UKRAINIAN DIASPORA INVESTMENT STUDY

UKRAINE IP-FSS BUY-IN
REGIONAL ECONOMIC GROWTH PROJECT

JUNE 2016

This publication was produced for review by the United States Agency for International Development. It was prepared by SEGURA Consulting LLC under contract AID-OAA-C-13-00139 with the United States Agency for International Development (USAID). The author’s views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.
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DISCLAIMER
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I. INTRODUCTION

A. PURPOSE OF RESEARCH

The Ukrainian Diaspora Investment Study took place 1 November 2015 through 30 April 2016. This study examined the potential role that the Ukrainian diaspora in the United States and Canada could play in Ukraine's business and investment environment by examining ways of attracting the diaspora and maximizing their business and investment activities in Ukraine. The assessment identifies the United States and Canada-based Ukrainian diaspora’s organizational and demographic size and composition, extent and nature of current engagement in Ukraine, and potential and willingness to participate in investment activities in Ukraine, particularly in diaspora investment fund instruments.

B. ASSESSMENT FINDINGS – EXECUTIVE SUMMARY

The Ukrainian diaspora in the United States and Canada is a highly organized, multi-generational, proud diaspora with significant human, financial, and social capital. Recent events in Ukraine have in many cases rekindled and strengthened Ukrainian diaspora identificational ties with their country of origin/heritage. In some areas, there is a social divide between recent immigrants and the descendants of immigrants from earlier waves of emigration. Diasporans currently engage with Ukraine primarily via travel, volunteerism, charity, and sending remittances. Few are engaged in business investment, impeded by experience with/stories of corruption and previous diaspora failure. Investment interest is mainly driven by institutional change and emotional return expectations, and ICT, agriculture, and education are the most attractive industries for investment. Overall diaspora interest in three prototype diaspora investment fund concepts (for-profit, social-impact & charity) was positive but moderate, with strong expected ramp up (particularly for first-generation immigrants & moderate-to-high net worth individuals U.S.$100K+).

Investment interest was particularly strong for the for-profit model, especially once both trial and repeat investment estimates are taken into account. Recommendations are provided in this report about how to best position this potential fund in the market, targeting both high-potential investors and the diaspora mass market, along with associated pricing, promotion, and placement (distribution) strategies.

C. RESEARCH TEAM & ACKNOWLEDGEMENTS

The assessment team was spearheaded by Dr. Liesl Riddle, and diaspora community outreach for the project was led by Ms. Laryssa Romanenko. Research assistance was provided by Benjamin Stephan as well as by research assistants, Jack DeFuria and Shweta Maurya, from The George Washington University's Center for International Business Education and Research (http://business.gwu.edu/about-us/research/ciber/). Elian Carsenat of NamSor (http://www.namsor.com/) provided database support. Special thanks to USAID Ukraine and USAID Office of Development Credit (USAID-DCA) for their support throughout the project with in-country and in-diaspora contacts, suggested organizations to include in the process, and general support to help keep the project moving forward. Additionally, thanks to all the many Ukrainian organization representatives and individuals who met and contributed to the project outreach and completion of the surveys. The assessment could not have been completed without this support.

D. ORGANIZATION OF THE REPORT

This report includes a description of the Ukrainian diaspora social landscape, current types and levels of Ukrainian diaspora engagement in Ukraine’s economy and society, and an overview of Ukrainian diaspora investment interest by motivational type, industry and oblast. The report also contains an
E. RESEARCH QUESTIONS & METHODS

I. RESEARCH QUESTIONS

The Ukrainian Diaspora Investment Study was designed to seek answers to each of the following questions:

- **What is the social landscape of the Ukrainian diaspora?** What are the number, types, and size of diaspora groups in the United States and Canada?
- **What is the current level of engagement of the Ukrainian diaspora?** What portion of the identified group has invested in Ukraine before? What was their level of satisfaction with the experience?
- **Why is the Ukrainian diaspora interested in investing in Ukraine and in what investment targets?** What types of investments are most attractive to the diaspora community, type, size, sectors?
- **How does the Ukrainian diaspora respond to various diaspora investment models?** What are successful models in other countries that might be instructive for Ukraine? Might some features of existing models for diaspora investment be attractive to the Ukrainian diaspora or are custom investment-fund features desired?
- **How does the research inform recommendations for possible USAID diaspora investment interventions?** How do investor interests overlap with USAID development objectives? What specific recommendations can be drawn from the analysis regarding the structure of a new diaspora investment fund?

To answer these questions, a multi-method research plan was designed and conducted, inclusive of diaspora database creation, in-depth interviews, focus groups, a survey, and secondary data analysis. In sum, 457 unique diaspora organizations were identified; over forty-two thousand Ukrainian individuals living in the United States or Canada were identified on social media (666 of whom were registered as an angel investor, start-up professional or other entrepreneur); 67 in-depth interviews were conducted with Ukrainian diasporans in the United States, Canada, and in Ukraine; six focus groups were held in six different cities and were attended by a total of 62 Ukrainian diasporans, and over 1200 Ukrainian diasporans participated in an online survey administered in 3 languages (English, Russian, and Ukrainian).
2. DIASPORA ORGANIZATION DATABASE METHODS

The database of diaspora organizations was initially created based on 501c3 non-profit organization filings in the United States. This list was supplemented by numerous internet searches via social media websites and search engines to identify additional organizations. Most importantly, throughout the research process the list was shared with every direct point of contact to identify organizations missing from the list. In many cases, informants from the diaspora community shared their contacts database with the research team to contribute to the collective effort.

Data for each organization (e.g., leadership, contact information, mission statement, and social media footprint) was collected via internet searches and telephone/email verification. Information gleaned from the organization’s mission statement and communications with diaspora organization leadership was used to classify each organization in the database into one of the following diaspora organizational type categories:

a. **Community** – organizations whose mission focuses primarily on cultivating a sense of community and identify and whose activities are primarily social and cultural in nature.

b. **Development** – organizations whose mission focuses on the economic or social development of the country of origin and whose activities are primarily driven at raising money and volunteerism from the diaspora to achieve development ends in the country of origin.

c. **Faith-Based** – organizations whose mission is focused on the spiritual well-being and identity of a diaspora community and whose activities are religious in nature.

d. **Language/School** – organizations whose mission is focused on educating knowledge about the language, history and/or culture of a country of origin within the diaspora and whose activities are primarily learning related.

e. **Political** – organizations whose mission is focused on advocacy, awareness and engagement of the diaspora in politics and policy in the country of origin whose activities are primarily political in nature.

f. **Professional** – organizations whose mission is to provide professional networking and/or mentoring opportunities for the diaspora and whose activities are mostly career-focused in nature.

g. **Social Services** – organizations whose mission is to provide social services to diasporans in countries of residence whose activities are largely assistance-related to diasporans in the local community. Student – organizations whose mission is to provide social opportunities for university or college students and whose activities are primarily social in nature.

h. **Women** – organizations whose mission is to provide targeted support, activities, and/or advocacy to female diasporans in countries of residence or that organize female diasporans in some way for specific social or economic impact on women in the country of origin.

i. **Youth** – organizations whose mission to provide targeted support, activities, and/or advocacy to youth diasporans in countries of residence or that organize youth diasporans in some way for specific social or economic impact on youth in the country of origin.
3. INTERVIEW & FOCUS GROUP METHODS

Interviewees included Ukrainian diasporans currently residing in Canada, the United States, and those who have returned to Ukraine recently or who are currently circular migrating between Ukraine and another country of residence. Potential interviewees were suggested by USAID, Segura Consulting, and by various diaspora organization leaders. Interviews included the perspectives of diaspora opinion leaders with significant political, economic, and organizational experience in Ukraine. The group of individuals interviewed represents different age, gender, immigration generation, occupational, and religious groups.

Interview conversations were semi-structured, designed to explore opinion leaders' perspectives on trends in diaspora engagement, diaspora investment motivations, the attractiveness of various investment vehicles and projects, and the various features that could make diaspora investment relatively more or less attractive to the diaspora (Appendix A includes the interview protocol and reporting document being used in this study).

Opinion leaders were also queried as to their suggestions for the best methods for reaching the diaspora to both enhance survey respondent reach and provide insights into the marketing of any diaspora investment offering in the future.

Six focus groups were held in Chicago, Edmonton, New York, Philadelphia, Toronto, and Washington DC, cities in the United States and Canada with substantial numbers of resident Ukrainian diasporans and diaspora organizations.

Focus group participants were recruited by the research team and focus group facilities. Focus group recruitment sought to include individuals who are “typical” members of the Ukrainian diaspora, i.e., those who are not leaders of diaspora organizations, who represent the diversity of the diaspora in terms of age, education, gender, immigrant generation, income/wealth, religion, and occupation.

Focus groups generated qualitative explanatory data to shed richer and deeper insight into the reasons why diasporans invest or do not invest back home, why particular investment vehicles are or are not attractive to the diaspora, and what features make such investment offerings relatively more or less attractive to the diaspora and why (Appendix B includes the focus group protocol document being used in this study).

Focus group participants completed a short demographic survey before the group begins (a sample is provided in Appendix C). During the group, participants viewed and discussed three USAID-specified diaspora investment fund models and completed a short survey worksheet to measure their reactions to each of the models.

Focus group conversations were recorded and transcribed for analysis.
4. **SURVEY METHODS**

Based on input from interviews and focus groups and USAID stakeholders, an online survey was designed to query Ukrainian diasporans about their current types and levels of engagement with Ukraine via tourism (leisure, business, and both), volunteerism (both in Ukraine and in their countries of residence on projects related to Ukraine), and financial means (remittances, charity, and business investment). The survey also included questions to identify and measure Ukrainian diasporans’ motivations for business investment in Ukraine, and the relative perceived attractiveness of various industries and oblasts in Ukraine. Most importantly, the survey measured Ukrainian diasporans’ response to three prototype diaspora investment fund models. Specifically questions on the survey examined the perceived overall attractiveness, likelihood to invest, year one and year three expected contributions, and attractiveness of fund attributes for each of the three prototype models. Additional questions probed respondents’ perceived trustworthiness of several potential private-sector intermediary partners for the prototype diaspora investment fund models.

