THE DIASPORA CAPABILITY INDEX

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Executive Summary

Lebanon has long been a diaspora economy—one where remittances, deposits, and other external inflows from its global population have sustained households, provided foreign currency, and underpinned the rentier system. While these transfers were a lifeline, the financial sector's misuse of depositors' money, including large volumes of diaspora funds, entrenched unproductive rent-seeking and culminated in systemic collapse. The challenge today is not whether the diaspora matters, but how Lebanon can strategically harness this transnational asset to reinvent its economic model.

This paper proposes the Diaspora Capability Index (DCI), a framework that treats the diaspora as an extension of Lebanon's productive base. Just as the Economic Complexity Index (ECI)[1] is a tool for identifying priority sectors based on domestic capabilities, the DCI serves as a complementary tool that maps the global capabilities of Lebanon's diaspora—its human capital, financial leverage, institutional linkages, and presence in strategic hubs. Together, the ECI and DCI move Lebanon beyond a fragmented "laundry list" of sectors toward a targeted approach that aligns scarce resources with areas of greatest transnational advantage.

The DCI evaluates six dimensions:

1. **Scale & Reach:** The size of sector-specific diaspora communities and their presence in global hubs.

2. **Human Capital Quality:** Education, skills, and professional credentials.

3. **Financial Leverage:** The capacity for both remittances and direct investment.

4. **Institutional Linkages:** The strength of formal and informal networks.

5. **Engagement Infrastructure:** The ease of connecting and investing from abroad.

6. **Strategic Alignment:** The connection of diaspora strengths to national priority sectors.

By combining the sectoral lens of economic complexity with the global reach of diaspora capabilities, the DCI provides policymakers with a data-driven tool to strategically leverage Lebanon's global networks. It reframes the diaspora from a passive source of income into an active driver of productive diversification, innovation, and resilience. Beyond Lebanon, the DCI offers a replicable model for other economies seeking to harness their diasporas as engines of complexity and long-term development in an era of global migration and talent mobility.

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[1] The Economic Complexity Index (ECI) is a measure of a country's productive knowledge, reflecting the diversity and sophistication of its exports. It essentially gauges the knowledge embedded in a nation's economy based on the types of products it exports and how widely those products are exported by other countries.

1.   Introduction and Rationale: Lebanon's Economic Crisis and the Need for a New Development Model

Lebanon's rentier economic model was a system where the primary sources of national income came not from productive, export-oriented sectors like industry or agriculture, but from external inflows. These included remittances from its vast global diaspora, foreign aid, and revenues from a banking sector that attracted capital through high-interest deposits. While this structure provided stability for decades, it proved fundamentally unsustainable. It entrenched a political system of patronage and sectarian power-sharing, discouraged investment in productive sectors, and allowed institutional decay and widespread corruption. The model collapsed spectacularly beginning in October 2019, plunging the country into one of the most severe economic crises in modern history (World Bank, 2021). This was not merely a financial downturn but a systemic failure, marked by a currency devaluation of over 90%, a sovereign debt default, and the collapse of the banking system.

Within this model, the Lebanese diaspora's role was overwhelmingly framed around remittances. These transfers served as a critical social safety net, sustaining millions of households and preventing deeper humanitarian collapse. Their sheer volume—representing a significant share of GDP and foreign currency inflows—was staggering. Yet, much of this money, whether as direct transfers or deposits in local banks, was absorbed into a financial system that promised high returns but instead financed deficits and unproductive rent-seeking. The result was a systemic misuse of depositor funds, including those of the diaspora, which reinforced dependency and culminated in massive losses during the financial collapse. Thus, while remittances safeguarded families, they also became a pillar of the unsustainable rentier economy rather than a driver of long-term productive growth.

Moving beyond this remittance-centered model requires a different approach: one that identifies how Lebanon can channel both its domestic and transnational capabilities into productive sectors. In charting a new development model after the collapse of the rentier system, the central task is to identify and strategically invest in sectors with the highest potential for job creation, export expansion, and innovation. Tools such as the Economic Complexity Index (ECI), developed by Hausmann and Hidalgo (2009, 2011), is valuable in this process, as it helps policymakers identify priority sectors where domestic productive capabilities can be scaled and diversified. The logic of economic complexity emphasizes that long-term growth arises not from static comparative advantages, but from developing and diversifying the set of productive capabilities embedded in an economy. Moving into more sophisticated and knowledge-intensive sectors requires careful sector selection based on measurable potential for productivity, spillover effects, and alignment with Lebanon's existing—though currently underutilized—capabilities.

