

# Diasporas of highly-skilled: institutionalization, experiences and opportunities

76a Jornada informativa

3 de Junio 2010, Ciudad de México



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# Outline

- Why and What? Diasporas' Impact: How skills and talent abroad can engage in institutional development at home?
- Hypotheses from the recent experience: 'How to' question: institutional design of diaspora initiatives. If some of them work, why?
- Can we learn from disappointment? Potential vs. reality: Is this like a Venture Capital Portfolio?
- How to get stakeholders hooked up? Towards a new generation of diaspora initiatives

# Motivation

## Market for the highly skilled

- Will become even more globally integrated
- Increasing returns to skills will continue to favor spatial concentration: clustering phenomenon
- The brain “drain” will increase, both from developed and developing countries
- Expansion of far-flung Diasporas - networks of expatriates abroad

# Top Skilled Emigration Countries

Tertiary-educated foreign-born residents in OECD (2000)

All countries of origin			From non-OECD countries		
1	.....	1,051,885	1	INDIA	996,813
2	INDIA	996,813	2	PHILIPPINES	886,653
3	PHILIPPINES	886,653	3	CHINA	799,834
4	GERMANY	855,815	4	S. KOREA	425,152
5	CHINA	799,834	5	VIETNAM	342,744
6	MEXICO	473,923	6	TAIWAN	263,086
7	S. KOREA	425,152	7	IRAN	260,270
14	TAIWAN	263,086	8	USSR-RUS	256,229
15	IRAN	260,270	9	CUBA	221,051
16	USSR-RUS	256,229	10	ALGERIA	215,108
18	CUBA	221,051	11	MOROCCO	209,436
19	ALGERIA	215,108	17	S. AFRICA	157,601
20	MOROCCO	209,436	20	EGYPT	146,345
28	S. AFRICA	157,601	25	ARGENTINA	105,211
31	EGYPT	146,345	26	LEBANON	103,806
40	ARGENTINA	105,211	47	TUNISIA	68,028
64	TUNISIA	68,028	50	CHILE	62,072
67	CHILE	62,072			

# Four Scenarios for the Talent

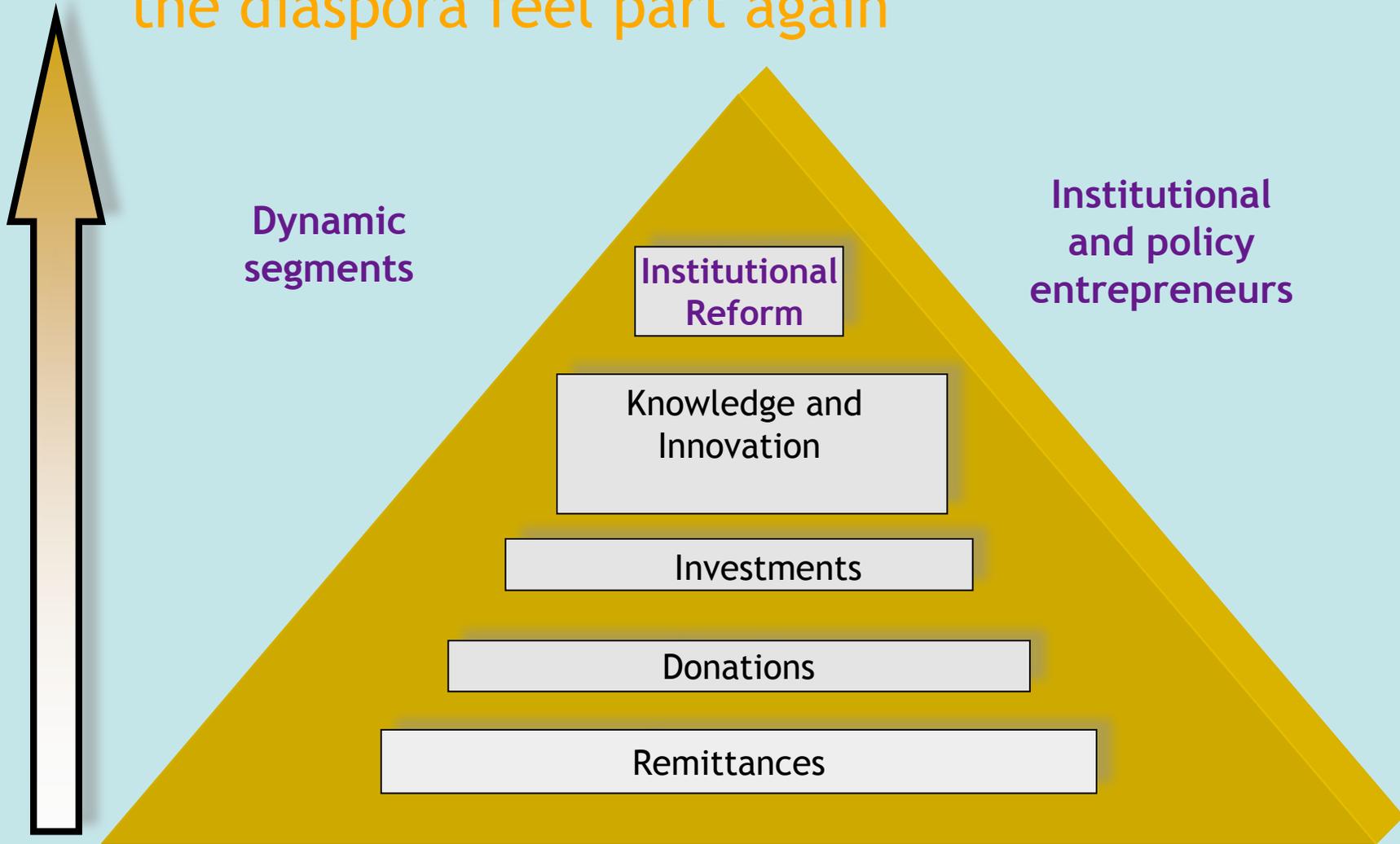
- Be productively employed in the country: **growth of innovation clusters**
- Leave the country and be lost for it: **brain drain**
- Leave the country yet be engaged in projects at home: **brain circulation**
- Leave and come back: **return migration**

