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**Understanding Ethiopian diaspora engagement policy**  
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# Understanding Ethiopian Diaspora Engagement Policy

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## **Abstract:**

Ethiopia is one of the largest and poorest countries in Sub-Saharan Africa. Emigration from Ethiopia began in the mid-1970s with large refugee flows and continues today with skilled migrants seeking opportunities outside of the country. Since 2002, the Government of Ethiopia has become one of the most active countries in Sub-Saharan Africa in engaging the diaspora. This paper offers a review of the institutional and policy arrangements developed in Ethiopia in the last decade and the effect of these institutions and policy on the diaspora and debates in Ethiopia.

## **Keywords:**

Ethiopia, Diapora, Diaspora Engagement, Migration and Development

## Introduction

Ethiopia is one of the largest and poorest countries in Sub-Saharan Africa. Although Ethiopia, in comparison to other Sub-Saharan African countries, has a low emigration rate at 0.4%, due to its sheer population size of approximately 80 million people, in absolute numbers it has a large diaspora community. The exact size of the diaspora is unknown, but is estimated to be 1-2 million people with large populations in the Middle East, North America and Europe. In comparison to other Sub-Saharan Africa countries, Ethiopians are the second largest group in the United States (after Nigeria) and the fifteenth largest in Europe (AFTCD-AFTQK, 2007).

Emigration from Ethiopia is a fairly recent phenomenon that largely began in the 1970s with the Ethiopian Revolution. The Revolution in 1974 led to two decades of conflict and large refugee flows out of Ethiopia. In the 1980s the refugee crises in the Horn of Africa was the largest in the world with over one million Ethiopian refugees residing in the nearby countries of Sudan and Kenya (Bariagaber, 1997). The majority of refugees returned or were repatriated to Ethiopia in the 1990s and a small percentage received resettlement in the United States or Europe. In the 1980s Ethiopian refugees were one of the largest groups resettled to the United States, which significantly contributes to the large Ethiopian population in the United States at present (Singer and Wilson, 2007). Today, emigration from Ethiopia continues with both low and highly skilled migrants, but is now focused on economic migration and refugee flows out of Ethiopia are minimal.

In 2002, the Government of Ethiopia created the Ministry of Expatriate Affairs and the Diaspora Coordinating Office of the Ministry of Interior. The objective of these two governmental units is to serve as a liaison between the Government of Ethiopia and Ethiopians abroad and to mobilize the Ethiopian community to attract knowledge and capacity building in Ethiopia. The mission of these two units is largely implemented in Ethiopian consulates as 13 consulates now have diaspora units. These offices have been central in promoting privileges established specifically for the diaspora and passing new legislation specific to the diaspora.

Ethiopia is currently developing a comprehensive diaspora Policy and has already implemented several pieces of legislation aimed at the diaspora. This includes the Ethiopian 'Yellow Card', remittance sending protocols, investment incentives, a diaspora bond, and foreign currency bank accounts directed at the diaspora. The Government of Ethiopia has been active in extending rights to the diaspora and in what Allan Gamlen (2006) terms extracting obligations from the diaspora. The Government of Ethiopia views the diaspora as a key resource to develop the country and has actively pursued attracting diaspora investment. The new policies in Ethiopia have made diaspora investment and

engagement much easier for diaspora members, which have enabled the diaspora to engage in transnational activities with greater ease. The new policies are resulting in increased diaspora businesses and investment in Ethiopia.

Since 2002, the Government of Ethiopia has become one of the most active countries in Sub-Saharan Africa in engaging the diaspora. This paper will provide a comprehensive review of the institutional and policy arrangements developed in Ethiopia to engage the diaspora. This paper is based on an in-depth policy review, individual interviews with Ethiopian Government representatives, and observations and insights gained at the *Dialogue on Mediterranean Transit Migration (MTM) Final Conference* in Addis Ababa. The paper will begin with an overview of emigration from Ethiopia and the current geography of the Ethiopian diaspora. The second section of the paper will discuss the new institutions created by the Ethiopian Government to engage the diaspora. The third section of the paper will describe in more detail specific policies the Government of Ethiopia has implemented to engage the diaspora. The final section of the paper will turn to discuss debates in Ethiopia regarding emigration and current migration issues emerging in the country.

# History and Geography of Emigration

## *A History of Emigration*

Ethiopia has had a low emigration rate throughout history. Emigration movements from Ethiopia have been concentrated in the last thirty years and can be characterized in four waves (Tasse, 2004 in Lyons, 2007). The first wave was pre-1974 with the emigration and return of Ethiopian elite. Refugees fleeing the *Dergue* regime from 1974-82 characterized the second wave. The third wave was primarily emigration from family reunification schemes from 1982-1991 as families previously left behind joined those who had initially fled the *Dergue* regime. The final wave of the Ethiopian diaspora can be characterized by the post-1991 flows that continue today. This last group has mixed motivations for emigrating. This includes people fleeing political oppression, but also includes skilled migrants and family reunification. Tasse (2007) argues that the westernization of Ethiopia has maintained the emigration flows as particularly better-educated urban Ethiopians (primarily from Addis Ababa) seek to emigrate to the West.

During the first wave of emigration, prior to the 1970s there was very little emigration from Ethiopia. The monarchy had been in power since the 1930s and people who did migrate were primarily elites who went abroad for professional purposes, such as study, and then returned (Tasse, 2007; Terrazas, 2007). Tasse (2007) notes that since so few Ethiopians migrated abroad in this period their motivation to return was strong as they were almost guaranteed a very high social position.

Political instability began in the 1960s when Ethiopia occupied Eritrea in 1962 (Berhanu and White, 2000). This led to conflict on either side of the border as an Eritrean movement for independence began (Berhanu and White, 2000). Due to the violence, people on both sides of the border fled. More emigration from Ethiopia followed in the 1970s with the overthrow of the traditional monarch by the *Dergue* - military junta- in 1974.

This led to the second wave of emigration beginning in 1974 as the Ethiopian Revolution led to a communist-style totalitarian regime. In addition to the new government, there was conflict in the Ogaden region between Ethiopia and Somalia, and the military regime survived an invasion from Somalia in 1977 (Berhanu and White, 2000). From 1976-79 the *Dergue* conducted the period of the Red Terror to gather control of all opposition to their regime. This resulted in brutal killings, detentions, and torture. The target was urban-based opponents, people with some education, and the young (Berhanu and White, 2000). Bariagaber cites these three key events of political repression, Eritrea's independence movement, and conflict with Somalia over the Ogaden region, as being the three instigators of refugee flows from Ethiopia (1999). All of these conflicts induced forced migration.

The third wave of emigration from Ethiopia began in 1982 and lasted until 1991. This wave was primarily comprised of family reunification schemes as people joined those who had fled since 1974 (Tasse, 2007). During this time, however, people also continued to flee and the number of Ethiopia refugees rose. Ethiopia experienced a national famine in 1984-85 that was highly catastrophic and killed one million people (Berhanu and White, 2000). The reasons to flee thus became compounded with political and environmental reasons as people fled the famine.

Table 1 shows the number of Ethiopian refugees for select years as compared to Refugee flows in the Horn of Africa from 1972- 1992 (migration waves two and three). The Horn of Africa had the highest refugee concentration in the world at this time due to the conflicts in Eritrea, Ethiopia, and Somalia. The majority of Ethiopian refugees did not emigrate beyond the Horn of Africa. The United States currently has the largest population of the Ethiopian diaspora, but prior to 1970, the United States granted asylum to only 63 Ethiopians (Homeland Security, 2010). However, this number steadily increased from 1,307 between 1971 and 1980 to 18,542 from 1981 to 1990 and then again from 1991-99 to 19,912.