The Diaspora Capability Index (DCI) is proposed as a complementary tool that extends this logic into the transnational space. The unique contribution of the DCI lies in the fact that it offers a set of economic dimensions specifically designed to map the diaspora's

productive potential. Together, the ECI and DCI enable a shift from a fragmented "laundry list" of options to a more strategic approach that focuses scarce resources on sectors where both domestic and diaspora capabilities align—unlocking the potential of Lebanon's people, at home and abroad, to drive complexity, competitiveness, and long-term resilience. The DCI integrates the capabilities of Lebanon's global talent base into sector selection and economic strategy. It does so through six interrelated pillars: *(1) Scale & Reach of the Diaspora*, measuring both the size of sector-specific diaspora communities and their presence in strategic global hubs; *(2) Human Capital Quality*, capturing education levels, professional credentials, and sector-relevant skills; *(3) Financial Leverage*, assessing the capacity and willingness to mobilize capital, from remittances to direct investments; *(4) Institutional Linkages*, evaluating the strength of diaspora associations, trade missions, and formal partnerships; *(5) Engagement Infrastructure*, examining the legal, regulatory, and logistical ease with which the diaspora can connect and invest; and *(6) Strategic Alignment,* ensuring that diaspora strengths are directed toward Lebanon's top national priority sectors with high potential for job creation, export growth, and technology transfer.

By weaving these dimensions together, the DCI reframes the diaspora not merely as a source of income but as a strategic extension of the national knowledge economy—capable of driving innovation, diversification, and resilience. It aims to quantify the diaspora's potential impact on specific economic sectors, and in doing so, it identifies a sectoral map of where Lebanon's global talent base can be most effectively leveraged. Ultimately, the DCI offers a replicable framework that fragile and transition economies can adopt to move beyond unsustainable, remittance-fueled models. By tapping into the distributed knowledge and capabilities of their global populations, these countries can lay the groundwork for a more diversified, resilient, and complex economy.

2. Literature Review: Diaspora Engagement and Economic Complexity

2.1. Economic Complexity Theory (Hausmann & Hidalgo) and Diversification

The field of development economics has long sought to understand the drivers of economic growth and diversification. One of the most influential frameworks to emerge in recent decades is Economic Complexity Theory (ECT), primarily developed by Ricardo Hausmann and César Hidalgo. Their foundational work, particularly in *The Atlas of Economic Complexity*, posits that a country's economic structure—what it can produce—is a function of the collective knowledge embedded within its productive network. Hidalgo and Hausmann (2009) formalized this concept through the Economic Complexity Index (ECI), which quantifies economic knowledge by analyzing the diversity and ubiquity of a given country's exports, and demonstrating that complexity correlates with income, even predicting future growth: in other words, a more complex economy is one that produces a wider range of products that are produced by fewer other countries. Hausmann and Hidalgo (2011) further refined the model by exploring the network structure of economic output, illustrating how diversification and capability heterogeneity shape countries' productive profiles. The conceptual and analytical framework was later visualized and popularized in *The Atlas of Economic Complexity* (2014), where productive knowledge is mapped and explained through rich, interactive data.

However, by focusing exclusively on a nation's domestic productive knowledge and export data, the model can overlook crucial international linkages and capabilities that exist beyond national borders (Felipe et al., 2012). This limitation is particularly pronounced for small, fragile, or diaspora-driven economies. Research by Neffke, Hartog, Boschma, and Henning (2018) further highlights that a firm's ability to innovate and diversify often depends on knowledge networks that transcend geographical boundaries (Neffke et al., 2018). This body of work creates a clear academic gap: a need for a framework that can capture transnational capabilities and integrate them into a complexity-based analysis. The Diaspora Capability Index (DCI) is designed as a methodological extension of the ECI, shifting the focus from territorial productive knowledge to transnational capability mapping.

Parallel to the evolution of ECT, a robust body of literature has emerged on the role of diasporas in development. This scholarship builds on the foundational concept of transnationalism, first articulated by Basch, Glick Schiller, and Szanton Blanc (1994), which describes how migrants maintain active social, economic, and political ties across national borders. Moving beyond the historical "brain drain" paradigm, modern scholarship positions diasporas as active development actors. Meyer (2001) introduced the concept of "diaspora knowledge networks," highlighting their potential to facilitate knowledge transfer. This was further explored by Kuznetsov (2006), who demonstrated how such networks can be leveraged for economic innovation (Kuznetsov & Sabel, 2006; Kuznetsov, 2006). Seminal works like Saxenian's (2005) study on "brain circulation" in India and China, and Kerr's (2008) empirical analysis of skilled migration, have provided strong evidence that the movement of talent can create powerful feedback loops that benefit both origin and host countries. The International Organization for Migration and the Migration Policy Institute, in their work on developing a road map for diaspora engagement (Agunias & Newland, 2012), have formalized these concepts into a policy-oriented framework.

