



**ADDIS ABABA UNIVERSITY SCHOOL OF
GRADUATE STUDIES**

**THE ROLE OF THE ETHIOPIAN DIASPORA IN THE UNITED
STATES IN SHAPING INVESTMENT, DEMOCRATIZATION
AND REMITTANCE**

BY

SELEMON BENTI TOLA

**ADDIS ABABA
JUNE 2020**

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LIST OF ACRONYMS AND ABBREVIATIONS

AFDB	Africa development bank
EPRDF	Ethiopian People’s Revolutionary Democratic Front
BJP	Bharatiya Janata Party
CUD	Coalition for Unity and Democracy
E.C	Ethiopian Calendar
EEPCO	Ethiopian Electric Power Corporation
EIA	Ethiopian Investment Agency
ESFNA	Ethiopian Sports Federation in North America
ESUNA	Ethiopian Students Association in North America
EU	European Union
FDI	Foreign direct investment
GTP	Growth and Transformation Plan
IOM	International Organization for Migration
MOFA	Ministry of Foreign Affairs
NBE	National Bank of Ethiopia
ODA	Official Development Assistance
US	United State of America
VOA	Voice of America
GDP	Gross Domestic Product
GERD	Grand Ethiopian Renaissance Dam
GTP	Growth Transformation Plan

IDS Industrial Long- Term Development Strategy

ISID Inclusive and Sustainable Industrial Development

OKF Overseas Korean Foundation

UEDF United Ethiopian Democratic Forces

UND DESA United Nation Department of Economic and Social Affairs

UND United Nation Development

USD United State Dollar

Abstract

Throughout the history of mankind, human beings have migrated in search of better opportunities and better life. In the 1980s and 1990s, migration undermines the development of local economies resulting in a state of stagnation and dependency. Nevertheless, Migration has diverse socio-economic impact ranging from increasing better opportunities for migrants to an improved livelihood of sending households and to contributing economic growth. Since migration has implications on the development of the political economy of the country of origin, migrants/diasporas have the potential to make several contributions.

Nowadays, the central discourse of diaspora is its role since the diaspora became an element of self-reference and political identification through attaching national identity as domestic actors. In doing so, diaspora groups exert influence on the political economy of the homeland. Diaspora members use their financial resources, a side from exerting indirect influence through contributions to various civil society projects. On the other hand, they exert more direct influence through political support to parties or candidates of their choice. They also use their diplomatic leverage to advance their interest in the homeland and serves as a means of highlighting how they engage in domestic politics.

Today more than three million an estimated Ethiopians are residing in a different region of the globe. The contribution of Ethiopian diaspora played in the process of shaping Investment, democratization and Remittance of the country is significant. However, the Ethiopian government policy tends to depict conflict of interest while dealing with its diaspora. On one hand, the government recognizes Ethiopian diaspora as having immense and untapped potential for fostering socio-economic development of the country through investment, remittance, transfer of knowledge and skills, technology and promoting democracy and good governance. On the other hand, the government remains hesitant to open the door for the diaspora for extensively engaging in the country's development and democratization process. Due to this fact, the Ethiopian diaspora tends to support opposition parties rather than the ruling party, lobby governments and other actors in the host countries to shape policies of the Ethiopia government, staging demonstration and remotely organizing and leading civic resistance and economic sanction by withholding remittances. So in order to control the political damages that the diaspora creates, the Ethiopian government considers the political activism of the diaspora as its major concern. Nonetheless, the

Ethiopian government must create an enabling environment and establish strategic collaboration with the diaspora in order to improve its relationship with the diaspora.

Out of about three million Ethiopians who reside in the different regions of the globe, more than half a million lives in the United States. The Ethiopian diaspora in United States has established numerous, well-funded organizations throughout the United States. The core activities of these organizations focus on supporting development ventures in Ethiopia and provision of social services and integration and welfare assistance to Ethiopians in the United States. The diaspora in United States also tries to influence United States policy towards Ethiopia towards enhancement of democracy and human rights. The Ethiopian diaspora in the United States plays significant role in investment, democratization and remittance in the home country, which this study examines on the basis of information collected from primary and secondary sources.

CHAPTER ONE

1.1 Background of the study

Prior to the formation of the Jewish Diaspora, Diaspora was largely a religious concept. The desire of the Jews to return home involved a spiritual than a geographic urge (Stephen Gold, 2002). Modern diasporas relate to ethnic minority groups of migrant origin residing and working in host countries while maintaining strong sentimental and material links with their countries of origin and their homelands (Sheffer,1986).

Diasporas are people who live outside their countries of birth but maintain and create networks and connections with the home country and other parts of the world. These are now viewed as a key development resource. (Chikanda, Crush, and Walton –Roberts, 2016). By the 1980s and 1990s, migration undermined the development of local economies resulting in a state of stagnation and dependency (Massey et.al,1998). However, in recent years’ policy and research show that migrants are potential for economic growth and development of local society /country (Bronden, 2012). Central to the new discourse about migration and development is the role accorded to the diaspora as an important economic and political resource base for Africans as well as a stage for redefining one’s social identity (Ter Haar, 1998). Diasporas have the potential to make several contributions. Most commonly recognized among these are the remittances they send back to their homelands –more than 400 billion USD in 2010 out of which an estimated USD 325 billion went to the developing countries (World Bank, migration and remittances fact book, 2011). The data from the World Bank shows that remittances to developing countries reached 404 billion USD in 2013 (World Bank, 2014).

In 2013, remittances were more than three times greater than official development Assistance (ODA) and significantly exceeded foreign direct investment flows to developing countries. Hence, remittances had reduced the depth and severity of poverty in developing countries (Adams, 2006). While remittances are recognized as the most visible aspects of diaspora ties with their countries of origin (Guarnizo, 2003; Sorensen, 2004), there have been increasing calls to go “beyond remittances” by addressing broader social, cultural and political issues in the development process (McKenzie, 2006; Newland and Patrick, 2004).

Most developing countries, like Ethiopia, aspire to enhance their development processes to alleviate poverty and achieve the targets set in the Millennium Development Goals. These aspirations depended on a nation's human capital, and the progress it makes in education, science and technology, and innovation.

Currently, the number of Ethiopia diasporas residing outside their country is estimated more than three million. Of these, more than one million live in the Middle East, more than 600 thousand in Africa, half a million and more in North America, and the rest in Europe, Australia and Asia. (Ethiopian Herald, 28 March 2017).

The United States currently hosts the largest population of the Ethiopian diasporas (Homeland security, 2010). Approximately 251,000 Ethiopian immigrants and their children (first and second generations) live in the United States. Ethiopian born immigrants account for 0.5 percent of the total U.S. foreign-born population (Migration policy institute, 2014). The numbers are difficult to establish the case of Ethiopian diaspora in the United States.

The second and third generation Ethiopian Diaspora are among the country's major intellectual resource whose maximum mobilization and engagement are indispensable (Ethiopian Herald, 28 March 2017). In this regard, Ethiopia needs to create an enabling environment and establish strategic collaboration and partnership with all its development partners engaged in different sectors. However, Ethiopia does not have a specific ministry that is responsible for dealing with the diaspora (Kuschminder and Siegel, 2010). The Ethiopian government having immense and untapped potentials of its diaspora for fostering socio-economic development of the country, a host of policy and institutional arrangements need to be effectively and efficiently mobilize and facilitate their productive participation and engagement (Ethiopian Herald, 28 March 2017).

One of the mechanisms for addressing diaspora mobilization and participation and engagement is legislating different laws. Among the different laws the government legislated, Proclamation 270/2002 set to provide with certain rights to be exercised by foreign nationals of Ethiopian origin with the aim to entitle them to various rights and privilege by lifting legal restrictions imposed on them when they lost their Ethiopian nationality, and hence creating a legal framework whereby they contribute to the development and prosperity of their country of origin

The formal acknowledgment of the importance of the diaspora and the valuable contribution that Ethiopians can make to the country's development (Kuschminder and Siegel, 2010), led the government to the decision to create a single diaspora policy. In 2013, the Ethiopian government introduced a diaspora policy marking the beginning of its implementation after it was ratified by the legislature. The policy was drafted by the ministry foreign affairs following which the government held a series of discussions with all stakeholders including members of the diaspora residing in the different parts of the world (MOFA, 2013).

A number of issues ranging from rights and benefits of the diaspora to government's role in assisting and recognizing their participation are enshrined in the policy. The policy features a number of issues that are hoped to improve the relationship between the Ethiopian diaspora and the government as well as the community at large (Yohannes, 2014). The policy encourages the diaspora to be involved in remittance, investment and in the democratization of the country. The money that Ethiopian migrants send home is now comparable to the revenues earned from the export sector and foreign direct investment (FDI) inflows.

The flow of remittances through official channels to Ethiopia is low compared to its neighboring countries, such as Kenya and Sudan. However, according to the World Bank (2013) remittances to Ethiopia grew from USD 18 million in 2001 to USD 624.3 million in 2012. Dejene (2005) pointed out that the current flow of remittances is estimated at only one-sixth of that could be mobilized potentially. Data obtained from the National Bank of Ethiopia (NBE) show that official remittances to Ethiopia reached USD 1.5 billion in 2010/11 from only 93 million ten years ago. The actual amount is estimated to be much larger as informal remittances are not captured in official data. If unofficial transfers are included, the volume of migrant funds exceeds USD 2.2 billion and reaches between USD 2 billion and 4 billion annually (Alemayehu et al., 2011). The other field in which diaspora members engage in affairs of their country is the investment and persuading non- diaspora investors to do the same by boosting investor confidence in and knowledge of emerging and undeveloped markets (Newland and Plaza, 2013).

Diasporas contribute to economic recovery through direct investment, portfolio investment and establishing venture capital funds to purchase equity in the home country business (Gillespie and Andrinanova, 2008). Main investment target areas include construction machinery lease, real estate development, food processing and manufacturing, agricultural production, hospitality services,

and engagement in education and health service, and information technology. Diaspora participation in good governance and democracy of the country is stated in the manner that broadens their role in research and policy formulation mechanisms that enable the diaspora to participate in conducting research and policy formulation (Yohannes, 2013).

According to Salin and Nordlund (2007), the most common sources of income for opposition parties in Africa are citizens living abroad (Diaspora). The Ethiopian diaspora is increasingly shaping the country's politics through funding opposition parties, lobbying politicians, carrying out demonstration and establishing media outlets (Lyons; 2007). The major sources of income for most of the Ethiopian opposition parties were diaspora Ethiopians (Berhanu and Lidteu, 1998 E.C).

This study seeks to assess the role of Ethiopian diaspora groups in the United States in shaping the political economy of the country, evaluate their contribution, and identify the challenge and constraints they face in their involvement in democratization, remittance, and investment.

1.2 Statement of Problem

The Ethiopian Diaspora has the potential to generate positive development through wealth creation in the country (Meles, 2000) and addressing good governance issues effectively and decisively (Hailemariam, 2012). Currently, the number of Ethiopian Diaspora living outside their country in different parts of the globe is estimated to be more than three million (Ethiopian Herald, 28 March 2017). Among these, approximately 251,000 Ethiopian immigrants and their children (first and second generations) live in the United States (Migration Policy Institute, 2014).

This indicates the United States currently hosts the largest population of Ethiopian Diasporas (Homeland Security, 2010). Hence, Ethiopian diasporas in the United States are the major source of remittance to Ethiopia (Migration Policy Institute, 2014).

In 2012, remittances to Ethiopia were valued at USD 524 million, representing 1.2 percent of its USD 43.1 billion gross domestic product (GDP). From this, Ethiopian Diasporas in the United States transferred USD 181 million to their homeland (Migration Policy Institute, 2014), which is very small as compared to the number of Diasporas in the country.

The Ministry of foreign affairs reported that 2,947 Diaspora members out of an estimated 3 million Diasporas have invested in Ethiopia over the last two decades (MOFA, 2012). They altogether invested an estimated Birr 22 billion and created jobs for 123,000 people (Anberbir, 2014).

This shows that the Diasporas' role in investment in is insignificant compared to the numerical size of migrants living abroad. One of the major obstacles against productive engagement in Ethiopia is the unfriendly business rules and regulations that discourages investors (Yohannes, 2018). This is despite the government calling on the Diaspora to come back home and invest (Yoseph, 2014). Since 2010, the Ethiopian government began to follow integrated five- year growth and transformation plans as a central plank of its development programs. The first of such plans, the Growth and Transformation Plan –I (GTP-I) was implemented until 2015. The country has now embarked on the Second Five- Year Development plan, GTP –II, covering the period from 2016-2020. Both plans recognized private investment as one of the primary engines of economic development (Ethiopian Investment Report, 2017). Today Ethiopia is at a crossroad in many ways. The recent economic reforms announced by the government of Ethiopia will significantly change the way the Ethiopian Diaspora groups will invest and work in Ethiopia (Yohannes, 2018).

Both the government and the opposition perceive the diaspora members as a key source of resources, ideas, and leadership and they both seek to build support within the diaspora (Lyons, 2007). However, there was political distrust between the government and the diaspora. The Ethiopian diaspora tends to support opposition parties as opposed to the ruling party that was clearly evident during the 2005 elections (Smith, 2007). The government organized different campaigns to discourage the diaspora and others not to engage in the development of the political economy of the country during anti- government protests. As a result, Ethiopia lost significant amount of remittance inflows during the last few years as the boycott campaign was a call not to send money through official channels. Accordingly, Ethiopia faced shortage of foreign exchange for the last several years that was deliberately aimed at hurting the regime (Ayele, 2018).

Hence, the political activism of diasporas rather than engaging in investment is a major concern of the Ethiopian government after the contested 2005 elections (Chacko and Gebre, 2009). As a result, the government viewed Diaspora groups as opposition party supporters and the diaspora thus remained uncertain whether to invest their savings, skills, and knowledge they acquired

abroad (Smith, 2007). In response, the Ethiopian government accused and blamed Ethiopian diaspora groups for each and every conflict that took place in the country. In the last decade and a half, the economy has been growing fast but this lacks inclusiveness (VOA Africa, July 29, 2018). Government policy tends to have a conflict of interest while dealing with the Diaspora. On one hand, it is committed to mobilizing diaspora resources while on the other hand, it remains suspicious to open the door for the Diasporas to make them extensively engaged in the country's democratization and overall nation building process (Girmachew, 2014).

