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DIASPORAS AND PRIVATE SECTOR DEVELOPMENT: IMPACTS AND OPPORTUNITIES

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	I
1.0: INTRODUCTION	1
1.1: LITERATURE REVIEW.....	2
1.1.1 <i>Remittances</i>	2
1.1.2 <i>Transnational Entrepreneurship</i>	3
1.1.3 <i>Knowledge Transfer and Return Migration</i>	4
1.1.4 <i>Diasporas' Impact on Market Development</i>	5
1.1.5 <i>Knowledge Gap</i>	6
2.0: METHODOLOGY	7
2.1 <i>Theoretical Framework</i>	7
2.1.1 <i>Key Terms</i>	7
2.1.2 <i>Research Methodology</i>	9
3.0: DIASPORAS AND PRIVATE SECTOR DEVELOPMENT.....	10
3.1 FIRST ORDER ACTORS: DIASPORA COMMUNITIES.....	11
3.1.1 <i>Individual Members of the Diaspora</i>	11
3.1.2 <i>Diaspora Groups</i>	14
3.2: SECOND ORDER ACTORS: GOVERNMENTS OF COUNTRIES OF ORIGIN.....	18
3.2.1: <i>Consular Survey Results</i>	20
3.3: THIRD ORDER ACTORS: GOVERNMENTS AND THE PRIVATE SECTOR IN COUNTRIES OF SETTLEMENT AND THE DONOR COMMUNITY	25
3.3.1: <i>Governments in Countries of Settlement</i>	25
3.3.2: <i>The Multilateral Donor Community</i>	27
3.3.3: <i>The Private Sector in Countries of Settlement</i>	29
4.0: POLICY OPTIONS AND TYPOLOGY OF INTERVENTIONS.....	30
4.1: TYPOLOGY OF INTERVENTIONS	30
4.1.1 <i>Remittances</i>	30
4.1.2. <i>Diaspora Groups</i>	31
4.1.3 <i>Knowledge Transfer</i>	31
4.1.4 <i>Country of Origin Capacity Building</i>	32
ANNEX A: DIASPORA BUSINESS ASSOCIATIONS' PSD ACTIVITIES	34
ANNEX B: SURVEY PARTICIPANTS.....	35
ANNEX C: DIASPORA BUSINESS ASSOCIATIONS SURVEY	36
ANNEX D: CONSULATES SURVEY	41
BIBLIOGRAPHY	43

EXECUTIVE SUMMARY¹

The objective of this report is to provide information to better enable Canadian policy-makers to better understand how diaspora communities contribute to private sector development (PSD) in their countries of origin and how donors such as the Canadian International Development Agency (CIDA) might be able to assist them in doing so.

The diaspora's contributions to private sector development in any particular country of origin are broken down into six primary categories: foreign direct investment (FDI), nostalgia trade, trade (general),² knowledge transfer and return migration, transnational entrepreneurship and remittances. These are then linked together in matrix form with five groups of actors that facilitate these contributions: the diaspora communities themselves, the governments of countries of origin, governments and the private sector in countries of settlement, and the multilateral donor community.

Informing this matrix is a literature review that discusses our current understanding of diasporas' contributions to economic development in their home countries as well as two surveys conducted by FOCAL of diaspora business associations and consular offices representing various countries throughout Latin America, the Caribbean and Asia in Canada. This report argues that each of the three groups of actors has a different degree of influence on diaspora-led private sector development in countries of origin, and they are therefore grouped accordingly into first, second and third order actors in terms of their direct or indirect impact on PSD. This framework is illustrated below:

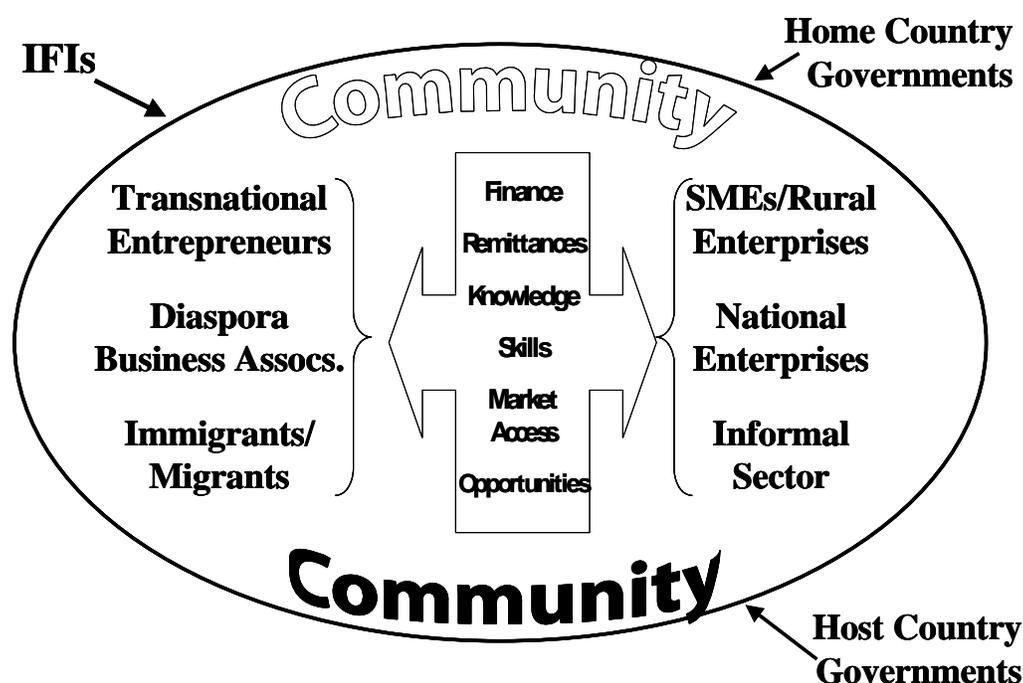
	Table 1: Diasporas and Private Sector Development Matrix								Multiplier Effects
	Actors								
	DIASPORA COMMUNITY				OTHER ACTORS				
Mechanisms	Immigrants	Migrants	Transnational Entrepreneurs	Business Associations	Country of Origin Governments	Country of Settlement Governments	Country of Settlement Private Sector	Multilateral Donor Community	
FDI	**		*	***	**	*	**		***
Nostalgia Trade	***	**	***	*		*		*	***
Trade (general)	*		*	***	**	**	*		**
Knowledge Transfer & Return Migration	*	**	*		*	*	***	**	*
Transnational entrepreneurship	**			*	*	*	*	*	**
Remittances	**	***			**	*	*	*	***

Impact: * small, ** medium, *** large

¹ The authors would like to acknowledge the significant contributions and overall research support from Jeffrey Phillips, particularly in the literature review section of this report.

² This includes travel and telecommunications services as well as all other forms of cross-border trade not classified as nostalgia trade.

Theoretical Framework

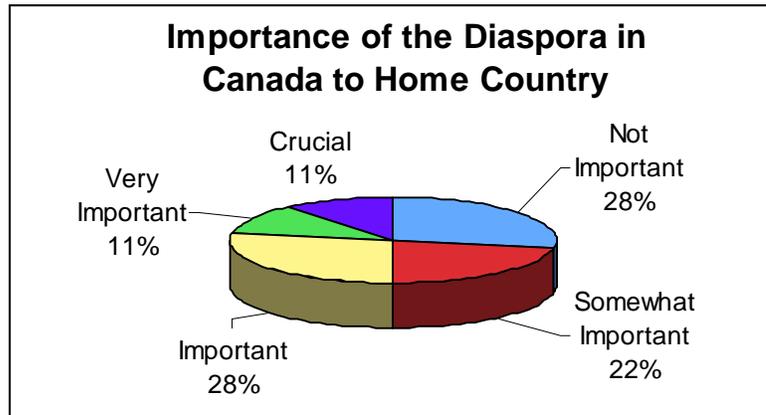


First order actors – diaspora communities, whose members act both individually and collectively – have a direct and unmediated impact on the economic well being of recipient countries, largely by acting autonomously in their own private or community-based interests. For instance, Haitian remittance recipients were reported to have spent over \$350 million on economic development investments in 2006; this money was invested in small business (\$88 million), used to open or enlarge savings accounts (\$77 million), to buy or build houses (\$38.5 million) or to pay for education expenses (\$100 million – an investment in human capital with economic payoffs in the long run) (MIF, 2007: 4). Yet members of diaspora communities also act collectively through groups such as diaspora business associations, the focus of one of our surveys.

Most of the business associations that participated in our study were found to be relatively young and to have limited resources at their disposal to carry out their mandates. Members of the diaspora community founded the vast majority of the associations themselves without support from their home country’s government and continue to operate with only a handful of volunteer staff. Fifty per cent of participating business associations are sponsored to some degree by private sector firms, most of which are small or medium sized enterprises (SMEs). They all share a number of common objectives: to promote trade between Canada and their respective countries and to act as a liaison between members of their business community and different levels of government. Not surprisingly, 75 per cent of respondents indicated that their association promotes economic growth and/or job creation in their respective country or region of interest.

Those organizations not currently engaged in any of these activities cited a lack of knowledge about how to go about doing so in addition to a lack of incentives and the absence of financial support. Consequently, when asked how the Canadian Government might help them better meet their objectives and promote private sector growth in their respective countries, participating associations typically cited financial support and more opportunities for dialogue and communication with various levels of government.

Home country governments (HCGs) – second order actors in this study – were found to have a role to play in facilitating many of the activities undertaken by members of their diaspora that can have an economic impact in the country of origin: foreign direct investment, trade, knowledge transfer, return migration and remittances. Their taxation policies, foreign exchange and capital account controls, foreign ownership regulations and private property rights regimes are all determinants of the extent to which individuals – both expatriates and foreign citizens – will invest in their country’s corporations, trade with businesses domestic enterprises or, in the case of diaspora, remit money through formal or informal channels. Similarly, the incentives they offer for expatriates abroad to return home also help determine the degree to which knowledge and technology transfer will occur and benefit local enterprises.



The varied ways through which HCGs promote their diaspora’s economic engagement in their country of origin were explored through our survey of consulate generals and honorary consuls representing countries from across LAC and Asia. We found that honorary consuls have a very limited capacity to support diaspora-led private sector development initiatives in their respective countries, and that both honorary consuls and consulate generals appear to have a very limited understanding of the size, characteristics and activities of their respective country’s diaspora community in Canada.

The survey also assessed consular officials’ understanding of their diasporas contribution to their home economies. While the poorest countries in the sample that also have large diasporas in Canada – Haiti, Jamaica and El Salvador, for example – noted this group to be of crucial importance for their country’s economic well-being, the same proportion of respondents noted that their diaspora in Canada was “not important” as those who deemed it “important” in this regard. These results are reflective of LAC’s diversity in terms of the socio-economic strength of its constituent countries and the human capital characteristics of those who immigrate to Canada from the region

In spite of this diversity, 67 per cent of those surveyed indicated that remittances were an important mechanism through which members of the diaspora have been contributing to their home country’s economic well being. This serves to indicate that while not all of the participating countries depend on these inflows, they are nevertheless important for the majority. After remittances, ‘purchasing goods’ (e.g. nostalgia trade) and tourism were the second and third most frequent responses in this regard, with 57 per cent and 48 per cent of respondents, respectively, indicating these to be important economic inputs from the diaspora.

To encourage the impact of diasporas on PSD back home, four consular offices suggested partnerships that would encourage knowledge and technology transfer between Canada and their countries, while two consulates general expressed the need to improve the means through which foreign educational and credentials are recognized in Canada. One consulate general noted they would be interested in collaborating with the Canadian Government to find faster, easier and cheaper ways for their expatriates to send remittances back home. Seventy-six per cent of survey respondents indicated that they were willing to partner with the Government of Canada in an effort to make better use of the skills and financial resources of their diaspora.

Finally, third order actors – primarily bilateral and multilateral donors but also the private sector in countries of settlement – arguably play a supporting role by providing financing or other incentives for home country governments and members of the diaspora to stimulate economic and social development in their countries of origin. The private sector plays an important role in PSD by providing franchising opportunities to returning expatriates and opportunities for motivated employees who are also members of a diaspora to build the corporation’s presence in their home country. The latter might be achieved through training secondments to a corporation’s branch in an emerging market country, permanent relocation back home to initiate the corporation’s expansion overseas, or through the incubation entrepreneurs within the company offered in the hope that they will leave and set up businesses in related fields, as has been the with Indian information technology professionals in Silicon Valley. Promising initiatives and successful projects led by the U.K.’s Department for International Development (DFID), the International Organization for Migration (IOM) and the Inter-American Foundation (IAF), among others, are discussed to provide a basis for CIDA to look into developing similar programs focused on diasporas in Canada.

Donors Encouraging the Diaspora’s Engagement in PSD

The U.K. has created a DFID-chaired Remittances Working Group, which subsequently became the private sector-led U.K. Remittances Task Force. This generated an initiative titled, “Sending Money Home,” a web-based information service that has led to greater access and reduced fees for remittance senders in the United Kingdom. DFID also plans to “encourage diaspora networks and goodwill through the remittance country partnership programs [they] have with Nigeria, Ghana and Bangladesh.”

The IAF has supported micro-credit and micro-enterprise organizations focused on expanding the productive impact of incoming remittances on recipient economies, such as the Asociación Alianza para el Desarrollo de la Micro-empresa (ALPIMED) in El Salvador and the Asociación Mexicana de Uniones de Crédito del Sector Social (AMUCSS) in Mexico (IAF, 2007). The foundation has also supported the Mujeres Empacadoras de Nopal de Ayoquezco (MENA), an organization in Mexico composed predominantly of women that produces and markets *nopales*, or pickled cactus, to Mexicans abroad.

USAID has provided assistance to the Caja Popular Mexicana – Mexico’s largest credit union – to allow it to engage in remittance transfers, bearing a strong resemblance to projects coordinated by the IAF. It also partnered with the Pan-American Development Foundation (PADF) in 2002 in a pilot program created to build the capacity of diaspora organizations in the United States engaged in income and employment generating initiatives in Haiti, Mexico and El Salvador.

Among other initiatives related to the diaspora communities, the IOM has implemented a pilot program in Tunisia (PROCHE) through which Tunisian expatriates are encouraged to invest in the creation of new enterprises back home. Similarly, the IADB and MIF are developing a project, “Promoting Diaspora and Local Support for Productive Initiatives,” through which they seek to develop transnational linkages to foster local productive development among communities throughout the participating countries.

