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The Privatization of Foreign Development Assistance

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Executive Summary

Globally and in Canada the amount of foreign development funding coming from the private sector is estimated to be four to six times larger than all forms of official development assistance (ODA). Two important sources of private sector assistance are remittances (transfers from diasporas to their communities of original) and contributions from private businesses. Preliminary estimates based on limited survey data of corporate social responsibility (CSR) spending by Canadian companies in Latin America and the Caribbean indicate that these companies annually are investing an amount equal to 20% of Canadian ODA in the region. Data on remittance flows from Canada is not available, but in 2005, global remittance flows to the developing world are estimated to have approached US$250 billion, or close to three times the estimated amount of all forms of ODA from all donors for the same year

It is clearly to the benefit of Canadian development actors, and especially of the government, to work more closely with the private sector, but this will require substantial changes in the approaches that these actors take in providing development assistance. Research also is needed on several aspects of private sector assistance, and most critically on remittance flows from Canada, to provide a roadmap for effective action. In the meantime, there are steps that the Canadian government can take to develop a structure to support investments in community development being made by the diaspora and private companies abroad.

Sommaire

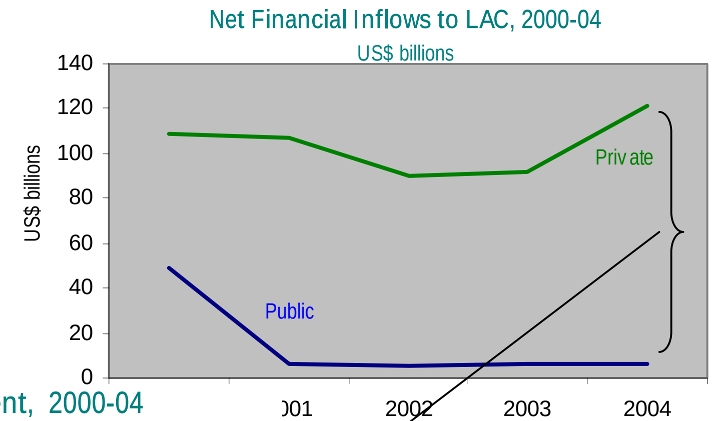
À l'échelle internationale et au Canada, la proportion de l'aide étrangère qui provient du secteur privé est de quatre à six fois supérieures à l'ensemble des autres formes d'Aide publique au développement (APD). L'aide du secteur privé provient de deux sources principales, soit les transferts d'argent des diasporas vers leurs communautés d'origine et les contributions financières des entreprises. Selon les chiffres prévisionnels de données d'enquête limitées sur les dépenses en matière de responsabilité sociale des entreprises (RSE) des compagnies canadiennes situées en Amérique latine et dans les Caraïbes, il semble qu'elles investissent annuellement dans la région, un montant égal à 20% de l'APD canadienne a la région. Les données sur les transferts d'argent à partir du Canada ne sont pas disponibles, mais en 2005, les transferts d'argent mondiaux vers les pays en développement sont évalués à près de 250 milliards de dollars US, soit près de trois fois le montant prévu pour toutes formes d'APD provenant de l'ensemble des donateurs au cours d'une même année.

Il est clairement plus avantageux pour les intervenants canadiens en matière d'aide au développement, et plus particulièrement pour le gouvernement, de collaborer plus étroitement avec le secteur privé, mais ceux-ci devront modifier considérablement leur démarche relative à l'aide au développement. Il faut faire plus de recherches sur les divers aspects de l'aide apportée par le secteur privé, surtout en ce qui a trait aux transferts d'argent à partir du Canada. Les recherches peuvent servir de guide pour que l'on puisse mettre en place des mesures efficaces. Entre-temps, le gouvernement canadien peut se pencher sur la question et élaborer un système d'appui aux investissements effectués par les diasporas et les entreprises privées à l'étranger.