1.3 Objectives of the study

The main objective of the study is to evaluate and analyze the role and contributions of Ethiopian diaspora groups who reside in the United States in shaping the political economy of Ethiopia. Based on the general objective, the specific objectives of the study include:

- Assessing the role of the Ethiopian Diaspora in the United States in shaping investment, democratization and remittance and analyzing the policy governing their engagement.
- Exploring the major problems that Ethiopian Diaspora groups in the United States face in their effort of facilitating investment, democratization and remittance.
- Indicating possible solutions for addressing the problems that the Ethiopian diaspora in the United States face.

1.4 Research Questions

This study intends to address the following research question:

1. How does the Ethiopian diaspora in the United States currently engage in investment, democratization and remittance of the country?
2. Why do Ethiopian diaspora groups in the United States prefer to involve and contribute to improvements in investment, democratization and remittance in Ethiopia?
3. What are the main features of Ethiopian diaspora remittances?

1.5. Research Methodology

This section describes the research design, population and sample size determination, data collection methods, sampling design, research instruments, and method of data analysis. Research methodology is a process that is used to analyze data with the purpose of generating the required information. The purpose of this section is to spell out the background of the research methodology by shedding light on, how the research is carried out in terms of research design, data collection methods, sampling design, operational definitions of constructs, measurement scales and methods of data analysis.

1.5.1 Research Approach

Methodology is a general framework that guides research undertaking (Kothari, 2000). Conventionally, qualitative, quantitative and mixed approaches are used for conducting research. This study employs a qualitative approach that involves collecting, analyzing and integrating quantitative and qualitative data. Hence, the qualitative research approach is used for understanding the role of Ethiopian diaspora groups in the United States in shaping investment, democratization and remittance.

Accordingly, descriptive research design is used in this study. Schindler and Cooper (2001) define descriptive study is as one that is concerned with the description of phenomena and characteristics associated with a subject population (finding out who, what, when, where and how of a topic). This is selected because it enables the researcher to describe the respondents' opinions and current situation related to the role of Ethiopian diaspora in shaping the political economy of the country.

1.5.2 Source of Data

For the purpose of this research, the target population that provide information includes respondents from the Ethiopian Diaspora Association Office in Ethiopia, the Ethiopia Diaspora Agency, the Ethiopian Investment commission, the National Bank of Ethiopia's Foreign Exchange Monitoring and Reserve Management Directorate.

For the purpose of this study, the researcher uses purposive sampling technique (non-probability sampling) method.

Both primary and secondary data sources are used in the study. The researcher will collect and analyze primary data from the aforementioned sources and different published and unpublished materials dealing with the major theme of the study.

In order to meet the broad research objectives and answer the research questions, the researcher used primary data collection technique comprising Semi-structured questionnaires and in-depth interviews with the key informants.

1.5.3 Data analysis technique

Data elicited from primary sources by using questionnaires and interview guides will be summarized using descriptive statistics such as tables, frequency distributions and percentages whereas data gathered through open-ended questions and secondary sources will be narrated by to elaborating major facts related to the role of Ethiopian Diaspora in the United States in shaping the political economy of the country.

1.6 Significance of the Study

This study attempts to assess the role of Ethiopian diaspora in the United States in shaping the political economy of the country, evaluate their contribution, identify challenges and constraints the Ethiopian diaspora in general and specifically Ethiopian diaspora in United States encounter. It also seeks to assess studies conducted on diaspora remittances, investment, patterns of relationship between conflict and diaspora, the success of government policies and incentives for attracting diaspora investment and participation in the development of Ethiopia. Hence, this study could bridge the gap that previous studies did not address the contemporary relationship between the diaspora and the state in building democracy in the country. The findings of the study can also be used as input for policymakers, and legislative and executive bodies of government to enable them understands the role of the diaspora in shaping the political economy of the country. It can also shed light on the main problems that the diaspora encounter in shaping the political economy of the country by indicating the gaps that in the diaspora policy in order to address the constraints and enhance diasporas' contributions.

1.7 Scope of the study

The role of Ethiopian diaspora in the United States in the process of shaping the political economy of the country is very high and multidimensional. Hence, the scope of this study is limited to the diaspora in the United States and does not cover the entire diaspora groups spread in the different parts of the world.

1.8 Organization of the Study

The study is organized into five Chapters. In chapter one, the background of the study, statement of the problem, the objective of the study, research questions, research methodology and organization of the study are provided. Chapter two contain review of a related literature and theoretical conceptual frameworks used. Chapter three examine the role of Ethiopian diaspora groups in the United States in the development of Ethiopian political economy in terms of democratization, remittance and investment. Chapter four dwells on reflections on the engagement of the US diaspora in Ethiopia's socio- economic development. Chapter five comprises the conclusion and recommendations.

Chapter Two

Literature review and Theoretical Framework

2.1 Literature Review: Historical Evolution

The central concept of Diaspora since it was put to use in the 5th century B.C. in the writings of Greek authors including Sophocles, Herodotus, and Thucydides. However, it has not been verified that the ancient Greeks themselves ever referred to their dispersal as diaspora (Sheffer, 2003). The concept appeared only after the Jewish Bible was translated in to Greek. The text of the Septuagint contains the word diaspora four times: twice scattering is used as a threat of punishment (Deuteronomy 28:25, Jeremiah 15:7), twice there is a promise that the scattered will be assembled (Deuteronomy 30:4, Nehemiah 1:9). The term first appeared in the Greek translation of the book of Deuteronomy in the Old Testament, with reference to the situation of the Jewish people “Thou shalt be a diaspora in all kingdoms of the earth” (Deut.28, 25). Consider the Greek origin of the term “diaspora’’: Speiro = to sow, DIA =over.

Thereafter, the word came to be used in reference to the Jews residing outside the Land of Israel following the Babylonian Confinement. For a long time, the term was exclusively applied to the Jews living outside of their ancestral homeland. Thus the term ‘diaspora’ is equated with the dispersed Jewish people. It is related to the Jewish diaspora’s historical persistence despite extreme tribulations and high visibility. Actually, the term ‘diaspora’ had a wider meaning than merely Jewish exile.

At a very early period, the term had been applied to two of the oldest ethnonational diasporas- the Jews and the Greeks – that had been established outside of their homelands as a result of both voluntary and forced migrations. Until the late 1960s, the Encyclopedia of the Social Sciences did not also mention the term “diaspora” at all (Tololyan, 1996). As late as 1975, Webster’s New Collegiate Dictionary defined the term “diaspora’ as

“the settling of scattered colonies of Jews outside Palestine after the Babylonian exile,” as “the area outside Palestine settled by Jews,” as the Jews living outside Palestine or modern Israel,” and as “Migration: the great black diaspora to the cities of the North and West in the 1940s and 1950s” (page,35).

The 1993 edition of the New Shorter Oxford English Dictionary too defined the term as “the dispersion of the Jews among the gentile nations” and as “all those Jews who live outside the biblical land of Israel.” Yet for the first time in its long history, the Dictionary added that the term also refers to “the situation of people living outside their traditional homeland.” The term “migration” has more than one meaning. On the one hand, it describes recurrent movements of people from one territory to another and back. On the other hand, it means the expansion of groups of human beings to distant territories, which results in the creation of distant territories. (Sheffer, 2003). Clifford (1994) argued for re-evaluation of the term, focusing on the constructive potential of the term Diaspora “mediating cultures” instead of the implication of forced dispersal, exile and loss.

In recent times, the concept of ‘Diaspora’ has become an element of self-reference and political identification. This takes place through access to new channels of communication, economic exchange or physical mobility when extraterritorial groups or organizations seek political influence in their homelands or other communities in countries of origin or settlement. The term diaspora has a specific historical context since it emerged as a generic term to describe communities beyond the boundaries as of their culture and nation – states (Singh, 2012). Unfortunately, the term still does not enjoy complete consensus in definition. Just as the history of migration and the settlement of populations have changed, so has the concept of Diaspora. The labeling has been stretched to cover almost any ethnic or religious minority that is dispersed physically from the original homeland, regardless of the conditions leading to dispersion. This is also regardless of whether and to what extent physical, cultural or emotional links exist between the community and the home country (Safran, 1991). This label on the use of the term extended to multiple identities, ethnic, religious, cultural, and economic political and societal groups.

Indeed, clearly, the older and newer uses of the diaspora have demonstrated how the term has evolved over time and yet remained a powerful analytical tool for studying people who live outside the home country.

2.1.1 Definitions of Diaspora

There is no consensus on the definition of Diaspora and hence it still remains contested and debated among scholars. The academic and policy discourse on Diaspora began to boom in the late 1960s (Gamlén, 2008). Safran (1991), defines the term Diaspora by listing six defining characteristics of diaspora. These include:

1. Diaspora members or their ancestors have been dispersed from a specific original ‘center’ to two or more foreign regions;
2. Diaspora members retain a collective memory, vision, or myth about their original homeland including its physical location, history, and achievements;
3. They believe that they are not and perhaps cannot be fully accepted in their host society and therefore feel partly alienated and insulated from it;
4. They regard their ancestral homeland as their true and ideal home and as the place to which they or their descendants would (or should) eventually return when conditions allow;
5. They believe that they should, collectively, be committed to the maintenance or restoration of their original homeland and ensure its safety and prosperity;
6. They continue to relate personally or vicariously to that homeland in one way or another, and their ethnocommunal consciousness and solidarity are importantly defined by the existence of such a relationship.

The defining features of Diaspora enumerated by Safran focused on the relationship of migrants to the homeland. For Safran, members of a Diaspora preserved a collective memory of their original homeland, idealized their ancestral home, committed to the restoration of the original homeland and continued in various ways to relate to their homeland. Features of Diaspora enumerated by Safran were concerned with the relationship of the diaspora group to the homeland. However, Safran’s definition neglected the issue that diasporas can mobilize a collective identity not only in places of settlement or only in respect to an imagined, assumed or real homeland but also in solidarity with co-ethnic members in other countries that explain the different classifications of dispersion.

Similarly, Cohen (1997) also developed a classification of the diasporas further that moves beyond the narrow use of the concept through a framework for classifying diaspora:

- 1) Dispersal from an original homeland, often traumatically, to two or more foreign regions;
- 2) Alternatively, migration from the homeland in search of work, in pursuit of a trade or to further colonial ambitions;
- 3) Collective memory and myth about the homeland, including its location, history, and achievements;
- 4) An idealization of the putative ancestral home and a collective commitment to its maintenance, restoration, safety, prosperity, even its creation;
- 5) The development of a return movement that gains collective approbation;
- 6) Strong ethnic group consciousness sustained over a long time and based on a sense of distinctiveness, a common history and the belief in a common fate;
- 7) Troubled relationship with host societies, suggesting a lack of acceptance at least possibility that another calamity might befall the group;
- 8) A sense of empathy and solidarity with co-ethnic members in other countries of settlement; and
- 9) The possibility of a distinctive creative and enriching life in host countries with a tolerance for pluralism.

Cohen's classification views the limitations of the narrower definitions of the Diaspora in three basic ways. First, Cohen added that not all diasporas are involuntary, which affects their composition, outlook and development potential. He observes that being coerced to leave by force of arms appear to be a qualitatively different phenomenon from the general pressures of overpopulation, land hunger, poverty or an unsympathetic political regime" (Cohen, 1997). Hence, people migrate and Diasporas develop more positive reasons than forced expulsion as a result. Second, Cohen includes characteristics that see both imagining of the home land and its physical wellbeing and rejuvenation are crucial to defining diasporas. Third, in terms of the geographies of Diaspora, Cohen observes a degree of complexity not included in Safran's typology that helps one to see how diffuse connections around the globe can entail developmental benefits for some diasporic communities. Cohen (2008) amended Safran's definition suggesting that dispersal from an original center included in the first characteristic is often accompanied by the memory of a single traumatic event that provides folk memory of the great historic injustice that binds the group together.

However, despite elaborating features of Diaspora, Cohen's framework definition does not address the overall typology of Diaspora. It restricts the other types of voluntary and involuntary dispersion from the homeland through specifying only search of work, trade and colonial ambitions sustained over a long time as conceptual meaning.

Gamlen (2011) also identifies rather than define the literal meaning of the term Diaspora. He identifies three essential attributes of diasporas; dispersion to two or more locations and ongoing orientation towards a homeland and group boundary maintenance overtime. Gamlen also has limitations in identifying attributes concerned with the relationship of the Diaspora groups to their homeland.

In reviewing existing definitions of Diaspora, Faist (2010) sums-up characteristics of the term into three. The first feature refers to the causes of dispersal or migration stating that old notions denote forced (involuntary) dispersal while newer notions simply suggest dispersal caused due to various reasons. The second relates to cross –border experiences of the homeland with the host country; older notions of this feature imply a return to the homeland while newer notions replace return or reverse migration with dense and continuous linkages. The third is concerned with the incorporation or integration into host countries. In this regard, older references indicate that old notions maintain boundaries vi's- vis the majority group while newer notions emphasize cultural hybridity.

Hence all Diaspora are products of migration but not all migrations explain diasporic movement (Skeldon, 1997). The existence of Diasporas requires more than a mere population of an expatriate. It requires members of a community who continue to identify with their homeland and cultivate ties both between themselves and their homeland. The crucial elements that make the concept meaningful and legitimate to use, is their self – mobilization around awareness of themselves as Diaspora (Sahoo and Maharaj, 2007).