Surveys were originally designed in English and were professionally backtranslated into Russian and Ukrainian. Surveys were distributed to all individuals who participated in interviews and focus groups as well as to all identified diaspora organization leaders. All informants were encouraged and reminded to distribute the survey link widely in their personal networks – both to those they believed who might or might not be interested in investing in Ukraine. The survey link was also widely and regularly distributed on social media (Facebook, Twitter, and LinkedIn) by both the research team and informants in the diaspora community.

The survey was launched 15 February and was closed 14 March. A total of 1217 Ukrainian diasporans participated in the survey.

II. **UKRAINIAN DIASPORA SOCIAL LANDSCAPE**

In this section, a brief description of historic Ukrainian immigration to Canada and the United States is first provided, followed by an analysis of the data collected about Ukrainian diaspora organizations in these two countries. Then, survey data is leveraged to generalize a demographic profile of the Ukrainian diaspora in the United States and Canada.

A. **UKRAINIAN IMMIGRATION TO CANADA AND THE UNITED STATES**

The Ukrainian diaspora includes both Ukrainian immigrants (first immigration generation) and their children, grandchildren and great-grandchildren who maintain an identificational affinity to their Ukrainian ethnicity (second, third, and fourth immigration generations).

Canada and the United States respectively are the second and third most popular countries of residence for the Ukrainian diaspora (only Russia contains larger numbers of Ukrainian diasporans). The map below illustrates the population density of the Ukrainian diaspora in Canada and the United States by province/state.
Ukrainian emigration to the United States took place in three main waves: 1920-1945 (World War I and Russian Civil War period), 1945-1991 (World War II and Soviet periods), and 1991-today (post Ukrainian independence). However, the majority of Ukrainian immigrants in the United States migrated to the country after 1991. As of the 2006 census, there are 961,113 Americans claiming Ukrainian ancestry. Most live in New York (160,000), Philadelphia (60,000), and Chicago (46,000).

Ukrainians in Canada have a long and storied history. Iwan and Wasyl Eleniak brought several families from what was then referred to as the Austro-Hungarian empire (from regions currently within modern-day Ukrainian borders) to Canada in 1892 and founded the Ednar-Star Settlement, east of Edmonton in Alberta. During this first wave of Ukrainian emigration to Canada, immigration was largely agrarian, with ethnic Ukrainians settling on farmland in Alberta, Saskatchewan, and Manitoba. The second wave of Ukrainian emigration to Canada took place after the 1923 amendment to the country’s immigration act, allowing former citizens of the Austro-Hungarian empire to enter Canada. The third wave of Ukrainian emigration to Canada took place post World War II (1945-1970s); many of these political refugees and displaced persons settled in Southern Ontario and Quebec. Ukrainians arriving in Canada since Ukrainian independence until today are mostly workers and business professionals. Today, Ukrainians are Canada’s ninth largest ethnic group, with almost 1.3 million individuals claiming Ukrainian ancestry in the country.

B. UKRAINIAN DIASTORA ORGANIZATIONAL PROFILE

This study identified 467 Ukrainian diaspora organizations in the United States and Canada. The map below illustrates the concentration of these organizations by province/state. Alberta is home to a great number of organizations, ranging from very small dance troops to large-scale organizations. Ontario, New York, Illinois, California, and Pennsylvania also possess a substantial number of Ukrainian diaspora organizations.
Almost two-thirds (67 percent) of Ukrainian diaspora organizations are community organizations (20 percent), faith-based organizations (20 percent), language schools (14 percent), or development-oriented organizations (13 percent). Financial (7 percent), social-service (5 percent), professional (5 percent), youth (4 percent), women (4 percent), student (3 percent), and media organizations (2 percent) were also identified and included in the database.
Of particular note in this diaspora organizational landscape are several Ukrainian credit unions in the United States and Canada. The map below illustrates the location densities of these Ukrainian credit unions by province/state.

According to the Ukrainian National Credit Union Association, there are over 200,000 family members of the Ukrainian ethnic credit union movement in the United States, Canada, Australia, and Ukraine. Their combined assets exceed two billion USD. The Ukrainian-American Credit Union movement in the United States is part of the United States Credit Union movement; exceeds 99,000 family memberships primarily concentrated in New York, New Jersey, Pennsylvania, Michigan, Ohio and Illinois; and comprises an asset base of over 2.8 billion dollars.

As the graphic below illustrates, there are some city-specific differences in terms of the number and type of active Ukrainian diaspora organizations. For example, there are an extraordinary number of organizations in Edmonton of various types, but the faith-based organizations are most numerous. In Toronto, there are fewer faith-based organizations, but community, language schools, and women’s organization are particularly prominent. In Philadelphia, community and professional organizations are dominant, while in the New York Community, language schools, and political organizations are higher in number. In Chicago, there is more of an equal number of organizations across the different organization types, and the Washington DC area is predominated by language schools and faith-based organizations.

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1 Ukrainian credit unions are member-owned financial cooperatives democratically controlled by its members, and operated for the purpose of promoting thrift, providing credit at competitive rates, and providing other financial services to its members. Ukrainian credit unions provide services intended to support Ukrainian community development and sustainable international development on a local level.
C. UKRAINIAN DIASPORA DEMOGRAPHIC PROFILE

Survey results revealed noteworthy demographic characteristics of the Ukrainian diaspora community, including generation, country-of-origin, country-of-residence, age, education, occupation, income, and wealth characteristics. In the next several sections, demographic survey results are presented to illuminate insights about the demographic profile of the Ukrainian diaspora in the United States and Canada.

5. GENERATION, COUNTRY OF ORIGIN & RESIDENCE

One-half (55 percent) of survey respondents indicated that they were born in Ukraine, while 25 percent were born in the United States, 10 percent born in Canada, 4 percent born in Germany, and 6 percent were born somewhere else in the world (primarily Russia and Western European countries).

Thus, over half of the survey respondents are from the first-immigrant generation, while 45 percent are from subsequent immigration generations. Figure 1 below illustrates how many respondents are associated with each immigration generation. Specifically, almost one-third (32 percent) are the children of Ukrainian emigrants (e.g., second generation), 10 percent are the grandchildren of Ukrainian emigrants (e.g., third generation), 2 percent are the great-grandchildren of Ukrainian emigrants (e.g., fourth generation), and another 2 percent are great-great grandchildren of Ukrainian emigrants (e.g., fifth generation).
Almost two-thirds (66 percent) of survey respondents currently reside in the United States, 15 percent live in Canada, 6 percent are residents of Australia, and 12 percent reside in other countries (primarily Russia and Western European cities).

An examination of the Ukrainian diaspora by generation in each of the mentioned countries of residence reflects the countries’ individual immigration history. The Ukrainian diaspora in Canada is by far the oldest community (65 percent are second generation or later generation), while the United States contains almost equal amounts of first generation (58 percent) and second and later generations (42 percent).

The majority of survey respondents that are first-generation immigrants arrived since 1990.
6. AGE

Survey respondents ranged in age from 18-85 years of age. The average age was around 45 years old (45.49), while the median age was 43 years old.

Examining the diaspora’s age structure by immigrant generation illustrates the fact that the majority of younger survey respondents are relatively young (under age 50), while the majority of older respondents (over 50) are individuals from the second and later immigrant generations.
7. EDUCATION

As Figure 5 below depicts, educational attainment levels are extraordinarily high among survey respondents, reflective of the high levels of education in Ukraine and among the Ukrainian diaspora. Almost two-thirds (64 percent) possess a graduate degree (masters diploma and/or PhD). Thirty percent attained a bachelor’s degree only, 4 percent attained a technical or young specialists diploma only, while only 1 percent possessed only a high school diploma.

Figure 6 below illustrates that educational attainment patterns are similar between first- and subsequent immigrant generations. Thus first-generation immigrants are not less or more educated than their diaspora counterparts born in countries of residence.
8. OCCUPATION

Survey participants are employed in a wide variety of occupations as shown by Figure 7 below. Almost one-third (30 percent) are employed in business, management and/or finance-related occupations.
9. INCOME VS. NET WORTH

Survey results suggest that on average the Ukrainian diaspora possesses relatively high levels of household income: 56 percent indicated annual household income of US $100K or more, while 10 percent registered annual household income of US $250K or more.

Comparing the distribution of annual household income to reported net worth among survey respondents, however, reveals an important difference. Despite relatively high annual household incomes, the distribution of respondents’ net worth is skewed lower. Fifty-two percent of the sample reported a net worth of US $50K or less. However, a fairly robust percentage (30 percent) did report a moderate-to-high net worth of US $100K or more. See Figure 8 below for a comparison of income and net worth distributions.

Figure 8 Survey Results – Income vs. Net Worth

D. IMPLICATIONS FOR DIASPORA INVESTMENT

In sum, the Ukrainian diaspora social landscape is very positive for diaspora investment in the United States in Canada. Across the two countries of residence, there is a sizeable mobilized diaspora that is well endowed in terms of financial and human capital. It is particularly noteworthy that this diaspora community is comprised of not only first-generation immigrants but also individuals who are the descendants of Ukrainian immigrants, all of whom identify Ukraine as their country of heritage. This diversity creates opportunities as it broadens the potential market for diaspora programs, products, and services but it also adds to the complexity of diaspora engagement.

III. CURRENT UKRAINIAN DIASPORA ENGAGEMENT

In this section, data from the focus groups and survey research is utilized to draw a picture of current Ukrainian diaspora engagement in Ukraine. Attitudes about Ukrainian diaspora identify as well as
reported engagement via tourism, volunteerism, remittances, charity, and business investment are explored.

A. FEELINGS ABOUT BEING MEMBERS OF THE UKRAINIAN DIASPORA

In each focus group, participants were asked to write down and share one or two words that describe how they feel about being a member of the Ukrainian diaspora community. The 62 participants combined across the six focus groups conducted identified 93 total mentions (49 unique words) to describe their feelings. Figure 9 below presents a word cloud that lists each of the 49 unique words; the size of each word represents the number of times each word was mentioned in this exercise.