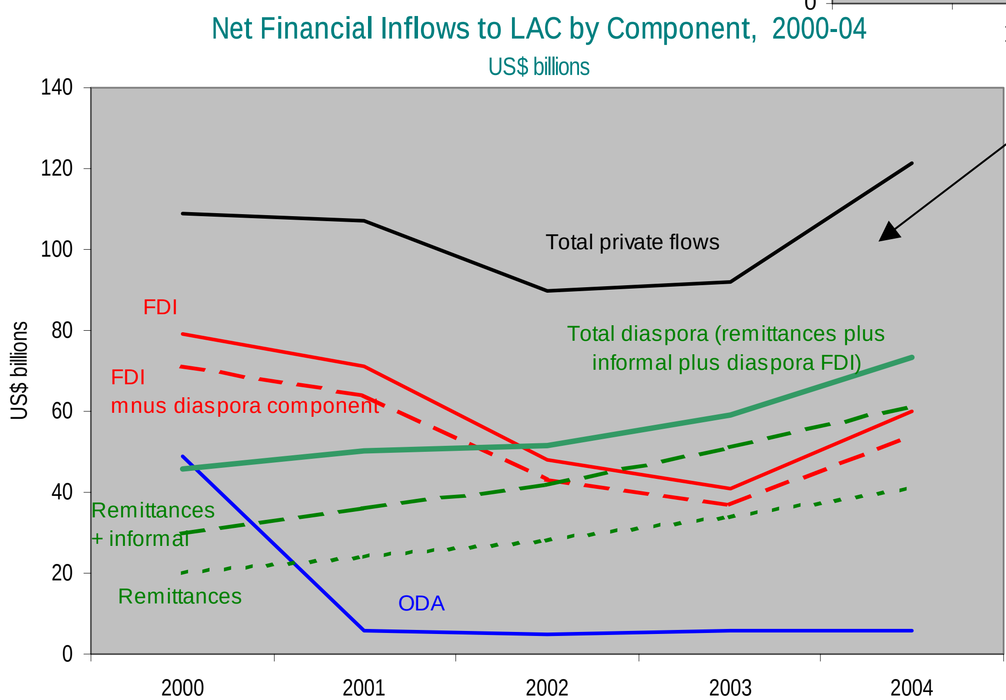
Introduction

The private sector, defined as individuals and corporations, is now the largest funder of foreign assistance. It is also arguably the most important source of innovation in design and delivery of development programs. The ability to work with the private sector is emerging as the defining challenge for the development community in the coming years. This will be a particularly difficult challenge in Canada and one that will require immediate action by traditional development actors in this country.

Globally, funding from the private sector—both from private individuals through remittances and from private companies through direct social spending as part of Corporate Social Responsibility or Corporate Social Investment (CSR/CSI) programs—is likely over six times greater than all forms of official development assistance (ODA). Although historical data on contributions from the private sector are limited, there is still a strong argument to be made that contributions from the private sector have always been larger than contributions from governments. In this regard, it is not the role of the private sector that is new, but rather our awareness of its role.



Source: World Bank data.



Source: World Bank data.

Note:

Total Private Funding = Total Diaspora + Private for Profit

Total Diaspora = Total Remittances + Diaspora FDI

FDI minus Diaspora assumes that ten per cent of FDI to LAC is from the Diaspora. Ten percent is the estimate cited for the case of India.

Total Remittances = Official remittances + 50 per cent

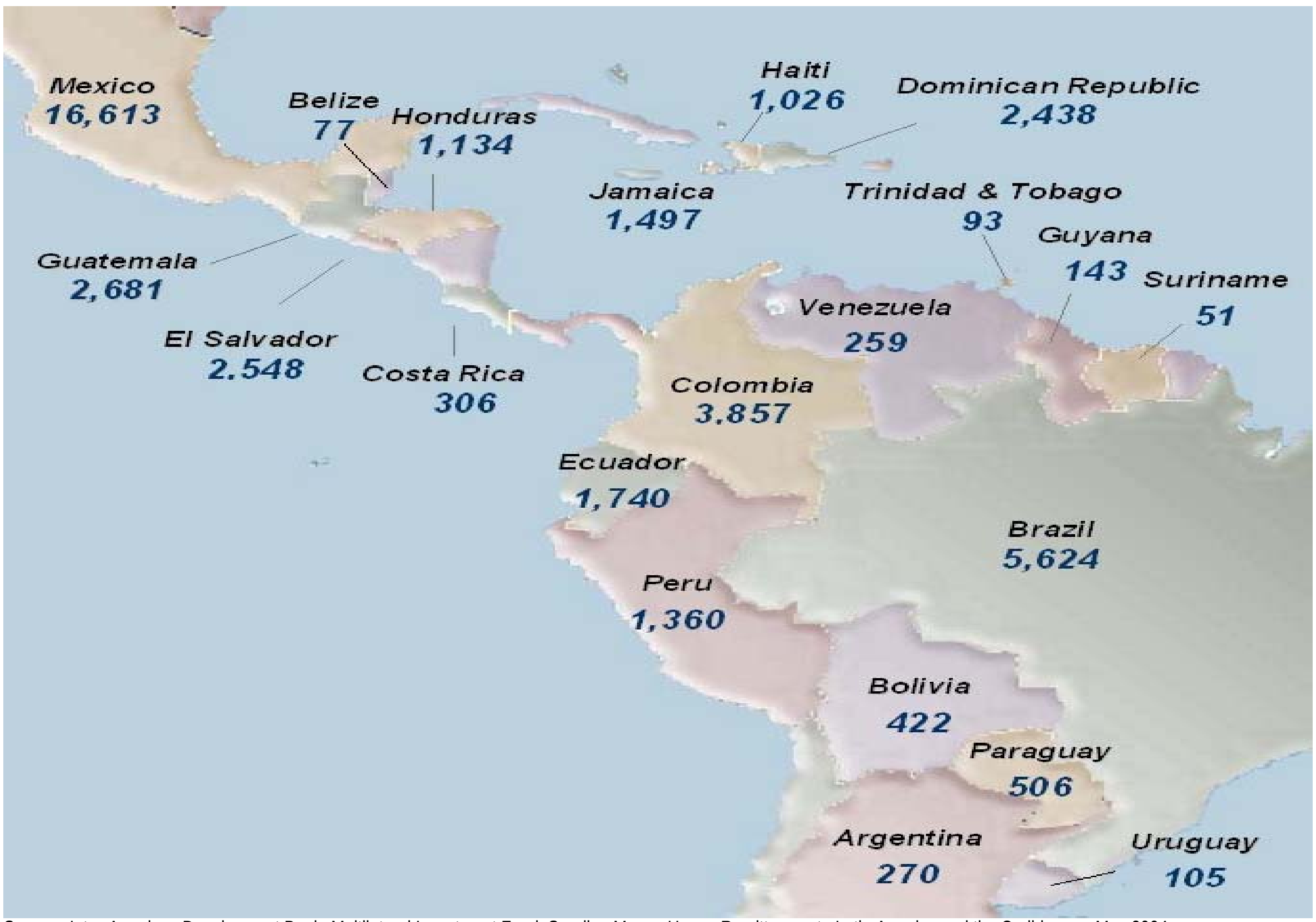
Private for profit = 29 per cent of ODA. Twenty nine per cent is the estimate cited by USAID for the percentage of US development assistance financed by US corporations

