

# DIASPORAS IN DEVELOPMENT

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**Session Title:** Diaspora Engagement for Economic and Commercial Engagement

**Presenter:**

- Shahid Khan, Founder and Chairman of the Board, Mediamorph and Board Member, OPEN NY
- Robert Cresanti, CEO, International Franchising Association
- Thomas Speechley, Director, Abraaj Group
- Steven Lucas, Portfolio Monitoring Specialist, Overseas Private Investment Corporation
- Melanie J. Bixby, Executive Director, U.S.-Pakistan Women's Council
- **Moderator:** Kanwal Bokharey, Deputy Director, Innovation and Partnerships Unit, USAID/Pakistan

**Session Summary:**

This session discussed possibilities and examples of how diaspora can contribute to economic development and improve the economic landscape in their countries of origin.

**Key Themes:**

- **Theme 1:** Diaspora members are also often engaged in entrepreneurial activities, from starting their own businesses to franchising to investing.
- **Theme 2:** Diaspora bring a unique, culturally-empathetic lens to establishing and investing in businesses outside of the U.S. that is often better informed by realities on the ground.
- **Theme 3:** By focusing on women entrepreneurs, it is possible to double-down on development investments, supporting gender equality as well as economic growth goals. Engaging women in business also strengthens corporate bottom lines.

**Best Practices/Recommendations/Suggestions:**

Remember, being a successful entrepreneur in the U.S.—where there are good systems for promoting small business growth—doesn't always translate to success overseas. Franchising overseas is the number one source of growth for U.S. companies.

OPIC is different from the U.S. Department of Commerce's U.S. Commercial Service. OPIC provides direct assistance in the form of loans, such as equity finance and debt equity. These must be repaid, because OPIC wants businesses to be sustainable.

### **Discussion Topics/Audience Questions:**

#### **Who does USAID provide financial assistance to?**

USAID support flows in four separate streams:

- Government: 31% of USAID's work in Pakistan is in collaboration with the government in areas such as infrastructure, education, and health.
- NGOs: National and international nonprofits.
- U.S. contractors
- For-profit sector: For instance, by providing credit guarantees to banks through DCA for clean energy sector.

#### **Access to cash can be the diaspora's biggest hindrance to operating in a new market. How can they get it?**

- It depends on the market. Historically, there has been a shortage of venture capital for early-stage ventures. This is where people have traditionally gone to friends and family. Only after proof of concept are investors willing to get involved.
- One way to find venture capital is to look at organizations such as the African Venture Capital Association, or similar, regional organizations.
- OPIC provides financing in the form of direct loans, investment guarantees, and political risk insurance.
- Crowdfunding is an interesting approach that reflects its philanthropic roots. Many times the projects they support aren't quite there (there may be a reason a bank didn't fund them). Homestrings and Ovamba are crowdfunding platforms focused on diaspora.

#### **How can we make it easier to send money to countries?**

- Payment channels are a fantastic opportunity to find a way to do this better. We're working on it, but it hasn't been done well yet.

#### **How can we support women entrepreneurs?**

- Women entrepreneurs need capacity building but they also need finance and access to information about corporations and how they procure. Diaspora can help do training programs that allow families to see how a woman can be empowered if she can spend more time in the workplace.