Figure 9 Focus Group Results – Feelings about Diaspora Identity

93 Total Mentions

- 74% Positive
- 9% Neutral
- 7% Negative

“Proud” was the most-mentioned word (20 percent of total mentions), followed by “connected” (15 percent of total mentions), “disconnected” (13 percent of total mentions), and “frustrated” (10 percent total mentions).

Each word was labeled as either being a positive word, such as “patriotic,” “comfortable,” and “hardworking”; a negative word, such as “disassociated,” “despair,” or “baffled”; or a neutral word, such as “between,” “uncertain,” or “neutral.”

In general, the Ukrainian diaspora proudly embraces their heritage and identity, although some feel less connected, involved, or certain about their identity than others. Those that voiced more negative words, such as “frustrated,” “cautious,” or “baffled,” used such words to refer to their feelings about their country of origin/heritage rather than in reference to their diaspora community specifically, reflecting concerns held by some in the diaspora about the political economy and security of Ukraine.

These results reveal important concepts that the Ukrainian diaspora tie to their identity that can be drawn upon in diaspora investment marketing: diaspora pride in their history, tradition, hard work and accomplishments and their desire to connect, create community, and belong.

B. SOCIAL TIES & TOURISM

A large majority (91 percent) of those surveyed claimed to be in contact with friends and family still living in Ukraine (a particularly striking characteristic given that almost half of the sample is comprised of second and later immigrant generations). Only nine percent claimed to have no known friends and family in Ukraine.
Figure 10 below reports the percent of survey respondents who claim to have contact with friends and family in Ukraine by oblast. Note that respondents were given the opportunity to check each oblast where they were in contact with resident friends and family, thus percentages do not add to 100.

Each of the 25 oblasts received at least one mention. The oblasts most commonly cited included Lviv (40 percent mentions), Kiev (30 percent mentions), Ivano-Frankivsk (19 percent mentions), Ternopil (19 percent mentions), Dnipro (6 percent mentions), and Kharkiv (6 percent mentions).

**Figure 10 Survey Results – Current Social Ties by Oblast**

<table>
<thead>
<tr>
<th>OBLAST</th>
<th>FRIENDS &amp; FAMILY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cherkasy</td>
<td>3%</td>
</tr>
<tr>
<td>Chernihiv</td>
<td>2%</td>
</tr>
<tr>
<td>Chernivtsi</td>
<td>4%</td>
</tr>
<tr>
<td>Crimea</td>
<td>3%</td>
</tr>
<tr>
<td>Dnipro</td>
<td>6%</td>
</tr>
<tr>
<td>Donetsk</td>
<td>4%</td>
</tr>
<tr>
<td>Ivano-Frankivsk</td>
<td>19%</td>
</tr>
<tr>
<td>Kharkiv</td>
<td>6%</td>
</tr>
<tr>
<td>Kherson</td>
<td>2%</td>
</tr>
<tr>
<td>Khmelnytskyi</td>
<td>2%</td>
</tr>
<tr>
<td>Kiev</td>
<td>30%</td>
</tr>
<tr>
<td>Kirovohrad</td>
<td>2%</td>
</tr>
<tr>
<td>Luhansk</td>
<td>1%</td>
</tr>
<tr>
<td>Lviv</td>
<td>40%</td>
</tr>
<tr>
<td>Mykolaiv</td>
<td>1%</td>
</tr>
<tr>
<td>Odessa</td>
<td>5%</td>
</tr>
<tr>
<td>Poltava</td>
<td>4%</td>
</tr>
<tr>
<td>Rivne</td>
<td>3%</td>
</tr>
<tr>
<td>Sumy</td>
<td>2%</td>
</tr>
<tr>
<td>Ternopil</td>
<td>19%</td>
</tr>
<tr>
<td>Vinnytsia</td>
<td>4%</td>
</tr>
<tr>
<td>Volyn</td>
<td>3%</td>
</tr>
<tr>
<td>Zakarpattia</td>
<td>4%</td>
</tr>
</tbody>
</table>
These social ties seem to be well nurtured through diaspora tourism visits to Ukraine. Survey respondents were asked on average over the last three years how many times they traveled to Ukraine – and for what purpose. Across all respondents, an average of 2.4 trips were made over the past four years. However, this average may be a bit deceiving since around 10 percent of respondents traveled extremely frequently between Ukraine and their country of residence (e.g., “circular migrants”). Thus the median – one trip over the past three years – may be a more representative measure of central tendency to describe Ukrainian diaspora visits to Ukraine during this period. Yet the median still paints a picture of active diaspora tourism as it suggests that one half of survey respondents visited Ukraine in the past three years.

Leisure trips are the most common reason that the Ukrainian diaspora travel home *(44 percent made a trip home in the past three years), followed by combined business and leisure trips (28 percent), and business only trips (16 percent).

These figures suggest a healthy market for heritage and leisure tourism (combined business and leisure) service concepts in Ukraine. Interestingly, in several in-depth interviews and focus group conversations, diaspora interest in visiting diaspora-funded and/or diaspora-owned businesses was mentioned. In these conversations, it was suggested that such visits could be added on to planned leisure visits or even be the focus of an investment promotional tour.

C. VOLUNTEERISM IN & FOR UKRAINE

Given the large number of diaspora organizations, particularly faith-based organizations and those focused on development-oriented activities, it may not be surprising that Ukrainian diasporans are fairly engaged with Ukraine via volunteerism.
One fifth (20 percent) of survey respondents had spent at least one full day in Ukraine over the past three years volunteering for a local non-governmental organization in Ukraine. Eight percent volunteered in Ukraine for at least 30 full days. A greater majority (59 percent) claimed to have spent at least one day in their country of residence volunteering for a Ukraine-focused project or initiative; almost a quarter (23 percent) maintained to have volunteered for a Ukraine at least 30 days in their country of residence.

**Figure 12 Survey Results – Days Spent Volunteering in Past Three Years**

<table>
<thead>
<tr>
<th>Volunteering Time in the Past Three Years</th>
<th>IN UKRAINE FOR LOCAL NGOs</th>
<th>IN COUNTRY OF RESIDENCE FOR UKRAINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one day</td>
<td>20%</td>
<td>59%</td>
</tr>
<tr>
<td>At least 30 days</td>
<td>8%</td>
<td>23%</td>
</tr>
<tr>
<td>Median days volunteering</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

**D. REMITTANCES, CHARITY & BUSINESS INVESTMENT**

Current financial engagement in Ukraine primarily is conducted through charitable contributions sent to organizations in Ukraine by cash transfers via remittance. Financial engagement via business investment in Ukraine is currently not as widely spread (see Figure 13 below).

**Figure 13 Survey Results – Forms of Financial Engagement in Ukraine**

<table>
<thead>
<tr>
<th></th>
<th>Remittances</th>
<th>Charity</th>
<th>Business Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean</strong></td>
<td>$3,170</td>
<td>$3,732</td>
<td>$7,700</td>
</tr>
<tr>
<td><strong>Max</strong></td>
<td>$250,000</td>
<td>$1,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>1st Quartile</strong></td>
<td>$0</td>
<td>$16</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td>$200</td>
<td>$300</td>
<td>$0</td>
</tr>
<tr>
<td><strong>3rd Quartile</strong></td>
<td>$2,000</td>
<td>$1,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Standard Deviation</strong></td>
<td>$14,085</td>
<td>$34,651</td>
<td>$111,572</td>
</tr>
<tr>
<td><strong>Responses greater than $0</strong></td>
<td>54%</td>
<td>76%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Over three-fourths (76 percent) of survey respondents reported making cash or in-kind donations to charitable organizations in Ukraine over the past three years. Charitable donations ranged in size from US $10 to US $1 million, with an average of US $3,732 sent annually to Ukraine for this purpose over the past three years (median = US $300).
Over half (54 percent) of survey respondents sent remittances to friends and/or family in Ukraine over the past three years, ranging from US $100 to US $250K. On average, respondents sent US $3,170 in remittances to Ukraine annually over the past three years (median = US $200).

Only fourteen percent of respondents claimed to have invested in businesses (either through debt or equity) in Ukraine over the past three years. The maximum reported investment was US $3 million, while the average annual business investment made during the past three years was US $7,700.

In-depth interviews and focus groups explored diaspora-perceived obstacles to investment in Ukraine, and specifically the reasons why some diasporans are not currently investing in businesses in Ukraine. Across these conversations, descriptions of three main “non-investor” segments emerged: The Burned, The Forewarned, and the Unsure.

“Even in my worst nightmare, I cannot imagine all the ways that they stole from me.” This quote shared by an in-depth interview informant illustrates the psychology of The Burned investor segment, Ukrainian diasporans who have invested in Ukraine previously but believe their investments were unproductive and unprofitable due to corruption, unfair business practices, and outright theft.

Such stories of diaspora investment failure are well known to many in the community, and some have become epic tales told and retold in the community. These stories have deterred those who have not yet invested from actually doing so, The Forewarned segment. An emblematic quote one hears from individuals in this category is “Ukraine has been a bottomless pit of loss for so many patriotic people.”

Many in the diaspora – particularly among those in the third and fourth immigrant generations who are less active in diaspora organizations and activities – are unsure about investment opportunities in Ukraine. Among this group it is common to hear the phrase, “I just don’t know what opportunities there are in Ukraine.”
IV. UKRAINIAN DIASPORA INVESTMENT INTEREST

Why might Ukrainian diasporans be interested making business investments in Ukraine? What industries and oblasts do they find the most attractive for investment? These are issues explored in this section.

A. INTEREST BY MOTIVATIONAL TYPE

Diasporans often invest in their countries of origin/heritage for multiple reasons. Each dimension of diaspora investment motivation is driven by some expected “return” to the diasporan, including financial (e.g., “gains to the wallet”), emotional (e.g., “gains to the heart”), social-status (gains in respect and social hierarchical standing), and political (e.g., gains in political access, influence or protection).