Building on these conceptual foundations, scholars have also contributed significantly to the collection and analysis of skilled migration data, providing a quantitative basis for understanding the scale of global talent pools. Scholars such as Docquier and Rapoport (2012) have also contributed significantly to the collection and analysis of skilled migration data, providing a quantitative basis for understanding the scale of global talent pools. Institutions like the World Bank's KNOMAD program have developed "diaspora skills inventories" to catalogue the professional expertise of emigrants, while the OECD's International Migration Outlook datasets provide comprehensive data on migrant occupations. These measurement precedents reinforce the DCI's indicator-based approach.

Finally, the DCI builds upon a decade of policy-oriented work in diaspora engagement. Toolkits and reports from organizations like the IOM (2021), UNDP (2013), and OECD/European Commission (2015) have established best practices for diaspora mapping and profiling. These frameworks are instrumental in identifying diaspora communities and understanding their general characteristics. The DCI, however, takes this work a crucial step further. While these existing methodologies often stop at a general profile, the DCI advances the field by creating a sector-specific capability scoring system.

In conclusion, the Diaspora Capability Index is designed as a synthesis, bridging three distinct bodies of literature. It connects economic complexity's quantitative rigor (mapping what a country can produce) with diaspora engagement's qualitative networks and institutional mechanisms (mobilizing who can help), and grounds itself in skills and capital mapping methodologies (measuring how much diaspora capability exists per sector). By doing so, the DCI offers a new lens for understanding how transnational human and economic capital can fuel a productive economy.

2.2. Policy Precedents: World Bank, OECD, Peer-Country DCI Applications

The DCI framework is also deeply informed by a review of policy precedents and best practices from international organizations and peer countries. Reports from the World Bank (2014) and the OECD (2012) provide a robust foundation for understanding the institutional and policy frameworks that are necessary to foster effective diaspora engagement. These reports underscore that successful engagement is not a spontaneous occurrence but rather the result of deliberate and strategic policy.

Key policy precedents include:

› **Creating an Enabling Business Environment:** For a diaspora to invest, a country must have a transparent and stable business environment, clear property rights, and effective anti-corruption measures. The DCI's "Engagement Infrastructure" dimension is designed to measure a country's readiness in this regard.

› **Leveraging Social and Cultural Capital:** Successful diaspora engagement requires more than just economic incentives. As the policy brief notes, it's essential to strengthen cultural ties and utilize social networks to promote local initiatives. This can include cultural exchange programs, heritage preservation projects, and the establishment of official diaspora liaison offices.

› **Providing Institutional Support:** Effective collaboration requires formal institutional frameworks. This includes government bodies dedicated to diaspora affairs, as well as a legal and logistical infrastructure to facilitate everything from investment to knowledge transfer. Countries with successful diaspora engagement models, such as India, Israel, and the Philippines, have established ministries and agencies to serve as a bridge between the government and the diaspora.

The DCI's framework draws on these insights to create a comprehensive and data-driven approach. Instead of simply recommending a basket of policies, the DCI offers a methodology that can be applied to countries to specifically identify *which* sectors have the greatest potential for diaspora collaboration, thereby making policy interventions more targeted and effective.

3. Comparative Case Studies: India, Vietnam and Morocco

To provide a practical context for the proposed DCI framework, it is valuable to examine successful diaspora engagement models from other countries. The experiences of India,

Vietnam and Morocco offer compelling case studies for how a nation can transition from viewing its diaspora as a source of remittances to a strategic asset for national development. All three countries have cultivated a skilled, globally-integrated diaspora and, through deliberate policy and institutional frameworks, have successfully leveraged this human capital to spur economic complexity and growth.

3.1.   India: From "Brain Drain" to "Brain Circulation"

For decades, India grappled with the significant outflow of its highly skilled professionals, particularly in the fields of science and technology. This "brain drain" was widely seen as a major impediment to national development. However, beginning in the 1990s, the Indian government, in partnership with diaspora organizations, implemented a strategic shift in its approach. This was not a passive change but a proactive and multi-faceted strategy to foster what scholars now call "brain circulation" (Saxenian, 2005).