2.1.2 Global Diaspora

In the second half of the 20th century, several world economies have benefited considerably by capitalizing their links with national Diasporas. (Freinkman, 2000). Diasporas are increasingly a global interconnected and dynamic phenomenon (Park, 2018). In 2015, there were around 244 million international migrants in the world in 2015, which is equivalent to 3.3 percent of the global

population (UN DESA, 2016). The proportion of international migrants globally has increased since the last several years (UN DESA, 2008 and 2015a). Europe and Asia hosted around 75 million migrants each in 2015. This amounted to 62 percent of the total global international migrant stock combined. These were followed by North America, with 54 million international migrants in 2015 or 22 percent of the global migrant stock, Africa at (9 percent), Latin America and the Caribbean at (4 percent), and Oceania at (3 percent). When compared with the size of the population in each region, shares of international migrants in 2015 were highest in Oceania, North America, and Europe, where international migrants represented, respectively, (21 percent), (15 percent) and (10 percent) of the total populations.

In comparison, the share of international migrants is relatively small in Asia and Africa 1.7% each and Latin America 1.5% of the respective populations. However, Asia is the region where growth in the resident migrant population between 2000 and 2015 was most remarkable (UN DESA, 2015a.). The United States of America has been the main country of destination for international migrants since 1970. Since then, the number of foreign-born people residing in the country has almost increased from less than 12 million in 1970 to 46.6 million in 2015. Germany has been the second top country of destination, UN DESA(2015a) estimates as early as 2005, with over 12 million international migrants residing in the country in 2015.

Diaspora members have promoted their economic, social, and political interests, including what they have seen as the interests of their ancestral country by competing with each other and with business, labour, agricultural, regional, and class groups. In doing so, they engage in national politics. In today's world, domestic ethnic groups are being transformed into transnational diasporas, which homeland states have increasingly seen as the communal and institutional extension of themselves and as a crucial asset of their country. This close relation and cooperation between state diasporas and homeland governments is a key phenomenon in contemporary global politics (Huntington, 2018). Many countries such as Israel and Armenia regard their Diasporas as strategically vital political assets, while others like India, the Philippines, and other migrant-sending countries recognize the massive contributions that their Diasporas make through remittances. The foremost means of Diasporic nation-building comes through individual remittances (Migration Policy Institute, 2005).

Diaspora remittances can be larger than both foreign direct investment (FDI) and official development assistance (ODA) (Goldin, et al. 2006). The remittances sent by migrants back to their countries of origin provide significant financial capital flows and a relatively stable source of income. Remittances are generally a less volatile and more reliable source of foreign currency than other capital inflows to many developing countries (World Bank, 2016). According to the World Bank's estimates Diaspora remittances to low and middle-income countries rose from USD 74 billion in 2000 and reached USD 466 billion in 2017 (World Bank, 2018). Remittance inflows improved in all regions and the top remittance recipients were India with (USD 69 billion), followed by China (USD 64 billion), the Philippines (USD 33 billion), Mexico (USD 31 billion), Nigeria (USD 22 billion), and Egypt (USD 20 billion) as the 2018 World Bank report indicates.

As the scale of global remittances increases from time to time, the development potential of this large inflow of funds became a subject of extreme interest and new developer (Kapur, 2004). This came to be seen as an important and stable source of external development finance (Ratha, 2003).

In 2016, India, China, Philippines, Mexico, and Pakistan were the top five remittance recipient countries although China and India were well above the rest, with total inward remittances exceeding USD 60 billion for each country. Each of the remaining three countries received less than USD 30 billion in the same year. The Chinese diaspora has a combined wealth of about USD 1.1 trillion in 2006 (Xie, 2006). Whereas Indian Diaspora members generated an annual income equal to about 35% of India's GDP, which was USD 1.16 trillion in 2008 (Newland and Patrick, 2004). When remittances are viewed as a percentage of GDP, however, the top five countries are Kyrgyzstan (35.4%), followed by Nepal (29.7%), Liberia (29.6%), Haiti (27.8%), and Tonga (27.8%) in 2016 (World Bank, 2017).

High-income countries are almost always the main source of remittances. For decades, United States has consistently been the top remittance-sending country with a total outflow of USD 61.38, followed by Saudi Arabia (USD 38.79 billion), and Switzerland (USD 24.38 billion) and China (USD 20.42 billion) in 2015. The fifth-highest remittance-sending country in 2015 was the Russian Federation USD 19.7 billion 2017. (World Migration Report, 2018). In total, remittances are the second sources of foreign direct investment as a source of hard currency for low and low middle – income countries. Remittances significantly affects levels of poverty and consumption among recipients positively. It also tends to be stable or counter-cyclical to other capital flows. Hence

remittances can help to stabilize local economies during times of recession or other crises. Because of this, there is little controversy among developing country governments about the aggregate benefits that remittances offer to their economies (Goldin et al, 2006).

Diasporas can be capable and willing to contribute to national development efforts and hence countries must develop objectives that are endearing to the Diaspora. (Africa Development Bank, 2011). To this end, countries must take the right actions for enhancing innovation in resource mobilization (Africa Development Bank, 2011) with a view to maximizing the impact of remittances investment and open trade opportunities (Newland et al, 2004). They should thus extend their reach into the international marketplace, using the diaspora as intermediaries between the private sector in the host country and their countries of origin. Diaspora members are viewed as excellent ambassadors for enhancing national interest and valid negotiators between businesses between countries by facilitating skilled emigration, business networks, and foreign direct investment (Kugler, and Rapoport, 2005). Asian countries which were successful in attracting Diaspora investments as in China, India, and South Korea that base their strategies on using highly skilled professionals in the diaspora for nation-building, mobilizing Diaspora investment and entrepreneurship in the private sector (Polay and Siwale, 2018).

Over 40 million overseas Chinese makes it the first largest Diaspora globally (African Development Bank, 2011). This is followed by India's Diaspora with more than 30 million persons of Indian origin living outside India spread across 189 countries. The Indian Diaspora is today recognized as the knowledge Diaspora (Indian Ministry of External Affairs, 2017). The South Korean diaspora exceeds 7.2 million in 2011 (Song, 2014). In those countries, Diaspora investors and entrepreneurs have a significant role in attracting FDI, setting up joint ventures, promoting the export of domestic companies, etc. Traditional ethical and cultural links could be instrumental in facilitating integration into the international economy as well as transferring of new professional and managerial skills. (Freinkman, 2000). The efforts of homeland governments, like those of China, India, and South Korean need to promote economic development, liberalize economies, and become increasingly involved in the global economy which increases the importance of Diasporas in creating convergence of economic interests between Diasporas and homelands as Diasporas make increasing economic, social, cultural, and political contributions to their homelands (Samuel P. Huntington, 2018).

The Chinese government views that Chinese Diaspora would be important supporters in the reconstruction, modernization, and nation-building. Therefore, the government realizes the Diaspora not a loss to the country but as a backbone and means of strengthening the nation in a global world. Hence, the government of China encouraged migrants to remain loyal to China's national interests wherever they may live. Therefore, policies have been enacted and instruments and incentives put in place for overseas Chinese to act as an organized community that is able to mobilize financial, political and diplomatic source of support (Young, and Shih, 2003). Favorable policies, including generous investment incentives were instituted at all levels of the Chinese government to attract diaspora capital. The post- 1978 economic reforms, including flexible labour laws, efficient administrative procedures, tax incentive for investment, and massive investments in physical and social infrastructure have been attractive to the diaspora as well as non- Chinese investors. These all boosted FDI flows from the Diaspora and increased bilateral trade between Diaspora in the host countries and homeland China.

To reach out and engage with its diaspora India has set up Diaspora institutions as 'formal government offices dedicated to immigrants and their descendants' who are now present in more than half of the United Nations member states (Gamlen, 2014). Between the 1850s and 1940s, India faced imperialism and war that dispersed populations in their struggle for independence. Following independence and with the start of the Cold War and decolonization, India took a more distant approach toward Diasporic populations. Finally, under economic restructuring during the 1970s, India re-engaged with their Diasporas and called on them to contribute to the homeland's development. For India, it was the oil boom and migration to the Gulf countries that spurred renewed engagement with overseas Indians even though this only intensified with economic restructuring in 1991 and with the rise of the Bharatiya Janata Party (BJP) in the 1990s.

The Indian government introduced new sets of economic reforms in the early 1990s. This ended state monopoly and allowed foreign investment into the economy, lowered taxes and tariffs, and rolled back currency controls. These reforms enhanced the integration of the Indian economy with the global economy. For instance, the Reserve Bank of India (RBI) reported that India continues to retain its position as the leading remittance- recipient country in the world. Since the 2000s, India made efforts to institutionalize its Diasporic outreach efforts, and in doing so, the Ministry of Overseas Indian Affairs (MOIA) was set up in 2004, but as of January 2016 been integrated

into the Ministry of External Affairs (MEA). The relationship between the Indian government and its Diaspora is mutually beneficial (Aikins, 2011).

Remittance represents 4 percent of the country's GDP which rose from 0.7 percent in 1990-91 (Chishti, 2007). Therefore, remittances have a direct and significant effect as foreign exchange reserves on the country's balance of payment (BoP) account and a significant source of external finance. These serve as an engine of economic growth at the macro level, improving the living standard and generating the human capital needed in the receiving country and indirectly impacting on the local economies. (Naresh, 2015).

South Korea developed a shared national vision of industrialization, underscored by the slogan "we can live well, and mobilize its friendly Diaspora around it". Korea realized in the 1960s the need for charting its own structure for reconstruction that an industrialization strategy was the most acceptable way to eliminate poverty and create long- term economic prosperity. A cornerstone of the strategy entailed using its Diaspora in Japan as partners to invest in the technology complex that was established in Seoul (Song, 2014). The complex was originally intended to exclusively attract Japanese investors and industrialists but the Japanese were reluctant. Investment by the Diaspora and expectations of higher land prices subsequently led to Japanese investment and technology that Korea was seeking. These proactive measures helped the Korean economy to grow from around 1961 onwards to one that exports vessels, automobiles, and wireless communication today (Song, 2014). The South Korean government view the Diaspora as an asset that was especially valuable in a rapidly globalized world and investment by the in the Diaspora was seen as an investment in South Korea's future. To this end, the Overseas Korean Foundation (OKF), was established in 1997 to strengthen the connection between the Diaspora and their homeland. To attract investment from the Diaspora, Korea vested virtual extraterritorial citizenship on them under the Act on Immigration and Legal Status of Overseas Koreans in 1999. The Act gave the Diaspora the right to enter Korea freely, conduct business and own real estate. In 2010, the South Korean government took further action and revised the Nationality law to recognize dual nationality and allowing eligibility of Korean nationals residing Overseas to enjoy voting rights (Song, 2014).

In addition to remittance, different Diaspora based associations have a significant role in lobbying host countries to shape policies in favor of the homeland or to challenge the homeland government. Moreover, Diaspora groups influence homeland government through supporting the opposition by giving financial and other support to political parties, social movements, and civil society organizations. Networks of Diaspora associations also engage in mass protest and consciousness-raising about homeland – related issues. Homeland nation- states may reach out to by considering the political interest of the diaspora population. Making provisions for dual citizenship is one way for countries to reach out to migrant in order to keep the Diaspora politically interested as well as to sustain financial flows. In this manner, politicians in the countries of settlement often invoke solidarity among their expatriate nationals.

2.1.3 African Diaspora

The African diaspora has grown over time since the time of slavery to the present. The Diaspora plays a critical role in the African Renaissance. Many African countries and African families back home look up to the Diaspora for ideas and economic support. Recently, Diasporas are considered as key players in the moving of the continent forwards (Starkab et al, 1997; Lee and Kim, 2010; Batistaab et al, 2012). In this context African Diaspora refers to all those of African descent outside the African continent which, seems to have emerged during the period from the mid-1950s to mid-1960s, coinciding with the beginning of the end of formal colonial rule in Sub- Saharan Africa in the struggle against racism and lack of civil rights (Adi, 2002). The formation of Diaspora has been intimately linked to the evolution of globalized capitalism, slavery, colonial labour policies, postcolonial conflict, and economic hardship that forced Africans in the Diaspora to steadily grow (Giles Mohan and Zack-William, 2002). Whereas the African Diaspora consists broadly of Africans and people of African origin domiciled outside the continent. These include those who may or may not hold the nationality of an African state, but generally perceive themselves and are perceived by others as having an African ancestry as stipulated in the definition of AU. The AU definition is uncharitably utilitarian because of its emphasis on the contribution of the Diaspora to the development of the continent. AU set an essential criterion for anybody of Africa descent domiciled abroad to qualify as an African Diaspora (Omeje, 2007). According to this definition, the African Diaspora consists of peoples of African origin living outside the continent, irrespective

of their citizenship and nationality and who are willing to contribute to the development of the continent and the building of the African Union.

International migration within the African region has increased since 2000 whose most significant growth by far has occurred in migration from Africa to other regions. Starting from 1990s onward the number of African migrants living outside of the region has more than doubled. Statistics on Africans living outside their countries vary, but some estimated that the African Diaspora consisted of more than 30 million people in 2009 (Africa Development Bank, 2011). There have been a number of regional and international efforts to bring back the Diaspora to support nation-building processes at the international level. As a result, Africans in the Diaspora have made high contribution to the national growth process through remittances, investment, and knowledge.