Based on this research, a typology of interventions is put forward through which CIDA and other branches of the Government of Canada can enlarge diaspora communities' impact on private sector development in their countries of origin. Each of the following recommendations is explained in further detail in Part 4:

There exist several possible entry points for conducting a nation-wide survey of diaspora communities. This would allow researchers, policy-makers and financial institutions to better understand the characteristics of remitters, the actual amount of money being sent abroad from Canada through both formal and informal channels, and how these individuals contribute economically to their countries of origin. These entry points are as follows:

- Replication in Canada of DFID's 'Sending Money Home' model by developing a similar website with a specific focus on investment opportunities available to members of the diaspora in their home countries;
- Creation of a working group on remittances in partnership with diaspora groups, the private sector, and the academic community;
- Creation of a special facility devoted to diaspora business associations to allow these associations to apply for long-term or project-based support. This funding would assist the associations to carry out their mandates and promote PSD in their countries of interest;
- Support for migrants in the temporary and seasonal worker programs to 'take knowledge home' and to create temporary return migration programs or other incentives that would allow highly skilled immigrants to share some of their specialized knowledge with institutions and professionals in their home country;
- Provision of technical assistance to governments of developing countries with large overseas diasporas to create institutional support mechanisms such as diaspora ministries to encourage the expatriates' economic engagement with their country of origin;
- Help countries that send immigrants/migrants to Canada to improve their domestic investment environments. There is a need for actors in Canada to continue efforts to foster appropriate enabling environments for investment in developing countries while facilitating further economic linkages between diasporas and their countries of origin;
- Fund research into the diaspora's impact on free trade agreements and the effects of such agreements on nostalgia and other forms of diaspora-led trade, perhaps as a component of ongoing support for trade negotiations.

1.0: INTRODUCTION

"The diaspora is definitely off the ground. People across the country have heard about it over and over and are doing whatever they can to enhance social/economic growth even in small ways. [...]. The diaspora is a *very* forward thinking [and] acting phenomenon because it calls on citizens to wake up and take care of their own back yard, to become involved in any and every way they can."

- Carmen H. Nembhardt, Honorary Consul for Jamaica in Winnipeg

The purpose of this research initiative is to better understand how diaspora communities contribute to economic growth and private sector development (PSD) in their countries of origin. It has become increasingly clear over the last decade that immigrants now lead more transnational lives than ever before; that is, their social, political and economic pursuits span the geographic boundaries of their countries of settlement and origin. Unlike previous generations hindered by closed borders, high transportation costs and archaic communications technology and infrastructure, modern immigrants are now allowed to contribute meaningfully to two "homelands" at once.

Diaspora communities have therefore become recognized as important actors and stakeholders in the realm of international development. Much of the focus to date by donors and development agencies has been on the impact of remittances – money sent by members of diaspora communities to their countries of origin – on poverty alleviation. Consequently, a large proportion of the interventions by development and other government agencies, particularly in the United States, have focused on how to decrease the costs associated with sending money home and increase their positive impact on recipient communities. A large body of literature now exists on these types of interventions, though only a limited amount of work on how they affect private sector development. While donors have shown an interest in promoting the more "productive use" of remittances, projects and success of donor-led initiatives in this regard remains limited.

There have also been efforts to enhance the capacity of diaspora organizations such as hometown associations (HTAs) that send collective remittances to their communities of origin for philanthropic purposes, such as paving roads, building schools or buying textbooks. Less attention, however, has been paid to the work of diaspora business associations, such as the Guyana-Canada Chamber of Commerce, in stimulating economic growth and partnerships with entrepreneurs back home. Moreover, even less is known about how home country governments are encouraging these efforts and other linkages between the diaspora and their country of origin through consular offices in countries of settlement such as Canada.

This report is intended to help fill some of these knowledge gaps and spur further efforts to better understand and leverage the intellectual and financial resources of diaspora communities for the economic and social benefit of their countries of origin. With each of the instances in which diasporas are having an impact on economic growth and job creation in countries of origin – from the multiplier effects associated with nostalgia trade, remittance-fuelled consumption and diaspora-led foreign direct investment (FDI) – there exist possibilities for development agency interventions to facilitate and enhance their development impact.

This research will therefore examine the impact of diaspora communities on private sector development by identifying how development agencies, diaspora organizations and governments in countries of origin and settlement are using diaspora networks to promote economic growth and

job creation in the countries of origin of diaspora communities. From this research, a typology of interventions and policy options will be developed for new types of CIDA private sector development strategies and for existing private sector development policies to take better advantage of diaspora-PSD linkages.

1.1: LITERATURE REVIEW

This review of the literature touches upon four broad and sometimes overlapping mechanisms through which diaspora communities are understood to be contributing to PSD and, more broadly, economic growth, in their countries of origin: remittances, transnational entrepreneurship, knowledge transfer and return migration, and market development through tourism, trade, investment, transportation and telecommunications. It thereby serves to lay the groundwork for the report that follows in which we draw out ideas regarding different ways in which donors such as CIDA may seek to modify or expand their PSD programming to build upon the varied yet often substantial resources of such groups.

1.1.1 Remittances

Over the last decade, a growing number of researchers and policy-makers have been attempting to understand how remittances contribute to economic and social development in recipient countries. As a result, a significant body of literature now exists in the public domain that captures the economic and social impacts of these flows. While remittances are not the focus of this study, it is nonetheless important to acknowledge their significance to the developing world.

The World Bank estimates official remittance flows to the developing world amounted to approximately \$203 billion in 2006, up from an estimated \$193 billion in 2005 and \$165 billion in 2004 (Ratha, 2007). In 2001 it was already recognized that “the flow of remittances is enormous, that remittances account for a sizeable portion of national income, and that remittances are used primarily for consumption and as a safety net” (Dade, 2001: i). Since then, however, remittances have outpaced foreign direct investment and have become more than twice as large as official development assistance (ODA) received by developing countries (Ratha, 2007). In Canada it is estimated that these flows amount to between \$5 and \$10 billion each year – several times larger than Canadian ODA – with the majority flowing to South and East Asia (Unheim, 2007b; Statistics Canada, 2007).

While remittances are spent primarily on consumption, research indicates that the portions not used to purchase food, pay for medical or education fees or buy household goods are often invested in small enterprises or real estate (MIF, 2007; World Bank, 2006). In Guatemala for example, one study found that at the margin, remittance-receiving households spent less on consumption goods and more on investment (education and housing) than non-recipient households (Adams, 2006).

Even when used for consumption, however, such flows have been shown to generate multiplier effects by increasing demand for goods and services in recipient communities (Stark, 1991; IAF, 2001; Zarate, 2002; Usher, 2005). At the macro-level, remittance inflows can also bolster recipient economies by providing valuable stores of foreign exchange, improving a country’s credit rating (Ratha and Ketkar, 2007) and by enabling recipients to gain access not only to basic financial services such as bank accounts, but also to more formal financial products such as remittance-backed mortgages and access to credit. Moreover, most remittance-supported expenditures on food, health and education are better viewed as investments in human capital. They are there-

fore productive in and of themselves due to the necessity of a healthy and well-educated labour pool for the development and maintenance of a robust economy. It is through mechanisms such as these that remittances can support economic growth and private sector development, mechanisms that will therefore be the focus of remittances-related discussions in this study.

1.1.2 Transnational Entrepreneurship

Transnationalism has emerged in the development literature as one of the dominant frameworks for understanding the activities of diaspora communities in both their countries of origin and settlement.

Transnational entrepreneurs in particular, often seen as the human face of globalization, represent “an alternative form of economic adaptation of foreign minorities...based on the mobilization of their cross-country social networks” (Portes, Haller, and Guarnizo, 2001: 2).³ These individuals are also able to exploit opportunities and niche markets that others without such transnational ties cannot. In this sense, transnational entrepreneurship is both a logical response to and a symbol of a globalized world defined by increasingly open markets and freer trade. Wong and Ng (2002) illustrate how the Chinese overseas diaspora exemplifies this type of entrepreneurship. They identified three types of Chinese enterprises through which transnational entrepreneurs influence private sector development in both their homelands and countries of settlement: “Asian production-North American distribution,” retail chains, and import/export. These enterprises are driven primarily by Chinese business immigrants – groups favoured by Canada’s immigration system – and are typically small in size with members of the same family controlling different aspects of the business on either side of the Pacific. Not only have these businesses had positive spill-over effects in terms of job and wealth creation in both East Asia and Canada, as the authors note, but they have also “been an important component of the economic integration of East Asia and Canada” (Wong and Ng, 2002: 508).

Transnational entrepreneurship also can be viewed as both the consequence of, and partial solution to, the challenges faced by many skilled immigrants with regards to finding appropriate employment in their country of settlement. As Portes et al. (2001: 6) have argued, “the economic prospects of immigrants do not hinge exclusively on their conditions of employment in host-country labour markets, but also on their chances for *self-employment*” (emphasis theirs). Recognizing a market for goods from their home country amongst their compatriots, many immigrants establish footholds for themselves in the nostalgia trade market, to the benefit of home country suppliers and the transnational entrepreneurs themselves (Breslin, 2006, CEPAL, 2003). According to Orozco et al. (2005), close to 70 per cent of Latin American and Caribbean immigrants purchase goods from their homelands, and 10 per cent of exports from El Salvador to the United States consist of ‘nostalgia’ goods.

In addition to the three types of Asian transnational businesses discussed above, another study on the Salvadorian community in the United States identified four alternative but overlapping categories: *circuit firms* such as couriers and remittance transfer agencies, *cultural enterprises* that supply cultural goods from their home country to the diaspora community, *ethnic enterprises* that carry goods and comestibles from the country of origin, and *return migrant enterprises* established by returning migrants but that rely on networks in the U.S. (Landolt et al., 1999: 296, cited in Portes et al., 2001).

³ Though Portes’ work is focused on the United States, transnational entrepreneurs can be found across the globe.

1.1.3 Knowledge Transfer and Return Migration

Increasingly, fears of migration-driven “brain drain” from the developing to the developed world are being attenuated by the widespread recognition of the fact that talented workers and students often go abroad to work or study, but that many also return home or “use their own global networks, and especially those of their diasporas, to help build new establishments in their home countries” (Kuznetsov and Sabel, 2007: 6). Consequently, “brain circulation,” and “knowledge exchange” are displacing “brain drain” in the vocabulary of researchers and policy-makers involved in migration issues (UNESCO, 2007; UNDP Albania, 2006; ADB, 2005). This constant exchange of ideas, resources, and knowledge across borders is therefore one of the most important means through which diaspora communities are contributing to economic development back home. For example, Meyer and Brown (1999) found that many developing countries have been able to harness the talents and expertise of their skilled overseas emigrants by encouraging them to serve as short-term consultants, investors, and short-term trainers. Kuznetsov and Sabel (2007: 3) argue that such policy expertise and managerial and marketing knowledge is the most significant resource of diaspora networks.

One mechanism through which such knowledge exchange can occur stems from the “co-development” movement, which necessitates a recognition that both home and host countries can not only benefit from the migration process, but can also act as partners with “common interests and shared responsibilities” (Realizing Rights, 2006: 4). One example of this approach to development is the Magtech Network, which includes Algeria, Tunisia, Morocco, Mauritania, Libya and France. Magtech is designed to fulfill the needs of all three parties, namely diaspora communities and countries of origin and settlement, by focusing on the integration of science and technology into Maghreb economies through technology transfer and international collaboration in research and development (Magtech, 2007).

The UNDP’s Transfer of Knowledge through Expatriate Nationals program (TOKTEN) in partnership with the Mali Co-Development Priority Solidarity Fund has had a similar goal. TOKTEN finances missions for qualified expatriate workers (e.g., doctors, engineers, etc.) to return to Mali in order to teach and share their knowledge (Ministère des affaires étrangères, 2005). Critics, however, argue that such programs only amount to paid vacations back home. Nevertheless, the emergence of co-development projects coincide with the new “brain circulation” pattern of migration (see above) and further reinforces the idea that diaspora have a viable role to play in the economic growth of home and host countries.

Some of these initiatives led by donors and home country governments are encouraging immigrants to return to their countries of origin on a more permanent basis. Mexico’s Consejo Nacional de Ciencia y Tecnología program, for example, “repatriates recent PhD scientists coupled to an initiative that increase the pay of productive academics [in order to] encourage retention” (Lowell and Gerova, 2004: 9). Similarly, the International Organization for Migration (IOM) has put in place “Return of Qualified Nationals” (RQN) programs in Afghanistan, Angola and Latin America to encourage members of these diaspora communities to return to their countries of origin and use their skills and knowledge to contribute to economic development back home.

Johnson and Sedaca (2004, cited in Lowell and Gerova, 2004: 8), argue that return migration encouraged by such programs has numerous advantages: their return can free up substantial resources

for other development needs since high salaries need no longer be paid to expatriate workers; “transfer of knowledge can occur faster because less adjustment time is needed;” and returnees’ “connections and interest in the homeland foster the creation of networks and follow-up mechanisms.” However, such return can also introduce significant challenges: skilled returnees might be unwelcome if there is significant unemployment back home, while immigrant-receiving countries may regret the loss of these workers. Moreover, there exists no solid evidence that returnees are having a significant impact on their home countries’ economic development (Lowell and Gerova, 2004). Caution is therefore likely warranted, yet so is the continued exploration of new ways for temporary or permanent returning migrants to assist their countries of origin.

1.1.4 Diasporas’ Impact on Market Development

Manuel Orozco’s (2003) “Five Ts” approach remains one of the most illustrative mechanisms for explaining the economic impact of diasporas on their countries and regions of origin: tourism, transportation, telecommunications, trade (nostalgic) and, as discussed above, the transmission of monetary remittances. While the multiplier effects of nostalgia trade and remittances have already been discussed, many immigrants and migrants also remain closely tied to their homelands through frequent visits and phone calls back home, both of which have been creating job opportunities through the expansion of related services and infrastructure.

Immigrants travel back home to reconnect with family and friends, educate their children about their heritage, sustain transnational businesses, or simply to vacation, all of which have spurred the growth in air travel and in some cases sustained airlines servicing these destinations (Maimbo, 2006; Orozco et al, 2005). Between trips back home, migrants and immigrants remain in close contact with relatives over the phone, and growing demand for such services has financed and enabled the spread of telecommunications infrastructure and mobile phone companies in migrant-sending countries around the world.

Johnson and Sedaca (2004, cited in Lowell and Gerova, 2004) have identified an alternative yet overlapping understanding of the ways in which diaspora communities are contributing to market development back home: remittances, business investment, other investment instruments and knowledge transfer. Barré et al. (2004) highlight the unrecognized potential of diasporas to foster economic development, focusing on the highly skilled scientific and technological diasporas in the North. The return of highly skilled Indian information technology (IT) workers to their home country to start up their own successful technology ventures, or their involvement in financing such initiatives, are cases in point in this regard (Pandey et al, 2004; Lowell and Gerova, 2004). According to one study, “18 per cent of surveyed foreign-born professionals in Silicon Valley have invested or currently invest in start-ups or venture funds in their homeland, dominated by Indians (22 per cent), followed by Taiwanese (17 per cent) and then by Mainland Chinese (10 per cent)” (Saxenian, 2002 in Lowell and Gerova, 2004).⁴ This is also partially due to the existence of “*intra-preneurship*” programs within many Silicon Valley companies. These programs train, encourage and incubate entrepreneurs within the company with the hope that they will leave and set up businesses in related fields. That being said, it is important to note that willingness to invest – even for patriotic and well-meaning members of the diaspora – often depends on

⁴ Even though the Chinese did not rank number one in terms of investment in IT start-ups in this study, the Chinese diaspora is widely recognized to be the source of over 50 per cent of FDI in China.

the investment climate back home, and in many developing countries the creation of a stable climate for investment remains a significant challenge.