**Table 1: Ethiopia Refugee Flows**

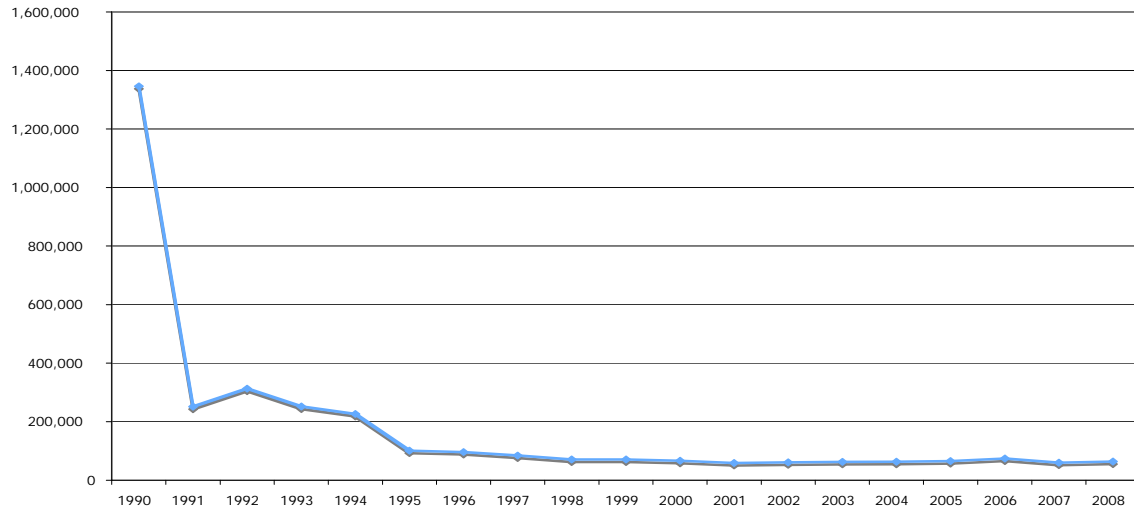
| Year | Refugees in the Horn of Africa | Refugees from Ethiopia | Percentage of Refugees from Ethiopia |
|------|--------------------------------|------------------------|--------------------------------------|
| 1972 | 55,000                         | 55,000                 | 100.00                               |
| 1977 | 102,000                        | 91,000                 | 89.22                                |
| 1982 | 1,091,000                      | 1,081,500              | 99.13                                |
| 1987 | 1,343,300                      | 1,122,300              | 83.55                                |
| 1992 | 1,676,800                      | 752,400                | 44.87                                |

Source: Bariagaber, 1997 from US. Committee for Refugees (1972, 1977, 1982, 1987, 1992)

In 1991, the Ethiopian People's Revolutionary Democratic Party (EPRDP), a coalition of ethnically based groups, overthrew the *Dergue* regime. This led to the fourth and current wave of emigration from Ethiopia. A transitional government was established and in 1993 Eritrea separated from Ethiopia. In 1994, Ethiopia's Constitution was established and in 1995 the country had its first elections. From 1998-2000, Ethiopia and Eritrea were at war, until the signing of a peace treaty in 2000. This conflict, again caused migration flows, but to a much lesser extent than previous conflicts. At present, tensions still remain along the border between Ethiopia and Eritrea but this is not generating further migration. The constitution of 1994 established Ethiopia as an ethnic federalist state of nine regional states based on the predominant ethnic groups, with the exception of two federal territories: Addis Ababa and Dire Dawa.

Figure 1 illustrates the stock of Ethiopian Refugees from 1990- 2008. It is evident that after the fall of the *Dergue* the population of Ethiopian Refugees drastically reduced and has stabilized over the past decade.

**Figure 1: Stock of Ethiopian Refugees, 1990-2008**



Source: OECD Statistics, 2010.

The Ethiopian diaspora grew out of the four waves of emigration and is primarily characterized by refugee flows. The numbers of people emigrating at present are primarily emigrating for economic purposes and as illustrated above the refugee flows have significantly declined. It is important to note, that a mix of low and highly skilled individuals has characterized these historical flows. Initially, in the first and second wave it was the highly skilled that were able to migrate and travel to the west. However, as the refugee situation progressed many low skilled Ethiopian refugees were resettled to North America and Europe. Today, as emigration continues, it is still both a mixture of the high and low skilled that seek opportunities abroad primarily for employment and economic reasons. Generally, it is recognized that current emigration to the United States, Canada and Europe is characterized primarily by highly skilled migration, whereas emigration to the Middle East is characterized by lower skilled migration.

### ***The Current Geography of Emigration***

The Ethiopian diaspora has emerged over the past three decades as a 'new' diaspora. Although less well established than historical diaspora groups, such as the Israeli or Indian case, the diaspora has been highly engaged in politics and developments in Ethiopia. The Ethiopian diaspora is a diverse group characterized by multiple ethnicities



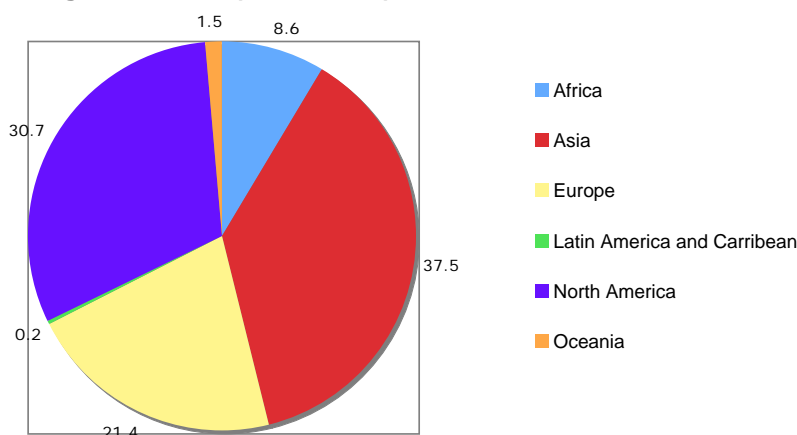
and fractions. This section will describe the current size and geography of the Ethiopian diaspora. It must be noted, that data is particularly scarce in the Ethiopian case and there is wide divergence from official statistics and estimates of the actual figures. This section will begin with by examining the available data on the Ethiopian diaspora from a variety of sources and then look more in depth at the Ethiopian diaspora in OECD countries. This will be followed by a more detailed account of the Ethiopian diaspora in the United States where it is heavily concentrated. Finally, the section will examine the Ethiopian diaspora in the Middle East and Israel.

### The Ethiopian Diaspora: A Global Overview

There is no official record of the size of the Ethiopian diaspora, but commonly cited estimates and figures used by the Government of Ethiopia are between one and two million Ethiopians living abroad. Ethiopia has a low emigration rate (at 0.4% of the population) when compared to other Sub-Saharan African countries, such as Nigeria at 0.8%, Kenya at 1.4%, or Ghana at 4.5% (UNDP, 2009). Simultaneously, however, due to the sheer size of the population, Ethiopia has one of the largest African diasporas abroad, particularly in the United States. The total number of African immigrants to the United States from 1946-1999 was 80,698 and of these immigrants, 37, 507 (46%) were Ethiopians (US Census, 1999).

Figure 2 shows the geographic distribution of the Ethiopian diaspora by Continent. Figure 2 illustrates that the largest concentration of Ethiopians living abroad is in Asia, followed by North America.

**Figure 2: Proportion of Ethiopia's International Migration Stocks Residing in the following Continent (2000-2002)**

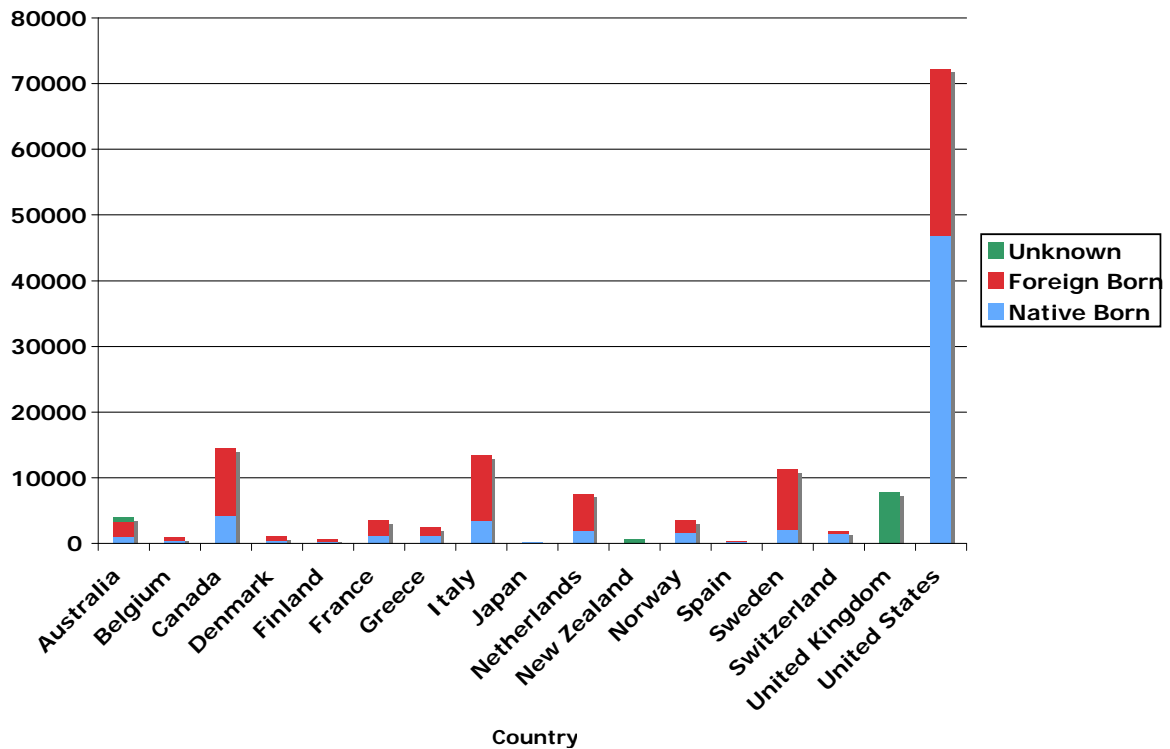


Source: World Bank, 2008.