In 2015, most African-born migrants living outside the region lived in Europe (9 million), Asia (4 million), and North America (2 million) (UNDESA, 2015a.). on the other hand, the largest number of immigrant producing African countries tend to be in the north of the continent. By 2015, Egypt had the largest number of people living abroad, followed by Morocco, Sudan, and Algeria. In terms of the number of immigrants, South Africa is the most significant destination country in Africa, with around 3.1 million international migrants residing in the country, which is around 6% of its total population (UNDESA, 2015a.). Although the actual number of the African Diaspora is not known exactly, Diaspora members sent home about USD 40 Billion on annual average basis. Of this, 10-20% of the total USD 40 Billion is saved or invested (IFAD). According to a World Bank (2011) report, African economies received USD 40 billion worth of remittances in 2010 alone. Remittances for non-commercial activities represent a significant aspect of the maintenance of ties with the homeland and families and the construction and negotiation of space (Arthur et al. 2012). But remittances to Sub-Saharan Africa has been enhanced to 11.4 percent of GDP in 2017 (World Bank,2018). From these largest remittance recipients were Nigeria (USD 21.9 billion), Senegal (USD 2.2 billion), and Ghana (USD 2.2 billion). The region is host to several countries where remittances are a significant share of gross domestic product, including Liberia (27 percent), The Gambia (21 percent), and Comoros (21 percent). In 2018, remittances to the region are expected to grow by 7 percent (World Bank, 2018). Therefore, remittances have drawn the attention of African governments and donor agencies to consider the Diaspora as potential development actors. However, despite numerous governmental and donor-driven initiatives as well as the knowledge

that remittances have economic and social benefit for recipients, although there have been few tangible benefits to remitters. Moreover, evidence shows that remittance increases 10% in share of gross domestic product (GDP) and reduced poverty by 2.9% (Anyanwu, and Erhikakpor, 2010). Many African migrants living abroad make significant investments in their countries of origins (World Bank, 2011). Furthermore, there are other types of investments made by African diasporas that are less investigated. These investments relate to the direct investment in SMEs (Small Medium Enterprises) set up by the Diasporas in the home countries.

African Diasporas also have a role in building democratic Africa since as individuals residing in a democracy they have the ability to influence the government for policies that they favour and can be a source of foreign policy lobbying on behalf of home country interest. That is why the Diaspora is a driving force behind the rise of dual citizenship and political rights which desire to maintain national identity and contribute to the process of consolidating democracy (Leblang, 2010). Hence, by recognizing the Diaspora contribution in building a democracy, 28 African countries grant political rights to Diaspora members living abroad (International Organization for Migration, 2012).

2.1.4 Ethiopian Diaspora

Ethiopia is one of the poorest and second most populous countries in Africa, with a population of over 100 million. The majority, 80% of the population live in the rural areas that depend on agriculture and accounts for 46% of the country's GDP. This and other factors leads the citizens of this country to migrate. Migration movements from Ethiopia in the last thirty years have been categorized in to four (Abye, 2004; Lyons, 2007). The first category of migration movement was in the pre-1974 period. Prior to the 1970s, there was very little emigration from Ethiopia. The monarchy had been in power since the 1930s and people who migrated were primarily elites who went abroad for professional purposes, such as study tours and then returned (Abye, 2007; Terraza,2007). Therefore, the few Ethiopians migrated abroad in this period have strong motivation to return as they were almost guaranteed a very high social position. However, Political instability in the country began in the 1960s when Ethiopia annexed Eritrea in 1962(Berhanu and White, 2000). This led to conflict on either side of the border as a result of rise an Eritrean movement for independence (Berhanu and White, 2000). Due to the violence, people on both sides of the border began to migrate. Subsequently, more emigration from Ethiopia followed in the

1970s with the overthrow of the monarchy by the military in 1974. This led to the second cycle of emigration beginning in 1974 as the Ethiopian revolution culminated in a totalitarian dictatorship. The conduct of repressive acts to control all opposition to the regime in 1976-79 and the 1977 conflict in the Ogaden region between Ethiopia and Somalia, together with the intensification of the Eritrean independence movement induced forced migration of people from Ethiopia (Berhanu and White, 2000). The third phase of emigration from Ethiopia began in 1982 lasting until 1991 as explained by Abye (2007) primarily induced by family reunification programs as people joined those who migrated since 1974 (Abye, 2007). However, people also continued to migrate and the number of refugees increased due to the 1984-85 famine (Berhanu and White, 2000). The fourth and recent movement of emigration from Ethiopia unfolded following the coming to power of the the Ethiopian Revolutionary Democratic Front (EPRDF) in 1991. This was primarily for economic purposes and escape from political persecution of the government. In general, the Ethiopian Diaspora has emerged over the past three decades as a new Diaspora with diverse group featured by multiple ethnicities and groups (Kuschminder and Siegel, 2010).

While there is no exact specific figure, the Ethiopian Diaspora is estimated to be more than three million residing in a different region of the globe. Of this, one million of Ethiopian Diasporas reside in the Middle East, more than six hundred thousand in Africa, more than half a million in North America, and the rest in Europe, Australia and Asia (Ethiopian Herald, 2017). This indicates that the Ethiopian Diaspora is geographically spread and well-represented worldwide in immigrant population from its original emigration in the late 20th century. However, when compared to other Sub-Sahara African countries, Ethiopia has a low emigration rate at 0.4% of the population whereas Nigeria stands at 0.8%, Kenya at 1.4%, and Ghana at 4.5% (UNDP, 2009).

As Diasporas play an important role in the economic development of their countries of origin by sending remittances, promote trade and foreign direct investment (FDI), create businesses and entrepreneurship and transfer knowledge and skills (Migration Policy Institute, 2013), the Ethiopian government created the Ethiopia Expatriate Affairs General Directorate in 2002. This was the with objective to serve as a liaison between the government and Ethiopians abroad and to mobilize the Ethiopian Diaspora community to attract knowledge and capacity building in Ethiopia. This is the government body in Ethiopia dealing with Diaspora affairs as a sub-ministerial unit under the Ministry of Foreign Affairs. The Diaspora Coordinating office was also

established in 2005 with a vision to mobilize and utilize Diaspora resources and facilitate optimal brain gain and capacity building for poverty alleviation (Kuschminder and Siegel, 2010). Furthermore, to address concerns of citizens abroad the Ethiopian government established a Technical Committee of federal government institutions in 2006 under the Ethiopian Expatriate Affairs General Directorate. This Technical Committee was set-up to coordinate dialogue between institutions dealing with matters related to the Diaspora (Belai, 2007) chaired by the Ministry of Foreign Affairs composed of department heads of the Ministries of Foreign Affairs, Trade and Industry, Culture and Tourism, Labour and Social Affairs, Revenue and Customs Authority, Department of Immigration, and the National Bank of Ethiopia. The Committee meets monthly to review what each institution is doing and how it should be followed-up to make sure that efficient and effective service is being offered to Ethiopians abroad (Hussen, 2010).

In addition to those offices, the Employment Service Protection Directorate of the Ministry of Labour and Social Affairs is responsible to assist in the protection of Ethiopian migrant workers abroad in addition assisting Ethiopians in accessing employment locally and abroad and formulate policies to protect the rights of migrant workers and to facilitate legal migration (IOM, 2011). However, Ethiopia does not have a specific ministry that is responsible for dealing with migration (Kuschminder and Siegel, 2010). Furthermore, in 2002 the Ethiopian government enacted Proclamation 270/2002, which provides certain rights to be exercised by foreign nationals of Ethiopian origin. This is with the aim to entitle them to various rights and privileges creating a legal framework for their contribution to the development and prosperity of their country of origin. Since early 2000, the Ethiopian government took different measures to encourage the engagement of diaspora. Hence, with a view to making the Diaspora fully aware of the peace, development and democratic endeavors of their country and the results so far registered, and in order to make them actively participate in their country's development, it became necessary to adopt a national Diaspora policy to protect their rights abroad and to solve domestic challenges confronting them and enhance their participation that led to the adoption of the Ethiopian Diaspora Policy of 2013 (MOFA, 2013).

As Migration has diverse socio-economic impact ranging from increasing better opportunities for migrants to an improved livelihood of sending households and to contributing economic growth (Assaminew et al, 2010). As data from the National Bank of Ethiopia (NBE) indicate, private

individual transfers have grown from USD 177 million in 2000/01 to USD 1.8 billion in 2008/09. Dramatic increase has been experienced for the most part due to the increasing stock of migrants. However, the actual amount is estimated to be much larger as informal remittances are not captured in official data. If unofficial channels are included, the volume of migrant remitted to the country is between USD 2 billion and 4 billion annually (Geda et al ,2011). Both NBE and World Bank figures show a substantial increase in remittances in the last few years from USD 790.3 million in 2009 to USD 2.7 billion in 2015. Therefore, the Ethiopian Diaspora migration has significant political and socio-economic effect for the country since remittances are essentially transfers of wealth with potentially significant economic and political consequence in recipient countries (Alemayehu, 2008). According to the Ministry of Foreign Affairs, Diaspora remittances account over 5 percent of the gross domestic product(GDP) of Ethiopia and one-quarter of the country's foreign exchange earnings. The value of incoming remittances exceeded the country's export earnings in the first ten months of 2016 (Isaacs, 2017). However, the flow of official remittances to Ethiopia is low when compared to that of neighboring countries, such as Kenya and Sudan. One reason for this is the prevailing political distrust between the government and the Diaspora. But recently Ethiopian Diaspora downplays political difference and works for the wellbeing of their country due to the overall reform undertaken in the country by the governing ruling party (Fitsum, 2018). Moreover, the government of Ethiopia has recently launched the Ethiopian Diaspora Trust Fund (EDTF) With the primary objective that the scheme is to finance people-focused social and economic development projects. Hence, the Trust Fund collected until 24 February 2019 was over 2,424,245 USD following Prime Minister Abiy's second call for raising the fund (Diaspora Trust Fund, 2019).

Furthermore, Diasporas also contribute to the development of the country through investment. The Diaspora, if recognized as an asset, could invest huge capital in the home country. Individuals living abroad for a long period of time have the potential to accumulate capital to be invested when returning back to their home country. Attractive government policies that encourage the Diaspora to invest are, of course, pre-requisites for increased activities bureaucratic bottlenecks and long procedures are important factors to be considered to facilitate investment (Shinn, 2002). According to the 2009/10 report of the Ethiopian Investment Agency (EIA), more than 4.12 billion birrs has been invested in various projects by Ethiopians in the Diaspora in the last six years (EIA, 2011).

The Ministry of Foreign Affairs (MoFA) also reported that 2947 Ethiopian Diasporas out of an estimated 3 million have invested in Ethiopia over the last two decades by engaging in Agriculture, construction, health, education and development activities (MoFA, 2011). They altogether invested an estimated birr 22 billion and created jobs for 123,000 people (Anberbir, 2014). But this is quite small when compared to expected estimated Diaspora investment in the country. Since 2010, the Ethiopian government began to follow integrated five- year growth and transformation plans as a central-basis of its development programs. The first plans of Growth and Transformation plan I (GTP-I) were implemented until 2015. The country has now embarked on the second five-year development plan, GTP-II covering the period from 2016- 2020. In both plans, investment is recognized as one of the primary engines economic development (Ethiopian Investment Report, 2017).

Hence, in order to escape from poverty, Ethiopia has a basis on an Inclusive and Sustainable Industrial Development (ISID) framework. As part of measures aimed at implementing the ISID, the Government of Ethiopia is working on improving the business-enabling environment, access to finance, market linkages, and infrastructure development (Africa Development Bank, 2017). With respect to infrastructure development, the Ethiopian Government is mobilizing diaspora investments from the diaspora. According to Africa Development Bank (2011), Ethiopia is one of the few countries in Africa, which issued diaspora bonds called the Millennium Corporate Bond issued in 2008 by the state-owned Ethiopian Electric Power Corporation (EPPCO) for the construction of the Grand Ethiopian Renaissance Dam (GERD) as a tool for fostering diaspora investment. This helped the Government to reach out to many Ethiopians in the diaspora as much as possible. To make the bond attractive, investments in the diaspora bond can be used as collateral for borrowing from local banks in local currency and the interest gained from it is tax exempt at the source. The construction of the dam is beyond the benefits of industrialization, job creation and foreign exchange generation. By storing 74 million metric cubes of water, the project is envisaged to create a man-made lake double the size of Lake Tana, unlocking huge potential for agro-fishery development and tourism (Teskaye, 2016).

Moreover, the Ethiopian Diaspora has also a unique potential and legitimate role in promoting democracy and good governance (Befekadu, 2015). Ethiopian politicians (both in the government and the opposition) recognize the diaspora as the main source of resources, ideas, and leadership.

Hence they seek to build support within the Diaspora (Lyons, 2007). The Ethiopian Diaspora tends to support opposition parties as opposed to the ruling party, which was clearly evident during the 2005 elections (Smith, 2007). Hence, Opposition groups gain significant funding from anti- regime diaspora sources. As result, the government implicitly views the Diaspora as opposition party funders or as potential threats. The Diaspora, on the other hand, remains skeptical to invest their savings, skill, and knowledge acquired abroad (Smith,2007). However, currently the Ethiopia Diaspora community is building close linkage among themselves and with the home government and local actors.

2.1.5 Ethiopian Diaspora in the United State

One of the countries to which Ethiopians migrated is the United States. The number of Ethiopians are significant in the US than anywhere else though most Ethiopians in the US are recent immigrants (Getachew, 2009). The United States has been a large recipient of African refugees throughout history. Among the African Diaspora in the United States, Ethiopia Diaspora is one of largest (Kuschminder and Siegel, 2010), the most organized and well- known (Yohannes, 2013).

As the US Census report of 1999 shows, the total number of African immigrants to the United States from 1946- 1999 was 80,698. Of these immigrants, 37,507(46%) were Ethiopians (US Census, 1999). This indicates that the size of Ethiopians born in the United States increased from a small base in recent decades (Migration Policy Institute, 2014). On the other hand, the US Census of 2000 indicates that the Ethiopian foreign-born population in the United States increased to 69,530. This figure, in general, indicates that the numbers of Ethiopian Diaspora in the United State increased from time to time. The majority of Ethiopian immigrants who recently gained permanent residence through family reunification or Diversity Visa Programs, although many in this population were admitted as refugees.

It is difficult to pin down the exact numbers of Ethiopian Diaspora in the US. However, approximately 251,000 Ethiopian immigrants and their children (the first and second generation) live in the United States and account 0.5 percent of the total US foreign-born population (Migration Policy Institute, 2014).