A cornerstone of this strategy was the establishment of formal institutional support. The creation of the Ministry of Overseas Indian Affairs (MOIA) in 2004 provided a dedicated government body to address the needs of the diaspora and act as a central hub for engagement. Though later merged into the Ministry of External Affairs, its foundational work laid the groundwork for sustained policy. The MOIA spearheaded initiatives such as the Pravasi Bharatiya Divas (PBD), a global conference that brings diaspora members back to India to network with government officials, local entrepreneurs, and academics. This fostered a sense of shared national purpose and created a platform for dialogue and collaboration on both economic and social development issues (Saxenian, 2005).

The result of this strategic shift has been transformative, and the Indian diaspora, particularly in the United States and Europe, has become a key driver of the country's booming IT and technology sectors. Organizations like The Indus Entrepreneurs (TiE), a global non-profit founded by Silicon Valley-based Indian entrepreneurs, played a crucial role in mentoring new ventures and facilitating cross-border investment. Diaspora professionals provided not only capital for new ventures but also vital know-how, professional networks, and connections to international markets (Khanna & Morales, 2022). This dynamic has helped India to "jump" into new, high-complexity sectors that would have been difficult to develop through domestic resources alone. The Indian model provides a clear blueprint for countries like Lebanon on the importance of institutional support and targeted, sector-specific engagement.

3.2.   Vietnam: Leveraging a Post-Conflict Diaspora for Development

Vietnam's trajectory from a war-torn, isolated nation to a burgeoning economic power offers a compelling and relevant case study for other countries seeking to leverage their diasporas for national development, particularly for Lebanon. Following decades of conflict and economic isolation, Vietnam faced a pressing need for foreign investment, modern technology, and a revitalized economy. The government's strategic and proactive engagement with its global diaspora, the Viet Kieu, provides a clear roadmap for how a nation can transform its overseas community from a passive source of remittances into a powerful engine for

productive, export-oriented growth. A foundational element of Vietnam's success was a deliberate and far-reaching policy shift aimed at dismantling barriers to diaspora engagement (Communist Party of Vietnam, 2005). The government recognized that simply receiving remittances was insufficient and that unlocking the full potential of the Viet Kieu required institutional reform. In a move that directly mirrors the question concerning barriers to investment, Vietnam introduced a series of favorable investment policies and simplified visa procedures for its diaspora. Most critically, the government passed laws granting Viet Kieu the right to own property and participate fully in the national economy, thereby creating a welcoming and stable legal environment for investment. This demonstrated a clear policy signal that the diaspora was not just an economic lifeline but a key partner in the country's future.

Beyond regulatory reform, the Vietnamese government also provided a crucial institutional framework for collaboration. By actively encouraging and supporting the formation of diaspora business and professional associations, the state established vital conduits for knowledge transfer and trade promotion. These associations served as bridges, connecting local entrepreneurs with global markets, international best practices, and innovative technologies. This structural support system was instrumental in addressing the "knowledge transfer and skill development" needs that are often cited as a key area of potential diaspora contribution. It allowed for a more organized and effective flow of human capital, accelerating the adoption of new skills and expertise within the domestic economy.

The cumulative effect of these strategic policies has been a significant evolution in the nature of Viet Kieu engagement. While remittances remain a vital component of the economy, the diaspora has increasingly become a driving force behind the country's shift towards a technology and manufacturing hub (Pham, 2011). Their investments and expertise have been instrumental in the growth of key export-oriented sectors such as textiles, electronics, and food processing. The Vietnamese experience thus serves as a powerful testament to the idea that with a strategic, welcoming, and institutionally supportive policy environment, a nation can convert a post-conflict "brain drain" into a force for sustainable, productive growth. For Lebanon, the lesson is clear: a proactive government, strategic reforms, and institutional support are essential to converting diaspora potential into tangible economic gains.

3.3.   Morocco: From Remittances to Structured Knowledge and Investment Engagement

Morocco offers one of the most practical and operationally relevant models for Lebanon in shifting from a remittance-focused diaspora relationship to a structured approach that mobilizes both knowledge and investment. With over 5 million Moroccans residing abroad—approximately 12% of its population—the country recognized early that this diverse community, ranging from low-skilled workers in Europe to highly educated professionals in North America and the Gulf, could be a long-term driver of economic transformation if effectively engaged (European Commission & ICMPD, 2022).

A core strength of Morocco's approach has been the establishment of dedicated institutional frameworks. The Ministère Délégué Chargé des Marocains Résidant à l'Étranger

(Delegate Ministry for Moroccans Residing Abroad) acts as the primary policy and service hub, while the Hassan II Foundation provides legal, social, and cultural support to strengthen national ties (Zapata-Barrero & Hellgren, 2019). These institutions are complemented by digital platforms such as MAGHRIBCOM, which centralize diaspora services and communications, and by recurring "Diaspora Days" and thematic forums that sustain engagement (El Ftouh et al., 2014). This combination of policy authority and service delivery ensures that the diaspora is treated as a formal policy constituency rather than an informal actor.

