The Importance of Diaspora Investors in International Development

MIMI ALEMAYEHOU

As Executive Vice President of the Overseas Private Investment Corporation (OPIC), Mimi Alemayehou often works closely with diaspora investors leading development efforts in their respective countries of birth. Alemayehou is a native of Ethiopia, and was raised in Kenya before her family emigrated to the United States in 1985. As one among thousands of African diaspora members living in the United States, she understands the important contributions of these communities in dealing with some of the world’s toughest development challenges. Here, Alemayehou explains why this group is such an important resource.

FLETCHER FORUM: How do you define diaspora?

MS. ALEMAYEHOU: Diaspora refers to anyone who has a connection to his or her country of birth or origin. Such people often have family in that country and are in touch with them on a pretty regular basis.

Mimi Alemayehou was nominated as the Executive Vice President of the Overseas Private Investment Corporation (OPIC) by President Obama on March 10, 2010 and confirmed unanimously by the full Senate. Previously, Ms. Alemayehou served as the United States Executive Director at the African Development Bank where she was responsible for executing Board decisions on behalf of the United States government. Ms. Alemayehou also served as the most senior U.S. Treasury official in Africa. Ms. Alemayehou currently serves on the Board of the United States African Development Foundation, a post she was nominated to by President Obama and confirmed unanimously by the full Senate. Ms. Alemayehou holds a Masters degree in International Business and International Law and Development from the Fletcher School of Law and Diplomacy at Tufts University.
FLETCHER FORUM: Immigrants are often considered in terms of what they contribute to the United States. How can we better understand them by seeing them as members of diaspora communities?

ALEMAYEHOU: Recent immigrants often know the terrain of their countries of origin and can be very useful in connecting to areas that aid agencies or businesses cannot access. As we saw recently with the famine in the Horn of Africa, the diaspora population was very useful in working with the U.S. Agency for International Development (USAID) to bring relief to areas of Somalia.

Many of these immigrants also want to support their countries of origin by investing their resources and their time in the field in which they have expertise. Usually, they have a much longer-term perspective and are less risk-adverse. In the case of the Arab Spring, many of the first investors to respond were diaspora members who were living in exile abroad.

FLETCHER FORUM: What are some of the largest diaspora communities in the United States?

ALEMAYEHOU: Haiti has a strong diaspora community. Cape Verde has a huge diaspora population in the Boston area. The Ethiopian community is large; there is a large Filipino community; and a large Vietnamese community on the West Coast. There are all kinds of diaspora communities.

FLETCHER FORUM: How large is the African diaspora in the United States?

ALEMAYEHOU: There are more Nigerian doctors in the United States than in Nigeria, more doctors from Ghana in the United States than in Ghana. In 2011, Kenyans in the United States sent over $1 billion to Kenya. Continent-wide, some $40 billion was sent to Africa in 2011 and that number only reflects amounts that were sent through channels that the central banks are able to track. Personally, I think the actual amounts sent to Africa could be double those estimates.

FLETCHER FORUM: How have diaspora communities changed in recent years?

ALEMAYEHOU: Today, because of the Internet, Skype, Facebook and Twitter, people often learn about events in their countries of birth—like
the earthquake in Haiti—within five minutes, and they can meet quickly to discuss doing something to help. We saw that with the Arab Spring. On a personal level, I had my family in Africa on Skype two years ago for my baby daughter’s naming ceremony. Thanks to technology, I am so much more in touch with people there.

There are also many people—doctors and other professionals—who left Africa because of greater opportunities in the West and now that trend is starting to reverse. What was the brain drain from Africa has become a brain gain in Africa. My brother is one of them. He started the only English-language radio station in Ethiopia. There are more democracies in Africa today and more people are starting to see that they can have a bigger impact in Africa. Forbes recently profiled a number of African billionaires. They are not corrupt leaders, but business people.

On my last trip to Tunisia, I sat on the plane next to a Tunisian woman who was delighted to tell me that her daughter was an investment banker and was finally coming home to work at a microfinance institution. Diasporas are often the first who want to go back to their native countries. Everyone else wants to wait until the dust settles.

**FLETCHER FORUM:** How is OPIC working with diaspora communities in Africa?

**ALEMARYEHOU:** According to the Census Bureau, African diasporas are the most educated immigrants in the United States. They have long been contributing significant amounts of remittances. OPIC can harness that, and support some of their investments that can have a larger impact on a larger population than their immediate families.

In 2011, we provided $250 million in political risk insurance to Belstar Development in its Ghana National Medical Equipment Modernization
Project, a partnership with the government of Ghana, which is providing medical equipment to hospitals throughout Ghana. This project, which was started by a member of Ghana’s diaspora, will have a significant impact on Ghana’s ability to meet its growing need for modern healthcare infrastructure.

Secretary of State Clinton has supported diaspora initiatives in support of Latin America, and OPIC has agreed to provide $150 million in financing and political risk insurance to support winning projects in two business proposal competitions. The goal is to help Hispanic immigrants in the United States to implement creative new social and business ideas addressing issues of economic growth, food, security, water, and climate change in Latin America.