The Ethiopian Diaspora has established numerous, well-funded organizations throughout the United States, particularly in the Washington, DC and Los Angeles Metropolitan areas. Despite

the civic organizations, the only national umbrella group appears to be the Ethiopian Students' Association. The core mission of Ethiopian Diaspora organizations falls into one or more of three broad categories; the development of Ethiopia, social services and integration assistance to the Ethiopian population in the United States, and the welfare of certain religious communities. Some of these organization were founded to provide refugee resettlement service to the Ethiopian community in the United States. As the United States is the major destination for Ethiopian emigrants, the US is also the top source of Diaspora remittances to Ethiopia. The Ethiopian diaspora in the united states transferred USD 181 million to the homeland in 2012. Hence, the Ethiopian Diaspora plays a significant role in supporting the economy of the homeland (Migration Policy Institute, 2014). According to Alemayehu (2008), Ethiopian Diaspora in the United State injected USD 1.2 billion to the Ethiopian economy before 2008, which is second to the amount generated by Ethiopia's exports. The official figure most likely underestimates the actual figure. The National Bank of Ethiopia does not have data collection mechanisms to precisely indicate the remittance inflow through in the informal channels (Alemayehu, 2008).

Due to the political disappointment of diaspora with the Ethiopian government, Diaspora groups organized different campaign to discourage members and others not to engage in the political economy of the country. As a result, Ethiopia has been short of foreign exchange for the last few consecutive years. The persistent campaign ended up with remittance boycott to punish the regime by withholding highly needed hard currency to sustain itself and stay in power. Ethiopia lost a significant amount of remittance inflows at time (Ayele, 2018).

The Ethiopian diaspora in the US has also tried to influence US policy towards Ethiopia to put pressure demanding enhancement of democracy and human rights by staging through demonstrations, candlelight vigils, letter writing, emailing, telephone calls, and sending fax messages especially to congressional representatives and prominent US citizens (Getachew, 2009). During years of anti-government protests throughout Ethiopia, the Ethiopian Diaspora has in the US was deeply involved (BBC News; 24 November 2016).

2.2 Theoretical Frameworks

The development of Diaspora influence in the country can be constructive by promoting transnational ties, acting as bridge between their home and host societies, and transmitting the values of pluralism and democracy as well as contributing to the for development efforts through engaging in investment. (Shain, 2007). Yet, Diaspora influence is not always constructive. Since it can also be a major source of violence and instability in the homeland. homeland struggles against their homeland government or neighboring states. Hence, Diaspora engagement can be well understood-by employing the international relation theoretical framework as analytical lens.

Migration or Diaspora theories are relatively new but are increasingly widespread in the interdisciplinary fields of social sciences. These seek to construct several typologies adopted from other theoretical frameworks that are meant to address different purposes (Arango, 2000). The following theories are some of the international relation theories that deal with the Diaspora.

2.2.1 Constructivism

Constructivism views the state as a social actor which is not solely a goal- driven rational actor that seeks utility maximization governed by the “logic of consequences.” States are also rule-driven players seeking identity expression and governed by the “logic of appropriateness.” (Market Facts, Inc., 1995). Constructivism hence opens up first, interests are not assumed to be exogenous and constant, but endogenous and varying National interest is a variable influenced mainly by national identity. Furthermore, identity itself is also delineated, because it too is a variable shaped by international and domestic forces (Centenary Platform, 1998). Diasporas are part of the people beyond the scope of the nation-state. Constructing the identity of a people is a continual and an incomplete project. Identity is continuously molded through ecological processes, relations between actors and their environment, social processes, relations between the actors themselves, and internal processes and characteristics of the actors. A process of “national identity lends dynamism to the tendency among the individuals who identify with the nation to defend and enhance the shared national identity”. Identity is a permanent feature of all domestic politics that there is competition to appropriate the national identity dynamic. By appropriating the dynamic, an actor gains not only the authority to determine national identity, but also to direct state policies toward being compatible, or seemingly compatible, with the predominant identity. In this case,

diasporas attach more importance to national identity. Diasporas, given their international location, are appropriately suited to “other actors” (Shain, 2007). Hence, constructivism helps in better understanding identity- based diasporic international activities.

Diasporas have both the motive and the opportunity to exert influence on identity construction process, especially in its foreign policy facet. Constructivists dealing with this political process should factor in diasporas as actors who are highly motivated and able to engage in the competition over identity construction. This is the manner in which the study of diasporas enriches the constructivist approach.

2.2.2 Liberalism

Liberalism rejects the conventional assumptions that states are both primary actors in international affairs and in this sense they are unitary. Instead, it posits that the primary actors in international politics are individuals and private groups who struggle to promote different interests.

The state, then, is not an independent actor, but rather a representative of the transient coalition that capture it. Consequentially, states do not automatically seek fixed interests (security or power or prosperity, as neorealism and institutionalism claim). Rather states pursue particular interests preferred by the specific coalition currently in power (Shain, 2007).

According to the liberal approach, the degree of influence that domestic actors exert on foreign policy depends on the strength of relations between the state (political institutions) and society (social organizations). In this context, a weak state is a state that is highly permeable to societal influences on its decision – making process (Wendt ,1992).

The connection between the liberal and constructivist approaches asserts that the interaction between a country’s domestic structure and the historically derived normative understandings embodied in society, that is, between domestic politics and identity construction, is of particular importance. Diasporas either interject themselves or are interjected into this political process, and should be viewed as one of the many domestic interest groups. The domestic element does not carry the conventional meaning as opposed to the international. Diasporas are considered by the homelands communities as domestic actors even though they are outside the nation-state.

The study of Diaspora enriches the liberal approach since it expands the meaning of the key term domestic. By applying liberal insights to the dynamics of domestic politics, liberalism helps to better understand the influence of diasporas in the homeland (Shain, 2007). Diasporas thus enjoy a privileged status for exerting influence as an interest group in both the homeland and the host land, often affecting the homeland because of influence originating from the host land. Diasporas may use whatever influence they can exert in order to advance their interests. Like other interest groups, they use their financial resources, since members of the Diaspora are usually richer than their compatriots back home. Aside from indirect influence through contributions to various civil society projects, Diaspora groups exert more direct influence through political assistance to parties or candidates of their choice. Diaspora groups can also use their diplomatic leverage as interest groups in the host land. Taking note of the growing financial and political influence of their diasporas, homeland governments court them by creating ministries or departments for Diaspora affairs, and more importantly by allowing dual citizenship and encouraging expatriate voting rights. This tendency serves to highlight the domestic politics aspect relating to diasporic activity.

2.2.3 Neo-Classicalism

This theory explains migration under the classic push-pull tradition framework (Massey et al, 1998; Kearney, 1986). This theory is the first theory in migration and probably the most influential (Arango, 2000). In the neo-classical tradition where labor abundance (or scarcity) is assumed to be the sole determinant of wage differentials, migration occurs in response to uneven income and population distribution across countries. People opt to migrate to places that offer them higher incomes or better wages. If the neoclassical theory is correct migration ends when its causes (wage differentials) disappear over time (Castles, 2010).

Neoclassical theory focused on the notion that migration is voluntary, self-initiated and self-controlled. This is to say that migration occurs only when migrants are induced that they could benefit from the host country, essentially in economic terms (Castles and Miller 1998; Shields 1989). In the neoclassical model, the impact of migration on the home country are positive in the sense that Diaspora – sending countries can export their surplus labor and benefit from capital, knowledge and skills transfer in return (Massey et al. 1998, Skeldon, 1997). The assumption is based on the ‘Eurocentric’ modernization theory. Neoclassical tradition sees migration as a

mechanism to advance development in both the home and host countries and can be classified under the ‘development optimism’ paradigm (Castles, 2008). Nevertheless, neoclassical theory associated the migration factor with the economic factor only and thereby ignores other factors such as political, demographic and social dimensions, and their interrelationships (Nikolinakos,1975). Moreover, since the characteristics of migrants and the context in which they live differs, the decision to migrate is influenced by a variety of factors such as political, social, historical, and the migration policies of both the home and host countries (Castles and Miller 1998; Massey et al.,1993).

The neoclassical theory was ‘weak in clarifying or forecasting when and where migration occurred, but even more unsatisfactory in explaining where, when and why it did not occur’ (Abreu, 2010). The theory is severely criticized for the presumption that transnational mobility is free from any restriction, while migrants, in practical terms, have to meet the rules and regulations of immigration policies and laws of both home and host country (Van Hear and Sorensen, 2003). Notwithstanding restrictive policies and being unwelcomed at places of destination, people continue and probably will continue to move to places of settlement (Portes, 2004). The concept is that policies become an occasion that structures to be compared and negotiated with the current reality of migrants and their expected gains result from migration. The imbalance in the distribution of labor at the global level encourages people to move and both migrant- sending and receiving societies can become structurally dependent on migration over time (IOM, 2010). While classical migrant- receiving countries seek to attract skilled and non- skilled migrant labor, many less –developed countries like the Philippines and Mexico encourage export of labor (Castles, 2004). Borders are neither totally free nor are they completely closed, which invites severe criticism against the neoclassical assumption of free mobility. Border restriction should not only be viewed from receiving countries perspectives but also from countries of origin of migrants.

2.2.4 Historical Structuralism

In the 1970s and 1980s, the neoclassical theory was seriously challenged and dominated by the dependency school of thought, which was largely motivated by the structural and Marxist political orientation (Massey et al., 1998). While interpreting the interactions of countries, the world system theory identifies three ‘concentric spheres namely core- state, semi-periphery, and peripheral areas’ (Wallestrein ,1974: 350).

The idea is that core states develop at the expense of peripheral countries, while migration is seen both as a means and product of the exploitative relationship between the core and peripheral countries. The main tenet of the determinist approach rests on the loss of skilled and unskilled labor and the penetration of capitalist markets into peripheral areas (Gross and Lindquist, 1995; Zolberg 1989; Nikolinakos, 1975).

The world system theory suggests that the main cause of emigration is globalization. Although it shares the idea that capitalist nations demand cheap labor from the periphery, its explanation of the causes of international migration is the other way round: dislocations brought about by capitalist penetration in less developed countries (Arango, 2000). In the past colonial ties including at present, neo-colonialism, multinational corporations, and foreign direct investment serve as an instrument to penetrate the poor hinterlands (Massey et al., 1998).

A historical structuralist approach can thus be powerful to explain contemporary migration patterns if it addresses human agency and structural factors in a more satisfactory way (Abreu, 2010).

2.2.5 New Economics of Labour Migration (NELM)

NELM is an important theory that constructs the interaction between migration and remittances at the household level. Probably it is the most migration – specific of all theories (Arango, 2000) and provides major optimistic prognosis about the developmental effect of labor flows (Portes, 2006). Determinants of remittances are the foundation for NELM theory and many claim that NELM is merely an extension of neoclassical theory.

Because of their unique status, diasporas perceived by themselves, the homeland, or others as “inside the people” by attaching great importance to their identity. Both constructivism and liberalism recognize the impact of both identity and domestic interaction on international behavior. Constructivism seeks to describe actors’ identities, motives, and preferences, while liberalism largely deals with explaining Diasporic actions once their preferences are settled.

Constructivists emphasize identity, which explains the motive of diasporas whereas liberals focus on domestic politics, which explains the venue of diasporic influence. This study attempts to assess the rational and impact of the influence of the Ethiopian Diaspora in the United States on the political economy of the country specifically in terms of remittances, investment, and state

building democracy. Hence this study uses both constructivism and liberalism as a theoretical framework in order to assess the role of the diaspora in the domestic politics of the country.

Chapter Three

The Role of Ethiopian Diaspora in the United States in Investment, Democratization, and Remittance

The term Ethiopian Diaspora refers to any Ethiopian (who lives outside the country but did not change his/her Ethiopian citizenship and hold Ethiopian Passport) whereas born Ethiopian Diaspora is one who lives outside the country and changed his/her citizenship and holds another country's passport according to Mohammed deputy director-general of Ethiopian Diaspora agency¹.

What is currently available is data reproduced by host countries, migration offices, and informal assessment undertaken by Ethiopian embassies. According to data collected from host countries, migration offices, informal assessment undertaken by the Ethiopian embassies and the World Bank reports, the estimated size of Ethiopian Diaspora in the world is around 3 million (FDRE Ministry of Foreign Affairs, 2016; Ethiopian Herald, March 2017). Unfortunately, even at present, the Ethiopian Diaspora agency cannot speak of the actual size of the Ethiopian diaspora in the World in general and Ethiopian Diaspora in the United States in particular. Nevertheless, United States contains the largest concentrations of Ethiopians diaspora in the world lives in United States (Terrazas, 2007). The estimated number of the Ethiopian diaspora in United States vary from 250,000 to one million. This uncertainty might be related to the status of Eritreans, who until 1993 were considered to be part of the Ethiopian population (Lyons, 2007).

Nevertheless, data from the Ethiopian Diaspora Agency of the Ministry of Foreign Affairs and the recent report of International Organization for Migration (IOM) (2018) is used for Diaspora mapping. Available data in 2016 indicates that the number of Ethiopian Diasporas living in the United States reached approximately 305,800 and accounted for 0.5 percent of the total United States' foreign-born population. Subsequently, the size of the Ethiopian Diaspora population in the United State grew rapidly (Migration Policy Institute, 2014). According to the United States

¹ Interview with Mohammed Edirs, Deputy Director-General of Ethiopian Diaspora Agency, May 17 and 21, 2019 at the office of the Ethiopian Diaspora Agency, Addis Ababa

Census Bureau's data of 2016, the average annual income of Ethiopian Diasporas increased since 2014 and reached USD 41,357 in 2016, this stands below the overall average income of USD 50,000 in the United States. In terms of educational attainment, more than 60% of the Ethiopian Diasporas have college, post graduate or professional degrees. In terms of occupation, the Ethiopian diaspora population is evenly distributed across different fields of engagement; management (24.6%), services (23.8%), sales and office staff (21.8%), and production (26.1%) (United States Census Bureau, 2016).

