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FROM RENTIER TO COMPLEX

How the Lebanese Diaspora Can Fuel a Productive Economy







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Introduction

Lebanon's diaspora can indeed contribute significantly to the economic growth of Lebanon, and should be key players in its economic recovery. The Lebanese diaspora refers to the communities of Lebanese people who live outside Lebanon. This includes individuals who have emigrated from Lebanon for various reasons such as economic opportunities, political instability, or education, as well as their descendants. In addition to their well-known function as senders of remittances, diasporas can stimulate commerce and foreign direct investments, help establish enterprises and spur entrepreneurship and innovation, transmit new information, skills, and know-how.[1]

This paper will therefore assess the importance of the Lebanese diaspora in Lebanon's economic framework, focusing on its role as a pillar of transitioning the Lebanese economy from rentier to productive. Drawing on the insights and experiences of various members of the Lebanese diaspora, and several representatives of the public and private sectors in Lebanon, it will begin by tracing the history of the different waves of migration experienced by the country prior to its formal establishment, identifying patterns and influences these consecutive waves had on Lebanon's growth, development, and economy. The discussion will then explore the economic contributions of the Lebanese diaspora to the Lebanese economy, focusing on five different channels: (1) the volume and impact of remittances, (2) the diaspora's deposits in Lebanese banks (3) the diaspora's investments, (4) the diaspora's impact on Lebanon's tourism and hospitality sector, and (5) the diaspora's philanthropic initiatives and projects. The paper will then argue that the diaspora is the pillar of the productive economy, and that there is a need for a shift in diaspora behavior towards channeling its economic capital into productive sectors to drive economic growth.

To fully harness the potential of the diaspora, Lebanon should consider adopting the concept of economic complexity. Economic complexity refers to the diversity and sophistication of the productive capabilities embedded in a country's economy. It emphasizes the development of industries that are knowledge-intensive and require advanced skills, leading to a more resilient and diversified economic structure. By encouraging the diaspora to invest in sectors that increase Lebanon's economic complexity—such as technology, manufacturing, and specialized services—the country can move away from its dependency on traditional rentier activities. The diaspora's vast reservoir of expertise and global networks can drive innovation and foster partnerships that develop Lebanon's productive sectors. This shift would not only boost economic growth but also enhance Lebanon's long-term prosperity and resilience, ensuring a more sustainable and self-sufficient economy.

[1] Kathleen Newland and Sonia Plaza, "What We Know about Diasporas and Economic Development," Policy brief (Migration Policy Institute, September 2013), 1-2, https://www.migrationpolicy.org/sites/default/files/publications/Diasporas-EconomicDevelopment.pdf

Part 1: The Lebanese Diaspora, A Historical Social Safety Net

Historical Context and the Role of the Lebanse Diaspora

Lebanon's extensive diaspora network traces its roots from the very beginnings of Lebanon's statehood; driven by the prospects of new economic opportunities, Lebanese migrants who settled abroad supported their communities back home through remittances. Migration throughout this period was generally practiced by semi-skilled and unskilled migrants who recruited friends and family, prompting networks of chain migration to grow and develop throughout the region.[2] These early migration flows skyrocketed in volume at the turn of the century: for instance, Lebanese inbound for Brazil averaged, on an annual basis, from 605 persons from 1894-1903, to 9,310 throughout the 1904-1913 period, in other words multiplying by 15 over twenty years.[3] Indeed, the rapid increase in the number of Lebanese emigrants throughout this period can be attributed to several economic circumstances, including the growing penetration of European goods,[4] capital, technology, etc., in Lebanon and Lebanese markets, the collapse of local crafts and notably of the uncompetitive silk industry, which impoverished those reliant on it and drove them to emigrate.[5] The silk trade made silk farmers completely dependent on merchants; as a result, Mount Lebanon began to experience an unstable economic climate in 1875, during which silk prices were halved and never fully recovered. On the other hand, the main emigration destinations, that is, the United States, Egypt, Latin America, and West Africa, were entering their respective periods of economic growth in turn offering migrants new prospects of commercial activity.

After 1900, remittances from relatives overseas competed with silk as a source of personal income in the mountains, beginning a long lasting trend of dependence.[6] Remittances from the Americas were equivalent to Mount Lebanon's domestic output. Returning

[2] The majority settled in North and South America, but additionally to Africa, Brazil, Latin America, Australia, and Egypt. At the tail end of the 19th century, roughly 120,000 persons are estimated to have emigrated from Mount Lebanon, accounting for at least one fourth of the population at the time. See Charles Philip Issawi, ed., *The Economic History of the Middle East: 1800 - 1914; a Book of Readings* (Chicago: Univ. of Chicago Press, 1975).
[3] Boutros Labaki, "Les Rôles Économique et Politique Des Émigrés Libanais Durant La Première Guerre Mondiale:," *Guerres Mondiales et Conflits Contemporains* N° 262, no. 2 (June 6, 2016): 28, https://doi.org/10.3917/gmcc.262.0027
[4] The capitulations of the Ottoman Empire were concessions granted by successive Sultans to Christian nations, bestowing rights and advantages in favor of their citizens who lived or traded in Ottoman dominions, similar to the Byzantine Empire's attitude towards European states. These capitulations exempted traders entering the Ottoman Empire from local prosecution, taxation, conscription, and searches of their homes. The capitulations were first established under the Ottoman Empire's military superiority to allure and stimulate economic interchange with Western merchants. However, when military control shifted to Europe, the Ottoman Empire provided enormous economic and political benefits to European nations. See William W. Harris, *Lebanon: A History, 600-2011*, Oxford University Press paperback edition, Studies in Middle Eastern History (New York, N.Y: Oxford University Press, 2015), 137.
[5] Wendy Pearlman, "Emigration and Power: A Study of Sects in Lebanon, 1860–2010," Politics & Society 41, no. 1 (March 2013): 111–12, https://doi.org/10.1177/0032329212473088
[6] Lebanon is now the most remittance-dependent country on the planet, with remittances accounting for a whopping 53.8% of GDP in 2021. See Jasmin Lilian Diab and Sami Zougheib, "Understanding Remittances as a Coping Strategy amidst Lebanon's Crises: Opportunities and Challenges for Aid Actors," Thematic Report (Beirut: Mercy Corps, November 2022), https://mercycorps.org.lb/wp-content/uploads/2022/11/Understanding-remittances-as-a-coping-strategy-amidst-Lebanons-crises-opportunities-and-challenges-for-aid-actors-1.pdf

migrants during the period of 1860 and 1914 used remittances and saved capital to educate their children, thereby improving their opportunities for future work.[7] Meanwhile, the opening of the Suez Canal in 1869 sparked a rivalry between Mount Lebanon and East Asian silk producers, whose competitively priced products began to flood European markets.

Lebanese migration throughout the pre-civil war period became more ubiquitous, and was heavily influenced by the success stories of the previous generations' economic migrants, as well as by geopolitical shocks. The severe depression which hit the world economy in 1929 limited movement and decreased Lebanese emigration, which would resume at the conclusion of the second world war in 1945 at a considerable speed. This increase is owed to the demand of labor in the Gulf countries,[8] which were themselves experiencing periods of rapid economic expansion due to the nascent oil industry, thereby broadening avenues of social mobility for highly skilled migrants.[9]

By the mid 1920s, remittances from migrants had exceeded the value of commodity exports from Lebanon.[10] Later on, an increasing number of Lebanese—mostly skilled professionals—would find themselves compelled by the success stories of acquaintances abroad, and inspired to leave the country. Over time, this would cause migration to become embedded in Lebanon's culture and political economy, whereby leaving Lebanon became part of the Lebanese identity. Lebanese thinker Michel Chiha famously commented: *"It is our profession to be constantly on the move, to finish going round the world only to start again, and finally to settle in some distant land [...] there is no country in which a Lebanese person has not settled; and this is as old as history".*[11]

The outbreak of the Lebanese civil war (1975-1990) resulted in internal displacement, total disruption of economic activity, and an unmitigated sense of panic and unease, which prompted Lebanese from a wide range of socioeconomic backgrounds to flee from the country. The fifteen years of conflict, as well as the period of successive national and regional shocks precipitated by the Arab-Israeli conflicts and Israel's invasions of Lebanon in 1978 and 1982, destroyed the Lebanese economy, and thousands of persons were displaced from their homes, villages, and cities, often with no means to access social, health, and financial services.

[7] Paul Tabar, "Immigration and Human Development: Evidence from Lebanon," Human Development Report Office (HDRO), United Nations Development Programme (UNDP), Human Development Research Papers (2009 to Present), December 13, 2009, 4, https://mpra.ub.uni-muenchen.de/19219/
[8] The International Labour Organization (ILO) estimated that 127,000 Lebanese migrants were in Saudi Arabia, the UAE, Kuwait, Qatar, Bahrain, and Oman by 1982. See Jasmin Lilian Diab and Ibrahim Jouhari, "Conflict, Crisis, and Migration: Maritime Irregular Migration from Lebanon since 2019" (Friedrich Naumann Foundation, May 1, 2023), 4, https://www.researchgate.net/publication/372807169_CONFLICT_CRISIS_AND_MIGRATION_MARITIME_IRREGULAR_MIGRATION_FROM_LEBANON_SINCE_2019_Imprint_Publisher
[9] Pearlman, "Emigration and Power," 116.
[10] Pearlman, 103–133.
[11] Michel Chiha, *Lebanon at Home and Abroad* (Beirut: Foundation Chiha, 1964), 137, http://michelchiha.org/wp-content/uploads/simple-file-list/1453277118Visage_et_PrA_sence_du_Liban_Eng.pdf

The Syrian regime occupation in Lebanon, which began in 1976, inflamed tensions between warring militias, and caused chaos, internal population displacement, and human casualties.