The Global Picture: Remittances

For 2005, remittance flows to the developing world are estimated to have approached US$250 billion, or close to three times the estimated amount of all forms of ODA from all donors for the same year.[1] The narrow, official definition of remittances is financial transfers sent by diasporas[2] to immediate family members and other relatives in their communities of origin. These transfers may be to individuals for basic needs such as housing, health or education or may be sent collectively by groups of migrants and immigrants (in other words, diaspora members) and invested in community development projects in their communities of origin. However, an even broader, and more useful, definition of remittances includes financial transfers and flows that are due primarily to the emotional, cultural or familial ties that define diasporas.

Global Remittance Flows to LAC, 2003

US$ millions



Source: Inter-American Development Bank, Multilateral Investment Fund. Sending Money Home: Remittances to Latin America and the Caribbean. May 2004.

Two examples of the wider range of financial flows are receipts from telecommunications and receipts from tourism, as well as some instances of foreign direct investment (FDI). In the former case, national telephone companies in the developing world receive hundreds of millions of dollars from telecom transfer charges generated by telephone calls to family members back home. These receipts underwrite a great portion of the cost of telecom, and some information communications technology (ICT), infrastructure investments in countries like Haiti. Development of infrastructure for ICT is critical to the development of a modern economy and competitiveness and, in some cases, telephone companies in the developing world have been able to securitize these receipts, which has enabled larger investments.

International Traffic Data for All U.S. Points, 2004

Country	Calls	Payment to Country US$
Bolivia	5,510,766	3,118,368
Haiti	23,524,216	18,993,630
Honduras	62,456,566	107,505,238
Jamaica	20,313,950	15,919,163
Nicaragua	6,672,380	7,984,604

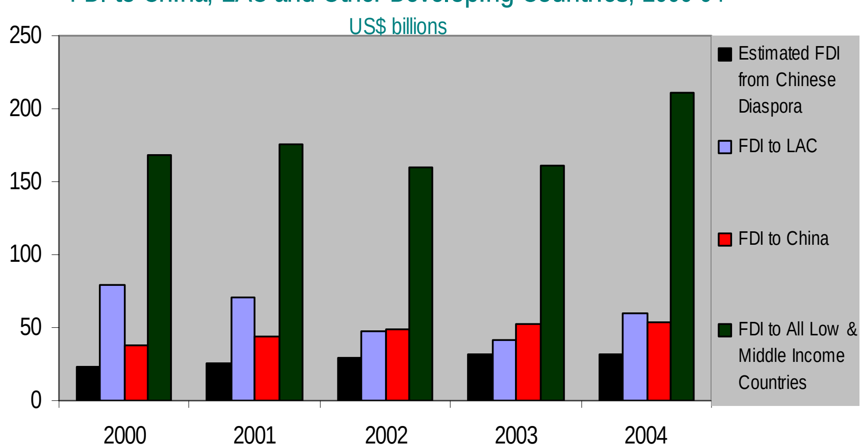
Source: 2004 International Telecommunications Data, FCC, March 2006.

Concerning tourism receipts, one of the best examples of this is Haitian tourism. Given the popular perception of Haiti, the concept of Haitian tourism may seem to be an oxymoron, yet each year hundreds of thousands of people visit the country, pay airport taxes, visit restaurants, stay in hotels, and spend money on goods and services. In addition to aid workers, Haitians going home do not fit the stereotypical image of a Caribbean tourist, yet they sustain a type of tourism industry. Even in more recognized tourism destinations, such as the Dominican Republic, it is estimated that 40% of the non-business, non-student arrivals in the country are Dominicans returning home.[3]

Private Flows and Development

The link between FDI and development is clear and does not need to be discussed. An interesting point about FDI, though, is the amount that comes directly from diasporas. In the case of China, it is estimated that over 60% of FDI flowing to that country in the 1990s, or some tens of billions of dollars and hence a significant portion of all FDI flowing to the developing world, came from the Chinese diaspora. For India, it has been estimated that only about 10% of FDI comes directly from its diaspora.

FDI to China, LAC and Other Developing Countries, 2000-04



Source: World Bank data.

More research is needed in this area as diaspora FDI should arguably be a more important form of FDI, given the specialized knowledge that diaspora members possess about conditions and opportunities in their countries of origin, coupled with their knowledge of cultural and business practices in their host countries. These advantages make this form of FDI much more efficient than that coming from non-diaspora sources. Attracting and working with this type of FDI will likely also require some changes within the development agencies as the process will be quite different than working with traditional FDI.

In the case of remittances, the link to development is more controversial and is not as clear. In and of themselves, remittances—when defined narrowly as financial transfers from workers to family members back home—do not promote large-scale development. However, the transfers do have a huge impact on *poverty alleviation* for the individuals and families that receive them. The larger macroeconomic impacts, aggregated on a national scale, are less. These transfers also have a potentially still larger impact as enablers of development. In addition to direct poverty alleviation, these funds are invested in education, health, housing and micro-enterprises. Even where remittances do not build schools, they make it possible for children to attend school. Even where they do not build health clinics, they make it possible for people to buy medicine and even where they do not create businesses, they make it possible for people to invest in or sustain micro-businesses and farms.