1.1.5 Knowledge Gap

With this research in mind, we have developed a model to clarify the ways in which diaspora communities are, or could be, contributing to private sector development and economic growth in their countries of origin. This theoretical model – a central component of our methodology, the focus of Part 2 – will also help identify entry points through which donors can seek to leverage the skills and resources of members of the diaspora in pursuit of similar goals.

2.0: METHODOLOGY

2.1 Theoretical Framework

The report is grounded upon a theoretical framework characterized by two overarching relationships: diasporas' economic ties to their homeland, and the mechanisms through which these ties can be deepened. First, based on existing knowledge and the preceding discussion, we identified four primary means through which members of diaspora communities around the world are stimulating private sector development and economic growth in their countries of origin: foreign direct investment (FDI), remittances, transnational entrepreneurship and nostalgia trade, and knowledge transfer. These mechanisms are linked together by the positive yet varied multiplier effects they have on recipient economies.

The second component of our framework focuses on the means through which these economic ties are being created, sustained and deepened. These include individual migrants, diaspora groups – primarily diaspora business associations – homeland governments, governments in countries of settlement, including bilateral donors, and multilateral development agencies. Figure 1 illustrates this framework.

Before proceeding any further, however, it would first be valuable to review some of the key terms that have already been mentioned and that will play leading roles in the analysis that follows.

2.1.1 Key Terms

First, the **diaspora** is the totality of individuals who identify themselves by and act upon their origin in, and ties to, a territory other than the one in which they reside. This can therefore include migrants, first, second or even third generation immigrants as well as expatriates, students, guest workers and refugees (Dade, 2006a). Diaspora communities are found all over the world but range considerably in their level of cohesiveness and ability to affect economic and social change back home. Moreover, they cannot be seen as homogeneous entities, for they are often

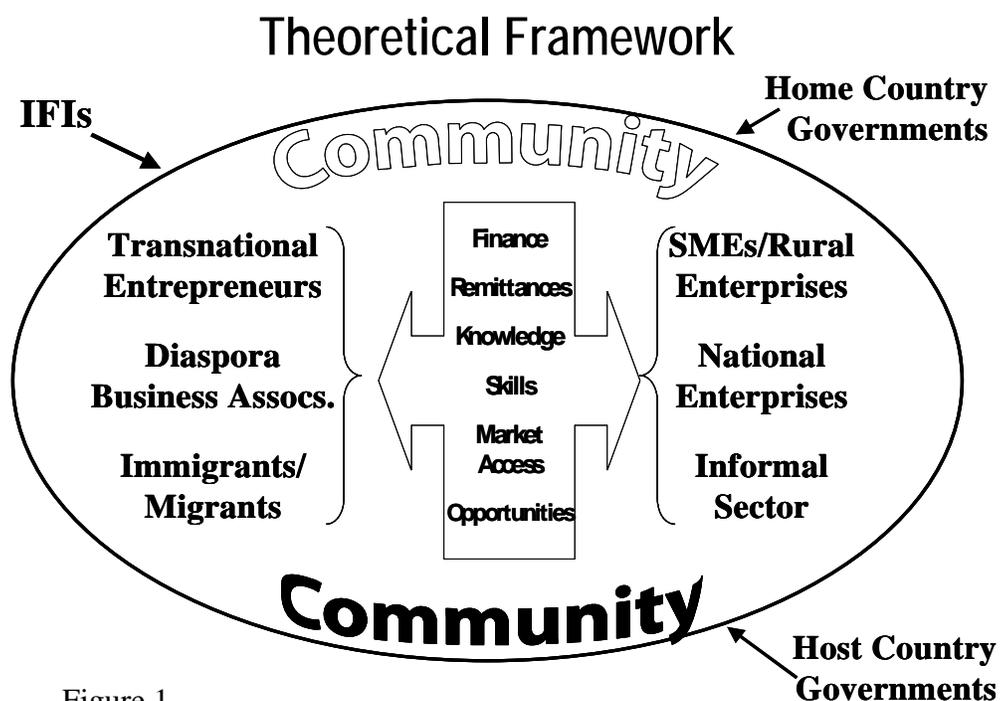


Figure 1

reflective of the political and socio-economic schisms that define of their homelands' society (University for Peace, 2006).

Second, **remittances** are typically private financial transfers between individuals or households. They may be transferred across international borders, from the global North to the migrant-sending South as well as between developing countries (south-south transfers). They can also refer to internal flows, from urban to rural areas. Most of the remittances discussed herein are of the first type, sent by migrants and immigrants in developed countries to their homelands in the developing world. Such flows amounted to over US\$200 billion in 2006 (Ratha, 2007), while private remittances from Canada are estimated to range between US\$5 billion and \$10 billion (Unheim, 2007a).⁵

Third, **transnational entrepreneurship** refers to a “primary business pursuit that requires regular contact across national borders for its operation” (Portes et al., 2001: 11), and that in this case is led by a member of a certain country's diaspora community. Such enterprises tend to take two main forms: nostalgia trade and import/export, while a third, **foreign direct investment (FDI)**, requires little further explanation. **Nostalgia trade** encompasses the activities of immigrants who cater to the demand of fellow members of their diaspora community for products, typically foodstuffs and cultural goods, from their country of origin. These entrepreneurs source their stock directly from producers in their home country and sell it to fellow expatriates looking for a taste of home. Such trade carries economic benefits for the entrepreneur in the country of settlement but also for the producers and their employees in the entrepreneur's homeland. Diaspora-led **import/export** businesses, on the other hand, have a much more diversified product and client base compared to those in the nostalgia trade business. They often make use of business and diaspora networks both at home and in the country of settlement to create and sustain their enterprises, which are often run by different members of single families dispersed across both countries (Wong and Ng, 2002).

Fourth, the term **knowledge transfer** represents the various ways in which skilled expatriates impart the expertise they have gained from working or studying abroad to their compatriots and local institutions back home. As will be discussed in further detail below, this can occur through temporary returns home, permanent re-settlement, or through active exchange of information and dialogue using modern telecommunications technologies (Brinkerhoff and Westcott, 2006; Biao, 2005).

Finally, while some argue that remittances are not being used as ‘productively’ as they could be by recipient households, research indicates that remittance-fuelled consumption can have significant **multiplier effects** on local economies. That is, the purchase of basic goods and necessities that recipient households would not have been able to afford in their absence generates economic benefits throughout the local economy that far exceed the value of the initial remittance transfer (Stark, 1991; IAF, 2001; Zarate, 2002; Usher, 2005). Our definition includes such effects but

⁵ Statistics Canada's Balance of International Payments tables indicate that private remittances from Canada totaled CAD \$5.07 billion in 2006. However, discussions with Statistics Canada officials revealed that these flows include transfers of money by individuals to foreigners (CAD \$1.6 billion) – an estimate derived from the Survey of Household Spending – transfers made by institutions, mainly NGOs (CAD \$1.3 billion), payments by the Canadian government to individual non-residents (CAD \$0.9 billion), and “corporate” transfers (CAD \$1.3 billion), which includes, among other things, the amount paid by the Canadian lumber industry to the United States in the dispute on softwood lumber exports. These components are not consistent with the IMF's definition of remittances, being the sum of workers' transfers, compensation of employees and migrants' transfers.

also encompasses those derived from the other ways, discussed above, in which diasporas are engaged economically in their home countries.

2.1.2 Research Methodology

The analytical component of this paper, which leads to the report's typology of interventions in Part 4, was informed by four primary research initiatives. First, the preceding literature review pertaining to diasporas and private sector development was drafted in order to draw out existing knowledge on this topic within related epistemic and policy communities and to identify the gaps that this study is intended to help fill. This review also informed our theoretical framework, discussed above. Second, we carried out a survey of diaspora business associations representing business people from Latin America and the Caribbean (LAC) as well as parts of Asia. This was undertaken in order to investigate whether these associations are stimulating private sector development in their respective countries of affiliation and to better understand how they are doing so. Third, we conducted a survey of LAC and some Asian consulates general and honorary consuls throughout Canada to find out whether and how they might be encouraging members of their country's diaspora community to help stimulate economic growth back home. Consulates general and honorary consuls were surveyed instead of their respective embassies in Ottawa due to the former's closer proximity to members of each country's diaspora community.

Finally, a matrix that draws linkages between the results of these three research endeavours was created in order to better analyze and understand the complex inputs and outputs of the interactions discussed in our theoretical framework and illustrated in Figure 1, above. Examples of each of the interactions illustrated in the matrix, found below, are explored in further detail in Part 3.

3.0: DIASPORAS AND PRIVATE SECTOR DEVELOPMENT

Table 1 represents the matrix that illustrates the various linkages between diasporas and private sector development, or economic growth more generally, in their countries of origin. It also provides a visual representation of the supporting role played by home country governments, settlement country governments and the multilateral donor community in this regard.

The seven primary mechanisms through which the diaspora can influence private sector development and economic growth in their home countries are listed in the first column of the matrix. The actors themselves are listed in the first primary row in descending order of importance from left to right. This hierarchy of significance is explained in visual form by the stars in each of the boxes in the interior of the matrix. One star signifies that the actor at the top of the column has a relatively small impact or role to play with regards to the mechanism listed at the beginning of the corresponding row, while three stars represent a large role or impact. Finally, the last column in the matrix illustrates the size of the multiplier or feedback effects in the recipient economy that have been stimulated by each of the six types of activities.

Sections 3.1 to 3.3 will explain the reasoning behind the matrix and the stars attributed to each of the actor-mechanism relationships through a discussion of *first*, *second* and *third order* actors. *First order* actors have a direct and unmediated impact on the economic well being of recipient countries, largely by acting autonomously in their own private or community-based interests. *Second order* actors – home country governments – play a mediating role, through regulatory regimes and efforts to reach out to the diaspora, between *first order* actors and the recipients of their outputs. Finally, third order actors – primarily bilateral and multilateral donors but also the private sector in countries of settlement – are argued to play a supporting role by providing financing or other incentives for home country governments and members of the diaspora (*first* and *second or-*

Table 1: Diasporas and Private Sector Development Matrix									
Actors									
Mechanisms									
DIASPORA COMMUNITY					OTHER ACTORS				
Immigrants	Migrants	Transnational Entrepreneurs	Business Associations	Country of Origin Governments	Country of Settlement Governments	Country of Settlement Private Sector	Multilateral Donor Community	Multiplier Effects	
FDI	**		*	***	**	*	**		***
Nostalgia Trade	***	**	***	*		*		*	***
Trade (general)	*		*	***	**	**	*		**
Knowledge Transfer & Return Migration	*	**	*		*	*	***	**	*
Transnational entrepreneurship	**			*	*	*	*	*	**
Remittances	**	***			**	*	*	*	***

Impact: * small, ** medium, *** large

der actors) to stimulate economic and social development in migrant-sending countries.

3.1 First Order Actors: Diaspora Communities

As illustrated by Table 1, individual members of diaspora communities can have an impact on their countries of origin either by acting alone or in concert with fellow expatriates. Their impact on their home communities and, in many cases, the economies of their countries of origin, is tangible and direct; we will therefore refer to this group as *first order actors*. For instance, money flows into households, allowing recipient families to meet their basic needs, purchase household goods and in some cases save or invest in productive enterprises. Transnational entrepreneurs source their stock from domestic producers, thereby expanding demand for upstream producers and spurring economic growth back home. Migrant workers return to their home communities and share the technological know-how they gained while working for farmers in the United States or Canada, leading to increases in productivity on domestic farms. Finally, immigrants in countries of settlement such as Canada form business associations through which they increase trade opportunities between Canada and their country origin or increase the capacity of their members to become successful transnational entrepreneurs. The list goes on. In order to help substantiate the relationships and their respective intensity – as illustrated by the boxes of varying thickness in Figure 1 and the stars in Table 1 – it is useful to discuss several examples of these first order effects before analyzing the results of the survey of diaspora business associations conducted for this report.

3.1.1 Individual Members of the Diaspora

Individual members of the diaspora are having a considerable impact on their home economies by acting either autonomously or with other members of their household in their countries of origin and settlement.

While 77 per cent of remittances received in Haiti are used to pay daily expenses, according to a recent survey, 25 per cent of remittances that weren't used for such purposes were used to help start a business (MIF, 2006: MIF, 2007). In Jamaica, however, just over 50 per cent of remittances are spent on household expenses, and a further 30 per cent on school fees and savings. Roughly 6.5 per cent of remittances are used to finance businesses (Dade, 2006b). Haitian remittance recipients were also reported to have spent over \$350 million on economic development investments in 2006; this money was invested in a small business (\$88 million), used to open or enlarge savings accounts (\$77 million), to buy or build houses (\$38.5 million) or pay for education expenses (\$100 million – an investment in human capital with economic payoffs in the long run) (MIF, 2007: 4). Undoubtedly, much of this investment was supported by private sector firms such as PromoCapital, Haiti's first investment bank, and Fonkoze Bank, a money-transfer agency with branches throughout the island.

The former, launched in 2004 and owned in part by Haitian Americans, other U.S. residents and Haitians residing on the island, provides means through which diaspora investments can be channelled effectively into Haiti. PromoCapital is also interested in exploring how the good credit ratings of Haitians overseas can be used to facilitate real estate loans in Haiti (Backer, 2005), over and above service fees and spreads on remittance transfers being used to capitalize bank lending for micro-enterprises. Fonkoze Bank, alternatively, offers money transfer services to Haitians living in the United States at very low rates. They also offer basic financial literacy training and the opportunity for clients to borrow money in order to finance investment in small enterprises.

The idea of building upon remittances in order to introduce both senders and recipients to more complex financial services is catching on worldwide. Some of India's largest banks, for example, are allowing overseas account holders to transfer money for free from abroad to a branch in India. Once clients have become comfortable with the bank through their frequent money transfers, they are introduced to other financial products such as mutual funds, mortgages and insurance policies, all of which are likely to have positive economic spill-over effects in India (Chishti, 2007).