The civil war's outbreak led to a significant decline in economic growth, level of aggregate economic activity, and income, and consequently many civilians were forced into unemployment throughout this period.[12] Hence, an increased number of individuals coming from different socioeconomic backgrounds sought to flee from the warfare and uncertainty preventing the economy from recovering; their destinations varied as well.[13] In this manner, Lebanon began to bleed out one of its greatest assets: its human capital. As seen earlier, skilled professionals were already leaving the country prior to the start of the civil war; yet, Lebanon would experience a significant brain-drain that depleted the productivity of semi-skilled and unskilled labor, with the quality of human capital dropping due to the lowered finished years of schooling and on-the-job trainings and apprenticeships.[14] It is estimated that 990,000 people fled Lebanon following the outbreak of the civil war in 1975, accounting for as much as 40% of the total population at the time.[15]

Emigration continued well after the end of the civil war, and much of it proved to be permanent in light of the dwindling incentives and economic prospects available in reconstruction era Lebanon. This trend of emigration, characterized by timid waves of return immigration, was underpinned by the state's failure to implement structural reforms, which pushed more Lebanese outside of the country.[16] Where integration and permanent residence was impossible (e.g., the Gulf) or extremely difficult, however, Lebanese migrants would make regular return visits to Lebanon without settling abroad.[17]

Furthermore, the 2006 July/August war between the Israeli Defense Forces (IDF) and Hezbollah sparked another wave of unrest, insecurity, and movement of people. A study assessing the impact of the Summer 2006 war conducted on permanent as well as former residents of Lebanon, found that the majority of persons planning to migrate do not do so from a place of economic destitution; this is because those seeking to improve their livelihoods by

[12] Nasser H. Saidi, "Economic Consequences of the War in Lebanon," Papers on Lebanon (Centre for Lebanese Studies, September 1986), 4-6, https://www.lebanesestudies.com/wp-content/uploads/2012/04/eb8d3fd3.-Economic-consequences-of-The-war-in-lebanon-Nasser-Saidi-1986.pdf

[13] This is reflected in the makeup of immigrants that have traveled to certain nations, such as the United States, Canada, France, Germany, the Gulf states, and Australia. For example, of the 144,000 emigrants of Lebanese descent residing in Canada in 2001, roughly 37% immigrated to Canada between 1991 and 2001, 36% came in the 1980s, and 10% came before 1971. See Ali Awdeh, "Remittances to Lebanon: Economic Impact and the Role of Banks," ESCWA Publications, November 3, 2014, 7, https://mpra.ub.uni-muenchen.de/id/eprint/119127

[14] Saidi, "Economic Consequences of the War in Lebanon," 1-2.

[15] Tabar, "Lebanon: A Country of Emigration and Immigration," 7.

[16] According to a survey conducted by Choghig Kasparian on Lebanese households, emigration continued after the civil war, with an additional 10-14% of Lebanese citizens leaving between 1992 and 2007. Kasparian's survey additionally found that over three-quarters of migrants who left between 1975 and 1990 moved to Western Europe, North America, or Australia, where they usually settled permanently. Moreover, 70% of migrants had obtained a second nationality, and 64% stated they had no intention of going back to Lebanon. See Choghig Kasparian, *L'entrée des jeunes libanais dans la vie active et l'émigration* (Beyrouth : Presses de l'Université Saint-Joseph, 2003), 61-62, quoted in Pearlman, "Emigration and Power," 120.

[17] Tabar, "Lebanon: A Country of Emigration and Immigration," 6-7.

going abroad have the means to do so; this includes financial capabilities, as well as planning and networking. Accordingly, international migration was found to be motivated by variables including age, gender, education level, and individual motivation.[18] This pattern is evidence of the unmitigated sense of tension, doubt, and disillusionment felt by the general population, which had to contend with the prospects available to them given the situation.[19]

The uniting factor underlying the emigration of Lebanese is a dysfunctional ruling system; nonetheless, Lebanese migrants continue to have a substantial influence on the growth of Lebanon's economy—through remittances in particular—but additionally by playing a vital part in class formation and mobility. Emigration has skyrocketed since 2019, when Lebanon began sinking into several deepening crises fueled by an intricate network of state paralysis, political deadlock, and governmental inaction, which combined to create a growing number of incentives for Lebanese to leave for better opportunities, and at the same time, very few reasons for them to remain and endure the current climate. As many as 195,433 Lebanese are estimated to have emigrated from the country between 2018 and 2021.[20] This wave experienced several lulls, the first in 2020 owed by the outbreak of the COVID-10 pandemic, during which the number of emigrants dropped by 49,085, before climbing back to 60,056 in 2021 when travel restrictions loosened.

Another such interval was recorded, during the demonstrations in late 2019 and prior to the Port of Beirut explosion on August 4, 2020—the latter serving as the primary catalyst for a fresh wave of departures. Indeed, 77,000 Lebanese left the country in 2021 alone, accounting for roughly 40% of all those who left between 2018 and 2021.[21] The lack of trust in government and institutions held by citizens, and their subsequent departure from Lebanon, is

[18] The survey results show that a high percentage of potential migrants are young (21 to 30 years of age), highly educated (BA, MA, and equivalent) and/or possess professional experience and skills. Furthermore, the great majority of respondents (69%) claimed that their family had dissuaded them from moving back to Lebanon permanently, with a mere 27% stating that this was not their experience. See Hourani and Sensenig-Dabbous, "Insecurity, Migration and Return: The Case of Lebanon Following the Summer 2006 War," 53 and 41.

[19] This disillusionment manifested itself through the reactions to Lebanon's domestic investigation into the Port of Beirut explosion, especially by blast victims and their families. A comprehensive report published by the Human Rights Watch (HRW) in August 2021, one year after the blast, cited the immunity of high-ranking political leaders from being investigated and prosecuted as a major obstacle preventing the investigation from meeting international standards. The families of the victims, as well as survivors of the explosion, have been outspoken in their demands for an international investigation, expressing a lack of faith in the Lebanese authorities in conducting an impartial investigation to achieve accountability. See Human Rights Watch, *They Killed Us from the Inside: An Investigation Into the August 4 Beirut Blast* (Human Rights Watch, 2021), 114-15, https://www.hrw.org/sites/default/files/media_2021/08/lebanon0821_web.pdf

[20] Miguel Mendelek, "The Lebanese Trend of Emigration: A New Peak Since 2019?," The LAU School of Arts and Sciences, January 12, 2022, https://soas.lau.edu.lb/news/2022/01/the-lebanese-trend-of-emigration-a-new-peak-since-2019.php

[21] Mendelek, "The Lebanese Trend of Emigration." Beyond the port, the explosion devastated homes, hospitals, schools, and infrastructure; prominent commercial areas and districts were also damaged by the blast, incurring significant economic losses estimated between $2.9 billion and $3.5 billion. The cost in human life was great: 218 deaths, over 7,000 wounded, and more than 300,000 individuals displaced. See Rachel Kent, "6 Months Later, Beirut Blast Still Sends Shock Waves," CARE International, February 4, 2021, https://www.care.org/news-and-stories/press-releases/6-months-later-beirut-blast-still-sends-shock-waves-through-lebanese-communities/

far from a new phenomenon: it is a trend the Lebanese have been practicing since the civil war, and which is expected to be replicated in the foreseen future.[22]

Yet, despite their departure, migrants remain highly active in Lebanon and its economy; migration has managed to supply the Lebanese with a resourceful support network that encompasses the majority of the world, and indeed many members of the Lebanese diaspora and their descendants are well-established across the globe, notably in the U.S., Canada, France, Australia, and Britain. These qualities allow both Lebanese residents and Lebanese residing abroad to profit from several economic, social, and cultural possibilities available to them.

Economic Contributions of the Lebanese Diaspora

Remittances



Lebanon's diaspora provides four primary categories of inflows: remittances,[23] non-resident deposits,[24] municipal remittance platforms,[25] and informal financial flows.[26] The crisis has had a varied impact on each of these since they serve various goals.[27] The most important of the four are remittances, which totaled USD 6.7 billion by the end of 2023, and made up 30.7% of GDP[28], and non-resident deposits (NRDs), which witnessed a 50% decline from August 2019 to August 2022.[29] Overall, formal remittance flows have decreased over the past years, dropping from a peak of USD 7.8 billion in 2016.[30] However,

[22] The Fall 2020 issue of the World Bank's Lebanon Economic Monitor (LEM) notably identified elite capture as a root cause of the country's economic conflict, which alongside regional conflict, impeded reform and development efforts over the years when they were not beneficial to confessional leaders; on this basis, the LEM argues that any sustainable reform agendas to be adopted by Lebanon must place the restoration of trust between government and citizens as a core pillar, supported by necessary governance and accountability reforms. See World Bank, *Lebanon Economic Monitor, Fall 2020: The Deliberate Depression* (World Bank, 2020), 28-30, https://doi.org/10.1596/34842

[23] Formal money transfer operator (MTO) or bank transfers intended for family support.

[24] Investments designed to benefit from high pre-crisis interest rates. Can be proxied for by calculating the yearly growth (or decrease) in non-resident deposits.

[25] Municipalities facilitate the process of distributing funds from the diaspora, such as through e-platforms.

[26] These include informal MTOs, cash, informal digital wallets, and crypto transactions.

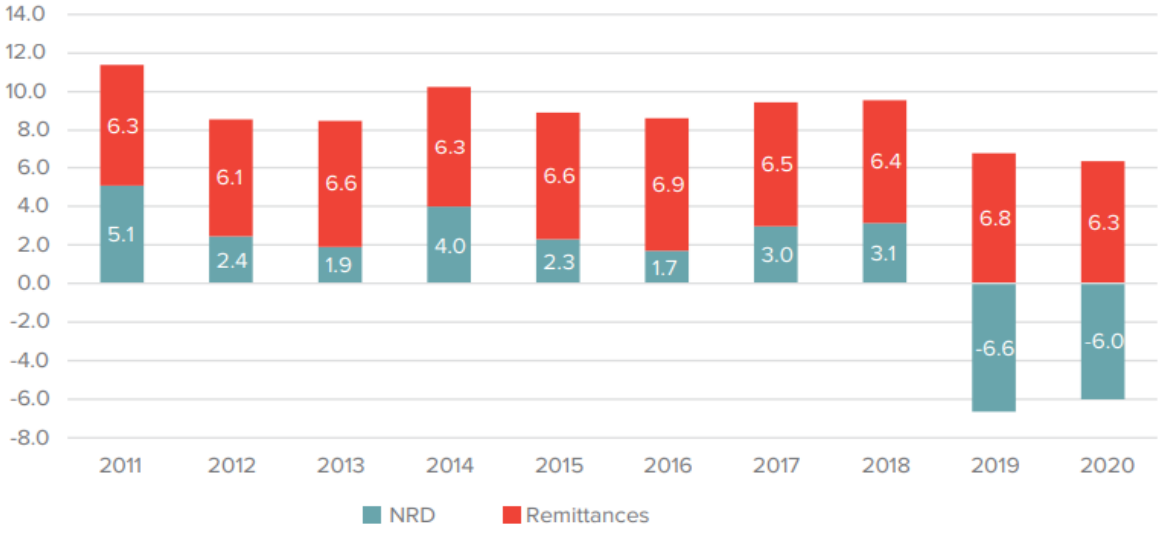
[27] Jasmin Lilian Diab and Sami Zougheib, "Understanding Remittances as a Coping Strategy amidst Lebanon's Crises: Opportunities and Challenges for Aid Actors," Thematic Report (Beirut: Mercy Corps, November 2022), 18.