These transfers are a major source of liquidity and a potential source for capital in impoverished communities that are not, or are at best poorly, served by formal sector financial institutions. As such, remittance flows have the potential to induce formal sector financial institutions to work with the "unbanked," or those without access to formal sector financial services. While the introduction of these financial flows into poor communities can create or perpetuate social and economic disparities, this is no different than what is seen in traditional development interventions, such as creating new jobs, building infrastructure or making investments.

However, there is a curious debate in the development community about the importance and impact of remittances. The debate centres on whether the funds are used for productive purposes and, hence, contribute to development or whether they are used simply for "consumption," meaning that they do not contribute directly to development.

This argument is curious for two reasons. First, it ignores the human capital improvement aspects of remittances. Money that is invested in nutrition, housing, education and health improves the lives and productivity of those who consume these goods, and it is therefore a productive investment. Second, remittances stimulate the local economies into which they flow. The result is similar to that experienced when money enters a community from wages earned by workers at a new factory. The increase in incomes of workers at the factory benefits local shopkeepers, service providers and the local housing market, and also triggers an increase in "non-productive" leisure consumption. Yet, it is only in the case of remittances that the development community has considered the increase in leisure consumption to be a problem. Perhaps a better term than "curious" to describe the differing reactions of the development community to this phenomenon would be "paternalistic."

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Additionally, there are other well-documented positive aspects of remittances. Flows of remittances are counter-cyclical to economic downturns in the recipient country's economy, and they do not create future debt obligations on the part of the receiving country. Also, they do not incur the reporting, monitoring and compliance burdens that limit the effectives of ODA.

Beyond Financial Transfers: The Larger Role of the Diaspora

Direct financial transfers from diasporas to family members in their communities of origin are only one aspect of remittance flows. Equally important are collective remittances and non-financial remittances. The rise in importance of these types of remittances is a direct result of the impact of accelerated globalization on migration.

Migration has become a more dominant feature of the developing world. In Latin America and the Caribbean, from 15 to 60% of a country's population—those with some potential claim to citizenship—may reside abroad. For example, half of those individuals who identify themselves as Jamaican, and who have some valid claim to citizenship, reside outside Jamaica. In the case of Mexico, there are almost as many Mexicans residing in the United States as there are Canadians in Canada.

Present-day migration differs significantly from that of past periods in that diaspora members today are connected continually, dynamically and intimately to their communities of origin. This difference is due to technological advances, or what Dr. Manuel Orozco terms the “four Ts” of globalization—modern telecommunications, transportation, transfers (financial) and trade. Even though connections between diaspora members and their home communities existed in the past, modern technology has so drastically impacted, enhanced and changed these connections that it has practically created a new reality.

In the past, one would speak of migrants and immigrants as figuratively having a foot in two places, in two cultures at the same time. Today, that description is literal. Finances permitting, one can speak daily with family back home by cell phone or teleconference regardless of whether the participants are literate or are in the countries’ capital or the countryside. Diaspora members can read newspapers from home (often before people back home), watch the news broadcasts, run the family finances (including paying bills and buying groceries) and return home at will on one of several scheduled daily flights. This is a profound difference from earlier eras of migration and is a different phenomenon from those who engaged in circular and return migration, which were the dominant patterns during earlier migrations.

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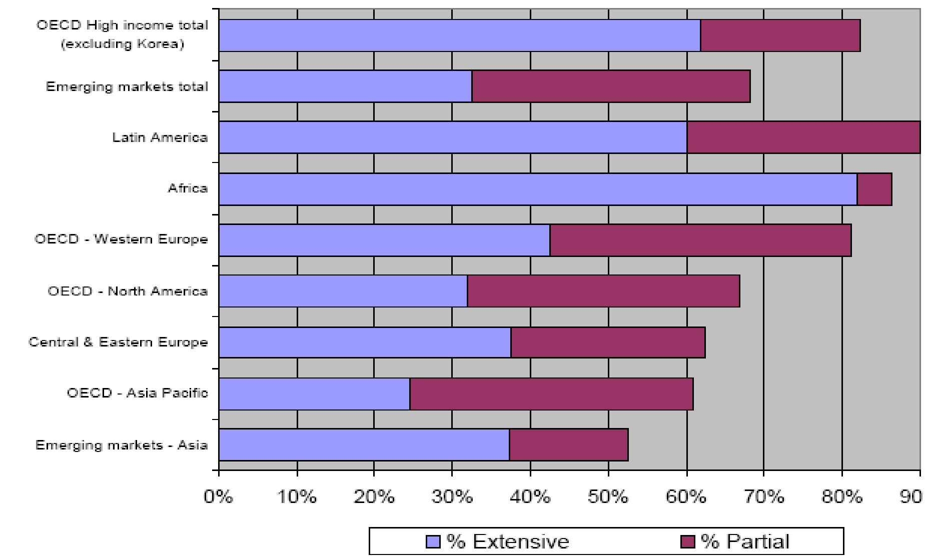
Diaspora members today continue to act in and interact with their communities of origin on a (practically) real-time basis. Frequent and cheap air travel, and real-time personal communications, did not exist with earlier waves of migration. This has changed how members of diasporas interact with their home communities, has created new possibilities for interaction, and has opened these possibilities up to a wider section of the migrant and immigrant community. In the past, one would speak of return migration as linking diaspora members to their communities of origin; today, in contrast, the Internet and cheap long-distance telephone service make it seem as though diaspora members never actually leave their home communities.