The total estimated size of the Ethiopian diaspora in all OECD countries is 146,100. Figure 3 highlights the estimated size of the Ethiopian diaspora in OECD countries (OECD,

2005). The population sizes are determined primarily by country census data from 2000-2001.

**Figure 3: Legal Immigrants of Ethiopian Origin in OECD States**



Source: OECD, 2005

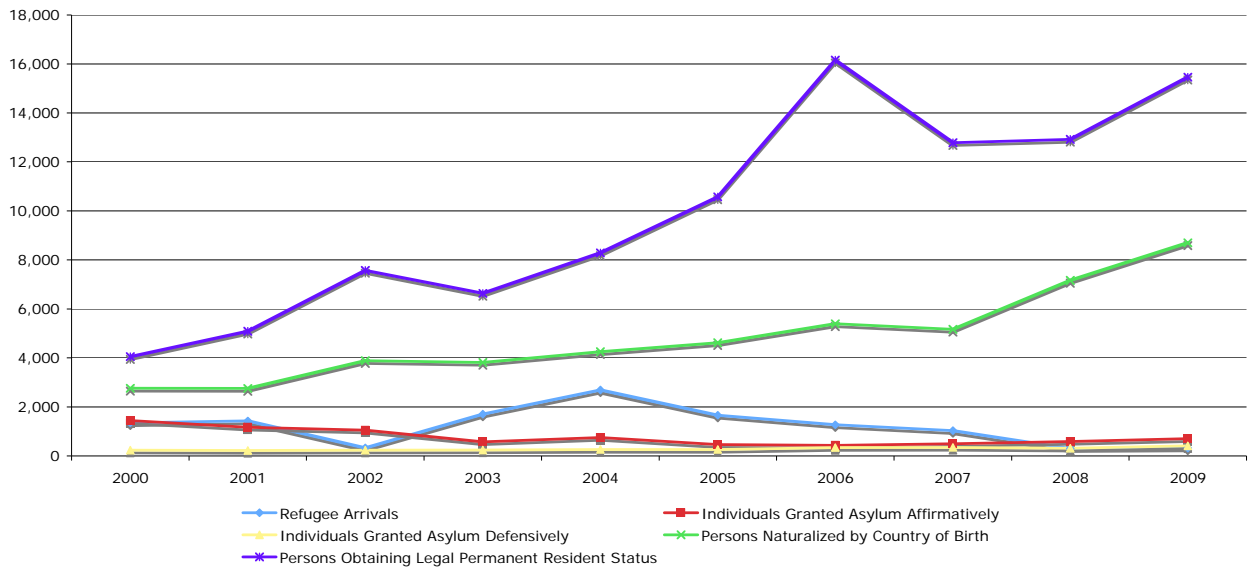
Figure 3 highlights that the Ethiopian diaspora is highly concentrated in the United States, followed by smaller numbers in Canada, Italy, Sweden, the United Kingdom, and the Netherlands. Due to the large concentration of the Ethiopian diaspora in the United States, the next section will look more in-depth at the Ethiopian population in the United States.

### The Ethiopian Diaspora in the United States

The United States has been a large recipient of African refugees throughout history. The number of people of Ethiopian origin (including first and subsequent generations) residing in the United States, according to the OECD, is 72,245. Other estimates of the Ethiopian population in the United States include 73,000 Ethiopian-born residents and 460,000 including second and subsequent generations (Lyons, 2007 from Solomon, 2007). These numbers pose a wide departure from the OECD numbers presented in Figure 3, which places the US Native born population at 46,920. According to the US 2000 Census the official number of legal residents born in Ethiopia was 69,530.

Figure 4 illustrates the immigration of Ethiopians to the United States from 2000-2009. It is evident from this graph that the number of Ethiopians receiving legal residency in the United States has continued to increase over this period from 4,053 in 2000 to 15,462 in 2009. The number of refugee arrivals has also decreased since 2004 from 2,689 to 321 in 2009.

**Figure 4: Ethiopian Immigration to the United States, 2000-2009**



Source: Homeland Security, Yearbook of Immigration Statistics, 2000-2010.

According to the 2000 Census in the United States (citing the Ethiopian Foreign Born population at 69,530) the population has a slightly larger male concentration at 51.2%. The majority of households were family households at 62.9% of the population. The majority of the population was not highly educated with 29.5% having a bachelors degree or higher. This indicates that the majority of the Ethiopian diaspora in the United States prior to 2000 are low-skilled refugees who most likely came to the United States through resettlement programmes. The United States has a long history of resettlement and according to the US Office of Refugee Resettlement, 35,144 Ethiopians were resettled in the US from 1983-2004 (Singer and Wilson, 2007). Ethiopian refugees are the tenth largest group to be resettled in the United States (Singer and Wilson, 2007).

### **The Ethiopian Diaspora: The Middle East and Israel**

There is less available information on the representation of the Ethiopian diaspora in Asia and the Middle East. According to the Global Migrant Origin Database the number of foreign born Ethiopians in the Middle East around 2000 included: 21, 992 in Saudi Arabia; 8,781 in Jordan, 3,363 in United Arab Emirates, 3,088 in Lebanon and 1,233 in

Yemen (Terrazas, 2007 from University of Sussex, 2003). This data is based on census data and only captures legal migrants. Estimates of the Ethiopian diaspora in other countries include: 90,000 in Saudi Arabia and 30,000 in Lebanon (Terrazas, 2007; Baldwin-Edwards, 2005). Research on Ethiopian female migration to the Middle East suggests that a high percentage of migration is illegal and undocumented (Kebebe, 2002). According to data collected by the Ministry of Labour and Social Affairs of Ethiopia for 1997 and 1998, males who were migrating legally did so to be drivers or work in factories, as labours, guards or waiters, and females migrated to be housemaids or nannies (Kebebe, 2002 from MOLSA).

Israel's Central Bureau of Statistics reported that the Ethiopia origin population was 105,500 in 2005 (Terrazas, 2007). During the famine in 1984-85, 8,000 Ethiopian Jews were airlifted from Sudan to Israel in 'Operation Moses'. 'Operation Solomon' succeeded Operation Moses in 1991 when 14,325 Ethiopian Jews were flown to Israel in a period of 36 hours. Ethiopian Jews have also come to Israel before, after, and between these missions on their own accord. There is now a small body of literature in Israel on the integration of Ethiopian Jews (see for example Ribner and Schindler, 1996; Lazin, 2000; Offer, 2004).

The Ethiopian diaspora is geographically spread and is well represented in Europe, North America, and the Middle East. It is rooted in a refugee population from original emigrations in the late 20<sup>th</sup> Century. Emigration from Ethiopia is continuing as the well educated seek to migrate to the West and the low skilled seek employment opportunities abroad. The size of the Ethiopian diaspora is growing and the Government of Ethiopia is working to engage this group to bring financial gains and capacity building to Ethiopia.

## **Institutions**

Ethiopia has a young history of diaspora engagement and many organizations have been established only recently (mainly being established in the last five to ten years) to better engage with and serve the diaspora living abroad. At the national governmental level, the Ministry of Foreign Affairs and the Ministry of Interior are the main ministries responsible for diaspora engagement. The Ministry of Labour and Social Affairs is not directly involved in diaspora engagement, but the Employment Service Promotion Directorate in the Ministry of Labour and Social Affairs is responsible to assist Ethiopian migrant workers abroad. At a regional level, there are branches of diaspora Coordinating Offices that also engage directly with the diaspora abroad. At an inter-institutional level, the Technical Committee of Federal Government Institutions on emigrant community provides co-ordination across the different levels of government on diaspora policy. Finally, the Ethiopian Investment Agency and the Development Bank of Ethiopia are financial institutions under the Ethiopian National Bank (ENB) that are involved in diaspora engagement.

