

# Friday, December 15, 2006

## [The Dynamics of Diaspora Investment in Armenia](#)

In the South Caucasus, the question of investment from Diaspora communities has become increasingly important. With the largest and most well developed Diaspora network, the dynamics of Diaspora investment in Armenia is of special importance.

Manuk Hergnyan ..... He conducted a detailed company-level survey among Armenian companies with foreign capital, collected information from the Internet, State Registry of Armenia, *Spyur* Armenian business directory and several consulting companies.

Hergnyan found that although the Armenian Diaspora played an important role in foreign direct investment attraction processes in Armenia in the transitional period, its level of involvement was less than expected. About 69% of all foreign investors that directly invested in the Armenian economy in 1998-2004 were Diaspora-connected investors, while in financial terms the total value of those investments made up only 24% of total FDI in Armenia.

Hergnyan concluded that the strategy towards Diaspora should become more differentiated; because different Diaspora groups have different motivations, the policy should capture these differences by a segregated and well-thought out approach to each group. Mr. Hergnyan also suggested that the informal and altruistic intentions directed towards families and friends of Armenia-born Diasporans can be encouraged and translated into additional investments instead of direct assistance in line with improvements in the business climate for small and medium enterprises.

The [paper](#), in English, is a must read for those interested in FDI in the region. A version of it will be published in the forthcoming edition of the [AIPRG Journal](#). The level of research is incredibly detailed and provides an excellent set of insights.