Today, the Ethiopian Diaspora constitutes the second-largest African immigrant group in the United States next to Nigerian Migrants. Out of this estimated figure, approximately 49.6% were males and 50.4 % females with the median age at 30 years (US Census, 2016). The data provided by Department of homeland security (2019) also depicts that between 2003 to 2017 fiscal years the top places of residence of Ethiopian diaspora in the United States 189,855 Ethiopian diasporas are granted lawful residence. The number of lawful Ethiopian diaspora residents in United States was insignificant as observed in the table.1.

Table.1 The top places of residence of Ethiopian Diaspora in the United States (2003 -2017).

states of residence	number of Ethiopian migrants
California	18135
Maryland	19691
Minnesota	18076
Texas	14173
Virginia	19067
Washington	13200
Georgia	11563
Massachusetts	4537
Arizona	1829
Colorado	8510
District of Columbia	1786
Florida	2471
Illinois	3860
Michigan	1561
Missouri	87
Nevada	5875
New York	4101
North Carolina	2802
Ohio	5050
Pennsylvania	3296
Tennessee	923
Oregon	761
New Jersey	1138
different states	27363

Source: Department of homeland Security (2019)

However, more specific numbers of Ethiopian diaspora are not obtained from the US Census. It did not provide citizenship information of Ethiopian diaspora who live illegally in the United State. Hence, it is difficult to assess the actual size of these communities.

Ethiopian Diaspora members settled largely in Washington DC and its surrounding metropolitan areas more than any other place in the country (Migration Policy Institute, 2014). Although certain areas had large concentration of Ethiopian diaspora and received either formal or informal appellation of “Little Ethiopia”, Ethiopians did not congregate in exclusively ethnic enclaves (Kaplan, 2010).

3.1. Engagement in investment

The Ethiopian government has officially recognized the Diaspora as development partner and has been working to actively engage them in the country’s growth and transformation through direct investment, remittance, and democratization. To this end, it established the Ethiopian Diaspora Agency by reforming policy. Following this decision, the government recently opened the grand investments schemes in areas like telecom and financial and energy market to Ethiopian diaspora and foreign direct investment.

Like many other developing countries, the government of Ethiopia has also gave a lot of emphasis to the investment sector by focusing on industrialization. This was not only to enhance the export diversification strategy but also to act as an engine of economic growth. To strengthen investment inflows into the country, the government of Ethiopia developed a comprehensive industrial long-term development strategy (IDS) launched in 2002/03. To this end, an international investment advisory council and restructured regional investment bureaus were formed (Federal Democratic Republic of Ethiopia, 2002).

The government also crafted an institutional framework for the proper implementation of investment policy and promotion. The Ethiopian Investment Commission, which is charged with the responsibility for investment promotion and providing one-stop services for investors. The Commission developed a promotion strategy, based on which the Investment Board convened a working group to integrate promotional efforts of the various bodies in a coherent and consistent national investment strategy. This is aimed at addressing gaps on how best to incorporate

promotional strengths of targeted sectors, products, and technologies and provide incentives to investors. (Ethiopian Investment commission, 2014).

The characteristics of the Diaspora relationship with the Ethiopian government can be observed in two ways. Initially, the Ethiopian government was obsessed with on how to deal with its supporters and the opposition by ignoring the neutral mass¹. The government provides and arranges bank loan (Kuschminder and Sieger, 2010), investment land for building houses and different incentives for its supporters. On the other hand, the government imposes (Ong'ayo, 2014) restriction on Ethiopian diaspora members who oppose the administration not to enter the country and engage in nation building and economic activities.

Nowadays the relationship between the government and the Diaspora is characterized by significant progress. Embassies and consulates gained the role of endeavoring to increase the link between the government and Diaspora communities in the main destination countries like the United States and Europe. Consequently, the Diaspora has expressed their satisfaction in general with measures currently taken by the reformist government to improve the regulatory environments of the investment sector.

The Ethiopian Diaspora groups with all the challenges they face are engaged in the investment sector of the country. According to the Ethiopian Investment Commission, the Commission had licensed 4119 Diaspora investment projects between 1994 and 2019. Among these projects 3671 investment projects were in the pre-implementation stage, 124 investment projects were at the stage of implementation, 324 investment projects are currently in operation with a capital outlay of 2,031,274,000-ETB (Ethiopian Investment Commission, 2019). The investments that are currently in operation had created 5254 permanent and 11645 temporary employment opportunities for Ethiopians. However, according to data of the Investment Commission, since 2016 the total figures of investment projects of the Ethiopian Diaspora has decreased from 360 in 2016 to 7 in March 2019 (Ethiopian Investment Commission, 2019). This is presumably due to the social unrest and political that unfolded in the country.

Out of the total investment projects licensed by Ethiopian Investment Commission, 1849 with more than Birr one-billion capital originated from the Ethiopian Diaspora in the United States. From those investment projects by the Ethiopian diaspora in United States, 1673 are in pre-

implementation stage, 46 are at the stage of implementation, and 130 are presently in operation with Birr 1,090,711,000 capital creating 2825 permanent and 7976 temporary jobs for Ethiopians (Ethiopian Investment Commission, 2019).

The overall total investment project license given to Ethiopian Diaspora in the United States between 1995 and 2019 reached 1849. Beginning from two investment projects in 1995, investment by the Ethiopian Diaspora in the United States reached 174 in 2016 (Ethiopian Investment Commission, 2019). Even though significant numbers of Ethiopia diaspora in the United States gain a license from the Ethiopian Investment Commission to engage in the investment sector of the country, they did not enter into implementation and operation due to widespread red tape at all levels of government, political instability, and financial constraints.²Correspondingly, this pattern of annual investment inflows to the country from the Ethiopian Diaspora in United States vary from year to year.

Between 2006 and 2013 the Ethiopian government actively encouraged the diaspora to be engaged in economic development and offering economic incentives to return and invest in the country (Chacko and Gebre, 2012). As can be indicated in table 2, from 2010 to 2011, an average 88 numbers of investment projects of Ethiopian diaspora in the United States were licensed by the Commission. This is low when compared with Ethiopian diaspora in the United States investment projects that got license between 2012 and 2016 for 157 investment projects. These is because the fact that the government of Ethiopia does not give more emphasize on the engagement of Ethiopian diaspora in the national development of the country and lack of trust between government and diaspora following the 2005 election.

Despite a significant increase of in the numbers of issued investment license by the Commission for Ethiopian diaspora in the United States, the Commission issued minimum investment projects license of 56 in 2018, these is due existed political instability in the country. Whereas the Commission also issued the highest investment license for Ethiopian diaspora in the United States in 2012 for 176 investment projects as the government works extensively encouraging the diaspora to engaged in the investment of the country through offering different incentive package.

² Ibid.

Table 2. Investment projects of Ethiopian Diaspora in United States licensed by the Ethiopian Investment Commission (2010 – 2018)

Years	Number of licensed investment projects
2010	94
2011	82
2012	176
2013	144
2014	141
2015	152
2016	174
2017	77
2018	56

Source: - Ethiopian Investment Commission (2019)

When looking at geographic distribution of investments by the Ethiopian Diaspora in the United States across the regional states and two city administrations of country, the picture is depicted as follows:

Table.3 Summary of licensed projects of Ethiopian Diaspora in the United States by region and investment status (February 01, 1995 - February 28, 2019)

Region of Investment	Total No of Projection	Pre-implementation		Operation			
		No project	No of Project Implementation	No of project	Capital in Birr	Permanent Employment	Temporary Employment
Addis Ababa	1,645	1,530	21	94	537,680,000	1,051	348
Afar	1	1					
Amhara	62	48	5	9	203,658,000	662	750
B.Gumze	5	5	-	-	-	-	-
Dire Dawa	32	31	1	-	-	-	-
Harari	3	-	1	2	34,186,000	77	0
Multi-Regionals	3	2	-	1	5,860,000	12	0
Oromia	28	15	3	10	237,898,000	378	5,687
SNNPR	14	8	4	2	16,000,000	47	300
Somali	1	-	-	1	600,000	5	4
Tigray	55	33	11	11	54,828,000	593	887
Total	1,849	1,673	46	130	1,090,711,000	2,825	7,976

Source: - Ethiopian Investment Commission (2019)

From total investments licensed by the Commission for Ethiopian diaspora in the United States, 88.96 % of investment is located in Addis Ababa. This is because Addis Ababa is a diplomatic center and capital city of Africa with fastest population annual growth rates of 3.4 % (CSA, 2007). When compared with other regional states, Addis Ababa city administration has relatively developed infrastructure and commands strategic location a relatively close access to the market, security and relative ease for conducting business (Chacko and Gebre, 2009). The lowest investment license by the Commission for Ethiopian diaspora groups in the United States 0.05% is located in the regional states of Afar and Somali. This is due to the fact that relatively these regions are more undeveloped in terms of infrastructure, long distance from the capital city of the country, the harsh weather condition, limited option for investment, and political insecurity. In

addition to this, 0.16% of investment projects of Ethiopian diaspora in the United States with more than 5 million capital gain license from the Commission to operate in two and more regional states of the federation. Yet, out of this investment projects only one investment enters into operation creating permanent job opportunities for 12 people.

Furthermore, the Ethiopian Diaspora in the United States engages in different sectors of investment ranging from agriculture to service and manufacturing. Out of the two investment projects licensed by the Ethiopian Investment Commission to engage in electricity generation, transition, and distribution, one is owned by the Ethiopian Diaspora in the United States (Ethiopian Investment Commission, 2019).

Among the different sectors of investment, those that are more preferable by the Ethiopian Diasporas in the United States include real estate, machinery and equipment rental, and consultancy service (Ethiopian Investment Commission, 2019). Out of the total 1,849 diaspora investment projects licensed by the Commission for Ethiopian diaspora in the United States, 1011 which cover 54.68% of total investment projects is in real estate, machinery, equipment rental, and consultancy service. The reason why the Ethiopian diaspora in United States preferred and participated in these activities when compared to other investment sectors is that these require small capital, and less -skilled human power that are in line with overall economic growth of the country. The fastest growing population of the country entailed a lot of incentives offered by the government to encourage the growth of the sector (Minyahil, 2016). Revision of the rules governing the sector by the government to open the market for the diaspora given the long history of unmet housing demand. Getu (2016) and Eshete and Teshome, (2106) characterized the investments to be family –owned businesses (Chacko and Gebre, 2012) that bring profit within relatively short period.

Whereas 411 investment projects that engage in manufacturing are registered between 1995 and February 28, 2019 owned by Ethiopian diaspora in the United States, only 28 went operational in the past 25 years. The remaining 368 are still in pre- implementation stage while 15 are under implementation. Manufacturing projects take over a year to start operation and this requires commitment and readiness to face unbearable challenges reasons forcing the diaspora in the United States to return by abandoning their projects (Andualem, 2016).

**Table 4. Summary of Licensed Projects of Ethiopian Diasporas in the United States
(February 01, 1995 and February 28, 2019)**

Sector	Total No project	Pre- Implementati on	Operation				
			No. project	No. project	Capital in Birr	Permanent Employment	Temporary Employment
Agriculture, hunting and Forestry	53	41	2	10	80,620,000	671	7,419
Mining and Quarrying	7	6	-	1	2,692,000	9	40
Manufacturing	411	368	15	28	328,020,000	991	168
Electricity(Generation, Transition and Distribution)	1	1	-	-	-	-	-
Education	37	33	4		-	-	-
Health and social work	48	37	8	3	33,283,000	85	-
Hotel (Including Resort Hotels, Motels , and Lodges) and Restaurants	96	86	9	1	1,100,000	74	-
Tour Operation, Transport, and communication	14	12	-	2	2,018,000	16	4
Real estate, Machinery, and Equipment Rental, and Consultancy service	1,011	923	7	81	628,124,000	912	326
Construction contracting including water well drilling	130	127	1	2	10,600,000	15	4
Other community, social and personal service activities	40	38	-	2	4255,000	52	15
Wholesale, retail trade and repair service	1	1	-		-	-	-
Total	1,849	1673	46	130	1,090,711,000	2,825	7976

Source: - Ethiopian Investment Commission (2019)

However, of the total 1849 investment projects licensed by the Ethiopian Investment Commission, only 130 projects have commenced operations. This is insignificant when compared with other investment projects licensed by the Commission (Ethiopian Investment Commission, 2019).

According to Setayehu³, the Ethiopian government introduced several incentives from encourage and attract investment inflows from the Ethiopian diaspora. Despite the incentives and encouragements by the Ministry of Foreign Affairs, the diasporic community complains about bureaucratic red tape and infrastructure problems in the process of doing business in the country, weak implementation of incentives and other policies by the government structures and the strict financial system prevents diasporas from bringing money to finance their projects from their host country (Yoseph, 2014).

3.2 Engagement in Democratization

Ethiopian politics is very much anchored in the transnational arena at least since the 1930s. The anti-fascist struggle that gained momentum in the United States, where African Americans were mobilized as members of "kin diasporas"(Shain, 2007). The self-exiled students in the 1970s, introduced socialist ideology to Ethiopia among which those from the United States were potential actors that added value to the efforts undertaken by other players involved in the promotion of democratization processes. (Awil, 2009)

Serious opposition political parties in Ethiopia were formed in the United States and Europe during the late 1960s (Kebede, 2008). A coup d'état attempted in 1960 was coordinated by United States educated individuals that returned to the country. Consequently, the Ethiopian Students' Association in North America (ESUNA) was a precursor to the revolutionary thought that captivated many students in the 1970s (Demmellash, 1984). Several students who belonged to the association returned home to become part of the government, even rising to the rank of minister. Their energies were devoted to changing and shaping the political direction of Ethiopia. The United States provided a fertile ground for political activism for Ethiopian students and the freedom they needed. However, thousands of the members of the revolutionary generation came to the United States as exiles in the early 1980s and gradually began to change their radical political ideas to demand for democracy (Kassahun, 2012).