Measures investigating the relative importance of each of these dimensions of diaspora investment motivation were included in the survey, based on previous work by Nielsen & Riddle (2007, 2009, 2011 & forthcoming). Additionally, in-depth interview and focus group data suggested that in the Ukrainian diaspora, a fifth type of expected return, an expectation that diaspora investment will create institutional change in Ukraine, was also identified as a possible motivation of Ukrainian diaspora investment motivation. Measures to operationalize this investment motivation dimension were created using words and concepts gleaned from qualitative research with the Ukrainian diaspora and were tested in the survey instrument.

Each of the five dimensions were comprised of three items. Cronbach alphas and means were calculated across all respondents for each item, and mean of means were calculated for each investment motivation dimension.

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Figure 14 below displays the overall mean of means score of each of the five hypothesized diaspora investment motivation dimensions: financial, emotional, social-status, political, and institutional change return expectations (scale 1-7; 1=Do Not Agree at All; 7=Extremely Agree).

By far the most important motivational driver for Ukrainian diaspora investment is the expectation that diaspora investment will create institutional change (mean of means across all items = 5.24), followed by expected emotional investment return expectations (mean of means across all items = 5.05). Thus the Ukrainian diaspora is primarily motivated to invest in Ukraine to create institutional change – and feel good about doing so.

Social-status (mean of means across all items = 3.66) and financial concerns (mean of means across all items = 3.34) comprise a second-tier of diaspora investment motivations. Diaspora investors also are motivated to invest in Ukraine because they believe by doing so their social standing – either at home and/or in their diaspora community – will rise and they would like to financially gain from these investments. It is important to note however, that these motivations are substantially less important to the Ukrainian diaspora investor than expected institutional change and emotional returns associated with investment in Ukraine.

Political investment motivations are not a primary driver for most Ukrainian diasporans (mean = 2.62).

Figure 14 Survey Results – Diaspora Investment Motivation by Relative Overall Importance

All three measures of institutional change expected returns were highly correlated (see Figure 15 below). The item, “to contribute to economic development” received the largest mean item score (5.56), followed by the item “to make a social impact” (5.32), and “to provide capital to those who do not have fair access to capital currently” (4.82).
The three items comprising emotional motivations also were highly correlated (see Figure 16 below). “Pride” (mean = 5.15), “personal accomplishment” (mean = 5.02) and duty (mean = 4.97) were salient investment motivational drivers for respondents.
As seen in Figure 17, among social-status investment return expectations, by far “earning a high level of respect through investment” was a key motivator for Ukrainian diasporans (mean = 4.57). Of lesser relevance were “expectations from family living in Ukraine” (mean = 3.39) and fears of “losing social status for not investing” (mean = 3.02).

**Figure 17 Survey Results – Diaspora Investment Motivations, Social Status Expected Returns by Item**

- **Mean**
  - Expectations from family living in Ukraine: 3.39
  - Losing social status for not investing: 3.02
  - Earning high level of respect through investment: 4.57

*Scale 1-7; 1=Do Not Agree at All; 7=Extremely Agree

Figure 18 explains that “personal financial independence” is a key financial motivational driver (mean = 3.64), while expectations about “profitability” and “improving the value of my investment portfolio” were less strong.

**Figure 18 Survey Results – Diaspora Investment Motivations, Financial Expected Returns by Item**

- **Mean**
  - Profitability: 3.37
  - Improving the value of personal investment portfolio: 3.00
  - Personal financial independence: 3.64

*Scale 1-7; 1=Do Not Agree at All; 7=Extremely Agree
B. INTEREST BY INDUSTRY

When asked which industries they found most attractive for investment in Ukraine, information and communications technology received the highest mean attractiveness score (mean = 5.69) (See Figure 19 below). Agriculture, fisheries, and livestock and the education sector also received strong attractiveness scores (means = 5.34 and 5.10 respectively). Energy (mean=4.88), construction and infrastructure (mean=4.88), manufacturing and assembly (mean=4.86), and healthcare (mean=4.79) were also strong mentions.

**Figure 19 Survey Results – Industry Sector by Attractiveness for Investment**

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Mean (Standard Deviation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and Communications Technology</td>
<td>5.69 (σ1.61)</td>
</tr>
<tr>
<td>Agriculture / Fisheries / Livestock</td>
<td>5.34 (σ1.65)</td>
</tr>
<tr>
<td>Education</td>
<td>5.10 (σ1.71)</td>
</tr>
<tr>
<td>Energy</td>
<td>4.88 (σ1.69)</td>
</tr>
<tr>
<td>Construction / Infrastructure</td>
<td>4.88 (σ1.61)</td>
</tr>
<tr>
<td>Manufacturing and Assembly</td>
<td>4.86 (σ1.60)</td>
</tr>
<tr>
<td>Healthcare</td>
<td>4.79 (σ1.72)</td>
</tr>
<tr>
<td>Sanitation / Water</td>
<td>4.41 (σ1.68)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>4.16 (σ1.71)</td>
</tr>
</tbody>
</table>

*Scale 1-7; 1=Not Attractive at All; 7=Extremely Attractive

C. INTEREST BY OBLAST

Survey respondents were also asked which oblasts in Ukraine they found most attractive for investment. Over one-quarter claimed that they did not have a preference for a particular oblast for investment because they find all of Ukraine attractive for investment. Ten percent claimed that no oblast was attractive for investment.

Figure 20 reports the 7 most-attractive oblasts for investment according to survey respondents. Comparing these results with the percentage of respondents who are in contact with friends and family in a particular oblast, a pattern – albeit not a perfect one – emerges. The three oblasts where respondents claim to be most commonly in contact with friends and family – Lviv, Kiev, and Ivano-Frankivsk – are perceived to be attractive for investment by the largest number of respondents. But there are exceptions to this rule. For example, while only 5 percent of the sample claimed to be in contact with friends and family in Odessa, over one-fifth (21 percent) of respondents found that oblast attractive for investment. Similarly, while only 3 and 4 percent of respondents claimed to have social contacts in Volyn or Zakapattia respectively, 12 and 16 percent of respondents found those oblasts attractive for investment. Thus, while current social ties may enhance potential diaspora investment interest in a given location, other business environment variables may play a more important role in investment attraction.
V. UKRAINIAN DIASPORA RESPONSE TO INVESTMENT FUND MODELS

USAID-DCA provided the research team with three prototype diaspora fund model descriptions to be tested in this assessment:

- **MODEL 1 (For-profit):** An interest bearing note marketed by [name redacted] that would be used to make loans to entrepreneurs and small and medium-sized businesses in high-growth sectors in the Ukrainian economy. Loans made from the fund would be partially guaranteed by the US Agency for International Development at 50 percent. USAID will partner with local private financial institutions in Ukraine, who will decide which entrepreneurs and firms would receive loan funds. Recipient of the loans would be recruited and supported by an international business incubator with a proven track record of assisting growing ventures with mentorship and other services in emerging markets and developing countries.

- **MODEL 2 (Social-Impact):** An interest free loan marketed by [name redacted] that would in turn be pooled with other loans to make loans to firms and organizations working in social-impact areas, such as education and healthcare, in Ukraine. Loans made from the fund to firms and organizations would be partially guaranteed by USAID at 50 percent. USAID will partner with local, private financial institutions in Ukraine, who will decide which firms and organizations would receive loan funds. Recipient of the loans would receive technical assistance from an organization with a proven track record of assisting social enterprises with mentorship and other services.
• **MODEL 3 (Charity):** A tax-deductible donation to a charity in the United States and Canada marketed by the [insert marketing partner] that would make grants to non-governmental organizations in Ukraine. Those who contribute to the fund will have the opportunity to vote on which individuals advise the fund and make decisions about which organizations receive grants from the fund. Grants would be made to non-governmental organization in Ukraine with whom USAID has vetted and with whom they already partner.

These models were presented to in-depth interview and focus group participants as well as to survey respondents. Qualitative data regarding diaspora funds in general were acquired from interview and focus group conversations, while specific measures of attractiveness, likelihood to invest, and expected amount to be invested in each fund concept in the first year of its offering (trial rate) and in the third year of its offering (repeat investment rate) were estimated via the survey.

**A. PERCEIVED CONCERNS WITH & BENEFITS OF DIASPORA INVESTMENT FUNDS**

Two main concerns were identified in in-depth interviews and focus groups concerning diaspora investment fund models: lack of brand awareness of potential marketing partners and worries about the potential for corruption.

1. **“I’VE NEVER HEARD OF THESE COMPANIES”**

Aside for very rare exceptions, almost all of the in-depth interview and focus group participants had never heard of any of the three potential private-sector marketing partners mentioned in each of the fund models (e.g., [insert marketing partner], [insert other partner], or the [insert another partner]). A few individuals, particularly in Washington DC and New York, had heard of the [insert a different partner], although they associated the organization more with its environmental and leadership programs rather than its work in the SME development and diaspora areas. In addition, a handful of focus group participants (almost all of whom were less than 35 years old) had heard of [insert another partner], and a small number of those were already investing on the [insert social investment platform]. Thus, if any of these partners ultimately bring a fund to market, research findings suggest that effort will need to be made (and money spent) to cultivate brand awareness and loyalty to Ukrainian diaspora investors.

2. **“WHO WILL MAKE DECISIONS ABOUT WHO RECEIVES CAPITAL?”**

Of greatest concern to study participants were questions about who will receive capital from the fund, how the fund will be marketed (both upstream to the diaspora and downstream to the loan/grant recipient), and how decisions about how the fund will be distributed. Participants worried that somewhere in the value chain corruption would occur and a loss of capital efficiency, transparency and fairness would occur. Of utmost concern was that any fund launched would be transparent in its processes, fair, and ethical about how capital was utilized.

Several participants offered suggestions about how to enhance trust in diaspora fund models. Regular, detailed communications regarding due diligence and project/fund financial and social performance goals and impact were mentioned by numerous study participants as being critical to the success of any fund concept. Some participants mentioned the need to organize select, experienced, and socially inclusive diaspora advisory boards. A few mentioned the possibility of including individuals with industry or other technical expertise from outside the diaspora on such advisory boards as well. Others suggested building mentoring or tourism programs designed to create social connections between the diaspora and fund recipients as other mechanisms for building trust and affinity for diaspora fund models.
Despite these two areas of concern, two major perceived benefits of diaspora funds were gleaned from in-depth interviews and focus group conversations: USAID as a trusted, third party broker and fund potential for investment in Ukrainian youth.