# Example of a virtuous circle

## Incremental Institutional Development: Emergence of venture capital industry in Taiwan

- Massive foreign education and brain drain in the 60's and 70's
- Industry and financial sector dominated by large firms. Culture of risk-taking and experimentation virtually non-existing
- Silicon Valley as a role model: successful entrepreneurs from Diaspora and the government decide to promote venture capital industry
- First venture capital fund is established. Government contributes to equity. Expatriates reallocate to Taiwan to manage the Fund. Diaspora in Silicon Valley open up market
- Demonstration effect of the success triggers establishment of other funds

# Hierarchy of Diaspora impact: or making the diaspora feel part again



Questions at this stage:

# 1. Do countries need large numbers of Diaspora talent to generate Taiwan's type dynamics?

No. Relatively small skilled diasporas can be productive as well.

- But the virtuous cycle is likely to be limited to certain dynamic segments of society.
- Search networks linking exceptions from public sector, private sector and the Diaspora are crucial

**Example: ChileGlobal: a network of about 100 successful professionals of Chilean origin in the US, Canada and Europe**

Questions at this stage:

## 2. How does institutional development occur?

- Focus on exceptions first
- Exceptions form search networks to articulate solutions in inhospitable institutional environment.
- Some sort of a critical mass emerge
- This critical mass becomes an **Archimedian lever** to promote further change

**Institutionalization of search networks is the issue**

# Heterogeneity

Heterogeneity of  
diasporas of the  
highly skilled

Heterogeneity of  
home institutions

Institutional  
development  
of home countries

# Two sides of the same coin

Simultaneous emergence of

New public sector:  
dialogue over reform  
with public sector champions

New private sector:  
Dynamics of technology start-ups  
and spin-offs

Questions at this stage:

### 3. How to promote change at home relying on diasporas?

Diasporas can be counterproductive:

- shock absorbers to support vested interests at home (e.g. Armenia in the 90s)
- or advancing its own narrow interests

**Most useful when they help to identify, articulate and nourish a dynamic segment of domestic elites**

**Outside-in reform: helping the dynamic segments at home grow**

# Transformation of Domestic Elites: Impact of Diasporas

Helping hand: Support in translation opportunities in projects

Tantalizing promise  
*Portfolio of entry points*  
Armenia (now)  
Argentina

Inside-out reform:  
Revolutionary incrementalism  
Taiwan, Morocco, India

Discussions without transactions  
Many countries

Lost opportunity

Diversity of opportunities for dynamic segments at home

Questions at this stage:

## 4. What is the logic of diaspora initiatives?

Venture capital logic: many fail, majority remain 'living deads', very few are successful

Successful initiative creates a search network linking exceptions from all sides. In another way: from initial enthusiasm to create win-win

Public sector should not be directly involved in diaspora programs, yet its role is critical

**Major lesson: Expatriate networks need to generate transactions and projects (demonstration effects): people get tired of discussions**

# Lessons learned so far

1. Diasporas can be very useful for home countries but to develop their potential, concerted effort is required. This concerted effort takes time.
2. Institutions at home, not diaspora' commitment is the binding constraints everywhere.
3. In the **short term**, individual champions and tangible success stories (demonstration effects) are the key.
4. In the **longer-term**, institutions of the home countries are the key (diasporas are not a panacea)
5. Focus on **pragmatism**: relying on individual champions to develop institutions in home countries