Even though the Ethiopian diaspora in the United States was deeply divided politically, their rallies and campaigns against the Ethiopian government were frequent in Washington DC. Following

³ Interview with Setayehu, Domestic Investment Director-General at the Ethiopian Investment Commission, May 27, 2019, Addis Ababa

these, the Ethiopian government has been dragged into the large-scale political arena of controlling the political damage the Ethiopian diaspora in United States create and tap its resources (Kassahun, 2012).

The first and most persistent strategy of the Ethiopian government has been to build its diaspora supporters in the United States. High – ranking Ethiopian government officials regularly visit the United States and met with members of the Ethiopian diaspora to brief them on socio-economic developments and political progress the government had made. However, the result of this strategy has been ineffective since the officials often face massive protests whenever they visit the United States.

The second strategy of the government for averting the political threats the diaspora pose was to introduce rules and regulations that were intended to neutralize their political influence while at the same time maximizing economic benefits from the Ethiopian diaspora’s resources. Through amending the law, the Ethiopian government granted “Yellow Cards” to Ethiopians who are citizens of other countries and those born outside the country to Ethiopian parents (Glick Schiller and Fouron, 2001). Thus, people who are granted the card are allowed to work, open a bank account, and in particular make investments in Ethiopia. The government has been relatively successful with this strategy and diaspora capitalism has become an aspect of the Ethiopian economy (Henshaw 2007; Wax 2004; Chacko and Gebre 2009). Nonetheless, Ethiopians who are naturalized citizens of other countries are not allowed to vote, run for election at any level, or work for the ministries of defense, security, or foreign affairs or other political establishments (Getahun, 2007).

The third strategy that the government pursued was aimed at disempowering diaspora targeted donors. The government worked hard to discredit the information that donors and Western governments regularly receive from members of an unforgiving diaspora. Until 2005, the strategy was highly successful. The government has honed itself with a ready-made explanation that the country lacks the culture of democracy and has no history of democratic engagement. The march towards democratic governance is presented to take longer than expected in Ethiopia (Henshaw 2007; Wax 2004; Chacko and Gebre 2009). However, the diaspora community played an important role in the 2005 elections. Key leaders of the Ethiopian diaspora in the United States who decided to endorse and support participation in the elections were critical of the decision of the Ethiopian

opposition parties to compete. Some of the strongest parties such as the Coalition for Unity and Democracy (CUD) and the United Ethiopian Democratic Forces (UEDF) were financed and managed by the diaspora community (Lyons, 2011).

Key members of the opposition began to seek guidance from the diaspora. In 2005, opposition political leaders traveled to Washington, D.C., to seek advice whether they should take their seats in parliament and negotiate about the country's political future. However, part of the opposition eventually favored boycotting parliament. Members of the diaspora community put strong pressure on members of the opposition party to protest election results by refusing to take the parliamentary seats they had won. The influence of the diaspora went even further than giving advice. The leaders of the Coalition for Unity and Democracy (CUD), who chose to take their parliament seats were dismissed from their party membership on the basis of decisions made in North America damaged their political careers (Lyons, 2011).

Ethiopian diaspora members in United States also tried to lobby the United States government and the lawmakers who drafted the Ethiopia Democracy and Accountability Act (HR 2003 bill) (Miller, 2007). Moreover, every summer the Ethiopian sports federation in North America (ESFNA) holds a tournament that brings Ethiopian diaspora members in the United States and Canada together. Despite ESFNA is presented as a non - partisan organization, the annual events are often dominated by political activities and meetings. Political parties intentionally arrange their meeting to coincide with ESFNA events (Goshu, 2016).

The Diaspora community in the United States had an enormous potential to influence Ethiopian politics, for better or worse, through the use of different mechanisms ranging from social media campaigns to armed struggle and everything in between (i.e. diplomatic influence, staging demonstrations, financing the opposition, establishing media organizations, remotely organizing and leading civic resistance, economic sanction by withholding remittance, etc.).

These non- financial remittances have more profound impacts on the attitudes of society regarding the perception of freedom, tolerance of differences, human rights issues, and governance and political practices in the homeland. The contribution of Ethiopian Diaspora members in the United States to the development efforts in the country is now more indispensable than ever (Awil, 2009).

One of the mechanisms through which the diaspora engages in the development of the democratic process is through establishing media outlets. The Ethiopian Satellite Television (ESAT) was established on April 24, 2010 (The Ethiopian Satellite Television & Radio, 2010) as nonprofit and independent media outlet primarily strove to promote free press, democracy, respect for human rights, and the rule of law. The Oromo Media Network (OMN) is a U.S - based nonprofit organization, licensed under the Federal Communications Commission and governed by a Board of Trustees, an Executive Council, and an independent editorial team made up of professional journalists established in 2014(Oromia media network, 2014). Both TV channels are exiled media firms based in the United States. ESAT and OMN, which are run by exiled journalists and political activists, expressly assert their commitment to peaceful and democratic change using their daily satellite transmissions. (Chalachew, 2017)

US-based Ethiopian Diaspora associations also lobby governments and other actors in the host countries to shape policies in favor or against the Ethiopian government and influence the government through their support or opposition. The Ethiopian diaspora activists in the United States lobby members of Congress and a week after the April 2nd inauguration ceremony of Abiy Ahmid as Ethiopia prime minister, the US House of Representatives unanimously adopted a resolution titled “Supporting respect for human rights and encouraging inclusive governance in Ethiopia,” HR-128. The resolution condemned the killings of peaceful protesters and excessive use of force by Ethiopian security forces; detention of journalists, students, activists, and political leaders; and the regime’s abuse of the anti-terrorism laws to stifle political and civil dissent and journalistic freedoms without any opposition (Jeffrey, 2018).

Ethiopian Diaspora members who demanded for the creation of better Ethiopia should not be seen as sources of instability in the country but as part of the forces that seek to enhance the democratization process. According to Mohammed⁴, Deputy Director of the Ethiopian Diaspora Agency, the role of the diaspora is significant in covering countries where Ethiopia is not represented. Diaspora cultural institutions play an important role in promoting and popularizing the culture of the country in a manner that is greater than events organized by embassies.⁴ The overall incentive package is provided for all Diaspora members engaged in different sectors.

⁴ Ibid.

Ethiopian Diaspora in the United States also actively involve in political, social and philanthropic activities, particularly in Washington, DC, Los Angeles and New York.

Today, as the country aspires to move into a more open approach to promote the political participation of all sectors of society, it is indeed prudent to discuss more formal and legally (Ayenachew,2018) established way of engaging the diaspora in the political process. The Ethiopian Diaspora members in the United States criticized Proclamation 270/2002, which not only restricts them from voting and running for any public office, but also explicitly deprive them of being employed on a regular basis in the national defense, security, and foreign services.

Nevertheless, having dual citizenship status would increase their economic participation rather than becoming a problem for the country. As most diaspora members put it, they change citizenship because they are forced to do so either due to authoritarianism at home during military and TPLF- led EPDRF regimes and practical necessity of themselves and their families. However, they assert that they remained Ethiopians at heart, despite taking foreign citizenship (Ayenachew, 2018). Although the Ethiopian government restricts the Diaspora engagement in the politics of the country, the Diaspora contributes to the development democracy through different mechanisms. According to Ethiopian Diaspora Agency Deputy Director⁵, the government of Ethiopia organizes panel discussions for the Ethiopian diaspora in United States to deliberate on every legislation and policy when they are drafted through using Ethiopian embassies as venues. However, those engaged in the discussions were previously only those who were considered to be government supporters. However, the trend has changed at present and all citizens are free to engage in the discussions.

3.3 Engagement in Remittance

Ethiopian diaspora members remain closely tied to the homeland, even after many years of staying abroad and send an increasing amount of funds to support their families and friends. Data estimates of both the formal and informal remittance sector vary immensely yet that the majority of remittances enter the country informally (Cooper and Esser, 2018). Remittance to Ethiopia originates from all over the world, but according to the World Bank (2010), an estimated 40 percent comes from the United States. Whether remittances are sent through formal or informal channels, they are quickly other sources of foreign exchange flows to Ethiopia, including foreign investment, official development assistance, and income from coffee (Gill 2010) and cover 4.5 % GDP of Ethiopia (Chacko and Gebre, 2012).

However, the contribution of diaspora remittance to GDP is insignificant when it's compared with the large number of Ethiopian diaspora living abroad. Due to lack of advanced infrastructure and relatively higher cost of remittance, most of the Ethiopian diaspora members prefer informal channels for money transfer. Even though, a bank operating in the country has made considerable strides in recent years to encourage the flow of formal remittance as Habtamu⁵ said. While the number of money Ethiopians sends back to Ethiopia is impressive, the amount of remittance money that Ethiopians send home is very low compared to the level of remittances neighboring country Kenyans send home, for example. Based on World Bank report (2018) in 2017, Kenyans in the Diaspora had sent home nearly 1.9 billion dollars. Ethiopians, on the other hand, sent home only 816 million dollars.-At present, there are two channels of sending remittances to Ethiopia formal and informal channel. The formal channel of remittance is remittance sent through the banking system. Under the National Bank of Ethiopia (the Central Bank) directive FXD/30/2006 licensed business organization that provides remittance service to customers directly from banks or through money transferring agents working in association with banks.

These remittance service providers include; international money transfer operators in association with banks, commercial banks (Bank to Bank transfers through SWIFT and other media and non-financial organizations (Ethiopia Airlines, Ethiopia shipping Lines, and Ethiopian Postal Service) are allowed to engage in remittance services through their branches overseas (directive

⁵ Interview with Habtamu Jember, a senior researcher at Ethiopian Academy of Financial Studies Directorate of the National Bank of Ethiopia, May 04 and 05,2019, Addis Ababa

FXD/30/2006). On the other hand, the informal channel for transferring remittance is remittance sent out of the banking systems. According to Habtamu, senior researcher of National Bank of Ethiopia ³, the informal channel by itself is sub-classified into two, i.e: Hawala/ Hunda market and black market exchange.

Based on the National Bank of Ethiopia’s Remittance Inflow data (National Bank of Ethiopia private individuals transfers, 2019), Ethiopia received USD 1.7 billion in 2010, Out of this, 121 million USD was transferred from Ethiopian Diaspora in the United States (World Bank, 2013). Out of the 5 billion USD remittance inflow into Ethiopia in 2017(National Bank of Ethiopia, 2019), the Ethiopian Diaspora in the United States contributed 255 million USD (World Bank, 2018).

Table 5. Remittance inflows from the Diaspora in the United States to Ethiopia (2010 -2017)

Year	Amount (in USD) million
2010	121
2011	171
2012	181
2013	198
2014	198
2015	197
2016	241
2017	255

Source: World Bank, (2018)

According to the figures of the World Bank, remittances to Ethiopia from United States have increased during the past two decades (World Bank, 2018). These shows that the economic importance of the Ethiopian diaspora in the United States is undisputable. The total remittance inflow from the Ethiopian Diaspora in the United States between 2010 and 2017 shows marked increase. Remittance of Ethiopian Diaspora members in the United States to Ethiopia was 121million USD in 2010 but this reached 255 million USD in 2017 (World Bank, 2018). As indicated table 5, from 2010 up to 2018, the Ethiopian diaspora in the United States transferred 1.5

billion USD to Ethiopia. In line with this, the World Bank report stated that the Ethiopian Diaspora in the United States transferred an annual average of 196 million USD between 2010 and 2018.

Despite political instability that prevailed in the country since 2014, Ethiopia has enjoyed an annual increase in inflow of remittance from United States to Ethiopia. Between 2015 and 2016, however, remittance inflow into the country decreased (Ayele, 2018). Remittance transfer into Ethiopia by the diaspora in the United States increase by 44 million USD from 197million in 2015 to 241 million USD in 2016. This is because remittance transfer is used for consumption of family support, health care and education despite the fact that the diaspora in the United States organized boycott campaigns by not sending remittance to the country. In 2017, the Ethiopian Diaspora remitted individually an average of 962.59 USD annually to the country. While the Ethiopian Diaspora in the United States transferred an average of 1041.11 USD annually to the country (World Bank, 2017). This data indicate only the money sent to the country through formal channels, which is very low when compared to the amount transferred informally. In most cases, the Ethiopian Diaspora in the United States prefers the informal way because it is cheaper and "better suited for transferring funds to remote areas and maintaining anonymity at both the sending and receiving ends (Alemayehu, 2011). The basic factors behind this include the direct cost of transaction for sending remittance is high and the opportunity cost, which the recipient incurs when changing foreign currency in the official market.

CHAPTER FOUR

Reflections on the Engagement of the US Diaspora in Ethiopia's Socio-Economic Development

Throughout the history of mankind, human beings have migrated in search of greater opportunities and better life. While migration is driven by several complex factors, most migrants seek a better living, live in a more agreeable environment or to join family or friends abroad and protection against political threats. As a result, movement of people from one place to another can have positive and negative implications in the development of the political economy of the country of origin (World Migration Report, 2013).

Migratory movements from Ethiopia in the last three decades have been reflected in four cycles. The first migration took place in the pre-1974 period when there was very little movement from Ethiopia. The second cycle commenced in 1974 as the Ethiopian revolution culminated in a totalitarian dictatorship. The third phase commenced in 1982 induced by family reunification programs as people joined those who migrated since 1974. The recent and fourth round of emigration unfolded following the coming to power of the Ethiopian People's Revolutionary Democratic Front (Kuschminder and Siegel, 2010). Unfortunately, the actual size of the Ethiopian diaspora spread all over the World in general and the Ethiopian Diaspora in the United States in particular is not clearly known. Currently, the number of Ethiopian diaspora members in the United States is estimated to be more than 250, 000.⁶ The figure indicated by different sources shows that the number of Ethiopian Diaspora in the United State grew rapidly and constitutes the second-largest African immigrant group in the United States (Migration Policy Institute, 2014). In the post-1991 years, the relationship between the Ethiopian government and the diaspora has gone through many ups and downs and entailed both positive and negative outcomes in the political economy of the country.