[28] "Lebanon Received $6.7 Billion in Remittances in 2023," *L'Orient Today*, May 22, 2024, sec. Economy, https://today.lorientlejour.com/article/1414730/lebanon-receives-67-billion-in-remittances-in-2023.html

[29] Jasmin Lilian Diab and Sami Zougheib, "Understanding Remittances as a Coping Strategy amidst Lebanon's Crises: Opportunities and Challenges for Aid Actors," Thematic Report (Beirut: Mercy Corps, November 2022),

[30] Diab and Zougheib, "Understanding Remittances as a Coping Strategy," 11.

as the rest of the economy has collapsed to a much greater extent, remittances sharply increased to an astounding 53.8% of GDP in 2021, the highest level of dependence globally.[31]



Remittances and non-resident deposit, 2011 – 2020 (USD), Source: The Increasing Role and Importance of Remittances in Lebanon

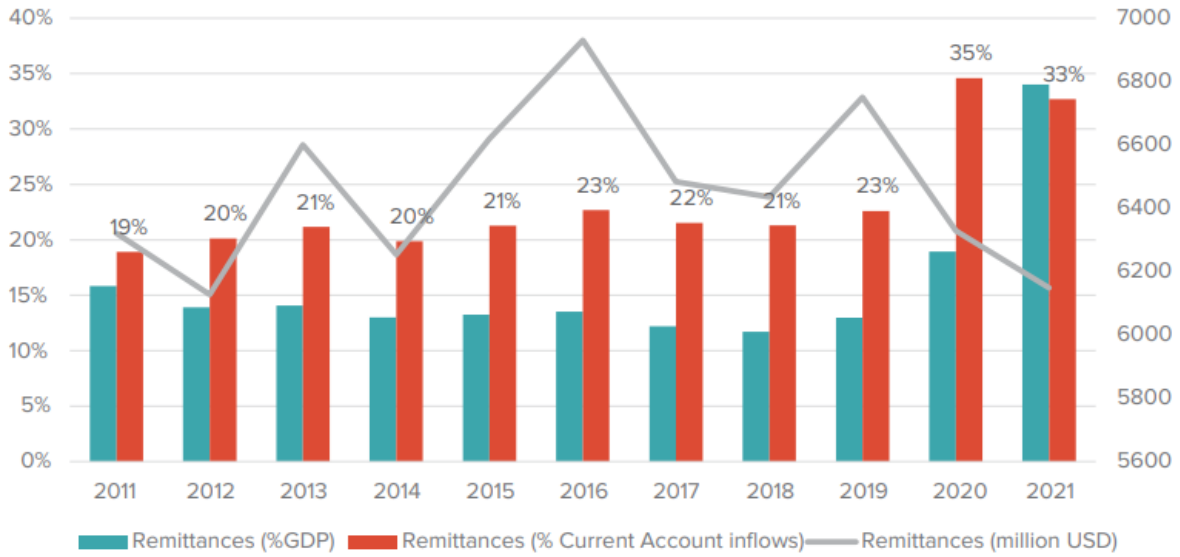
Volume of remittances over the years

Remittance flows are a significant way by which home countries can benefit from out-migration, and this is especially true of nations with sizable diasporas like Lebanon.[32] Remittances is generally understood as money that migrants send back to their home country, typically to family members and friends.[33] As we have seen, Lebanon experienced several waves of emigration throughout its history, and its early migrants would send money back home, mostly for private consumption, purchases of land, housing, and education, but additionally went towards financing the building of institutions and land development.[34]

Lebanon is now one of the most remittance-dependent countries on the planet.[35] In 2023, Lebanon ranked among the top five countries on the receiving end of remittances, by share of GDP (30.7%), preceded by Tajikstan (39%) and Tonga (41%).[36] In comparison to other Arab countries, Lebanon has the greatest remittance values in proportion to the size of its economy.

[31] Sami Atallah, "The Increasing Role and Importance of Remittances in Lebanon" (United Nations Development Programme, May 2023), 9, https://www.undp.org/arab-states/publications/increasing-role-and-importance-remittances-lebanon
[32] Pearlman, "Emigration and Power," 112.
[33] The Lebanese diaspora is global, with remittances coming from various origins at variable rates. The Gulf Cooperation Countries (GCC) are regarded as the primary source of these remittances, accounting for 48% of total remittances; while North America ranks second with 16%, followed by Western Europe (14%), Africa (14%), Australia (3%), Latin America (3%), and Eastern Europe (2%). (Sami Atallah, "The Increasing Role and Importance of Remittances in Lebanon" (United Nations Development Programme, May 2023), 9)
[34] Pearlman, "Emigration and Power," 112.
[35] Diab and Zougheib, "Understanding Remittances as a Coping Strategy," 3.
[36] "Lebanon Received $6.7 Billion in Remittances in 2023," L'Orient Today, May 22, 2024, sec. Economy, https://today.lorientlejour.com/article/1414730/lebanon-receives-67-billion-in-remittances-in-2023.html

Up until 2010, remittance inflows exceeded exports of goods and services, as well as foreign direct investments, and from 2004 onward, remittances to Lebanon have made up between 15-24% of all remittances in the Arab region.[37] Between 2011 and 2021, Lebanon's remittances inflows averaged at around $6.5 billion annually; in absolute nominal terms, their levels generally remained constant, even through the country's plunge into crisis in late 2019, as well as the outbreak of the COVID-19 pandemic.[38]



Remittances in Lebanon, 2011 – 2021 (USD), Source: The Increasing Role and Importance of Remittances in Lebanon

Impact of Remittances on Lebanese Economy

There is no doubt that diaspora remittances played a crucial role in mitigating the economic crisis in Lebanon by providing essential financial support to households, maintaining foreign currency inflows, and stabilizing consumption levels.[39] By 2021, families in Lebanon were spending more than five times the minimum wage on food alone, and remittances in large part helped alleviate some of the burden that families were facing.[40] Even prior to the crisis, 61% of households receiving these transfers reported using them for food.[41] Moreover, remittances have had a significant positive impact on education. In 2007, children

[37] Awdeh, "Remittances to Lebanon," 5.
[38] Atallah, "The Increasing Role and Importance of Remittances in Lebanon," 8.
[39] According to a focus group discussion, respondents that had received financial support from their family members abroad stated that they could not have absorbed the shocks that Lebanon was going through without this support. Many respondents said that the diaspora provided them with fresh funds which also enabled them to maintain their business and cover costs like electricity, which in turn allowed the businesses to continue and support families, both nuclear and extended.
[40] Diab and Zougheib, "Understanding Remittances as a Coping Strategy amidst Lebanon's Crises: Opportunities and Challenges for Aid Actors," 18.
[41] Soraya Hamdan, "Les Transferts Opérés Par Les Émigrés, Des Revenus Vitaux Pour Les Ménages Libanais," *L'Orient-Le Jour*, October 24, 2014, sec. Économie, https://www.lorientlejour.com/article/892696/les-transferts-operes-par-les-emigres-des-revenus-vitaux-pour-les-menages-libanais.html

from remittance-receiving homes had equal access to school as those from more affluent households, indicating that remittances have a favorable impact on educational investment, and 41% of households in 2014 reported using the funds for educational fees.[42]

However, foreign financial inflows into Lebanon supported an increase in aggregate demand and spending, generating fluctuations in economic activity rather than encouraging long-term economic growth.[43] According to the World Bank, productive industries and innovative activities do not tend to benefit from these financial inflows.[44] A study[45] was conducted to determine the influence of remittances on (real) economic growth in Lebanon revealed that remittances had a minimal impact on economic growth and job creation. Remittances can improve household welfare by smoothing consumption and relieving financial limitations in disadvantaged areas, leading to reduced poverty.[46] Nevertheless, an overreliance on remittances might restrict labor supply and hinder economic progress.[47] Studies suggest that remittances can lead to Dutch-disease-like effects, such as increased household spending, higher prices, and decreased export competitiveness.[48] This dynamic creates a challenging economic environment in which the potential benefits of remittances are compromised by their long-term consequences. To address this issue, the economy must be diversified, and local industries encouraged to reduce their markets' dependence on external financial flows, thereby promoting sustainable growth and resilience. It is clear that this requires, particularly from government authorities, a clear and effective policy for attracting capital (including remittances), which defines, among other things, the means for channeling these funds into the productive sectors of the economy.[49]

[42] Hamdan, "Les Transferts Opérés Par Les Émigrés."
[43] According to a KII with an economic attaché based in a European country, the untapped potential of Lebanon's extensive and successful diaspora in contributing to national growth needs to be leveraged urgently and comprehensively. The attaché noted that while the diaspora represents a significant source of financial and intellectual capital, their willingness to invest heavily in Lebanon is contingent upon the implementation of concrete reforms, particularly in the banking and financial sectors. These reforms are viewed as critical to restoring trust and creating a conducive environment for investment. The attaché further emphasized that, in the absence of such measures, many diaspora members opt for alternative, safer channels to support the country, such as direct remittances to families or investments in non-productive sectors, rather than engaging in broader, growth-oriented ventures.
[44] Chadi Bou Habib et al., "Republic of Lebanon - Using Lebanon's Large Capital Inflows to Foster Sustainable Long-Term Growth" (Lebanon: World Bank Group, December 10, 2012), 3, https://documents1.worldbank.org/curated/en/184901468055465888/pdf/NonAsciiFileName0.pdf
[45] Awdeh, "Remittances to Lebanon," 23-25.
[46] Catalina Amuedo-Dorantes, "The Good and the Bad in Remittance Flows," *IZA World of Labor*, November 2014, 6, https://doi.org/10.15185/izawol.97
[47] Amuedo-Dorantes, "The Good and the Bad in Remittance Flows," 1.
[48] Ralph Chami et al., "Is There a Remittance Trap?," IMF Finance & Development Magazine, September 2018, https://www.imf.org/en/Publications/fandd/issues/2018/09/is-there-a-remittance-trap-chami
[49] This analysis is informed by insights gathered from KIIs conducted with business leaders from the Lebanese Business Leader Association, as well as from KIIs with the Lebanese economic attaché in a European country. These interviews emphasized the critical need for economic diversification and the development of local industries to mitigate reliance on external financial flows, fostering resilience and sustainable growth. Informants underscored the pivotal role of government authorities in formulating clear and effective policies to attract capital, including remittances, and in creating structured mechanisms to channel such funds into productive sectors, aligning with broader national development strategies.