The four Ts mentioned above enable a vast and dynamic exchange of human capital, ideas, practices and resources to take place through transnational networks. These exchanges play a role, and have the potential to play a larger role, in community development. A simple example is the financial contributions made by diaspora members to development projects in their home communities. Most groups within diasporas now raise money through dances, lotteries, football leagues, etc. to repair schools or buy an ambulance back home. Through technological advances, such as video and web cameras, these donors are able to see their projects develop in real time. Through enhanced electronic financial transfer mechanisms, diaspora members are able to move more money more easily, and to more remote locations, to fund these projects. And through rapid and increasingly cheaper transportation, individuals are able to return home annually, semi-annually or more frequently to participate directly in the projects.

The funds raised by groups within the diaspora—through dances, clubs, associations, football leagues, churches and other means—are collective remittances. In this instance, membership of the group often consists of people from the same village, district or city and these collective funds are invested in community development projects, such as repairing the local church, school, health clinic or irrigation system.

Extent of Reported External CSR Programs



Source: OECD: Corporate Responsibility Practices Of Emerging Market Companies. (Paris: OECD, September 2005).

This is one manifestation of the enhanced connection between members of diasporas and their communities of origin.

In several countries, such as Mexico and El Salvador, the federal and municipal governments have programs to facilitate and match these investments. Estimates of the size of collective remittances vary from 1 to 10% of the volume of total remittance flows.

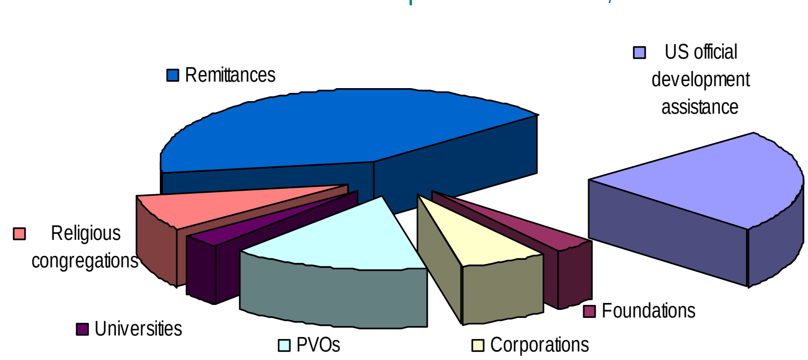
Non-financial transfers (such as knowledge, skills, new social practices and business opportunities), though less well studied, also play a significant role in promoting development in countries with high out-migration. Though not meeting the technical, financial definition of remittances, these transfers flow along the same transnational channels as financial remittances. That is, they are transferred by telecommunications and personal interaction made possible by travel.

As they apply to development, non-financial transfers greatly impact political and social development when diasporas agitate for changes in local governments, such as greater accountability, transparency and participation, based on their experiences with governments outside their community of origin. We see this trend in the agricultural sector as well, when agricultural migrants return to rural communities with new farming technology. The money these migrants earn abroad also allows them to purchase or duplicate these new technologies for use on their farms in their home communities. There is one well-documented case of such a transfer of technology leading to an agricultural revival, in the state of Zacatecas in Mexico. Recent research has also pointed to the role of knowledge transfer by the Indian diaspora in sparking the high-tech boom in India and in facilitating foreign investment.

The Global Picture: Private Companies

The private for-profit sector, which includes businesses, corporations and their affiliated entities (such as corporate foundations), is also a major financer of development. These activities run the gamut from directly building and running schools and health clinics to creating programs to incorporate small-scale producers into supply chains and supporting volunteer activity by company employees. Quantitative data are not readily available for the direct contributions made by the private for-

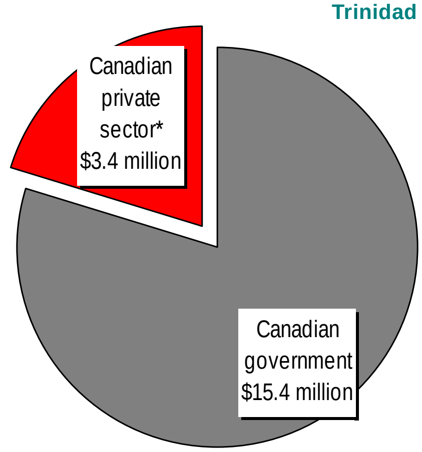
All forms of U.S. Development Assistance, 2000



USAID, Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity (Washington, D.C.: USAID, 2002) profit sector. Anecdotally, there is strong evidence that private companies are increasingly investing financial and human resources to support the communities in which they operate. Beyond charity and philanthropy, the private sector is increasingly taking an active role in supporting basic health and education programs as well as environmental initiatives through external Corporate Social Responsibility and Corporate Social Investment (CSR/CSI) programs.

