

## Canada's do-it-yourself foreign aid: Let's make it easier to send money abroad

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Recent numbers from the World Bank remind us that the worldwide flow of remittances – the money immigrants send back to their countries of origin – is astounding. In all, international migrants were responsible for the movement of an estimated U.S. \$529-billion in 2012.

To put that number in context, consider that the Organization for Economic Co-operation and Development reports that in the same year, the total foreign aid (known as official development assistance) paid out by 25 of its member states – in other words, most of the world's most affluent countries – totalled \$125.6-billion.

Although the World Bank and OECD numbers capture different things and are not directly comparable, they hint at the magnitude of personal transfers as compared to official transfers, with individuals collectively sending about four times more money overseas than governments. Canadians are significant contributors to these remittance flows, a fact that should not be surprising given that one in five of Canadians (20.6 per cent in 2011, according to Statistics Canada) were born elsewhere. According to the World Bank, \$23.9-billion in remittances flowed from Canada to other countries in 2012. The top destinations for remittances from Canada were China (\$3.9-billion), India (\$3.5-billion), and the Philippines (\$2-billion). By comparison, Canada's official development assistance as defined and captured by the OECD in 2012 was about \$5.6-billion.

The Pew Research Center, in its excellent interactive visualization of the World Bank remittance data, notes that the greatest proportion of remittances originate from the United States: 23.3 per cent of the total. In terms of per capita remittances, however, Canada took the top spot last year, with individuals' contributions to their networks "back home" exceeding those of both Americans and Britons by wide margins.

In 2011, the Environics Institute's Focus Canada survey asked Canadians about the money they send to help people outside Canada – that is, both remittances and contributions to organizations that deal with problems or issues in other countries. About a quarter of Canadians (26 per cent) said they had sent financial support of some kind to family members or other personal contacts living in another country (that is, remittances) in the previous two years.

Non-European and allophone migrants were more likely than others to have sent remittances. Regionally, people in Alberta and the Atlantic provinces were most likely to have sent them, while those in Quebec were least likely. People with higher levels of income and education were more likely to report having sent remittances.

Of course, remittances are not the whole story of individual Canadians' efforts to help people abroad with financial contributions. In the 2011 Focus Canada survey, 46 per cent of Canadians also said they had made donations to organizations working on problems internationally.

What does all this mean? Of course remittance flows are among the many interesting implications of Canada's high immigration rates and large foreign-born population.

But beyond this demographic fact, remittance flows remind us that Canadians' international engagement amounts to much more than passively following world events in the media or watching (and opining about) their own government's foreign policy.

Individuals travel, volunteer, collaborate, do business, and – the remittance numbers show – take action to improve the lives of their family members and friends abroad.

One can view remittances as a grassroots, do-it-yourself sort of international aid. Indeed, there are those who argue that remittances are more effective in reducing poverty than are some forms of official aid.

It is interesting, therefore, to consider how governments might respond to and even support these patterns. After all, our tax rules encourage all kinds of behaviour – from charitable giving to using public transit to signing our kids up for sports activities. And governments often offer matching funds to Canadians who support disaster relief efforts, such as those that followed the 2004 Indian Ocean tsunami or the fallout of Hurricane Haiyan in the Philippines. Should Canadians who contribute to the education of a relative overseas, for instance, get a tax break?

Even if the Canadian government has no appetite for tinkering with the tax rules, they can keep working at reducing the transaction costs associated with remittances. (Canada signed onto a G20 commitment to do this in 2011 and has made some progress.) The World Bank's most recent report on remittance prices worldwide finds that the global average cost of sending remittances is 8.58 per cent; bringing these transaction costs down by a few points could mean billions of dollars for recipient individuals and families.

Governments may no longer be the sole or even primary mechanisms of their citizens' international involvement. But they can help to enhance the positive effects of individual Canadians' connections to the global village – an effort that would fit nicely with Canadians' values and behaviours in the twenty-first century.

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