Morocco has also invested in skills-mobilization mechanisms that directly link diaspora expertise to domestic development needs. The Forum International Compétences Marocaines à l'Étranger (FINCOME) and similar initiatives serve as matchmaking platforms between sector-specific needs in Morocco and the expertise of Moroccans abroad (European Commission & ICMPD, 2022). Short-term expert deployment programs, such as those inspired by UNDP's Transfer of Knowledge Through Expatriate Nationals (TOKTEN) model, embed diaspora specialists in Moroccan ministries, universities, hospitals, or private sector hubs for two to twelve weeks. These missions focus on knowledge transfer, training, and institutional design without requiring permanent relocation—a flexible format particularly suited to highly mobile professionals.

On the investment side, Morocco organizes diaspora investment weeks, roadshows, and matchmaking events designed to present vetted, bankable projects in priority sectors such as renewable energy, agri-business, manufacturing, and ICT. These events are supported by financial products tailored to the diaspora, including preferential loans and simplified administrative procedures for business creation, property ownership, and partnership formation. Increasingly, Morocco has also emphasized digital facilitation of investment and service access to reduce transaction costs. The results have been tangible. Beyond sustaining one of the highest remittance-to-GDP ratios in the MENA region, Morocco has successfully redirected a portion of these flows toward productive investment, skills transfer, and sectoral upgrading. Knowledge-intensive sectors such as ICT, healthcare, and renewable energy have benefited from diaspora expertise, while manufacturing and agri-processing have seen increased investment and export capacity (Zapata-Barrero & Hellgren, 2019).

For Lebanon, the Moroccan experience underscores three key lessons. First, institutional anchoring matters: without a clear government focal point and service framework, diaspora engagement remains ad hoc. Second, structured skills programs—especially short-term expert missions—are a cost-effective way to channel global expertise into domestic capability building. Third, investment facilitation must be sector-specific and tied to bankable opportunities, not generic appeals for patriotic capital (El Ftouh, 2014; Zapata-Barrero & Hellgren, 2019). By adapting Morocco's FINCOME- and TOKTEN-style models, leveraging digital platforms, and embedding DCI indicators into program design, Lebanon can move from a transactional diaspora relationship to a sustained capability partnership.

4. The Diaspora Capability Index Framework

4.1.   Conceptual Foundations: "Capability Multipliers" and the Role of Diaspora in Complex Sectors

The core conceptual foundation of the DCI is that the diaspora is not merely an external supplement to the economy, but can stand at the heart of a new development model as a true capability multiplier. In a country like Lebanon—where the productive base has been severely weakened—the accumulated know-how, market access, financial leverage, and global networks of the diaspora can be strategically channelled to accelerate the development of new, high-complexity sectors. By moving beyond a narrow focus on remittances and tourism, the DCI positions the diaspora as an endogenous driver of transformation. It offers a framework to measure and activate these dispersed capabilities sector by sector, aligning them with areas that hold both growth potential and strategic importance.

The DCI's core purpose is to quantify, identify, and ultimately select the sectors where the diaspora can have the greatest economic impact. By combining a sector's domestic potential (assessed through the Economic Complexity Index or similar tools) with the DCI score, policymakers can move beyond abstract measurement to concrete prioritization. This makes the DCI a powerful instrument of sectoral selection: it highlights "sweet spots"—sectors where local capabilities might be limited but diaspora strengths are significant. These are the sectors where targeted interventions to facilitate diaspora engagement could have the greatest transformative impact, enabling the economy to jump into more sophisticated and competitive areas that would otherwise remain out of reach. This approach supports the transition from a low-complexity, rentier economic model to a more diversified, knowledge-intensive productive economy.

International research underpins this approach. The International Organization for Migration (IOM), in its guide Contributions and Counting, provides a framework for measuring diaspora impact beyond remittances—covering investment, trade, tourism, and philanthropy. The Migration Policy Institute (MPI) likewise highlights that diasporas contribute not only through financial flows but also by facilitating trade, foreign direct investment (FDI), entrepreneurship, and knowledge transfers. Building on the work of scholars such as Newland & Tanaka (2010), de Haas (2006), and OECD (2012), the DCI draws from theories that position diasporas as holders and transmitters of intangible assets—including skills, trust networks, institutional experience, and entrepreneurial capital. Similarly, Saxenian (2006) and Kuznetsov & Sabel (2006) illustrate how transnational communities can act as innovation bridges, facilitating knowledge flows and seeding new entrepreneurial ecosystems. Together, these insights inform the DCI, which draws methodological inspiration from composite indices such as the Human Development Index (HDI) and the Global Competitiveness Index, but adapts them to capture the transnational nature of Lebanon's capabilities. In doing so, the DCI provides a structured lens through which diaspora contributions can be methodically incorporated into national economic development plans.