3. “USAID AS A TRUSTED, THIRD-PARTY BROKER, OFFERING COOPERATION, TRANSPARENCY & FAIRNESS”

USAID maintains a strong image in the Ukrainian diaspora community and is almost ubiquitously associated with trust, legitimacy, transparency, and fairness. Many respondents when first approached about their reactions to the general idea of a diaspora fund were skeptical, cautious, or even outright dismissive. What clearly was a “game changer” in the conversation about diaspora investment fund was the mention of USAID involvement. There is a widespread belief in this community that a USAID-backed fund would mean the fund would be subject to international auditing and reporting standards and would behave more ethically overall.

Ukrainian diaspora investors currently living in Ukraine or circular migrating between Ukraine and another country of residence suggest another benefit of USAID involvement in a USAID diaspora investment fund. They argue that individuals and organizations that would receive USAID loans or grants would be less vulnerable to corruption locally since word would spread that USAID would be monitoring and auditing loan/grant recipient accounting books. As one interview participant noted, “It would not matter if the USAID loan was only one dollar – what matters is the difference in cost structure” if bribery and other corruption costs are mitigated through the association with this fund.

In addition, in some locations a social divide exists between more recent, Russian-speaking Ukrainian first generation immigrants and the second and later generations born in Canada and the United States, who often speak Ukrainian (typically but not always an older dialect of the language). In some cases, the Russian annexation of Crimea and Ukraine’s overall security situation has exacerbated this divide, sowing seed of additional suspicion, skepticism, and marginalization of more recent immigrants. Where such a social divide exists, study participants from both sides of the divide mentioned the important role USAID could potentially play, bringing both sides of the Ukrainian diaspora divide together for a common purpose and collective action.

4. “INVESTMENT NEEDED FOR YOUTH”

Many in the diaspora are keenly aware of high levels of education, unemployment, and underemployment in Ukraine. Some even referred to the situation as a “crisis” or “catastrophe.” It was commonly noted in interviews and focus groups that a diaspora fund could channel capital to youths currently crowded out from current sources of capital and opportunity. The fund is seen by many as providing some hope for the future of the youth of Ukraine – either immediately via loans or grants made to youth-owned organizations or longer-term by simply developing the business environment of the country.

B. ATTRACTIVENESS, LIKELIHOOD TO INVEST, TRIAL AND REPEAT INVESTMENT ESTIMATES

Survey respondents were presented with a brief description of each of the three diaspora fund prototypes supplied to the research team by USAID-DCA and asked to rate each fund in terms of its overall attractiveness and their likelihood to invest in the fund. Respondents were also queried to provide an honest estimate of how much they expected they would invest in each fund model if it were offered this year (2016) and three years from now (2019). These amounts represent anticipated trial and repeat investment estimates for the overall fund.
5. **OVERALL SAMPLE**

Interest exists in all three of the proposed diaspora investment fund prototypes (See Figure 21), although overall interest is moderate (1-7 scale; 1=Not Attractive/Likely to Invest at All; 7=Extremely Attractive/Likely to Invest). Mean attractiveness scores range from 4.45 for Model 2 (social-impact model), 4.94 for Model 3 (charity model), and 4.96 for Model 1 (for-profit model). Likelihood to invest means ranged from 4.07 for Model 2 (social-impact model), 4.50 for Model 1 (for-profit model), and 4.58 for Model 3 (charity model). There was no statistical significance across the three models in terms of mean attractiveness or likelihood to invest.

![Figure 21 Survey Results – Overall Model Attractiveness & Likelihood to Invest](image)

*Scale 1-7; 1=Not Attractive at All; 7=Extremely Attractive and 1=Not Likely to Invest at All; 7=Extremely Likely to Invest

Significant differences do exist in terms of estimated average trial (the amount respondents expect to invest if the fund becomes available in 2016) and repeat investment rates (the amount respondents expect to invest in 2019 if the fund performs to stated goals). By far, Model 1 (for-profit model) outperforms Models 2 (social-impact fund) and 3 (charity fund) both in terms of estimated trial and repeat investment rates. On average, survey respondents indicated they would plan to invest US $500 this year in Model 1, but in three years, they expected to increase their investments on average to US $3,000. This stands in sharp contrast to Model 2 (initial = US $100; repeat investment = US $650) and Model 3 (initial = US $250 and repeat investment = US $950).
6. **BY GENERATION**

In-depth interview and focus group conversations suggested there might be differences in how individuals in different immigrant generations might respond to the three potential diaspora investment models. Specifically, qualitative research suggested the merit of testing the hypothesis that more recent, first-generation immigrants might be more attracted to the for-profit Model 1 (for-profit model), since they have more recent and personal experience with the business environment in Ukraine. Similarly, qualitative research indicated that individuals associated with second and subsequent generations might be more attracted to the charity models given their extensive experience with diaspora organizations in countries of residence already engaged in charitable work in Ukraine and because of a lesser degree of familiarity with business opportunities and environment in Ukraine.

Figure 23 below compares relative mean attractiveness and likelihood to invest score for each of the three models by immigrant generation (first versus others). No statistical significance was found across these mean scores, and mean scores are similar to overall mean scores for each variable and each model.
Figure 23 Survey Results – Model Attractiveness & Likelihood to Invest by Immigrant Generation by Model

Figure 24, however, reveals a key difference between the first and subsequent generations in terms of expected repeat investment estimates. Whereas first-generation Ukrainian immigrants indicate similar levels of trial rates of investment for each model, they are more likely to invest greater capital three years from now than individuals in second and later immigrant generations. Thus, first-generation Ukrainian immigrants represent significant “wait and see” capital for diaspora investment funds.

Specifically, first-generation immigrants expected to invest an average of US $3,000 in year three for Model 1 (for-profit fund), compared to US $2,500 by later immigrant generations. They expected to invest US $1,000 in Model 2 (social-impact fund), whereas second and subsequent generations expected to invest an average of US $500. First generation immigrants also expected to invest an average of US $1,000 in year three for Model 3 (charity model) compared to the average US $900 investment of individuals from second and subsequent immigrant generations.

*Scale 1-7; 1=Not Attractive at All; 7=Extremely Attractive and 1=Not Likely to Invest at All; 7=Extremely Likely to Invest
7. BY NET WORTH $100K+

Overall interest, likelihood to invest, trial and repeat investment estimates were examined for those respondents reporting a moderate-to-high net worth (US 100K+; 30 percent of the sample). Again, no statistical significant differences were found across the mean attractiveness and likelihood to invest scores across all three models, and scores were similar to those in the overall sample.

But substantial differences were found among the moderate-to-high net worth segment in terms of how much they estimated that they would invest in the trial year of the fund compared to the amount they
estimated they would invest in the fund three years from now. These higher net worth individuals estimated on average that they would invest US$1,000 in the first year of Model 1 (for-profit fund) and would increase their average investment in year three to US$5,000, a five-fold increase. Whereas they estimated on average they would invest US$100 in Model 2 (social-impact fund) in the first year, they claimed this investment would increase on average to US$1,000 by year three. They even expected to double their investments in Model 3 (charity model) from US$500 in year one to US$1,000 in year three. In sum, moderate-to-high net worth individuals obviously are a key target market for any of the three model concepts (particularly Model 1), but also represent a significant “wait-and-see” capital source.

**Figure 26 Survey Results – Year 1 vs Year 3 Expected Investment for Those with Net Worth US$100K+ by Model Type**

![Graph showing expected investment by year and model type](image)

### C. ATTRACTION OF MODEL FEATURES

Which of the features of each of the three models are particularly appealing or salient to potential Ukrainian diaspora investors? These issues were probed in depth during the interviews and focus groups and specific measures of attractiveness for each of the model attributes were included on the survey. Qualitative and quantitative data yielded similar results, and responses via both research methods reflect themes discussed in the earlier section regarding diaspora investment motivation.
Figure 27 Survey Results – Model Feature Attractiveness Ratings

<table>
<thead>
<tr>
<th>Investment Model by Attractiveness of Model Features</th>
<th>Feature</th>
<th>Mean Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model 1</strong></td>
<td>Interest-bearing note</td>
<td>4.86</td>
</tr>
<tr>
<td></td>
<td>Loans made to entrepreneurs and small and medium-sized enterprises in high-growth sectors</td>
<td>5.30</td>
</tr>
<tr>
<td></td>
<td>Loans partially guaranteed by USAID</td>
<td>5.62</td>
</tr>
<tr>
<td></td>
<td>Recipient of loans recruited and supported by an international business incubator</td>
<td>5.40</td>
</tr>
<tr>
<td><strong>Model 2</strong></td>
<td>Interest-free loan</td>
<td>4.16</td>
</tr>
<tr>
<td></td>
<td>Loans made to firms and organizations working in social-impact areas</td>
<td>4.93</td>
</tr>
<tr>
<td></td>
<td>Loans partially guaranteed by USAID</td>
<td>5.45</td>
</tr>
<tr>
<td></td>
<td>Recipient of loans receive technical assistance</td>
<td>5.36</td>
</tr>
<tr>
<td><strong>Model 3</strong></td>
<td>Tax-deductible donation</td>
<td>5.46</td>
</tr>
<tr>
<td></td>
<td>Grants made to non-governmental organizations in Ukraine</td>
<td>5.07</td>
</tr>
<tr>
<td></td>
<td>Ability to vote on individuals who advise the fund and make decisions about which organizations receive grants</td>
<td>5.16</td>
</tr>
<tr>
<td></td>
<td>Grants made to non-governmental organizations with whom USAID has vetted and with whom they already partner</td>
<td>5.16</td>
</tr>
</tbody>
</table>

*Scale 1-7; 1=Not Attractive at All; 7=Extremely Attractive

The most attractive feature of Model 1 (for-profit model) is the fact that the loans made from the fund will be partially guaranteed by USAID (mean = 5.62), followed by the fact that recipients of the loans will be recruited and supported by an international business incubator (mean = 5.40). The fact that loans from this investment fund would be made to entrepreneurs and small and medium-sized enterprises in high-growth sectors was also particularly attractive (mean = 5.30). The fact that the investment would be structured as an interest-bearing note was relatively less attractive (mean = 4.86) than the other fund characteristics listed.