# Resultados de la encuesta a mexicanos altamente calificados

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# Objectives

- Document interactions of science and technology professionals with Mexico
- With a particular emphasis on the interactions with the government - on Federal and State level
- Identification of success stories (across the borders), likelihood of reproduction and learning from them
- To inform design of policies and institutions: how to institutionalize the informal networks which exist

# Hypotheses

- ‘It takes two to tango’: senior-level professionals on both sides in the US (and other parts) and in Mexico are the key for something tangible to emerge. They are in a position to share reputation, credibility and other resources.
- Business interactions are driven and reflect innovation dynamics in Mexico (e.g. the South will be almost absent)
- Insider-outsider: those who are engaged in transactions with Mexico have a better perception of its business environment than those who are not
- Long gap and gestation periods from initial dialogue to tangible results (formation of a venture etc.)
- **Need to secure small steps to make the “dancing tango effort” credible, sustainable and incremental**
- **Expectations on the diaspora on the part of the government are often excessive and unrealistic**

# Research design

- Survey - to benchmarks with other project cases (Argentina, Russia and South Korea). We will talk further about this.
- Informal interviews with champions (some done, some on the way):
  - of brain circulation networks
  - government
  - a university - ITESM
  - members of Red de Talentos (during this week)

Most interesting but tricky and difficult!

# Approach

Based on existing survey effort, we adapted together with IME, Red de Talentos and CONACYT. We conducted an online survey both in Spanish and English

- We used the established Red de Talentos chapters to distribute information (Houston, Silicon Valley, Detroit), as well as the active groups that are multiplying in the US and Canada (Atlanta, Boston, Los Angeles, Ottawa, Montreal, etc...)
- CONACYT provided with the list of becarios abroad.
- In total 565 highly skilled Mexicans living abroad were invited to participate. 283 answered (at least partially) the survey. 205 cases were used for the analysis presented here

# Basic characteristics

- **Connected with the country and responsive to the Red de Talentos:** The response was quite quick. For example, 25 days after the first invitation 249 individuals (42%) participated (156 completed the survey). 96% answered the Spanish version of the survey. 85% visits Mexico at least once a year. The most frequent is 2 to 4 times (37%)
- **Majority of young males with postgraduate education:** 80% of the respondents are male; 47% are 40 or younger. Almost half (47%) have declared that their maximum attained education is at the masters level (26% with PhD or more). In comparison to other countries: younger with smaller proportion of PhDs.
- **Business related:** more than half of the respondents work in firm. Another 1/4 is independent (less academicians that in other countries' surveys). While attending conferences is the most cited reason, business related reasons are important (42%)

# Professional expertise

- **Wide array of specializations:** In relation to technical fields, 18% mentioned engineering, 14% software, 12% related with natural resources, 12% biotechnology. Nanotech and (plain) sciences was mentioned by 2% each. A third indicated having experience in management
- **Willing to help:** 85% are willing to help/assist firms and entrepreneurs to enter external markets
- **Skilled and able:** the most important self-reported abilities are identifying business opportunities (17%); transfer of technological knowledge (11%), mentoring (9%), technological strategy(8%).
- **Opportunities:** Natural resources, biotech applications, nanotech and sciences showed higher percentages of individuals that consider them as niches of opportunity for the country. Software is considered an opportunity by a similar percentage. **Source of advantages: mostly related with costs and logistics. However, almost 25% believes that the country has important advantages in R&D (17% at the regional level, the rest globally)**

# Connections

- **Aware of Mexicans aiming for ventures:** 61% is acquainted with other Mexicans that came to the country to do business.
- **Connected:** 44% receives regularly newsletters from the government. Another 35% from Universities and Research centers in the country. 75% visits the country at least once a year (22% twice or more)
- **But fundamentally: Optimistic about quality and dynamic segments.**
  - 73% (39%) believe that the business sector is of high (highest) quality. 67% (32%) for universities, 57% (26%) for R&D institutions.
  - 38% (16%) believes that the quality of the government is high (highest)
  - 47% believes that there is a dynamic segment in the government
  - 35% is in contact with government officials

# Connections

Instituciones dinámicas
1. SRE
2. Proméxico
3. CONACYT
4. Bancomex
5. IME
6. Secretaría de Economía
7. PEMEX
8. NAFIN
9. Secretaría de Turismo
10. TechBA

# Incentives (or rewards)

1. Consultancy fees (43%)
2. Access to key people (32%. Much lower than in Argentina or Russia)
3. Membership Board Directors (32%)
4. Equity (16%)

# Policy initiatives

1. Support SMEs (34%) (much higher than in other countries)
2. Business Accelerators (31%)
3. Internships to leading firms (29%)
4. Reduce barriers to investment/trade (25%)
  - IP related (6%)
  - Visits to innovation hubs (5%)

# Next Steps

- (more) Informal interviews -  
Catálogo de casos de éxito
- Institutional follow up

# ¡Muchas gracias!

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