The confidence of the Lebanese diaspora in the local banking sector, even amidst political, security, and economic challenges, was instrumental in sustaining the financial system.[50] Until 2010, remittance inflows were greater than those from foreign direct investment or goods and services exports. These inflows were ultimately taken advantage of. The government consistently spent beyond its tax revenue, financing its deficits by issuing debt at exorbitant interest rates. The central bank stepped in by purchasing some of this debt and pegging the Lebanese pound to the US dollar at a rate of 1,500 LBP/1 USD. Banks supported this approach by offering relatively high interest rates to depositors.[51] Surprisingly, money continued to flow in from domestic savers, the Lebanese diaspora, and other foreign investors for an extended period. Thanks to this orchestrated financial scheme, deposits reached $179 billion in 2018, with two-thirds of these deposits denominated in US dollars—more than three times the country's GDP.[52]

The central bank's involvement led to the implementation of a contractionary monetary policy that spanned 27 years. This prolonged strategy contributed to the almost complete dismantling of the economy's productive sector, as funds were redirected toward the appealing interest rates offered by local banks. Moreover, Lebanon has had a substantial current account deficit for many years, accounting for over 25% of its yearly GDP.[53] Overall, the unsustainable "twin deficits" were maintained for a long time by the robust financial sector, which was heavily dependent on continuous remittance inflows from diaspora families.

Remittances, however, began to decline in the mid-2010s, partly due to the drop in oil prices since 2014.[54] Although conventional wisdom suggests that an oil-importing nation would benefit from lower oil prices, Lebanon's situation differs. The decrease in oil prices has the potential to slow down the economy by reducing capital inflows and external demand, particularly affecting its service industry, including tourism. Both remittances and tourism revenue heavily depend on Lebanese expatriates residing in oil-producing countries, which are affected by the decline in oil prices. According to IMF estimates, the decrease in oil prices resulted in a reduction in capital inflows by at least 19%, equivalent to approximately 3% of GDP.[55]

Investments of the Diaspora

The Lebanese diaspora was a critical source of bank deposits in Lebanese banks. Between 2005 and 2015, Lebanon attracted $94 billion in foreign capital, while 25% of total banking

[50] Awdeh, "Remittances to Lebanon," 5.
[51] Awdeh, "Remittances to Lebanon," 5.
[52] Zaher F. Nsouli, "Can Private Public Partnership Pullout Lebanon Out of Its Worst Economic Crisis?," *Financial Markets, Institutions and Risks* 6, no. 3 (2022): 14, https://doi.org/10.21272/fmir.6(3).13-17.2022
[53] Junko Oguri, "Part II of Crisis in Lebanon: Buildup of Interrelated Challenges," *Yale School of Management* (blog), September 21, 2020, https://som.yale.edu/blog/part-ii-of-crisis-in-lebanon-buildup-of-interrelated-challenges
[54] Oguri, "Part II of Crisis in Lebanon: Buildup of Interrelated Challenges."
[55] Oguri, "Part II of Crisis in Lebanon: Buildup of Interrelated Challenges."

deposits (or USD 22 billion) came from the diaspora.[56]Among these, $72 billion were directed towards the real estate sector, and for importing consumer products, while $22 billion were allocated as bank deposits to service the sovereign debt.[57] Lebanese banks actively attracted diaspora deposits through high interest rates and by offering products tailored to the diaspora, including various savings accounts and fixed-term deposit plans.[58] Many in the diaspora maintained a sense of loyalty and confidence in the Lebanese financial system, viewing their deposits as a way to support the country's economy. The economic and banking crisis in Lebanon has, however, severely affected these deposits, severely limiting diaspora access to their funds.

Prior to the crisis, the diaspora invested heavily in residential and commercial properties, particularly in Beirut and other major cities. The Lebanese diaspora plays a significant role in the country's real estate market. It is estimated that the diaspora accounts for approximately 60% to 70% of property purchases in Lebanon.[59] This trend has been particularly notable in recent years due to economic instability and the banking crisis, which have pushed many locals out of the market, leaving the diaspora as one of the few groups with the financial capacity to invest in real estate.[60] Many members of the diaspora see real estate as a safer and more stable investment compared to keeping their money in Lebanese banks, especially given the banking sector's collapse.[61] Additionally, some are motivated by a desire to maintain a connection to their homeland despite the challenging circumstances.[62]

In light of the banking crisis and the economic crisis that ensued, the diaspora has opted for more than simply sending remittances for their family members for consumption; rather, more and more are helping their family members launch small businesses in order to secure a source of income.[63] The diaspora's efforts to help their family maintain a good income despite the collapse of public and financial institutions contributed to a surge in business

[56] Consultation and Research Institute, "SUMMARY OF LEBANON ECONOMIC VISION" (Beirut: Friedrich Ebert Stiftung, March 7, 2019), 2.
[57] Leen Abdallah, "Lebanon's Economic and Financial Crises: Impact of the Current Account Deficit on Gross Fixed Capital Formation" (Beirut, American University of Beirut, 2023), 32, http://hdl.handle.net/10938/23873
[58] Awdeh, "Remittances to Lebanon," 26.
[59] Marwan S. Barakat, Jamil H. Naayem, and Nathalie F. Ghorayeb, "Lebanon Real Estate Sector," Sector Research (Beirut: Bank Audi Saradar Group, July 4, 2011), 3, http://data.infopro.com.lb/file/Bank%20Audi%20real%20estate%20report%202011.pdf
[60] Marwan S. Barakat et al., "Lebanon Real Estate Sector" (Beirut: Bank Audi, September 2023), 5, https://pwstg02.blob.core.windows.net/pwfiles/ContentFiles/13502File.pdf
[61] Barakat, Naayem, and Ghorayeb, "Lebanon Real Estate Sector," 2.
[62] Barakat, Naayem, and Ghorayeb, 3.
[63] Following the results of a recent Danish Refugee Council study on how the Lebanese diaspora contributes to the local economy and job creation, in the for-profit model, diaspora members anticipate a return on investment and can participate to varying degrees. In contrast, in the for-charity model, the diaspora member donates to support a relative or someone in the community without expecting anything in exchange. The primary motivation for diaspora support is to sponsor family through business rather than sending remittances to address basic needs. In both models, diaspora members engage primarily family members.

participation after the 2019 crisis.[64] A recent Danish Refugee Council (DRC) study found that half of the sample cases were enterprises that started following post-crisis. Financial assistance was the primary and most valued business engagement commitment. The study also discovered that firms are financed through diaspora personal savings, either in the form of stock or loans. Businesses do not have contracts that define the connection between the diaspora and the local partner, therefore financial transactions take place through informal means. As for the diaspora members participating in forcharity models, they had little awareness of how to engage in for-profit investments and lacked the knowledge.

Tourism and hospitality

Lebanon's diaspora, scattered around the world, can help open markets for new tourist destinations and goods produced in, and associated with, the heritage and culture of their country of origin.[65] Unlike international tourists, the diaspora tourists are more prone to stay in local accommodations, try local eatery outlets and restaurants, buy local goods and can relatively make more connections with the local economy. Therefore, their expenditures end up locally and induce a ripple effect on the local economy.[66] Furthermore, Lebanon's diaspora tourism is less seasonal than other types of tourism and has the potential to stretch geographically throughout the country. When visiting their homeland, diaspora travelers choose to visit often neglected sites (secondary sites) and attend more cultural events. Diaspora tourism contributes significantly to the growth of Lebanon by attracting not only tourists, but also investors, consumers, and volunteers from outside.[67]

Another unique feature of diaspora tourism is its ability to strengthen Lebanon's national identity.[68] The desire of diaspora travelers in visiting historical and cultural heritage places in their home country elevates these places to the status of sacred items capable of uniting their nation, despite global dispersal. This sense of shared purpose can inspire national solidarity among members who will go to any length to help their fellow citizens.[69] Consequently, diaspora tourism can promote development in Lebanon by establishing an economic dynamic fueled by

[64] Charles Teffo and Hala Tarabay, "Mapping and Analysis of Diaspora Business Engagement Models in Five Villages of Lebanon" (Danish Refugee Council, April 2023), 4–5, https://pro.drc.ngo/media/inbfnvix/research-of-diaspora-engagement_v4_april2023_electronic.pdf
[65] Kathleen Newland and Carylanna Taylor, "Heritage Tourism and Nostalgia Trade: A Diaspora Niche in the Development Landscape" (Washington, DC: Migration Policy Institute, September 2010), 2, https://www.migrationpolicy.org/sites/default/files/publications/diasporas-tradetourism.pdf
[66] Newland and Taylor, "Heritage Tourism and Nostalgia Trade," 4.
[67] Newland and Taylor, 12.
[68] An interview with a global marketing communication specialist emphasized the importance of promoting Lebanon's assets, brand, and story on the international scene as a way to shift the narrative from challenges to opportunities. By engaging the diaspora as ambassadors, Lebanon has the potential to harness their unique connection to the homeland to project a positive image and reinforce its national identity. This aligns with the idea that diaspora tourism does not merely contribute economically but also strengthens the national identity by fostering a sense of pride, belonging, and unity among Lebanese people, both within the country and abroad. Through effective storytelling and promotion, the diaspora can play a pivotal role in reshaping perceptions of Lebanon and celebrating its cultural and historical richness.
[69] Wei-Jue Huang, William Haller, and Gregory Ramshaw, "Diaspora Tourism and Homeland Attachment: An Exploratory Analysis," *Tourism Analysis* 18 (August 9, 2013): 287, https://doi.org/10.3727/108354213X13673398610691

national sentiments and a sense of shared heritage. As a result of its numerous good effects, diaspora tourism should be a strategy for crisis-affected countries.[70]

Hence, the Lebanese diaspora has a significant impact on Lebanon's tourism and hospitality industry. While the tourism sector is particularly sensitive to being affected by volatility and conflict, diaspora tourism seems to have stabilized this sector in the long run.[71] According to the Ministry of Tourism, inbound tourism to Lebanon fell 13.5% year on year in the first three months of 2024. This can mainly be attributed to the ongoing conflict in South Lebanon, and several countries issuing travel advisories to their citizens about coming to Lebanon. The drop was the highest among Western tourists, as numbers of visitors from Europe and North America decreased by 17 % and 16 % year on year respectively. Visitors from Arab countries decreased by 12 % year on year.[72] Meanwhile, the conflict seems to have done little to deter the Lebanese diaspora from visiting, namely because the diaspora engage in a form of tourism labeled "Visiting Friends and Relatives" (VFR) Tourism. For many living abroad, Lebanon has always been unstable, and therefore, they are not fazed by events that would prevent foreigners from visiting, and look forward to visiting their home and family during the summer.[73] This aspect adds another layer onto why diaspora tourism should be part of any recovery strategy.



[70] This perspective draws on recommendations made during a KII with a Lebanese ambassador to a European country, who emphasized the need for a cohesive vision and strategic framework for Lebanon's tourism sector. He highlighted the potential of diaspora tourism as a key pillar in this vision, urging the integration of a SWOT analysis to identify Lebanon's strengths, including its cultural richness and global diaspora. He also advocated for the establishment of a Destination Management Organization (DMO) to facilitate nationwide coordination and capitalize on the interconnectedness of tourism and culture. By engaging the diaspora as both stakeholders and ambassadors, crisis-affected countries like Lebanon can harness the goodwill and investment of their global networks, transforming challenges into opportunities for growth and resilience.