The most attractive features for Model 2 (social-impact model) included the partial loan guarantee (mean = 5.45) and the technical assistance that would be provided to the loan recipient (mean = 5.36). The fact that loans were made to organizations working in social-impact areas (mean = 4.93) and that the investor would be making interest-free loans to the fund (i.e., not earning a financial return; mean = 4.16) were the least-attractive features associated with this model.

The fact that Model 3 (charity model) generated a tax-deductible donation for the diaspora investor was the most attractive feature associated with that model (mean = 5.46). The fact that diaspora investors would be able to vote on the fund advisory board (mean = 5.16) and that the fund would make grants to USAID-vetted non-governmental organizations (mean = 5.16) were also attractive model features. Respondents also found it attractive that this model concept would make grants to non-governmental organization in Ukraine (5.07).
D. PERCEIVED TRUSTWORTHINESS OF POTENTIAL PRIVATE-SECTOR INTERMEDIARY PARTNERS

Continued discussions in interviews and focus groups about diaspora concerns about fund partners and decision-making elicited conversations about the trustworthiness of various potential private-sector intermediary partners for potential diaspora investment funds, particularly banks and other financial institutions operating in Ukraine. Consistent in these conversations was a demand that Western financial institutions—not local institutions—be utilized as operational, on-the-ground partners for any diaspora investment fund. As one focus group participant put it, “the farther West you go, the more my trust goes up.” It was clear from these conversations that a diaspora fund that partnered with a local financial institution may very well be a deal breaker.

Survey measures were included to test the perceived trustworthiness of a handful of financial institutions operating in Ukraine that were commonly mentioned in interviews and focus groups. Figure 28 below presents the average scores for trustworthiness for each of these brands. Quantitative survey data confirm initial qualitative findings: Western brands receive higher trustworthiness scores across the board ( = 4.93;  = 4.88;  = 4.30) compared to more local counterparts (Polish  = 3.60; Ukrainian  = 3.52).

<table>
<thead>
<tr>
<th>Potential Intermediary Partner</th>
<th>Mean Perceived Trustworthiness Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.93</td>
</tr>
<tr>
<td></td>
<td>4.88</td>
</tr>
<tr>
<td></td>
<td>4.30</td>
</tr>
<tr>
<td></td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td>3.52</td>
</tr>
</tbody>
</table>

**Scale 1-7; 1=Not Trustworthy at All; 7=Extremely Trustworthy**

VI. CONCLUSIONS & RECOMMENDATIONS

This assessment examined the potential role that the Ukrainian diaspora in the United States and Canada could play in Ukraine’s business and investment environment by examining ways of attracting the diaspora and maximizing their business and investment activities in Ukraine. It identifies the US and Canada-based Ukrainian diaspora’s organizational and demographic size and composition, extent and nature of current engagement in Ukraine, and potential and willingness to participate in investment activities in Ukraine, particularly in diaspora investment fund instruments.

The Ukrainian diaspora in the United States and Canada is a highly organized, multi-generational, proud diaspora with significant human, financial, and social capital. Recent events in Ukraine have in many cases rekindled and strengthened Ukrainian diaspora identificational ties with their country of origin/heritage. In some areas, there is a social divide between recent immigrants and the descendants of immigrants from earlier waves of emigration. Diasporans currently engage with Ukraine primarily via travel, volunteerism, charity, and sending remittances. Few are engaged in business investment, impeded by experience with/stories of corruption and previous diaspora failure. Investment interest is mainly driven by institutional change and emotional return expectations, and ICT, agriculture, and education are the most attractive industries for investment. Overall diaspora interest in three prototype diaspora investment fund concepts (for-profit, social-impact & charity) was positive but moderate, with strong expected ramp up (particularly for first-generation immigrants & moderate-to-high net worth individuals.
US$100K+). Investment interest was particularly strong for the for-profit model, especially once both trial and repeat investment estimates are taken into account.

Based on this assessment, several recommendations were made to USAID concerning diaspora-fund target marketing, product and positioning, pricing, promotion and place (distribution) strategies. Suggestions for additional research were also provided.

A. TARGET MARKETING AND POSITIONING

Given differences in income, wealth, and occupation in the Ukrainian diaspora in the United States and Canada, coupled with the relative newness of the concept of diaspora investment funds, target marketing for diaspora fund investment is likely to assume two distinct but complementary trajectories: one focused on the high net worth, active and experienced investors (to attract significant core levels of fund capitalization) and second, more mass-market focus (to attract fund capital on volume and gain greater collective participation and buy-in from larger numbers of Ukrainian diasporans).

High net worth individuals can be identified informally through conversations with known diaspora investors, with diaspora organization leadership, as well as through annual rankings of the “wealthiest Ukrainians in the world” (many of whom are circular migrants or living in diaspora), such as the one published annually since 2006 by the Russian language publication, Korrespondent magazine (sister publication of the Kyiv Post). In addition, over 600 experienced investors and start-up professionals with Ukrainian names living in the United States and Canada are registered in the AngelsList database and were identified through this assessment. Their names and contact information are included in the diaspora organization database as part of this assessment and are good places to start in terms of core capitalization marketing efforts.

The large numbers of active diaspora organizations — including large umbrella “organizations of organizations,” such as the US Ukrainian Congress Committee of America and the Ukrainian World Congress, afford tremendous mass marketing opportunities through co-marketing activities, potentially piggybacking on their organizational events and existing distribution channels.

Based on this assessment’s findings, the greatest potential value proposition of a Ukrainian diaspora fund is to provide Ukrainians in the diaspora a trustworthy, reliable vehicle for channeling and scaling up diaspora capital to be invested in Ukraine to generate institutional economic and social change in the country, providing diaspora investors with emotional benefits of pride, accomplishment, and duty fulfillment in contributing to this change.

The association of the USAID brand with this fund is critical to its success, particularly during the initial launch of the fund given the lack of brand awareness of many potential upstream marketing fund partners in this diaspora community (such as ___________), USAID’s strong association with trust, transparency, and legitimacy in this diaspora, and grave concerns in the diaspora about potential fund corruption, lack of transparency, and failure.

If the outright association of the USAID brand with the fund is not politically feasible a second-best alternative would be to seek endorsement and partnership with other credible Western institutions, such as international banks, the IFC, and/or Ukrainian credit unions, and to feature mention of this support and involvement prominently in promotion efforts.

B. PRODUCT

Although overall interest in all three of the tested models were about the same, trial and repeat investment estimate rates were much higher for Model 1 (the for-profit model) than for other models tested in the study. Therefore, it is recommended that USAID pursue the for-profit model strategy,
focused on making loans to entrepreneurs and SMEs particularly in ICT, agriculture, and education (sectors of particular interest to study participants that also provide industry diversification within the fund). Given the interest also for Model 2 (social-impact fund), the subsequent fund should also highlight, measure, and communicate about the social impacts that fund projects make and some strictly social-impact projects may be included in the portfolio.

Research results suggest that partnering downstream with a business incubator in Ukraine, such as [INSERT INCUBATOR NAME], may be a critical attribute of this fund concept. Study participants view the incubator as a catalyst for potential institutional change, teaching entrepreneurs and investors how to compete in a global market economy according to Western business values and norms. The fact that [INSERT INCUBATOR NAME] is present in oblasts that are deemed attractive for investment by study participants and are locations where many participants are in contact with friends and family (i.e., Lviv, Kiev, and Chenivtsi) may further add to positive feelings about [INSERT INCUBATOR NAME]’s involvement.

Given the predominance of institutional change, emotional, and social-status investment returns over financial – and the widespread engagement of Ukrainian diasporans in charitable donations in Ukraine, the opportunity for diaspora investors to donate their interest earned on the note to the Ukrainian charity of their choice may also be an option to pursue.

Based on study findings, it would be a mistake to partner with a local bank – even as an operational pass-through – at this time. Such a partnership would erode diaspora faith and trust in the fund’s ability to ethically and efficiently allocate capital and undermine core diaspora investment motivational drivers.

A fund advisory board is recommended to instill trust in fund oversight and management as well as provide local and technical expertise to the fund. Careful consideration, deliberation, and consultation should be taken when contemplating the composition of any potential diaspora advisory board. Such a board should be as inclusive as possible in terms of immigrant generation, country and province/state of residence, religion, gender and other demographic variables to create an advisory list that embodies the expectations that a USAID fund will be an inclusive fund that is representative of the diverse collective.

Given that diaspora interest also exists for Model 3 (charity model) – and since so many charitable organizations already exist in this diaspora community, it is also recommended that USAID consider engaging Ukrainian diaspora organization leaders to build their awareness, understanding of, and capacity for creating diaspora donor advised funds within their own operations. Based on interviews with diaspora leadership, many would welcome the chance to outsource the administrative and legal burdens associated with vetting projects, tax-receipting donations, etc. and would rather focus their attention on pipelineing and managing projects and communicating to their constituencies.

**C. PRICING**

Assessment results suggest a significant ramp-up period to fund capitalization. While core capitalization (US$50K-$1million+) may come from the wealthiest individuals in the diaspora and potentially from diaspora foundations and other organizations, mass market entry (US$1K-US$5K) should also be anticipated and built into the model concept.

