as such.

In addition, a number of smaller and sector-focused business organisations do exist, e.g. in the IT sector, where the **NICAT cluster**, a business association of 25 companies in the ICT industry, is an example of collaboration between business support institutions in Serbia, scientific institutions and local entrepreneurs, with a developed network of international business ambassadors. **NALED**, a business association engaged in providing policy inputs for reforms based on practical experience of the business sector, has also shown interest to engage in support of diaspora engagement. **Tesla Nation**, a community of tech entrepreneurs, gathers ICT professionals, mainly from the US. Additionally, there are also national (e.g. **Italian Confindustria Serbia**) and regional (e.g. **Nordic Business Alliance**) business associations of foreign companies, present in the Serbian market.

Diaspora organisations and civil society actors

According to the research in Serbia, the diverse group of diaspora organisations have not been very active in promoting or facilitating economic engagement, but focus more on bringing the diaspora together by organisation events with a cultural dimension. Most of the organisations are structured on the basis of ethnic, political or religious affiliation which entrepreneurs and business persons assess antithetical to the spirit of entrepreneurship and therefore do rather not engage in these kind of activities.

At the same time, representatives also reported that diaspora organisations had the impression of being seen mainly as sources of capital rather than development partners by state institutions. Furthermore, over the past decade, both civil society organisations and the research community have sought to stimulate diaspora participation in local economic development. The organisation **Returning Point** serves as an example. Active in supporting diaspora engagement, return of emigrants and supporting local policy makers, it has reached out to numerous diaspora representatives and circular migrants over the last five years. In cooperation with other actors, it has, solved issues around nostrification, promoted tax redemptions for the employment of returnees, and facilitated credit approval for diaspora willing to purchase real estate in Serbia, among other aspects. Through frequent communication with policy makers, the organisation is well placed to signal specific issues and suggestion for improvements to the relevant political actors.

International organisations and foreign development agencies

There are several international organisations (**UNDP, ICMPD, IOM, GIZ, SDC**) actively supporting projects in the field of diaspora and migration issues. According to the research in Serbian international organisations provide an important systemic incentive in strengthening diaspora engagement support and developing the institutional capacities and practices.

International organisations such as GIZ and UNDP have also helped to develop capacities at the municipality level or supported business collaboration through events organisation or development of digital platforms (ICMPD). As these organisations are neutral vis-à-vis local political interests and priorities, their presence has often been considered as a moderating factor. However, since activities sometimes overlapped, also a certain lack of coordination among donors or implementers in terms of contacting stakeholders or presenting achieved contributions could be noticed.



6.2. Key findings: Western Balkans stakeholders

6.2.1. State institutions

In **all six Western Balkan countries**, institutions responsible for cooperation with diaspora associations and diaspora business abroad have been established at the state government level. In all six countries, diaspora policy making is regarded as a cross-cutting issue, thus also other ministries are involved into policy development and implementation. These ministries usually are the Ministry of Foreign Affairs, the Ministry of the Interior, and the respective ministries for economic development, trade and finance. The tasks of the Ministry of the Interior are usually limited to border management, governance and administration of immigration and residence, and asylum. Only in Albania the Ministry of the Interior is also responsible for the civil status directory including data collection on emigrants and diaspora.

In all countries except for **Bosnia and Herzegovina**, the ministries for trade and economy and/or the ministries of finance hold the political responsibility for the economic cooperation with the diaspora, including diaspora investments. This inter-ministerial set-up reflects the traditional dichotomy of migration policies as a matter of security as well as of trade and economy. As compared to Western European states, where there are no specific units focus on the resident diasporas, the presence of dedicated diaspora institutions highlights a stronger interest in the origin countries.

In most Western Balkan countries, the implementation and administration of diaspora policies and diaspora strategies have been handed over to specialised agencies under control of the relevant ministries. **Two different models of institutionalisation can be discerned the “agency model” and the “ministerial model”:**

- In Albania, Montenegro and North Macedonia, dedicated Diaspora Agencies have been set up as separate and independent government units, while
- In Bosnia and Herzegovina, Kosovo¹ and Serbia, dedicated departments of the ministries responsible for diaspora policies hold the responsibility for policy implementation.

The “agency model” usually includes the responsibility to foster economic cooperation with diaspora, while in the “ministerial model” these issues are handled by the respective ministries of trade and economy or specialised units under their control.

In four of the six countries, **investment agencies** focusing on attracting foreign direct investment and trade cooperation do exist. Their involvement into diaspora policies varies considerably. In Albania, a dedicated Albanian Diaspora Development Fund administered by the Albania Investment Development Agency and the National Diaspora Agency was established in order to attract and support diaspora investment. In Kosovo¹, the national investment agency KIESA supports foreign companies in investing in Kosovo¹, but has no dedicated diaspora investment support programme. In Serbia, direct support to diaspora companies is mainly supplied by regional development agencies. In North Macedonia, the Investment Agency has established a dedicated diaspora investment programme.

The **regional and the local government level** are considered relevant stakeholders for Bosnia and Herzegovina, North Macedonia and Serbia. The research in the respective countries shows that, diaspora members have more trust in local than national governments, and prefer to cooperate with regional or municipal governments from the region they originate than with state institutions. Nevertheless, also local investments are sometimes hindered or delayed due to extremely complex bureaucratic procedures on these levels of governance. While the comparably high level of institutionalisation is an indicator for a robust organisational anchoring of diaspora issues in the political-administrative systems of the six Western Balkan countries, their efficiency is questioned in the national research results. Main aspects mentioned are a lack of funding and staff, corruption, political instability, a highly politicised administration and short-lived governments leading to exchange of personnel after



elections, and a lack of coordination among the ministries involved into diaspora policy making. According to the country level research findings, diaspora policy making often focuses too strongly on cultural aspects and widely ignores the economic potential of the diaspora. Staff responsible for diaspora issues often do not have business training and lack connections to the respective business environment.

6.2.2. Trade and Business organisations

Business organisations, like sectoral associations or chambers of commerce, have been described as highly relevant actors in all countries and have taken a role in the promotion of diaspora business cooperation. In general, five different types of organisations can be discerned:

- **Traditional business organisations**
 - i. Chambers of Commerce,
 - ii. Sector associations linking entrepreneurs and business actors engaged in specific sectors of business,
 - iii. Bilateral business organisations or chambers of commerce linking business actors of two countries
- **Diaspora-focused organisations**
 - iv. Sector associations linking diaspora members active in specific sectors of business, and
 - v. Diaspora business organisations linking all business actors with a diaspora background.

Among the traditional business organisations, the **national or regional chambers of commerce** have been described as the most relevant actors. Chambers of commerce are usually organised both by economic sectors and regions. Depending on the density of membership, they are the most influential actors in the economy and business world who can influence policy-making.

Sectoral associations, like e.g. the “Bit Alliances” linking leading IT companies in Bosnia and Herzegovina or “Tesla Nation”, a community of Tech entrepreneurs in Serbia, focus their work on linking business actors, including those with a diaspora background, and supporting the growth and development of the sector. They are not diaspora-focused, but also support diaspora entrepreneurs, and have also been regarded as highly relevant. The research in Serbia suggests that **sectoral associations seem to be more effective than associations that engage diaspora business actors across sectors**, as they can offer specific support and information relevant to entrepreneurs active in a particular sector.

A number of **bilateral “chambers of commerce”** – business organisations fostering cooperation between a country of origin and a settlement country, e.g. the Italo-Albanian Chamber of Commerce, have been highlighted as relevant supporters of diaspora business engagement. They usually connect business actors in one of the WB countries with business actors in a country with a large diaspora presence and support cross-border economic cooperation. The results of these activities are however assessed differently for the respective countries. While the efficiency and effectiveness of these organisations obviously differ, they are nevertheless considered relevant to reach out to diaspora entrepreneurs.

6.2.3. Diaspora organisations and civil society actors

Diaspora organisations in the settlement countries and civil society actors were critically discussed in most Western Balkans research contexts. While in all selected settlement countries a high number of diaspora organisations of emigrants from the Western Balkans was reported, they are described as **highly fragmented according to ethnic, religious and political cleavages in the countries of origin and between the countries of**



origin. Thus, organisations from the same country often would not want to cooperate, and there would be only limited cooperation of diaspora organisations from the Western Balkan countries in the same country of settlement. Moreover, as diaspora organisations often lack stable funding and infrastructure, they face difficulties in acting as a reliable partner for long-term cooperation. Furthermore, the activities of diaspora organisations often focus on cultural issues, traditions, folklore and humanitarian aid, but not include business relations. **Connections to the business community are often limited** and the business-relevant competence among the respective members is often low, making them not very helpful as platforms for connecting with other diaspora business actors. Due to the **high politicisation of diaspora organisations**, entrepreneurs are often reluctant to engage with diaspora organisation, as they might be seen as belonging to a specific ethnic, political or religious camp, which, however, could be counterproductive for business. Young and well – trained diaspora business actors in particular would therefore shy away from cooperating with the traditional diaspora organisations. On the other hand, the focus on culture and identity aspects is often supported by the governments of the Western Balkan countries, which have often not yet fully recognised the economic potential that the diaspora could mobilise, and see it mainly as source for capital and tax revenues.

6.2.4. International organisations and foreign development agencies

International organisations such as **IOM, UNDP, ICMPD and the World Bank** have been reported to be highly relevant donors and supporters in the field of diaspora economic cooperation. In the same vein, **the German GIZ, the Swiss SDC, the Swedish SIDA and USAID** have supported projects and programmes that foster diaspora economic engagement in the country of origin. The research in the selected countries shows, that these actors have also been very important in promoting development-oriented thinking about the diaspora in the respective governments, and have in several cases provided the impetus for an economically oriented diaspora policy in the country. Overall, a lack of coordination between the IOs and the foreign development agencies as well as between them and the respective governments, would limit the effectiveness and impact of their activities.

6.2.5. Obstacles to stakeholder involvement

The main obstacles to stakeholder involvement highlighted in the country research can be grouped as follows:

The main obstacles to stakeholder involvement highlighted in the context of the countries under study can be grouped as follows:

State-related

- **Lack of knowledge and data about the diaspora and diaspora entrepreneurs:** The lack of data about the sociodemographic composition of the diaspora and the lack of data about diaspora entrepreneurship hinder the development of targeted diaspora policies. Governments of Western Balkan states sometimes wrongly assume that all emigrants are interested in upholding relevant contacts with the country of origin and thus do not target their activities accordingly.
- **Lack of coordination among institutions for the diaspora:** The diaspora institutions established at different government levels are supportive but often do not cooperate well amongst each other and do not follow a common vision. Turf wars between institutions have also prevented effective implementation of programmes.
- **Lack of or missing information on investment opportunities:** Diaspora institutions often lack information on investment opportunities and/or do not have competent staff on the subject.
- **Corruption and informality:** Corruption at various administrative levels and informal decision-making procedures discourage diaspora investors and hinder diaspora investments.



- **Political instability and frequent staff turnover:** Frequent elections lead to frequent changes of leading staff in diaspora institutions, which negatively impacts on programme and project implementation. Staff often seem to be selected on the basis of political affiliation rather than professional competence.
- **Politicisation of diaspora policies:** Due to the high level of politicisation of diaspora policies, not all Western Balkan countries offer a welcoming atmosphere and environment to all diaspora groups, but may only support groups close to the government.
- **Strong focus on cultural and identity-related aspects:** Diaspora support still often focuses on cultural and identity-related issues, while business cooperation and economic aspects do not receive sufficient attention. Although the importance of business associations for diaspora investment is increasingly recognised, funding for business organisations and business-related events is still insufficient.
- **Overly complex bureaucracy, ineffective administration and legal enforcement procedures:** Complex bureaucratic regulations, inefficient administration and legal enforcement procedures hinder diaspora investments, including at the local level.

Diaspora related

- **Diasporas, not a single diaspora:** Due to the long history of emigration from the Western Balkans and the region's conflict-ridden history, internal divisions among the emigrants from the Western Balkan countries based on ethnic, religious and political cleavages in the country of origin largely prevent cooperation and joint action.
- **Lack of knowledge about diaspora entrepreneurs and investors:** Due to the high levels of fragmentation and politicisation, there is a lack of knowledge about diaspora entrepreneurs and investors also among the diaspora business organisations.
- **High degree of politicisation:** Diaspora associations are often highly politicised and often clearly associated with the government or opposition parties. Due to the high degree of politicisation, business actors often shy away from cooperation, as they do not want to be associated with any political camp.
- **Low level of professionalism:** Diaspora organisations usually are not well funded and do not have professional staff, thus their activities often are developed in an ad hoc manner and are not sustainable. The leading functionaries are often of retirement age and have only limited knowledge about the business world.
- **Too strong focus on culture among diaspora organisations.** Many diaspora organisations focus their work on culture and identity issues and do not have good connections to the business world. They often lack business competence and do not understand the importance of diaspora business for the development of the country of origin. This cultural focus is supported by the preference given to cultural issues by the governments of the countries of origin.

Other

- **Lack of professionally qualified workers:** In several countries, the lack of vocationally qualified workers is mentioned as a barrier to diaspora investment. Vocational training systems in the WB countries would benefit from further development, especially in terms of aligning with the demands of diaspora entrepreneurs, and establishing matching platforms.
- **High costs of financial transfers:** Financial transfers between businesses in the countries of settlement and the businesses in the country origin are costly, and the calculation of costs is often not transparent. Reliable financial service providers are often lacking.



- **Lack of visa waiver agreements:** In the absence of visa waiver agreements between the EU countries and Kosovo¹. Kosovar partners of diaspora investors in particular face travel restrictions, which is a disincentive for investment.
- **Unstable energy supply:** In Kosovo¹ the unstable supply of electrical energy hinders diaspora investments.

6.3. Stakeholders and cooperation on EU level and in settlement countries

The following chapter is divided into two parts. Part one describes and analyses the view of EU delegations and EU institutions on diaspora involvement in the Western Balkan countries. As the fieldwork has shown, EU delegations do not implement concrete diaspora-related programmes and projects, thus the interviews with stakeholders mainly discussed their view of the potential and the risks of the development of a dedicated EU diaspora policy in the Western Balkans. The second part of the chapter is based entirely on the research in the selected countries conducted by local researchers. It describes and discusses the contribution of the main stakeholders in the selected settlement countries, their activities and experiences and the challenges faced in the field of diaspora economic cooperation in the Western Balkans.

6.3.1. The view of EU institutions

In order to gain an insight on the concrete experiences with programmes aiming at fostering economic diaspora involvement in the Western Balkans, nine expert interviews with experts from the EU Delegations in the Western Balkan countries, as well as the country desks at DG Near, EEAS and the European Investment Bank were conducted. While experts expressed great interest in the topic, no specific activities or projects to involve and engage the diaspora in the Western Balkans were identified as being initiated, funded, implemented, or supported by the European Commission. Apart from sharing their experiences, many interviewees expressed their interest in the findings of this study to gain insights into how to possibly develop projects or programmes in this area of work. Due to this situation on the ground, which did not allow the researchers to obtain information on experiences with and results of diaspora programmes or projects, the interviews were reoriented to focus on the potential impact of diaspora involvement, the challenges perceived by the experts, and their suggestions for support instruments. The following sections summarise the main results of these interviews, highlighting potential areas of activity and suggesting ways to take action.

Western Balkan diasporas and the role of diaspora policies in EU accession

The main aim of enlargement policies, according to interview partners, is to **bring legislation in line with EU rules according to the accession procedure**. In economic terms, the economies of the Western Balkan states should be strengthened in order to be able to fulfil the Copenhagen Criteria as a condition for accession to the EU. In institutional terms, the main cooperation partners of the EU delegations are the governments of the Western Balkan countries, while other actors only play a limited role. Compared to the EU Delegations in the Global South, the EU Delegations in the Western Balkans would thus **not be tasked with implementing development cooperation programmes and projects**, but with enlargement, and would therefore mainly focus on cooperation with the governments in this field.



Diaspora entrepreneurship and diaspora organisations

As with diaspora investments, experts reported lacking data on diaspora entrepreneurship in all Western Balkan countries. Data on enterprises are collected based on nationality, and access to start-up funding and business support measures depend on the existence of a registered company in the respective Western Balkan country. It was highlighted that some Western Balkan states also require proof of residence of the company owner in the respective country as condition for access to funding and support. Thus, business start-up support programmes could not be used for the preparation of setting up an enterprise from abroad but only after the business had been established and after the owner had taken up residence in the respective Western Balkan country.

Interview partners also highlighted that **diaspora entrepreneurs would often not well connected with diaspora organisations in the EU countries**, as the focus of their interaction is on sectoral business networks. Reaching out to diaspora entrepreneurs would be best accomplished **via business-to-business networks or bilateral cooperation of chambers of commerce** or through dedicated events organised for different business sectors. **Entrepreneurs often simply do not have the time to engage into diaspora organisations** since they focus all their resources and energy on their business. Naturally, for them, information on the business environment in their economic sector in the country of investment is more important than information about diaspora activities, thus they would reach out mainly to business organisations or chambers of commerce. These business organisations should therefore be used as the primary channel for communication and outreach with diaspora entrepreneurs.

Promising areas for diaspora entrepreneurship

Interview partners still expressed a number of expectations regarding the potential of economic diaspora contribution to development in the Western Balkans region:

- **Remittances**

In general, experts differentiated between remittances and investments. There was widespread agreement that remittances sent to private households were a highly relevant economic contribution to the GDP of the Western Balkan countries. According to the interview partners, remittances were mainly used for consumption rather than investment, with the notable exception of funding education. Since most goods for consumption were imported from the EU, China and the USA, remittances would only partially have a positive impact on the local economy, when used for funding higher education of the youth. Tapping into the remittances sent to private households and using parts of them for productive investments was considered a major issue for economic development.

- **Financial investments**

According to the experience of the interview partners, the majority of private investments of emigrants would be investments into property. In particular, returnees would often buy or invest into property when or before returning upon retirement. This property was either used privately, or rented out for tourism, or regarded as speculative investment and resold later. Private property investments would concentrate on the areas of origin of returnees and/or on touristic areas or areas regarded as having potential for touristic development.

- **Diaspora bonds**

While the idea to issue “diaspora bonds” has been discussed by the governments of e.g. Bosnia and Herzegovina and Montenegro, there was no widespread discussion of the issue in the Western Balkan countries. Only Kosovo¹ had unsuccessfully issued a “diaspora bond” in 2021. Most interview partners did not see a high probability of success for diaspora bonds in the Western Balkans. According to interviews, diaspora members would not trust the Western Balkan governments and the financial



institutions of the Western Balkan countries. In addition, most emigrants from the region living in the EU would belong to the middle class, and would mostly lack the financial literacy and the means to invest into single bonds or stocks. Moreover, average customers in EU countries would usually not invest into single stocks or bonds, but prefer a managed fund combining a number of different bonds and stocks, which have been actively promoted by banks in the last twenty years and now are preferred by most customers.

- **Direct investments**

Since no data on the size of direct investments by diaspora members were available in the respective Western Balkan countries, the interview partners could not contribute to this issue. Thus, it would be necessary to develop data collection mechanisms allowing stakeholders to gain an overview about size and sectors of investment by the diaspora, including those who had to renounce their nationality.

- **Potential sectors: IT and hospitality**

According to the observations of the interview partners, diaspora entrepreneurship would be of growing relevance in the IT sector in the Western Balkans. Some diaspora members owning IT companies in their countries of residence in the EU were setting up sister companies and outsourcing software development to them. IT would be a sector where investment would be easy and not capital-intensive, and there would be a good supply of IT graduates available, particularly in Bosnia and Herzegovina, Albania and Kosovo¹, which could be employed at lower costs than IT experts in the EU.

Another major sector of diaspora entrepreneurship would be the hospitality sector, which would be particularly relevant in the coastal areas of Albania and Montenegro, where diaspora members and returnees typically would set up small guesthouses, hotels and restaurants, often in cooperation with family members still living there. Other relevant sectors of interest for diaspora entrepreneurs mentioned by the interview partners were the production of technical equipment for solar panels, the production of herbal medicine, and the production of biological agricultural products.

- **“Nearshoring” trend**

In the future, according to interview partners, **diaspora entrepreneurship could profit from the developing trend of “nearshoring”** in Europe, i.e. the providing of business-to-business (B2B) services in the European neighbourhood instead of China and other countries in Asia (the latter framed as “offshoring”). This would not only concern high-tech companies, but also services demanding low-skilled work in the production sector. Diaspora enterprises could profit from the trend using their knowledge of the country and contacts to the respective business community.

Tools for supporting economic diaspora involvement

As no specific programmes supporting the economic involvement of the diaspora funded or implemented by the European Union in the Western Balkans could be identified, interviews focused on the suggestions of experts on how to improve diaspora involvement in economic terms. When asked about the usefulness of specific schemes or programmes addressing the diaspora, experts’ opinions differed. While approximately half of the experts were sceptical about specific programmes addressing the diaspora, others supported the idea.

Supporters of specific programmes highlighted the **agenda-setting effect** of funding programmes, the **potential to foster coordinated action** among the diaspora, and the incentive for Western Balkan governments to **streamline their diaspora policy efforts**.

The main arguments against specific programmes concerned the **lack of a common definition of diaspora**, **potential conflicts with the resident business community**, and a **contradiction to the preparation of EU**



accession with regard to the implementation of EU equality and antidiscrimination legislation forbidding discrimination based on nationality and ethnic origin. In addition, specific diaspora funding programmes might lead to a **biased selection of projects favouring ethnic origin** instead of quality of proposals. Instead of offering specific programmes for the diaspora, interviewees noted that the existing funding and support programmes for start-ups and newly founded enterprises should be made accessible for entrepreneurs planning an investment in a Western Balkan country, which did not yet set up the company there. There could be **specific funding streams for the preparation of founding an enterprise in the Western Balkans accessible both to entrepreneurs in the Western Balkans and entrepreneurs residing in the European Union**. Interviewees suggested that knowledge about such support and funding mechanisms should be spread mainly via the Chambers of Commerce in the countries of settlement of the diaspora.

6.3.2. Stakeholders and cooperation in the selected European countries

In the EU+ countries of settlement analysed, the **role and relevance of diaspora engagement in development cooperation varies widely**. While in Austria and Sweden, virtually no formal role for the diaspora is foreseen, Switzerland has established a comprehensive policy framework linked to its migration partnership programmes and all-of-government approach in policymaking. In Germany, both the GIZ, the governmental institution for the implementation of development cooperation, as well as several regional governments, have developed and implemented projects fostering the economic engagement of the diaspora in their countries of origin, while in Italy the existing legal framework for cooperation has only led to a small number of concrete activities within this framework.

In the following chapter, the positions of the state and regional governments, economic actors such as chambers of commerce, development organisations and diaspora organisations, networks and entrepreneurs are summarised, highlighting promising practice examples and experiences and the main challenges and ways forward for a better involvement of diaspora actors in economic cooperation. The chapter will describe the set-up of migration and development cooperation governance with a focus on diaspora involvement and discuss the main challenges and experiences country-by-country, followed by a concluding summary.

Austria

State institutions

In Austria, **development cooperation** is coordinated at the political level by **the Federal Ministry for Europe, Integration and Foreign Affairs**; development programmes and projects are implemented by the **Austrian Development Agency (ADA)**, a federal company established by the Federal Act on Development Cooperation. Programmes and projects are implemented in cooperation with other relevant federal ministries, e.g. the Ministry of Digital and Economic Affairs, or the Ministry for Education, Sciences and Research, the Austrian Federal Development Bank and, depending on the project, state and municipal governments, chambers of commerce, and civil society organisations.¹⁷⁵ Development cooperation is focusing on a number of Least Developed Countries (Bhutan, Burkina Faso, Ethiopia, Mozambique, Uganda) and on selected countries in South East Europe and the South Caucasus (Albania, Armenia, Georgia, Kosovo¹, Moldova). The focus on these countries does not prevent ADA from funding development related projects implemented by different organisations in other countries, if the project is related to the overall goals of Austrian development cooperation.

¹⁷⁵ "Development policy and cooperation," *Federal Ministry Republic of Austria, European and International Affairs*, accessed December 2020, <https://www.bmeia.gv.at/en/european-foreign-policy/development-policy-and-cooperation/>.



While ADA has funded a large number of development-related projects in the Western Balkans in the last twenty years, **diaspora engagement and entrepreneurship has not been at the centre of its work**. There is no aggregated list of projects implemented by diaspora actors available, nor does ADA track its implementation partners in this way. While there is potential for intrepid diaspora members to utilise potential funding and to apply for programmes, there is no policy that encourages them to do so, nor is there active outreach thereof either.

A more specific focus on diaspora entrepreneurship was achieved through the LinkUp! Serbia Program implemented by ICMPD with a focus on the Serbian diaspora. LinkUp! Serbia I was implemented 2016-2017; LinkUp! Serbia II is being implemented from 2019-2023 and focuses on transnational entrepreneurial activities with and through the Serbian diaspora in Austria, Germany and Switzerland by facilitating access to knowledge, networks and financial resources. Smaller, diaspora-initiated projects in Bosnia and Herzegovina have been implemented on an individual basis.

Further to the LinkUp! project, the ADA funds six other projects in Serbia, which only indirectly may also contribute to economic diaspora engagement. Other projects are rather geared at improving the overall business environment in Serbia. For instance, one project intends to enhance safety measures in construction sites by offering train-the-trainer programmes that enhance knowledge and compliance with standards. Another project, spearheaded by an Austrian organisation, aims to create a sustainable crowd-investing platform in Serbia, which would support start-ups and help both local and foreign investors raise funds online. While not explicitly focused on diaspora, these projects may have the potential to attract diaspora investors to Serbia if promoted and utilised in innovative ways.

Cooperation in the field of education is coordinated by the **Federal Ministry of Education, Science and Research** and implemented by the **Austrian Agency for Education and Internationalisation (ÖAD)**, a federal company.¹⁷⁶ The Western Balkan states are one of the focus areas of cooperation of the ÖAD, mainly through the “Western Balkan Alliance for Work Based Learning” programme, which supports work-based learning programmes in the field of VET in the context of mixed economic commissions and implements bilateral VET transfer projects. However, these programmes do not have a specific diaspora component.¹⁷⁷ Although there is no explicit focus on diasporas, the program includes mobility programmes related to the Western Balkans. Currently, there are ongoing specific programmes with Serbia and Bosnia and Herzegovina through the Scientific and Technological Cooperation programmes, and bilateral agreements are in place with both countries. Moreover, the ÖAD is focused on improving vocational training in education in Bosnia and Herzegovina and Serbia and implements multiple projects that enhance business and tourism and education at the same time. While cooperating with multiple national and subnational level ministries in both countries, there are no explicit migration related aspects to this cooperation, nor is there any mention of diaspora actors playing a role in implementing the strategy.