### **Ministry of Foreign Affairs**

The Ministry of Foreign Affairs is responsible for the Ethiopian Expatriate Affairs General Directorate and the embassies and consulates that serve migrants abroad. Thus, Ethiopia does not have a specific Ministry that is charged with questions relating to emigration affairs, as is the case in Ghana and Nigeria, or a Ministry that is charged with multiple objectives, whereof one is emigrant communities, as is the case in Mali, Cape Verde, and Niger (ICMPD-IOM, 2010). The highest government body in Ethiopia dealing with emigration is a Sub-ministerial body under the Ministry of Foreign Affairs. This decision was made under the advice of an Indian advisor that suggested in the Indian experience it does not work to separate emigration affairs from the Ministry of Foreign Affairs. An example of this being that an Ethiopian diaspora member may need a visa to come to Ethiopia to engage in investment or development efforts if they do not have a Yellow Card, and thus, they need to deal directly with the Ministry of Foreign Affairs for the Visa. Therefore, it is more convenient if the individual only has to deal with one Ministry than having to deal with the Ministry of Foreign Affairs and an emigration Ministry. Having emigration affairs under the Ministry of Foreign Affairs is thus viewed as a positive measure to avoid overlapping problems between Ministries.

## **Ethiopian Expatriate Affairs General Directorate**

The Ethiopian Expatriate Affairs General Directorate was established in 2002 and charged with the task of fostering the relationship with migrant communities abroad and encouraging them to participate in activities in Ethiopia (ICMPD-IOM, 2010). According to the website of the Ministry of Foreign Affairs, the Ethiopian Expatriate Affairs General Directorate (EEA) has the objective to: (1) serve as a liaison between the different Ministries and Ethiopians abroad, (2) encourage the active involvement of Ethiopian expatriates in socio-economic activities of Ethiopia, (3) safeguard the rights and privileges of Ethiopians abroad and (4) mobilize the Ethiopian community abroad for sustained and organized image building. At the same time, the EEA focuses on disseminating information to the Ethiopian community abroad and keeping them informed of relevant development. In addition, the EEA conducts research to identify the challenges of the diaspora abroad so as to improve legislation that can allow them increased participation in nation building as well as ensuring the well being, safety, security, rights and privileges of the diaspora.

Specific initiatives of the EEA relating to emigrant communities include: the publication of an Information Booklet for Ethiopians and Foreign Nationals of Ethiopian Origin Living Abroad, publication of the *Ethiopian Investment Guide*, organization of the annual 'Ethiopia diaspora Day', support for the 2006 launch of the broadcast of Ethiopian television programs and information dissemination through Embassies and Consulates on Investment Opportunities and Financial Incentives in Ethiopia to Ethiopians abroad. These initiatives will be discussed in more detail in the policies section.

## **Embassies and Consulates**

Recently, Ethiopian Embassies and Consulates gained the role of endeavouring to increase the link between Ethiopia and its emigrant communities in main destination areas such as the United States and Europe (ICMPD-IOM, 2010). According to the Ministry of Foreign Affairs, matters specifically focused on Ethiopians abroad which are performed by the embassies and consulates include: forming links with Ethiopian expatriates, registration of Ethiopians abroad and the establishment of departments within missions with the key task of engaging the emigrant communities.

According to ICMPD-IOM (2010), the EEA has seven channels which with it reaches out to its diaspora abroad including: (1) the website of the Ethiopian Expatriate Affairs General Directorate<sup>1</sup>, (2) Visits of delegations and/or single representatives from the Ministry of Foreign Affairs to destination countries where main emigrant communities reside, (3) Ethiopian Embassies and Consulates Abroad, (4) Liaising with migrant

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<sup>1</sup> Access Available at: [http://www.mfa.gov.et/Ethiopians\\_Origin\\_Abroad/Ethiopia\\_Origin.php](http://www.mfa.gov.et/Ethiopians_Origin_Abroad/Ethiopia_Origin.php)

associations in destination countries, (5) emigrant communities knowledge networks, (6) media and (7) Internet Communication Technologies (ICTs).

By 2007, 13 embassies had established service desks dedicated to reaching out to the diaspora. The goal of these desks is to adapt the Ministry of Foreign Affairs' general plan on engagement of the diaspora to the specific local context, to provide updated information on Ethiopia, to organize research on the specific communities where they are working and to inform the diaspora about their rights and privileges set up by the government (Belai, 2007). As an example, the Ethiopian Embassy in Ottawa achieves this mission through hosting events to share information regarding diaspora policies such as the Millennium Bond, Foreign Currency Bank Accounts, and Investment Opportunities with diaspora members (personal communication, 2010). In Ottawa, the Embassy is also working with the Ethiopian Canadian Development Council to host a Forum to provide information on investment opportunities in Ethiopia (personal communication, 2010). This type of Forum is held annually in Washington, D.C., as an effort to attract investment in Ethiopia. In addition, these offices assist diaspora members in establishing their businesses in Ethiopia by writing them a letter of support to receive the investment opportunities in Ethiopia. For instance, the Embassy in Ottawa has assisted in the establishment of approximately 150-200 businesses in Ethiopia over the past four years (personal communication, 2010). Finally, these offices have a central role in recruiting people for the MidEth temporary return programme that seeks to build knowledge transfer and capacity building in Ethiopia<sup>2</sup>. These offices manage a list of available positions and seek to recruit skilled people to work temporarily in Ethiopia to assist in developing the country.

### **The Diaspora Coordinating Office of the Ministry of Interior**

The Ministry of Interior established the diaspora Coordinating Office in 2005. According to the diaspora Coordinating Office, their vision is to fully mobilize and utilize diaspora resources and facilitate optimal brain gain and capacity building for poverty alleviation. At the same time, they are charged with mobilizing and coordinating support from overseas, organization and individuals for transferring knowledge and technology to bring a meaningful and sizable impact to the economic development of Ethiopia. The diaspora Coordinating Office cites a specific list of five objectives:

- 1. Advocate for mobilize and link Ethiopia professionals globally for increased opportunities for brain gain.*
- 2. Promote collaboration between aspiring professional trainees in the diaspora and professionals and institutions in the country to strengthen partnership for experience, knowledge and skills transfer.*

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<sup>2</sup> This programme is further described in the Policy section of the paper.

3. *Ensure compilation and maintenance of up-to-date and holistic data on qualified human resource needs of institutions in the country as well as data on available professional and technical resource within the diaspora and friends of Ethiopia communities.*

4. *Facilitate increased coordination and challenging of available intellectual and technical resources from the Ethiopian diaspora and from friends of Ethiopian to contribute to institutional capacity building.*

5. *Assist institutions locally to improve their efficiency in accessing and utilizing diasporas' intellectual and technical resources to meet their developmental goals.*

The diaspora Coordinating Office also explicitly states an expected role of diaspora members in developing the country of origin. The expected roles of diaspora members are as follows:

- *The diaspora can engage in capacity building efforts of Ethiopia that aims at improving the effectiveness of all sectors like health sector to network health institutions, notable physicians and individuals for transfer of knowledge, for bridging humanitarian assistance that will improve the quality of life for the neediest people of Ethiopian.*
- *The diaspora can help the Ethiopian education sector by mobilizing and coordinating support from overseas organizations and individuals to equip all Ethiopian School suppliers such as books and computers as well as facilitating the establishment of "Sister" relationship programs with the various school districts around the world.*
- *The diaspora can assist the transfer of knowledge by coordination and facilitating the transfer of skill and knowledge of Expatriates and friends of Ethiopia, and to identify and introduce practical processes, procedures and international standards that will improve the Ethiopian public, business and social sectors, efficiency and effectiveness.*
- *The diaspora is well placed to develop the Ethiopian industry by coordinating and facilitating the introduction of knowledge intensive industries, more foreign direct investment and help local companies gain international market network.*
- *The diaspora can help by developing a software for strengthening governance at all levels the diaspora can have immense contribution to strengthen the capacity of the communities their representative institutions and intermediary organizations to participate, in a positive and constructive manner, in the decision making process.*
- *diaspora can support the Ethiopian Agriculture by assisting and supporting the introduction of all technical projects that permanently eliminate poverty in Ethiopia.*

The Diaspora Coordinating Office of the Ministry of Interior uses the main outreach channels of emigrant communities' knowledge networks and the website of the IOM MIDEth Programme<sup>3</sup> to disseminate information on their activities. They also use the embassies and consulates abroad to further circulate information. Specific initiatives relating to emigrant communities funded by the Diaspora Coordinating Office include: needs assessments within the Ethiopian priority sectors and coordination and financing of Temporary Voluntary return Programmes of Highly Skilled Ethiopians abroad.