4.2.   Structure of the DCI Framework

The Diaspora Capability Index is designed as a composite metric that brings together multiple dimensions of diaspora potential into one structured scoring system. The DCI is structured around **six interrelated pillars.** Each pillar captures a distinct facet of the diaspora's contribution, ensuring that both tangible and intangible assets are accounted for. The six pillars are:

1. **Scale & Reach of the Diaspora** – Measures the size, geographic spread, and presence of diaspora communities in *strategic global hubs* relevant to each sector, incorporating a Strategic Hub Multiplier (SHM)2 to capture the quality of positioning.

2. **Human Capital Quality** – Captures education levels, professional credentials, and sector-specific skills, with an emphasis on matching diaspora expertise to domestic priority sectors.

3. **Financial Leverage** – Assesses the diaspora's capacity and willingness to mobilize capital, including remittances, investment readiness, prior sector investment, and diaspora-owned enterprises that could link markets.

4. **Institutional Linkages** – Evaluates the density and strength of sector-specific diaspora associations, chambers of commerce, trade missions, and formal cooperation agreements with Lebanese institutions.

5. **Engagement Infrastructure** – Examines the enabling environment for diaspora participation, including government facilitation, legal/regulatory frameworks, dedicated platforms, and ease of doing business.

6. **Strategic Alignment** – Ensures that diaspora capabilities are focused on Lebanon's top national priority sectors—those with high potential for job creation, export growth, and technology upgrading.

These six pillars were selected because together they capture the full spectrum of factors that determine whether diaspora resources can be mobilized for transformative economic impact. They measure not only the scale and quality of diaspora assets (Scale & Reach, Human Capital, Financial Leverage) but also the strength of the channels that connect those assets to Lebanon (Institutional Linkages, Engagement Infrastructure) and the degree to which they are focused on the right targets (Strategic Alignment). This balance ensures the DCI

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[2] The Strategic Hub Multiplier (SHM) adjusts the Scale & Reach pillar to account not only for diaspora size but also for its concentration in globally influential industry hubs (e.g., Silicon Valley for ICT, Paris/Milan for fashion). Diaspora presence in these command centers provides disproportionate advantages in terms of know-how, market access, and financing. The SHM ranges from 1.0 (no presence) to 2.0 (dominant presence), with adjusted scores capped at 3.0, ensuring the DCI captures both scale and strategic positioning within global value chains.

reflects both the capacity and the conditions for diaspora engagement, allowing policymakers to identify where the interplay between diaspora strengths and domestic priorities can generate the greatest development gains.

Table 1. Pillars of the Diaspora Capability Index

DCI Pillar	Key Dimensions	Example Indicators
Scale & Reach (with SHM)	Size, geographic spread, and presence in strategic global hubs	Estimated diaspora size in sector, % located in high-influence hubs
Human Capital Quality	Skills, education, and professional credentials	% with tertiary education, sector-specific expertise, international licenses
Financial Leverage	Capacity and willingness to mobilize capital	Remittances per capita, diaspora-led investments, investment readiness
Institutional Linkages	Networks, associations, and partnerships	Active diaspora professional bodies, trade missions, cooperation agreements
Engagement Infrastructure	Policy, legal, and facilitation environment	Existence of diaspora engagement platforms, legal frameworks, ease of doing business
Strategic Alignment	Fit between diaspora capabilities and national priorities	Sector's inclusion in top-tier national priorities, alignment with high-ECI sectors

4.3. Data Collection and Measurement Approach

The DCI is designed to be evidence-based, combining quantitative data with expert assessments to score each pillar on a 0–3 scale. The measurement approach will draw on three primary data collection methods:

1. Secondary Data Analysis – Using existing datasets from sources such as the World Bank, OECD, IOM, UN DESA, national statistics, and sectoral trade associations to quantify diaspora size, educational attainment, remittance flows, and institutional linkages.

2. Targeted Diaspora Survey – Designing and administering a structured survey to capture sector-specific information not available in public datasets, such as investment readiness, professional credentials, engagement preferences, and perceived barriers.