A recent survey by the Canadian Foundation for the Americas (FOCAL) of CSR spending found that Canadian companies in Guatemala, Chile, and Trinidad and Tobago are spending approximately 20% of what the Canadian International Development Agency (CIDA) is spending on basic community development projects.[4] The United States Agency for International Development (USAID) estimates that U.S. corporations contribute approximately US$2.8 billion per year, or just under 30% of U.S. ODA, in support of development projects outside the U.S.[5]

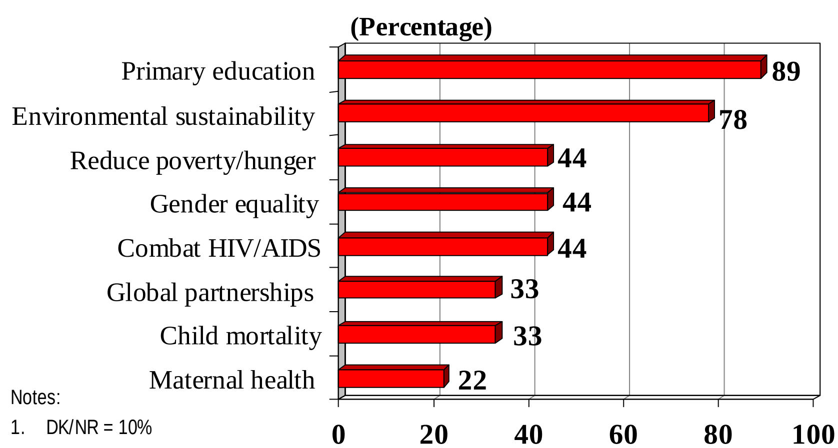
Canadian Government ODA vs Private Sector External CSR Spending, Including Staff Time: Chile, Guatemala and Trinidad and Tobago, 2004



* Private sector contributions include 4,137 staff days valued at $900,000
Source: OECD data and FOCAL. *External CSR Practice and Investments by Canadian Corporations in Latin America and the Caribbean.* (Ottawa: FOCAL, 2005.)

Investments by corporations include cash, employee time, services, goods and in-kind contributions, such as serving on boards of community organizations. Unfortunately, most businesses do not collect data on these contributions, so the full scope of corporate contributions to development is not recorded. For example, according to USAID, one survey found that even though more than 95% of corporations support employee volunteer efforts, only 9% report on these efforts globally. Similar results have been seen in surveys of corporate involvement in development by the Inter-American Foundation (IAF) and FOCAL. This is not surprising, partially because such spending overseas is likely relatively new and because differences in national tax, management and accounting systems may make tracking these expenditures difficult. In addition, many companies that do invest in these types of activities do not subscribe to any of the emerging reporting standards.

Canadian Companies with Programmatic Spending in MDG Areas

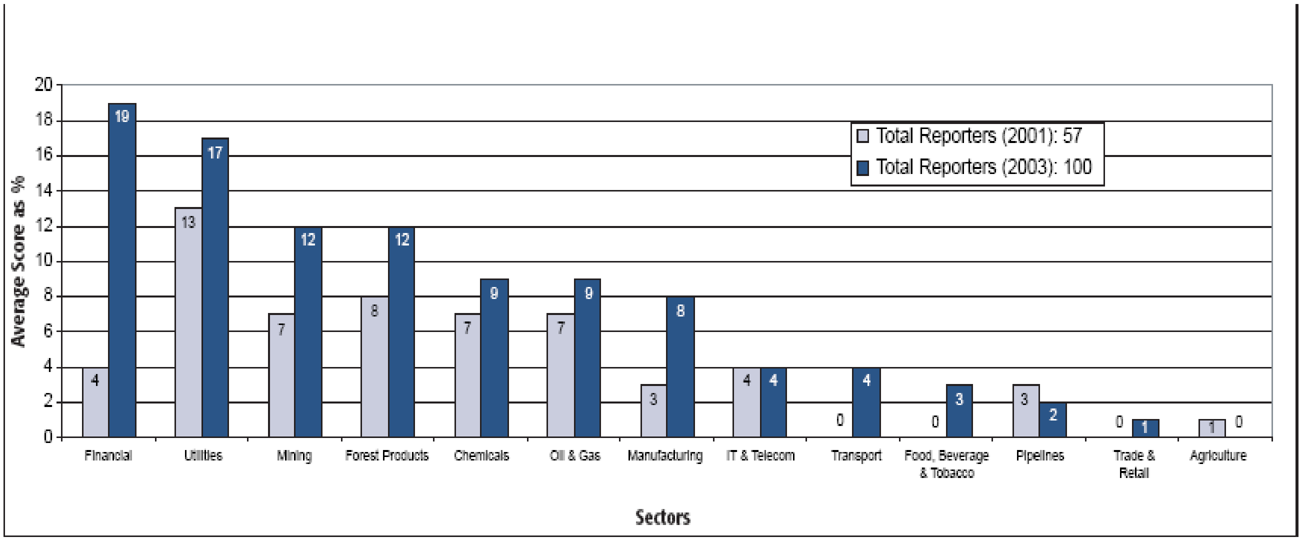


Notes:
1. DK/NR = 10%
2. Multiple responses accepted
3. MDG = Millennium Development Goals

Source: FOCAL. External CSR Practice and Investments by Canadian Corporations in Latin America and the Caribbean. (Ottawa: FOCAL, 2005.)