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<sup>3</sup> This programme is further described in the Policy section of the paper.



### **The Employment Service Protection Directorate of the Ministry of Labour and Social Affairs**

Although not directly involved in diaspora engagement, the Employment Service Protection Directorate of the Ministry of Labour and Social Affairs plays an important role in the emigration of Ethiopian migrant workers. This unit is responsible to assist in the protection of Ethiopian migrant workers abroad, to assist Ethiopians in accessing employment locally and abroad, to formulate policies to protect the rights of migrant workers and to facilitate legal migration (ICMPD-IOM, 2010). The Employment Service Directorate has been less active in implementing policies and programmes than the EEA or diaspora Coordinating Office, but continues to play an important part in the protection of migrant workers rights.

### **The Diaspora Coordinating Offices at Regional Government Level**

There is a Diaspora Coordinating Office at not only the national governmental level but also at the regional level. To decentralize the implementation of the national policies, diaspora Coordinating Offices have been set up in each of Ethiopia's 9 regional states and 2 administrative districts. These offices provide services such as: facilitating the provision of services to Ethiopians abroad and providing guidelines for the provision of land for building a house, or for regional investment. The regional offices also have the authority to open emigrant community desks in major towns and districts in each region and establish databases regarding development projects to supply Ethiopians abroad with information of regional activities.

### **Technical Committee- Inter-Institutional**

A Technical Committee of Federal Government Institutions on emigrant community issues was established 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). The technical committee is chaired by the State Minister of Foreign Affairs, and is composed of department heads of the following national institutions (Hussen, 2010): Ministry of Foreign Affairs, Ministry of Trade and Industry, Ministry of Culture and Tourism, Ministry of Labour and Social Affairs, Revenue and Customs Authority, Department of Immigration and the National Bank of Ethiopia. This committee meets monthly to review what each institution is doing and how it should be followed up. The main reason for the committee is to make sure that efficient and effective services are being offered to Ethiopians abroad in line with each institution's annual plan (Husse, 2010).

### **The Ethiopian Investment Agency (EIA)**

The Ethiopian Investment Agency (EIA) handles all foreign investments, offers both pre and post-investment services to investors and is a liaison with other relevant agencies. The EIA is part of the Ministry of Trade and Industry (ICMPD-IOM, 2010). The EIA have also created a special department for addressing problems encountered by investors. The EIA have emerged as an all encompassing support system that ensures all practical aspects are taken care of for investments, from making sure permits and licenses are obtained to helping get access to electricity and water (Belai, 2007).

### **The Development Bank of Ethiopia**

The Development Bank of Ethiopia (DBE), which is overseen by the National Bank of Ethiopia (NBE), supplies financial support for local development projects. The DBE helps to facilitate access to credit for the diaspora. The DBE have been putting into place policies to help give faster access to loans for diaspora members. In an effort to attract more investment from the diaspora, a public relations office to market the DBE and services has been recently established.

## Policies

This section will examine the ways in which the newly established institutions of the Ethiopian government, as detailed in the previous section, have worked to engage the diaspora through the development of specific policies. As detailed in the previous sections of this paper, the Ethiopian diaspora is a 'new' diaspora and accordingly, the diaspora engagement policies of the Ethiopia Government are still in their early stages. The Government of Ethiopia has formally acknowledged the importance of the diaspora and the valuable contribution that Ethiopians abroad can make to the country's development. This recognition has led to the decision to create a single diaspora policy that will span all governmental institutions and levels. This policy has yet to be finalized, but is expected to provide a unifying approach to diaspora engagement across the different Ministries and governmental levels. In the formulation of this policy, the Ethiopian Government hired advisors from India to assist them in understanding the Indian case as a model. As the official diaspora policy is still under development, this section will focus on other diaspora focused policies that have been implemented in the last decade.

The policies in this section have been divided into three categories based on Gamlen's (2006) typology for three types of Government engagement policy. The first type is capacity building policies, which generally have two aims: (1) to produce a state-centric 'transnational national society', and (2) to develop a set of corresponding state institutions (p. 6). These policies aim to create a communal belonging among expatriate members. Capacity building policies include: programmes to teach national language and history amongst the diaspora populations, state held conferences and conventions and the promotion of national symbols to stimulate common identity. Institutional building policies have a further objective to 'govern' diaspora populations. Institutional building policies generally begin with steps to monitor the diaspora population. Specific institutional building policies include: establishing consular and consultative policies, building transnational networks, monitoring efforts, establishing a dedicated bureaucracy, and establishing a ministerial level agency dedicated to the diaspora.

The second type of diaspora engagement policy in Gamlen's typology is extending rights to the diaspora. This includes the political incorporation of the diaspora and establishing specific civil and social rights for the diaspora. Policies that extend political incorporation rights include: dual nationality, special membership concessions, embassy voting, postal voting, parliamentary representation, and the ability to run for office. Policies that extend civil and social rights include: welfare protection and tourism services.

The final type of diaspora engagement policy is extracting obligations from the diaspora group. This includes both investment policies and lobby promotion. Specific investment policies include: mandatory payments to the government, the establishment of special economic zones, remittances and FDI capture, and knowledge transfer programmes. Lobby promotion occurs when the home states 'seek the help of expatriate 'lobbyists'' to promote involvement, investment, and relationships with corporate actors (Gamlen, 2006, p. 18).

The Government of Ethiopia has been active in implementing legislation and policies to engage the diaspora at all three of these levels incorporating capacity building, extending rights, and extracting obligations. Under the category of capacity building, the Government of Ethiopia has worked on information dissemination tools such as the diaspora Day in Addis Ababa. In the extending rights category, the Government of Ethiopia has implemented a 'Yellow Card' that provides non-residents rights in Ethiopia. The Government of Ethiopia has been most active in implementing policies in the category of extracting obligations. These policies include: provisions for remittances, foreign currency bank accounts, a diaspora bond, investment and import incentives, and knowledge transfer programmes. This section will discuss each of these policies in more detail.

### ***Capacity Building***

In the category of capacity building, the Government of Ethiopia has focused on information dissemination through government publications, embassies and consulates (as detailed in the previous section of this paper) and the support for satellite broadcasting of Ethiopian television. The Government of Ethiopia also sponsors the Ethiopian Day in Addis Ababa. This section will describe these efforts in more detail.

### **Information Dissemination and the Ethiopian Diaspora Day**

In 2009, the Ministry of Expatriate Affairs hosted the first 'Ethiopian Diaspora Day' in Addis Ababa. The day occurred during the holiday period in 2009 when many members of the diaspora were returning to Ethiopia. The Government established the day to create linkages with the diaspora and to inform the diaspora of the government's current initiatives for diaspora investment opportunities and other policies. The objective of the Ethiopian Government is to continue the diaspora Day in Addis Ababa and to expand it to other countries. The day is not as established as the diaspora conferences and conventions in countries such as India or Lebanon, but provides a strong example of the Government of Ethiopia working to create ties with the transnational Ethiopians.

The government of Ethiopia has also sought to disseminate information to the diaspora through brochures and satellite television. The Government has produced an

information booklet for Ethiopians and Foreign Nationals of Ethiopian Origin Living Abroad and an Ethiopian Investment Guide (ICMPD-IOM, 2010). The office of the Ethiopian Expatriate Affairs also played a role in the launch of the Ethiopian Television (ETV) to satellite in 2006 (ICMPD-IOM, 2010). This was the first time Ethiopian Television was available around the world.

### ***Extending Rights***

The Government of Ethiopia has been more active in the area of extending rights to the Ethiopian diaspora than in the area of capacity building. Policies under the category of extending rights include the Ethiopian Origin Identity Card as an alternative to dual citizenship and specific rights and privileges established for returnees.