The Ethiopia government views diaspora members as a key source of resources and seeks to gained support, However, because of the prevailing political distrust, the Ethiopian diaspora in the United States remained uncertain whether to cooperate with the government. In spite of this, the

⁶Interview with Mohammed Edirs, Deputy Director-General of Ethiopian Diaspora Agency, May 17 and 21,2019 at the office of the Ethiopian Diaspora Agency, Addis Ababa

government of Ethiopia has been focusing on extending rights to the diaspora to engage in the country's socio- economic processes. To this end, it enacted a diaspora policy that is currently at work.

The formal acknowledgment of the importance of the diaspora and the valuable contribution that it could make to the country's development led the government to introduce a diaspora policy in 2013 for the first time. In this policy, numerous issues ranging from the rights and benefits of the diaspora to the government's role in assisting and recognizing the valuable contribution of Ethiopian Diaspora to the development and transformation of political economy (Ministry of Foreign Affairs, 2013). The policy aimed at building a strong relationship between diaspora members and their country of origin by availing a conducive environment for their participation in the on ongoing peace and democratization as development partners (Ethiopian Diaspora Policy, 2013). To enhance the achievement of the diaspora policy goals, the government made the quest for investment much easier for diaspora members. This have enabled the diaspora to engage in transnational activities with greater ease.

The major goals of the diaspora policy of Ethiopia include: preserving the rights and interests of the diaspora, improving diaspora engagement in investment, trade, and tourism, and facilitating proactive participation in development (Ethiopian Diaspora Policy, 2013). However, existing laws and the National Electoral Board do not allow the engagement of diaspora in election and governance issues, which requires constitutional and legal amendments to realize this. The Nationality Proclamation No. 378/2003 state that "any Ethiopian who voluntarily acquires another nationality shall be deemed to have voluntarily renounced his Ethiopian nationality." Accordingly, the Ethiopian diaspora doesn't exercise the right as a citizen to participate in politics of the country. Therefore, the Ethiopian diaspora needs fundamental changes to the rules and regulations affecting its engagement in the politics of the home country.

In addition to this, the policy also is designed to encourage and facilitate foreign currency inflows resulting from diaspora participation establishing a system that promotes smooth inflows. The intention is to tap the financial potential of the diaspora. Unfortunately, government performance in this regard is far from adequate.

Nevertheless, banks operating in the country avail different forms of rewards for encouraging formal channel of foreign currency transfer into the country⁷. Besides, the federal government and some of the regional states come up with attractive incentive packages to encourage the diaspora to move back home and contribute to the ongoing economic development efforts. The incentive bundles include granting plots of land free of lease and duty-free import privileges.

The measures taken by the government over the past years had an impact on encouraging members of the diaspora to invest in their homeland. As a result, the diaspora has started engaging in various sectors like agriculture, services, and industry. Furthermore, to strengthen the engagement of the Ethiopian diaspora, Ethiopia's parliament enacted legislations aimed at improving different business laws that were not friendly to Ethiopian diaspora investors and others. However, lack of conducive political and economic environment, including implementation capacity, inefficient government working procedures, weak institutions, absence of good governance, and widespread corruption militated against mobilizing the diaspora in general and specifically the Ethiopian diaspora in the United States.

Notwithstanding the positive contributions of the Ethiopian diaspora to the Ethiopian economy, the Ethiopian government has taken some measures that limit the involvement of the diaspora in the country's socio-economic development following the 2005 elections in particular. The government initiated a forced sale of bank shares to the diaspora at par value⁸. However, recent reforms aimed at removing barriers against facilitated the involvement of the diaspora in the banking industry. Hence, allowing diaspora to openly engage in the Ethiopian development effort is an effective means to integrate and unite the Ethiopian diasporas in general and specifically those living in the United States. In spite of this, the government did not create a strong institution that manages the banking industry by expediting policy to address the gap affecting the effectiveness of the system⁹. Although Ethiopia continues to work towards improving ease of doing business in the country as part of wider economic reforms, engagement of the diaspora in productive activities is still low due to delay in implementing the initiative.

⁷ Ibid., May 04 and 05,2019, Addis Ababa

⁸ Ibid

⁹ Ibid

From Ethiopian diaspora investment projects licensed by the Ethiopian Investment Commission between February 01, 1995 and February 28, 2019, 44% of investment projects are owned by Ethiopian diasporas in the United States. Similarly, out of the Ethiopian diaspora licensed investment projects currently in operation 40% come from the Ethiopian diaspora in the United States valued at Birr 1,090,711,000 creating permanent and temporary job opportunity for Ethiopians (Ethiopian Investment Commission, 2019). Nevertheless, most of these investments of the Ethiopian diaspora in the United State are small family-owned businesses, which reflects the limited capital owned by individual diaspora members.

The Ethiopian diaspora in the United States also has a unique potential and role in promoting democracy and good governance in Ethiopia regardless of the fact that the political environment in Ethiopia has the effect of limiting its role. Since the Ethiopian diaspora members in the United States are holders of United States passport and the Ethiopian law does not recognize dual citizenship preventing them from participating in issues of governance, governance and democracy. Despite this, the Ethiopian diaspora members from the United States formed different platforms to contribute to the democratization efforts taking place in the country. This proved to be an effective mechanism for the diaspora community to exchange ideas and share critically important information as regards the politics of the country, the opportunities and threats that Ethiopia faces using internet as an effective mechanism of communication.

Remittances are one of the means through which the diaspora contributes to the economic development of the country. Given the economic importance of diaspora remittances to Ethiopia, the government has made efforts in recent years to increase the inflow of formal remittances. However, available evidence indicates that informal channels of transfer remain a prominent for Ethiopian diaspora members to send money home. The political grievance harboured by the diaspora groups led them to organize different campaigns to discourage their members and others from sending remittance formally, engage in investment, and engage in influencing the homeland politics through financial and other kind of support to opposition political parties, organize social movements, carry out demonstration, and establish media outlets aimed at tirelessly exposing prevailing inequality, abuse of power and disregard for the rule of law all over the county

At present, the Ethiopian government, recognizing the diaspora's contribution to the development of the country, made a call to the diaspora community, including Ethiopian diaspora in the United States, to come home and support their homeland in development efforts mediated by the ongoing reforms. The purpose of these calls made by the new pro-reform that strongly believes that without ensuring the full participation of the diaspora community it would be impossible to realize the intended development goals. Following the call, the Ethiopian diaspora in general including the Ethiopian diaspora in the United States supports the democratization reforms launched since 2018 with a view to attaining durable solution to Ethiopia's socio-political and economic challenges in a manner that meets the legitimate aspirations of Ethiopians.

To ensure the engagement of the diaspora the government re-established Ethiopia Diaspora Agency as an independent organ that is mandated to embark on improving stringent laws that impair engagement in the development of the country. However, continuous improvement of the policy environment in the country determines whether the diaspora can contribute to development. The creation of robust institutions in this is a positive step but the current political environment and the government bureaucracy need improvements to allow the diaspora to actively participate in the development efforts of the country.

Conclusion and Recommendations

The study has established that more than 250,000 estimated Ethiopian diasporas reside in the United States. These involve in the development of the country in several ways and have great influence to make positive and negative impacts on the political, social and economic processes unfolding in the country. These range from sending financial remittance to homeland to supporting, different political parties, organizing different campaigns to influence the politics of the homeland, engaging directly in the activities of political parties, establishing, running and supporting different print and online media, aimed at promoting democratization and lobbying governments and other actors in the United States and elsewhere to shape policies in favor or against the Ethiopian government's policies and practices.

Series of measures were taken by the Ethiopian government to make Ethiopia suitable for the engagement of the Ethiopian diaspora different sectors of investment ranging from agriculture to service and manufacturing significantly. Despite the difficulty surrounding ease of doing business in Ethiopia, the government has not only enacted laws and regulations to attract investors but also devised a mechanism to solve bureaucratic hurdles. To this end, it has put-up in one-stop-shop system located in one building. Following this, even though significant numbers of Ethiopia diaspora in the United States gain license from the Ethiopian Investment Commission to engage in the investment sector of the country, they did not enter into implementation and operation due to different hurdles: widespread red tape at all levels of government, political instability, and financial constraints.

Since Ethiopian diaspora members in the United States are is closely tied to the homeland, they remit a significant amount of money to support their families and friends in most cases using informal channels. However, the contribution of diaspora remittance to GDP is insignificant when measured against the large number of Ethiopian diaspora living in the United States. due to lack of advanced infrastructure, high cost of remittance, and intermittent political instability.

Ethiopian diaspora members in the United States were potential actors that added value to the efforts of promoting democratization processes in the country through lobby the US government and lawmakers. In doing so, the Diaspora community in the United States had an enormous potential to influence Ethiopian politics and democratization processes of the country, for better or worse, through the use of different mechanisms that include: social media campaigns,

diplomatic influence, staging demonstrations, financing the opposition, establishing media organizations, remotely organizing and leading civic resistance, and administering economic sanction by withholding remittance inflows. However, the laws governing the diaspora restrict them from voting and running for any public office, but also explicitly deprive them of being employed on a regular basis in the national defense, security, and foreign services.

The effort to mobilize the Ethiopia diaspora for development to date has registered significant results that demonstrate the commitment of the government and the willingness of diaspora members. However, a lot more needs to be done at strategic and policy levels and implementation of approved plans and coordinating structures. Furthermore, it is vitally important to reach out to the silent majority in the ranks of the Diaspora as well as strengthen the engagement of diaspora members.

Recommendations

From the above discussion, the study has made recommendations to meet the challenges of the diaspora members in general and those living in the United States in particular. These are presented below:

- Though the opportunities to participate in investment sectors on the part of the diaspora outweigh the challenges, the government needs to work more on improving existing problems of bureaucratic red tape at different levels of government structure, weak implementation of incentives, undeveloped infrastructure and strict financial restriction to enhance the confidence of the diaspora;
- The processes through which investors go through need to be well-tailored, more clear and refined for inducing the diaspora to actively engage in investment activities;
- Diaspora members from the United States and elsewhere unrealistically that it is easy to invest in Ethiopia, but when they face certain challenges, they drop everything and go back to the country they come from. Despite problems, However, they should recognize that investing in the home country is a rewarding endeavor since Ethiopia has untapped potential in terms of investment opportunities. The knowledge of the country, culture, and language(s) that Ethiopian diaspora members command gives them a competitive advantage when launching a new venture in Ethiopia.

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the LORD your God gather you, and from there will he fetch you:

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ANNEX 1. Guiding Questions

These questions were posed as guides to the interviews conducted with the officials of the offices

I. Interview question for the Ethiopia Diaspora Directorate General in the Ministry of Foreign Affairs

- 1) According to Your Ministry who is considered to be a Diaspora?
- 2) What is the estimated size of the Ethiopian Diaspora living abroad?
- 3) Of these, how many are living in the United States?
- 4) What are the major reasons for their migration from their home country?
- 5) What is the role of Ethiopian Diaspora in general and those living in the USA specifically in advancing the Ethiopian foreign policy objective relating to investment, democratization, and economic development?
- 6) How could you explain the relationship between the Ethiopian diaspora in general and especially those living in the USA and Ethiopian government?
- 7) What are the main challenges that the Ethiopian government face in working with Ethiopia diaspora communities?
- 8) Are there Ethiopian diasporas in the United States who engage in the development of the political economy of Ethiopia?
- 9) What does the government provide as incentives to encourage Ethiopian Diaspora in general and those in the USA specifically to engage in the political economy of the country?
- 10) What are the main challenges that the Ethiopian Diaspora face in their engagement in the political economy of the country?
- 11) What are the main problems that the government observes in the engagement of Ethiopian Diaspora in the political economy of the country?
- 12) What are the possible solutions for addressing the main problem that the government and Diaspora faces?

II. Interview question for the Ethiopia Diaspora agency

- 1) For what purposes / objectives is the agency established?
- 2) What is the achievement of the agency so far?
- 3) In what way does the agency support Diasporas?
- 4) How did the agency evaluate the engagement of the Ethiopian diaspora in general and especially those in the USA in the political economy of Ethiopia?
- 5) What are the main challenges, the Diasporas face in their engagement in the political economy of Ethiopia?
- 6) What are the possible remedial measures for addressing the challenges the Diaspora faces?

III. Interview question for the Ethiopian Investment Commission

- 1) What incentives does government provide especially for the Ethiopian Diaspora engagement in investment?
- 2) How many Ethiopian Diaspora invested in the country? of this, how many are those from the United States who invest in the country?
- 3) In which sector of investment the Ethiopian Diaspora engages and which area of investment is more preferable by Ethiopian Diaspora in the United States? and What is the reason behind this preference?
- 4) What measures did the Investment agency to encourage Diaspora investment in the country?
- 5) What is the contribution of Ethiopian Diaspora in the United States in investment in the economy of the country?
- 6) What factors influence positively/ negatively the investment of Ethiopian diasporas in general and those in the US in particular?
- 7) What challenges do the Ethiopian Diasporas face in investing their capital and knowledge in the country?
- 8) What measures should be taken by the government to address the challenges that the diaspora face and promote investment in the country?

IV. Interview question for the National Bank of Ethiopia's Foreign Exchange monitoring and reserve Management Directorate

- 1) What are the channels of sending diaspora remittance to the country?
- 2) Which channels do the Ethiopian Diaspora and especially those in USA choose to send remittance into the country? Why?
- 3) What is the average amount that the Ethiopian diaspora in general and specifically those in the United State sent to the home country annually?
- 4) What is the minimum requirement and maximum limitations for Diaspora deposit saving and How is currently the deposit saving of the Ethiopian Diaspora generally and specifically the Ethiopian Diaspora in the United State and what is the minimum requirement?
- 5) What types of incentives does the National Bank provided for Ethiopian Diaspora for sending money through official channels?
- 6) In what way do Ethiopian Diasporas participate in the financial sector investment?
- 7) What are the main challenges the Ethiopian Diaspora generally and specifically those in the United State face in sending remittance and in engaging in the financial sector?
- 8) How can the country increase the flow of remittance and saving deposits from the Ethiopian Diaspora in the United States to the country?