[71] In 2021, the Lebanese Ministry of Tourism reported 2,063,828 arriving visitors, with 1,173,875 Lebanese expatriates and 889,953 Arab and foreign visitors. Meanwhile, in 2022, the overall number of inbound tourists to Lebanon was 3,919,463, with 2,453,510 Lebanese expatriates and 1,465,953 Arab and foreign visitors combined. According to 2022 estimates, Lebanese expats accounted for 63% of overall visitor arrivals, with their share increasing to 68% in the first quarter of 2023. See "Lebanese Expatriates Boost Lebanon's Tourism: Figures Show Significant Contribution in 2022 and 2023," *LBC International*, July 14, 2023, sec. Variety and Tech, https://www.lbcgroup.tv/news/varietytech/713328/lbci-lebanon-articles/en

[72] Edmund Bower, "Tourist Numbers Drop as Western Visitors Avoid Lebanon," *AGBI*, May 16, 2024, sec. Tourism, https://www.agbi.com/tourism/2024/05/tourist-numbers-drop-as-western-visitors-avoid-lebanon/

[73] Nada Homsi, "'This Place Has Always Been Unstable': Lebanon's Diaspora Still Coming Home for Holidays," *The National*, June 15, 2024, sec. MENA News, https://www.thenationalnews.com/news/mena/2024/06/15/this-place-has-always-been-unstable-lebanons-diaspora-still-coming-home-for-holidays/

Philanthropy and Charitable Contributions



The Lebanese diaspora plays a crucial role in supporting their homeland, especially through philanthropy and social movements that address the needs of various communities in Lebanon. This support emerged prominently during the Lebanese civil war when the state's collapse necessitated community mobilization and alternative sources of social protection. Philanthropy in Lebanon often takes on an ethnic and religious dimension, given Lebanon's diverse communities, and provides an interesting illustration of within-group altruism and the ways in which religious and other identities interact.[74] Philanthropic giving between diaspora groups and their homeland is one way for diaspora populations to gain political clout and cultural authenticity in both their new immigrant communities and their home country.[75]

Some of the most prominent philanthropic organizations supported by the diaspora shined through after the devastating Beirut August 4, 2020 blast. They include the Lebanese International Finance Executives (LIFE) which provides scholarships to Lebanese students for higher education and mentorship programs to help young Lebanese professionals connect with experienced executives. After the August 2020 Port of Beirut explosion, the diaspora saw philanthropy as a more reliable and effective option, and a lot of the relief that was provided came from the Lebanese abroad. Impact Lebanon, for example, raised significant funds for emergency relief and reconstruction. The diaspora also regularly contributes to the Lebanese Red Cross, which provides emergency medical services, disaster response, and community health programs. Other organizations include the Lebanese Food Bank, Embrace, Lebanese American Renaissance Partnership (LARP), SEAL (Social and Economic Action for Lebanon), Lebanese Relief Project, and more. These efforts are just a few examples of the extensive and diverse philanthropic activities undertaken by the Lebanese diaspora to support their homeland.

[74] Shawn Teresa Flanigan, "Religious and Ethnic Motivations for Serving Others in the Arab World: Evidence from Lebanon," Takaful (Amman: John D. Gerhart Center for Philanthropy and Civic Engagement, April 2011), 78, https://africanphilanthropy.issuelab.org/resources/20302/20302.pdf#page=82
[75] Flanigan, "Religious and Ethnic Motivations," 79.

Part 2: Mobilizing the Lebanese Diaspora to Spur Economic Complexity

Lebanon's economy needs to be steered towards sustainable recovery and productivity, and this can be achieved through strategically leveraging the resources and know-how of its human capital as core pillars of economic growth and complexity.[76] Economic growth can attract foreign investment, foster innovation, and diversify the economy away from its traditional sectors, enhancing resilience to external shocks and fostering sustainable development. Therefore, prioritizing economic growth is crucial for Lebanon to overcome its socio-economic challenges and chart a path towards a more prosperous and stable future. But the question remains: how can Lebanon be guided there?

Intrigued by the question of sustainable long-term growth, Ricardo Hausmann, an economist and professor at Harvard, co-introduced and developed the economic complexity theory in 2011 alongside César Hidalgo.[77] Hausmann and Hidalgo explain that at the heart of economic complexity is the recognition that the development of products and services involves more than just raw materials, labor, and machinery; this development also entails the implicit knowledge, often referred to as "know-how," of how to effectively combine inputs for production and operational success in business. In other words, the variety of goods and services a nation can produce is determined by the accumulation of productive knowledge existing among individuals and organizations within it. Economic complexity, according to Hausmann, can therefore clarify the reason as to why differences in respective countries' GDP per capita have become amplified over the past two centuries: in short, the productivity of a country is determined by the local availability, variety, and accumulation of its nontradable "capabilities" that are at its disposal.[78]

Hausmann and Hidalgo conclude that countries with many capabilities—which is demonstrably associated with a higher level of development—will be able to combine new capabilities with a wide set of pre-existing capabilities. This combination leads to the creation of new, more complex products compared to those of countries with fewer capabilities.[79] Building on this conclusion, they suggest that changes in a country's productive structure, notably the accumulation of new capabilities and the development of different combinations of capabilities, should be used to guide policy-making and development strategies.

[76] This statement builds on insights gathered from multiple KIIs with experts and stakeholders across economic, tourism, and communication sectors. KIIs emphasized the potential of Lebanon's diaspora, highlighting their readiness to contribute if concrete reforms, particularly in the banking sector, are implemented, as well as the importance of leveraging Lebanon's assets, such as its human capital, through a proper national strategy to engage the diaspora as ambassadors to promote the country's positive image.
[77] Ricardo Hausmann and César A. Hidalgo, "The Network Structure of Economic Output," *Journal of Economic Growth* 16, no. 4 (December 1, 2011): 309–42, https://doi.org/10.1007/s10887-011-9071-4
[78] César A. Hidalgo and Ricardo Hausmann, "The Building Blocks of Economic Complexity," *Proceedings of the National Academy of Sciences* 106, no. 26 (June 30, 2009): 10570, https://doi.org/10.1073/pnas.0900943106
[79] Hidalgo and Hausmann, "Building Blocks of Economic Complexity," 10575.

Ultimately, this approach can help countries unlock new pathways to sustainable economic growth and development.

Lebanon's diaspora today plays a significant role in achieving economic complexity, as it is a vast and well-established network that possesses a wide array of skills, knowledge, financial resources, and international connections. These attributes can be considered as part of Lebanon's extended "capabilities," even though they are not locally based. In order to leverage the diaspora's capabilities, Lebanon must create structured channels for financial investment, knowledge transfer, and collaboration to allow complexity to emerge to generate sustained growth. Historically, diaspora remittances have provided critical financial support, but the potential contributions of the diaspora extend far beyond monetary aid. Despite their undeniable importance, remittances offer far too narrow a lens through which to examine the impact of diaspora on development and poverty alleviation in the homeland. As argued by Hausmann, human capital is crucial to the idea of economic complexity, which is underpinned by the productive know-how they possess and which can be combined to generate new products with varying levels of complexity. Furthermore, know-how is acquired through experience, and is typically dispersed among individuals who must collaborate across teams and organizations.[80]

This opens up a viable avenue of support for the Lebanese diaspora, and notably those who developed their skills and knowhow abroad: knowledge transfers, or in other words, the exchange of information, skills, and human capital. Moreover, the diaspora's political influence can advocate for policies that create a conducive environment for investment and economic reform, while also contributing to significant structural change in the homeland. Overall, the Lebanese diaspora holds a pivotal role in shaping the future of Lebanon's economy.

1. Diaspora Direct Investments (DDIs)

Diaspora Direct Investment (DDI) refers to investments made by members of a country's diaspora back into their country of origin.[81] Diaspora investors, less deterred by political risk and economic fluctuations compared to other foreign investors, and more aware of the unique value proposition their home country offers, can leverage their cultural capital, knowledge, and transnational networks to make successful investments.[82] Moreover, the diaspora often invests in productive sectors and activities that create future output and value in their homeland.[83] This allows recipients to create their own independent cash streams, avoiding the risk of becoming reliant on the constant inflow of funds from the diaspora.

[80] Ricardo Hausmann et al., "The Economic Complexity of Namibia: A Roadmap for Productive Diversification," *SSRN Electronic Journal*, 2022, 7, https://doi.org/10.2139/ssrn.4071911
[81] Stephen Gelb et al., "Diaspora Finance for Development – From Remittances to Investment," Technical Report, JRC Technical Report (Luxembourg: Publications Office, 2021), 17, https://doi.org/10.2760/034446
[82] Tjai M. Nielsen and Liesl Riddle, "Investing in Peace: The Motivational Dynamics of Diaspora Investment in Post-Conflict Economies," *Journal of Business Ethics* 89 (2009), 437, http://www.jstor.org/stable/40605380
[83] Gelb et al., "Diaspora Finance for Development," 9.

Diaspora members are more inclined than international investors to invest in their countries of origin that might have weak business regulation and inadequate governance because they have a better understanding of the business climate and local practices.[84] Their motivations extend beyond altruism to include non-financial reasons like cultural connections and community engagement.[85] Therefore, they are willing to accept bigger risks, lower rates of return, and longer periods before recouping their investment.[86] They are also more willing to invest in smaller-scale projects and informal businesses, which are often the driving forces behind economic growth and job creation in developing countries.[87] It is especially pertinent in hostile environments, where many non-diaspora investors would be hesitant to contribute financially due to the comparatively high risks involved.[88]

A realistic business case for Lebanon must begin with relevant and current assessments that consider the incentives and capacities of different stakeholders, such as diaspora investors and other business partners.[89] Providing these stakeholders with ready-to-use information derived from robust data analysis as a crucial step for shaping investment decision-making and informed actions.[90] Even if diaspora community members have business ideas beyond remittances, significant regulatory barriers (e.g., lengthy procedures, insufficient transparency of governmental institutions, very low level of digitalisation of governmental services) and a weak rule of law appear to deter potential diaspora investors.[91]