### **Ethiopian Origin Identity Card (Yellow Card)**

The Ethiopian Origin Identity Card, which is most commonly referred to as the 'Yellow Card', was established as a way to provide formal rights to diaspora members. Ethiopia does not allow for dual citizenship, therefore, for diaspora members to naturalize abroad they must give up their Ethiopian citizenship. This policy is fairly common among African countries. The reason for not permitting dual citizenship in Ethiopia is stated by the government as "*granting dual nationality is considered problematic due to issues concerning border populations*" (Hussen, 2010). This refers to the concern that individuals of border populations to Ethiopia may claim Ethiopian citizenship in addition to their existing citizenship (Belai, 2007). This situation could present security concerns as Ethiopia currently has sensitive relationships with its border countries of Eritrea and Somalia. In addition, the notion of the Yellow Card was an easier political sell than the granting of dual citizenship. The approach to offer an identity card that does not grant dual citizenship is modelled from the India case with the Overseas Citizenship of India scheme wherein expatriates are given status, but not dual citizenship (Vezzoli, 2010).

The Yellow Card has been described as allowing for all the rights of citizenship, except the right to vote. Box 1 presents the rights and obligations of the Ethiopian Origin Identity Card. The Card has two exceptions; the first is that the holder of the card does not have the right to vote or be elected into public office. The second is that the holder of the card does not have the right to work for the National Defence, Security, Foreign Affairs, or other similar establishment on a regular basis.

This card can be obtained from any Ethiopian Consulate to eligible individuals for a fee of US \$500. An initial card is valid for five years and requires renewing every two years thereafter for a fee of US \$200. In 2010 the Government of Ethiopia estimated that approximately 21,000 Yellow Cards had been granted. This was below expectations and

through consultations with the diaspora; the Government came to the conclusion that the fee was a large barrier for diaspora members in applying for the card.

**Box 1: Rights and Privileges of the Ethiopian Origin Identification Card, Proclamation 270/ 2002**

The holder of the Identification Card of foreign national of Ethiopian origin shall enjoy the following rights and privileges:

- 1) He shall not be required to have an entry visa or residence permit to live in Ethiopia;
- 2) Without prejudice to Article 6(2) of this Proclamation, he shall have the right to be employed in Ethiopia without a work permit;
- 3) He shall not be subjected to the exclusion that applies to foreign nationals regarding coverage of pension scheme under the relevant pension law;
- 4) Without prejudice to Article 40(3) of the Constitution, the provisions of the Articles 390-393 of the Civil Code shall not apply to the persons of Ethiopian origin holding the Identification Card;
- 5) He shall have the right to be considered as domestic investor to invest in Ethiopia under Investment law.
- 6) Restrictions imposed on foreign nationals regarding the utilization of Economic, Social and Administrative Services shall not be applicable to foreign national of Ethiopian origin holding the Identification Card.

The card presents an interesting case of extending rights to the degree that it is beneficial for the Ethiopia government. The card allows for increased investment and business to take place in Ethiopia, but does not permit the cardholders to officially engage in the democratic process and politics of the country.

**Return Incentives**

In 2003 the Council of Ministers passed *the revised Regulation on the importation of goods on Franco-Valuta basis Council of Ministers Regulation No. 88/2003*. This Regulation permitted individuals returning to Ethiopia permanently to import their personal and household effects 100% duty free. In July 2006, the provision was lifted as the government suspected that vehicles were being signed over to third parties without paying duty, which violated the law (Mekuria, 2006). The lifting was revised so that all vehicles that were stranded at ports could be brought to Ethiopia until October 2006 (Mekuria, 2006). This incentive is thus no longer in effect (Embassy of Ethiopia Washington, 2010). In addition, in 2003, to encourage return migration returnees were also granted a piece of land upon their return. This policy become highly opposed by local Ethiopians as the majority of returnees come to Addis Ababa where land is scarce. This provision was also quickly lifted.

### ***Extracting Obligations***

The Government of Ethiopia has been most active in implementing policies that Gamlen (2006) would categorize as extracting obligations. This is intuitive as the primary objective of the Ethiopian Governments policy is to encourage the diaspora to assist in the development of Ethiopia. The Ethiopian Government has thus implemented five key policies in this area. The first is to make investment and imports to Ethiopia more accessible to diaspora members by permitting them the same investment rights as a national. The second is to allow diaspora members to hold foreign currency bank accounts so as to attract foreign capital flows to Ethiopia. The third is a remittance services policy established in an effort to make sending remittances through official channels more attractive. The fourth is a diaspora Bond created to generate capital for the state electrical company. The final key policy in this area is the Transfer of Skills and Knowledge programme that is run in partnership with the IOM and UNDP and focuses on knowledge transfer and capacity building of diaspora members in Ethiopia through temporary return programmes.

### **Investment and Import Incentives**

One of the first initiatives of the Ethiopian Expatriate Affairs Department was to make investment in Ethiopia more attractive to the diaspora. In 2002, the *Investment Proclamation No. 280/2002* defined a Domestic Investor to be inclusive of foreign nationals who are Ethiopian by birth. This allows the members of the diaspora to be treated as domestic investors, who have significantly different rights than foreign investors in Ethiopia. For instance, foreign investors must invest a minimum of US \$100,000 in a single project, or if a foreign investor has a domestic partner the foreign investor must invest US \$60,000 in a single project. For a domestic investor there is no minimum amount required for investing.

In 2003 the Council of Ministers passed the *Investment Incentives and Investment Areas Reserved for Domestic Investors Council of Ministers Regulations No.84/2003*, which provides further details as to the rights of domestic investors. These incentives include: custom import duty exemptions and income tax holidays. This regulation also provides details on specific industries that are only open to investment by domestic investors (see full list of industries in Appendix 3).

The Customs Duty Exemptions include the ability to import 100% duty free “Capital goods and construction materials necessary for the establishment of a new enterprise or for the expansion or upgrading of an existing enterprise”. In addition, one can import spare parts 100% duty free whose value is not greater than 15% of the total value of the capital goods. A domestic investor is also permitted to import a vehicle duty free

subject to approval. However, any domestic investor can import ambulances or buses for tour service operations duty free. Appendix 4 provides an overview of the Income Tax Exemptions listed in the Protocol. The level of exemption is dependent on the industry of investment, the region or location of the investment, and the amount of product for export.

The amendments in investment protocol have made access to investing in Ethiopia significantly more accessible for diaspora members. According to Chacko and Gebre (2009), approximately 10% of domestic investment in the last decade has been from diaspora members and 90% of this investment is in Addis Ababa. This suggests that this policy is successful in attracting diaspora investment.

### **Foreign Currency Bank Accounts**

In 2004, The Government of Ethiopia established *Directive No. FXD/31/2006 on the Establishment and Operation of Foreign Currency Bank Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin*. The objective of this directive was to encourage investment from the diaspora and to “support the international foreign exchange reserve and ease the balance of payments problem of the country” (Directive *FXD/31/2006*).

Foreigners are allowed to open three types of accounts. The first is a *Fixed (time deposit)* account. This account takes the form of a deposit certificate, issued in the name of the depositor. The maturity period of the deposit can vary based on agreements with the bank; however, the minimum maturity period is three months. The minimum deposit required to open this account is USD 5,000. An individual is also allowed to open multiple *fixed* accounts at different banks. The second type of account is a *current account*. A current account acts in the same fashion as a regular bank account wherein deposits or withdrawals can be made at any time. The minimum deposit to open this type of account is USD 100 and an individual can only open one *current account* at one bank. The third type of account is a *non-repatriable Birr account*. This account takes the form of a savings deposit that can only be used for the purpose of local payments. The interest on this account is double the interest of the minimum savings deposit rate set by the National Bank of Ethiopia.

The maximum deposit that can be made in any of the above accounts is US \$50,000. Initially, the maximum amount was US \$5,000, but this was changed in 2006 to allow for further investment. The amount is capped as there is concern that a sudden large withdrawal of foreign currency could upset the national balance of payments (Belai, 2007).

Further, the Directive established that banks must keep foreign accounts in three currencies: the US Dollar, sterling pound, and the euro. Banks have the option to offer



foreign accounts in the additional following currencies: Canadian Dollar, Saudi Riyal, Japanese Yen, Australian Dollar and UAE Dirham.

These accounts are intended as an incentive for investment from the diaspora. The interest earned on all foreign currency bank accounts is tax-free. The funds in a *fixed account* can also be used for collateral to obtain credit from local banks for investment in Ethiopia. According to Teshome (2009), by 2009 approximately 1,000 foreign currency bank accounts had been opened in Ethiopia. This was considered by the government to be a low number and was attributed to a lack of interest and the fact that many Ethiopians are engaged in casual employment abroad and are only able to provide small remittances.