Trade and Business organisations

The **Austrian Federal Chamber of Commerce** and their **Trade Promotion Offices**, present in all Western Balkan countries, have been identified as significant actors in promoting businesses. Their strength lies in compulsory membership of any Austrian company leading to a high number of members and a large variety of sectors represented. Their focus on supporting members and creating a conducive environment for business

¹⁷⁶ The Federal Republic of Germany, *Federal Law on the Establishment of the OeAD Limited Liability Company (OeAD Law - OeADG)*, Federal Law Gazette I No. 99/2008 (2008), available at <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20005873#:~:text=Die%20OeAD%2DGmbH%20ist%20unverz%C3%BCglich,die%20Errichtung%20der%20Gesellschaft%20aufzunehmen.>

¹⁷⁷ “Establishment and support of education networks,” *Agency for Education and Internationalisation (OeAD)*, accessed December 2022, [https://oead.at/en/cooperations/educational-cooperation-with-eastern-and-south-eastern-europe/priorities/establishment-and-support-of-education-networks.](https://oead.at/en/cooperations/educational-cooperation-with-eastern-and-south-eastern-europe/priorities/establishment-and-support-of-education-networks)



collaboration benefits both diaspora and non-diaspora actors. Diaspora entrepreneurs mentioned that joining the Chambers of Commerce provided opportunities and helped them to effectively connect with others in their home country. However, during interviews with diaspora actors in Austria, there was no indication of regular connections with Austrian development actors or the governments of their respective home countries, and they reported a lack of outreach from these actors to encourage collaboration.

Diaspora organisations and civil society actors

Diaspora entrepreneurs highlighted that diaspora organisations in Austria were not well versed in the industries and that business contacts in the countries of origin, which were much more relevant when attempting to open a business or establish a company than the contacts to the diaspora in Austria. Nevertheless, a few interview partners mentioned a growing interest in raising awareness about economic opportunities in the countries of origin. **Business diaspora organisations**, which bring together entrepreneurs to support and learn from one another, appear to be more relevant than general diaspora organisations. Additionally, **women's diaspora organisations** focused on business have demonstrated their potential by hosting workshops, sharing knowledge, and creating networks with other women-led and women-owned businesses in Bosnia and Herzegovina and the wider region.

As Austria largely lacks targeted policies and institutional support aimed at supporting diaspora entrepreneurship in the Western Balkan countries of origin, most companies established by diaspora members in their home country have been a result of **individual entrepreneurship**, spearheaded by individuals interested in investing there, who developed their investment strategies and business networks on an individual basis. Most investments are small and medium size companies, only a few larger companies could be identified. Business owners did not report involvement into diaspora organisations, mainly due to lack of time and their focus on business partners in the same sector, which were regarded as more relevant for economic success.

In addition to individual entrepreneurship, some **staff members with a migration background from a Western Balkan country** play a role in supporting their employer's decision to invest in the region. For instance, several **Austrian companies** interested in establishing branches in Serbia have already employed individuals with a Serbian background who helped to open the offices and now manage them. This allows these employees to take on more management responsibility while having the security of working for an Austrian company and living in Serbia, as confirmed by an interviewee.

Germany

State institutions

In Germany, the **Federal Ministry of the Interior and Community** holds the political responsibility for migration governance and federal integration policies. As a subordinated office to the Ministry, the **Federal Office for Migration and Refugees** implements diverse measures related to migration, integration, and return. While there is no particular focus on development, the promotion of voluntary return, reintegration or enabling of circular migration are also linked to development cooperation. Germany being a federal state, the 16 state governments are also relevant actors in the field of integration, as they are responsible for areas like schooling, housing or social assistance. **State governments** are also entitled to implement projects in the field of development cooperation; some examples collected in the ECONDIAS study are linked to migration and development.

However, the **Federal Ministry for Economic Cooperation and Development (BMZ)** is the main political actor in the field of development cooperation. Concrete cooperation programmes and projects are developed and implemented by the **GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH** (GIZ German Society for International Cooperation Public Limited Company), a public-benefit federal enterprise established under German law. The GIZ is a service provider in the field of international cooperation for sustainable development



and international education work, implementing mainly programmes and projects commissioned by the BMZ. Jointly with the German Federal Employment Agency, the GIZ runs the **Centre for International Migration and Development**, which is focusing on linking migration and development by i.a. placing returning experts in local projects in partner countries. The GIZ employs some 25,000 employees in 120 countries and in 2021, it generated a business volume of around EUR 3.7 billion.¹⁷⁸ There is no comparable institution in the other EU countries studied, thus the GIZ has to be considered as specialised development related category of its own.

Since the 1990s, the Western Balkan countries have been a focus of development cooperation for the BMZ. Since 2019, the GIZ programme **‘Migration & Diaspora’ is operating in 22 partner countries**, among them **Albania, Kosovo¹ and Serbia**. The programme has three components¹⁷⁹:

- **Regular labour migration and mobility:** While focused on the provision of information on regular and safe migration and support to migrants recruited by German companies abroad, it also includes the aspect of return of trained and qualified migrants and supports their return and know-how transfer with training and salary top-ups (“returning experts programme”).
- **Diaspora cooperation:** The programme supports the assignments of qualified diaspora members as experts for a limited period and helps these diaspora experts to contribute their expertise to local institutions, but also supports migrants in starting a business in their country of origin.
- **Migration governance:** The programme advises governments and international partners on policy, organisational and strategy development relating to migration and provides capacity building to these institutions.

The programme builds on the experience and results of the predecessor Migration for Development programmes (I and II), launched in the 1980s. The GIZ itself describes the programme as highly successful:

“Meanwhile, numerous companies and their staff have benefited from the expertise of over 15,000 returning experts. Since 2011, up to 150 diaspora organisations have received assistance for their projects that aim to bring a lasting improvement to the living conditions of people in the partner countries. Since 2009, more than 700 people interested in starting a business have been supported and up to 100 companies have been founded. In addition, since 2017 the advisory centres for jobs, migration and reintegration have provided around 75,000 consultations.”¹⁸⁰

The focus of the instrument ‘returning experts’ has changed over time. While initially focusing on the individual labour market integration of the returning expert, now structural aspects such as networking with relevant actors in the country of origin or with international development cooperation partners constitute a main part. These changes are also reflected in the change of the name to “development-oriented return” and the new focus on integration of the experts in development-related endeavours.

While the vast majority of diaspora-related projects and programmes are implemented by the German federal GIZ, a few examples of state government activities have been mentioned as well. The state government of **North Rhine-Westphalia** for example provides funds for projects abroad within the programme *‘Auslandsprojekte NRW’*. The program is focusing on diaspora cooperation and realises projects in cooperation with partner organisations in the respective partner country. The programme has a focus on Ghana and North Macedonia as partner countries of North Rhine-Westphalia, but is open to also fund projects in other Western Balkan states.

¹⁷⁸ “GIZ Profile: sustainable development for a liveable future,” *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*, accessed December 2022, <https://www.giz.de/en/aboutgiz/profile.html>.

¹⁷⁹ “Programme Migration & Diaspora,” *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*, accessed December 2022, <https://www.giz.de/en/worldwide/78803.html>.

¹⁸⁰ *Ibid.*



Diaspora organisations and civil society actors

For the GIZ, **diaspora organisations** are main partners for the development and implementation of programmes and projects. Interviewed experts reported several structural challenges related to cooperation with diaspora communities, based on their experience. These challenges include the heterogeneity of diaspora communities, their lack of business experience, low levels of professionalization, and difficulties in securing stable funding. Additionally, country-specific differences and significant political, religious, and cultural cleavages among diaspora communities within and between the Western Balkan countries were identified as further obstacles. These cleavages are linked to the complex conflict history within the region.

Previous experience of projects related to business start-ups and private economic investment had led GIZ to develop **strict funding criteria**. Many diaspora applicants lacking the necessary initial capital would not meet the funding criteria. Adapting the project to the **funding criteria** would help them to get a more realistic outlook, and prevent unsuccessful bids from being funded.

Governmental actors and diaspora organisations commonly recognise the **lack of a comprehensive registry of active diaspora members and their businesses** as a major challenge and the need to define who constitutes the diaspora and which organisations are relevant for development cooperation.

The research findings from Germany further highlight that the relationship between diaspora organisations and the governments of the Western Balkan countries of origin would benefit from improvement. Germany-based diaspora organisations expressed their dissatisfaction with the lack of support from the country of origin and their hesitation to rely on the services provided by the country of origin's diplomatic representations. There is a **generational divide** among the Bosnian and Herzegovinian diasporas in Germany, **specifically in their perceptions, values, business principles and ethics**. The younger and well-educated generation of professionals is less likely to rely on institutional support from their country of origin or engage with diaspora organisations. Instead, they tend to create their own networks and take a more proactive approach to establishing academic and professional connections. This trend was also observed among experts reporting on the Serbian diaspora in Germany.

The research conducted in Germany also revealed that there is a **lack of systematic connection between diaspora entrepreneurs and diaspora organisations**. There is no official network connecting individual entrepreneurs and no data available on diaspora investments in their countries of origin. Economic activities are often conducted on an “individual level, freestyle and based on personal contacts”, as a German expert explained. Other experts confirmed this observation and noted that entrepreneurs supported by GIZ would benefit from networking opportunities with other entrepreneurs involved in GIZ programmes and no data is available on the number of diaspora entrepreneurs from Germany who have established companies in the Western Balkans. As in the case of Austria, **staff members with relevant migration history** have been instrumental in setting up **sister companies of German enterprises** in the Western Balkan countries.

Italy

State institutions

In Italy, the institutional framework governing development cooperation has been rearranged in 2014 (Law 125/2014). According to the Law, the **Italian Ministry of Foreign Affairs and International Cooperation** is responsible for political governance and the involvement of all relevant public and private actors into the field of development cooperation. This includes also “agents of development cooperation actors”, mentioning also “organisations and associations of communities of immigrants that maintain development cooperation and support relations with their Countries of origin or that collaborate with actors, in the Countries concerned, meeting the prerequisites set forth in this article.” According to Law 125/2014 the Italian Ministry of Foreign



Affairs and International Cooperation is also obliged to convene a national public conference on development cooperation under inclusion of diaspora associations every three years.

- The Law also created the **Inter-Ministerial Committee for Development Cooperation**, chaired by the Prime Minister, which is in charge of planning and coordination of national policies on development cooperation and involves all ministries. The Committee decides on all development cooperation projects and programmes exceeding an investment of EUR two million.
- In addition, the **Italian Agency for Cooperation and Development (AICS)** was established with the task of applying cooperation operationally, i.a. also with regard to funds below EUR two million. In order to safeguard the operational implementation of the decisions of the Committee, the Agency also holds a seat on the Committee.

The involvement of diaspora organisations into development cooperation was institutionalised with the establishment of the **Italian National Council for Development Cooperation**, which includes 50 representatives of the Italian government, local authorities, civil society organisations and business and foundations active in the field, among them two representatives of diaspora associations. It should act as “standing participatory, advisory and advocacy instrument”, meeting annually. In 2017, the Council organised the first **National Diaspora Summit** bringing together some 400 diaspora associations and over 100 migrant entrepreneurs from 50 countries in Asia, Latin America, Africa and Europe.¹⁸¹ Further National Diaspora Summits were organised in 2019 and 2020¹⁸², and a register of diaspora organisations has been set up. According to the Italian country research, the register contains 47 Albanian and three Macedonian organisations.

In the context of this study, the programme **Connect Albania** deserves particular attention. It is funded by the Italian Ministry of Foreign Affairs and implemented by IOM in Albania, in coordination with the Albanian State Minister for Diaspora, Ministry of Europe and Foreign Affairs, the Ministry of Finance and Economy, and the AICS. Its online platform currently is focused on connecting the Albanian diaspora in Italy and aims to encourage diaspora members to attract both diaspora and foreign investment. Diaspora attracting investment are called ‘Development Agents’, and are awarded a ‘Successful Development Agent’ certificate and a bonus of EUR 1,000 for each job they create through investment.¹⁸³

While diaspora mobilisation is an important element of development cooperation organised at the central state level, also **several regional and local authorities implement and/or finance diaspora cooperation projects**. An example is the “Milan for Co-Development” call from 2018, which awarded grants to non-profit entities belonging to migrant, diaspora or second-generation associations in the **Milan metropolitan area** for cooperation with the country of origin. The “Albania, Joint for Future - Tirana European Youth Capital 2022” programme collecting diaspora initiatives has been promoted by the **Apulia Region** to accompany Tirana European Youth Capital 2022 with activities related to contemporary art, workshops with Albanian artisans and publishing an anthology on contemporary youth literature involving young Albanian writers translated into Italian. In another cooperation project funded by the Italian government, the **Puglia region** is working together with the Albanian Ministry of Agriculture and Rural Development and the municipalities of Vlora and Himare to improve local tourism management standards and stronger territorial representation.

¹⁸¹ See further: <https://summitdiaspore.org/en/who-we-are/>.

¹⁸² Shayan, *Diaspora Support Programmes in Development Cooperation Examples from Denmark, France, Germany, Italy, Switzerland and from the European Level*, 11.

¹⁸³ *Ibid.*



Trade and Business organisations, diaspora organisations and civil society actors

Business cooperation between Italy and Albania respectively North Macedonia is also supported by the **Italian-Albanian Chamber of Commerce** and the **Italian-Macedonian Chamber of Commerce**. The Italian-Macedonian Chamber was founded in 2008 and focuses on linking Italian and Macedonian enterprises. It supports business cooperation and helps business partners to find qualified workforce with expertise in specific activities. However, while, according to the findings in the Italian country research, the Italian-Macedonian Chamber of Commerce is in contact with several Macedonian associations, diaspora engagement is not present in its activities. The situation is similar for the Albanian context; the Italian-Albanian chamber of commerce is aimed exclusively at potential Italian investors for the Albanian market. According to the report, this neglect reflects the prevailing understanding of policy makers in Italy that migrant associations are mainly partners in integration, but not in business cooperation.

In addition to the Chambers of Commerce, the **Associations of Italian-Macedonian entrepreneurs and professionals**, established by a Macedonian entrepreneur residing in Italy tries to improve the economic involvement of the diaspora, but, according to the Italian country research, still has to overcome the challenge to be accepted as a partner by the Macedonian government.

Further **professional diaspora organisations** link together teachers, medical doctors or paramedical professionals with a migrant background. Their focus of work lies on academic exchange and knowledge transfers between universities and institutions of higher education.

As the research in Italy highlights, **the level of engagement of the Albanian and the North Macedonian diasporas differs significantly**, as does their internal structure. While both diaspora groups grew from economic migration flows in the 1990s, associations of the two communities have taken different paths in both activities and specialisation. Albanian associations of various professions (doctors, teachers) are active in the home country mainly through skill transfer and expert exchange, while Macedonian associations are involved almost exclusively in home-related cultural activities in the destination country.

In addition, the **North Macedonian case is characterized by a high political fragmentation of the diaspora and a high level of politicisation of diaspora's involvement** in the country of origin, leading an interview partner to comment, that "political involvement in diaspora members' initiatives divides rather than unites". Changing compositions of the North Macedonian government thus have a direct impact on which diaspora organisation in Italy is regarded as a partner and invited to participate in projects, leading to undoing or restarting previous programmes aimed at the diaspora when government composition changes.

On the other hand, **Albanian organisations are much better incorporated into development cooperation programmes** and participate in several projects funded by EU funds and coordinated by IOM. Nevertheless, some experiences of Albanian associations highlighted that the NGOs traditionally active in the field of development cooperation would continue to view diaspora associations as beneficiaries and not as the actual partner. Due to the reliance on project funding financed through calls with complex requirements, diaspora associations, which usually would lack experience in participating in competitive calls, would risk remaining in the very peripheral positions in the cooperation process.

As the IOM study on diaspora involvement into development cooperation highlights, **understanding the complex regulatory framework for funding is a main challenge for diaspora organisations**, followed by **poor management capacities, a low commitment of members and an excessive fragmentation within the diasporas**. The most relevant external challenges mentioned were the limited access to public funding, the lack of



connections with the business world, and poor cooperation with government and relevant institutions.¹⁸⁴ Similar challenges have been highlighted in interviews conducted in Italy. As most diaspora members would be workers or small shopkeepers, there would also be a structural lack of capital for investments in the countries of origin, most investments would go into the acquisition or renovation of private property, or supporting these kinds of investments of family members.

Sweden

State institutions

In Sweden, the political and budgeting responsibility for development cooperation policy lies with the **Swedish Ministry of Foreign Affairs**, while concrete development cooperation programmes and projects are implemented by a specialised government agency the **Swedish International Development Cooperation Agency (Sida)**. As an independent government agency accountable to the Ministry of Foreign Affairs, it has implemented Swedish development cooperation since the 1960s. In 2012, the structure of Sida was reformed and parts of Sida's management were delegated to Sida's foreign missions, which are often established within Swedish embassies in partner countries.

- **Swedfund** is the development finance institution of the Swedish state. Its mission is to alleviate poverty by developing and investing in sustainable businesses in the most challenging markets throughout the world. Since 2009, Swedfund has run a financial support programme called '**Swedpartnership**' which has provided small and medium-sized Swedish businesses an opportunity to enter into sustainable collaborations with companies in countries with developing and growth markets countries where Swedfund is active.
- Swedish **migration policies** fall under the remit of the **Ministry of Justice** and are implemented by the **Swedish Migration Agency (Migrationsverket)**, an independent state agency.
- The political responsibility for integration policies lies with the **Ministry of Employment**, while implementation is divided between national agencies, mainly the **Swedish Public Employment Service**, and **municipal authorities**.
- The Ministry of Culture is responsible for preventing and combating discrimination on the grounds of ethnicity, religion or other beliefs, and for taking measures against xenophobia and racism.

Trade and Business organisations, Diaspora organisations and civil society actors

The promotion of trade and economic cooperation between Sweden and foreign countries is the main task of the eleven regional **Swedish Chambers of Commerce and their offices abroad**, which cooperate with various public bodies in order to encourage business relations, economic exchange and bilateral trade relations. The research findings in Sweden suggest that, economic relations between Sweden and the Western Balkans are limited. Until recently, the main example of this are the presence of some of the biggest Swedish companies on the Serbian market. It is only recently that also the mid-cap segment has started paying attention to the Serbian market. Whereas Serbia is becoming an increasingly interesting market for also smaller Swedish companies, Swedish companies appear to be less interested in approaching other Western Balkan markets.

Stakeholders interviewed in the context of the research in Sweden suggest that the **Western Balkan states were not a priority region for economic cooperation for Sweden**. Thus, only in Bosnia and Herzegovina a Swedish Chamber of Commerce has been established and there are no Chambers of Commerce of Western Balkan states in Sweden.

¹⁸⁴ IOM Mission in Italy, *Diasporas as Key Actors for Change: A Fresh Perspective on Development Cooperation*, in cooperation with Matteo Villa and Elena Corradi from the Institute for International Political Studies (Rome: International Organization for Migration, 2022): 23 – 29.



According to the research findings, **diaspora organisations and diaspora entrepreneurship do not play a significant role in Swedish development cooperation**. As the area of work of Swedfund and consequently also Swedpartnership falls within development cooperation, their engagement would need to be framed in accordance with the principles of Swedish development cooperation. **Swedish companies** eager to establish economic ties with companies in emerging global markets need to prove the **developmental benefits** of such business alliances, rather than **emphasising the economic benefits** of such business relations for the Swedish companies. According to a stakeholder interviewed, the incorporation of diaspora in development cooperation would also represent a challenge for the state-to-state development cooperation model that Sweden has developed over the years and could accentuate risks already present in development cooperation, such as abuse of funds or money laundering by privileging members of extended families in the partner countries.

Nevertheless, both in Albania and Serbia, Sida operates at the Swedish embassies and is a major development funding actor. According to Sweden's Reform Cooperation Strategy, the focus of this engagement lies on supporting the Western Balkan countries in their ambition to join the EU through the promotion of human rights, the rule of law, gender equality and inclusive economic development. In this context, Sida reports that Serbia has witnessed progress in facilitating the establishment of business within the private sector, which is certainly also helpful for diaspora entrepreneurs.

The research in Sweden did **not find any relevant activities of Western Balkan diaspora organisations with regard to economic engagement in Sweden**. The lack of engagement of the Albanian and Serbian diasporas in the Swedish development cooperation with Western Balkans can be explained by two factors:

- First, the Serbian and, especially, the Albanian diaspora are relatively small, plus they themselves seem to show little interest in such an organised involvement in their home countries.
- Second, the development cooperation agencies, such as Sida and Swedfund, **do not see any meaningful role for these diasporas in their work**. Historically, migrant and diaspora organisations in Sweden have been regarded as relevant actors supporting migrant integration, less for development cooperation.

Given this background, only a few business organisations care for cooperation between Swedish and Western Balkan business. Of more particular relevance for this report is the **Nordic Business Alliance (NBA)**, a business association founded in 2009 in Belgrade, Serbia. More recently, the Association has sought to go beyond just encouraging trade relations between Serbia and the Nordic countries but also introducing the values of the Nordic business community (e.g., sustainability, innovation, transparency, equality, inclusivity and solidarity) into Serbia. In Malmö, the **Albanian Business Network in Sweden (RRBSH Suedi - Albanska Affärsnätverket Sverige)** was established by the Albanian Diaspora Global Business Network, which gathers all Albanian diaspora businesses under one organisation. However, despite the network's existence in Sweden, it consists mainly of businesses established by the Kosovo¹-Albanian diaspora in Sweden, rather than Albanians with background from Albania.

Switzerland

State institutions

Swiss governance of migration and development cooperation is an example of a multi-layered structure of cooperation sharing responsibilities over different levels of government. While the political responsibility for immigration and integration policies lies with the federal government, they are carried out jointly by the **federal government, the cantons and municipalities**, giving leeway for implementation of immigration and integration policies at the cantonal level, which leads to a diversity of local practices. Executive federalism, on the other hand, results in a larger degree of integration across multiple governmental departments, which contributes to a whole of government integration of migration and development policies.



- With regard to migration, **the Swiss State Secretariat for Migration (SEM)**, a separate administrative body in the Federal Department¹⁸⁵ of Justice and Police is in charge of regulating and enforcing entry and residence of migrants, as well as deciding on asylum claims. In addition, it coordinates federal, cantonal, and municipal initiatives toward integration. Together with its interdepartmental partners, SEM sets the migration policy plan within the context of international migration cooperation, based on a study of migration patterns at the national and international level. These policies include bilateral and international initiatives such as talks and agreements with other nations and countries of origin, i.a. on readmission, return and reintegration.
- With regard to development cooperation, the **Swiss Agency for Development and Cooperation (SDC)**, an agency set up within the **Federal Department of Foreign Affairs (FDHA)**, is the main implementing actor holding responsibility the overall coordination of Swiss international development activities, humanitarian assistance and international cooperation. Together with the SEM, it is in charge of implementing the **Swiss Migration Partnership for the Western Balkans**. The main mission of the Western Balkans Division of the SDC is to assist partner nations in their transition to democratic market systems and to contribute to their regional and European integration. The main areas of activity for these measures are economic development and youth employment, health, water and infrastructure and migration. The SDC also funds the work of **diaspora organisations** in Switzerland via a dedicated platform (*I-dijaspóra/i-platforma*), as well as other organisations involved in connecting diaspora in the countries of origin.
- Although not directly involved in development cooperation, the **State Secretariat for Economic Affairs (SECO)**, is another important actor. The SECO is the federal government's institution for all fundamental questions involving economic policy. Through this work, SECO is involved with diaspora communities domestically and internationally. Internationally, SECO assists in ensuring Swiss investments, commodities, and services have access to all markets, actively participating in the creation of effective, equitable, and transparent standards for the global economy in terms of foreign trade policy. SECO actively encourages diaspora economic involvement via a number of programmes for investment and knowledge transfer, by supporting research, training or investment.

Switzerland is one of the rare examples of a country that has established strategic links between migration policy and development cooperation. In 2011, the Federal Council established the **Interdepartmental Structure for International Cooperation on Migration (ICM Structure)** in order to organise the government's migration-related operations and guarantee consistency in migration policy, development cooperation and foreign policy. The ICM Structure works on three levels: The Plenum, the Committee, and Task Forces for specific regions and issues. As the ICM Structure's strategic coordinating body, the Plenum is comprised of directors and state secretaries. It outlines the migration-related foreign policy goals of Switzerland, including development cooperation goals. The Committee is led by the Deputy Director of SEM and the FDHA's Ambassador for Development, Forced Displacement, and Migration, and it provides advice on practical issues of interdepartmental cooperation in the sphere of migration, as well as the many instruments of migration foreign policy. Being focused on the federal level, there are only few opportunities for lower levels of government to participate in the current development cooperation framework except as clients of development programmes.

Swiss diplomatic representations in the respective countries have an active role in diaspora engagement and cooperation, although in Kosovo¹ and Bosnia and Herzegovina this role is somewhat broader than in North Macedonia. Due to the interdepartmental cooperation and migration-focused foreign policy of Switzerland, the embassies in the respective countries employ designated officials in charge of overseeing related programmes.

¹⁸⁵ In Swiss administration, the term "department" equals the term "ministry" as used in other countries.



Similarly, SECO offers the start-up grant in North Macedonia, which is administered by personnel at the embassies.

Trade and Business organisations

In recent years, also a number of business-related interest organisations (e.g. chambers of commerce, sectoral business associations) have been established. The **North Macedonian-Swiss Business Club** was officially established in September 2019 with the support of the Swiss Embassy in Skopje and the Macedonian Chambers of Commerce, with the aim to support its members and the larger business community. It serves as a link between companies in North Macedonia and Switzerland, representing their interests and collaborating to further their economic development. Similarly, with the support of the Swiss Embassy in the Kosovo¹, the **Swiss-Kosovar Business Association** was established in May 2021. There is no comparable organisation that connects businesses in Bosnia and Herzegovina and Switzerland.

Diaspora organisations and civil society actors

Due to its long history as a destination country for labour migration, **migrants and diaspora groups are represented by a well-developed ecosystem of organisations** (networks, hometown associations, professional networks and representatives). As in many other European countries, the Swiss government initially recognised diaspora organisations mainly as partners in integration projects since the mid-2000s and supported them via unique budgets. Even though the focus on integration largely remains until today, in recent years diaspora organisations have also been recognised as potential partners in development cooperation with the country of origin. An example of this trend are two Swiss government funded media platforms (*I-dijaspora/i-platforma*, *Albinfo*), that quickly established a network of supporters in Switzerland and Bosnia and Herzegovina and are now acting for a wider Slavic-speaking post-Yugoslav diaspora in Switzerland as well as a development actor mainly in Bosnia and Herzegovina.