[84] Mariem Mezghenni Malouche and Fanny Salsac, "Mobilizing the Middle East and North Africa Diaspora for Economic Integration and Entrepreneurship" (World Bank, December 2016), 3, https://hdl.handle.net/10986/26307
[85] Tjai M. Nielsen and Liesl Riddle, "Investing in Peace: The Motivational Dynamics of Diaspora Investment in Post-Conflict Economies," *Journal of Business Ethics* 89 (2009), 437, http://www.jstor.org/stable/40605380
[86] Guido Lanfranchi, "Promoting Diaspora Investment in Fragile Settings: The Case of Somalia," Policy Brief, CRU Policy Brief (Clingendael Institute of International Relations, August 2023), 4, https://www.clingendael.org/sites/default/files/2023-08/PB_Somalia_diaspora.pdf
[87] Paul Asquith and Stella Opoku-Owusu, "Diaspora Investment to Help Achieve the SDGs in Africa: Prospects and Trends," in *Foreign Direct Investment Perspective through Foreign Direct Divestment*, ed. Anita Maček (Rijeka: IntechOpen, 2020), Ch. 5, https://doi.org/10.5772/intechopen.93129
[88] Kathleen Newland and Sonia Plaza, "What We Know about Diasporas and Economic Development," Policy brief (Migration Policy Institute, September 2013), 3, https://www.migrationpolicy.org/sites/default/files/publications/Diasporas-EconomicDevelopment.pdf
[89] According to an investment advisor at Berytech.
[90] Zenebe B. Uraguchi, Dinka Majanovic, and Almira Kadic, "Diaspora Communities as a Driving Force for Development: Is There a 'Business Case'?," Helvetas, April 2, 2018, https://www.helvetas.org/en/switzerland/how-you-can-help/follow-us/blog/inclusive-systems/Diaspora-communities-as-a-driving-force-for-development
[91] Zenebe B. Uraguchi, Dinka Majanovic, and Almira Kadic, "Diaspora Communities as a Driving Force for Development: Is There a 'Business Case'?," Helvetas, April 2, 2018, https://www.helvetas.org/en/switzerland/how-you-can-help/follow-us/blog/inclusive-systems/Diaspora-communities-as-a-driving-force-for-development

Diaspora communities may perceive less risk than typical investors; however, considerable perceived risk arises from a lack of good information about local business opportunities and legal requirements.[92] This can be a major obstacle to investment, even for the most committed diaspora investors. There is often either a lack of research or the capacity to conduct thorough assessments highlighting opportunities and risks in potential investment sectors.[93] Diaspora groups, in general, are not "magic bullets" for solving complicated development challenges, and they are unlikely to change structural constraints or rebuild unstable states on their own. However, with a clear understanding of the core reasons and well-defined tactics, such initiatives may contribute to the economic development and improvement of their local communities, resulting in long-term economic growth.

2. Diaspora's Trade Integration

Having a large diaspora could significantly increase trade between the origin and destination countries, especially for diverse or unique products rather than basic commodities.[94] This indicates that connections to the diaspora can help overcome information gaps and non-tariff barriers that often hinder trade.[95] Migration is considered to affect trade in two main ways, transaction cost effect, and immigrant preference effect.[96] Diaspora members are commonly believed to have information advantages and cheaper transaction costs than other investors due to their familiarity with the setting, local knowledge, and access to local networks.[97] Historically, networks of ethnic communities have contributed to an important share of world trade that took place.[98] Additionally, expatriate demand for products from their origin countries increases imports ot 'nostalgia goods'[99] to host countries. Lebanese olive oil is one example. A study found that in 2005, Lebanon exported 904 tons of olive oil to the GCC market, while this value increased to 13,587 tons by 2016.[100] This increase can be attributed to the

[92] According to an economic attaché in a European country, this was true for Lebanon's case prior to the crisis in 2019; however, the situation has changed today. The diaspora are willing to invest in Lebanon, especially in family businesses; however, larger investments are hindered first and foremost by a lack of trust and a lack of reforms. Moreover, there have been several impact funds that were started to try and get diaspora investments, but the diaspora today are looking for reliable information about the local businesses, as well as guarantees on their investments. Additionally, many of the impact funds, such as the Cedar Oxygen Fund, request corporate guarantees, machinery guarantees and mortgages, thereby limiting the number of companies that are eligible for such funds.

[93] As the DRC study found, the main motive behind diaspora involvement in business endeavors was to sponsor relatives through business instead of sending remittances to cover everyday consumption. The study also demonstrated that some diaspora members lack the necessary awareness of how to engage in for-profit investments and lack the knowledge on how to invest.

[94] "Migration and Trade," Migration data portal, October 5, 2021, https://www.migrationdataportal.org/themes/migration-and-trade

[95] Malouche and Salsac, "Mobilizing the Middle East," 3.

[96] "Migration and Trade."

[97] Gelb et al., "Diaspora Finance for Development," 11.

[98] Malouche and Salsac, "Mobilizing the Middle East," 29.

[99] These products often include traditional foods, beverages, handicrafts, and other items that evoke memories of the homeland. Nostalgic trade is driven by the desire of diaspora members to maintain a connection with their cultural heritage and support their native country's economy.

[100] Joseph Nakhle, "Lebanon Olive Value Chain Analysis Report" (Beirut: ACTED, May 2018), 19, https://www.acted.org/wp-content/uploads/2018/01/final-value-chain-report--olive-acted-lebanon.pdf

Lebanese diaspora in the GCC that is willing to pay higher prices for more authentic Lebanese products.

Migrants can additionally lower bilateral transaction costs and increase trade and investment flows by forming cross-border networks that facilitate the exchange of know-how and information. Research has shown that migrants can overcome communication, language, and other cultural hurdles typical of two natives from different countries, and are likely to be familiar with their respective legislative frameworks, which is essential for firms operating internationally. Generally speaking, one of the most significant first steps in overcoming non-tariff trade barriers, or other cross-border trade and investments, is the presence of robust business networks in-between countries. These networks, mediated by members of the diaspora, can therefore help reduce bilateral transaction costs for investment and commerce, which allows their home countries to become more integrated into the global economy.[101]

3. Diaspora Knowledge Networks and Transfers

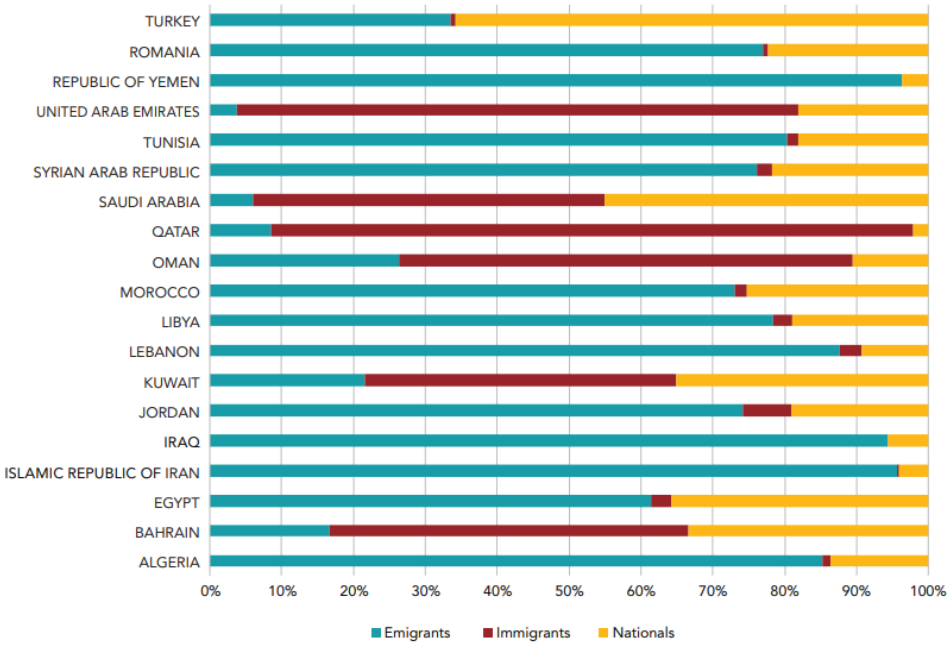
In addition to financial investments, perhaps the diaspora's most important form of investment does not necessarily require financial transactions: knowledge.[102] Diaspora networks are labeled as 'goldmines' by economist Ricardo Hausmann who championed the idea of economic complexity. Knowledge transfers occur when migrants learn skills or/and obtain education abroad and then transfer their knowledge and skills back to the homeland, either through their networks within the country or through return migration.[103] The former approach aims to establish connections through which expatriates can contribute effectively and productively to their home countries' development without returning. A key advantage of this strategy is that home countries can benefit not only from the expatriates' individual expertise but also from the social and professional networks they are part of abroad.[104] The return option involves expatriates physically returning to their home countries and disseminating their acquired knowledge and technology locally.

The impact of diaspora knowledge transfers is demonstrated through several international, as well as Lebanese successful case studies. For example, the initial development and expansion of the IT industry in China, India, and Israel may be traced back to professional relationships between home engineers and diaspora engineers and entrepreneurs in Silicon Valley, which emerged over the last three to four decades.[105] On the Lebanese front, one example demonstrating knowledge transfer is Murex, a global leader in trading, risk management, and processing solutions for capital markets, founded by Lebanese expatriates

[101] Dany Bahar, "Diasporas and Economic Development: A Review of the Evidence and Policy," *Comparative Economic Studies* 62, no. 2 (June 1, 2020): 26, https://doi.org/10.1057/s41294-020-00117-0
[102] Gelb et al., "Diaspora Finance for Development," 19.
[103] Pierre-Alexandre Balland et al., "The New Paradigm of Economic Complexity," *Research Policy* 51, no. 3 (April 1, 2022): 7, https://doi.org/10.1016/j.respol.2021.104450
[104] Uwem E. Ite, "Turning Brain Drain into Brain Gain: Personal Reflections on Using the Diaspora Option," African Issues 30, no. 1 (2002): 76–77, https://doi.org/10.2307/1167096
[105] Ricardo Hausmann et al., "Innovation Policies Under Economic Complexity," *SSRN Electronic Journal*, 2024, 25, https://doi.org/10.2139/ssrn.4814938

who brought their expertise and experience back to Lebanon. By establishing a strong local presence, they helped cultivate a domestic ecosystem around financial technology and software development.

Capitalizing on such operations and encouraging similar ones in Lebanon promoted a culture of innovation and continuous learning, driving research and development diversifies Lebanon's economy, reducing dependence on traditional sectors such as agriculture and tourism.[106] This diversification enhances economic resilience and opens up new avenues for growth and development. Diaspora connections can additionally help integrate Lebanon into the international landscape, opening doors for Lebanese businesses to engage in global markets and partnerships.[107] The diaspora's brainpower can also be measured through an indicator that compares the number of scientific and technical patents that emigrants and residents register. In the Middle East and North Africa, a World Bank study[108] found that emigrants are responsible for most patents that MENA citizens file.



Source: Mobilizing the Middle East and North Africa diaspora for economic integration and entrepreneurship (2015)

[106] Sheila Siar, "Diaspora Knowledge Transfer as a Development Strategy for Capturing the Gains of Skilled Migration," *Asian and Pacific Migration Journal* 23, no. 3 (September 1, 2014): 317, https://doi.org/10.1177/011719681402300303

[107] This observation is supported by insights from discussions on leveraging diaspora connections for local business development. Diaspora programs provide technical assistance and advisory support to micro, small, and medium enterprises (MSMEs) in Lebanon, helping them build skills in finance, planning, investment readiness, and negotiation. These initiatives are often funded by sponsors and delivered by a pool of experts, free of charge to the beneficiaries. Additionally, organizations like Berytech foster networking and knowledge-sharing among Lebanese businesses and the diaspora, particularly by sector, enabling them to exchange best practices and enhance their global competitiveness. Such efforts underscore the potential of diaspora connections to integrate Lebanon into international markets and partnerships.

