



Diaspora Investment in Agriculture (DIA) initiative

Over the last 45 years, the number of people living outside their home country has almost tripled from 76 million to 215 million. In 2010 alone, this global diaspora sent home over US\$ 325 billion to families in developing countries. Through their remittances, investments, tourism, trade, philanthropy, knowledge transfers and the cross-border relationships they foster, the diasporas play a vital role in the development of their countries of origin.

It is in *post-conflict countries and fragile states* that the drive to migrate is felt most strongly. In countries that have faced natural disasters, economic hardship and/or political instability, diasporas not only take care of the daily needs of their family members, but are also the first to respond in times of emergency. The current initiative seeks to expand on this vital short-term role to help maximize the potential long-term impact of the diasporas as drivers of development.

Achieving long-term economic growth, reducing poverty and enhancing food security cannot be achieved without significant investment in the agricultural sector. Agricultural investment is essential to achieving rural growth, job creation, the provision of basic necessities and the creation of a stable foundation upon which broader economic growth can be realized.

WHAT: In recognition of the important role played by the diaspora in fostering economic growth and its vast potential for enhancing the resilience of fragile communities, the United States Department of State (DOS) and the International Fund for Agricultural Development (IFAD) are launching the **Diaspora Investment in Agriculture (DIA) initiative**. This major partnership seeks to leverage the contributions of the diaspora and encourage their engagement in sustained economic development through investment in agriculture, particularly in rural areas.

The DIA initiative seeks to foster job growth in local communities, contribute to poverty reduction and reduce the need to migrate by:

1. Encouraging the global diaspora to *invest in sustainable agricultural projects* with real potential for impacting the lives of poor rural people.
2. Enabling diaspora investors, diaspora organizations, and actors on the ground to *build the capacity* necessary to undertake cross-border investments and gain access to markets for traditional products.
3. Stimulating agricultural production and reducing import dependency in order to *enhance food security*.

WHY: Due to the tremendous connection felt by those living abroad towards their communities ‘back home’, diaspora investors are not only well informed about the opportunities existing in their communities of origin, but are also much more willing to invest in fragile markets than foreign investors. While rising global food prices are making it more costly for members of the diaspora to provide for their families in developing countries, rising prices are also increasing the incentives for local production. Besides the important role of investment in contributing to food security at home, there is also a niche export market for traditional goods in diaspora communities. Successfully tapping this demand can provide a unique market with a high added value for those willing to invest. This combination of characteristics presents an immense opportunity for diaspora investment to become an important driver for development.

The DIA initiative aims to build on the funds invested by the diasporas to generate new streams of capital for sustainable agricultural investment in fragile countries. By strengthening existing links between diasporas and their home communities and building new partnerships, the initiative will create job opportunities while enhancing food security and tapping potential export markets. Such investment is particularly critical to fragile and post-conflict states, since these countries are often dependent on food imports, experience significant emigration and have difficulty attracting investment from abroad. These factors negatively affect already fragile situations in the country and limit development opportunities.

HOW: The initiative will work through selected financing mechanisms ranging from a competitive call for proposals to targeted investment. Through these mechanisms, eligible diaspora entrepreneurs, diaspora organizations, and key strategic entities will be financed to implement projects that stimulate the development of the agricultural sector in their home countries. In particular, the initiative will identify and co-finance viable projects and models focused on food security, diaspora investment and agricultural value chains.

Proposals will be evaluated based on their potential impact, equity contribution, sustainability, and suitability for replication and scaling-up. Selected projects will identify, design, and pilot test agricultural initiatives. DIA will also provide technical assistance and capacity building support designed to create the enabling environment required for success, and to build transnational ownership. The initiative will be administered by IFAD’s Financing Facility for Remittances, which has a strong record of generating innovative projects in the area of international migration and development; and it is being implemented within the context of the newly formed International Diaspora Engagement Alliance (IdEA)

WHERE: Eligible countries to be covered by the initiative include: Afghanistan, Angola, Burundi, Congo, Côte d’Ivoire, the Democratic Republic of the Congo, Egypt, Haiti, Iraq, Liberia, Sierra Leone, Somalia, Sri Lanka, the Sudan and Tunisia.

WITH WHOM: The DIA initiative will be open to key development players from the international donor community, private sector, foundations and public institutions that have strong strategic interest in sustainable agricultural development in post-conflict countries and fragile states. The initiative will also call upon academia and think tanks to maximize knowledge creation, dissemination and build communities of practice.