The research in Switzerland found that there is **a clear correlation between migration partnerships and diaspora engagement**. Switzerland has conducted so called “migration partnerships” with a number of countries. Their objective is to adopt a comprehensive, global approach to migration while taking account of Switzerland’s own interests, those of the partner country and those of the migrants themselves (a “triple win” approach). **Migration Partnerships** have proven to build trust and communicate interests and needs between the partners, enabling the identification of common solutions to migration challenges.

The current scope and size of programmes between Kosovo¹ and Bosnia and Herzegovina on the one hand, and North Macedonia on the other, which has only recently agreed on a migration partnership with Switzerland (November 2022), show clear difference. **Diaspora groups** from Bosnia and Herzegovina and Kosovo¹ are much better organised and active than the North Macedonian diaspora; consequentially the former are using the funds provided by the Swiss institutions for development cooperation more eagerly to support their engagement, which in turn increases respective activities.

In general, **identifying diaspora associations that legitimately claim to represent large parts of the diaspora population is generally considered a challenge by the Swiss government**. Over the past fifteen years, the Swiss government's strategy for engaging migrants has been to identify and communicate or negotiate with a diaspora community stakeholder, but also indirectly with the community. The strategy of identifying and developing diaspora leaders has both advantages and disadvantages. The approach has proven to be extremely effective in both Bosnia and Herzegovina and in Kosovo¹, with the foundation, establishment, and support of the aforementioned *I-dijaspora/i-platforma* and *Albinfo.ch* projects respectively. However, the downside of the approach was that it excluded several organisations that could also have served as valuable partners in processes of diaspora engagement. Those organisations that engage with the diaspora at the local or trans-local level were



not considered because their outreach was too narrow. Still, in this context, stakeholders interviewed also pointed to what had been common practice, especially with regard to Bosnia and Herzegovina, of including the diaspora in strategic documents without taking corresponding action. In this way, diaspora would merely serve as a buzzword that is repeatedly used in policy but not followed up on, as migrant organisations are seen as implementing partners and not part of the policy design process.

A further challenge for diaspora engagement highlighted in Switzerland is the division along ethnic and religious lines, e.g. with regard to the Bosnia and Herzegovina diaspora, which is divided into the Bosnian, Croat, and Serbian diaspora, with the latter two being functionally integrated as parts of Croatian and Serbian diaspora groups. With regard to North Macedonia, there would be a small, Macedonian-speaking diaspora and a large Albanian-speaking diaspora, with the latter actively participating in Kosovo¹ diaspora groups rather than North Macedonian.

Despite the well-established institutional framework characterising Swiss diaspora policy, several diaspora company owners and organisational leaders in Switzerland have mentioned that **informal channels and personal relationships are essential to success**. While funding schemes can provide helpful support for starting a business in the country of origin, the expertise, experience, and knowledge of the business owner are the most critical factors for success. Therefore, networking events are seen as particularly valuable for diaspora business actors as they help establish connections with other entrepreneurs. Such networks of like-minded people have proven especially helpful in navigating the opaque processes of political cooperation and establishing solid business processes.

6.4. Key findings: Stakeholders at the EU level and in EU countries and Switzerland

6.4.1. EU-level institutions

Stakeholders from EU institutions and EU delegations in the Western Balkans were all aware of the potential relevance of diaspora policies and interested to discuss their experiences and expectations. However, their views on the potential contributions of the diaspora differed. At the EU delegations, a lack of mandate in the field was often cited as a reason for inaction, while stakeholders from the European Commission also highlighted that the Western Balkan states were preparing for EU accession and thus tools developed to development cooperation with the Global South might not fit well for this region, also with regard to its complex conflict history. In particular, there was no agreement on how to define the concept of diaspora, and a repeated warning that a focus on certain diaspora groups may come into conflict with the EU acquis on equality and antidiscrimination and may lead to conflicts with the existing business community in the respective country. While approximately half of the experts were sceptical about **specific programmes addressing the diaspora**, others supported the idea. Specific diaspora funding programmes might lead to a **biased selection of projects** favouring ethnic origin instead of quality of proposals. Rather than offering specific programmes for the diaspora, the existing funding and support programmes for start-ups and newly founded enterprises could be made accessible for entrepreneurs planning an investment in a Western Balkan country, who did not yet set up the company there. There could be **specific funding streams** for the preparation of founding an enterprise in the Western Balkans accessible both to entrepreneurs in the Western Balkans and entrepreneurs residing in the European Union. In this context, knowledge about such support and funding mechanisms should be spread mainly via the **chambers of commerce in the countries of settlement**, as business actors would not be well represented in the traditional diaspora organisations.



6.4.2. State institutions, trade and business organisations

The degree and intensity of cooperation of diaspora organisations in the EU countries and Switzerland with the governments of the Western Balkan countries differs significantly from country to country.

In the four EU countries under study and Switzerland, the institutional set up of the governance of migration, development cooperation and diaspora policies differs significantly.

In Italy and Switzerland, a **whole-of-government approach** is followed and institutional structures for the coordination of the different policy fields do exist. In Switzerland, migration partnerships with selected countries of origin address diaspora organisations as partners in linking the fields of migration and development and provide structured support and funding for relevant programmes and projects.

In Germany, the institutional linkage between the field of development cooperation and migration policy making is much weaker. Nonetheless, Germany is the only country with a **highly specialised development cooperation agency implementing development policies abroad**, the GIZ, which consistently funds and supports economic and social diaspora engagement abroad.

In Sweden, which has a **long history of targeted development cooperation** based on state to state cooperation, diaspora organisations are not regarded as relevant partners by the main development policy actors.

As Austria does not follow a dedicated diaspora policy, its development agency is funding some diaspora related projects, but there is **neither a coordination structure** at the governmental level **nor a dedicated whole of government approach** linking migration policy and development cooperation.

Only in Germany and Italy **provincial or municipal governments play a reported role** in development cooperation and migration policy making, fund and support specific projects related to their region or city. In the other countries, both migration and development policies are developed and implemented only at the central state level.

In Switzerland, the **inclusion of the diaspora into the existing migration partnerships showed a direct positive effect on diaspora mobilisation**. Diaspora groups from countries of origin with an established migration partnership agreement are significantly more active and show a higher level of economic engagement than diaspora organisations from other countries.

Overall, other than regional or municipal governments, **chambers of commerce and business organisations**, not only in the country of settlement, but also in the country of origin, are regarded as crucial for stakeholder mobilisation and supporting diaspora entrepreneurs and investors. These organisations have sectoral networks and in-depth knowledge of economic sectors in both countries. Traditional diaspora organisations, however, are not seen as sustainable partners for cooperation. Although they can help disseminate information on programmes and projects, business organisations should be the preferred partners for program and project cooperation.

6.4.3. Diaspora organisations and civil society actors

Diaspora organisations of Western Balkan migrants in the European countries of settlement are characterised by a **high degree of ethnic, religious and/or political fragmentation** linked to the conflict history of the Western Balkans and the cleavages shaping the political systems of the Western Balkan countries. Thus, they need to be understood as *diasporas* rather than a *diaspora* of the specific Western Balkan country.

Development cooperation faces a **structural challenge in including diasporas in its programmes and projects** due to the internal divisions within diasporas based on ethnic, religious, and/or political lines, as well as the high degree of politicisation. Such fragmentation may lead to undue support for specific ethnic or political networks



and violate development cooperation principles, making it necessary to focus on the impact for all inhabitants of the country of origin rather than relying solely on specific diaspora networks.

Overall, diaspora organizations across the selected EU countries and Switzerland have a **limited degree of involvement in economic cooperation with their countries of origin**, with Italy and Switzerland being the exceptions where it is more developed. Typically, diaspora organizations focus on cultural issues, language acquisition, and integration support, and do not have significant contacts or knowledge about the business community. As a result, they are not viewed as relevant contact points by diaspora entrepreneurs. However, in recent years, there has been a **growing number of business-related diaspora organisations** that focus on linking experts and entrepreneurs at a sectoral level. These new organisations represent a new generation of diaspora entrepreneurs and investors who consider themselves mainly as business actors rather than diaspora members. They use their knowledge of the Western Balkan countries primarily for business rather than cultural purposes, and they have only weak linkages to the "traditional" diaspora organizations.

6.4.4. EU-level specific barriers to diaspora entrepreneurship

Also from the overall EU-level perspective diaspora entrepreneurship in the Western Balkans region face a number of specific obstacles:

- **Right to residence in the EU:** EU regulations may unintendedly negatively impact on diaspora entrepreneurship. In most EU Member States, the status of long-term residency according to the Long Term Residence Directive is lost if the third country national leaves the country for more than twelve consecutive months. This provision would hinder diaspora members from setting up a company in the country of origin, as this might take longer than a year. As the respective directive does not contain exemptions for diaspora activities, only diaspora members naturalised in their countries of residence would de facto be free to move to their country of origin whenever and as long they wish too, but in this case may not have access to national start-up support and funding, as it would be restricted to citizens. A need to adapt the Directive allowing longer stays abroad was suggested.
- **No start-up funding for preparation of investment:** The existing funding schemes and support measures for start-ups and newly founded companies would only be accessible for companies registered and domiciled in the respective Western Balkan state. Thus aspiring diaspora entrepreneurs preparing their investment could not make use of the funding schemes to prepare the foundation of the enterprise from abroad.
- **Lack of visa agreements:** For Kosovo¹, the lack of visa agreements with EU countries effectively hinders diaspora investment, as it prevents necessary business travel of business partners from Kosovo¹ to meetings in the European Union. This will however change as from 1 January 2024 when also Kosovo will be granted visa liberalisation. In addition, due to the specific legal status of Kosovo¹, a number of legal regulations allowing cross-border enforcement of contracts and payment orders do not apply, thus potential investors may shy away as they could not be sure to be able to enforce their contractual rights.



7. Diaspora economic engagement initiatives: stakeholders and practices

This chapter delves into diaspora engagement practices for economic development in the Western Balkans. The first sub-section analyses the results of an initial mapping of relevant activities EU-wide and in the 11 selected countries of origin and settlement. The chapter then proceeds to examine highlighted initiatives, chosen for either their potential as promising practices or for the key insights they provide into diaspora engagement in their respective countries. These initiatives are discussed in the context of their main areas of activity, which include entrepreneurship and enterprise development, trade promotion, co-development initiatives, investment in financial instruments, market intelligence/consultation, contributions to technological upgrade, scientific development, and innovation, as well as skills training, vocational programmes, and knowledge transfer initiatives. By analysing these initiatives, the chapter concludes by highlighting the main factors that impede or contribute to success across all practices, with the aim of identifying the potentials that could be harnessed through institutionalised engagement.

7.1. Mapping results

This section provides a brief analysis of the overall findings across all mapped practices, regardless of the criteria for good and promising practices in the conceptual framework.

7.1.1. Practices and stakeholders across countries of settlement

The research conducted a mapping of 330 practices related to diaspora economic engagement in the six Western Balkan countries, 27 EU member states, and Switzerland. Out of these 330 practices, 167 were identified in the EU member states and Switzerland. Additionally, 16 practices were found in other settlement countries such as Norway, UK, USA, and others, while 35 were implemented in multiple countries of settlement, with 18 of those targeting the global diaspora and being based in the country of origin. The study also received a huge number of diaspora engagement from the project DiasporaInvest (USAID) in Bosnia and Herzegovina for which the country of settlement could unfortunately not be determined.

Table 6. Distribution of practices mapped

Practice location	No. of practices
Corridors: Western Balkans → EU Member States and Switzerland	167
UK, USA, Norway and others	16
Multiple settlements/global diaspora	35
Settlement unspecified	112
Total	330

In all the countries of settlement studied, only a few practices in the general mapping are linked to state actors or official development assistance (ODA). The exception is Italy, the only country studied where the number of practices implemented with ODA is equal to the number of practices recorded in the private sector. However,



this finding may also reflect the fewer practices recorded in this country relative to some of the other settlement countries studied.

Another noteworthy point concerns Germany, where the comparatively high level of diaspora engagement may be attributed to the strong infrastructure of GIZ, particularly its Programme Migration and Diaspora (PMD), which is discussed in detail in the next section (7.2) on practices in focus. The conceptual framework was expanded to include small-scale practices that do not necessarily meet the criteria of a promising practice. This resulted in the inclusion of the GIZ Programme Migration and Diaspora - which funds hundreds of projects in more than 20 countries worldwide - is listed as one practice next to small-scale diaspora investments into family businesses operating in a single country of origin. The GIZ case is distinct in this respect from the other countries of settlement examined, where mainly single practices supported by Official Development Assistance were mapped.

Most practices **involving state actors in the country of settlement** focus on **knowledge transfer** rather than entrepreneurship or investment, except for Switzerland and Sweden. In Italy, all six knowledge transfer initiatives were implemented by IOM with the support of the Italian government and Italian Development Agency, and targeted individual members of the Albanian diaspora (*Naim-a-Tour Project, Engage Albanian Diaspora to the Social and Economic Development of Albania Programme, EU Fellowship Scheme, Connect Albania, D.I.A.S.P.O.R.A.*, and *Engagement of the Albanian diaspora in the transfer of agricultural knowledge in Albania*). In Germany, half of all identified knowledge transfer initiatives involve GIZ and engage diaspora organisations or individual experts, rather than private enterprises.

Although several entrepreneurs in **Switzerland** indicated that they had not received any government support, our research found that opportunities for transnational entrepreneurship are among the best supported in this country of settlement. The SDC funds both diaspora organisations in Switzerland (*I-dijaspora/i-plattform, Albinfo*), as well as organisations in the countries of origin that support diaspora engagement (*Mozaik Foundation* in Bosnia and Herzegovina and *Germin* in Kosovo¹). SECO also actively encourages economic engagement of the diaspora for investment, entrepreneurship and knowledge transfer.

In **Sweden**, only two relevant projects with SIDA involvement in the Western Balkans could be identified: *Challenge Fund Albania* (under the EU for Innovation project) and *Swedpartnership*. Both aim at enterprise development and investment, but neither of them directly targets the diaspora. *Challenge Fund Albania* – a three-pronged initiative that aims to improve the innovation ecosystem in Albania by capacity building, networking and funding opportunities for start-ups. While it has potential to support transnational entrepreneurship, it is a “traditional” development project and thus not specifically tailored towards the diaspora. *Swedpartnership*, on the other hand, supports small and medium-sized Swedish businesses in establishing sustainable collaborations with companies in developing and emerging markets. While it does not exclude the diaspora, it is not explicitly designed to engage with it either.

Notwithstanding the overall low engagement with the Western Balkan diasporas, the policy frameworks of the countries of settlement **prioritise** the engagement of some national diasporas over others. **Albania is a priority country for the Italian Development Cooperation** and the engagement of the Albanian diaspora dominates the Italian practice collection with twice as many practices as those surveyed among the North Macedonian diaspora. Similarly, along the **Swiss corridor, established Migration Partnerships** with Bosnia and Herzegovina and Kosovo¹ have resulted in increased investment and engagement with these two countries and their respective communities in the past ten years (31/35 practices mapped in Switzerland include Bosnia and Herzegovina and/or Kosovo¹ as the country of origin). A Migration Partnership with North Macedonia signed in late 2022 will likely promote the engagement of the North Macedonian diaspora in the coming years.



Entrepreneurs are the main stakeholders for the vast majority of surveyed practices in all countries under study. Most private sector practices in the general mapping follow **the model of a migrant success story**, where the individual entrepreneur builds a successful business in the country of settlement and then opens branches in the country of origin, with no institutional stakeholders actively in either context. Other models include **investing in family businesses** in the country of origin, **returnee investments with a transnational component** and **nearshoring**, where often diaspora workers influence and support their employers' decision to settle in their country of origin.

The **private sector** leads the way in the highest number of mapped practices, with **diaspora organisations** coming in second, although significantly behind. This is in line with the findings of the previous chapters showing that diaspora organisations tend to focus on integration and cultural preservation and/or humanitarian work, rarely implement development projects or act as partners in development projects.

Given the emigration trends and patterns and the size of Western Balkans diasporas in certain other EU countries such as Croatia, France, and Greece, the level of respective diaspora engagement in these countries seems surprisingly low. Conversely, a significant number of practices were found in Belgium, Finland, and the Netherlands, which are not considered priority destination countries for any of the Western Balkan countries under examination.

7.1.2. Practices and stakeholders across countries of origin

Bosnia and Herzegovina is the country of origin with the largest share of its population living abroad (48%, See Chapter 4 on migration trends). Of the settlement countries studied, the diaspora from Bosnia and Herzegovina accounts for the largest share of surveyed practices in Austria and Switzerland, as well as Sweden (though not included in the corridor design). In Austria, this may be due to a combination of geographic proximity (Austria, Switzerland) and favourable policy frameworks¹⁸⁶. Due to the post-war reconstruction efforts, Bosnia and Herzegovina has received the largest amount of development aid of all the countries of origin studied. Possibly related to the established development cooperation, more than a half of the collected practices involve state actors in Austria and Switzerland were implemented in Bosnia and Herzegovina. **In the private sector**, most practices in Bosnia and Herzegovina were recorded in the **manufacturing sector, followed by IT and business services**.

Kosovar diaspora engagement in Germany and Switzerland consists of **business and skills training** in private companies in the **ICT sector**, **diaspora organisations running educational projects**, and **diaspora business associations focusing on promoting trade and creating development impact**.

The engagement of the **Serbian diaspora** seems strongest in Austria and Germany, which correlates with the size of the diaspora population, including migrants and their children. The **Albanian diaspora** is most organised in Italy and has numerous sectoral networks and cultural organisations, especially in the Puglia region. It is important to note that activities initiated by the **Albanian diaspora** often cover **several countries of origin** with significant Albanian populations (Albania, Kosovo¹, North Macedonia, and Southern Serbia) and are primarily based on the commonality of language. The fewest diaspora engagement practices were mapped for **North Macedonia and Montenegro**.

7.1.3. Type of activity and sector

Entrepreneurship and business development dominate diaspora engagement in all countries studied, as well as across the EU. **Skills training and knowledge transfer** come a distant second, along with **initiatives to promote trade and networking**. While previous research emphasised ICT sector in diaspora private entrepreneurship, this

¹⁸⁶ Unlike Germany, Austria did not suspend refugee protection after the BA war ended, allowing the emigrants who arrived as refugees in the 1990s to achieve upward social mobility over three decades since the war.



study identified most practices in the **manufacturing sector**, which includes food and beverage production. The **Information and communication** sector is a distant second, followed by **business services and construction**. **Manufacturing and construction** are particularly strong in Austria, Germany, and Italy but least so in Sweden. This correlates with the history of “guest-workers” migration and subsequent developments related also to the demographic profiles of the Western Balkans diasporas in respective countries (See Chapter 4 Migration Trends). In Switzerland and Sweden, most private sector initiatives were recorded in the **ICT sector**.

The **business services sector** is the primary area for **skills development, vocational training, and knowledge transfer initiatives**, followed by **education and agriculture**. The highest share of **knowledge transfer practices** in the total was recorded in Italy and Germany, which corresponds to the share of practices supported by development agencies.

Practices where the **promotion of trade** is the main activity are relatively rare and relate primarily to the activities of business associations in the countries of origin and establishment.

Networking practices were most prevalent in Switzerland, with two platforms for the Albanian-speaking diaspora and two for the diaspora of Bosnia and Herzegovina. In Austria, two ongoing networking practices were recorded, both of which are implemented by diaspora organisations without any government support. Only one network was mapped in Germany, which is also active in Austria and Switzerland. Several diaspora organisations in Germany, all run by the Kosovar diaspora, had networking as one of their activities, but not as a main objective.

7.2. Practices in focus

The research in the 11 selected countries identified a total of 56 practices that were selected as promising or because they provide key insights into diaspora engagement in the respective countries. This section is exclusively based on the findings in the respective selected countries. The selected practices are analysed according to the main actors, types of activities and sectors. The different types of activities and the practices that illustrate the MAIN AREAS in each type of activity are then presented in more detail in separate sub-sections.

7.2.1. Lead stakeholders engaged

International organisations, foreign governments and development agencies.

While the vast majority of practices in the general inventory relate to the private sector and are implemented without government support in the country of origin or establishment, the selection of practices highlighted in the country research paints a very different picture. Half of the 56 practices studied were implemented with government support (29/56); 90% of them with the support of foreign governments and development cooperation *organisations* (26/29) and only a few under the direction of the countries of origin. The governments of Austria, Germany, Italy, Sweden and Switzerland funded and in some cases implemented 19 of the highlighted practices (4/19 relate to settlement funding programmes and 15 are projects implemented with funding from foreign governments or development agencies). In addition to the development agencies of the surveyed settlement countries, five of the highlighted practices were funded by USAID (four in Bosnia and Herzegovina and one in Kosovo¹) and two others by UNDP (one each in Kosovo¹ and Serbia).

The beneficiaries of development cooperation funding are mostly private companies, followed by individual diaspora experts, diaspora organisations and NGOs in the countries of origin. Although only 4 such practices were highlighted, initiatives implemented by diaspora-focused NGOs based in countries of origin and supported by development funds, target the global diaspora rather than a single country of settlement, show the following, the highest level of organisation and stakeholder engagement, as well as promising results in terms of diaspora scale and investment attracted.



Country of origin state institutions

Only three practices led or supported solely by the government of the country of origin (outside of foreign investment/development cooperation) were recorded: two in Albania and one in Montenegro. All these practices target individual diaspora members or diaspora professional organisations (rather than private companies) and seem to be rather sporadic. They primarily relate to knowledge transfer and networking and only indirectly to investment. These limited findings suggest an overall lack of diaspora engagement activities in countries of origin, even where a respective policy framework (such as diaspora engagement strategies) has been developed.

Business associations and other private sector actors

The other half of the highlighted practices (27/56) were implemented without government support. They primarily involve private enterprises in the diaspora (14), followed by initiatives of civil society organisations (9) and business associations (4). In addition to business development, job creation and trade promotion, private sector practices often include skills training and knowledge transfer (6/14), as diaspora entrepreneurs face the challenge of finding a skilled workforce in their countries of origin that meets EU standards. The most represented sector in the highlighted private sector practices, as in the general inventory, is manufacturing, followed by ICT services. Four of the 14 private companies highlighted are examples of staff supporting the decision of their employers in the settlement country to branch out to the country of origin through nearshoring of ICT services (Kosovo¹) or in manufacturing (Bosnia and Herzegovina).

Diaspora organisations and civil society actors

Highlighted civil society initiatives implemented without state support are led by diaspora-oriented NGOs in countries of origin (4) and diaspora organisations in countries of settlement (5). Three of the four highlighted NGO practices implemented without state funding relate to different projects of the same organisation, Macedonia2025 in North Macedonia, which is funded by contributions from its Board of Directors. Most of the other initiatives mapped in the civil society sector in the countries of origin are mainly implemented with development cooperation funds. While the diaspora-oriented NGOs in the countries of origin are very well organised and effective, the practices implemented by diaspora organisations have the lowest level of organisation and a rather sporadic level of activity.

The following sub-sections analyses the selected practices by type of activity grouped by lead actor within eight main types of activities: Enterprise development, employment creation, entrepreneurship; Promotion of trade; Co-development initiatives, Investment in financial instruments; Market intelligence/consultation; Contributions to technological upgrade, scientific development, and innovation; Networking; Skills training, vocational programmes, and knowledge transfer initiatives.

7.2.2. Enterprise development/employment creation/entrepreneurship

This type of activity includes initiatives aimed at promoting entrepreneurship in countries of origin through financial and non-financial investments for business development, business expansion and/or job creation.

Main areas

The highlighted practices in entrepreneurship and enterprise development can be grouped into two sub-categories:

- Diaspora private enterprise, including
 - production for export and nearshoring



- returnee businesses with a transnational component
- Enterprise development programmes, usually funded by foreign governments and development agencies, with a wide range of activities aimed at improving entrepreneurship ecosystems in the countries of origin

Lead stakeholders engaged

- **Business organisations and other private sector actors.**

Practices highlighted in the private sector exemplify four main findings:

- the prevalence of individual initiatives (i.e. low levels of stakeholder engagement) in Western Balkan diasporas and returnee entrepreneurship,
- the (untapped) potential for diaspora investment in nearshoring in the Western Balkans,
- the potential of diaspora staff members in foreign companies to influence and support their employers' decision to branch out to their country of origin,
- the challenge of finding skilled labour in the Western Balkans, addressed by many diaspora entrepreneurs by offering skills training for their workers.

The majority of highlighted practices in the field of **diaspora and returnee entrepreneurship are individual initiatives**. The low level of stakeholder involvement can be attributed to the lack of funding opportunities, the mistrust towards country of origin institutions, and the different operating cultures in the private and public sectors (lengthy bureaucratic processes in the public sector are often seen as incompatible with the agile functioning of entrepreneurship). Therefore, they do not meet all the ECONDIAS criteria of a promising practice, where stakeholder involvement and institutional participation are key. Even though outside the immediate scope of ECONDIAS, a few returnee initiatives with a transnational component were highlighted as typical examples of returnee investment patterns. The first one, **Hotel Tutto** in in the Mavrovo National Park in North Macedonia, is an investment in real estate for tourism. Its founder worked in construction in Italy and acquired extensive experience in restoring old houses by using traditional techniques and local materials, which he then used in the restoration of ancient buildings in his hometown. He then opened a Hotel, creating employment opportunities for the local population and offers further training for eco building and restoration. The second practice highlighted – a glass factory in Albania - is an example of a one-off returnee investment in an already existing factory. Both investments are **based on the founders' working experience in Italy in construction and manufacturing** and both filled a gap in the market in their home country by using their skills and transnational networks acquired abroad.

Diaspora entrepreneurs typically engage in nearshoring and production for export, taking advantage of the lower production costs in the countries of origin and the higher purchasing power in the country of settlement (wage differentials). Returnee enterprise, on the other hand, is primarily based on smaller, one-off investments in real estate or a factory. These different investment patterns also **reflect a generational difference**: the older first migrant generation diaspora, who emigrated as “guest workers” in construction and manufacturing, primarily make safer investments in the country of origin as a kind of old-age provision with a view to return. The younger, well-educated diaspora entrepreneurs, on the other hand, especially the descendants of first generation migrants who were born in the countries of settlement or who emigrated as children, see investments in the country of origin as an inspiring challenge and an opportunity to reconnect with their roots. They are much more willing to take risks and engage in the development of transnational enterprises. The highlighted practices also **reflect a strong gender imbalance** in diaspora and returnee entrepreneurship. Only two highlighted **enterprises are female led**: a mushroom exporting business (*AnaVita Naturkost GmbH*) operating between



Bosnia and Herzegovina and a breastfeeding consultancy (*Suncev Zrak*) operating between Serbia and Germany. Interestingly, the two woman-led practices are the only enterprises among the highlighted initiatives based on a **business-to-customer (B2C)** model and the only ones outside of the **IT and manufacturing sectors**.