To further emphasize this apparent trend towards investing or otherwise leveraging larger portions of incoming remittances, a recent Multilateral Investment Fund (MIF) study of 2,500 Latin American and Caribbean immigrants in the United States found that increasing numbers of remitters are considering investments in the region. Owning a home and opening a small business in their country of origin were the two most common goals cited by respondents, while insurance and banking investment products were the most attractive financial products to remittance senders and recipients. That being said, the MIF study also found that a key barrier towards expanding such options is the extremely varied level of understanding of these products and that the majority of senders and recipients have "a negative opinion of the economic condition of their country" (MIF, 2006).

As noted earlier, Wong and Ng's (2002) study of Chinese transnational entrepreneurs in Vancouver illustrates the extent to which many of today's immigrant entrepreneurs are stimulating private sector growth in both their countries of settlement and origin. The authors' three types of enterprises – Asian production-North American distribution, retail chains and import/export – characterized the 42 per cent of firms surveyed that were engaged in transnational business. Yet the upstream effects of such operations – and therefore their impact on job creation back home – were not fully explained. Doing so simply requires an acknowledgment of the various stages of production and intellectual resources required to produce the goods offered by these enterprises: from computer and audio-visual hardware to furniture, Asian art, health foods and silk flowers.

It is important to acknowledge, however, that China is a special case; not all immigrant entrepreneurs have access to the same production capacity, labour pool and technological sophistication that is available in Mainland China. Nevertheless, as will be discussed below, business people from smaller countries can pool their resources through diaspora business associations such as the Bolivian Chamber of Commerce in Canada in order to open up such opportunities to current and potential transnational entrepreneurs.

Before doing so, however, another type of transnational enterprise is worthy of mention: the franchise. Franchises, where an entrepreneur "rents" or buys a business concept, support services and in some cases products from the owner of the concept. For immigrants seeking to invest in their home communities, many of which are areas of high out-migration and hence some familiarity with the products and services from U.S. franchises, these businesses represent lower cost and lower risk investment options.

Finally, the ability of the diaspora to "transfer" knowledge they gain while living and working abroad to members of their home community often appears to be regarded as a given in the literature on the subject; similarly, it is often assumed by donors engaged in such initiatives that once the door is opened up for members of the diaspora to return permanently or temporarily to their country of origin, such transfers are bound to occur. However, the evidence remains some-

what murky. The following examples illustrate the importance of acknowledging that not all diaspora communities have equal capacity to share their knowledge with their home communities while having a tangible impact on receiving-end economies.

In the first case, Sandra Nichols from the California Institute for Rural Studies has documented how many residents of Mexico's Jerez Valley have subsidized and modernized their peach farms "with money, ideas and innovations from the United States." (Nichols, 2004: 28). Migrants from the region have been working in California's Napa Valley for decades, and as water shortages threatened their peach farms in Mexico in the late 1990s, some began to replicate the water-saving technology they had been exposed to as farm workers in the United States. As a result, "Mexico's most sophisticated water-conserving, drip irrigation system is located on 10-hectares of peach orchard in [the small community of] Los Haro," (Nichols, 2004: 31), one that has now been adopted by numerous other farmers in the region beyond the individual who first brought the technology to his region. Nevertheless, Nichols also questions whether such success stories are easily replicable elsewhere, or are more an outcome of circumstance.

This brings us to our second brief example of knowledge transfer – the Indian IT industry. Pandey et al. (2004) offer a thorough explanation of the factors that led to the growth of this industry in India – a combination of exporting cheap back-office labour to the U.S. in the 1980s, the technology boom of the late 1990s and the birth and successful growth of Indian technological institutes. Yet the ultimate reason behind such growth, they argue, was India's professional diaspora in the United States. For its members possessed the capacity to bring Indian IT professionals to the United States, encourage import liberalization at home, build trust between U.S. and Indian firms, and return to India to train local IT professionals to U.S. efficiency and standards.

While the preceding cases might be enough to motivate some to treat knowledge transfer as a panacea for the challenges of economic development, a more careful review of the evidence would recommend otherwise. In fact, there may be as many cases where such transfer or exchange of knowledge does not occur as those where it does. According to Devesh Kapur and John McHale, for instance, "Bangladeshis employed in construction in Singapore are 'showing little sign of stimulating technological change in that sector back home despite their exposure to superior technologies,'" while "little learning takes place in the many domestic-care jobs held by South Asian immigrants in the Gulf countries and Central Americans in the United States" (Agunias, 2006).

Judging by these examples, one might be able to conclude that the impact of individual emigrants on economic development in their countries of origin depends on several factors: human capital (both at home and in the diaspora), the economic well-being and investment climate of both countries (which affect the demand for and supply of migrant workers, transnational entrepreneurs and remittances), and less tangible characteristics such as ingenuity, determination and the willingness to make sacrifices for others. With this in mind, we begin to see the value of diaspora organizations that have the potential to pool the resources of specific diaspora communities so that they are more effective as a whole than the sum of their individual parts.

3.1.2 Diaspora Groups

FOCAL conducted a survey of 27 diaspora business associations representing a wide variety of countries in Latin America, the Caribbean and Asia. The list of 15 LAC-oriented organizations was derived from an earlier mapping study of such groups in Canada conducted by FOCAL in 2005, while the 12 Asian business associations were found in the Asia Pacific Foundation's online Directory of Asian Ethnic and Canada-Asia Bilateral Business Associations.⁶ Hometown associations were not included in our survey due to the fact that their activities are primarily philanthropic in nature rather than business oriented. That is, their members – all of whom typically come from the same town or community – pool their resources to improve the quality or quantity of public goods in their hometown. While these goods – such as ambulances, textbooks, health supplies or a paved road – can improve the lives of the members of the recipient community, they do not have a direct impact on economic growth or job creation (Orozco, 2000). This being the focus of our study, it was deemed appropriate to leave out HTAs from our survey.⁷

The stated objective of the questionnaire was to help Canadian researchers and policy-makers better understand the role of diaspora organizations in promoting economic growth and job creation in their countries of origin. While the number of respondents to the survey (11 out of 27) makes it difficult to draw any general conclusions about these organizations, they nevertheless yielded some interesting and important findings for policy-makers to consider.⁸

The most significant amongst them is the fact that most of these business associations are relatively young – founded in the mid to late 1990s, with the exception of the Indo-Canadian Chamber of Commerce (ICCC) in Toronto, founded in 1977 – and have limited resources at their disposal to carry out their mandates. Members of the diaspora community founded the vast majority of the associations themselves without support from their home country's government and continue to operate with only a handful of volunteer staff. Only the well-established Toronto branch of the ICCC has a paid staff member, while none of them receive any financial assistance from Canada's federal government or their home governments. One organization, the Canada-Bangladesh Business Council, receives support from two provincial governments, while none receive assistance from municipal governments. The sole form of support received by one of the participating associations has come through information and seminars from Foreign Affairs and International Trade Canada (DFAIT) for the association's membership.

Nevertheless, 50 per cent of responding business associations are sponsored to some degree by private sector firms. Most of these are small or medium sized enterprises (SMEs), which likely belong to some of the members themselves, predominantly in the financial services, hospitality, legal, real estate or import/export industries. Examples include Hispanorama, a sponsor of the Bolivia-Canada Chamber of Commerce in Toronto, and Mid-West Heating Products, which supports the Filipino Chamber of Commerce in Edmonton. The exception to the rule of SME sponsors is Scotiabank, which supports the website of one of the participating associations. Despite the preponderance

⁶ Only those organizations containing the phrase "Chamber of Commerce" were initially included in the survey, however three more "business associations" were subsequently added to increase the sample's size and geographic scope.

⁷ That being said, there are some exceptions to this general rule. Gubert (2005, cited in World Bank, 2006), for instance, found that the most sustainable HTA investments have focused on the distribution of consumer goods (general stores or grain banks) or the purchase of farming equipment.

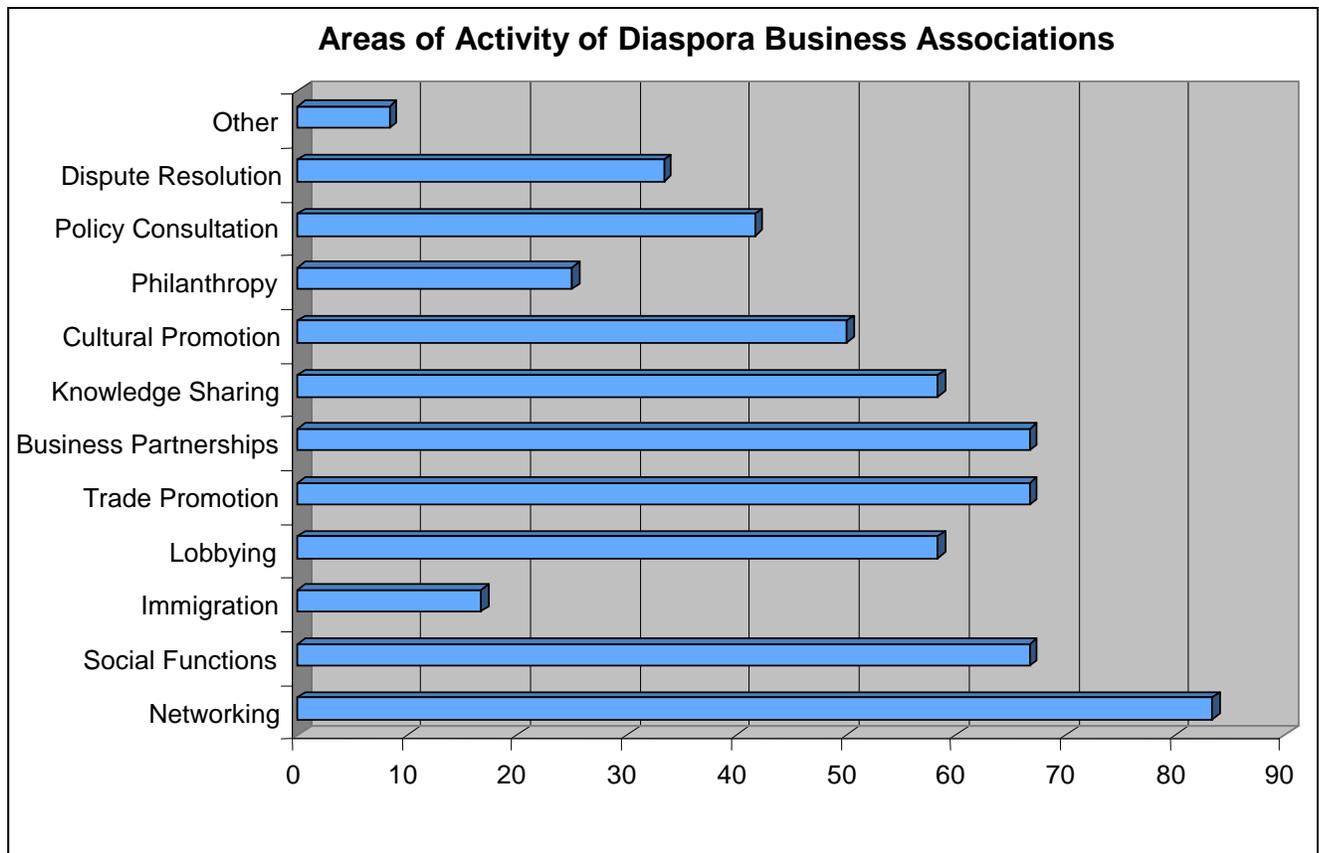
⁸ 6/12 (50%) Asian business associations and 5/15 (33%) Latin American and Caribbean business associations submitted their completed questionnaires, for a total sample size of 11 (a 41% response rate).

ance of SME sponsors, their limited profit margins likely prohibit longer-term core funding of these associations, an indication that some support from the public sector might be warranted.

While the size of each organization’s membership ranges considerably – from 10 to over 1,000, with membership size generally being reflective of their respective ethnic community’s share of the Canadian population – they all share a number of common objectives: to promote trade between Canada and their respective countries and to act as a liaison between members of their business community and different levels of government. As mentioned above, however, not all of them have the same ability to do so. The ICC’s Vancouver chapter, for example, participates in trade missions to India, but the same cannot be said for the Bolivia-Canada Chamber of Commerce.

Some of their stated objectives also serve to differentiate between these associations. According to Idalia Obregon, President of the Toronto-Hispanic Chamber of Commerce (THCC), their organization seeks:

To be the “bridge” connecting all Canadians (including Hispanics) with Hispanics in Latin America. We accomplish this firstly by providing a source of information to Hispanic immigrants new to Canada. Secondly, we provide information, training seminars and networking opportunities to entrepreneurs and professionals serving Hispanics in the Greater Toronto Area. And finally, we advocate on behalf of the Hispanic-Canadian community to key Canadian decision-makers, both directly and through the media, with respect to the needs, aspirations and contributions of Hispanic-Canadians.



The ICCC's B.C. chapter, though it engages in similar activities to those of the THCC with its own members, is also "involved in actively promoting the development of better social and educational policies [in India], since both will aid in the future economic development of countries of interest," while the ICCC's Toronto chapter also seeks to "showcase the talent of [their] community."

With regards to their actual activities, however, the commonalities between these organizations representing vastly different parts of the world are numerous. Eighty-three per cent of respondents indicated that they are engaged in networking activities, while 67 per cent are involved in organizing social functions, trade promotion and building business partnerships between the diaspora and home country firms. Fifty-eight per cent indicated they take part in lobbying and promote knowledge sharing between the diaspora and entrepreneurs in their country or countries of origin. Finally, in contrast with hometown associations, which are predominantly philanthropic, only 25 per cent of respondents indicated their associations engaged in philanthropy.⁹

In addition to these activities, fully 75 per cent of respondents indicated that their association promoted economic growth and/or job creation in their country or region of origin. One of the ways they are doing so is by opening up opportunities for home country firms to participate in the Canadian marketplace through:

- Providing detailed assistance to firms in respective country on Canadian market rules and regulations (Peruvian-Canadian Chamber of Commerce);
- Providing information to home country firms on mining and resource opportunities in Canada for Indian firms (ICCC-B.C.);
- Linking Canadian corporations with partners in Hispanic countries and providing business and market information and training (THCC);
- Providing members with consulting assistance and referrals (*Asociación Salvadoreña de Profesionales en Canada* [APSCAN]);
- Organizing events and annual trade fairs (Filipino Chamber of Commerce in Edmonton); and,
- Offering numerous management training programs and information for new business start-ups to Bolivian firms interested in doing business in Canada, or vice-versa (Bolivian Chamber of Commerce in Canada).

Surveyed associations were also asked to provide further detail on the type of private sector development activities they have been engaged in with firms or entrepreneurs in their countries of origin. The results, described in Annex A, identify a surprisingly diverse range of initiatives for

⁹ The THCC, for example, has done so indirectly by helping PureTek Inc., a Canadian renewable energy corporation, bring electricity to underserved regions of the Dominican Republic by donating solar systems and providing electricity to five schools. Additionally, the Jamaica-Diaspora Canada association is currently planning a diaspora-wide financial instrument, the Jamaica Diaspora Fund, which will use a portion of the interest earned by investors in the diaspora to support "life altering projects" in Jamaica.