### **Provisions for International Remittance Services (Directive No. FXD/30/2006)**

Although Ethiopia has a low emigration rate, remittances are significant to the economy as they account for a large share of foreign capital flows (Reinhart, 2006). According to the UNDP, remittances accounted for 2.0% of GDP in 2007, totalling US \$359 million (2009). This translates to a per capita amount of US \$4 per person, which is low compared to the Sub-Saharan Africa average of US \$26 per person (UNDP, 2009). Unofficial flows, however, are not included in this number and could account for up to 50-60% more. Research has indicated that remittances are an important source of income, in particular for urban households. The Ethiopia Urban Household Panel Data (conducted in 7 cities with approximately 1500 households) indicates that in 1997, remittances (from domestic and international sources) accounted for an average of 22% of household's total income (Bigsten, Kronlid, and Makonnen, 2005). It is increasingly evident that remittances play an important part in the Ethiopian economy.

In 2006, the Government of Ethiopia passed *Directive No. FDX/30/2003 Provisions for International Remittance Services*. According to Belai (2007) this directive was established in response to the government's recognition that the majority of remittances were sent through informal channels. As a result, the National Bank of Ethiopia conducted a study to assess the reasons behind Ethiopian diaspora member's remittance channel choice. The results of the study showed that the main concerns with official channels were high commission charges, delays in payments, and inflexibility regarding the agents that can be utilized (Belai, 2007).

The goals of the Directive are (National Bank of Ethiopia, 2009):

- *“To improve the operations of the formal remittance service in Ethiopia*
- *To reduce the costs of remittance transfer system in Ethiopia*
- *To increase access of international remittance service for Nationals and make the service reliable, fast and safe.”*

The Directive establishes regulations around rates and remittance service providers. Rates of different providers (for sending remittances to the National Bank of Ethiopia) are available on the website of the National Bank of Ethiopia. At the time of writing, the NBE provided the rates of eight different banks operating in Ethiopia with a list of the official Remittance Service Providers (RSPs) available at that bank and their fees. For example, Wegagen Bank has 12 RSPs available at the bank and the list provides the fee for transfer per the dollar amounts (NBE, 2010). This service provides transparency with regard to fees and allows an individual to calculate and assess the least expensive RSP. These larger banks with official RSPs work in collaboration with Local Commercial Banks (NBE, 2010).

### **Diaspora Bond**

In 2008 Ethiopia was the second country in sub-Saharan Africa to issue a diaspora bond (Ghana issued the Global Jubilee Savings Bond earlier the same year). A Diaspora Bond can be defined as “*a debt instrument issued by a country – or potentially, a sub-sovereign entity or a private corporation – to raise financing from its overseas diaspora*” (Ketkar and Ratha, 2007). The diaspora Bond was issued by the state-owned power utility company Ethiopian Electric Power Corporation (EPPCO) (Negash, 2009). The bond is known as the Millennium Bond and is a corporate bond underwritten by the Commercial Bank of Ethiopia (Ethiopian Embassy UK, 2009). The minimum amount is US \$500, and the interest rates are 4%, 4.5 % and 5% for five, seven, and ten years maturity (Ethiopian Embassy UK). The bonds are tax-free in Ethiopia, and interest is paid annually. The bond can also be used as collateral for borrowing from local banks in local currency.

Diaspora Bonds present another avenue to attract foreign investment in the country of origin. A key benefit of Diaspora Bonds is that they are rooted in patriotism and as such when a country destabilizes the investments are more likely to remain (Ketkar and Ratha, 2007). As an example, the purchases of diaspora Bonds in Israel rose during the six-day war (Ketkar and Ratha, 2007). Ketkar and Ratha (2009) suggest that preliminary evidence indicates that Sub-Saharan African countries could raise US \$5-10 billion from issuing diaspora Bonds. In particular, Ratha and Ketkar (2009) suggest that Ethiopia has the potential to raise US \$1.6 billion from diaspora Bonds. By June 2009, the Millennium Bond had raised US \$200,000, which was less than expected (Terrazas, 2010).

### **Transfer of Knowledge and Skills**

The International Organisation for Migration (IOM), in cooperation with the diaspora Coordinating Office of the Ministry of Interior, administers the Migration for Development in Ethiopia programme (ICMPD & IOM, 2010). The Migration for Development in Ethiopia

(MidEth) programme is an Ethiopia specific programme of the larger IOM initiative Migration for Development in Africa (MIDA). The programme offers several components including the transfer of knowledge and technology programme. The objective of the transfer of knowledge and technology programme is for skilled members of the diaspora to temporarily return to Ethiopia for a period, preferably, of six months or more to provide support to Ministries and public institutions (ICMPD-IOM, 2010). The programme was established to address critical skill gaps currently occurring in Ethiopia (personal communication, 2010).

The programme is coordinated by Ethiopian Embassy's who recruit members of the diaspora, by the Ministry of Interior who assesses needs for skilled workers in Ethiopia and the IOM in Ethiopia who coordinates the linkages and logistics. A key focus of this programme is Universities in Ethiopia who are seeking skilled professionals and lists of positions are available on Embassy websites. The Ministry of Interior partially funds the programme by paying for the flight and housing costs of temporary returnees (ICMPD-IOM, 2010). The United Nations Development Programme (UNDP) funds the other aspects of the programme including the IOM coordination activities and paying the diaspora member a top-up of a maximum of US \$300 per month.

A key success of this programme often cited by the Government of Ethiopia is the relationship with the Ethiopian North American Health Professionals Association (ENAHPA). Established in 1999, ENAHPA is a network of diaspora and non-diaspora volunteers dedicated to improving the health situation in Ethiopia. Each year, via the MidEth programme, ENAHPA sends health professional to Ethiopia to do training, lectures, and workshops with doctors, nurses, and other medical professionals. ENAHPA organizes the health professionals to participate, their flights are funded by the IOM, and the Government of Ethiopia approves their mission. The participation in the MidEth programme is only one of ENAHPAs several projects in Ethiopia, however, their participation in the MidEth programme has led to capacity building and knowledge transfer amongst Health Professionals.

## **Debates on the Role of Emigrants**

The role of emigrants in a society can be very controversial, particularly as migration increases. Emigration from Ethiopia for mixed purposes appears to be on the rise and can be viewed as a more of a current topic of debate than a historical topic of debate. This section will describe how emigration has been viewed both historically and currently in Ethiopia.

### ***History***

Historically it appears that there was little debate regarding emigration from Ethiopia. This is primarily due to the fact that emigration levels were low prior to the Revolution. During the revolution, the terror that occurred in Ethiopia is widely recognized and people were forced to flee. It is the 'lucky ones' that were considered able to make it to North America and Europe. People were not faulted for being able to migrate and emigration was viewed as a necessity.

### ***Current***

Current debates regarding emigration in Ethiopia are centred on brain drain, trafficking, and diaspora engagement. Brain drain continues to be a large problem as professionals can earn higher salaries outside of Ethiopia. Medical brain drain is now occurring to Botswana, South Africa, and the Middle East. One approximation states that a doctor earns US \$200 per month in Ethiopia versus US \$1050 per month in Botswana (personal communication, 2010). In addition, the Government of Botswana recruits for doctors in Ethiopian newspapers. It is estimated that there are now more than 100 Ethiopian doctors in Botswana, which is quite high considering there is estimated to be only 900 doctors in all of Ethiopia. The issue of South-South cooperation for migration and brain drain is a large concern as individuals seek to migrate to better-off African countries.

Trafficking has become a key issue in Ethiopia. Although official numbers do not exist, trafficking of woman and children to the Middle East is thought to be a significant emigration flow at present. The IOM in Addis Ababa estimated that there were approximately 130,000 women working in the Middle East as domestic workers or prostitutes. The top destinations are Lebanon, Saudi Arabia, the Emirates, and Yemen. The women generally leave Ethiopia voluntarily, but are given misinformation regarding the positions and working conditions for which they are migrating. The conditions of Ethiopian women working as domestic workers in the Middle East are described as "inhumane working conditions, physical and sexual maltreatment, and denial of basic freedoms"

(Anbesse et al., 2009, p. 560). Women described situations as having their passports taken away so they cannot leave, being expected to work 24 hours per day, and not being able to have contact with other Ethiopians.