3. Key Informant Interviews (KIIs) – Conducting semi-structured interviews with policymakers, diaspora leaders, sectoral experts, and business association representatives to validate quantitative findings, provide context, and identify emerging opportunities or challenges.

Where data gaps exist, particularly for emerging industries or niche sectors, the methodology will rely more heavily on expert scoring informed by KIIs and stakeholder workshops. In addition,

geographic mapping will be supported by embassy and consulate networks to identify concentrations of diaspora talent in relevant hubs, which will feed into the Strategic Hub Multiplier calculation.

a. Scoring Methodology

Each of the six DCI pillars is scored on a 0–3 scale, using quantitative and qualitative indicators tailored to each sector. Pillar 1 (Scale & Reach) incorporates a Strategic Hub Multiplier (SHM), which ranges from 1.0 (no presence in strategic hubs) to 2.0 (dominant presence in top-tier hubs), with adjusted scores capped at 3.0.

The final sectoral DCI score is calculated as:

$$DCI_{sector} = (w_1 \times (Scale\ \&\ Reach \times SHM)) + (w_2 \times Human\ Capital) + \ldots (w_6 \times Strategic\ Alignment)$$

Where w_1 to w_6 are the pillar weights from Table 1.

Interpretation:

› **High DCI (2.5–3.0):** Strong diaspora capacity, high policy readiness → top priority for sector engagement.

› **Medium DCI (1.5–2.49):** Moderate capacity → engagement possible but needs targeted support.

› **Low DCI (<1.5):** Limited diaspora capacity or major engagement barriers → not an immediate priority.

5. Application of the DCI in Lebanon

To operationalize the DCI, the framework was applied to 12 pre-selected high-potential sectors. A pilot questionnaire was administered with ten sector experts per sector in order to quantify diaspora capabilities across the six analytical pillars.

The purpose of this quantification is selection. By comparing sectoral scores, the DCI helps policymakers identify priority areas where diaspora strengths can most effectively complement domestic capabilities, guiding strategic choices rather than spreading resources thinly across an array of options.

5.1. Weighting of the Pillars as a tool for Accuracy

The weighting of each pillar reflects its relative importance in determining the overall potential of diaspora engagement for economic transformation. The experts were asked to rank both the relative importance of the six pillars for their sector (to adjust weighting across knowledge-, capital-, and market-driven industries) and the performance of the Lebanese diaspora on each pillar, generating sector-specific scores that reflect both priority areas and actual capability levels. For example, Human Capital Quality is more decisive in knowledge-intensive fields such as ICT or healthcare, while Financial Leverage weighs more heavily in capital-intensive sectors like renewable energy or agro-industry.

The results are presented below.

Table 2. Expert Derived Weight for Each of the Six DCI Pillars

Sector	Human Capital	Scale & Reach	Financial Leverage	Institutional Linkages	Engagement Infra	Strategic Alignment	Expert Rationale
ICT Services	30	20	15	20	5	10	Knowledge-driven, diaspora skills + networks in hubs (Silicon Valley, Paris) decisive.
Pharmaceuticals	30	15	20	20	5	10	Knowledge-intensive (research, licensing); diaspora experts and regulatory linkages key.
Agri-Tech	20	15	25	15	10	15	Capital-intensive for scaling; diaspora investment + alignment with food security crucial.

Renewable Energy	20	15	30	15	10	10	Highly capital-intensive; diaspora finance and FDI more crucial than skills.
Fintech	25	20	20	20	5	10	Skills + global financial hubs; institutional credibility matters to build trust.
Creative Industries	20	25	15	20	10	10	Diaspora presence in cultural hubs + networks drive market access more than capital.
Tourism	15	25	20	20	10	10	Scale & Reach + Linkages with diaspora markets (travel networks, associations) drive demand.
Digital Education	30	20	10	20	10	10	Human capital (teaching, content, platforms) critical; capital less decisive.
Professional Svcs	30	20	15	20	5	10	Knowledge-intensive sectors (law, consulting, accounting) rely on diaspora skills + linkages.
Health Services	30	15	20	20	5	10	Diaspora medical expertise critical; financial and institutional channels secondary.
Machinery	20	20	25	20	5	10	Heavy investment + industrial partnerships; networks matter more than domestic infra.
Textiles	15	25	25	20	5	10	Competes on scale/market access and capital, not skills.