Nearshoring is a relatively recent trend in the Western Balkans, with high potential for diaspora investment. It has taken hold in the manufacturing sector and accelerated in the aftermath of the COVID-19 pandemic, as European companies restructure their supply chains and shift their production from distant Asian countries to geographically closer locations with still lower labour cost. The potential of the Western Balkans region for nearshoring lies in the ability to respond quickly to the needs of European customers, high production standards, and timely delivery of products. However, almost all entrepreneurs highlight the challenge of finding skilled and motivated labour in the Western Balkans. A particularly successful example of nearshoring in manufacturing is *Daccomet*, a furniture manufacturer with two subsidiaries one in Bosnia and Herzegovina and one in Serbia, which a student of former Yugoslav origin in Zurich founded in the early 1990s. The company's rise began in the early 2000s through cooperation with the Swedish furniture giant IKEA. This cooperation has allowed the company to grow to almost 800 employees in Bosnia and Herzegovina and Serbia, compared to less than 100 at the beginning of the privatisation and share purchase in the 2000s. *Daccomet* subsidiaries have a high share of women in management positions and in the workforce and have been supported by various development programmes. As a form of skills transfer and further business development, in 2015 *Daccomet* initiated a three-year Leadership and Skills Development Training for its staff in collaboration with the Higher Technical School Wood Biel, Switzerland, and co-financed by the Swiss Agency for Development and Cooperation.

The founder of *AnaVita Naturkost* in Germany has been working with local farmers in Bosnia and Herzegovina since the early 2000s to export organic mushrooms to the German market, creating jobs in rural areas in Bosnia and Herzegovina and teaching sustainable agricultural skills. The practice illustrates the challenge of dealing with certain scepticism of consumers in EU countries towards products from the Western Balkans. The founder invested a lot in personal marketing (e.g. conducting public contamination tests, adjust packaging etc.) and as the company continued to grow, both the product range and the scope expanded a second branch was opened in Croatia. A major success factor highlighted was the founder's personal commitment, her entrepreneurial spirit and perseverance. Echoing other entrepreneurs consulted in course of this study, also in the above cases cooperation with the private sector was assessed more successful than with public institutions/NGO sector due to their very different operating cultures.

Two further examples of **diaspora-staff initiating nearshoring** were highlighted in the manufacturing sector: *Austronet d.o.o.* and *SU-AD*, both in Bosnia and Herzegovina. Since 2008, the independent subsidiary *Austronet d.o.o.* of Plaspack Netze GmbH in Austria has been manufacturing the versatile "Austronet fabric" in Bosnia and Herzegovina. This development was significantly influenced by an employee, a Bosnian national living in Austria who took the initiative to establish a functioning business relationship with his country of origin with the initial aim to obtaining better offers for certain parts needed for production. Today, *Austronet d.o.o.* employs around 120 staff in the production of protective nets for outdoor use, is considered an economic driver in the municipality and has been awarded the best medium-sized foreign company in Bosnia for ten years in a row.

Similar in the case of *SU-AD*, the first manufacturer of fire fighting vehicles in the Western Balkans. The initiative was launched when the current owner of *SU-AD* and then employee of a German manufacturer of fire fighting vehicles was sent by his manager to his home country Bosnia and Herzegovina to identify skilled workers ready to work in Germany. He advocated for opening a factory in Bosnia and Herzegovina, create jobs locally and transfer knowledge from Germany to the local context. *SU-AD* is a success story of producing high quality EU-standardized innovative products in the Western Balkans to meet the high demand on the EU market. However, this story also highlights that the initiative was successful despite challenges faced with government support in

the country of origin, which reportedly prevented *SU-AD* from contributing to the modernisation of the domestic firefighting infrastructure¹⁸⁷ as was originally envisaged. However, *SU-AD* also offers a lesson for local institutions to create a favourable environment for investment instead of relying on the local patriotism or emotional attachment of entrepreneurs. After all, the founder started his company in a community that could offer him exactly this environment.

Aside from manufacturing and agriculture, **nearshoring is taking off in the ICT sector** as well, as exemplified by *imbus* and *Abidat* in Kosovo¹ (both subsidiaries of ICT companies in Germany). Similar to the previously mentioned cases, these two examples demonstrate the **potential for diaspora staff within foreign companies** to influence and facilitate their employer's decision to branch out to their country of origin. For instance, the opening of a branch office in Peja/Peć, Kosovo by *imbus*, a German company specialising in software quality assurance and testing, was proposed by an employee with a Kosovar background who had been working at *imbus* for over a decade. *imbus* had already expanded to China and Tunisia based on employees' initiative, indicating that the company had the openness, established mechanisms and support for such initiatives already in place.

Similarly, when the IT infrastructure and software developing company *Abidat* was approached by their customer Siemens AG with a request to extend the collaboration to include near-shore and offshore services, *Abidat's* Head of Business Development of Kosovar origin was instrumental in the decision to locate the new branch in Kosovo¹. The availability of educated workforce was one of the factors for choosing Kosovo¹ as a new location. However, both companies have reported struggling with the lack of skills and professional experience among employees and approached this impediment by investing in additional skills training, team building and joint workflow set-up, which then however led to a high turnover of employees - both within the country of origin towards other companies and within the company towards the headquarters in Germany.

In all successful nearshoring initiatives established on the creativity of a "diaspora employee", the motivation was primarily driven by company benefits, rather than any government incentives for business relocation. The success of these initiatives illustrates the great potential for diaspora engagement in nearshoring, which can be leveraged by governments through the provision of a conducive environment and investment incentives for foreign and diaspora investors. The main development impact of nearshoring is job creation, which can be particularly meaningful for small towns affected by deindustrialisation in the post-socialism era. Additionally, most nearshoring practices highlighted here have an innovative element and offer skills training for employees, which can help to retain skilled labour and facilitate an innovation-friendly environment in the long run.

- **International organisations, foreign governments and development cooperation agencies.**

Enterprise development programmes are in most cases funded by foreign governments and development agencies (GIZ Programme Migration and Diaspora, Swiss Entrepreneurship Programme, SECO Start Up Fund, EU for Innovation). These programmes aim at enterprise-development in the countries of origin rather than the promotion of transnational entrepreneurship, but they improve the investment environment, which benefits foreign and diaspora investors as well. With the exception of the GIZ programme Migration and Diaspora, diaspora engagement is often built into such programmes only in the form of mentoring.

GIZ's **Programme Migration and Diaspora (PMD)** is commissioned by the German BMZ and has been implemented from July 2019 to June 2022. The *PMD* is the third follow-up programme, following on the programmes Migration and Development I and II that were also commissioned by BMZ and implemented by GIZ from 2010 until 2014 and 2013 until 2018. A follow-up programme to the *PMD* is already in the pipeline. The *PMD-III* has three working areas: (1) Regular labour migration and mobility, (2) Diaspora cooperation, and (3) Migration and governance. The working area dedicated to diaspora cooperation is composed of five project lines,

¹⁸⁷ "Suad Beslic returned from Germany to BiH and now manufactures Fire Trucks," *Sarjevo Times* October 2, 2021, available at <https://sarajevotimes.com/suad-beslic-returned-from-germany-to-bih-and-now-manufactures-fire-trucks/>.



two of which are particularly relevant to diaspora entrepreneurs. The first project line, known as 'Business Ideas for Development', focuses on providing financial and economic assistance to migrants who wish to establish their own businesses in their countries of origin and aims to enhance transparency in the remittance market. The second project line, 'Social engagement by diasporas', involves partnering with organizations in the countries of origin to implement projects.

The 'Business Ideas for Development' instrument supports individuals who are either part of the diaspora in Germany or have returned from the early stages of business development, and the 'Social engagement by diasporas' project line intends to support diaspora organisations in their civic engagement. It supports collaborative projects between an organisation in Germany and a partner organisation in the country of origin. The *PMD*, along with its previous programmes, has funded 223 projects in 22 partner countries since 2010, including nine in Western Balkan countries.

However, not all project lines are implemented in all partner countries. While the project line that supports development projects of diaspora organisations is implemented in Kosovo¹, 'Business ideas for development' is not implemented there. Moreover, Serbia was included as a partner country in *PMD* based on a comprehensive assessment in Serbia and the communities in Germany. One example of a successful business funded in Serbia is *Sunčev Zrak*, a start-up developed by a Serbian paediatric nurse living in Germany. *Sunčev Zrak's* mission initially referred to assisting mothers in breastfeeding and was later expanded to provide overall psychosocial support to families. *PMD* provided advisory and technical support, including mentoring and support with developing a business plan, which reportedly was a success factor in the sustainability of the project. The programme also provided financial support, which enabled the founder to hire lawyers, tax and financial advisors to overcome the complex bureaucratic hurdles she encountered in Serbia. The second investments then included establishing an online presence of the counselling centre (web design), business and promotional materials. The type of support is subject to conditions as specified by the GIZs *PMD* – for instance, the provision of seed capital or investments in equipment and infrastructure are not covered under the programme guidelines.

The *Swiss Entrepreneurship Programme (SEP)* is a SECO-funded initiative, which supports innovators and entrepreneurs in emerging economies (including Albania, Bosnia and Herzegovina, North Macedonia, and Serbia). Diaspora members are encouraged to take part in the programme, and it specifically measures their involvement. However, this is secondary for the programme in measuring implementation success. The primary goal is to create jobs, improve access to finance for entrepreneurs, and strengthen local entrepreneurship ecosystems through innovation support organisations (incubators and accelerators), improved business services and mentoring networks. Country-specific programmes have been designed for each partner country to take into account their different contexts and address the identified lack of entrepreneurial training, lack of focus on innovation in low-cost labour economies, lack of support mechanisms for start-ups in every stage of development, and limited availability of early-stage commercial financing (debt, venture capital and angel investing). The programme is currently in its second phase (July 2019 – July 2023), which also includes Kosovo¹. It has a value of CHF 8 million (ca. EUR 8.1 million) and is implemented by "Swisscontact", an independent non-profit organisation.

On the global scale, the first phase of *SEP* was able to create more than 3,500 jobs, provide customised support for over 2,500 start-ups (technology, finance, gaming) to raise CHF 39.8 million, assist 66 entrepreneurship ecosystem groups, and engage 823 investors and 1406 mentors, 81 of them diaspora members. The programme does not publish specialised information for the Western Balkans region, but the stakeholders interviewed in the course of this study report a **rather low level of engagement of the Western Balkan diaspora, even where the infrastructure is in place**, as is the case with the Entrepreneurs in Residence Programme. The reasons for this would require further study.

A similar programme for supporting transnational entrepreneurs is the **SECO Start-up Fund (SSF)** established by the Swiss State Secretariat for Economic Affairs in 1999. The SSF offers loans for start-up projects of Swiss entrepreneurs or enterprises in emerging economies, among them the Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo¹, North Macedonia, Serbia). The management of the SSF is delegated to “FINANCEcontact” in Zurich. Four projects in North Macedonia received support from the SECO Start-Up Fund, namely **City-Beton** (producing innovative concrete components), **Netcetera** (software development), **Swiss Hydrocompany DOOEL** (sanitary installations) and **Golden Bag Recycling** (wood briquettes and pellets). All four projects are diaspora-led and have had a positive impact in job creation and knowledge transfer in different sectors. FINANCEcontact and the Swiss Embassy in Skopje closely monitor progress of these companies by visiting and advising entrepreneurs on how to improve their work. Hence, in addition to financial support, the process involves both mentoring and progress reporting.

- **Diaspora organisations and civil society actors.**

Only one example of an enterprise development programme outside of foreign development assistance was highlighted – the **Bitove Entrepreneurship Programme**. This programme is operated by the North Macedonian NGO Macedonia2025 and financed by one of its Board member, John Bitove. This initiative focuses on mentorship and will thus be further discussed in subsection 7.2.8. on skills training, vocational programmes, and knowledge transfer programmes.

ENTREPRENEURSHIP/ EMPLOYMENT CREATION/ENTERPRISE DEVELOPMENT

MAIN AREAS

The highlighted practices represent successful examples of the following subtypes of activity:

- diaspora private enterprise, including
 - nearshoring practices
 - returnee businesses with a transnational component
- enterprise development programmes, usually funded by foreign governments and development agencies, with a wide range of activities aimed at improving entrepreneurship ecosystems in the countries of origin.

IMPEDING FACTORS

- Lack of skilled labour
- High turnover of skilled employees
- Complex bureaucracies and ineffective administration
- Lack of funding opportunities in the countries of origin

SUCCESS FACTORS

- Investing in skills training for employees
- Investing in the entrepreneurship and innovation ecosystem in the countries of origin
- Investing in team building and company culture
- Receiving legal, administrative and technical support in the start-up process
- Grant matching programmes (see 7.2.3. Co-development initiatives)

<ul style="list-style-type: none"> Challenges related to transnational life and work 	<ul style="list-style-type: none"> Commitment of the founder (all highlighted private sector initiatives) Receiving mentoring and psychological support
<ul style="list-style-type: none"> Negative image of the Western Balkans countries in the world causes distrust towards products produced there 	<ul style="list-style-type: none"> Innovative marketing strategy

7.2.3. Promotion of trade

This type of activity highlights initiatives, specifically involving diaspora organisations/representatives to advance trade relations between the country of origin and settlement. Promotion of trade (export promotion) includes economic policy measures, development interventions and private initiatives aimed at improving the trade performance of a specific sector of the economy.

Main areas

- The most active stakeholders in diaspora engagement for the promotion of trade are **sectoral business associations based in the countries of origin**, rather than diaspora organisations in the countries of settlement or even government agencies. Business associations in most countries of origin are well organised and effective, yet have limited government support from either country of origin or country of settlement under study.
- Foreign development agencies have the capacity to contribute to the overall export capability** and competitiveness of the private sector in the countries of origin by designing multisector programmes, as the USAID Kosovo¹ Compete Activity highlighted below shows. However, no programmes aimed at the promotion of trade were mapped for the development agencies from the countries of settlement under study.
- Diaspora organisations have significant potential to promote tourism** as a gateway to investment and trade, but their activity is still rather unorganised and sporadic, due to the lack of capacity and limited institutional support.

In the following, the highlighted practices exemplify the above and present different approaches to diaspora engagement in the promotion of trade. Each encompasses a wide range of activities, including networking and fostering innovation.

Lead stakeholders engaged

- Country of origin state institutions**

Only one promotion of trade practice was highlighted for the country of origin state institutions, the **Serbian Swedish Business Council (SSBC)**. Although no longer active, this practice is featured to highlight the potential of the **proactive approach of the country of origin** in targeting the business diaspora through its missions in the country of settlement. The *Serbian Swedish Business Council (SSBC)* was founded in March 2014 by the Embassy of the Republic of Serbia in Sweden, was active until 2019 and aimed to address two specific needs: first, the Embassy at improving the economic relations between the two countries; second, it sought to get engaged with the Serbian economic diaspora in a more structured way. The aim of the *SSBC* was to act as a platform that would enable the Swedish and Serbian business communities to meet and discuss business of mutual interest. By promoting investments and exports, as well as joint ventures between companies, lasting and sustainable trade should be promoted as well as business cooperation and partnerships between the two countries. Although the



Council did not exclusively target diaspora businesses as members, the Serbian business diaspora in Sweden was involved in its establishment and constituted an important segment of its membership. *SSBC* members included Swedish companies with branches in Serbia, companies in Sweden run by the Serbian diaspora, and Swedish companies interested in expanding into the Serbian market. The Council was able to assist other embassies of Western Balkan countries in Sweden in promoting their countries and opening channels for possible business cooperation. It was reportedly disbanded due to a lack of staff.

- **Business organisations and other private sector actors**

Selected trade promotion practices highlighted in the private sector show **high levels of organisation and effectiveness** and allow for demonstrating the often-overlooked **potential of sector-specific business associations for targeted diaspora engagement**. They exemplify two distinct approaches:

- Promote products made in the country of origin to the diaspora as customers.
- Promote the country of origin as a business location in their specific sector under the guidance or with the support of diaspora experts.

The ***Association of Wood Processors of Kosovo¹ (AWPK)*** founded in 2004, brings together Kosovar companies in the wood industry and targets diaspora businesses as the primary customer of wood products 'Made in Kosovo'. According to the Director of *AWPK*, wood industry exports reached a value of EUR 230 million in 2021, which is about 30% of Kosovo's¹ total exports. *AWPK* cooperates with the Kosovo¹ Investment and Enterprise Support Agency and chambers of commerce to organise events supporting trade initiatives in Germany and Switzerland, as well as to sponsor the participation of Kosovar¹ companies in international business fairs. As discussed with other practices, one of the hindering factors mentioned is the **negative image** of their country of origin in the world, which negatively affects participation in their events aimed at promoting their products. *AWPK* responds by specifically targeting the **diaspora as customers** also due to their strong purchasing power.

The ***Association of Business Services Leaders (ABSL)*** in Bosnia and Herzegovina was initiated by diaspora members, based on the successful example of the *ABSL* Poland. In addition to Bosnia and Herzegovina and Poland, *ABSL International* operates in Austria, Albania, the Czech Republic, Latvia, Hungary, Moldova, Germany, Romania, and Switzerland and represents over 500 leading companies with more than 750,000 employees in these countries. The main objective of the association is to **develop the domestic business service sector and promote Bosnia and Herzegovina as a location for outsourcing of business services** (mostly in the ICT sector). Bosnia and Herzegovina's attractiveness lies in its low corporate tax rate compared to the rest of the region, comparatively cheap labour (compared to the EU), high number of young people who speak English and German, and affordable airfares due to low-cost airlines. Since its foundation in 2019, *ABSL* has been at the forefront of realising the demand for facilitating outsourcing services to Bosnia and Herzegovina, attracting investors and retaining skilled labour. In addition, *ABSL* regularly publishes Country Reports, one of the most important publications for investors and members of the business community, which summarises all information about the global business services sector and commercial trends in Bosnia and Herzegovina. In addition, it strongly promotes **gender-balanced leadership**. Member companies with women in leadership positions conduct mentoring and other initiatives to support and empower other women in the business services industry.¹⁸⁸

Another example of promoting a business location in the country of origin was highlighted in Serbia. Established in 2015, ***Niš Cluster of Advanced Technologies – NiCAT*** is a **business cluster of 28 companies** in the ICT sector in the city of Niš in southern Serbia, the former centre of Yugoslavia's electronic industry and strong academic institutions. When the industry collapsed in the 1990s, many local scientists and engineers emigrated, creating a

¹⁸⁸ The Association of Business Service Leaders in Bosnia and Herzegovina (ABSL), *Bosnia and Herzegovina – Country Report, 2020*, <https://absl.ba/publications-2/>.



large community of diaspora experts in the field. *NiCAT*'s primary purpose is to **increase the competitiveness of its companies and foster cooperation within the ICT community** (both in Serbia and internationally), as well as to promote innovation and Niš as an environment conducive to innovative entrepreneurship. Their work pursues five strategic directions: cluster development, networking and education, collaboration with faculties, increasing innovation and R&D, internationalisation and domestic market, branding and lobbying. In the working area "internationalisation and domestic market", *NiCAT* works to open new opportunities in the country and abroad, as well as to increase the demand in the domestic market. The working area "branding and lobbying" includes lobbying for the industry and cluster position, branding the industry and region, promoting opportunities for young people and branding the role of IT in business competitiveness. All *NiCAT* activities are based on strong stakeholder engagement, including cooperation with regional and national development agencies. In addition, *NiCAT* has built up a network of Serbian business ambassadors living in Switzerland, the Netherlands, USA and China, who promote Niš as a location for innovative enterprise through their professional networks in these countries.

- **International organisations, foreign governments and development cooperation agencies**

The USAID-sponsored project *Kosovo¹ Compete Activity*, which started in 2020, aims to **improve the export competitiveness of the private sector in the wood processing, food processing and ICT sectors**. Its activities are organised along five work streams: Market access, diversified finance, business development, skills development and business environment promotion. The five-year programme seeks to leverage the strong economic potential of the diaspora to achieve its goals. In the stream of market access, the programme aims to expand the private sector opportunities for accessing export markets by linking local companies with diaspora and foreign businesses. One of the key highlights is the support of the Kosovo¹ Diaspora Business Convention, which was held in 2019, 2021 and 2022 in partnership with the Kosovar NGO Germin, sector associations and diaspora business networks. In 2022, the event gathered 246 participants, including more than 100 diaspora businesses and professionals; 142 business-to-business (B2B) meetings; site visits of more than 50 diaspora businesses to 10 local companies. 63 participants attended thematic presentations from the ICT, food processing and wood processing sectors and 8 market linkages, which were initiated by the agreements concluded by companies during the event. The activity has impacted the Kosovar economy through its interventions, increasing the exports and investments and creating new employment opportunities. It represents a promising practice since it is providing a new and different source of support and facilitation for the diaspora's economic engagement, which has resulted in numerous business-promoting and trade-related activities and connections.

- **Diaspora organisations and civil society actors**

This section presents two initiatives led by diaspora organisations, both which focus primarily on **promoting tourism as a gateway to trade and investment**. **The first example involves Montenegrin diaspora in Luxembourg** and is highlighted as a particularly successful and impactful initiative.¹⁸⁹ The diaspora organisation *Montenegrin Culture and Information Centre Luxembourg* successfully lobbied LuxAir to introduce direct flights between Luxembourg and Montenegro in 2021. The flight connection has proven to be sustainable and has reportedly boosted tourism capacity, especially in the hotels and restaurant sector. It has also prompted companies in Luxembourg to explore business opportunities in Montenegro, such as the current initiative by a company to relocate its business to the municipality of Bar in Montenegro, thus creating fifty local jobs. According to the head of the diaspora organisation, as mentioned in previous chapters, the success of this initiative depended largely on her personal commitment and perseverance, as well as on her personal network. She used her private connections with Luxair, covered the promotional expenses, and personally guaranteed

¹⁸⁹ This practice was included despite Luxembourg was not among the selected settlement countries or in the corridor approach. Still, an exception was made for Montenegro as the country of origin with the fewest practices mapped.

that the interest in the flight connection would be great enough to make the initiative profitable for the airline. The success of this example highlights the importance and power of **improving the infrastructure** – identified as one of the main barriers to diaspora engagement in the Western Balkans – with the aim of boosting tourism and, indirectly, trade and investment.

The second practice to promote tourism and an example of transnational engagement typical of diaspora organisations is the association of North Macedonian ***Insieme Zaedno*** in the Veneto Region in Italy, which **organises trips for Italian tourists to remote regions in North Macedonia**. *Insieme Zaedno* is a voluntary bottom-up initiative without institutional support, whose transnational activities have been rather sporadic so far, but which nevertheless offers great potential for economic support to underdeveloped regions in North Macedonia.

PROMOTION OF TRADE	
<p>MAIN AREAS</p> <p>The highlighted practices represent successful examples of the following subtypes of activity:</p> <ul style="list-style-type: none"> • Promotion of bilateral trade relations with the engagement of diaspora businesses • Promotion of country of origin made products to global diaspora customers • Promotion of the country of origin as a business location in a specific sector, led or supported by diaspora experts • Development programmes aimed at improving export competitiveness of the private sector in the country of origin • Promotion of tourism as a gateway to trade and investment 	
IMPEDING FACTORS	SUCCESS FACTORS
<ul style="list-style-type: none"> • Limited institutional support for promotion of trade and tourism 	<ul style="list-style-type: none"> • Strong stakeholder engagement • Alignment with national policy frameworks for diaspora engagement • Replicating successful models from other countries Personal commitment of the founder/initiator
<ul style="list-style-type: none"> • Negative image of the Western Balkans countries in the world 	<ul style="list-style-type: none"> • Capitalizing on diaspora expertise to foster innovation and competitiveness • Capitalizing on diaspora members' networks and social capital in the countries of settlement • Capitalizing on diaspora's higher purchasing power and emotional attachment to country-of-origin-made products



7.2.4. Co-development initiatives

In co-development initiatives, diasporas invest in the local communities for social and infrastructural development in cooperation with the government of the country of origin or settlement, or both. In certain cases, civil society, NGOs or private enterprises may also be involved.

Main areas

Co-development practices highlighted emphasise the importance of involving local governments in diaspora engagement. Trans-local¹⁹⁰ diaspora engagement targets the diaspora's attachment to a specific town or city and can therefore be particularly effective in certain approaches, especially when the diaspora has more trust in local governments than national institutions. A proactive approach local government approach can go a long way, as the example of the municipality of Lopare in Bosnia and Herzegovina described below shows. Grant-matching schemes are generally effective and have high potential for diaspora engagement, even if they do not specifically target diasporas but rather signal a supportive environment for investors more generally.

Lead stakeholders engaged

- **Country of origin state institutions**

The two co-development practices presented in this subsection, while led by home country institutions, build on the cooperation of various stakeholder groups, including the private sector, diaspora organisations and international organisations, foreign governments and development agencies.

The first practice involves various investments in the municipality of Lopare in Bosnia and Herzegovina, one of the most (pro)active municipalities in the Western Balkans in the field of trans-local diaspora engagement for economic development. Lopare is a small municipality with a considerable diaspora mainly based in the Zurich region in Switzerland. The mayor of the municipality of Lopare took a proactive approach to diaspora engagement at home and abroad: in 2010 he actively promoted and supported the **establishment of a hometown association** in Switzerland, the *Majevisa Association of Switzerland - Udruženje Majevičana Švajcarske (UMŠ)*, which gathered numerous individual investors to realise their projects in Lopare. Thirteen significant investments were made, mainly by members of the UMŠ and the Swiss Association of Serbian Businessmen. These included a metal plant, an industrial research company specialising in groundwater research, a wedding salon, orchards and a resort. The Association is also involved in charity work: it built houses for the survivors of the 2014 floods, renovated three schools, provided school furniture, food and clothing for the socially disadvantaged, and built religious facilities. One of the flagship investments of diaspora members from Switzerland in Lopare is the Octopus Pools¹⁹¹, an investment in the accommodation and catering sector that attracts visitors from all over the region. The investment was financially supported by the "DiasporaInvest" project (USAID). The Lopare municipality is also working with civil society organisations, development agencies and other foreign investors. Still, one of the main factors hindering the Lopare municipality's efforts to engage with the diaspora is reportedly the lack of support from higher levels of government.

The second practice highlighted is the **Connect Albania** platform, implemented by IOM in cooperation with the Albanian and Italian governments as part of the implementation of the Albanian Diaspora Strategy and Action Plan and as part of the project "Engage Albanian Diaspora for the Social and Economic Development of Albania". The initiative is highlighted for its **innovative and participatory approach that incentivises diaspora engagement for investment through networking**. The *Connect Albania* mechanism recruits and certifies diaspora members

¹⁹⁰ In this report, trans-local refers to the interrelations and various forms of exchange between local level actors (including migrants, communities, local government authorities and other relevant stakeholders), with emphasis on local-to-local interactions, as compared to the term transnational which refers to the nation-state level.