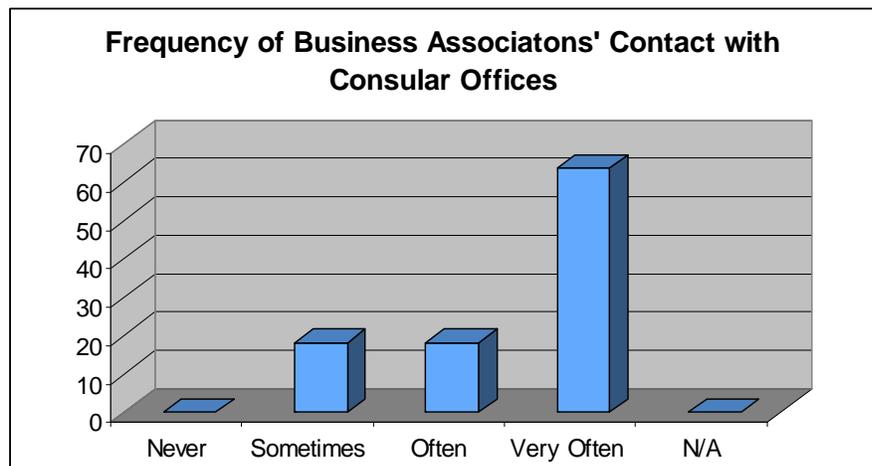
organizations with such apparently limited capacity. Basil Punit, President of the Canada-Guyana Chamber of Commerce, exemplifies the influence diaspora business associations can have on stimulating private sector development back home. He is attempting to make Guyana an attractive destination for call sourcing, an initiative that may lead to the creation of 6,000-10,000 new jobs, and has already helped a Canadian company win a \$26 million contract to privatize Guyana's electricity company. In addition to these activities, he is also working on a "diaspora bond" to encourage émigrés to invest in Guyana (Jimenez, 2005).

Those organizations not currently engaged in any of these activities cited a lack of knowledge about how to go about doing so, in addition to a lack of incentives, as well as the absence of financial support for getting involved in these types of initiatives. Consequently, though many of these activities have been driven solely by the ingenuity and commitment of the leadership of these associations, their scope and impact would likely increase significantly if these groups had access to more program-based or financial resources through public or private sector sources.

Might one of these sources be the governments or diplomatic missions of the countries with which these associations are affiliated? The answer appears to depend on who you ask. While 64 per cent of respondents indicated that they are in contact with their respective country's consulate(s) or embassy "very often," the most common response from the consular offices to a similar question in a separate survey, discussed below, was that they are only "sometimes" in contact with their respective country's Chamber of Commerce or business association(s). Moreover, the services most often provided by consular offices are representational rather than financial; that is, the consular offices communicate with the respective associations' home government on their behalf, but they do not provide any financial support to the associations themselves. One South American consulate general in Montreal serves as a perfect example to illustrate this disjuncture.

According to the Consul, his consulate is in almost daily contact with the business

community, other consulates and members of the Montreal Chamber of Commerce, and they work with any Chamber or business people seeking export assistance. Nevertheless, his home government does not provide financial support to diaspora organizations in Canada that might be engaging in economic development initiatives back home. Noted the Consul General, "[There exists] no budget for such purposes, and I don't think it would be reasonable. I consider it odd for a developing country trying to overcome a domestic economic crisis to subsidize Canadian based groups. [We] will assist these communities voluntarily but would not engage in a contractual relationship."¹⁰



¹⁰ Remarks made by the Consul-General for Argentina in Montreal, Jorge B. Riaboi, in a telephone conversation with the author in March 2007.

If such an approach is common across the consular offices of Latin American and Caribbean countries, which we will explore in further detail when discussing the results of the consulates survey, the question then becomes how might the Canadian Government help these organizations better meet their objectives and promote private sector growth in their respective countries in the future?

This question elicited two primary categories of responses from participating diaspora business associations: financial support, and more opportunities for dialogue and communication with government officials. The first requires little explanation. These associations are primarily volunteer run yet have objectives that overstep their operational capabilities. As a result, financial support or tax exemptions are in high demand and would be used, for instance, to host visiting delegations, organize meetings, undertake membership surveys, hire full- or part-time staff, fund language or other training programs or expand operational capabilities. As noted by Victor Hugo Saravia, President of the Bolivian Chamber of Commerce in Canada:

We all recognize that small and medium-sized businesses are the pillar of the economy of the country. To ensure that our members gain the competitive edge we have a full range of management bilingual training programs, but the Chamber is concerned by the difficulties of running this program ...due to a lack of assistance and leadership from the government agencies.

The second category of support, cited less frequently than the first, related to the importance of expanding lines of communication between the Canadian Government and these organizations. While “open channels of communication between the federal government and our association” would help the Association of Salvadoran Professionals in Canada (APSCAN) fulfill their mandate, greater “access to information” is important from the perspective of the Peruvian-Canadian Chamber of Commerce.

3.2: Second Order Actors: Governments of Countries of Origin

Having documented the activities and discussed the potential of *first order* actors – that is, members of the diaspora acting individually or collectively – in promoting private sector development, we can move on to the *second order* actors, home country governments (HCGs), who serve as intermediaries between the diaspora and the recipients of their skills and resources.

As illustrated by our matrix, HCGs have a role to play in facilitating many of the activities undertaken by members of their diaspora that can have an economic impact in the country of origin: foreign direct investment, trade, knowledge transfer, return migration and remittances. Their taxation policies, foreign exchange and capital account controls, foreign ownership regulations and private property rights regimes are all determinants of the extent to which individuals – both expatriates and foreign citizens – will invest in their country’s corporations, trade with businesses domestic enterprises or, in the case of diaspora, remit money through formal or informal channels. Similarly, the incentives they offer for expatriates abroad to return home also help determine the degree to which knowledge transfer and exchange will occur. These activities will be discussed in conjunction with donor initiatives in the section that follows on *third order* actors. Lastly, HCGs have a role to play in maximizing the impact of incoming remittances, from doubling or tripling incoming collective remittances from HTAs abroad – such as Mexico’s 3 for 1 program – to offering diaspora bonds and reducing the losses incurred when recipients exchange their remittances for local currency. Moreover, governments in countries of origin also look af-

ter, to varying degrees, their citizens abroad through agencies such as Mexico's Institute for Mexicans Abroad and sometimes encourage their active participation in the political process back home. Like the preceding examples, both of the latter activities can have tangible effects on the degree to which their diaspora contributes meaningfully to economic development back home. It would therefore be beneficial to briefly examine some recent examples of such initiatives in further detail.

First, diaspora bonds are debt instruments issued by a country to raise financing from the diaspora overseas (Ratha and Ketkar, 2007: 2). The Government of Israel has offered such instruments to its diaspora since 1951, while the Indian government has done so when other sources of external capital have been scarce. Not all countries with large overseas diasporas have the ability to offer such bonds. In their groundbreaking study of these instruments, Ratha and Ketkar found that strong and transparent legal systems for contract enforcement, the absence of civil strife, and the presence of national banks and other institutions in destinations all "facilitate the marketing of bonds to the diaspora." In countries where such characteristics are lacking, there may be grounds for donors to provide technical assistance to make the investment climate more favourable to members of the diaspora.

As noted above, HCGs can also offer matching funding to enhance the impact of incoming collective remittances. Mexico's *Tres por Uno* (3:1) program – where the national and local governments have matched flows coming from Mexican diaspora organizations abroad such as the Zacatecan Federation of Southern California (Gordon, 2006) – is well known to those familiar with diaspora and remittances issues. El Salvador has a similar 1:1 program, created in 2003 to implement joint partnership projects with Salvadorian HTAs abroad. Despite these successes, such programs do not work everywhere. A similar matching program was attempted in Guatemala, for example, but never took shape due to a lack of government support (Agunias, 2006).

Many countries have begun to offer incentives, often in partnership with international organizations such as the IOM to encourage highly skilled members of their diaspora to return home. Taiwan, China, India, Thailand and the Philippines, for instance, all offer a mix of public and private-sector incentives such as research grants, salary supplements, housing support and educational support for their children while also promoting diaspora investment in domestic enterprises (IOM, 2005). In addition, others are taking steps to re-engage the diaspora in the domestic political process back home. For instance, "reflecting the growing importance of remittances and investments, the Dominican government has facilitated the election of a representative of the New York immigrant community to the national Congress and appointed an immigrant as its consul in New York City." (Portes et al., 2001: 10). Such direct political involvement is not limited to developing countries either. Italy's 2006 general election marked the first time the Italian diaspora was able to elect 12 representatives to Italy's lower house and a further six in the Senate, who together represent four new "overseas constituencies:" Europe, North and Central America, Latin America and Africa-Asia-Oceania (BBC News, 2006).

Nevertheless, the political involvement of the diaspora is not always welcomed back home. Armenia, for instance, a nation with a diaspora wealthier than the country itself, is burdened by persistent distrust between the domestic political elite and those abroad. As noted by Kuznetsov and Sabel (2007: 6), these political barriers also have broad repercussions: "the political divisions between the diaspora and the post-Soviet political class in Armenia, combined with the philan-

thropic generosity of the overseas Armenians, [has] thwarted development and buffered domestic actors from the costs of their actions.”

One of the ways in which some governments are encouraging such direct political involvement as well as economic partnerships with the diaspora – that is, when the context for such engagement is favourable – is through the activities of ministries or agencies devoted specifically to the country’s expatriate community. A growing number of countries – including Bangladesh, India, Jamaica, Korea, Mexico, Morocco, the Philippines, Thailand, Turkey and Sri Lanka – have what are known at least unofficially as “Diaspora Ministers,” officials directly responsible for encouraging the engagement of their diaspora community in the economic and social development of their home country. As the World Bank’s Migration and Remittances Team has noted, others “have put in place measures to increase remittance inflows, creating special departments within central banks or ministries for diaspora-related issues, implementing special schemes (low-interest housing loans, insurance), facilitating local and foreign-currency deposits, and even granting dual nationality.” (Mohapatra et al, 2007: 2). Mexico’s *Instituto para Mexicanos en el Exterior* (Institute for Mexicans Abroad), for instance, connects members of the diaspora with central and local governments in Mexico, primarily to help channel remittances to these communities. India, moreover, has gone as far as to create a Parliamentary Standing Committee “to enable diaspora members to advise the Prime Minister,” and has created an Ambassador-at-Large “to relate to the Indian-American community” (Global Equity Initiative, 2003: 17).

With these activities in mind, it is possible to discuss and analyze the findings of our survey of consular officials and honorary consuls representing countries from Latin America, the Caribbean and Asia in cities across Canada.

3.2.1: Consular Survey Results

Our electronic survey was distributed to 90 consulate generals and honorary consuls stationed throughout Canada, 25 of which represent Asian countries. Eighteen surveys were returned to FOCAL by our deadline, less than a quarter of which were from Asian consular offices (Indonesia, Philippines [2] and Thailand). However, we achieved much wider geographic representation from participating LAC consular offices. See Annex B for a list of participating consular offices, including their location and type – consulate general (CG) or honorary consul (HC). Three invitees provided comments for our study but did not return their questionnaires.

The stated purpose of the survey was to help Canadian researchers and policy-makers better understand the role of consular offices in encouraging their diaspora communities to support economic growth and job creation in their countries of origin. Though overall response rate, at just over 22 per cent, was lower than expected, a surprisingly large number of honorary consuls – who serve as the voluntary representatives of the countries with which they are affiliated in cities with a significant foreign-born population from such countries – completed and returned their questionnaires. On one hand, the fact that eight of the 18 completed surveys came from honorary consuls can be seen as indication of the desire and commitment of these individuals to improving business relations between their respective countries (with which they are not always affiliated by citizenship) and Canada. On the other hand, it could also be a reflection of the possibility that many consulates are simply not engaged in any of the activities discussed in the survey with their country’s diaspora community and therefore felt no need to complete the questionnaire. What is more likely the case, as the following explanation of the results will show, is that a consulate

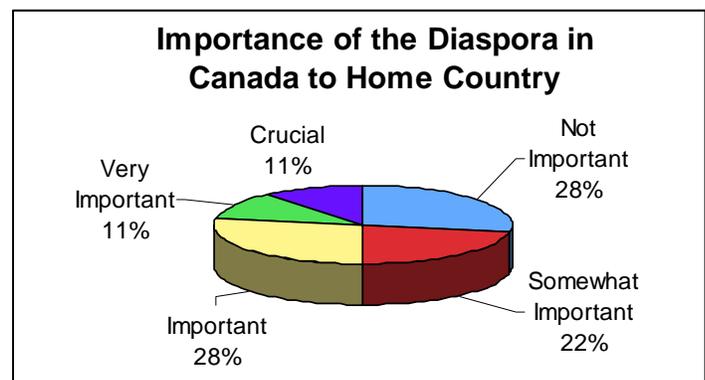
general's or honorary consul's engagement with their country's diaspora community is very much dependent on the home country government itself. In other words, neither of the two preceding hypotheses applies across all of the respondent countries.

The one conclusion that does generally apply across the entire sample, however, is that honorary consuls – since they are basically all volunteers who primarily respond to enquiries and facilitate visits on an ad hoc basis – have a very limited capacity to support diaspora-led private sector development initiatives. Nevertheless, the knowledge they possess regarding the size, characteristics and activities of their respective country's diaspora community in Canada does not, generally speaking, appear to be considerably different than what is known by their full-time diplomatic counterparts in the consulates-general. This is particularly the case when it comes to estimating the size of their respective country's diaspora in Canada, whether it be the number of individuals born in that country or the larger population that includes 2nd and 3rd generation immigrants. Even though some might be aware of the size of their country's diaspora community in their immediate sphere of influence – e.g. a Consul General in Calgary would be aware of the size of his or her country's diaspora community in Western Canada – most seem to have very little knowledge about the true size of their diaspora community across the country as a whole.

That being said, most respondents were able to give a clear answer regarding the importance of the diaspora in Canada with respect to their respective country's economic well-being. Interest-

ingly, those countries that would typically be classified as emerging markets (Argentina, Brazil, Mexico, Thailand), tended to regard the economic importance of their diaspora in Canada as marginal. As a representative from one of Thailand's consulates said: "since the number of Thais in Canada is very small, the Thai Consulate General does not expect an outstanding outcome from them to support business development in Thailand."