From fringe movement concepts less than a decade ago, CSR and CSI have become mainstream business practices and an increasing number of Canadian companies that operate abroad now have active programs. Domestically, 60% of Canadian companies on the Toronto stock exchange now have some form of sustainability reporting, up from only 35% in 2001. The rise of CSR and CSI activities is occurring

Comparison of Sector Distribution of Canadian Sustainability Reporting, 2001-2003



Source: Stratos, Inc. *Profile of Sustainability Reporting in Canada*, (Ottawa, Stratos Inc. 2003)

among companies based in Latin America as well. Companies such as Arcor and Minetti in Argentina, Boticário and Poemar in Brazil, E Leon Jimenez and Helados Bon in the Dominican Republic, and countless others have invested millions of dollars to finance and carry out local community development projects directly or through their corporate foundations. In Haiti, the largest HIV/AIDS prevention and treatment program is run by SogeBank, through its corporate foundation. Every country in the region, with a few notable exceptions such as most of the small island states and Nicaragua has a national level peak CSR membership organization. There are also a number of regional initiatives, including the RedeAméricas network with over 30 members, involving some of the largest companies in the region. Companies that are members of these networks are important and significant contributors and implementers of development projects in the region. As such, these companies are potential partners for traditional development actors.

Canada and the Privatization of Foreign Assistance

Responding to the rise of the private sector as the dominant funder of foreign assistance, and the move of the public sector to a minority funder, will be extremely important for enhancing the effectiveness of Canadian foreign development assistance. Despite claims to the contrary, the dynamics of the traditional development relationship have not been responsive and open, but rather paternalistic. In essence, one party has money and the other does not. In working with the private sector, this dynamic changes. Traditional development actors are faced with counterparts who have significant resources, expertise and political standing with both development funding and recipient governments.

Working With the Private Sector

Investments by U.S. companies are balanced, or overshadowed, by the amounts of ODA from USAID and other development agencies of the U.S. government (such as the IAF). For Canada, this is not uniformly the case. In Chile and Uruguay, for example, investments by the private sector are by definition larger than ODA simply because Canada does not have significant official development programs in these coun

Comparison of Government Support Programmes for CSI in LAC Countries							
	All Types of CSI	Co-financing CSI	Technical Assistance	Publicity	Non-national Companies	Research/ Conferences	# of Partnerships/ PS Contributions (CDN$ millions)
CIDAInc.[1]			√	√			
USAID GDA[2]	√	√	√	√	√		400 – $4,006[6]
IAF/ RedEAméricas[3]	√	√	√	√	√	√	65 - $23.6
GTZ PPP[4]	√	√	√	√		√	403 - $133

Notes:
1. CIDAInc. = Canadian International Development Agency, Industrial Cooperation Program
2. USAID GDA = United States Agency for International Development, Global Development Alliance.
3. IAF/RedEAmericas = U.S. government, Inter-American Foundation, Network of Corporate Foundations of the Americas.
4. GTZ PPP = Gesellschaft für Technische Zusammenarbeit, Public Private Partnerships.

Source: As reported by each organization in latest annual report.

tries. In other countries where there is a significant Canadian private sector presence and limited assistance programs (such as Trinidad and Tobago, the Dominican Republic and Mexico), private sector investments could be as large as ODA. As Canada increasingly focuses and concentrates its ODA in fewer countries, this situation will intensify and the number of countries where the Canadian private sector is—perhaps after the diaspora—the largest source of development assistance could well increase. This has important implications for development and foreign policy. In the latter case, Canadian companies with larger staffs and operations could increasingly become the face of Canada in these countries. Ensuring that these companies have as positive an impact as possible will be an important component to aiding, or hindering, Canadian influence, trade and future investment in the region.

It should thus be in the interest of the Canadian foreign policy establishment to seek more, and more creative, ways to work with the private sector. Currently, Canadian embassies do not uniformly provide CSR assistance, such as local contacts, brokering of relations with non-governmental organizations, or program design and implementation assistance. The primary source for assistance is CIDA-INC, which assists Canadian companies interested in starting businesses in developing countries by providing financial contributions for studies and training activities.

Globally, donors have had mixed success with programs to promote development partnerships with the private sector. But for some donors, such as USAID, the IAF and GTZ, demand has been substantial and is increasing. Though the issue has not been studied in depth, a recent review of donor development partnerships found that small operational details improve the attractiveness and success of partnership programs.[7] Such details include having a single access point or portal for partnership programs, streamlined procedures focused on partnership rather than procurement and other issues, and an ability to invest time and money.

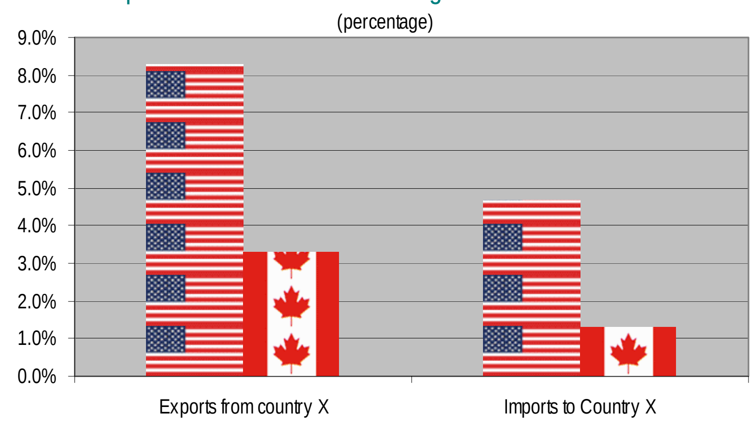
Working With Diasporas

While remittances are understood globally to be an important component of foreign assistance, there are no data available on flows from Canada and there is scant research on development activities by diaspora groups based in Canada. The introduction of these data and this type of research was a key driver for the

U.S. government and multilateral institutions in their development of initiatives and programs to work with diaspora populations. The lack of such information and research may explain the lack of advancement on the issue in Canada. Though interestingly, Canada actually has the longest standing program working with diaspora populations in support of development in their communities of origin. For over 19 years, CIDA has partnered with the Regroupement des organismes Canado-Haïtiens pour le développement (ROCAHD)—a federation of over 30 Haitian diaspora organizations based in Montreal—and has co-financed small-scale development projects in Haiti. Yet, there appears to have been no in-depth studies of the projects nor have there been presentations at any of the regional meetings on remittances and working with diaspora populations.