¹⁹¹ See: <https://bazenilopare.com/>.



as Development Agents based on an open application process. They are rewarded with a bonus of EUR 1,000 for each employee employed in a new business registered in Albania that they have helped to establish. The requirements for registration and online application are: over 18 years old, legally reside outside of Albania for the last five years, and have secondary education qualification. So far, about 20 members have been certified as Development Agents. The main target sectors of the programme are business services, financial services, IT, and manufacturing. The platform was developed following flagship examples such as “Connect Ireland”. The Albanian government aims to make *Connect Albania* accessible to the Albanian diaspora worldwide, with continued support from development partners. In this process, the government has taken on a relatively non-bureaucratic facilitation role: It provides guidance and administrative support rather than running the initiative. This has proven to be a success factor, as it has enabled diaspora members to take ownership of the process and take the initiative themselves. Although Albania has made significant efforts to create an enabling environment for diaspora engagement, institutional instability has been one of the main obstacles to the implementation of relevant practices, see also sub-chapter 7.3. on hindering factors.

- **International organisations, foreign governments and development cooperation agencies**

Foreign development agencies have a long-standing cooperation with the NGO sector in the Western Balkans, funding all co-development initiatives undertaken by the civil society in the countries of origin.

Among the best-known and most fruitful examples of this cooperation are the *DiasporaInvest* and *Diaspora4Development* projects in Bosnia and Herzegovina, which have dramatically increased the number of diaspora investments in recent years. Both projects offer grants and technical assistance to diaspora investors in their initial phase. *DiasporaInvest* (2017-2022, to be extended for another five years) is a USD 6.2 million (approximately EUR 5.7 million) project implemented by Financial Market International, Inc. and two local subcontractors (“Naša Perspektiva” and “Restart”) in partnership with the Ministry of Human Rights and Refugees of Bosnia and Herzegovina. The aim of the programme was to promote the economic contribution of the diaspora by establishing structured contacts with diaspora investors, incentivising diaspora investment through matching grants and technical assistance to investors, and establishing local platforms for business services and investment facilitation. Several highlighted private sector initiatives were supported by *DiasporaInvest*. One of the flagship achievements was the establishment of the *Diaspora Business Centre*, a **one-stop shop for diaspora engagement**, which is discussed in section 7.2.5 on market information/advice. *DiasporaInvest* also had a diaspora-mapping component collecting hundreds of practices relevant to the mapping exercise of this study.

While stakeholder engagement at the national level was cited as one of the success factors of this initiative, the 2019 performance evaluation of the project¹⁹² highlighted the lack of engagement with the local authorities as a main barrier.

Diaspora4Development (D4D) was a similar project worth CHF 6.2 million (ca. EUR 6.1 million) and implemented in two phases between 2013 and 2021 by IOM and UNDP in partnership with the Ministry of Human Rights and Refugees of Bosnia and Herzegovina and funded by the SDC, IOM and UNDP. *D4D* initiated the development of the “Diaspora Strategy and Action Plan of Bosnia and Herzegovina”. The project also included a diaspora mapping component, grant matching and technical support for start-ups, as well as knowledge transfer practices and the development of the interactive diaspora engagement platform dijaspora.mhrr.gov.ba. One of the goals of the project was to improve communication and cooperation between the diaspora and the institutions at the local level and to align diaspora engagement strategies at the local level with the National Strategy.

¹⁹² USAID, *Evaluation of the Performance of the USAID/BiH Diaspora Invest Activity*, prepared under the USAID’s Bosnia and Herzegovina Monitoring and Evaluation Support Activity (MEASURE-BiH) (Sarajevo: USAID, 2019), available at: <https://www.measurebih.com/performance-evaluation-of-the-usaid-bih-diaspora-invest-activity->



- **Diaspora organisations and civil society actors**

In addition to the aforementioned involvement of the diaspora organisation “Majevisa Association” in co-development initiatives, two further **initiatives implemented by the civil society actors** in the countries of origin were highlighted – *Mozaik Foundation’s* local grant-matching programmes in Bosnia and Herzegovina and the *Germin’s* platforms for trans-local diaspora outreach in Kosovo¹. The non-profit organisation **Mozaik Foundation** in Bosnia and Herzegovina currently operates three interlinked grant matching and microfinancing initiatives supported by the Swiss Development Cooperation: *Lonac.pro*, *Youth Bank*, and *Start-Up Studios*. The main goal of these initiatives is to empower value-based social entrepreneurs who can create employment and prosperity in their local communities and acts as role models for their peers. They focus on the youth of Bosnia and Herzegovina as the main beneficiaries and see the diaspora as partners in the fight against youth apathy, which is rooted in the lack of prospects for young people in the post-war period (Bosnia and Herzegovina has a youth unemployment rate of 38%). *Lonac.pro* is an online community and grant matching programme that matches investments in local communities based on up to 75% support (25% from local communities and 50% from the Swiss government). The online platform *Lonac.pro* was launched in 2018 and now has 86,000 registered users.¹⁹³ The *Youth Bank* identifies young social innovators and supports their projects with small grants of up to EUR 750. The programme will finance 2,000 initiatives of Bosnia and Herzegovina youth by March 2023. *Start-up studios* is an incubator with offices in Sarajevo, Banja Luka, and Bihać, providing support to enterprises in the digital industry aiming at supporting 240 small and micro social businesses. The *Mozaik Foundation’s* initiatives have been highlighted as examples of strong stakeholder engagement at the local level. The foundation has collaborated with 54 municipalities and 15 corporate and government financial institutions. So far, 2,305 teams used start-up services, and 2,723 community projects were supported with a total of EUR 3,466,119.¹⁹⁴ By incorporating diaspora into its ecosystem, the foundation plans to generate new collaborative opportunities and generating additional resources in order to create systemic and sustainable solutions for local communities.

Certain activities of the NGO **Germin**, described as the most effective diaspora-oriented NGO operating in Kosovo¹, are selected for this section to emphasise engagement with local stakeholders and institutions in facilitating various activities that enable diaspora investment in the country of origin. Through one of its programmes, *Germin* aims to generate income and employment at the local level by leveraging diaspora networks through the promotion of local products, public-private partnerships (PPPs) and market linkage activities. Attracting Diaspora Direct Investments (DDI) is one of the key objectives to be achieved under this framework. In this context, *Germin* supported investment attraction initiatives in three municipalities in Kosovo¹: Prizren,¹⁹⁵ Vushtrri/Vučitrn¹⁹⁶ and Kamenica.¹⁹⁷ For each municipality, a tailor-made platform was developed to address the diaspora community trans-locally in their main destinations.¹⁹⁸

¹⁹³ Country research in Switzerland.

¹⁹⁴ See: <https://mozaik.ba/about-us/?lang=en#>.

¹⁹⁵ For more information on Invest in Prizren Platform see: <https://germin.org/invest-in-prizren/>.

¹⁹⁶ For more information on Invest in Vushtrri/Vucitrn Platform see: <https://investinvushtrri.com/>.

¹⁹⁷ For more information on Invest in Kamenica Platform: <https://germin.org/invest-in-kamenica/>.

¹⁹⁸ Background research in Kosovo. All references to Kosovo in this document should be understood to be in the context of United Nations Security Council Resolution 1244 (1999).



CO-DEVELOPMENT INITIATIVES

MAIN APPROCHES

The highlighted practices represent successful examples of the following subtypes of activity:

- Local government-led initiatives in trans-local diaspora investment
- Incentive programmes engaging diaspora members as Development Agents
- Grant matching programmes implemented by COO CSO and supported by development aid
- Online platforms for trans-local diaspora investment

IMPEDING FACTORS

SUCCESS FACTORS

- limited support from higher levels of government for local level diaspora engagement initiatives

- Proactive approach to diaspora engagement at the local level - municipal government involvement in trans-local diaspora engagement both in the country of origin and in the country of settlement
- Targeting diaspora members' emotional attachment to a place (rather than a nation)
- Strong stakeholder engagement
- Grant matching: opportunities for financial support motivate investment even if they are small and symbolic

- Frequent institutional restructuring

- Government in a supporting role (e.g. by providing information and cooperation mechanisms) rather than an intervening role

- Low levels of diaspora participation

- Incentivizing diaspora engagement with personal and career benefits
- Replicating successful models from other countries
- Capitalizing on diaspora members' networks and social capital in the countries of settlement

7.2.5. Investment in financial instruments

Countries of origin and settlement may introduce a range of asset-based financial instruments to encourage diasporas to invest in projects in their home countries. ECONDIAS focuses on investment-related instruments, including financial instruments, designed to channel remittances through formal channels for investment purposes.



Main areas

There is currently limited number of financial instruments aimed specifically for the Western Balkan countries with a strong involvement of diaspora members, but there is immense potential in this area to reduce transaction time and cost, enabling a positive investment environment. Although only one practice was selected under this category, it is an exceptionally successful example in the private sector due to its innovation, strong stakeholder engagement, sustainability and upscaling potential.

Lead stakeholder engaged

- **Business organisations and other private sector actors**

Swinto Schweiz, based in the Swiss city of Zug, operates the *Swinto* financial platform in Switzerland and Kosovo¹. It is a financial transfer and banking app that is designed to fill a gap in the market and reduce transaction costs across borders. The founder, born in Kosovo, has lived in Switzerland for over 30 years and chose this country as the target market for *Swinto* due to the its substantial Kosovar diaspora and a significant amount of money being sent back home to assist relatives and friends, or to make modest investments and purchases. With the *Swinto* app, which functions as a complete financial ecosystem, a user can transfer money, make payments via QR codes, exchange currencies, make deposits, and withdraw money. These services aim to decouple customers from banks and allow small investors to access a wider range of financial products including micro-investments, to lending money individuals or businesses through online services and others. In addition to its success, this practice was recognised for its gender-balanced team and leadership. The company now operates two branches, one in Kosovo¹ and one in Switzerland, and is in the process of establishing a third one in Germany to service EU countries including Sweden, Austria, and Germany, where the majority of the Kosovar diaspora resides. As one of the first financial service of its kind, the company had to create the necessary ecosystem to introduce its product to the targeted market. The financial system in Kosovo¹ is dominated by banks and the existing money transfer mechanisms are slow and complex, requiring customers to pay high fees and complete lengthy paperwork. While this environment may have been a barrier to *Swinto's* market entry, it also provided the company with an opportunity to fill a gap in the market through technological improvements and financial innovation, and to create a new, non-banked model for financial transactions (licensed by the Central Bank of Kosovo as a non-bank financial institution), which also enables investment-related remittances.

INVESTMENT IN FINANCIAL INSTRUMENTS

MAIN AREAS

The highlighted practice represents a successful example of the following subtype of activity:

- Private sector diaspora initiatives aimed at reducing the cost of financial transactions and remittances, indirectly helping create an environment conducive to foreign investment

IMPEDING FACTORS

- Initial challenges in market integration (due to the complex financial system)

SUCCESS FACTORS

- Capitalizing on diaspora expertise to foster innovation and competitiveness
- Filling a gap in the market
- Strong stakeholder engagement in country of origin and settlement, tailoring product and services to specific target groups - women, diaspora and students



7.2.6. Market intelligence/consultation

The practices highlighted for this type of activity relate to platforms that support diaspora investors with comprehensive knowledge. Their services include market analysis and policy insights into investment opportunities and business development processes for potential investors, including diaspora members, facilitating partnerships between relevant stakeholders, assisting with administrative and logistical requirements and in some cases even acquiring licences and permits for new businesses.

Examples in this type of activity are selected for their high degree of stakeholder engagement, institutional buy-in, sustainability and alignment with existing national development frameworks.

Main areas

The practices highlighted under this category are examples of the success of so-called one-stop-shops for diaspora engagement, which provide the necessary support to diaspora members interested in investment and business development. They also facilitate collaboration between the government and the diaspora by providing communication mechanisms, thus removing two of the main barriers to diaspora engagement: lack of communication mechanisms and administrative hurdles.

This sub-section discusses three selected practices: one in Bosnia and Herzegovina (*Diaspora Business Centre*) and two in Serbia (*Returning Point*; *Diaspora Business Hub*). All three were developed with the support of International Organisations and foreign development agencies (USAID, UNDP, ADA).

Lead stakeholders engaged

- **Diaspora organisations and civil society actors**

Two of the three highlighted One-Stop-Shops are managed and implemented by civil society organisations in the countries of origin (Bosnia and Herzegovina and Serbia), but they are created with strong support from state institutions in the country of origin, especially local administrations, and funds from international/foreign development agencies. The third example highlighted, the *Diaspora Business Hub* in Serbia, was implemented by an International Organisation (ICMPD) with the support of the Austrian Development Agency and with extensive involvement of local stakeholders.

The *Diaspora Business Centre (DBC)* was selected for its high level of institutional involvement and stakeholder engagement, as well as its relevance and effectiveness in addressing the issue of insufficient **support for diaspora investors** in Bosnia and Herzegovina. *DBC* was established in 2017 under the auspices of “Naša Perspektiva”, a local non-governmental organisation, with the support of the “DiasporaInvest” project. The *DBC* provided information and investment facilitation services to a total of 111 potential investors or businesses who visited the *DBC* seeking information and support. This support included online and face-to-face advice on business formation, business registration, investment opportunities, suppliers and potential buyers, business information, information on legal and regulatory requirements, contacts with local institutions and intermediaries such as lawyers, bankers and other professionals. In addition to this support, the *DBC* has introduced the direct provision of technical assistance and business advisory services to diaspora businesses. Stand-alone technical assistance was provided to 86 diaspora companies, covering a wide range of services. The *DBC* also established a database of short-term experts, which currently contains information on 164 experts with relevant experience in various economic sectors. The list of consultants is updated at regular intervals. One of the most important features of this practice is the strong involvement of institutions and stakeholders. The *DBC* has entered into Memoranda of Understanding (MoU) with 16 municipalities across the country. These MoUs aim to expand the *DBC*'s network beyond the largest urban centres and provide for joint efforts to promote diaspora investment, refer diaspora investors to the *DBC* and jointly organise diaspora engagement activities. Through this collaboration, *DBC* has co-organised or supported diaspora engagement events across the country and directly supported a total of 31

diaspora enterprises in 16 communities. These diaspora enterprises currently employ 391 persons in these locations. The involvement of different stakeholders in *DBC* projects also proved to be effective and feasible. For example, the pilot project with the municipality of Lopare included mapping the local diaspora, creating an overview of investment and business opportunities in the municipality for diaspora engagement, co-organising a B2B event for the diaspora and developing a diaspora engagement toolkit for local authorities. The project was successfully completed in 2021, equipping local partners with information and tools for engagement and **enabling them to implement activities without external donor support.**

Similarly, *Returning Point (Tačka Povratka)* is an NGO established in 2018 as a civil society initiative in the form of a public-private partnership initiated by the Serbian “City Club”, an NGO, diaspora entrepreneurs and a private company, the “Science Technology Park Belgrade”. *Returning Point* was established in response to issues identified by the Serbian government, more specifically the Prime Minister's Office, which aimed to better understand the problems faced by diasporas on the ground and the obstacles to further cooperation between diasporas and local businesses. *Returning Point* serves as a point of contact for diaspora members and refers them to the appropriate government agencies for their specific needs. Their work focuses on identifying highly skilled individuals, linking local private and public partners with diaspora institutions, and identifying and addressing legislative gaps and barriers to investment and collaboration. They **provide support through various initiatives tailored to the needs of different diaspora and returnee groups** (work, study, invest, contribute and retire). *Returning Point* is aligned with the overall institutional and policy framework of diaspora engagement in Serbia - stakeholders work together to solve existing problems and implement future reform priorities. The NGO is funded from the institutional budget of the Ministry of Education and Scientific Development and has also received project funding from UNDP. This **combination of funding** ensures the sustainability of the project. *Returning Point's* activities are aligned with the national strategic framework. The future of the initiative is not immediately endangered even in the event of individual changes in government or a loss of power of the leading party, as its mission **does not depend on the political situation.**

MARKET INTELLIGENCE/CONSULTATION

MAIN AREAS

The highlighted practices represent successful examples of the following subtype of activity:

- One-stop-shops for diaspora engagement in the countries of origin

IMPEDING FACTORS

- Lack of sustained funding
- Differences in the mode of operating between different stakeholders

SUCCESS FACTORS

- Strong institutional buy-in at the federal and local level
- Strong stakeholder engagement (diaspora representatives in relevant boards); public-private partnerships foster sustainability
- Slow trust-building with diaspora investors
- Providing tailored support to the relevant stakeholders



7.2.7. Contributions to technological upgrade, scientific development and innovation

Diaspora engagement in high-skill sectors such as medicine or information technology can turn out crucial for the transfer of innovative technologies and scientific practices to the country of origin.

Main areas

The majority of innovation-focused practices are found in the private sector. They fall in one of the following three categories:

- diaspora consultancies contributing to the technological upgrade of infrastructure at the national and regional level;
- diaspora-led and often ODA-supported private sector initiatives incl. nearshoring practices in high-skill sectors;
- country of origin-based business associations fostering innovation by capitalizing on diaspora expertise and networks.

In addition to private sector initiatives, governments and development cooperation agencies support innovation by investing in innovation support organisations (incubators and accelerators) and improving the overall innovation ecosystem in the countries of origin.

Lead stakeholders engaged

- **Business organisations and other private sector actors**

Examples of practices that focus on technological and infrastructural modernisation with a diasporic element include an Austria based consultancy, *Cet4Biz*, which focuses on optimising technical requirements for railway interoperability, and *H2i Balkans*, a fast-growing technology company registered in Singapore. ***Cet4Biz*** is highlighted for its innovation component and potential contribution to harmonisation of standards in the EU accession process. It is of particular interest to Bosnian and Serbian transport companies and ministries, which are interested in modernising railway networks in the region to provide better delivery and logistics services to and from the region. The company owners have built on their professional connections, working in the Austrian technology and logistics industry, **using local and diasporas knowledge, language skills and an understanding of mutual benefits** to gain the trust of local institutions in the development of railway systems in the region that meet **EU standards**. For more than seven years, the company has been providing relevant consultancy services in software development and knowledge management systems in Austria and the region.¹⁹⁹

H2i Balkans, was founded with the aim of transferring knowledge in predictive modelling acquired in Singapore, often involving Bosnian **members of the scientific diaspora**. The company received a grant from the USAID's Diaspora Investment in Bosnia and Herzegovina (DiasporaInvest). The purpose was to support the activities of *H2i Balkans* in the field of flood and pollution risk management, through computer modelling and the use of real time Big Data on water, with the prospect of extending these activities throughout the Western Balkan region. *H2i Balkans* organised workshops, training programmes, and developed a web-portal for early prediction and forecasting of floods.

Private sector companies dedicated to innovation and (green) technological development include four diaspora-led projects in North Macedonia supported by the Swiss SECO Start-up Fund: ***City Beton*** (concrete elements), ***Netcetera*** (software development), ***Swiss Hydrocompany DOOEL*** (wastewater disposal) and ***Golden Bag Recycling*** (wood briquettes and pellets). *City Beton* (Kumanovo) was the first company in North Macedonia to use the SECO start-up fund, and its example motivated three other companies to use this loan for investment. It

¹⁹⁹ Country research in Austria



was founded in 2006 by two young North Macedonian entrepreneurs living in Switzerland who set up a production facility for concrete elements. The SSSF loan was used to purchase equipment to diversify the product range. One of the entrepreneurs returned to North Macedonia and started the production of concrete elements in 2008. In the beginning, the owners cooperated with a local construction company to facilitate the establishment of this green field operation, before *City-Beton* developed into a fully independent company. *City-Beton* uses patented automated technology to produce high quality concrete elements that meet the latest EU standards in the field. The company contributes to local employment (more than 40 employees) and produces mainly for the North Macedonia market. The company is monitored and evaluated by FinanceContact and the Swiss Embassy in Skopje.

Similarly, the nearshoring practices discussed earlier in section 7.2.1 brought first of their kind products and services to the ICT (*imbus AG, Abidat GmbH*) and manufacturing (*SU AD, Austronet*) sectors, diversifying the economy in the countries of origin.

Sector-specific business associations based in the countries of origin also enhance innovation to improve the business environment for trade promotion by tapping into the expertise and networks of diaspora members (e.g. *ABSL* and *AWPK*, *NiCAT* explained in the section on ‘Promotion of Trade’ above). *NiCAT* has a particularly strong focus on innovation in ICT, electro medicine, automation and mechanical engineering. It is the initiator of the ***Serbian Clusters Association (SCAN)***, which recently developed the DIONE tool set – an innovative solution that enables European agricultural payment agencies to comply with the modernised Common Agricultural Policy (CAP) rules while carrying out an environmental impact assessment of greening at the national or regional level. *NiCAT*’s main strength lies in the large number of motivated and successful entrepreneurs it has been able to gather around its cause. Located in Nis, a city in the south-eastern part of Serbia, the Cluster has strongly contributed to regional development.

- **International organisations, foreign governments and development cooperation agencies.**

The ***EU for Innovation*** project is funded by the European Union with additional support from the German Federal Ministry for Economic Cooperation and Development (BMZ) as well as the Swedish International Development Cooperation Agency (Swedish Government). It is implemented by GIZ and the Swedish Embassy in Tirana in close partnership with the Albanian Ministry of Finance and Economy and the Minister of State for Protection of Entrepreneurship. It seeks to create various incentives to improve the innovation ecosystem, strengthen the innovation capacity and boost the establishment of start-ups in Albania. In particular, innovative start-ups and innovation support organisations are funded through the Challenge Fund. Whereas the **Challenge Fund Albania** does not explicitly support the Albanian diaspora abroad, diaspora members are not excluded from applying. A closely related component of the project is the *Diaspora Mentoring Programme*, running from October 2018 to September 2022. It aims to match experienced Albanian entrepreneurs living abroad with the most promising local entrepreneurs to support them on their growth path. Most of the diaspora members who have registered with the programme are in the technology sector, including electronics, telecommunications, AI, and financial services. The programme is also in line with the Albanian Diaspora National Strategy, which, among many other goals, aims to bring together Albanian professionals abroad with local professionals working and living in Albania.

CONTRIBUTIONS TO TECHNOLOGICAL UPGRADE, SCIENTIFIC DEVELOPMENT AND INNOVATION

MAIN AREAS

The highlighted practices represent successful examples of the following subtypes of activity:

- diaspora consultancies contributing to the technological upgrade of infrastructure at the national and regional level;
- diaspora-led and often ODA-supported private sector initiatives incl. nearshoring practices in high-skill sectors;
- country of origin-based business associations fostering innovation by capitalizing on diaspora expertise and networks;
- investing in innovation support organisations (incubators and accelerators) to improve the innovation ecosystem in the countries of origin.

IMPEDING FACTORS

- Initial challenges in market integration
- Difficulties in loan repayment
- Unwelcoming environment in the countries of origin towards diaspora and returnee investment

- Limited outreach of the programme
- Challenges in mobilising relevant diaspora mentors

- COVID-19 and other environmental shocks

- Lack of coordination among donors
- Differences in modes of operating between different stakeholders

SUCCESS FACTORS

- Capitalizing on diaspora expertise to foster innovation and competitiveness
- Aligning products and services with EU standards
- Monitoring and evaluation of progress by grant donors

- Incentivizing diaspora engagement with personal and career benefits

- Flexibility on the part of both the donors and the beneficiaries

- Regular and structured communication

7.2.8. Networking

In networking, diaspora serve as a bridge between relevant state and private actors in countries of origin and settlement to promote development, trade, knowledge transfer, co-development, etc. Diaspora linkages with the country of origin and with other diaspora members is often a prerequisite for any diaspora engagement initiative, which is why many of the practices mentioned in other subsections have a networking component. The initiatives presented in this subsection have **networking as their primary purpose**.

Main areas:

Highlighted networking initiatives fall in one of the below two categories:

- in-person networking events targeting the business diaspora
- digital networking platforms

Some of the presented practices are based in the country of origin and target its global diaspora, while others are based in the country of settlement and target the diaspora settled there – though often based on the commonality of language rather than the country of origin.



- **Country of origin state institutions**

In some countries of origin, governments have taken a proactive role in forming diaspora networks or organising regular networking events for the diaspora. The **Albanian Diaspora Business Network** was launched in 2013 at the initiative of the Kosovar Ministry of Diaspora,²⁰⁰ in the framework of the Diaspora Engagement Strategy 2013-2018. With the support of UNDP's Joint Programme Diaspora Engagement for Economic Development (JP DEED), the Ministry managed to establish 25 Albanian Diaspora Business Networks in 22 countries by 2017, serving as branches offices and coordinated by the Pristina office. The initiative played an important role in connecting diaspora businesses not only with each other, but also with the business community in Kosovo¹. In recent years, its activities have reportedly been hampered by coordination challenges between different networks and departments. In addition, discontinuation of organisational support by the government was also highlighted as a major challenge that affected the progress and activities of the network. Nevertheless, the network had a strong impact on market linkages and facilitation of business partnerships through business forums, conferences, business-to-business meetings, etc. Despite the increased coordination effort, networks based in the country of origin and targeting the global diaspora seem to be much more effective in reaching the diaspora on a large scale than networks or associations limited to one country of settlement only.

In other countries of origin, governments have also created opportunities for structured networking with the diaspora, albeit on a much smaller scale. In 2021, the Montenegro Department for Diaspora and Emigrants launched a **Business Forum** as part of the annual gathering of diaspora members: Days of Diaspora. The *Business Forum* is intended to become an annual opportunity for successful businessmen/women of Montenegrin origin living and working abroad to connect with representatives of Montenegrin institutions and companies in a structured way and discuss opportunities for and mechanisms of cooperation. According to the Department for Diaspora and Emigrants, five investments were already implemented as a result of the 2021 *Business Forum*.

- **Business organisations and other private sector actors**

A general finding of the study is that **professional, sectoral and business networks are more effective channels for diaspora engagement than the networking events of cultural diaspora organisations**, because they attract the relevant demography of professionals and entrepreneurs, whereas the cultural diaspora organisations primarily appeal to the older generation of emigrants. The **Business Women of Bosnia and Herzegovina** in Austria is one example of this shift away from cultural diaspora organisations towards business-oriented networks. The network gathers women entrepreneurs and professionals working mainly in the finance and international development sectors in Vienna.