[108] Mariem Mezghenni Malouche and Fanny Salsac, "Mobilizing the Middle East and North Africa Diaspora for Economic Integration and Entrepreneurship" (World Bank, December 2016), 5-6, https://hdl.handle.net/10986/26307

Encouraging the Lebanese diaspora to register their patents in Lebanon could be a pivotal strategy for boosting the country's economic growth. A recent World Bank study[109] found that there is a significant relationship between key technology patents and GDP per capita income, showing that a 1% increase in key technology patents results in about a 0.1% increase in GDP per capita. The contribution of each additional key technology patent to GDP was estimated to be significant. Encouraging the Lebanese diaspora to register their patents in Lebanon could be a pivotal strategy for boosting the country's economic growth. By fostering an environment that supports and incentivizes diaspora patents, Lebanon can capitalize on this untapped potential to drive technological advancement and economic development. Each additional key technology patent registered in Lebanon can not only contribute directly to GDP growth but also strengthen the nation's global competitiveness and economic resilience. Therefore, it is crucial to implement targeted measures that facilitate and encourage diaspora patents, as this could significantly enhance Lebanon's economic complexity and prosperity.

4. Diaspora's Positive Influence on the Political Landscape

Diaspora members can be a significant force for change and the promotion of a new social contract in Lebanon since they frequently push for transparency, competition, and higher-quality democracy.[110] Diaspora members, particularly those living in nations with better governance and stronger institutions, are more demanding and aware of quality gaps and the efficient services provided by governments. As a result, the diaspora can be a driver of change and a conduit for introducing new and improved methods of governance.[111] Diaspora voters, often more removed from local political pressures and prone to be shaped by their new political environments in the host countries, may prioritize transparency, good governance, and anti-corruption measures, thereby promoting greater control and accountability in government.[112] By advocating for and supporting candidates committed to these principles, the diaspora can help reduce corruption and foster a political environment where public officials are more responsive to the needs of all citizens. This engagement not only enriches the democratic process but also reinforces the mechanisms that ensure government integrity and accountability.[113]

[109] Maximilian Wurster, "How Key Technology Patents Stimulate Economic Growth," *Global & European Dynamics* (blog), September 30, 2021, https://globaleurope.eu/globalization/intellectual-property-how-key-technology-patents-stimulate-economic-growth/

[110] Jan Fidrmuc and Orla Doyle, "Voice of the Diaspora: An Analysis of Migrant Voting Behavior," *SSRN Electronic Journal*, 2004, 25-28, https://doi.org/10.2139/ssrn.576184

[111] Malouche and Salsac, "Mobilizing the Middle East," 41.

[112] Jan Fidrmuc and Orla Doyle, "Voice of the Diaspora: An Analysis of Migrant Voting Behavior," *SSRN Electronic Journal*, 2004, 25-28, https://doi.org/10.2139/ssrn.576184

[113] According to a Lebanese ambassador to a European country, the diaspora were not simply observers of the crisis, but they were directly implicated, as many lost their life savings as well. Members of the Lebanese diaspora, while maintaining strong ties to their homeland, have developed a more critical perspective on Lebanon's governance, especially after the 2019 crisis. Diaspora members who once had strong ties to and investments in Lebanon now see the country as a failed state, which has caused a drop not only in remittances, and investments, but also in the faith in its institutions. Although the diaspora still supports more transparency and better democracy, the ambassador pointed out that their involvement has been more selective as they disassociate themselves from those and institutions they believe to be involved in Lebanon's problems. This disappointment emphasizes how urgently structural changes are required to restore confidence and re-engage the diaspora as a catalyst for the nation's healing.

The Lebanese diaspora plays a vital role in enhancing governance and economic development by fostering greater accountability and transparency within the country. This is achieved through advocacy, financial support for civil society organizations, and active participation in policy discussions.[114] The Lebanese diaspora was tangibly present in the 2022 Lebanese parliamentary election, during which the diaspora vote helped elect seven candidates outside traditional Lebanese political parties.[115] While the diaspora's votes had little impact on the final results in 2018, increased participation in 2022 helped secure seats for advocates of change. In some electoral districts, the diaspora vote was sufficient to help anti-establishment candidates win seats, at the expense of traditional parties.

The diaspora's voting behavior differed greatly from that of in-country voters in 2022, even more so than in 2018.[116] Improved governance helps empower the productive sector by ensuring that businesses operate in a fair and competitive environment. Additionally, when individuals feel a stronger sense of belonging and connection to their homeland, they are more likely to invest in it, both financially and emotionally.[117] As the saying goes, "you put your money where your heart is," meaning that when governance improves and trust in institutions is strengthened, the diaspora is more inclined to invest in Lebanon, further boosting economic development.[118]

Additionally, living outside their homelands often gives diasporans an advantage, enabling them to more effectively advocate for their policy agendas. They may wield influence disproportionate to their numbers due to the knowledge, skills, and financial capital they acquire in the host society, as well as their impact on the host country's foreign policy toward their homelands.[119] This Lebanese-American lobby is one example of such efforts.[120] Consequently, leveraging the diaspora's unique position and resources can be a powerful tool for driving positive change in their countries of origin. By effectively utilizing their influence and

[114] Furthermore, research reveals that diasporas frequently organize networks and resources to support a specific cause in either their homeland or in their host country. Global networks of diaspora associations sometimes engage in huge protests and raise awareness about homeland-related concerns. This became evident in the October 2019 protests, when diaspora groups around the world organized protests and initiatives in their place of residence, while some even came back to participate in the protests at home. Modern technological improvements in communications have only made this mobilization more accessible and less expensive. See Tony Fang and Alex Wells, "Diaspora Economics," IZA DP, Discussion Papers (Institute of Labor Economics, May 2022), 8-9, https://docs.iza.org/dp15334.pdf

[115] Georgia Dagher, "HOW DID THE LEBANESE DIASPORA VOTE IN THE 2022 PARLIAMENTARY ELECTIONS?" (Beirut: Arab Reform Initiative, 2022), https://api.thepolicyinitiative.org/content/uploads/files//How-did-the-lebanese-diaspora-vote-in-the-2022-parliament.pdf

[116] For example, a study on the Lebanese diaspora's voting habits during the 2022 elections found that the voting preferences of the diaspora differed significantly from those of voters in Lebanon, with anti-establishment candidates and parties performing much better among the diaspora. This shift in political preferences reflects a greater mobilization of the diaspora for political change in Lebanon. (Dagher, "How did the Lebanese Diaspora Vote," 4).

[117] Sara K. Engstrøm, "Diaspora Engagement: An Analysis of Mexico's Diaspora Engagement Efforts" (Denmark, Aalborg University, 2015), 36, https://projekter.aau.dk/projekter/files/224355268/Diaspora_Engagement_SaraKittenEngstr_m.pdf

[118] As was mentioned by the Lebanese ambassador to a European country in a KII.

[119] Jennifer Brinkerhoff, "Creating an Enabling Environment for Diasporas' Participation in Homeland Development," *International Migration (Geneva, Switzerland)* 50 (February 1, 2012): 75, https://doi.org/10.1111/j.1468-2435.2009.00542.x

[120] Julian Pecquet, "Lebanese-Americans Step up Advocacy as Country Crumbles," *Foreign Lobby* (blog), August 12, 2020, https://www.foreignlobby.com/2020/08/12/lebanese-americans-step-up-lobbying-as-country-crumbles/

the advantages gained abroad, diasporans are capable of contributing in many ways to the progress of the country, including the shaping of policies, fostering economic development, and supporting social progress. Encouraging and facilitating the active engagement of the diaspora can thus serve as a critical strategy for nations like Lebanon, seeking to harness the full potential of their global communities. This approach not only strengthens ties between the diaspora and their homelands but also promotes a more inclusive and collaborative framework for national development.

Conclusion

The Lebanese diaspora has been a cornerstone of Lebanon's economic framework, providing vital financial support through remittances, bolstering the banking sector with non-resident deposits, and investing in various sectors including real estate, MSMEs, and tourism. Their philanthropic efforts have further amplified their impact on the local economy. However, Lebanon's heavy reliance on diaspora support has fostered a dependency culture that, along with political and economic instability, has stymied sustainable growth. The current economic crisis has only exacerbated these challenges, triggering another wave of emigration and depleting the nation's human capital.

To move forward, Lebanon must implement comprehensive strategies that tap into the diaspora's economic, social, and cultural capital, harnessing their diverse capabilities to foster economic complexity and drive sustained growth. This includes enhancing human capital contributions, leveraging social networks, mobilizing economic resources, and maintaining cultural ties. Institutional support from the government is crucial to creating an environment where the diaspora can contribute effectively. By reducing dependency on remittances and implementing policies that promote long-term economic stability and growth, Lebanon can better utilize the potential of its diaspora. This approach will not only strengthen the ties between the diaspora and their homeland but also pave the way for a more prosperous and sustainable future for Lebanon.

Recommendations

A diaspora strategy that leverages the inherent sense of identity and affection within the Lebanese diaspora communities is needed, harnessing this social network as a potent driver of economic development. Currently, Lebanon lacks a publicly accepted definition of its diaspora as well as a unified legal framework for diaspora engagement. There is no law in place that can help guide policies regarding the diaspora, and initiatives have been fragmented rather than based on a clear strategy.[121] Therefore, a comprehensive and cohesive diaspora strategy is needed to enable the country to benefit from one of its most prized assets. By creating unified initiatives and institutional mechanisms, Lebanon can transform fragmented efforts into a structured approach, enabling the diaspora to contribute more effectively to the country's recovery and growth.

The diaspora possesses a series of resources that, if properly capitalized on, can contribute significantly to the recovery and growth of Lebanon's economy.[122] These resources are: economic capital,[123] human capital,[124] social capital,[125] and cultural capital.[126] However, a diaspora can only exert its economic influence if its value is recognized by the home country. At the same time, in order to fully benefit from these resources, some fundamental structural changes need to take place to create an enabling environment that is geared towards a diaspora economy.