Nevertheless, the argument could still be made that emerging markets with skilled diasporas in Canada would still consider their expatriates to be of importance to their country's economy due to their ability to attract trade and investment opportunities. Yet evidence that might support such an argument was not apparent in the survey results. On the opposite end of the spectrum, not surprisingly, the poorest countries in the sample that also have large diasporas in Canada – Haiti, Jamaica and El Salvador, for example – noted this group to be of crucial importance for their country's economic well-being. Overall, however, the same proportion of respondents noted that their diaspora in Canada was "not important" as those who deemed it "important" in this regard, results reflective of LAC's diversity in terms of the socio-economic strength of its constituent countries and the human capital characteristics of those who emigrate to Canada from the region.

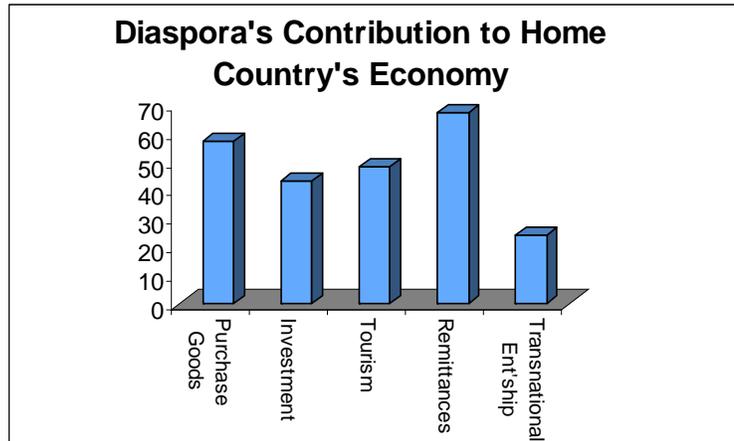


In spite of this diversity, 67 per cent of those surveyed indicated that remittances were an important mechanism through which members of the diaspora have been contributing to their home country's economic well-being. This indicates that while not all of the participating countries depend on these inflows, they are nevertheless important for the majority. After remittances, "purchasing goods" (e.g. nostalgia trade) and tourism were the second and third most frequent responses in this regard, with 57 per cent and 48 per cent of respondents, respectively, indicating

these to be important economic inputs from the diaspora. These results are very much in line with the discussion on nostalgia trade and tourism in the preceding sections of this report.

While the economic inputs just discussed are indeed important and often crucial for many of the countries under discussion, the diaspora also has a role to play in economic and social policy-making back home. At least this was the conclusion of 67 per cent of consular representatives who responded to our survey. Some

argued the diaspora influenced such policies indirectly through trade and tourism, such as El Salvador’s Vice-Consul in Toronto, Guillermo Iglesias, who noted, “the Salvadorian diaspora is already an important partner in the economic development of El Salvador.” Others, however, noted more direct policy or political interventions such as participating in the formulation or implementation of development projects or through absentee voting. A representative from the



Consulate General for Haiti in Montreal remarked that such influence could be achieved “en impliquant la diaspora haitienne dans tous les projets visant Haiti et à tous les niveaux des interventions canadiennes,”¹¹ whereas the representatives from the Consulate General of the Philippines in Toronto noted, “with the implementation of the Overseas Absentee Voting Law, Filipinos living abroad have a voice in the economic, political and social development of the country by exercising their right of suffrage.” These findings support our current understanding of some of the means through which diasporas are having an impact on economic and social development in their countries of origin. As is made clear in the case of the voting law, however, there are ways in which such impacts can be enlarged.

As remittances continue to grow and gain traction as an important policy issue for countries characterized by considerable annual out-migration, governments are beginning to devote more resources to staying in touch with and leveraging the resources of their overseas diasporas. The introduction to this section acknowledged the activities of several HCG ministries created to support their country’s overseas diaspora. However, since most of the examples stemmed from emerging market countries with the resources to support such institutions – India, Mexico and the Philippines, for example – we were interested in finding out if this was the case throughout the Americas and other parts of Asia. What we found was that only 33 per cent of participating countries surveyed have a minister or senior government official with direct responsibility for citizens living abroad, all of which were also allocated a separate department or staff. The only countries that were reported to have such officials in place were Colombia, El Salvador, Guatemala, Haiti, Mexico and the Philippines. Jamaica should also be included in this list even though the respondent did not indicate that her country had such an official in place; Senator Delano Franklyn, Minister of State for Foreign Affairs and Foreign Trade, is Jamaica's *de facto* diaspora minister.

¹¹ “by involving the Haitian diaspora in all projects concerning Haiti and at all levels of Canadian intervention.”

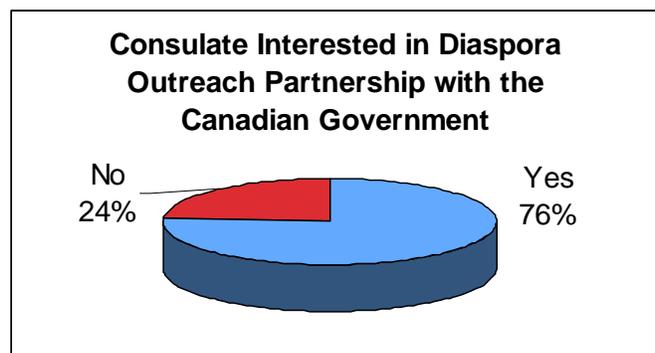
This list likely would have been larger if more countries had responded to our survey request. Nevertheless, when compared with countries whose consular representatives did return their questionnaires, a pattern begins to emerge: with the possible exception of Guatemala, those countries that reported having such ministries in place were those with large diaspora communities often characterized by high degrees of organization and engagement with their home countries. Those that did not report having such an institution – Argentina, Brazil, Costa Rica, Indonesia, Nicaragua, Paraguay, Thailand, Trinidad and Tobago, Suriname and Venezuela – are perhaps less dependent on their overseas diasporas, lack the resources of some of the countries that have such offices, or have diasporas that have limited potential to contribute economically back home.

Argentina’s Consul General in Montreal, for instance, remarked that only 50 to 60 per cent of Argentinean immigrants are successful at finding a job in Canada, and usually these are not very high-paid opportunities. Remittances to Argentina are also quite limited, with most savings being invested in Canada, and most of the people who came after the economic crisis in 2000 left to escape economic instability and are therefore hesitant to invest. As a result, the Consul General would be surprised if these people invested heavily in Argentina, and where this does happen, "we are discussing peanuts."¹² Argentina would therefore fit two of the three profiles mentioned above: it is not dependent on the Argentine diaspora, which contributes little to the country’s economy. In cases where the diaspora stands to contribute substantially to a developing country’s economic well-being but lacks internal cohesion or institutional support from the home country government, there exist potential opportunities for donors to intervene. These will be discussed further in the policy options in Part 4, but the case for such interventions will be further explained below.

When asked whether their consular mission or home government provides any financial support to diaspora organizations in Canada that engage in economic development initiatives back home, only 20 per cent (four consulates) indicated this to be the case: Haiti, Mexico, the Philippines, and Trinidad and Tobago. Some responded negatively to the premise of the question itself, arguing that there was little justification for the home country government to support financially members of its overseas community. That being said, many consulates, even those representing small countries from LAC with very few resources at their disposal, are taking a pro-active approach to encouraging their diaspora communities to engage economically in their home country.

For instance, the Honorary Consul for Paraguay in Winnipeg facilitates investments and remittance transfers from Paraguayans residing in Manitoba; the Honorary Consul for Jamaica in Winnipeg encourages Jamaican community groups to invest and do business in their country of origin; the

Honorary Consul for Suriname in Kelowna, B.C. puts members of the Surinamese community in touch with government officials, business people and the non-governmental community; and, the Consulate General for Haiti in Montreal provides strategic advice regarding potential business partnerships between members of the Haitian community in Montreal and the private sector in



¹² Remarks made by the Consul General for Argentina in Montreal, Jorge B. Riaboi, in a telephone conversation with FOCAL in March 2007.

Haiti. Only two respondents, both from Latin America, stated explicitly that they provide “no” support to members of their respective countries’ diaspora community in Canada to encourage business development or job creation back home.

Consulates general and honorary consuls from LAC and Asia also show a moderate degree of engagement with their diaspora’s business association(s), where they exist. While over 30 per cent of the consular offices surveyed were sometimes in touch with these organizations, 40 per cent were in touch either often or very often. Only one respondent indicated that his office is never in touch with such organizations, while the question did not apply to the remaining respondents. Some of the consular offices that work closely with such business associations provided examples upon which other countries could build in the future. The Consulate General for the Philippines in Toronto, for instance, conducts trade missions in partnership with the Philippine Chamber of Commerce in Toronto (PCCT), and works with the Philippine-Canada Information and Communication Technology Business Council to promote the Philippines as an outsourcing destination. In contrast, other consular offices are limited to providing information and contacts for potential business opportunities to any members of their diaspora community that might be interested. This is the case for the consulate general of one Central American country, for instance, whose representative nevertheless remarked that the consulate had not received any requests for support from members of their diaspora community.

Such a comparison brings to light an important point regarding the capacity of diaspora communities to contribute to private sector development, one that also came up earlier in the discussion: diasporas characterized by low levels of human capital have a limited role in stimulating private sector development back home. Although their remittances are often crucial inputs that allow recipient families to sustain decent standards of living and have multiplier effects that benefit the recipient community’s economy, such diasporas typically do not have the capital to invest in domestic enterprises or stimulate considerable economic reforms at home. These demographic characteristics are heightened by the fact that the governments of countries from which they have migrated often lack the resources to support their overseas diaspora, thereby limiting the potential for expatriates to stimulate economic growth at home by acting collectively or in partnership with their HCG.

Perhaps as a result of these constraints, 76 per cent of survey respondents indicated that they were willing to partner with the Government of Canada in an effort to make better use of the skills and financial resources of their diaspora. With regards to what this partnership might entail, some made it clear that they were simply available to help coordinate efforts alongside the Canadian government or act as an interlocutor between the Government of Canada and their diaspora community, providing information and advice wherever necessary. Others were much more specific. The Honorary Consul for Jamaica in Winnipeg suggested collaborating on a think tank or council that would build strategies to complement each country’s overall development, while her Surinamese and Filipino counterparts indicated an interest in providing support for small business development. Alternatively, the Honorary Consul for Paraguay in Winnipeg underlined the importance of greater collaboration with provincial governments, while representatives from Thailand were most interested in obtaining accurate numbers regarding the size of the Thai community in Canada.

Finally, three further suggestions were put forward that are reflective of three policy issues of particular importance to the diaspora: knowledge transfer, foreign credentials recognition and

remittances. First, four participating consular offices suggested partnerships that would encourage knowledge and technology transfer between Canada and their countries. This might be achieved through jointly organized science and technology missions led by highly skilled members of the diaspora or through educational or professional exchanges. Second, two consulates expressed the need to improve the means through which foreign educational and credentials are recognized in Canada, a suggestion indicative of the lack of progress that has been made on that file in recent years, despite the attention it has received in the public sphere. Finally, one participant noted his consulate would be interested in collaborating with the Canadian Government to find faster, easier and cheaper ways for their expatriates to send remittances back home.

The preceding discussion should be helpful to the donor community. It has highlighted the wide variation that exists in terms of the capacity of home country governments to facilitate their diaspora's involvement in private sector development and economic growth back home. Some countries, such as Mexico, India and the Philippines, have highly sophisticated outreach mechanisms intended to leverage the skills and resources of their overseas diaspora, while others may lack the institutional capacity that would enable them to do so. Second, and on a similar vein, some diaspora communities possess the right mix of human capital, internal cohesion and organizational support that enable them to encourage economic growth back home. Others lack such attributes yet still contribute economically to their home countries through private remittances, demand for travel and telecommunications services and buying nostalgia goods in settlement countries like Canada. Third, there exists considerable interest within the consular community to collaborate with the Canadian government on projects that would facilitate the diaspora's involvement in their home country's development. This signals an opportunity not only to strengthen existing bilateral relationships between Canada and these countries, but also to better inform the creation and maintenance of Canada's international development policies and practices.

This brings us to the final section of part three, in which we discuss the role of *third order* actors in facilitating the diaspora's involvement in private sector development in their countries of origin.

3.3: Third Order Actors: Governments and the Private Sector in Countries of Settlement and the Donor Community

It is worth reiterating that the preceding two sets of actors – individual members of diaspora communities and home country governments – play a leading role with regards to the diaspora's involvement in private sector development and economic growth back home. This final set of actors, however – governments and the private sector in countries of settlement and the multilateral donor community – play a supporting role, ready and able to provide a mixed bag of will and resources if the lead players lack the capacity to proceed onto center stage on their own. For added clarity, this level of actors will be divided into two primary groups: the governments of countries of settlement, referring primarily to bilateral donor agencies such as CIDA but also to arms-length agencies such as the Inter-American Foundation (IAF), and the multilateral donor community.

3.3.1: Governments in Countries of Settlement

The United Kingdom could arguably be seen as a poster child for how countries of settlement can best engage with their resident diaspora communities. The UK's House of Commons International Development Committee has conducted extensive research on the linkages between migration and development and the potential for remittances to spur private sector development in recipient countries. Not only have they recognized “the contribution that diaspora communities and organisations

such as AfricaRecruit can make to reducing poverty and promoting development (HCIDC, 2006: 14),” they have also taken the further step of creating a DFID-chaired Remittances Working Group, which subsequently became the private sector-led U.K. Remittances Task Force. This generated an initiative titled, “Sending Money Home,” a web-based information service that has led to greater access and reduced fees for remittance senders in the United Kingdom. Finally, DFID plans to “encourage diaspora networks and goodwill through the remittance country partnership programmes [they] have with Nigeria, Ghana and Bangladesh” (HCIDC, 2006: 20), an initiative that CIDA would likely be able to replicate in the Canadian context.

In a slightly different vein, the Inter-American Foundation (IAF), “an independent agency of the United States government that provides grants to nongovernmental and community-based organizations in Latin America and the Caribbean for innovative, sustainable and participatory self-help programs,” has initiated a number of programs intended to leverage the skills and resources of diaspora communities. It has supported micro-credit and micro-enterprise organizations focused on expanding the productive impact of incoming remittances on recipient economies, such as the *Asociación Alianza para el Desarrollo de la Micro-empresa* (ALPIMED) in El Salvador and the *Asociación Mexicana de Uniones de Crédito del Sector Social* (AMUCSS) in Mexico (IAF, 2007). The IAF has also supported the *Mujeres Empacadoras de Nopal de Ayoquezco* (MENA), an organization in Mexico composed predominantly of women that produces and markets *nopales*, or pickled cactus, to Mexicans abroad (Breslin, 2006).