Although similar professional networks were mapped for almost all countries of origin and settlement studied, the *Business Women of Bosnia and Herzegovina* is highlighted here as a **rare example of a network focused on female entrepreneurship with a development impact**. Through regular meetings with its members and modest membership fees, the network has gradually increased its visibility in the diaspora business community in Austria, from a social media group to a transnational business network with several flagship events. The association has demonstrated its potential for development impact by organising events where small businesses from Bosnia and Herzegovina are invited to showcase their products and thus reach out to the wider market. For example, one such event at the UN in Vienna 2019 brought together more than a dozen such small businesses that displayed their products and services. While Bosnian-Austrian owners were often focused on the provision of (mainly medical) services, small businesses from Bosnia and Herzegovina included women's businesses offering local products, including art and craft. Official support by the Ambassador of Bosnia and Herzegovina to Austria

²⁰⁰ Currently, the Kosovo Ministry of Diaspora is merged with the Ministry of Foreign Affairs.



and attracting wide public interest such events provide an opportunity for diaspora entrepreneurs to raise the profile of their businesses and create networks of partnership and co-operation.

- **International organisations, foreign governments and development cooperation agencies**

Swiss development cooperation supported the development of two diaspora networking platforms in Switzerland, *i-diaspora/i-Platform* (Bosnia and Herzegovina) and *Albinfo.ch* (Albania). The Swiss government responded to the desire to find one single - but connecting - actor in each of these large diaspora communities to work with on further development cooperation. *Albinfo.ch*, an online platform for Albanian speakers in Switzerland and beyond, connects the Albanian-speaking diaspora in Switzerland with their home countries through networking and trade. The main objective is to enhance social, economic, and cultural conditions in their home countries. *Albinfo.ch* started as an umbrella organisation, but quickly developed into a community network for business networking and an important online news platform and was finally spun off in Austria. Similarly, *I-platform/I-dijaspora*, founded in 2017, is an organisation and a platform that quickly established a network of supporters in Switzerland and Bosnia and Herzegovina and now acts as the main platform for the broader Slavic-speaking post-Yugoslav diasporas in Switzerland and as a development actor, especially in Bosnia and Herzegovina. The intended medium-term results include the institutionalisation of the *I-platform* as a financially sustainable, professional, ethnically and religiously neutral centre that promotes cooperation and partnership between actors in Switzerland and Bosnia and Herzegovina. The initiative has already succeeded in bringing together experts and professionals from the Bosnian diaspora, networking them and involving them in activities related to the country's development in cooperation with civil society in the country of origin.

The development of an online platform was also one of the main outcomes of the ICMPD-implemented and ADA-funded project *LinkUP! Serbia II*. The project aimed to support transnational entrepreneurial activities with and by the Serbian diaspora in the countries Austria, Germany and Switzerland by facilitating access to knowledge, networks, and financial resources. It was implemented between 2019 and early 2023 as a follow up to a feasibility study (2016-2017). In addition to the online platform *Business Atlas of Serbia and the Diaspora* with the Serbian Chamber of Commerce, project activities included face-to-face networking events, the provision of private sector mentoring support, technical assistance to cities and municipalities, and the establishment of a one-stop shop for diaspora investment, i.e. the *Diaspora Business Hub* (DBH, see 7.2.5. on Market information/advice). One of the success factors of this project was the strong involvement of stakeholders. The second phase involved the Ministry of European Integration as the main national partner, as well as the Serbian Development Agency (RAS), the Serbian Chamber of Commerce and Industry (CCIS) and six regional development agencies (RAREI Belgrade, RDA - BP Požarevac, Centre for the Development of Jablanica and Pčinja Leskovac Districts, RDA South Niš, REDASP Kragujevac and RARIS Zaječar). An important success factors was the strong stakeholder engagement including the Ministry of European Integration, the Serbian Development Agency (RAS), the Serbian Chamber of Commerce and Industry (CCIS) and six regional development agencies (RAREI Belgrade, RDA - BP Požarevac, Centre for the Development of Jablanica and Pčinja Leskovac Districts, RDA South Niš, REDASP Kragujevac and RARIS Zaječar).

- **Diaspora organisations and civil society actors**

In North Macedonia, two very successful examples of networking initiatives with a strong diaspora component were highlighted, both implemented by the local civil society organisation “Macedonia2025” and funded by its Board of Directors. The first example is their annual *Macedonia2025 Summit*. In 2022, the Summit’s 11th edition was successfully organised on the topic of digitalisation. The *Macedonia2025 Summit* brings together policymakers, businesses operating in the region, members of the diplomatic corps and international organisations, as well as academia, civil society and diaspora experts. It offers participants the opportunity to network and forge lasting partnerships and relationships. While the summit does not focus exclusively on the

diaspora, the **Connect2MK** online platform brings North Macedonian businesses together with experts from the diaspora to help them grow and succeed. They offer mentorship and opportunities for partnerships and/or investments. The platform matches participants' profiles based on the region and expertise needed. Currently, the platform counts 32 experts and 50 companies.

In Kosovo¹, the abovementioned NGO Germin, has been collaborating with USAID in Kosovo¹ to organize the **Diaspora Business Forum** in 2021 and 2022. In addition to direct business-to-business connections, the forum gathers hundreds of diaspora businesses to discuss main challenges related to diaspora investments and the promotion of Kosovar products abroad using diaspora connections.

NETWORKING	
<p>MAIN AREAS</p> <p>The highlighted practices represent successful examples of the following subtypes of activity:</p> <ul style="list-style-type: none"> • in-person networking events targeting the business diaspora • digital networking platforms 	
IMPEDING FACTORS	SUCCESS FACTORS
<ul style="list-style-type: none"> • Frequent institutional restructuring and frequent change of personnel 	<ul style="list-style-type: none"> • Strong stakeholder engagement • Self-funding models based on membership contributions
<ul style="list-style-type: none"> • Coordination issues among different stakeholders 	<ul style="list-style-type: none"> • Structured communication (organising regular meetings and events)
<ul style="list-style-type: none"> • COVID-19 and other environmental shocks 	<ul style="list-style-type: none"> • Flexibility on the part of both the donors and the beneficiaries
<ul style="list-style-type: none"> • Generic diaspora networking events without a clear objective / target group 	<ul style="list-style-type: none"> • Tailoring initiatives to a specific professional group (e.g. female entrepreneurs) • Matching mechanisms for online platforms • Targeting global diaspora rather than one country of settlement (Albanian Diaspora Business Network)

7.2.9. Skills training, vocational programmes and knowledge transfer initiatives

The activities presented in this section include knowledge and skills transfer initiatives in which diaspora experts support capacity building, enterprise development, vocational training, skill upgrade, internship or apprenticeship programmes, training modules, career counselling and mentoring etc.

Main areas

Highlighted knowledge transfer practices can be grouped in four subtypes:

- skills training for employees in diaspora private enterprises;
- diaspora expert secondment to country of origin institutions through ODA-funded programmes;
- youth-focused initiatives for improving secondary and vocational education in the countries of origin;
- professional knowledge transfer initiatives within specific sectors (e.g. entrepreneurship, medicine, education, academic research) which combine mentoring, training and networking.



Lead stakeholders engaged

- **Country of origin state institutions**

Although the state institutions of the country of origin are not in the lead of any of the highlighted knowledge transfer initiatives presented, they are often involved as partners in the implementation. In Albania, several practices from the project *Engage the Albanian Diaspora to the Social and Economic Development of Albania* (2018-2021), which was implemented in the framework of the Albanian National Diaspora Strategy 2021–2025. The project was funded by the Italian government and implemented by IOM in cooperation with the Albanian State Ministry for the Diaspora, the Ministry of Europe and Foreign Affairs, the Ministry of Economy and Finance and other line ministries, in close coordination with the Italian Embassy in Tirana and the Italian Agency for Development Cooperation.²⁰¹ In Kosovo¹ the Ministry of Education, Science and Technology has recently signed a Memorandum of Understanding with the Kosovar diaspora organisation **BESA Foundation** (Business Economic Society Albanians) from Germany to engage diaspora experts in the implementation of the dual professional education system based on the German model. In Serbia, the knowledge transfer initiatives of the diaspora organisation **Central Council of Serbs in Germany (CCSG)** were supported by the Serbian Chamber of Commerce, the Ministry of Agriculture and the Ministry of Regional Government.

In some cases, governments in countries of origin have proactively established diaspora organisations, which in turn have introduced knowledge transfer in the country of origin as one of their main activities. One example is the umbrella organisation of the Kosovar¹ diaspora in Germany, **Union Business e.V**, which was founded by the Kosovar¹ government in 2013. They are currently engaged in the implementation of the German model of “dual education” in Kosovo¹ as well. Similarly, the Albanian government was instrumental in establishing the **League of Albanian Teachers in Italy**, which has engaged with Albanian educators in Albania, Kosovo¹ and North Macedonia to promote a culture of disability sensitivity in schools based on the Italian model of disability-inclusive education.

- **Business organisations and private sector actors**

In the private sector, skills training for employees of diaspora enterprises is a relatively common practice and was identified as a success factor – especially for nearshoring practices in high-skill sectors – as was already discussed under section 7.2.2. on “entrepreneurship” above.

- **International organisations, foreign governments and development cooperation agencies**

Knowledge transfer initiatives funded by international organisations, foreign governments and development agencies primarily involve the secondment of experts to institutions in the country of origin on the one hand and mentoring on the other, with individual diaspora experts being involved in both cases. The most prominent examples highlighted include a component of the GIZ *Programme Migration and Diaspora (PMD) on Returning Experts* (expert secondment), the IOM-implemented project *Engage the Albanian Diaspora to the Social and Economic Development of Albania* which included various expert secondment, training, and mentoring initiatives), and the SECO-funded *Swiss Entrepreneurship Programme* which strongly supported mentoring.

As part of the **Returning Experts** activity, the PMD identifies and advises qualified professionals in Germany who are interested in returning as well as interested employers in the country of origin and mediates between the two.²⁰² The *PMD* develops and implements qualification measures for returnees and employers in the countries of origin, organises events and establishes web-based platforms for exchange and networking. In 2019, *PMD*

²⁰¹ “Launching of the New Fellowship Scheme to Support Albania Towards the EU Process,” International Organisation for Migration (IOM) Albania, March 8, 2021, accessed December 2022, <https://albania.iom.int/news/launching-new-fellowship-scheme-support-albania-towards-eu-process>.

²⁰² “Expert Fund Migration & Diaspora,” *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*, accessed December 2022, <https://www.giz.de/en/worldwide/80044.html>.



supported the launch of the **Engaging Diaspora Professionals** (EDP) project, implemented by the NGO Germin, which seeks to bring in Albanian diaspora professionals from all over the world to share their skills and know-how with institutions, organisations and private companies in several Western Balkans countries where ethnic Albanians reside (Kosovo¹, Albania, North Macedonia, Montenegro and Serbia). In its first year of operating, the project has successfully engaged 30 diaspora professionals from Germany and created a pool of over 200 professionals ready to engage in the near future. **Engaging Diaspora Professionals** has also conducted several studies to identify the needs of institutions in the countries of origin, as well as the diaspora's skill set and willingness to contribute.²⁰³

A similar initiative titled the **EU Fellowship Scheme** was launched by IOM in Albania in 2021 under the project "Engage the Albanian Diaspora to the Social and Economic Development of Albania". The initiative mobilised 35 highly qualified Albanian diaspora professionals to support Albanian institutions in the EU rapprochement process.²⁰⁴ The project included two further initiatives combining mentoring, training and networking: *Albanian Diaspora Contributing to the Agriculture of the Home Country* (agricultural sector) and *Development of Italian-Albanian Synergies for the Promotion of Rural Artisans - D.I.A.S.P.O.R.A* (manufacturing sector). Both initiatives were designed and implemented in consultation with the diaspora organisations in Italy and with Italian NGOs active in Albania. *Albanian Diaspora Contributing to the Agriculture of the Home Country* improved the capacities of agricultural SMEs through online trainings and on-site demonstrations provided by Albanian diaspora experts from Italy. The initiative was implemented by the Albanian Diaspora Business Chamber in partnership with the Italian Association of Producers. The second initiative, *Development of Italian-Albanian Synergies for the Promotion of Rural Artisans (D.I.A.S.P.O.R.A)*, engaged diaspora experts to support 24 micro and small local artisan enterprises in rural areas in the north of Albania. They provided trainings in digital marketing, supported digital marketing efforts by developing new websites and organised meetings with companies from Italy to share experiences and promote their products on the Italian market.

Mentoring is also the key component for engaging the diaspora of the aforementioned SECO-funded *Swiss Entrepreneurship Programme (SEP)*. Selected diaspora entrepreneurs share their expertise in seminars, lectures and one-on-one meetings. They also connect with actors in the start-up ecosystem in Switzerland who can support emerging market start-ups at every stage, from concept to scaling, financing and market expansion. One of the *SEP's* diaspora-focused initiatives that combines mentoring with expert secondment is the **Entrepreneurs in Residence** programme. This initiative recognises the potential of diaspora experts' cross-cultural knowledge and supports their temporary engagement in local companies for a period of four to six weeks. Both expert secondment and mentoring practices have reportedly been hampered by difficulties in identifying diaspora experts and matching them with home country institutions.

An interesting approach to addressing this challenge is the **Bitove Entrepreneurship Programme**, funded by John Bitove, a member of the Board of Directors of the NGO Macedonia2025, and implemented in collaboration with the Canadian non-profit development organisation Canadian Executive Service Organization (CESO). CESO provides Senior Volunteer Advisers with experience in various sectors and industries who travel to North Macedonia for two to four weeks to help small and medium enterprises improve their organisation, production and marketing processes through in-depth mentorship and training. The *Bitove Entrepreneurship Programme* publishes annual open calls for applications from companies interested in mentoring services and matches experts with companies based on approved applications to ensure that the mentors' expertise matches the needs of the companies.

²⁰³ See further: <https://diasporaprofessionals.germin.org/index#>.

²⁰⁴ "Expert Fund Migration & Diaspora," *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*, accessed December 2022, <https://www.giz.de/en/worldwide/80044.html>.



- **Diaspora organisations and civil society actors**

Highlighted practices led by diaspora organisations and civil society include, on the one hand, youth-oriented initiatives to improve secondary and vocational education in the countries of origin, and on the other hand, vocational knowledge transfer initiatives in specific fields (e.g. entrepreneurship, medicine, education, academic research) on the other. In addition to the two already mentioned vocational training initiatives in Kosovo¹ (BESA Foundation and Union Business e.V.), an outstanding example of a successful diaspora-led initiative in the field of youth education is the **Code for Albania** project, a three-year programme launched in 2019 for high school students in Albania, providing training by Albanian diaspora professionals. *Code for Albania* is implemented by alphaPlan, a non-profit organisation that acts as a bridge for knowledge exchange between Silicon Valley in the USA and Albania, in collaboration with the non-governmental organisation CodeX at Stanford University. Over a thousand Albanian high school students, aged 14 to 17, have participated in the programme so far. In order to offer the programme free of charge, *Code for Albania* enlisted the logistical support of Albania's public sector (Ministry of Infrastructure and Energy, Ministry of Sports, Education and Youth, and the Municipality of Korça) and the financial support of the private sector, including a private university. This is another example of how cooperative stakeholder engagement can successfully promote the realisation and sustainability of diaspora engagement initiatives.

Similar initiatives to improve youth education have been implemented in Bosnia and Herzegovina by the Association for the Advancement of Science and Technology (AAST), which aims to improve opportunities for careers in science and technology in the country. Most AAST members have completed their education abroad and therefore have good contacts with the diaspora and international researchers, as well as with renowned institutions such as CERN (Geneva), UCL (London), Stanford University (USA) and companies such as Google's DeepMind (London). They receive national and international research grants and multi-million dollar start-up investments. One of their annual flagship initiatives is the **Youth STEM Camp**, aimed at high school students (17-18 years old). Financially supported by the US Embassy in Bosnia and Herzegovina, the *Youth STEM Camp* offers a week of workshops on technical and social topics where students can improve their creative problem-solving skills, learn about recent scientific developments and gain insights into the experiences of scientists from Bosnia and Herzegovina working at renowned institutions around the world. They can also find out about professional careers in science and receive support in choosing a faculty. Academics from the diaspora participate as instructors and often contribute to the programme with private donations.

Professional knowledge transfer initiatives take the form of face-to-face and online conferences or seminars/webinars that combine networking and mentoring with knowledge transfer. Two specifically highlighted examples are led by diaspora organisations and professional networks: the *Central Council of Serbs in Germany (CCSG)* and the *Associations of Albanian Doctors in Italy (ASMAI)*. A research institute based in Bosnia and Herzegovina with a strong diaspora engagement component runs the third example: *CREDI's Inquire programme*.

The **Central Council of Serbs in Germany (CCSG)** is a Serbian diaspora organisation in Germany that implements the GIZ-funded initiative "Knowledge Transfer - Entrepreneurial Diaspora as a Driver of Cross-Border Economic Cooperation with Germany", whose main purpose was to support Serbian companies interested in expanding into the German market. An event organised in 2022 was a follow-up to the 2017 conference "Knowledge Transfer from Germany to Serbia. Contribution of the Diaspora", which was also organised by CCSG and funded by GIZ/CIM with the support of the Serbian Chamber of Commerce and the Ministry of Agriculture and the Ministry of Regional Administration. Even though the first conference was successful with 300 participants, it also highlighted the need for a more interactive approach. Based on this experience and the circumstances of the ongoing Covid 19 pandemic, the second event was organised as a three-day interactive workshop with 60

entrepreneurs (online and offline). One of the outcomes is a toolkit for entrepreneurs from the Western Balkans who aim at expanding into the German and EU markets (unpublished at the time of the study).

The transnational activities of the Association of Albanian Doctors in Italy (*Associazione Medici Albanesi in Italia – ASMAI*) also include periodic webinars, seminars, conferences and meetings on various medical topics. Unlike most other diaspora engagement practices, they increased their activities during the COVID-19 pandemic. In 2021 they partnered with the Western Balkans Alumni Association (WBAA) to implement the knowledge transfer project *Enhance Health Research Skills in the Western Balkans* which aimed at improving the research capacity of students in the health sector in the Western Balkan countries through online training on the basics of epidemiology and research methodology. Although this example does not yet meet the criteria of a promising practice, it demonstrates the potential of engaging the diaspora for development through professional sectoral networks. Moreover, the health sector in the Western Balkans is heavily affected by out-migration including brain and care drain, which gives related initiatives additional strategic importance.

Finally, the *Inquire* initiative, implemented by the NGO “Centre for Development Evaluation and Social Science Research (CREDI)” in Bosnia and Herzegovina and funded by the Central European Initiative, matches academics from the Bosnian diaspora working in leading research institutes abroad with PhD students in Bosnia and Herzegovina for a 25-week training and mentoring programme. The programme also actively addresses brain drain by offering employment opportunities to young researchers who have completed the programme in Bosnia and Herzegovina. It is worth noting that *Inquire* is just one of CREDI’s many initiatives, just as the *Youth STEM Camp* is only one of many AAST initiatives. CREDI and AAST both exemplify the high degree of professionalization and organisation in the NGO sector in the Western Balkan countries, which certainly affects the success of their initiatives.

SKILLS TRAINING, VOCATIONAL PROGRAMMES AND KNOWLEDGE TRANSFER INITIATIVES

MAIN AREAS

The highlighted practices represent successful examples of the following subtypes of activity:

- skills training for employees in diaspora private enterprises
- youth-focused initiatives for improving secondary and vocational education in the countries of origin
- professional knowledge transfer initiatives within specific sectors (e.g. entrepreneurship, medicine, education, academic research) which combine mentoring, training and networking

IMPEDING FACTORS

- Project-based short-term funding (impedes sustainability)
- Lack of basic funding for diaspora organisations and civil society (impedes sustainability)

SUCCESS FACTORS

- Strong stakeholder engagement
- Open Call Procedures
- Tailoring initiatives to specific professional sectors
- Incentivizing diaspora engagement with personal and career benefits
- Capitalizing on diaspora expertise, networks and social capital



7.3. Key findings: Impeding factors

The following two sub-chapters discuss what has hindered and promoted the success of the highlighted practices. Different barriers and success factors have been identified for the different stakeholders and are presented separately. Nevertheless, there is inevitably overlap between the different stakeholders, as well as between the barriers to stakeholder engagement discussed in sub-chapter 6.2 and the inhibiting factors highlighted here. Lessons from these findings are discussed in more detail in Chapter 8 – Conclusions and Recommendations.

7.3.1. Country of origin state institutions

- **Frequent institutional restructuring and change of personnel:** Frequent elections lead to frequent changes of leading staff in diaspora institutions. Diaspora institutions themselves undergo constant restructuring, which negatively impacts on programme and project implementation, both for practices lead by the government and for those lead by other stakeholders cooperating with the government. Staff members often seem to be selected based on political affiliation and not professional competence, which can affirm mistrust in institutions and hamper diaspora engagement in general.
- **Lack of coordination between state institutions involved in diaspora policy making:** For several Western Balkans countries, a low level of coordination between different ministries and ministerial departments relevant for diaspora policy making was reported, which can impede the development and implementation of policy programmes.
- **Lack of institutional commitment:** Critical reports of a lack of commitment to diaspora policy focused on the foreign ministries of some Western Balkan countries, which did not seem to support diaspora organisations and projects in their host countries.
- **Lack of support for and coordination with local governments:** Local governments receive little to no institutional support in their diaspora engagement efforts from the higher levels of government in the countries of origin, despite their unique potential for trans-local diaspora outreach.
- **Complex bureaucracy and ineffective administration:** Lengthy and complicated administrative procedures with regard to investment and registration of companies have been mentioned across the board as most significant impeding factors. In some cases, the impediment is related to the administrative personnel's lack of training in dealing with diaspora issues, in other cases to overly complex regulations.
- **Corruption:** Corruption has been mentioned for all countries of origin under study as a factor impeding diaspora engagement. Several interviewees mentioned specific cases of diaspora investors who encountered extortion in the process of obtaining necessary licenses, which also led to the abandonment of the planned investment.
- **Ineffective legal protection:** In some cases, diaspora investments failed due to the weak and ineffective legal protection of investors, and the lack of legal regulations and institutions allowing an effective pursuing of claims.
- **Lack of funding opportunities and other institutional support in the countries of origin:** Private entrepreneurs, business associations and civil society initiatives all report a general lack of support from the state institutions in the country of origin, particularly when it comes to funding opportunities. This has a negative effect on diaspora members' motivation to invest their time and money in the country of origin in general and impedes the sustainability of existing initiatives as well. Even in the case of

government-affiliated organisations such as chambers of commerce, the lack of human resources and funding allocated to these initiatives can lead to their dismantling.

7.3.2. Business environment

- **Lack of financial services and high cost of financial transfers:** In several Western Balkan countries, banks do not automatically convert payments in foreign currency to local currency, and individuals and companies thus must hold a foreign currency account in addition to their regular account to receive payments in foreign currency. Exchange rates and fees for financial transfers abroad have been reported incomprehensibly high and opaque.
- **Poor transport and energy infrastructure:** Lacking infrastructure, such as transport connections or unreliable energy supply, hinders diaspora engagement in the country of origin in general and negatively effects on the performance and profitability of existing companies held by diaspora members.
- **Lack of skilled labour:** Several entrepreneurs reported a lack of qualification of the available workforce in the Western Balkan countries. While wage differentials attract nearshoring investment and represent an opportunity for job creation and growth in the Western Balkans countries, they motivate the trained workers to leave the country, reducing the supply of qualified workers. Interviewees in the ICT and manufacturing sectors reported a dire lack of skilled labour in their countries of origin, which poses a significant impediment to innovation. Diaspora enterprises often had to train their staff before they were able to perform the jobs they were hired for. In addition, many prospective workers lack the practical experience even if they have received relevant education. This situation is partially also a consequence of emigration, particularly in countries with high youth emigration rates.
- **High employee turnover:** As entrepreneurs in the ICT sector reported, skills training on the job offered in Western Balkan countries can also lead to further emigration to the EU and Switzerland. Diaspora entrepreneurs criticised the workers' lack of career orientation and loyalty to the company, whereby remuneration was the only criterion in their decision-making. From the entrepreneurs' point of view, it becomes unprofitable to invest in the training of their employees, only to lose them as soon as they have reached a certain level of expertise. High employee turnover – either within the country of origin towards other companies or within the same company towards the headquarters in the country of settlement – was highlighted by several diaspora entrepreneurs in high-skill sectors as an impediment to the sustainability of their enterprises.
- **Tax code and high employer contributions:** The tax code in the countries of origin came up both as an incentive to start a business in the Western Balkans and as an impeding factor to the sustainability of diaspora enterprise. Although taxes are generally perceived as an obstacle to foreign investment, the flat rate corporate income tax of 10% in Bosnia and Herzegovina – considerably lower than in many EU countries – was a strong motivation to invest there for an interviewed entrepreneur.²⁰⁵ On the other hand, high employer contributions to the social security system make labour in the countries of origin expensive despite the wage differentials. This issue seems to be particularly pronounced in Bosnia and Herzegovina, as was highlighted during research in the country of origin and settlement alike.²⁰⁶ On the other hand, high employer contributions to the social security system make labour in the countries of origin expensive despite the wage differentials.

²⁰⁵ Background research in Bosnia and Herzegovina.

²⁰⁶ Background research in Bosnia and Herzegovina and Switzerland



- **Different operating cultures between the private and public sector:** Most private sector practices are individual initiatives, implemented without the engagement or support of other stakeholders. One of the often mentioned factors impeding stakeholder engagement in the private sector is the different operating culture of the public and private sector. Government institutions, the NGO sector and International Organisations operate based on relatively rigid and time-consuming rules and procedures, which often do not correspond to the agile and fast ‘business thinking’ of private sector actors. Entrepreneurs often lose patience with the slow processes of international organisations and development agencies and decide to proceed with their plans without their support. Entrepreneurs view other entrepreneurs as the most trustworthy partners, because they share the commitment to quality and reliability, which the customers’ loyalty depends on, and see cooperation with state agencies and international organisation more as a nuisance than a promising opportunity.

Other challenges

- **Challenges related to transnational life and work:** The analysis found two intangible factors impeding the success and sustainability of diaspora enterprises. The first is the rarely considered psychological toll of transnational living and working. Permanent mobility between two very different contexts is inevitably exhausting, especially for entrepreneurs who engage in individual initiatives without any institutional backing. Several interviewed entrepreneurs also mentioned the challenge of motivating their teams in the country of origin to keep the initiative going without their constant presence.
- **Negative image of the Western Balkan countries in the world:** The second intangible impeding factor is the persisting negative image of the Western Balkans countries in the world, which can cause distrust towards products produced there. Business organisations in the countries of origin, report a negative effect of their country’s image on their activities as for example negotiations aimed at the promotion of trade or engagement activities. In the countries of settlement, diaspora entrepreneurs have to bridge an information gap to convince their customers that the products made in the Western Balkans meet the standards of the European Union.
- **Restrictive nationality legislation in the countries of settlement:** Most Western Balkans diaspora members prioritize obtaining the citizenship of the country of settlement, which in many EU countries is conditional on the renunciation of their previous citizenship(s), in order to get a secure residence in the EU or Switzerland. For diaspora members who are foreign citizens, the administrative procedures, including those for employing a foreign expert, are significantly more complicated than for nationals. In light of this finding, the restrictive citizenship laws in the countries of settlement, which often do not allow for dual citizenship also indirectly impede diaspora entrepreneurship practices.