The issue of female migration to the Middle East has seen increasing attention as women return with severe Post-Traumatic Stress Disorder and abuse. The study conducted by Anbesse et al. (2009) on returnees from the Middle East to Ethiopia arose due to the observations of the number of return migrants seeking professional psychiatric help. Anbesse et al. (2009) described how the conditions in the Middle East led to 'social defeat' of the migrant women. From 1999-2005 the Quarantine Office of the Addis Ababa International Airport reported 129 female bodies returned from Jeddah, Dubai, and Beirut (IOM). In all cases the cause of death was determined to be suicide (IOM). The high number of returnees also led to the UNDP to fund a Dutch NGO to establish the *socio-economic Reintegration for Illegally Trafficked Ethiopian Women and Returnees from the Middle East* programme. This programme aims to provide intensive support to 300 deportees including group counselling, and the provision of shelter and boarding for the most vulnerable women (Migration for Development, 2010).

Finally, the role of the diaspora and return migrants in Ethiopia is becoming an increasing discussion point. In Addis Ababa, there is increasing evidence of diaspora investment in local businesses, such as western style restaurants and shops. The influence of the west is increasing in Ethiopia and there is debate as to if this is a positive or a negative contribution.

Return migration incentives were an issue of debate in Ethiopia as return migrants briefly received preferential treatment over locals in certain areas. Return migrants often receive mixed reception when they return, as there can be resentment from those who could have migrated but chose to stay. In Ethiopia, the provision of land to returnees provided some resentment. Land is particularly scarce in Addis Ababa, which is also the primary destination for returnees. The debate on this issue is a key reason that land is no longer provided to returnees to Addis Ababa.

It can be assumed that as emigration continues to increase from Ethiopia emigration will become the topic of further debate. The issues of the brain drain, remittances, trafficking, diaspora engagement, and return migration all have great consequences for the development of Ethiopia and the potential to cause both positive and negative effects.

## Conclusion

Ethiopia presents an interesting case for diaspora engagement policies as it has a low emigration rate compared to other Sub-Saharan Africa countries, and a relatively small diaspora as compared to countries such as India, China, Turkey or Morocco. Simultaneously, however, Ethiopia has been one of the most active countries in Africa in the area of diaspora engagement and has invested significant resources into developing institutions and policies to engage and attract the diaspora over the past decade. This paper is thus timely in that it provides the first comprehensive overview of these policies, which can be compared to the other established countries of migration diaspora engagement policies.

In the case of Ethiopia, as the policies were developed quite recently, the Government has had the opportunity to learn from the experiences of other countries. In developing their policies, the Government of Ethiopia hired a consultant from India and modelled their engagement strategy off the case of India. This appears a natural decision, as Ethiopia and India have developed many partnerships over the past decade in other areas, such as education and investments. Key decisions of the Ethiopian Government, such as to not have a Ministerial body devoted to emigration, to institute the Yellow Card, and to implement a Diaspora Bond, are taken from the advice and model of the Indian case.

The institutional and policy approach taken from the Ethiopian government can be seen as including capacity building, extending rights, and extracting obligations. The Government of Ethiopia recognizes that a partnership needs to be built with the diaspora to benefit both parties and has granted significant rights and privileges to the diaspora. In exchange, the government has encouraged the diaspora to invest in the country both financially and through knowledge exchange to assist in developing the country and improving its fiscal situation. It appears that the policies have resulted in increased diaspora businesses and investment in Ethiopia, although this has not occurred to the degree of initial expectations. One challenge is that the Ethiopian diaspora is primarily comprised of low skilled refugee populations that may not have the resources to invest in the country.

Ethiopia is continuing to establish and build upon its diaspora policy. The Government is working to finalize a comprehensive diaspora policy that is expected to be implemented in the near future. The Government of Ethiopia is also working to encourage further South-South cooperation in the area of diaspora policy. The Government of Ethiopia hosted the Government of Uganda in Addis Ababa to share with them their experiences in implementing the diaspora policies. In addition, the Government of Ethiopia would like to see cooperation with countries such as Botswana and South Africa on issues

of emigration and brain drain as the Ethiopian diaspora population increases in these African countries. Ethiopia is working to establish further partnerships and relationships with the diaspora and continues to encourage investment in Ethiopia.

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## **Appendix 1: List of Relevant Legislation**

Rights and Privileges of the Ethiopian Origin Identification Card, Proclamation 270/ 2002

The revised Regulation on the importation of goods on franco- Valuta basis Council of Ministers Regulation No 88/2003

Incentives and Investment Areas Reserved for Domestic Investors Council of Ministers Regulations No.84/2003

Investment Proclamation No. 280/2002

Directive No. FXD/31/2006 on the Establishment and Operation of Foreign Currency Bank Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin.

Directive No. FDX/30/2003 Provisions for International Remittance Services.

## Appendix 2: List of Government Agencies Related to Emigration

| Agency                                   | Ministry                              | Website  |
|--|---------------------------------------|--|
| Ethiopian Expatriate Affairs             | Ministry of Foreign Affairs           | <a href="http://www.mfa.gov.et/Ethiopians_Origin_Abroad">www.mfa.gov.et/Ethiopians_Origin_Abroad</a> |
| diaspora Coordinating Office             | Ministry of Interior                  | <a href="http://www.mcb.gov.et/news_show.asp?id=76">http://www.mcb.gov.et/news_show.asp?id=76</a>    |
| Employment Service Promotion Directorate | Ministry of Labour and Social Affairs | <a href="http://www.molsa.gov.et/">http://www.molsa.gov.et/</a>                                      |
| The Ethiopian Investment Agency (EIA)    | Ministry of Trade and Industry        | <a href="http://www.ethiomarket.com/eic/">http://www.ethiomarket.com/eic/</a>                        |

### Appendix 3: Summary of Income Tax Exemptions of Protocol No. 84/2003

| Conditions for Profit Tax Eligibility  | Profit tax exemption (years) | Profit Tax exemption for investments made in underdeveloped regions (years) |
|--|------------------------------|---|
| <b>An investor engaged in a new manufacturing or agro-industry activity:</b>   |                              |   |
| If he exports at least 50% of its products   | 5                            | 6   |
| If he supplies at least 75% of its products, to an investor, as an input for the production of export items                  | 5                            | 6   |
| If it exports less than 50% of its products  | 2                            | 3   |
| If the project is evaluated under a special circumstance by the BOI  | up to 7                      | up to 8   |
| If the production is for the local market  | 2                            | 3   |
| If the production mentioned above in (c) is considered by the BOI to be a special one  | 5                            | 6   |
| <b>Expansion or upgrading of the above projects:</b>   |                              |   |
| If the expansion or upgrading increases the existing production by 25%, in value and 50% of the production is to be exported | 2                            | 3   |

Source: Ethiopian Business Development Services Network, 2010

## **Appendix 4: Areas of Investment Reserved for Domestic Investors (Council of Ministers Regulation No. 84/ 2003)**

### **1. The following areas are exclusively reserved for domestic investors:**

1. Retail trade and brokerage;
2. Wholesale trade (excluding supply of petroleum and its by-products as well as wholesale by foreign investors of their products locally produced);
3. Import trade (excluding LPG, bitumen and upon approval from the Council of Ministers, material inputs for export products);
4. Export trade of raw coffee, chat, oil seeds, pulses, hides and skins bought from the market and live sheep, goats and cattle not raised or fattened by the investor;
5. Construction companies excluding those designated as grade 1;
6. Tanning of hides and skins up to crust level;
7. Hotels (excluding star-designated hotels), motels, pensions, tea rooms, coffee shops, bars, night clubs and restaurants excluding international and specialized restaurants;
8. Travel agency, trade auxiliary and ticket selling services;
9. Car-hire and taxi-cabs transport services;
10. Commercial road transport and inland water transport services;
11. Bakery products and pastries for the domestic market;
12. Grinding mills;
13. Barber shops, beauty saloons, and provision of smith workshops and tailoring services except by garment factories;
14. Building maintenance and repair and maintenance of vehicles;
15. Saw milling and timber making;
16. Customs clearance services;
17. Museums, theaters and cinema hall operations;
18. Printing industries.

### **2. Notwithstanding the provision of paragraph 1 of this schedule, the following areas of investment are exclusively reserved for Ethiopian nationals:**

1. Banking, insurance and micro credit and saving services;
2. Forwarding and shipping agency services;
3. Broadcasting services; and
4. Air transport services using aircraft with a seating capacity of up to 20 passengers.

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