Another arms-length development agency, Germany’s GTZ, conducted a thorough study of the Afghani, Serbian and Egyptian diasporas in Germany to identify how these communities are contributing to their communities of origin. Out of this study came several recommendations regarding how the GTZ could facilitate or expand these activities. As we have also done in this report, the authors of the study noted the different human capital characteristics and motivations behind each of the three diasporas and how they are critical in determining the impact said communities can have on their countries of origin. Nevertheless, they put forward several broad areas of activity through which the impact of these diasporas could be strengthened in partnership with donors and technical cooperation agencies such as the GTZ. These included promoting diaspora investment in their home countries; strengthening social infrastructure (i.e. using the diaspora to enhance health and education infrastructure and services); promoting the political participation of the diaspora; strengthening and promoting existing diaspora structures; developing appropriate legal and political conditions in the remittance and investment-receiving country; and finally, strengthening international cooperation regarding diaspora engagement in their home countries (Bauralina, et al, 2006).

The United States Agency for International Development (USAID), in addition to conducting research on remittances and diaspora engagement like their German counterparts, has been focused in recent years on working with diaspora groups to leverage the impact of incoming remittances on recipient communities and on expanding access to banking services amongst the “unbanked.” Many USAID initiatives in the realm of remittances and diasporas, such as the assistance they provided to the *Caja Popular Mexicana* – Mexico’s largest credit union – to allow it to engage in remittance transfers, bear strong resemblance to projects coordinated by the IAF. It also partnered with the Pan-American Development Foundation (PADF) in 2002 in a pilot program created to build the capacity of diaspora organizations in the United States engaged in income and employment generating initiatives in Haiti, Mexico and El Salvador. Such a partnership may also

be replicable in the Canadian context, which might contribute to alleviating the capacity deficits discussed in the section of this report on diaspora business associations.

3.3.2: The Multilateral Donor Community

The matrix introduced earlier in this report demonstrates the three primary mechanisms multilateral donor community has been using to leverage the potential of diasporas to contribute to economic development in their countries of origin: remittances, nostalgia trade, and knowledge transfer and return migration. Several examples of multilateral donor projects related to each of these three areas will be discussed below in order stimulate the potential replication of such initiatives in the Canadian context.

As mentioned earlier, multilateral donors have caught on to the size and importance of north-south and south-south remittances. Consequently, such institutions are devising programs and initiatives intended to build upon the positive dynamics associated with these flows, particularly with respect to investment and private sector development. In this light, the MIF recently conducted a survey to examine the potential impact of remittances on the regional economy of Latin America and the Caribbean. They found that “in contrast to the earlier part of this decade, there are now a growing number of remittance senders that are considering investments in LAC. Owning a home and opening a small business in their country are the two most common goals” (MIF, 2006: 13). Insurance and banking investment products were found to be the most popular financial products amongst senders and recipients in the U.S and LAC, followed by housing and educational investment products.

That being said, both senders and recipients indicated that only nine per cent of their remittances are invested in businesses, approximately the same proportion recipients use to purchase clothing. Knowledge and institutional deficits in recipient countries are also limiting the investment potential of remittances. The MIF found that varied levels of understanding about the diverse financial products available to senders and recipients is impeding progress in this regard, while this is also apparently “no financial institution in LAC that could give the financial products offered to families involved in the remittance process the necessary “seal of approval,” an important issue when “the majority of senders and recipients have a negative opinion of the economic condition of their country” (MIF, 2006: 18). Despite these barriers, multilateral donors are still moving forward with initiatives to “bank the unbanked” and leverage the development impact of remittances. The International Fund for Agricultural Development (IFAD), for instance, has worked alongside the World Council of Credit Unions to develop and strengthen the remittance services offered by local financial institutions in recipient countries, thereby introducing more rural people to the formal financial sector (IFAD, 2005).

Nostalgia trade was listed above as one of the primary categories of activities encouraged by donors as a means to leverage the skills and resources of the diaspora, but this is actually only one of several means through which such donors are promoting economic development in regions with high levels of out-migration. The IOM, for example, has implemented a pilot program in Tunisia (PROCHE) through which Tunisian expatriates are encouraged to invest in the creation of new enterprises back home. Similarly, the IADB and MIF are developing a project, “Promoting Diaspora and Local Support for Productive Initiatives,” through which they seek to develop transnational linkages to foster local productive development among communities throughout participating countries. The project will be based on three primary elements: promotion and local

capacity building for productive development, a grant fund to support productive community initiatives, and a monitoring and evaluation component. Notably, the project will be implemented largely by Hispanics in Philanthropy (HIP), a U.S.-based diaspora organization.

The IFAD is also engaged in numerous projects focused on private sector development in migrant-sending communities. For instance, they “provide technical assistance to migrant communities and their communities of origin to enable them to create niches in the growing ethnic [or nostalgia] market in the United States” and assist rural communities to capitalize on growing numbers of expatriates returning temporarily as tourists (IFAD, 2005).

Knowledge transfer and return migration is the third and most crowded category of multilateral donor activity in the sphere of diaspora engagement. The IOM and the Asian Development Bank (ADB) are leading the pack in this regard. The IOM is implementing numerous programs throughout Africa, the Middle East and Asia in which they seek to harness the resources of the diaspora to encourage economic development in migrant-sending countries. These include “Return of Qualified Nationals” (RQN) programs, as introduced in the literature review, but also a considerable number of initiatives intended to mobilize diaspora networks to stimulate knowledge transfer and brain circulation. Ongoing projects include: Implementation of Networks of Colombians Living Abroad (INCLA); MIDA; Mobilisation of Human and other Resources from the African Great Lakes Diaspora for the Development of the Country of Origin (MIDA Great Lakes) - PHASE II; Mobilization of Qualified Benin Diaspora and Identification of Benin's needs in terms of Scientific and Technical Expertise (MQBDI); and Strengthening the Policy of Involvement of Peruvians Living Abroad (IPLA) (IOM, 2007). Exploring each of these projects in detail would fall outside the boundaries of this report, but this list nevertheless provides enough information for the reader to look further into the structure and outputs of these initiatives on their own. That being said, it is still too early to draw any conclusions about the impact of these programs on target communities.

Finally, the ADB provides the donor community with further examples of how diaspora organizations can be supported by donors in order to encourage knowledge transfer and capacity development in migrant-sending countries through their report, “Converting Migration Drains into Gains,” (Brinkerhoff and Westcott, 2006). The study was funded by a US\$150,000 technical assistance grant intended to improve awareness among Asian and Pacific countries of the benefits of using diaspora associations and networks to promote such transfers (ADB, 2007). While the study’s policy options are targeted specifically towards source country governments and how they can best utilize the skills of their diasporas, settlement country governments could extract from them potential opportunities to support home country governments in this regard. This might include providing technical assistance to facilitate regulatory reforms and the creation of financial instruments that could attract diaspora investment, supporting labour market training inside the migrant-sending country to allow its labour force to better respond to global labour market demand, or the provision of financing to support knowledge exchange, trade and diaspora philanthropy.¹³

¹³ See Brinkerhoff and Westcott, 2006, Table 5.1, for more information on policy options available to home country governments that might be eligible for support from bilateral donors.

3.3.3: The Private Sector in Countries of Settlement

As discussed in the market development section of the literature review, the private sector in countries of settlement plays an important role in private sector development in migrant-sending countries. They do so by providing franchising opportunities to returning expatriates as well as opportunities for employees who are also members of a diaspora to build the corporation's presence in their home country. The latter might be achieved through training secondments to a corporation's branch in an emerging market country, permanent relocation back home to initiate the corporation's expansion overseas, or through the incubation of entrepreneurs within the company offered in the hope that they will leave and set up businesses in related fields, as has been the case with Indian IT professionals trained in Silicon Valley.

For many multinational corporations in countries of settlement, foreign-born employees have therefore become a key ingredient for foreign expansion. They also carry fewer risks as agents of expansion into foreign markets than expatriates from the headquarters country, for they are already well acquainted with the local market, language and customs of the country in which they were raised and in which the firm is seeking to expand. Once they have returned to their home country under the auspices of the firm in their previous country of settlement, they can quickly begin to share the knowledge they have acquired by working overseas with colleagues in their country of origin and can influence upstream and downstream market development by facilitating the transfer of technology from developed to emerging markets.

That being said, expatriates from the developing world need not return home to stimulate private sector development in their countries of origin. Executive-level members of the diaspora in companies in their country of settlement can serve as instigators of investment or expansion in their home country. Indian IT executives in the United States, for instance, were instrumental in laying the foundations for the wave of outsourcing and venture capital investment in India in the last decade of the 20th century: "In nearly every instance where [U.S. corporations like UMB, GE and American Express] invested in or outsourced work to India, a well placed expatriate executive crucially influenced the decision" (Pandey et al., 2004: 12).

4.0: Policy Options and Typology of Interventions

Part three of this report brought to light the numerous and varied activities of four groups of actors that influence the diaspora's impact on PSD in their countries of origin: diasporas themselves, their home country governments, the private sector in settlement countries, and bilateral and multilateral donors. In the process, we have also identified areas that hold great potential for future donor engagement and initiatives that would be worthy of replication outside of their original settings. The purpose of part four is therefore to reframe these opportunities in terms of a typology of interventions that CIDA and, more broadly, the Government of Canada, could pursue in order to increase the impact of Canada's plurality of resident diasporas on PSD in their countries of origin. The typology will be based on four primary themes: remittances, diaspora groups, knowledge transfer and country of origin capacity building.

4.1: Typology of Interventions

4.1.1 Remittances

Though used primarily to meet the basic needs of recipient households, remittances have an impact on private sector development through their economic and social spill-over effects such as: market development by increasing recipients' demand for consumption goods and allowing them to invest in local micro-enterprises, and human capital development by facilitating access to formal educational attainment and health services among recipient households. But these spill-over effects will only grow as more senders and recipients gain entry into the formal financial sector by opening bank accounts and gaining access to credit. In this light, several options exist for the CIDA to pursue, potentially in partnership with other branches of government, to increase the impact of remittances on PSD.

First, **several entry points exist through which the Government of Canada could support a nation-wide survey of diaspora communities.** This would allow researchers, policy-makers and financial institutions to better understand the characteristics of remitters, the actual amount of money being sent abroad from Canada, and how these individuals contribute economically to their countries of origin.

Second, **the DFID's "Sending Money Home" model** – an internet portal through which remitters can assess the various options and costs associated with sending money to specific countries from the United Kingdom – **could be replicated in Canada by developing a similar website with a specific focus on investment opportunities available to members of the diaspora in their home countries.** Though it would also provide information on the costs associated with sending money through various remittance corridors – information not easily available to remitters in Canada – the focus on investment would support CIDA's desire to strengthen access to finance for entrepreneurs. If it included additional partnership opportunities with micro-finance and micro-enterprise institutions, the site would also facilitate new approaches to mobilize the entrepreneurial poor. Support for such an idea was evident at FOCAL's 2005 LAC Diaspora Groups Meeting, where participants underlined the importance of the dissemination of information on not only transnational business opportunities in LAC, but also on CIDA programming and potential partnerships with diaspora groups (FOCAL, 2005).

Finally, **the creation of a working group on remittances, in partnership with diaspora groups, the private sector, and the academic community, would be of immense and imme-**

diate benefit to CIDA and other stakeholders. The 15 to 20 person working group's efforts would inform the design of, and assist in, the development of remittance-related policies and initiatives that would be of direct and practical benefit to remitters in Canada and recipients in developing countries while also complementing CIDA's formal development initiatives. The group would also be given the responsibility to analyze the impact of these and other initiatives on diaspora-led private sector development in migrant-sending countries.

4.1.2. Diaspora Groups

Our survey of LAC and Asian diaspora business associations throughout Canada found that these groups – more so those from LAC than from Asia – are restrained to a large degree by human and financial resource deficits. These shortfalls, which are preventing many of these groups from fulfilling their potential to stimulate private sector development in their countries or regions of interest, could be addressed in part through support from CIDA.

CIDA could therefore **create a special fund devoted to diaspora business associations that would allow them to apply for either long-term or project-based support.** This financing would be used to help them fulfil their mandates as catalysts for business partnerships between Canadian and origin country firms and enable them to implement special PSD-focused projects in their countries of affiliation. As Walter Perez-Tristan, president of the Peruvian-Canadian Chamber of Commerce, noted at FOCAL's LAC Diaspora Group Meeting in October 2005, chambers of commerce play an important role in creating opportunities for small and medium-sized business in LAC to access the Canadian market. His Bolivian counterpart, Victor Hugo Saravia, agreed, adding at the same event that "in addition to connecting entrepreneurs from Canada and their countries of origin, chambers of commerce have the responsibility and challenge of training Canadian and LAC entrepreneurs on how to do business in each other's countries" (FOCAL, 2005: 12). These comments were only reinforced by the results of FOCAL's survey of diaspora business associations conducted for this report. Such organizations might also find inspiration in the activities of the Netherlands-based Sankofa Foundation. This Ghanaian diaspora organization is engaged in several long-term, income-generation projects in rural Ghana, amongst them the Sankofa Family Poultry Project. This initiative "mobilizes investments from Ghanaian migrants in the Netherlands to provide start-up materials and technical training so that women in Ghana can raise poultry and operate their own businesses, with the goal of becoming economically independent" (Orozco and Rouse, 2007). By capitalizing on the resourceful diaspora networks linked together by ethnic business associations throughout Canada, this fund could go a long way towards stimulating private sector development in the developing world.

4.1.3 Knowledge Transfer

Certain developing countries, such as Jamaica, are characterized by their highly skilled overseas diaspora but by a poorly educated population within their own borders. If the private sector in such countries is to grow and flourish in such countries, the diaspora undoubtedly has a role to play in sharing the skills and experience that the domestic labour force will need in order to stimulate economic growth. While taking into account the words of caution noted earlier in this report regarding return migration programs, it would be **worth exploring opportunities for the Canadian Government to support temporary return migration programs or other incentives that would encourage highly skilled immigrants to share their specialized knowledge with institutions and professionals in their home country.** Moreover, noting the success of

some Mexican agricultural workers in transferring the skills and techniques they acquired while working in the peach groves of California to their own farms in Mexico, the Government of Canada could also explore opportunities to support migrants in seasonal worker programs to ‘take knowledge home.’

Initiatives targeting highly skilled workers could take the form of longer-term ‘co-development’ projects such as those run in France with countries in the Maghreb, or shorter-term knowledge exchange initiatives with immigrant professionals from specific sectors, such as science and technology or financial services. These could even be conducted in partnership with or independently by private sector firms, which have the ability to transfer temporarily some of their most skilled workers to branches overseas to build capacity in underdeveloped markets (Armenta, 2007). That being said, the right conditions must be in place in order for such programs to be successful. These include, though are not limited to, the presence of demand for such return-migrants in origin country labour markets, a supply of willing skilled immigrants in Canada, provisions to ensure that participants remain engaged in their intended activities throughout the course of the exchange or visit, and assurance that such return visits will do harm to neither the Canadian enterprises from which these workers will have come, nor to participating institutions in recipient countries.

Supporting seasonal migrants’ efforts to transfer their skills and techniques might entail providing financing to micro-enterprise organizations in the migrants’ home countries that provide business loans to returning migrants, or other forms of support for migrant-led enterprises.