7.3.3. Diaspora organisations and civil society

- **Lack of basic funding:** For diaspora organisations in the countries of settlement and diaspora-oriented civil society organisations in the countries of origin, one of the main impediments to the sustainability of their initiatives is the lack of basic funding. Most members of diaspora organisations work on voluntary basis, which impedes the professionalization of their initiatives and makes them dependent on the agenda of the donors.
- **Short-term nature of project-based funding:** In close connection to the lack of basic funding, the short-term nature of project-based funding is an enormous impediment to the sustainability of the civil society and diaspora organisation initiatives. The uncertainty regarding the potential for a follow-up project brings the sustainability of the practice into question from the start, particularly in light of the reported lack of donor interest for diaspora engagement initiatives. To address this uncertainty, the organisations



would have to allocate at least one employee whose only task is writing project proposals, which most CSOs and diaspora organisations cannot afford. The short-term character of project-based funding diminishes the sustainability of project outcomes as well, as it does not allow for building the necessary support networks and institutional partnerships or for a gradual and sustainable introduction of the envisioned change to the beneficiaries.

7.3.4. International organisations and foreign development agencies

- **Lack of coordination among donors:** Projects supported by several donors from different countries of settlement have reportedly suffered from a lack of coordination among donors. Interviewees noted that various stakeholders could operate within the same project as disconnected silos. At the same time, when cooperation does take place, communication can be a challenge and can become quite drawn out and fraught, due to the different modes of operating and expectations.
- **Matching challenges in expert secondment and mentoring practices:** Similar to the obstacles governments in the countries of origin encounter in diaspora engagement, international organisations and development agencies reportedly struggle to identify diaspora partners and match them with the counterparts in the countries of origin, particularly in practices involving expert secondment and mentoring. This is partially related to the lack of visibility and the low level of organisation of the Western Balkans diaspora (see subchapter 6.2. Obstacles to stakeholder engagement).

7.3.5. All stakeholders

- **Environmental shocks:** The COVID-19 pandemic came up across the board in connection to delays in project and policy implementation. Prior to the onset of the pandemic, a devastating earthquake in Albania disrupted the economy for several months at the end of 2019. While there is little control over external shocks such as these, flexibility and communication help dampen and deliver results even if delayed.
- **Low levels of diaspora participation:** Many initiatives reported the low levels of diaspora participation as one of the main impeding factors. The different reasons for this have been elaborated in the subchapter Obstacles to diaspora engagement. Practice-related causes of low diaspora participation relate to a lack of a specific target group and objective in some initiatives, particularly in networking. Tailoring the initiative to a specific target group and incentivizing engagement with personal benefits has been shown to drive diaspora participation.
- **Unwelcoming attitudes towards diaspora and returnee experts and investors:** Several interviewees have reported encountering unwelcoming attitudes towards the diaspora and returnees in the countries of origin, both in academic circles towards diaspora experts and in local communities towards returnee investors. Both experts and entrepreneurs report being perceived and treated as unwanted competition, which can hinder cooperation in knowledge transfer initiatives and demotivate prospective diaspora investors.



FACTORS IMPEDING THE SUCCESS OF EXISTING INITIATIVES

COUNTRY OF ORIGIN STATE INSTITUTIONS:

- Frequent institutional restructuring and frequent change of personnel (impedes sustainability)
- Lack of coordination of institutions involved into diaspora policies
- Complex bureaucracies and ineffective administration
- Weak legal enforcement procedures
- Corruption and nepotism
- Lack of support for local-level government involvement (impedes effectiveness)

BUSINESS ORGANISATIONS AND OTHER PRIVATE SECTOR ACTORS:

- Lack of financial services and high cost of financial transfers
- Lack of material infrastructure (roads, transport facilities, energy supply)
- Lack of funding opportunities and other institutional support in the countries of origin
- Lack of skilled labour (impedes innovation)
- High employee turnover (impedes sustainability)
- Tax code and high employer contributions (impede sustainability, especially for nearshoring practices)
- Differences in the mode of operating between the private and public sector (impede effectiveness)

OTHER ASPECTS:

- Restrictive nationality legislation in the countries of settlement (not allowing for dual nationality)
- Challenges related to transnational life and work (impede sustainability)
- Negative image of the Western Balkan countries in the world causes distrust towards products produced there (impedes effectiveness and success)

DIASPORA ORGANISATIONS AND CIVIL SOCIETY:

- Lack of basic funding (impedes sustainability and professionalization)
- Short-term nature of project-based funding (impedes sustainability)

INTERNATIONAL ORGANISATIONS AND FOREIGN DEVELOPMENT AGENCIES:

- Lack of coordination among donors (impedes effectiveness)
- Challenges in identifying diaspora partners and matching them to institutions and organisations in the country of origin (impedes effectiveness)

ALL STAKEHOLDERS:

- COVID19 and other environmental shocks (impede effectiveness)
- Low levels of diaspora participation
- Unwelcoming attitudes towards diaspora and returnee experts and investors as unwanted competition



7.4. Key findings: Success factors

This subchapter provides an overview of the factors, which contributed to the success of the highlighted practices.

7.4.1. Country of origin state institutions

- **Government in the facilitating role:** Government involvement in diaspora engagement seems to work best when the government takes on a relatively hands-off facilitator role, allowing the business diaspora to take ownership of the initiative. One example of this approach are the online platforms set up by governments to provide reliable information regarding the tax code, employer contributions, administrative procedures, opportunities to invest, local market needs, etc. The provision of information came up in interviews with entrepreneurs as the one area where government involvement is desired and needed to facilitate their engagement with the country of origin.
- **Proactive approach towards the diaspora at the local level:** Trans-local diaspora engagement targets diaspora's attachment to a specific town or city, rather than appealing to their national identity, and can therefore be more effective than the transnational initiatives. Where local governments have taken a proactive approach and engaged with local stakeholders both in the country of origin and settlement, they have been very effective in attracting diaspora investment.

7.4.2. Business associations and other private sector actors

- **Receiving financial support:** Financial support mechanisms provided by the government, including grant matching, signal a supportive environment to potential investors and can be the deciding factor in motivating them to start a business in the country of origin.
- **Receiving legal, administrative and technical support in the start-up process:** Where governments or other actors have supported individual initiatives by offering concrete support in the start-up process, this has been particularly impactful. Civil society organisations in the countries of origin can also make a big difference in the success of diaspora initiatives by providing support with legal and administrative matters, as this is one of the biggest challenges for diaspora entrepreneurs in the early stages. One-stop-shops for diaspora and returnee engagement offer both administrative and technical support in the start-up process, as well as networking opportunities in the country of origin, which contributes to an enabling environment for diaspora investment.
- **Investing in skills training for employees:** Private actors highlighted investment in employee skills training as a success factors. It seems to be relatively common for the nearshoring practices in high-skill sectors, where the lack of skilled labour represents one of the biggest impediments. So far, this practice has not received any government support or incentive, despite the potential for retaining skilled labour and contributing to an enabling environment for innovation.
- **Investing in company culture and team building:** Some businesses have successfully addressed the high turnover of skilled employees by investing in a rewarding company culture and organizing team building between the employees in the Western Balkans branches and the Headquarters in the country of settlement. Such initiatives have positively affected the growth and sustainability of the enterprise.
- **Commitment of the entrepreneur/founder:** Most private sector practices identified are individual initiatives, implemented without the involvement or support of other stakeholders. This may be related to the lack of trust in institutions in the country of origin, lack of opportunity for funding in the countries of settlement, or the different ways of operating between the private and the public sector. Considering



all these obstacles, the primary success factor for individual initiatives is the commitment of the founder on the one hand and the support they can receive along the way on the other. Several of the entrepreneurs interviewed emphasised their drive and perseverance as the single most important factor for the success of their initiatives and the sine qua non of diaspora entrepreneurship.

- **Receiving mentoring and psychological support:** In relation to the challenges of individual entrepreneurship, mentoring initiatives were mentioned by entrepreneurs from all sectors as a valuable source of support.
- **Introducing innovation and /or filling a gap in the market:** Capitalizing on diaspora expertise and networks to introduce innovative products and services or to fill a gap in the market has helped many initiatives overcome initial challenges in entering the markets in the countries of origin.
- **Aligning products and services with EU standards:** Aligning products and services with the EU standard increases export capacity and in some cases contributes to the country of origins' EU accession process.
- **Addressing the negative image of the Western Balkans countries in the world:** Entrepreneurs who have acknowledged the mistrust towards the products originating from the Western Balkans and addressed it proactively (e.g. through innovative marketing strategies and appealing packaging design) have been able to turn this impediment into a competitive advantage.
- **Leveraging the higher purchasing power of the diaspora and their emotional attachment to country-of-origin-made products:** Given the negative image of the Western Balkans countries in the world, one successful approach in the private sector has been to target marketing strategies at diaspora consumers (rather than at country of settlement markets in general) and to take advantage of their emotional attachment to the country of origin and the products made there.

7.4.3. Diaspora organisations, civil society and networks

- **Network building between diaspora organisations and the civil society in the countries of origin:** Networking was identified as a success factor for diaspora organisations as well, particularly with the civil society organisations in the countries of origin. Networking events enabled diaspora organisations to match and implement development projects in the country of origin with local partner organisations. Diaspora organisations also benefitted from connecting with other diasporas in the country of settlement. Personal connections are often vital to the success of diaspora initiatives and networking events can foster these relationships.
- **Self-funding models based on membership contributions:** Several initiatives in countries of origin and settlement alike have been able to ensure sustainability by self-funding through (modest) membership contributions, avoiding donor-dependence and other pitfalls of project-based funding.

7.4.4. International organisations, foreign governments and development agencies

- **Investing in the entrepreneurship and innovation ecosystem in the countries of origin:** Even if not directly aimed at diaspora engagement, investments in the entrepreneurship and innovation ecosystem in the countries of origin contribute to creating an environment conducive to diaspora and foreign investment. They can also help retain skilled labour, addressing one of the main impediments to innovative enterprise.
- **Offering grant-matching opportunities:** Grant-matching programmes signal a supportive environment in the countries of origin and have had a significant impact on increasing diaspora investment. Several



interview partners reported that such funding opportunities encouraged them to invest in the country of origin, even if the amounts involved were small and rather symbolic.

- **Monitoring and evaluation of progress by grant donors:** Donor technical support at all stages of the process, including monitoring and evaluation, was highlighted as a success factor for initiatives funded (in part) by development grants.
- **Flexibility on the part of both the donors and the beneficiaries:** Flexibility in terms of deadlines and deliveries, as well as strong communication between the stakeholders engaged, can help address the impact of economic shocks.

7.4.5. All stakeholders

- **Strong stakeholder engagement in the countries of origin and of settlement** has been mentioned across the board as one of the most important success factors driving outreach and participation. Strong stakeholder engagement (e.g. public-private partnership) is associated with additional coordination effort, but it has been key to the sustainability and resilience of many initiatives, particularly when paired with **strong institutional buy-in at the federal and local level**.
- **Alignment with national policy frameworks for diaspora engagement:** One of the main success factors in achieving institutional buy-in in the country of settlement has been to align the initiative with national policy frameworks, such as Diaspora Strategies. Institutional buy-in is associated with sustained funding, which fosters resilience of the initiative in the face of political and environmental instability.
- **Regular and structured communication:** Many multi-stakeholder initiatives suffer from coordination issues, stemming in part from the different operating cultures between various stakeholders. Thus for projects and programmes involving several international actors or donors, clear and regular communication has been a necessary precondition, otherwise stakeholder engagement may become an impediment rather than a success factor.
- **Tailoring initiatives to professional groups** (rather than ethnicity/religion/country of origin): Any diaspora engagement programme and communication strategy is more effective when it is tailored to a professional diaspora group (business diaspora, academic diaspora, specific occupational sectors, etc.), rather than based on shared ethnicity, religion, or country of origin. General networking events with broad topics and no specific objective reportedly did not bring the desired attendance or results. However, initiatives promoting business collaboration by presenting concrete products, innovative technologies, development priorities and needs – such as the Nis Cluster of Advanced Technologies (*NiCAT*) projects in Serbia - are positively welcomed by the business diaspora. Research into the demographics of the diaspora and **diaspora mapping** exercises, such as LinkUp Serbia! and DiasporaInvest (BA), can provide the basis for customised approaches. Online mentoring and networking platforms have been more successful when they employ matching mechanisms based on applications submitted to open calls.
- **Incentivising diaspora engagement with personal benefit:** In a similar vein, diaspora engagement programmes are more appealing when they incentivise engagement with benefits for personal and career development, rather than patriotism, emotional attachment and the desire to give back. These factors exist as well, but should not be taken for granted, in view of the persistence needed to overcome the many obstacles standing in the way of successful initiatives. GIZ Programme Migration and Diaspora and the project EU for Innovation exemplify the increased participation benefit of this approach.

- **Capitalizing on diaspora members' expertise, networks and social capital:** Diaspora members' expertise and professional networks in the countries of settlement have been an invaluable resource to many initiatives, particularly for promotion of trade, co-development and knowledge transfer. Professional networking events, rather than the traditional culture-based diaspora gatherings, have proven to be effective in providing valuable personal relationships which can motivate a diaspora member to invest in the country of origin, as well as provide support in navigating the challenges of the process.
- **Replicating successful models from other countries:** Several successful diaspora engagement initiatives in the Western Balkans have replicated models already implemented in other countries, such as Connect Albania (Connect Ireland) and Association of Business Service Leaders of Bosnia and Herzegovina (*ABSL* Poland). Such initiatives have the advantage of making use of perfected mechanisms and building on the lessons learned from their predecessors.
- **Targeting global diaspora rather than one country of settlement:** Despite the increased coordination effort, initiatives based in the country of origin and targeting the global diaspora appear to be much more effective in reaching the diaspora at scale than networks or associations confined to a country of settlement. This is partly due to the fact that the already established civil society sector in countries of origin has a higher level of capacity and professionalism compared to the relatively new diaspora organisations and professional networks.

SUCCESS FACTORS

COUNTRY OF ORIGIN STATE INSTITUTIONS:

- Proactive approach towards the diaspora at the local level (local-level government involvement in trans-local diaspora engagement both in the country of origin and in the country of settlement)
- Targeting diaspora members' emotional attachment to a place (rather than a nation)
- Government in the facilitating role (e.g. through provision of information and cooperation mechanisms), rather than leading the initiative

BUSINESS ORGANISATIONS AND OTHER PRIVATE SECTOR ACTORS:

- Receiving financial support (funding opportunities motivate investment even if small)
- Receiving legal, administrative and technical support in the start-up process
- Investing in skills training for employees
- Investing in company culture and team building (between COO branches and COS headquarters)
- Commitment of the founder
- Receiving mentoring and psychological support
- Introducing innovation and /or filling a gap in the market
- Aligning products and services with EU standards
- Addressing the negative image of the Western Balkans countries in the world through innovative marketing strategies.
- Capitalizing on diaspora's higher purchasing power and emotional attachment to country-of-origin-made products.



DIASPORA ORGANISATIONS, CIVIL SOCIETY & NETWORKS:

- Network building between diaspora organisations and the civil society in the countries of origin
- Self-funding models based on membership contributions
- Level of capacity and professionalization of the implementing organisation

INTERNATIONAL ORGANISATIONS, FOREIGN GOVERNMENTS AND DEVELOPMENT AGENCIES

- Investing in the entrepreneurship and innovation ecosystem in the countries of origin
- Offering grant matching opportunities (financial support motivates investment even if small)
- Monitoring and evaluation of progress by grant donors
- Flexibility on the part of both the donors and the beneficiaries in the face of environmental shocks

ALL STAKEHOLDERS:

- Strong stakeholder engagement both in the countries of origin and of settlement
- Regular and structured communication
- Strong institutional buy-in at the federal and local level
- Public-private partnerships (foster sustainability)
- Alignment with national policy frameworks for diaspora engagement
- Tailoring initiatives to professional groups rather than ethnicity/country of origin, tailoring products and services to specific target groups, employing matching mechanisms in networking and mentoring based on applications to open calls
- Incentivizing diaspora engagement with personal and career benefits (rather than relying on patriotism)
- Replicating successful models from other countries
- Capitalizing on diaspora expertise to foster innovation and competitiveness
- Capitalizing on diaspora members' networks and social capital in the countries of settlement
- Targeting global diaspora rather than one country of settlement



8. Conclusions and recommendations

8.1 EU Institutions

Clarify conceptual issues

Currently the understanding of the concept of diaspora and their role in the socio-economic development of the Western Balkan accession countries differs significantly within the EU Member States and between the EU Member States and the Western Balkan accession countries. While in many Western Balkan accession countries the whole emigrant population is conceived as (potential) diaspora, and the concept of diaspora often is based on an ethnic understanding of belonging including the co-ethnic population of other states (e.g. Albania and Kosovo¹), the concept of diaspora does not play a relevant role in the development cooperation and migration policies of most EU Member States. A few Member States have included diaspora policies and the mobilisation of diaspora into their development cooperation framework, while others refrain from seeing diaspora organisations as relevant partners in the field of development cooperation.

Switzerland has included the cooperation with diaspora organisations into the migration partnership agreements concluded with Bosnia and Herzegovina, Kosovo¹, North Macedonia and Serbia. These partnerships, which are based on a “whole of government” approach bringing together several relevant ministries and state actors, aim at mobilising the diaspora groups as partners in development cooperation and migration policy making, while migration policies in most EU countries is confined to the Ministries of the Interior and/or specific integration institutions. Only Italy recently has revised its policies aiming at including diaspora organisations into development cooperation.

Diaspora policy institutions aiming at reaching out to emigrants and fostering their “diaspora identity” exist in all Western Balkan accession states, but only a few EU Member States have set up an institutional framework for policy making in this field. From a policy cycle perspective, diaspora policies in the EU Member States are in the issue making and agenda setting phase, while they are in the implementation phase in the Western Balkan accession countries.

These differences in the understanding of the concept are echoed at the level of the EU: While the diaspora has a prominent role in development cooperation, it hardly is mentioned in the accession policy framework.

The target of accession of the Western Balkan states is full EU membership. After accession, the nationals of accession countries will be Union Citizens with all mobility rights attached to this status, and the new Western Balkan Member States will apply the full *Acquis Communautaire* of the European Union.

EU documents do not use the term “migration” for intra-EU migration flows of Union Citizens, but subsume it under the term “mobility of Union Citizens”. Nor are there political programmes motivating mobile Union Citizens to primarily keep relations with their country of origin and support its socio-economic development. Mobile Union Citizens are not described as a “diaspora” owing their loyalty primarily to their country of origin. After all, European integration is understood as a process gradually complementing national identities with a European identity based on the concept of Union Citizenship granting nationals of a Member State rights comparable to those of other citizens in another Member State. Based on freedom of discrimination on the ground of nationality²⁰⁷, Union Citizenship is not only supposed to be a tool fostering mobility, but also, according to the famous ECJ statement in the *Grzelczyk-Case*, “destined to be the fundamental status of nationals of the Member States”²⁰⁸. Diaspora policies fostering national identities over a common European identity and

²⁰⁷ “Freedom of discrimination on grounds of nationality is the most fundamental right conferred by the treaty and must be seen as basic ingredient of Union Citizenship” (ECJ Case C 274-96 *Bickel and Franz* (1998))

²⁰⁸ ECJ Case C 184-99 *Grzelczyk* (2001).



privileging own nationals with regard to e.g., access to support for business or tax reduction thus cannot easily be reconciled with the concept of Union Citizenship.

Given the specific situation of Western Balkan countries as countries negotiating their accession to the European Union, there is the need to reconceptualise diaspora policies in a way compatible with Union Citizenship, which should not focus on identity issues, but on the potential support of emigrants to the socio-economic development of their country of origin.

- To ensure a common understanding of diaspora policies, the European Commission is advised to work on the clarification of conceptual issues and to develop a common frame of understanding as a base for concrete programmes and projects. In this respect, activities improving the knowledge about diaspora policy making in the EU member states and the Western Balkan accession states (studies, fact finding missions) should be initiated and supported.
- In order to sustainably make use of the available expert knowledge in this field, a network of experts on diaspora issues from both the EU member states and the Western Balkan accession states akin to the European Migration Network should be set up.
- With the support of this expert network, the European Commission is advised to reformulate the concept of diaspora in the context of EU accession, taking account of the fact that the nationals of the Western Balkan accession countries in the EU will sooner or later be Union Citizens with all the rights and duties enshrined in Union Citizenship.
- In this context, a focus on identity politics based on holding the nationality of the state of origin should be avoided. Instead, enhancing outreach activities may mobilise nationals of the Western Balkan countries to support the socioeconomic development of their regions of origin.
- As diaspora investors tend to invest in their region of origin, which often belongs to the least developed areas of the country, investment support programmes focusing on the least developed areas in the accession states will be particularly supportive. In addition, talent partnerships on the local and regional level may enhance the engagement of the diaspora in these areas.
- In order to communicate its understanding of diaspora policies in the accession process of the Western Balkan accession countries, the European Commission is advised to draft a Communication of the Commission on this issue.

Support knowledge generation

While Eurostat and the statistical offices of the Member States can provide (more or less) accurate population data based on country of birth and nationality, there is no information available about core sociodemographic characteristics of the Western Balkan emigrant population, like e.g., level of education, employment status or sector of employment. The two main sociodemographic studies implemented by the EU, the EU-SILC survey and the EU Labour Force Survey (EU – LFS) cannot provide this information, as too few respondents originating from the Western Balkan accession countries are represented in the samples.

- Oversampling of Western Balkan emigrants for the SILC and LFS surveys would allow getting information about the sociodemographic characteristics (education, employment status, income and living conditions) and their interest to engage for the socio-economic development of their country of origin. The European Commission is thus advised to discuss the suggested possibility of oversampling in one of the next waves of EU SILC and EU LFS.



- Several Western Balkan emigrants have founded private enterprises in the EU, but there are no public data sources available allowing to estimate their economic potential and interest in investing in the Western Balkan countries. In order to get a better overview about companies owned and/or controlled by Western Balkan emigrants, the European Commission is advised to support a mapping study about companies owned by emigrants from the WB accession states and their interest to invest in their countries or regions of origin.

As this study has shown, several descendants of emigrants from the Western Balkan countries are working in managerial positions of non-diaspora owned companies in the EU and are involved in decision making on investments of their employers in the Western Balkan region. While individual cases have been reported by the country experts, there is no data base available collecting information on these managers with “diaspora background”, which is decisive for investment decisions in the Western Balkans.

- In order to improve the knowledge about manager with a “diaspora background”, the European Commission is advised to support a mapping study on managers with Western Balkan migrant background in EU country-based companies active in the Western Balkan accession countries and their role in investment decision making within their companies.

Establish institutional links

Neither the European Commission nor the EU Delegations in the Western Balkan accession countries have established contact networks with diaspora business actors, thus there is no possibility for a regular exchange of views and perspectives and the co-development of policies, programmes and actions.

- As fostering investments in the Western Balkan region and the development of a cooperation framework may help to better mobilise the socioeconomic potential of the emigrant business community, the European Commission is advised to establish a Western Balkan business umbrella platform allowing regular communication between Western Balkan business, including diaspora business organisations, and the European Commission.
- In addition, the establishment of a working group on diaspora business issues within the Economic and Social Committee should be envisaged in order to better include the formal representatives of trade unions and chambers of commerce into the debate.

Although staff members of the EU Delegations regularly participate as guests in relevant public meetings, there is no institutional responsibility for diaspora business affairs established within the EU Delegations. Regular contacts with the relevant actors and the generation of knowledge about the situation on the ground will need the establishment of a dedicated institutional responsibility guaranteeing regular exchange of information and communication. The European Commission is thus advised to convince the European Union External Action Service to:

- Establish the post of a policy officer responsible for liaison with the diaspora business community within the EU Delegations in the Western Balkan accession countries.
- Establish regular contacts between diaspora contact points at the Delegation of the European Union and diaspora institutions at state, regional and local level.
- Collect information about “diaspora background” managers of companies based in the EU and investing in the Western Balkan countries and inform them about these activities.



Review legal issues

The Long-Term Residence Directive²⁰⁹ granting third country nationals a stable residence title in an EU Member State limits the mobility of its holders, as a continuous absence of more than 12 months will lead to a loss of this status. This limitation of mobility is particularly relevant for diaspora entrepreneurs setting up a new business in their country of origin, which might well entail the need to be continuously present there for the first one or two years of the company's existence. Several interview partners have highlighted this provision as a severe limitation of diaspora entrepreneurship.

- The European Commission is advised to suggest to the Council a revision of the directive allowing an unlimited stay abroad for long-term resident third country nationals active as entrepreneurs or investors in their country of origin.

Several EU Member States, particularly Austria and Germany, which both have been main target countries for Western Balkan emigrants, demand the renunciation of the previous nationality as precondition for naturalisation, as they do not allow multiple nationality in the case of naturalisation. Thus, emigrants wishing to naturalise in an EU Member State have to renounce the nationality of their country of origin. As investment support programmes in the Western Balkan countries are usually limited to citizens, they in consequence will not have access to these programmes after naturalisation in the EU.

- In order to foster the investments of diaspora members naturalised in an EU Member State, the European Commission is advised to negotiate open access options to business support programmes for former Western Balkan nationals naturalised in the EU with the Western Balkan governments. In addition, a non-discrimination clause for former nationals of the Western Balkan accession countries, who have been naturalised in an EU Member State, should be introduced into any business-related EU-funding schemes administered (jointly) by the governments of the Western Balkan accession countries.
- Citizens of Kosovo¹ will have the possibility for visa-free travel to the EU as of January 1, 2024. The lack of visa-free travel currently of Kosovar citizens hampers diaspora investment. The European Commission is thus advised to negotiate a temporary visa-free travel regime for Kosovar citizens for business related activities.

Foster measures supporting investment and knowledge-transfer

Among the diaspora entrepreneurs interviewed for the study, only very few have cooperated with the diaspora institutions in their country of origin when setting up their company. In many cases, these institutions were simply unknown or were not trusted by the entrepreneurs, or the entrepreneurs were focused on setting up their enterprise in their region of origin, and thus did not bother to contact state institutions. In general, municipal diaspora offices and local CSOs supporting business in the region were regarded as more reliable and helpful as state institutions. In addition, chambers of commerce and (diaspora) business networks were mentioned as relevant and supportive.

- When developing EU funded support programmes and projects for the mobilisation of diaspora business actors, focus should be laid on cooperation with local actors and civil society organisations.
- As diaspora entrepreneurs often originate in the least developed regions of the country, and focus their investment on their region of origin, programmes should give priority to entrepreneurs investing in least developed regions.