5.2. Results of the DCI Pilot Study

Table 3. DCI Assessment of High-Potential Sectors in Lebanon (Six-Pillar Framework)

Sector	Scale & Reach (adj.)	Human Capital	Financial Leverage	Institutional Linkages	Engagement Infra	Strategic Alignment	DCI Score (Sector-Specific Weights)
ICT Services	2.48	2.28	2.35	2.47	2.40	2.50	**2.40**
Pharmaceuticals	2.35	2.30	2.33	2.32	2.33	2.50	**2.34**
Agri-Tech	2.40	2.13	2.38	2.36	2.33	2.40	**2.33**
Renewable Energy	2.12	2.30	2.48	2.06	2.15	2.40	**2.29**
Fintech	2.25	2.25	2.05	2.14	2.08	2.40	**2.19**
Creative Industries	2.13	2.03	2.03	2.10	2.08	2.20	**2.09**
Tourism	2.07	2.18	2.13	1.96	1.85	2.20	**2.07**
Digital Education	2.10	1.95	1.58	2.15	2.20	2.30	**2.04**
Professional Svcs	2.22	1.85	1.60	2.11	1.95	2.20	**1.98**
Health Services	1.67	2.35	1.68	1.65	1.58	2.30	**1.93**
Machinery	1.83	2.00	1.68	1.72	1.75	2.40	**1.86**
Textiles	1.55	1.90	1.70	1.50	1.55	2.00	**1.68**

Interpretation of Rankings

› **ICT Services (2.40)** tops the list due to a strong blend of skilled diaspora professionals, significant presence in global tech hubs (high SHM effect), robust institutional linkages, and alignment with Lebanon's digital transformation priorities.

› **Pharmaceuticals (2.34)** and **Agri-Tech (2.33)** follow closely: both sectors benefit from skilled professionals and clear national priority status. Pharmaceuticals rank highly because of the concentration of diaspora expertise in research, licensing, and healthcare innovation. Agri-Tech benefits from diaspora investment readiness and its strategic role in food security, which elevated the weight of financial leverage and alignment.

› **Renewable Energy (2.29)** also ranks strongly, reflecting the capital-intensive nature of the sector and the diaspora's potential to mobilize financing and partnerships. Its main weakness lies in underdeveloped institutional networks inside Lebanon.

› **Fintech (2.19)** performs well thanks to strong diaspora presence in global finance hubs and policy alignment, even though its capital base is less mature.

› **Creative Industries (2.09)** and **Tourism (2.07)** are middle-tier performers; both benefit from cultural/heritage alignment and diaspora market access but are constrained by weak investment and infrastructure channels.

› **Digital Education (2.04)** shows promise in human capital and engagement infrastructure but suffers from limited financial leverage.

› **Professional Services (1.98)** and **Health Services (1.93)** perform below expectations. Both are highly knowledge-driven and benefit from strong diaspora human capital, but they lack engagement infrastructure and scalable investment mechanisms, limiting their transformational potential.

› **Machinery (1.86)** is in the lower tier despite some alignment with industrial upgrading priorities. Weak diaspora presence in relevant hubs and limited sectoral networks hold it back.

› **Textiles (1.68)** ranks last, reflecting thin diaspora skills, limited institutional linkages, and low prioritization within Lebanon's economic strategy. Substantial foundational reforms would be required before the diaspora could play a catalytic role here.

6. Conclusion

The DCI is a dynamic tool designed to help Lebanon transform its economic model. Instead of viewing the diaspora as a passive source of remittances, the Diaspora Capability Index (DCI) reframes them as a strategic asset for national development. Its primary purpose is to identify and measure the diaspora's potential as a capability multiplier, using their skills, networks, and resources to accelerate the growth of new, complex economic sectors in Lebanon. By combining the DCI score with an assessment of a sector's domestic potential, policymakers can pinpoint areas where limited local capabilities are complemented by significant diaspora strengths. The framework provides a structured approach for developing diaspora engagement strategies by helping policymakers focus resources on sectors with both high diaspora capacity and strong alignment with national priorities. It also helps identify and address weaknesses in the engagement infrastructure, such as by creating dedicated diaspora offices, simplifying legal procedures, and launching digital platforms. Ultimately, the DCI moves the conversation beyond mere financial contributions to seeing the diaspora as an active driver of innovation, market access, and economic diversification, providing a clear method for activating this potential for Lebanon's long-term transformation.

About the Author

Dr. Sami Nader is an economist, and Middle Eastern affairs expert. He has more than 30 years of combined experience in the field of security, geopolitics, developmental economics, public finance management, energy, and public policy programs. Nader currently directs the Institute of Political Science at Saint Joseph University of Beirut. He also founded the Levant Institute for Strategic Affairs, Beirut, based think tank focusing on economics and geopolitics of the Levant. He is managing partner at OAK Associate, a consulting firm. Nader appears regularly as an analyst and commentator on all major international and Arab TV networks.

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