Skepticism and suspicion about diaspora investment is widespread in the community due to historic, well-known cases of diaspora investment losses and failure as well as commonly held beliefs and narratives about normative corruption and institutional weaknesses in Ukraine. It should be expected that many investors will “put their toe in the water” with lower-level initial investments made during the fund launch period but are expected to scale over time, assuming fund performance against stated goals and performance metrics.
It is particularly important to keep in mind that qualitative conversations with the Ukrainian diaspora indicate that pricing ramp-up will be contingent upon the fund's ability to demonstrate institutional change/impact over the course of the investment with clearly communicated measures of social as well as economic (e.g., “double bottom line”) impact. This cautious, wait-and-see attitude is particularly noteworthy among the first-generation immigrant and the moderate-to-high net worth segments, suggesting that a wide marketing net may need to be cast to garner sufficient start-up fund capital – but that seeds well sown may bear significant fruit in the short-term future.

**D. PROMOTION AND DISTRIBUTION**

Initial promotional activities should focus on creating product awareness, trust, and investor belief in the potential fund impact to Ukrainian social and economic institutions. Too many diaspora engagement campaigns focus on what the “diaspora can do for the country of origin” rather than focusing on “what can be done for the diaspora.” Promotional activities should be conceptualized and framed as two-way exchanges and customer relationship management activities rather than simply push marketing campaigns.

Promotion activities to high potential investors should be high touch in nature, aiming to stimulate the four main Ukrainian diaspora investment drivers: institutional change, emotional, social-status, and financial investment motivations. These promotions should create opportunities for personal experiences and broker relationships between potential and actual investors and diaspora fund recipients (e.g., those who will receive loans from the fund) to provide the investor with specific narratives about how capital may be used to transform individuals, organizations, industries and/or geographic areas as well as make a potential financial return. Examples of such “high touch promotions” include investment study tours (whereby diasporans visit with entrepreneurs and organizations associated with the fund in Ukraine) and custom mentor opportunities (whereby diasporans engage in a brokered mentor relationship either during a short-term targeted residence in Ukraine or through virtual communication). Opportunities should then be afforded to these actual and potential investors to share their experiences with others at diaspora organization events and other fund promotion activities, such as webinars, enhancing emotional and social-status returns.

Mass market promotion activities should also strive to create high-touch experiences but at a lower cost. For example, in addition to due diligence written documentation, video content can be provided to make investments and entrepreneurs “come alive” for the prospective diaspora investor. Webinars also provide the opportunity to collapse time and space between potential investors and fund recipients and can create the potential to create a sense of community and connectedness between Ukrainian investments and the diaspora abroad. Wherever possible, individual social recognition of diaspora investors, particularly linking their investments to change being created on the ground may be particularly useful to promote both trial and repeat investment in the diaspora.

Wherever possible, promotions should piggyback on activities conducted by existing Ukrainian diaspora organizations. Examples include promotions associated with important heritage events, such as 2016 Ukrainian Day, celebrating the 125th anniversary of Ukrainian settlement in Canada, taking place in Edmonton at the Ukrainian Cultural Heritage Village (www.history.alberta.ca/ukrainianvillage) on August 7 or semi-annual meetings of the major umbrella diaspora organizations, such as the Ukrainian World Congress (taking place each fall and spring). The diaspora fund may also be co-marketed on frequently visited diaspora organization web sites, such as Razom’s website (http://razomforukraine.org/) and the Ukrainian diaspora community in the United States and Canada web site (www.ukrainiandiaspora.ca/).
E. AREAS FOR FURTHER RESEARCH

While many aspects of diaspora fund launch and management would be well supported with additional research, two key areas of further research need should be highlighted.

First, the diaspora database associated with this assessment (inclusive of a list of 42,000 individuals with Ukrainian names living in the United States and Canada and who possess social media accounts) can be further analyzed at the network level to identify key social media opinion leaders and network nodes that could potentially serve as important distribution partners, distributing promotional content to their diaspora network about the fund. This analysis could play an important role in target marketing, particularly targeting individuals who are not currently active within Ukrainian diaspora organizations.

Second, once a potential pipeline of investment projects is established, pilot communication materials should be created. These initial promotional communications should be concept tested for their advertising effectiveness and feedback gleaned from such a study should be incorporated into the integrated marketing communications strategy developed to launch and promote the fund.
VII. APPENDIX A - UKRAINIAN DIASPORA INTERVIEW PROTOCOL REPORT

NAME OF INTERVIEWER

DATE/LOCATION

NAME, JOB TITLE, AND ORGANIZATIONAL AFFILIATIONS OF INTERVIEWEE

KEY INTERVIEW QUESTIONS

The objective of the interview is to learn what organizations and individuals are doing now to invest in Ukraine – and what they would like to do in terms of investment but feel currently unable to do. Investment includes financial capital (e.g., money in for-profit, social entrepreneurship and not-for-profit ventures and organizations). In the interview policy, regulatory, and other perceived obstacles to investment should be identified and explored.

1. (If diaspora organization leader) Does your organization promote or facilitate Ukrainian investment in Ukraine? If so, what and how? If not, why not? (If an individual) Are you currently or have you ever invested in Ukraine? If so what and why? If not, why not?

2. Beyond what you or your organization are doing, what other types of investments have you heard about that are being made by Ukrainians in the diaspora in the Ukrainian economy? Have these been success stories? Why or why not?

3. Thinking about Ukraine’s economic recovery, what do you think Ukraine will need in terms of investment? Are there specific industries or sectors, geographic areas, etc. that will be particularly capital-needy?

4. To what extent do you think the diaspora will be willing to invest in these important areas? Why or Why not? Are there other areas that the diaspora prefers to invest in?

5. Do Ukrainians in the diaspora perceive any obstacles or challenges that might prevent or inhibit them from engaging in investments in Ukraine? What and why? How likely do you think that any of these issues can be changed?

OTHER USEFUL INFORMATION
VIII. APPENDIX B - FOCUS GROUP PROTOCOL

**DATES/LOCATIONS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/20/15</td>
<td>Washington DC, USA</td>
</tr>
<tr>
<td>11/30/15</td>
<td>New York, USA</td>
</tr>
<tr>
<td>12/2/15</td>
<td>Toronto, CANADA</td>
</tr>
</tbody>
</table>

**RECRUITMENT**

10-12 Ukrainian diasporans recruited (aiming for 8-10 present on day of group) with the help of various different partner diaspora organizations and focus group facilities in each city identified by the research team.

Aiming for gender balance in each group. Participants should be between 21-65 years of age (aiming for an average of 45 years old). Maximum of 50 percent of each group will be 1st generation/migrant & remainder of group will be comprised of individuals from 2nd, 3rd and 4th generation. Seeking diversity in education, occupation, income and investable wealth.

**TIMING**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>5:45pm-6:00pm</td>
<td>Participants arrive, are greeted by research and focus group facility team, are provided snacks and are asked to complete a short survey.</td>
</tr>
<tr>
<td>6:00pm-6:05pm</td>
<td>Participants are invited to join moderator at conference table at their designated (with nameplate) spot. Moderator provides an overview of the focus group activity and “rules of the game.”</td>
</tr>
<tr>
<td>6:05pm-6:30pm</td>
<td>Opening Q1 &amp; Transition Q2</td>
</tr>
<tr>
<td>6:30pm-6:45pm</td>
<td>Key Q3 (Reveal Flipchart Graphic #1)</td>
</tr>
<tr>
<td>6:45pm-7:00m</td>
<td>(Reveal Flipchart Graphic #2) Brand handout passed out, Key Q4</td>
</tr>
<tr>
<td>7:00pm-7:15pm</td>
<td>Key Q5</td>
</tr>
<tr>
<td>7:15pm-7:25pm</td>
<td>Investment fund model handouts passed out, each model described by moderator</td>
</tr>
<tr>
<td>7:25pm-7:30pm</td>
<td>Quiet time, allowing each participant to evaluate each fund (Q6)</td>
</tr>
<tr>
<td>7:30pm-7:40pm</td>
<td>Discuss [Fund (Q6a)]</td>
</tr>
<tr>
<td>7:40pm-7:50pm</td>
<td>Discuss [Fund (Q6b)]</td>
</tr>
<tr>
<td>7:50pm-8:00pm</td>
<td>Discuss [Fund (Q6c)]</td>
</tr>
<tr>
<td>8:00pm</td>
<td>Q7 &amp; Q8 - Participants are thanked for their participation.</td>
</tr>
</tbody>
</table>
INTRODUCTION

My name is Liesl Riddle. I've been hired as a consultant for the US Agency for International Development (USAID) to moderate this focus group discussion today. In this study, USAID is asking the question: How does the Ukrainian diaspora feel about investing in a fund to promote development in Ukraine? Your opinion and voice count. Thank you for taking the time to participate in this conversation today.

Let's first identify terms. “Investment” means a broad range of things from investing financial capital into for-profit businesses or non-profit businesses, contributing money to charities, and participating in volunteer opportunities in Ukraine. “Diaspora” refers to people who maintain an identity or connection with Ukraine. This can refer to those who have emigrated from Ukraine and are now living outside the country, it can refer to individuals who spend part of their time in Ukraine and part of their time in another country(countries), or it can refer to the children and grandchildren of emigrants from Ukraine – as long as they feel an affinity for Ukraine as a type of “home.”

How many of you have ever participated in a focus group (show of hands)? This is how one works. The role of the moderator is to facilitate conversation (like a class), foster conversation – even disagreement, by asking questions. The goal is to have everyone speak, and it is more interesting when different points of view are voiced. There are no right or wrong answers to anything we will discuss today. We are seeking your honest and detailed opinion. Please respect the opinions of others. Our discussion will be audio recorded for the purposes of notetaking and analysis only. The audio file will remain in the possession of the research team and will not be shared. The transcript of the discussion will be analyzed along with the other data collected in this study. In neither the transcript nor in the final report will your comments be attached to your name. We will only identify speakers by gender, age, and the city where this discussion is taking place.

The conversation should last about two hours. If you need to use the facilities at any time, please feel free to step out. The restrooms are located XXX.

FOCUS GROUP QUESTIONS

[OPENING]

Q1. First, I'd like you to think how do you feel about being a member of the Ukrainian diaspora? Write down TWO WORDS that describe the feelings that you associate with being a member of this diaspora community. Once everyone is finished, I'll ask each of you to share and explain.

[TRANSITION]

Q2. Do Ukrainians in the diaspora invest in Ukraine? Why or why not?