²⁰⁹ Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents



- Most start up and investment support programmes are accessible only to entrepreneurs resident in the Western Balkan country where they plan to invest; preparation activities conducted in their EU country of residence are not supported. EU funding programmes should be available also for activities in preparation of investment and enterprise creation in a Western Balkan country conducted in an EU Member State.
- Support programmes for diaspora entrepreneurs usually reach out only to citizens of the respective Western Balkan state. European integration being based on the idea of increased cross-border cooperation of individuals, companies and institutions, the European Commission is advised to set up a funding programme for investments in the Western Balkan countries targeting joint activities of entrepreneurs from several different Western Balkan accession countries.

The Erasmus and the Erasmus mundus programmes have been extremely successful in fostering knowledge-transfer through the participation of students and apprentices in university and vocational training programmes in other Member States and the non-EU partner states. These programmes have until now been limited to students and apprentice. There are no comparable programmes for entrepreneurs fostering exchange of knowledge and skills training by way of working in an enterprise in another Member State, although these experiences will be very helpful for start-ups and enterprises branching out to other countries.

- The European Commission is advised to develop the legal base for including entrepreneurs and start-up founders into an ERASMUS-based exchange programme allowing temporary work as entrepreneur in an enterprise in another Member State. Access to this programme should be given to both Union citizens and residents of an EU state as the citizens and residents of all Western Balkan accession countries alike.

There is a high number of highly renowned experts and specialists originating from the Western Balkan countries working at European universities, research centres and research-focused private companies. Their knowledge and expertise should be used for the development of research institutes, universities, and private companies in the Western Balkan accession countries. On the other hand, experts from the Western Balkan states often face hurdles when cooperating with EU based research institutions in case their department or institution does not have the capacities to fulfil the bureaucratic cooperation criteria.

Expert secondment is a well-established and successful element of development cooperation. It is often confused with expert return, which - for good reasons - is not seen as a main target in development cooperation. Experts are usually persons with some 10+ years of work experience, who are well integrated into an existing expert organisation, and have spent quite some energy and work to reach their current position. Their expertise is related both to their personal knowledge, diligence, and ingenuity, as to the technical equipment and the access to the tacit knowledge embedded in their institution.

From an individual perspective, professionals who have accumulated 10+ years of experience are generally within the age range of 35+/-, a period when many people may have founded a family or established a long-term partnership, have children of kindergarten- or school age, and/or have made investments in housing, and as a result, may not be willing to (permanently) return to their country of origin. Nevertheless, many experts will be ready to support institutions in the country of origin as a visiting expert or teacher, or as a partner in a joint project, which they will see as a sign of recognition by the country of origin.

- EU funding programmes should focus on supporting diaspora expert cooperation with companies, institutions and training and research programmes in the country of origin. The European Commission is advised to develop a funding scheme for expert mobility and temporary expert secondment between the EU countries and the Western Balkan accession states, which is accessible to both Union Citizens



and residents in an EU Member state as to the citizens and residents of the Western Balkan accession countries.

- The access of researchers from Western Balkan academic and research institutions to EU research funding programmes should be supported through training and capacity building for Western Balkan research institutions providing them with the necessary capacities to successfully compete for EU funding.

Consider diaspora in talent partnerships

Talent partnerships developing joint education and (vocational) training programmes implemented in both an EU Member State and a third country are an important tool for both development cooperation and the (economic) preparation for integration into the labour market of both the EU and the third country. Talent partnerships with Western Balkan countries also can serve as an element of accession harmonising educational and vocational training programmes and allowing knowledge transfers.

Diaspora entrepreneurs can be an important partner for talent partnerships, as they know the business environment in both their country of origin and their country of residence in the EU and are aware of the specific challenges in the field of education, training, and employment in both countries. They should thus be involved into the development of training partnerships and get access to specific funding.

By tailoring education and training to the labour market needs of both countries, talent partnerships should be a tool to prevent brain drain and foster return to the country of origin after a period spent working and learning abroad. As all Western Balkan countries are facing the challenge of brain drain, particularly in the medical professions, it is necessary to make measures against brain drain a condition for the implementation of talent partnerships and to regularly monitor the degree of circularity within these programmes.

- The European Commission is advised to support the development of talent partnerships with Western Balkan countries and include diaspora entrepreneurs into the development and implementation of these partnerships.
- Measures against brain drain should be made a condition for the implementation of talent partnerships, and the degree of circularity of migration within these partnerships should be regularly monitored.

Reach out to Western Balkan accession countries

Diaspora policies and support for diaspora investments currently do not play a relevant role in accession negotiations. As already suggested above, institutional measures should be taken to better include the issue into the preparation of EU accession of the Western Balkan countries. In this context, the compatibility of diaspora engagement policies with the concept of Union Citizenship needs to be examined together with the governments of the respective Western Balkan countries.

- The European Commission is advised to engage into talks on the linkage between diaspora policies and Union Citizenship with the respective Western Balkan governments.
- In addition, the European Commission is advised to support the stability and professionalism of Western Balkan diaspora institutions as main partners of cooperation in the accession process. In this context, a specific focus should be laid on local administrations and CSOs supporting entrepreneurs on a regional level.



8.2 EU Member States

Develop migration partnership frameworks with countries of origin including diaspora policy issues

In many EU countries, diaspora issues are dealt with exclusively in the field of development cooperation, which is usually under the remit of the Ministry of Foreign Affairs and/or a specialised development cooperation agency. Often, there is no regular cooperation or coordination with other ministries or departments working in the fields of migration or integration in the respective EU state, and no cooperation with the countries of origin on the issue. This departmentalised approach has been successfully overcome by the migration partnership agreements developed and implemented by the Swiss government with a number of countries of origin of large emigrant groups in Switzerland. On the one hand, these agreements have led to the development of an internal coordination and cooperation structure involving all ministries and institutions working in the area of migration, integration and development cooperation in Switzerland (“whole of government approach”), on the other hand they have led to intense and continuous cooperation and discussion with the governments of the countries of origin, linking different areas of cooperation ranging from trade over education to diaspora policies. These migration partnerships have proven successful both for Switzerland and the respective partner countries, and have increased the cooperation with diaspora business actors.

- EU Member States are advised to assess the experiences of Switzerland with migration partnerships and consider setting up similar frameworks in order to improve migration management in the interest of the sending state, the receiving state and the migrants themselves.

Work towards a mechanism for coordinating migration, development and diaspora policies with a whole-of-government approach

Only in a few EU countries, migration policies, development cooperation and diaspora policies are linked conceptually and institutionally; in most countries, different ministries are responsible for these policy areas and there is no coordination structure established. This institutional fragmentation does not allow the development of an integrated policy approach on migration, development and diaspora policies.

- Member State governments are thus advised to set up internal cooperation and coordination structures linking all ministries and institutions working in the field of migration and integration, development and diaspora policies. In this context, they are advised to also set up discussion and cooperation structures with relevant (business) diaspora organisations. These cooperation platforms should
 - support the development of an integrated policy approach shared by all ministries (“whole of government approach”)
 - help to coordinate policy measures, programmes, and the related funding mechanisms
 - support the professionalization of the (business) diaspora organisations as partners in the diaspora policy making of the respective country.

Focus diaspora business activities on (sectoral) business organisations and chambers of commerce

As the study shows, diaspora entrepreneurs are entrepreneurs first, and diaspora second. While supporting their country may have supported the investment decision of diaspora entrepreneurs, their main interest is the development and growth of their company. According to the study, they mainly need support in getting contacts to business partners in their respective sector and need legal and business-related advice and support in dealing with the sometimes overburdening bureaucracies and with widespread corruption.

According to the expert interviews, the vast majority of diaspora organisations active in the EU focus on issues of culture, identity formation and the training of the language(s) of the country of origin, have rather limited



contacts to the business community, and a limited understanding of the needs of business actors. Not able to employ staff, most of these organisations also suffer from a lack of professionalism. Thus, most diaspora entrepreneurs and investors do not regard them as relevant.

- Business organisations and chambers of commerce have been described as more efficient organisations regarding outreach to and support of (aspiring) diaspora entrepreneurs and investors, and should be the main cooperation partner in programmes and projects concerning diaspora business mobilisation.

Adapt existing enterprise funding to transnational entrepreneurship practices

There is a variety of start-up funding schemes funded by EU Member State programmes. Usually, they follow the “national container” approach and give funding to companies established in one country. Thus, diaspora entrepreneurs interested in setting up a company in their country of origin will only get access to funding as soon as the start-up process is initiated there, and will not be able to have the preparatory work done in their country of settlement supported. Also other support schemes, e.g. for the implementation of measures reducing energy consumption, are usually only covering costs accrued in the country of registration of the company.

Migration does not only lead to the development of transnational households, it also leads to the development of transnational entrepreneurship. Transnational entrepreneurs work both in the country of origin and settlement, and cannot limit their work for the company in the country of origin to the times of their stay in this country. In particular, start-ups need preparation already outside of the country of origin, which, given the nation-state based construction of funding mechanisms, is not supported currently.

- In order to overcome these limitations, it is suggested to set up a start-up funds for the Western Balkan accession countries, which should also allow the funding of activities for the establishment of a company in a Western Balkan country implemented in the EU country of settlement of the entrepreneur. This funding mechanism should be constructed in a way accessible to all investors or entrepreneurs interested in establishing a business in a Western Balkan accession country, independent from nationality or country of birth, in order to comply with the EU antidiscrimination acquis.

Take trans-local programmes and projects into account in funding programmes

National-level policy and programme design is inherently generic and cannot be tailored easily to specific diaspora groups and contexts. As the study has shown, diaspora entrepreneurs and investors have more trust in local governments than the “impersonal” national level institutions, and prefer to target their investment to their municipalities or regions of origin. Several municipalities in some Western Balkan states have already reacted on this trend and set up municipal or regional diaspora offices supporting entrepreneurs and investors.

According to the study, supportive policy frameworks at the national level in the country of residence make a significant difference. Migration partnerships and priority setting in development cooperation correlate with higher engagement levels for the beneficiary countries of origin (Bosnia and Herzegovina and Kosovo¹ in Switzerland, Albania in Italy). Projects focusing on trans-local relations and cooperation have proven to be particularly successful, while a lack of contact with the local level government structures has been identified as an obstacle and impediment for success.

- In order to improve the efficiency and effectiveness of diaspora support initiatives funded by the EU Member States it is suggested that EU Member States should focus their programmes and activities on well-defined trans-local partnerships, linking both business diasporas and relevant local administrations in the countries of origin and settlement. This focus should be supported by including local and municipal actors in the planning and evaluation of programmes supporting diaspora business activities.



Customise diaspora engagement programmes and communication

Many entrepreneurs and business actors interviewed highlighted that the existing diaspora organisations reaching out to the whole diaspora were not very helpful for them, as they could not provide them with knowledge and information relevant to their business or area of expertise. On the contrary, meetings with diaspora members of the same profession or working in the same field were regarded as helpful and relevant.

Diaspora engagement programmes and communication strategies are more effective when tailored to a specific diaspora group organised around areas of competence, rather than origin in general (business diaspora, academic diaspora, specific occupational sectors, etc.).

- In order to get a better overview about the sociodemographic and occupational composition of the diaspora, it is suggested to implement a survey-based study on the diasporas and to map existing diaspora businesses, which might be interested in investing in their countries of origin and develop corresponding support programmes.

Include second-generation managers of diaspora origin into diaspora mobilisation programmes

Due to the long migration history with Western Balkan countries, a number of children and grandchildren of the first generation of Western Balkan emigrants living in an EU Member State are employed in a managerial position in companies not owned or linked to the diaspora, but active in the Western Balkan states. Due to their knowledge of Western Balkan languages and the cultural background of the Western Balkans, they often are involved into business decisions of these companies regarding their investment(s) in the Western Balkans.

Currently no studies giving an overview about the role of diaspora background managers do exist, but the chambers of commerce in the EU countries can provide information on (large) companies active in the Western Balkans.

- In order to get reliable information on these companies, it is suggested that EU Member States implement a study on their role in decision making on investments of their employers in the Western Balkans and to include their expertise and knowledge into diaspora mobilisation programmes.

Include psychological support, coaching and mentoring in the design of funding programmes for diaspora entrepreneurs

According to the interviews with experts and entrepreneurs, the commitment, hands-on approach and perseverance of entrepreneurs are the decisive factors for successful diaspora entrepreneurship in the Western Balkan states. Entrepreneurs must be ready to overcome bureaucratic hurdles and long-lasting administrative processes and need a high level of frustration tolerance and commitment.

Funding schemes for diaspora entrepreneurship implemented by development agencies of the EU Member States put a high relevance on sound business planning and the professional presentation of business ideas. Less attention is given to the psychological aspect of transnational entrepreneurship.

- It is therefore recommended to include psychological support, coaching and mentoring in the design of funding programmes for diaspora entrepreneurs.



8.3 Western Balkan countries

Improve the stability of diaspora policy institutions

While diaspora political institutions exist in all Western Balkan countries, their effectiveness and efficiency are hampered by frequent restructuring and frequent changes of personnel, especially after changes in government composition following (frequent) elections. Sustainable cooperation with diaspora business actors and their mobilisation needs institutional stability and continuity. Frequent changes of personnel may lead to lack of readiness for cooperation and lack of trust among diaspora entrepreneurs and investors, in particular if change of personnel is linked to changes in the composition of the government.

Western Balkan countries are thus advised to improve the stability of their diaspora policy institutions. In this context, it is advisable to consider the establishment of diaspora agencies outside of the government ministries, and the employment of leading staff with long term (e.g. 5 years) contracts granting them independence from changes in the composition of governments.

- In order to improve the effectiveness and efficiency of these institutions, it is suggested to establish transparent recruitment processes involving renowned experts in the field of development and diaspora cooperation also from abroad.

Supply diaspora institutions with sufficient resources and qualified personnel

Interview partners in all Western Balkan countries have highlighted lack of resources as a major impediment limiting the cooperation of diaspora policy institutions with diaspora entrepreneurs and investors. Due to frequent changes in the composition of the government, budgets are revised frequently, limiting the possibility for long time planning.

- It is suggested to supply the diaspora institutions with sufficient resources and budgets for longer time periods (5 – 7 years) allowing for long time planning even in the case of changes in the composition of the government.
- As frequent restructuring and the lack of long time budgets also limits the attractiveness of diaspora institutions as employers, it is suggested to establish transparent recruitment procedures for the staff and offer long-time employment contracts.

Establish dedicated business units in diaspora policy institutions

According to the study results, the focus on diaspora business cooperation varies in the different diaspora policy institutions. While some institutions have dedicated units, others focus more on cultural and identity-related aspects and have not (yet) established corresponding structures for cooperation with business partners.

Among the diaspora entrepreneurs interviewed for the study, only very few have cooperated with the diaspora institutions in their country of origin when setting up their company. While these institutions were simply unknown to a large number of them, others shied away from cooperation due to different other reasons, ranking from their perceived linkage of the institution to a single political party to the fear that cooperation with them would negatively affect the image of their company. While research on the ground has also highlighted different levels of engagement, with some institutions and agencies being more active and successful in the reach out to entrepreneurs than others, the general picture of lacking outreach to and cooperation with diaspora entrepreneurs and investors prevails.

- In order to improve the cooperation with the diaspora business community, dedicated units should be established in all diaspora policy institutions. They should cooperate intensively with the relevant business associations, chambers of commerce, managers with diaspora background and individual

entrepreneurs. In communication and outreach to the diaspora business community, business organisations and chambers of commerce should be the main channel of communication.

Put a focus on local diaspora institutions and trans-local cooperation

A different view was reported with regard to cooperation with municipal diaspora offices, which were regarded as more reliable and helpful. Diaspora entrepreneurs and investors often decided to invest into their region or town of birth and contacted local administrations, which were regarded as more helpful than state institutions.

Proactive local governments have proven to be effective in trans-local engagement of their hometown diaspora by forging contacts with local and municipal administrations in countries of settlement.

- It is thus suggested to support the establishment of regional and municipal business support structures, to focus on trans-local programmes with the involvement of local administrations both from the country of origin and from the country of settlement of diaspora entrepreneurs and investors.

Support civil society organisations and business networks supporting diaspora entrepreneurs

In several Western Balkan countries civil society organisations and business networks supporting diaspora entrepreneurs and investors have been established, which have been characterised as helpful and relevant by business actors. Some of them have established digital platforms for the diaspora, while others have focused on the organisation of diaspora business events, which both have been praised by diaspora entrepreneurs and business actors. However, their funding is unstable and project-linked, thus they often have not been able to establish a sustainable institutional structure for business advice.

- It is suggested to sustainably fund business advice and support organisations linked to the business community, as experience in the EU has shown that business advice and support structures organised and implemented by the business community are more effective in communicating with entrepreneurs than state institutions.
- National diaspora engagement strategies in the countries of origin can be even more effective, if paired with stakeholder engagement that spans private sector, civil society, local administrations and development cooperation actors. Programmes implementing engagement strategies should thus aim at the inclusion of all relevant stakeholders.

Improve market intelligence with regard to the business diaspora

While countries of origin collect a number of data on business active in the country, no data sets on diaspora businesses do exist. Several Western Balkan countries meanwhile have started to set up diaspora registers, but these registers also do not include information on diaspora businesses.

- Western Balkan countries are thus advised to collect relevant data on diaspora businesses active in their country in order to gain more information and improve diaspora investment programmes.

Include managers with a diaspora background into business related activities

Most diaspora business programmes focus on diaspora entrepreneurship and investments, and do not reach out to managers of companies active in the Western Balkan countries with a diasporic background. Due to the long history of migration from the Western Balkan countries to the EU, meanwhile a number of descendants from emigrant families hold managerial positions in a broad range of companies domiciled in the EU and active in the Western Balkans. These managers are key players in decision-making about investments, business expansion and employment creation of their companies, which in most cases do not belong to diaspora members, in the Western Balkan countries. They should be understood as a relevant part of the diaspora business community, and reach out to diaspora business should include them.



- In order to get an overview about this group of managers, it is suggested that Western Balkan countries' diaspora institutions do a mapping exercise for this target group and develop regular cooperation with this important group of decision makers.

Take on a facilitating role, by creating communication and information mechanisms

Government support for diaspora engagement seems to work best when the government takes on a facilitating role and enables the business diaspora to take ownership of the initiative. This can be done by providing relevant information to diaspora investors, regarding the tax code, employer contributions, administrative procedures and investment opportunities.

- Governments in the countries of origin should also clearly communicate national development priorities. Given the often reported low level of trust of diaspora organisations towards the state institutions in the countries of origin, initiatives aimed at promoting business collaboration through presenting concrete products, innovative technologies, needs, etc. are welcomed by the business diaspora.



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10. Annex 1: Table of interviews

Annex: Breakdown of Key Informant Interviews

Country	Stakeholder type				Total
	Government and policymakers (CoO, CoS, EU level)	Diaspora representatives	Interest groups (chamber of commerce etc.)	International organisations	
EU level	9	-	-	-	09
Albania	8	2	2	2	14
Bosnia and Herzegovina	3	8	-	-	12
Kosovo ¹	2	2	3	1	08
Montenegro	5	5	1		11
North Macedonia	6	5	1	2	14
Serbia	6	4	2	2	14
Austria	6	7	-	1	14
Germany	4	10	-	3	17
Italy	1	16	-	1	18
Sweden	8	1	5	-	14
Switzerland	4	11	-	-	15
Total	62	71	14	12	160



11. Annex 2: Glossary of key concepts used in ECONDIAS

Glossary

Socioeconomic development

Ionescu defines development as “sustainable economic growth, poverty reduction, social advancement, human empowerment and socio-economic equity”.²¹⁰ This definition is broad and encompasses socioeconomic development as an inherent part of development. While economic development is concerned with prosperity through increased production, distribution, and consumption of goods and services, social development focuses on the social structures, processes and relationships that may be developed to create a more inclusive society with an emphasis on social justice and the common good. In other terms, social development offers a more holistic outlook on human wellbeing that goes beyond the economic indicators.

Country of origin

In the migration context, country of origin is referred to as the former habitual country of residence of a migrant and is often also associated with the original nationality of the migrant.

For ECONDIAS, country of origin refers to the country of reference in the Western Balkans, as per the current globally recognised status of establishment, to which different diaspora communities have their affiliations with based on own or ancestral ties. “

Country of settlement

For ECONDIAS, a country of settlement refers to the countries in which diasporas and migrants are settled currently and is different from the country from which they have direct or ancestral origins (country of origin).

Migrant

The UN Migration Agency (IOM) defines a migrant as any person who is moving or has moved across an international border or within a State away from his/her habitual place of residence, regardless of (i) the person’s legal status; (ii) whether the movement is voluntary or involuntary; (iii) what the causes for the movement are; or (iv) what the length of the stay is.²¹¹

The UN Population Division provides the following definition of the term “international migrant”: “While there is no formal legal definition of an international migrant, most experts agree that an international migrant is someone who changes his or her country of usual residence, irrespective of the reason for migration or legal status. Generally, a distinction is made between short-term or temporary migration, covering movements with a duration between three and 12 months, and long-term or permanent migration, referring to a change of country of residence for a duration of one year or more.²¹²” For ECONDIAS it is important to note that the EU countries of settlement of the Western Balkan emigrants use the country of birth as a proxy for the numbers of the resident migrant stock, and usually do not differentiate between short and long term migrants, but give data on all persons born abroad and staying in the country of settlement for more than 3 months.

In general, it is relevant to consider is that, not all migrants of a country of origin may be termed as diasporas. The operational definition of diasporas for this project is given below.

²¹⁰ Dina Ionescu, *Engaging Diasporas as Development Partners for Home and Destination Countries: Challenges for Policymakers*, IOM Migration Research Series No. 26 (Geneva: International Organization for Migration, 2006), available at <https://www.un-ilibrary.org/content/books/9789213630181>.

²¹¹ “Global Issues: Migration,” *United Nations*, 2020, available at <https://www.un.org/en/global-issues/migration>.

²¹² “Definitions,” *United Nations Refugees and Migrants*, accessed January 23, 2023, <https://refugeesmigrants.un.org/definitions>.



Second generation and descendants

For ECONDIAS, second generation refers to people born to one or more migrant parents in a country of settlement. Descendants refers to children of second generation individuals and further generations of migrants. Statistical offices in the EU only rarely provide data on the second generation or further migrant generations. In Germany and Austria, rough estimates about “persons with a migrant background”, defined as persons who either migrated themselves or had one (Austria) or two (Germany) migrant parents are provided, but this concept has not gained ground in international statistics on migration.

Diaspora

In absence of a single, universally accepted definition of diaspora, this document defines diaspora broadly in line with the scope of the project. Chikezie defines diasporas as “individuals originating from one country, living outside this country, irrespective of their citizenship or nationality, who, individually or collectively, are or could be willing to contribute to the development of this country. Descendants of these individuals are also included in this definition.”²¹³ According to the EMN glossary, diasporas are “members of ethnic and national communities, who have left, but maintain links with their homeland”. This may include more settled expatriate communities, expatriates with the nationality of the host country, dual nationals and second generation and descendants of migrants. The ECONDIAS study will follow this broad concept in general while narrowing down based on the country of origin(s) defined for the respective case study that the mapped activity targets.

For ECONDIAS, the main focus for mapping should be on diaspora organisations and relevant representatives based on their self-identification as part of a specific diaspora, as well as the relevance of their activities related to socioeconomic development of countries of origin for inclusion/exclusion criteria.

Diaspora organisations

Diasporas organise in associations to provide them with a structure through which to share their cultural identity, show solidarity between each other and make claims for their rights in the public sphere.²¹⁴

Diaspora engagement frameworks

An explicit and systematic policy initiative or series of policy initiatives introduced by countries of origin aimed at developing and managing relationships with diaspora.²¹⁵

Diaspora Investment

Diaspora investments are important sources of capital accumulation in countries of origin. Economic investments of diaspora members may range from land and property²¹⁶, infrastructure development, small and medium enterprises, cooperatives, and financial instruments (including bonds and loans).²¹⁷

Trans-locality

In this report, trans-local refers to the interrelations and various forms of exchange between local level actors (including migrants, communities, local government authorities and other relevant stakeholders), with

²¹³ Chikezie, *Strategies for Building Diaspora/Migrant Organisation Capacity for Development*.

²¹⁴ Janina Pescinski, *The Place of Diaspora Associations in Cities* (Barcelona: United Nations University Institute on Globalization, Culture and Mobility, 2018).

²¹⁵ Delphine Ancien, Mark Boyle and Rob Kitchin, *Exploring Diaspora Strategies: An International Comparison* (Maynooth: NUI Maynooth Workshop, January 26–28, 2009).

²¹⁶ For ECONDIAS, private land and property investment is not considered as relevant diaspora investment, as it is usually not linked to the economic meso- and macrolevel, but used by private households. Despite the blurred line to the meso-level when use for touristic rental the relevance of private touristic rental is too low to take this type of investment into account.

²¹⁷ Stephen Gelb, Sona Kalantaryan, Simon McMahon, and Marta Perez Fernandez, *Diaspora Finance for Development: From Remittances to Investment*, EUR 30742 EN (Luxembourg: Publications Office of the European Union, 2021), available at <https://publications.jrc.ec.europa.eu/repository/handle/JRC125341>.



emphasis on local-to-local interactions, as compared to the term transnational which refers to the nation-state level.²¹⁸

Transfer of skills/knowledge by the diaspora

Skill transfers is related to the idea of “reversal of brain drain” and focuses on brain circulation through mechanisms developed to encourage the flow of vocational skills, knowledge and capacities from the diaspora to the country of origin.²¹⁹ As expert skills are intrinsically linked with “tacit knowledge” embedded in expert organisations, successful skills transfer involves both individuals and institutions. Measures include i.a. temporary exchange of experts, visiting lecture or professorships, institutional and project cooperation, or joint training projects and programmes involving participants and institutions both in the country of origin and settlement.

²¹⁸ Simon A. Peth, *What is Trans-locality? A Refined Understanding of Place and Space in a Globalized World*, Transient, (Innsbruck, 2018), available at: <https://www.transient-spaces.org/blog/what-is-translocality-a-refined-understanding-of-place-and-space-in-a-globalized-world/>

Clemens Greiner and Patrick Sakdapolrak, Translocality: Concepts, Applications and Emerging Research Perspectives, *Geography Compass*, Vol. 7, no. 5 (2013): 373-384.

²¹⁹ Brett Johnson and Santiago Sedaca, *Diasporas, Émigrés and Development Economic Linkages and Programmatic Responses*, A Special Study of the U.S. Agency for International Development (USAID) and Trade Enhancement for the Services Sector (TESS) Project (Washington: CARANA Corporation, 2004).