Mobilizing Diaspora Economic and Human Capital

1. **Providing diaspora investment funds** as an effective way to leverage diaspora economic capital, supported by international organizations. These funds can specifically

[121] Perhaps the closest thing to a national initiative was the Lebanese Diaspora Energy (LDE) conference that was initiated by the Ministry of Foreign Affairs (MoFA) in 2014, which aimed to gather both resident and non-resident Lebanese citizens to strengthen the bonds between Lebanon and its diaspora. The initiative's most prominent goals included establishing a venue for commemorating the achievements of Lebanese expatriates, advancing Lebanese heritage, culture, and identity, strengthening ties by giving people a way to build national and international networks, and looking into ways the diaspora can participate in the nation's reform and development process. However, this initiative has not been active since 2019. According to a consultant that helped design this initiative, the initiative's influence was limited by the lack of follow-up procedures and Lebanon's political and economic unrest. The diaspora's involvement in Lebanon's reform and development activities might be revitalized by reviving and institutionalizing such projects with a clear focus on tangible outcomes.

[122] International Organization for Migration, "DIASPORAS AND DEVELOPMENT: BRIDGING BETWEEN SOCIETIES AND STATES," in *Diaspora Ministerial Conference* (International Dialogue on Migration 2013, Geneva, 2013), 2, https://www.iom.int/sites/g/files/tmzbdl486/files/migrated_files/What-We-Do/idm/workshops/IDM-2013-Diaspora-Ministerial-Conference/Background-Paper-2013-Diaspora-Ministerial-Conference-EN.pdf

[123] These are the opportunities that diaspora communities can bring in terms of investment.

[124] Namely, human resources. Diaspora members who contribute to the economy and competitiveness of the country where they live and who may also engage in development processes in their country of origin.

[125] Social capital is commonly understood as the set of resources embedded in the (actual or potential) social networks that diaspora communities maintain. These social networks are not limited to links with the country of origin, or to links between diaspora members within the country where they live, but can extend to the global scale through members of the same diaspora who are scattered in several countries.

[126] This is related to the globalization of ideas, knowledge and, to some extent, social models. Cuisine, arts and festivities are among the elements that allow exchanges and mutual recognition and release the potential benefits of more diverse societies.

channel diaspora remittances and investments into local development projects and high growth potential sectors, offering attractive returns and risk mitigation measures.[127] They also provide necessary support and information on the investment climate that diaspora members might otherwise lack.

2. **Encouraging knowledge transfer initiatives** to fully benefit from the human capital accumulated by the diaspora. Several countries have installed such initiatives to facilitate short-term assignments where diaspora members return for specific projects or teaching engagements, and can be implemented in Lebanon as well. For example, the United Nations' TOKTEN (Transfer of Knowledge Through Expatriate Nationals) program[128] facilitates temporary return of expatriates to share expertise; India's Global Initiative of Academic Networks (GIAN)[129] invites international faculty to teach in Indian universities; the African Diaspora Fellowship Program[130] pairs diaspora mentors with African institutions for capacity building.

3. **Strengthening digital platforms** to facilitate virtual collaboration, enabling diaspora professionals to contribute to business projects remotely. For example, Nigeria's iDiaspora platform[131] connects Nigerian professionals worldwide with opportunities to contribute remotely to national development. The creation of innovation labs and incubators that involve diaspora professionals in mentoring and developing local startups, and that focus on diaspora-led startups, offering resources and support for business growth are also beneficial. Ghana's Diaspora Homecoming Summit[132], for example, encourages Ghanaians abroad to invest in and start businesses in Ghana.

4. **Simplify and streamline the patent registration process** in Lebanon to make it more accessible and efficient for diaspora inventors. This can include creating online platforms for patent applications, reducing bureaucratic hurdles, and ensuring clear guidelines and support for applicants.

Creating an Enabling Business Environment

5. **Implementing legal and regulatory reforms** related to improving Lebanon's business environment across the business lifecycle from entry to exit, such as streamlining and digitizing procedures, can significantly increase opportunities for diaspora investment. Implementing stable and predictable fiscal and monetary policies is necessary to create a

[127] One such example is the Lebanese Diaspora Energy Fund which was established in 2014 to offer investment opportunities and incentives for the diaspora to invest in renewable energy projects in Lebanon.
[128] UNDP, "TOKTEN Lebanon," September 10, 2013, https://www.undp.org/lebanon/publications/tokten-lebanon
[129] "Global Initiative of Academic Networks (GIAN)," Jawaharlal Nehru University, July 5, 2024, https://www.jnu.ac.in/gian
[130] "Carnegie African Diaspora Fellowship Program," IIE - The Power of International Education, 2024, https://www.iie.org/programs/carnegie-african-diaspora-fellowship-program/
[131] "Nigerian Diaspora Fund," Nigerian Federal Ministry of Industry, Trade & Investment, 2024, https://nigeriadiasporafund.gov.ng/
[132] "Ghana Diaspora Homecoming Summit," *European Union Global Diaspora Facility* (blog), December 2023, https://diasporafordevelopment.eu/cpt_practices/ghana-diaspora-homecoming-summit/

favorable macroeconomic environment, reduces uncertainties and attracts diaspora investments.

6. **Improving financial markets** in Lebanon can significantly attract diaspora investments by providing a stable, transparent, and efficient environment for investment. Offering a range of financial instruments, such as stocks, bonds, mutual funds, and real estate investment trusts, can attract diaspora investors with different risk appetites and investment goals. Additionally, a well-functioning financial market enables local businesses to raise capital more efficiently through public offerings and bond issues, creating more investment opportunities for the diaspora.

7. **Offering tax incentives** for diaspora investments can be a powerful tool to attract and retain capital from Lebanese expatriates. These incentives can include tax breaks on repatriated capital gains, income tax exemptions, and deductions for investments in specific sectors. Targeted tax benefits for investments in sectors with high growth potential like technology, agriculture, and tourism could also be prioritized.

8. **Restructuring of banks** is a crucial component of integrating the diaspora into the Lebanese economy, as a healthy banking sector is essential for investment, remittances, and financial stability. Moreover, digital banking infrastructure should be strengthened to facilitate remote banking services for the diaspora, including online banking, mobile apps, and fintech solutions. Issuing licenses for new banks to operate in Lebanon can also see diaspora investment in this field.

Leverage Social and Cultural Capital

9. **Supporting diaspora networks and platforms** that connect diaspora members with local stakeholders can facilitate networking and collaboration, as well as encourage community engagement. Municipalities play a crucial role in this, as they can organize regular forums and conferences that bring together diaspora members from their communities, local businesses, and policymakers to discuss collaborative opportunities and share best practices.

10. **Channeling diaspora contributions towards social development** projects can build on the philanthropic efforts of the diaspora to increase the social impact of their investments in sectors such as education, healthcare, and community development. Providing tax incentives for philanthropic donations can facilitate and further incentivize diaspora philanthropy, which plays an important role today in creating a long lasting social impact.

11. **Encouraging diaspora contributions to heritage preservation and tourism initiatives** involves leveraging the emotional and cultural connections that diaspora members have with their homeland. Establishing recognition programs, such as naming opportunities or plaques, to honor major contributors to heritage and tourism projects, could entice diaspora involvement in this cultural preservation. Moreover, diaspora

organizations and cultural associations could promote heritage preservation initiatives and mobilize their networks for contributions.

12. **Promoting under-represented sites and activities** in Lebanon by the diaspora can attract different kinds of tourists from all around the world. Seeing how every diaspora member acts as an ambassador of Lebanon in their place of residence, as well as their strong bond to Lebanese culture and traditions, by sharing their personal stories and experiences, they can highlight lesser-known destinations and cultural events, encouraging a more diverse and enriched tourism experience. This not only diversifies the tourism sector but also ensures that the economic benefits of tourism are more widely distributed across the country.

13. **Leveraging the diaspora's advocacy** as a means to inspire international interest and partnerships, leading to increased investment in the preservation and promotion of Lebanon's cultural heritage. This dynamic engagement helps foster a deeper global appreciation for Lebanon's rich cultural landscape and reinforces the country's identity on the world stage.

14. **Encouraging the Lebanese diaspora to obtain Lebanese citizenship** as a strategic move that can strengthen national unity, enhance cultural connections, and leverage the diaspora's potential for national development. Targeted media campaigns and specific incentives should be established in order to motivate a greater number of diaspora members to claim their Lebanese nationality.[133]

Provide Institutional Support

15. **Establishing a government agency or office specifically tasked with engaging the diaspora** to facilitate the coordination of efforts across ministries, and the implementation of policies to leverage diaspora resources. This office can set up a unified database, run targeted campaigns to inform diaspora communities about opportunities and initiatives in their homeland, highlighting how they can contribute and benefit, as well as maintain regular communication channels with the diaspora to update them on developments, solicit feedback, and continuously improve engagement strategies.

[133] The Ministry of Foreign Affairs launched the Lebanese Nationality Program in 2017 to develop Lebanese identity in diaspora communities and strengthen relationships with the emigrant community by providing the possibility for people of Lebanese heritage worldwide to seek nationality. It is important to strengthen and broadcast this initiative, offering Lebanese descendants with clear incentives for acquiring Lebanese nationality.

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Annex

Key Informant Interview Guide:

A. Mobilizing Diaspora Economic and Human Capital

- How do you perceive the role of the Lebanese diaspora in contributing to Lebanon's development and recovery?
- What specific capabilities and resources do you believe the diaspora possesses that could be beneficial for Lebanon?
- What is the best way to engage successful members of the Lebanese diaspora to contribute to local projects?
    - Are there any specific sectors (technology, agriculture, tourism…) that could benefit from diaspora investment or support in general?
    - Are there any incentives that could be offered towards that end?

B. Creating an Enabling Business Environment

- In your opinion, what are the key barriers currently preventing diaspora investment in Lebanon (e.g., being put on the grey list)?
    - How can the Lebanese government improve regulatory frameworks to attract more diaspora investments?
    - Is there any way for the Lebanese diaspora to be involved in this restructuring?

C. Leveraging Social and Cultural Capital and Providing Institutional Support

- How can cultural ties between Lebanon and members of the Lebanese diaspora be strengthened to foster collaboration and support for local initiatives?
- In what ways can social networks within the diaspora be utilized to promote Lebanese products and services internationally (e.g., improving branding and Lebanon's international image)?
- What types of institutional frameworks are necessary to support collaboration between the diaspora and local entities in Lebanon?

D. Knowledge Transfer and Skill Development

- What mechanisms can be established to facilitate knowledge transfer from the diaspora to local entrepreneurs in Lebanon (e.g., apprenticeships, mentor programs)?
- Are there any specific training programs you could recommend to enhance the skills of local talent based on your identified needs?

E. Recommendations

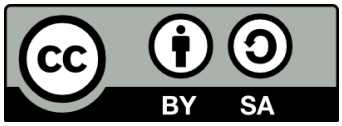
- In your opinion, what are specific policies you would recommend to ensure sustainable engagement with the Lebanese diaspora?
- Do you know of any countries that Lebanon can learn from in terms of successful diaspora engagement for national development? What are the lessons learned applicable to Lebanon?

About the Author

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