Producing research and data on remittances and diaspora involvement will be crucial to the development of good policy in Canada. Given the higher immigration rates to Canada and the openness of the Canadian government to immigration, it is logical that there will be an increase in diaspora groups in Canada working to support development in their communities of origin. Put another way, there is no reason to believe that immigrants in Canada should be any less inclined to engage in the same sorts of activities as have immigrants in the U.S. It is important, though, that policy makers in Canada know the diaspora groups operating in Canada and become familiar with the specific transnational corridors.

Trade Impact of a 10% Increase in Immigration to the U.S. and Canada



Source: Michael Szonyisian. *Asian Canadians and Canada's International Relations*. (Vancouver: Asia-Pacific Foundation, November, 2003

Research and information will also be important in preventing the development of policies that inadvertently cause harm. Lack of information about remittance flows and the characteristics of senders and receivers leads to these groups being overlooked in the formation of policy and in the cost-benefit analysis of potential harm from new policies. Beyond this, when remittance senders and receivers are not given a voice in policy formation, negative policy outcomes can occur. The prime example of this has been the wave of financial reporting and customer identification requirements in the U.S. and Canada post-September 11, which have limited competition in the remittance transfer industry.

In terms of diaspora linkages to FDI and large-scale job creation, there is intriguing, but not comprehensive, research to show that Canada may be underperforming in this area. Data from the U.S. and from Canada on the relationship between migration and trade show a much more robust linkage between the two in the U.S. than in Canada. This is an area that requires immediate attention and research.

Policy Recommendations

Research

First, it is clear that more research is desperately needed in Canada on the size and type of diaspora involvement in development activities. The first priority has to be basic information on remittance flows from Canada. This should be accompanied by in-depth practical and academic research on lessons from the ROCAHD experience, as well as an inventory of the full range of diaspora groups in Canada and their involvement with their communities of origin. Obviously this would be a long-range project and priority could be given to a few key countries to start. A concurrent component of research should be small-scale experimentation in working with, or learn-by-doing projects with, diaspora organizations in Canada. This approach has proven extremely beneficial in the U.S. case.

Working With Business

Second, the government needs to develop a structure to support CSR and CSI investments by Canadian companies. This need not be tied aid, or limited to Canadian companies, but should follow the American model of openness to working with all private sector actors. Given the heavy Canadian FDI presence in the financial and extractive sectors, it may make sense for the new structure to focus on these areas initially.

Many best practice and "lessons learned" examples are available from the U.S., Germany and the Netherlands, among others. The most relevant points in these experiences are that the focus needs to be exclusively on investments in development-related activities, and that procurement and consulting issues must avoided. In addition, the agency, department or bureau working with the private sector needs its own funding source and independence from traditional development actors. While there would, of course, need to be coordination with other government agencies involved with foreign assistance, this must be limited to coordination. In other words, these other actors cannot be given a veto over CSR/CSI funding decisions—input yes, but a veto, no.

The FDI Component

Finally, diaspora FDI and trade linkages are the other areas requiring immediate focused research. Policy prescriptions, if any, would be dependent upon the results of the research.

Endnotes

[1] According to the World Bank, remittances transmitted through formal channels in 2005 exceeded US$232 billion, of which developing countries received approximately US$167 billion. However, estimates by the World Bank, the Inter-American Development Bank and other sources indicate that remittances sent through informal channels added at least 50% to the official totals; thus, an estimated US$250 billion in remittances were received by developing countries.

[2] The diaspora is defined as the total number of individuals who identify themselves based on their origin in, and/or ties to, a territory other than the one in which they reside. Included are migrants; first, second or even third generation immigrants; and expatriates, students, guest workers and refugees. There is some controversy in academia about this use of the term diaspora, but the term has been adopted by the policy and aid communities.

[3] Manuel Orozco, "Enabling Environments? Facing a Spontaneous or Incubating Stage?" (working paper commissioned by the Inter-American Development Bank-Multilateral Investment Fund, Washington, D.C., 2002).

[4] Carlo Dade, *External CSR Practice and Investments by Canadian Corporations in Latin America and the Caribbean* (Ottawa: FOCAL, 2005).

[55] USAID, *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity* (Washington, D.C.: USAID, 2002).

[6] USAID Global Development Alliance figures include money leveraged from universities and other sources.

[7] Larry Cooley, "12+2=5: A Pragmatic View of Partnerships Between Official Donors and Multinational Corporations" (prepared for the Brookings Blum Roundtable: The Private Sector in the Fight against Global Poverty, Session V: Building Better Partnerships with Official Donors, Aspen, CO., August 5, 2005

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