4.1.4 Country of Origin Capacity Building

In addition to assisting diaspora organizations in Canada fulfill their mandates to promote trade and investment in their respective countries of affiliation, **CIDA could provide technical assistance to governments of developing countries with large overseas diasporas that lack institutional support from their home country.** The technical assistance grants would be focused on creating or enhancing the capacity of ministries or agencies focused specifically on the country’s diaspora community. Current examples include Mexico’s Institute for Mexicans Abroad and the Philippines’ four agencies with direct responsibility for citizens living abroad: the Philippines Overseas Employment Administration (POEA), the Overseas Workers’ Welfare Administration (OWWA), the Commission on Filipinos Overseas (CFO) and the Office of the Undersecretary for Migrant Workers’ Affairs (OUMWA).

Such home country institutions are crucial mechanisms for keeping the diaspora socially, politically and economically engaged in their home country. With appropriate resources, for example, these institutions can offer incentives such as remittance-backed bonds, match incoming collective remittances, link-up skilled members of the diaspora with domestic firms to promote knowledge and technology transfer, and better ensure the safety and well-being of its temporary migrant workers abroad. But not all countries of origin, including Trinidad and Tobago, Guyana, Paraguay and Costa Rica, have the ability to sustain them. By providing such budgetary support for the development of agencies responsible for citizens abroad, CIDA could carve a niche for itself as a catalyst for diaspora engagement and private sector growth in developing countries.

Similarly, in addition to supporting the short or long-term return migration programs discussed above, CIDA might also consider building from a proposal made by the Commonwealth Secre-

tariat to compensate migrant-sending countries in the Caribbean for the loss of some of their highly skilled workers to developed countries. This compensation would take the form of subsidies for training health professionals in source countries, which could “increase the supply of health workers in both Caribbean and destination countries” (Page and Plaza, 2006: 310).

Despite efforts to encourage investments by the diaspora in their countries of origin, one must also note that willingness to invest – even for patriotic and well-meaning members of the diaspora – depends highly on the investment climate back home. In many countries characterized by high levels of out-migration, the creation of a stable climate for investment remains a significant challenge, and many senders and recipients have a negative opinion of the economic condition of their country and the trustworthiness of its financial institutions. For these reasons, **CIDA should continue its current efforts to foster appropriate enabling environments for investment** in developing countries while facilitating further economic linkages between diasporas and their home countries.

In addition, as a component of its ongoing support for trade negotiations, the **Government of Canada could fund research into the impact of diasporas on free trade negotiations and the effects of such agreements on nostalgia and other forms of diaspora-led trade.** Given the demand for nostalgia goods amongst Canada’s growing foreign-born community, it is crucial that this type of trade is not impeded by any regulatory barriers that unnecessarily inhibit its growth. Moreover, since increases in the share of foreign-born immigrants to OECD countries has been shown to generate parallel increases in bilateral trade between source and destination countries (Lewer, 2006), it would be valuable for both researchers and policy-makers to better understand the impact of diasporas on trade between Canada and their countries of origin.

Annex A: Diaspora Business Associations' PSD Activities

Diaspora Business Associations' Private Sector Development Activities	
Type of Activities	Description
Provide financial support (loans, grants or donations) to entrepreneurs in home countries.	Created a grant for a young entrepreneur award. (PCCC) Provided funds to institutes to aid in researching business opportunities. (ICCC-B.C.) "Very small donations to cover small amounts." (Jamaica-Diaspora Canada).
Invest in private firms in home countries.	Aiding companies in setting up subsidiaries. (ICCC-B.C.).
Provide information regarding investing in or doing business with home country firms (e.g., trade fairs, etc).	Trade shows, website. (PCCC) Consulting work for Canadian companies interested in opportunities in India. (ICCC-B.C.) "We have represented Canadian corporations and our Chamber in Philadelphia, USA and Caracas, Venezuela and will be doing it shortly in the Dominican Republic and Puerto Rico." (THCC) Identifying and providing links to companies that need information to establish operations in Canada or Bolivia." (BCCC)
Provide assistance "in-kind" to businesses or entrepreneurs in home countries (machinery, material, etc).	"Mainly second-hand computers and school materials and teaching tools." (Jamaica-Diaspora Canada) Provide assistance to help find potential clients. (CBBC)
Provide training to entrepreneurs and businesses in home countries.	Assistance with procedures. (PCCC) Providing information to the home country on the business development requirements of Canadian companies interested in India. (ICCC-B.C.) Through business counselling and management training programs regarding their educational/information needs. (BCCC)
Provide advice to entrepreneurs and businesses in home countries.	Business ideas through our networking and consulting services. (BCCC) Provide market intelligence. (CBBC)
Assist group members in returning to home countries to establish their own businesses.	Identifying business opportunities and joint ventures. (BCCC)
Promote the establishment and/or growth of cultural enterprises (home country newspapers, media, TV, music, arts and culture industry, etc.).	Support development of printed media. (PCCC) Raising funds for home country social and educational groups. (ICCC-B.C.) Creating Bolivian and Latin American institution to promote and preserve the culture. (BCCC)
Provide legal assistance or referrals to home country or Canadian, diaspora-run firms.	Part of member services. (PCCC) Legal assistance through our professional when needed. (BCCC) Facilitate conflict resolution between importers and exporters. (CBBC)
Provide assistance for interfacing with Canadian bureaucracy (e.g., receiving regulatory approval).	Opposition to random deportations of Jamaicans from Canada, the U.S. and the U.K. (Jamaica-Diaspora Canada) "Advising our members to do what they should be doing." (BCCC)

Annex B: Survey Participants

Participating Business Associations and Consular Offices			
Diaspora Business Associations	Consular Offices		
	Country	Type	City
Indo-Canada Chamber of Commerce, Toronto (ICCC-Toronto)	Argentina	CG	Montreal, QC
Peruvian-Canadian Chamber of Commerce (PCCC)	Bolivia	HC	Vancouver, BC
Indo-Canada Chamber of Commerce, BC (ICCC-BC)	Brazil	HC	Toronto, ON
Toronto Hispanic Chamber of Commerce (THCC)	Colombia	CG	Toronto, ON
Asociación Salvadoreña de Profesionales en Canadá (APSCAN)	Costa Rica	HC	Edmonton, ALB
Chinese Business Chamber of Canada (CBCC)	El Salvador	CG	Toronto, ON
Canada Singapore Business Association (CSBA)	Guatemala	CG	Montreal, QC
Filipino Chamber of Commerce, Edmonton (FCC-Edmonton)	Guatemala	CG	Vancouver, BC
Bolivian Chamber of Commerce of Canada (BCCC)	Haiti	CG	Montreal, QC
Jamaica Diaspora-Canada (JDC)	Indonesia	CG	Toronto, ON
Canada-Bangladesh Business Council (CBBC)	Jamaica	HC	Winnipeg, MAN
	Mexico	HC	Regina, SASK
	Mexico	CG	Toronto, ON
	Nicaragua	HC	Whitby, ON
	Paraguay	HC	Winnipeg, MAN
	Philippines	CG	Toronto, ON
	Philippines	CG	Vancouver, BC
	Thailand	CG	Vancouver, BC
	Trinidad & Tobago	CG	Toronto, ON
	Suriname	HC	Kelowna, BC
	Venezuela	CG	Montreal, QC

Annex C: Diaspora Business Associations Survey

Linking Ethnic Business Associations in Canada with

Private Sector Development in Home Countries

This survey is being circulated to Latin American, Caribbean and Asian business associations by the Canadian Foundation for the Americas (FOCAL) as a part of its Diasporas and Private Sector Development research initiative. It was designed to help Canadian researchers and policy-makers better understand the role of Diaspora organizations in promoting economic growth and job creation in their countries of origin. Please answer the following questions electronically in the text boxes provided. The survey should take approximately 15 minutes to complete.

Date: _____ Name of Respondent: _____

Organization: _____

Year founded: _____ Country or region of affiliation: _____

Address: _____

Phone number: _____ Website: _____

Main contact person: _____

Name: _____

Email/Phone: _____

Staff: _____

Percentage born in countries/region of affiliation: _____

Staff size: _____

Percentage paid: _____

Number of members (approx.): _____

Organization mission/goals: _____

Who provided the impetus for group being founded?

a. Home country-government or diplomatic mission

b. Members of the Diaspora

c. Other

Areas of activity (check all that apply):

Networking

Social functions

Immigration assistance

Lobbying

- Trade promotion*
- Develop business partnerships between Diaspora and home country firms*
- Promote knowledge sharing between Diaspora and home country*
- Cultural promotion*
- Philanthropy*
- Policy consultation*
- Dispute resolution between members*
- Other*

Does your organization receive assistance from the federal, provincial or municipal governments or other public sector organizations? Yes No Don't know

If yes, which departments, agencies or Crown Corporations provide such assistance?

- CIDA*
- DFAIT*
- Export Development Canada*
- Canadian Heritage*
- Province of*
- Municipality of*
- Other*

What type of assistance does your organization receive from the institutions listed above?

- Operating grants*
- Tax exemptions*
- Export credits*
- Charity status*
- Institutional operational support (e.g. office space, training, legal aid.)*
- Other*

If your organization does not receive assistance from the Government of Canada, what type of assistance might help your organization better meet its objectives and serve its members in the future?

Is your organization sponsored by any private sector organizations, such as a small business or corporation?
Yes No

If yes, is your sponsoring organization owned or staffed primarily by members of your country's diaspora community? Yes No

To which of the following sectors does your sponsor belong?

- Financial services
- Hospitality
- Tourism
- Manufacturing
- Information technology
- Import/export
- Other

If possible, please list your private sector sponsor(s):

How often are you in contact with your country's consulates or embassy?

- Never
- Sometimes
- Often
- Very Often
- N/A

What types of services have your country's diplomatic missions (e.g. embassy, consulates, honorary consulate) in Canada provided to your organization?

- Financial support
- In-kind donations such as meeting space, advertising, etc
- Communicate with home country government on your behalf
- N/A
- Other

Does the organization promote economic growth and/or job creation in the home countries or communities of its members? Yes No

If yes, please complete Table A, below and tick all that apply.

Table A	
Type of Private Sector Development Activities	Description
Provide financial support (loans, grants or donations) to entrepreneurs in home countries. <input type="checkbox"/>	
Invest in private firms in home countries. <input type="checkbox"/>	
Provide information regarding investing in or doing business with home country firms. (e.g. trade fairs, etc) <input type="checkbox"/>	

Provide assistance 'in-kind' to businesses or entrepreneurs in home countries (machinery, material, etc). <input type="checkbox"/>	
Provide training to entrepreneurs and businesses in home countries. <input type="checkbox"/>	
Provide advice to entrepreneurs and businesses in home countries. <input type="checkbox"/>	
Assist group members in returning to home countries to establish their own businesses. <input type="checkbox"/>	
Promote the establishment and/or growth of cultural enterprises (home country newspapers, media, TV, music, arts and culture industry, etc) <input type="checkbox"/>	
Provide legal assistance or referrals to home country or Canadian, diaspora-run firms <input type="checkbox"/>	
Provide assistance for interfacing with Canadian bureaucracy (e.g. receiving regulatory approval)	
Other <input type="checkbox"/>	

If you answered yes to Question 9, which industry or industries characterize the business or businesses supported by your organization abroad? Check all that apply.

- Financial services
- Telecommunications
- Transportation
- Tourism/hospitality
- Agriculture
- Construction
- Manufacturing
- Real Estate
- Import/Export or small-scale trade
- Other

How does your organization go about creating opportunities in the Canadian market for small or medium-sized enterprises based in your country or region of origin?

Is your organization involved in promoting or implementing any 'second generation' financial development initiatives in your country or region of interest (e.g. using the credit history of Diaspora members to promote investment back home, developing transnational mortgages, securitizing remittance flows, etc)? Yes No

If yes, please explain:

If your organization is not currently involved in encouraging any of the diaspora and private sector development activities mentioned above, is it planning on doing so in the next:

- Six months
- One year
- > 1 year
- Unsure
- N/A

If your organization has not engaged private sector development activities in your members' home countries, what are the barriers in Canada that are preventing it from doing so?

Are you willing to provide further follow-up information concerning the activities of your organization over the phone or email if necessary? Yes No

Comments:

Annex D: Consulates Survey

Linking Diaspora Communities in Canada with

Private Sector Development at Home

This survey was designed as a part of the Canadian Foundation for the America's (FOCAL) Diasporas and Private Sector Development project. Its purpose is to help Canadian researchers and policy-makers better understand the role of Latin American and Caribbean consular offices in encouraging their Diaspora communities to support economic growth and job creation in their countries of origin. Please answer the following questions electronically in the text boxes provided. The survey should take approximately 15 minutes to complete.

Country: xxxxxx

Consulate General Honorary Consulate

City:

Contact Person:

Phone number:

Estimated size of the xxxxxx-born community in Canada:

Estimated size of the xxxxxx community in Canada (1st and 2nd generation)

From your perspective, how important is the xxxxxx Diaspora in Canada with regards to your country's economic well-being?

Not important

Somewhat important

Important

Very important

Crucial

In what ways does the xxxxxx Diaspora in Canada contribute to your country's economic well-being? Select all that apply.

Purchase goods (nostalgia trade, etc)

Invest in domestic enterprises

Tourism

Remittances

Transnational entrepreneurship¹⁴

Does your country have a Minister or senior government official with direct responsibility for citizens living abroad, such as a 'diaspora minister'?

¹⁴ Transnational entrepreneurship refers to the conduct by an immigrant of an independent business pursuit that requires regular contact and/or exchange of goods across national borders for its operation.

Yes No

If yes, what are the objectives of that office?

Who is the current Minister?

Does this person have a separate department or staff? Yes No

How often do you communicate with your country's Chamber of Commerce or business association(s) in Canada (e.g. the Chinese-Canadian Chamber of Commerce)?

Never

Sometimes

Often

Very Often

N/A

Do you or your home government provide financial support to diaspora organizations in Canada that engage in economic development initiatives in your home country?

Yes No

Who provides this support?

Home government

Ministry, agency or department:

Consulate(s)

Other

What other kind(s) of support do you offer to members of the xxxxxx community in Canada to encourage business development or job creation in your home country?

Would you be willing to partner with the Government of Canada in order to make better use of the skills and financial resources of your country's diaspora community?

Yes No

What kind of partnership might you envision?

Do you believe that the xxxxxx Diaspora can play a role in the economic and social policy-making process in your country? Yes No

If so, how might this be achieved?

If not, what is preventing the diaspora community from doing so?

Comments:

On behalf of the Canadian Foundation for the Americas (FOCAL), thank you for completing this survey. Watch for forthcoming research that will make use of these results on FOCAL's website, www.focal.ca, over the coming months.

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