[KEY]

[DISPLAY GRAPHIC #1 ON FLIPCHART]
Q3. Investment funds are an increasingly common vehicle for bringing together and scaling up diaspora capital to be used for development purposes in countries of origin. These kinds of “diaspora investment funds” can be used for different purposes – they can be invested in strictly for-profit enterprises, yielding relatively higher financial returns (depending on risk and market opportunity), or they can be invested in social-impact enterprises, which tend to yield lower financial returns but realize social benefits, or they can be more philanthropic, used to make grants to organizations on the ground (but these charitable contributions can also be tax deductible).

3a. Imagine that a strictly for-profit investment fund was created for and marketed to the Ukrainian diaspora. What would some of the benefits be? What do you like about this model? What would be some of the challenges be? What concerns might you have about this model?

3b. What if a social-impact investment fund was created for and marketed to the Ukrainian diaspora. What would some of the benefits be? What do you like about this model? What would some of the challenges be? What concerns might you have about this model?

3c. What if a philanthropic fund (charity) was created for and marketed to the Ukrainian diaspora. What would some of the benefits be? What do you like about this model? What would some of the challenges be? What concerns might you have about this model?

Q4. I’d like to introduce three organizations to you – some of you may or may not be familiar with these organizations (pass out brand handout).
• [platform] is a for-profit online investment platform that facilitates diaspora investment, offering unique global investment opportunities that are usually reserved to institutional investors.

• [organization] is a non-profit organization that leverages the internet and a network of microfinance institutions to empower individuals to lend money to help create opportunity around the world.

• The [collaborative effort] is a collaborative effort between the [non-profits], whose seeks to more effectively channel investment from diaspora communities to countries of origin.

4a. Before today, how many of you have ever heard of [platform]? [organization]? The [collaborative effort]?

4b. Based on what you know or have heard so far here today, what is appealing about each of these brands as possible issuers of a Ukrainian diaspora investment fund?

4c. Based on what you know or have heard so far here today, what is unappealing about each of these brands as possible issuers of a Ukrainian diaspora investment fund?

5. Many possible fund ideas would require working with a local bank on the ground in Ukraine to make loans to organizations in Ukraine.

5a. How would you feel if a Ukrainian bank, such as [bank], would play this lending role in the fund?

5b. How would you feel if a Polish bank, such as [bank], would play a lending role in the fund?

5c. How would you feel if a German bank, such as [bank], would play a lending role in the fund?

5d. How would you feel if an American bank, such as [bank], would play a lending role in the fund?

6. Next, I’d like to share with you three possible Ukrainian Diaspora Investment Fund models. Please bear with me as we talk through each of these three models as they each have different features. Once we discuss each one in turn, I will give you a chance to rate each one in terms of how attractive it is to you, how likely you would be to invest in it should it be offered in 2016, and how much you would likely invest in such a fund immediately and (assuming it is successful and demonstrates impact) how much you would invest a couple of years from now.

[Hand out the Investment Fund Model handout. Explain each one. Then allow each of the participants to rate each model]

6a. [Model] – Raise your hand if you scored its attractiveness as 6-10 (attractive). Why did you find this model attractive? Those who scored this
model as 5 or less (unattractive), why did you find this model unattractive? If you are likely to invest in this model, why? If you are not likely to invest in this model, why not?

6b. Raise your hand if you scored its attractiveness as 6-10 (attractive). Why did you find this model attractive? Those who scored this model as 5 or less (unattractive), why did you find this model unattractive? If you are likely to invest in this model, why? If you are not likely to invest in this model, why not?

6c. – Raise your hand if you scored its attractiveness as 6-10 (attractive). Why did you find this model attractive? Those who scored this model as 5 or less (unattractive), why did you find this model unattractive? If you are likely to invest in this model, why? If you are not likely to invest in this model, why not?

(If there is time) 6d. If any of these funds were created, would you be interested in serving as a mentor to any of the organizations receiving support from the fund? Why or why not? Would you prefer a short-term in-person mentorship interaction or an online/virtual mentorship interaction?

[CLOSING]

7. If anyone has an idea of an alternative diaspora investment fund model – a combination of the models provided here or another model altogether – there is a fourth sheet available for you to draw and explain your model. We invite you to do so.

8. We asked you here today to help us evaluate the attractiveness of various Ukrainian Diaspora Investment Fund models. Is there anything we missed? Is there anything that you wanted to say tonight that you did not get a chance to say?
IX. APPENDIX C - FOCUS GROUP SURVEY

Thank you for agreeing to participate in today’s focus group discussion. Before we begin, please provide some basic information about yourself. Answers to these questions will remain anonymous and confidential. The data you provide here only will be reported in aggregate with answers provided by other participants.

Q1. Over the past three years, how many times have you visited Ukraine?

Times

Q2. What is the approximate value of annual remittances (money and goods) that you have sent to Ukraine?

In the past year $ 
One year ago $ 
Two years ago $ 

Q3. What is the approximate value of money you have given to charities in Ukraine?

In the past year $ 
One year ago $ 
Two years ago $ 

Q4. What is the approximate value of money that you have invested in Ukraine, including investments in Ukrainian companies or other investment vehicles?

In the past year $ 
One year ago $ 
Two years ago $ 

49
Q5. In what city and country were you born?

_________________________________ CITY
_________________________________ COUNTRY

IF YOU WERE BORN OUTSIDE THE UNITED STATES, WHAT YEAR DID YOU ARRIVE IN THE
UNITED STATES FOR THE FIRST TIME? _____________________ (YEAR)

Q6. In what year were you born? _________________ (YEAR)

Q7. Which of the following (if any) of your relatives were born in Ukraine?

○ One or both of your parents
○ One or more of your grandparents
○ One or more of your great-grandparents
○ None of my parents, grandparents, or great-grandparents were born in Ukraine

Q8. What is your current occupation?

○ Business owner/entrepreneur
○ Clerical/administrative professional
○ Doctor/nurse/medical professional
○ Engineer/technical professional
○ Financial services professional
○ Government worker
○ Homemaker
○ Investor (full-time)
○ Lawyer or legal professional
○ Manager
○ Researcher/scientist/professor
○ Student (full-time)
○ Teacher/education professional (primary and secondary education)
○ Retired

Q9. What is the highest level of education you have completed?

○ Less than high school diploma
○ Technical/trade school diploma
○ Associates degree
○ Bachelor’s degree
○ Master’s degree
○ Doctoral degree
Q10. What is your gender?

- Female
- Male

Q11. What is your approximate total annual family income from all sources?

- Less than US$50,000
- US$50,000-US$99,999
- US$100,000-US$149,999
- US$150,000-US$199,999
- US$200,000-US$249,999
- US$250,000-US$999,999
- US$1 million or more

Q12. What is your net investable wealth (Investable wealth includes liquid assets such as cash, stocks, bonds, insurance but EXCLUDES property)?

- Less than US$50,000
- US$50,000-US$99,999
- US$100,000-US$149,999
- US$150,000-US$199,999
- US$200,000-US$249,999
- Over US$250,000
- US$1 million or more
X. APPENDIX D - UKRAINIAN DIASPORA INVESTMENT SURVEY

What if a private UKRAINIAN DIASPORA FUND was created to invest capital for economic development in Ukraine? Do you think this is a good idea? A bad idea? Why or why not? Your opinion matters! WE NEED TO HEAR FROM YOU - REGARDLESS OF YOUR OPINION ON THIS MATTER BECAUSE EVERY VOICE COUNTS.

Please show your love for Ukraine this Valentine's Day week by completing this 20-MINUTE SURVEY!

Data is recorded for research purposes only. Data will be reported in aggregate only. All responses will remain anonymous. If you have any questions about this research project, please do not hesitate to contact the principal investigator, Dr. Liesl Riddle, Associate Professor of International Business and International Affairs at The George Washington University and SEGURA consultant, lriddle@segura-co.net (202) 994-1217.

*1. Over the past THREE YEARS, how often have you visited Ukraine for leisure, business or both? Please enter number of trips (if you did not travel, enter 0)

For LEISURE?

For LEISURE? For BUSINESS?

For BOTH LEISURE & BUSINESS?
Diaspora Engagement

2. On average over the past **THREE YEARS**, how much have you sent annually in **remittances** to Ukraine?

Please enter amount of US$ (if you did not remit, enter 0) - **USE WHOLE NUMBERS ONLY** (no dollar signs or decimals)


3. On average over the past **THREE YEARS**, how much have you **donated** to **charities** annually (cash and in-kind) to Ukraine?

Please enter amount of US$ (if you did not donate, enter 0) **USE WHOLE NUMBERS ONLY** (no dollar signs or decimals)


4. On average over the past **THREE YEARS**, how many days have you **volunteered** to work for non-governmental organizations (including churches, synagogues, etc.) **while physically in Ukraine**?

Please enter number of days (if you did not volunteer, enter 0)


5. On average over the past **THREE YEARS**, how many days have you **volunteered** to work for non-governmental organizations (including churches and synagogues) **in your country of residence** on projects **specifically for Ukraine**?

Please enter number of days (if you did not volunteer, enter 0)


6. On average over the past **THREE YEARS**, how much money have you **invested in Ukrainian businesses** annually, including investments in Ukrainian companies or other investment vehicles? Please enter amount in US$ (if you did not invest, enter 0) **USE WHOLE NUMBERS ONLY** (no dollar signs or decimals)


Ukrainians can invest in Ukraine in many different ways, including making visits to Ukraine, investing time through volunteering, making charitable contributions, and investing money in businesses in Ukraine. Which of the following statements best describe why you invest in Ukraine?

Please make sure to scroll down to answer all questions before hitting "NEXT" button at bottom of the page

*7. To what extent do you **AGREE** with each of the following statements?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Extremely Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Extremely Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability is my primary concern when I invest in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine to improve the value of my investment portfolio.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal financial independence is a very important goal when I invest in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel it is my personal duty to invest in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel a sense of personal accomplishment when I invest in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would take great pride in making investments in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because my family in Ukraine expects me to do so.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. To what extent do you AGREE with each of the following statements?

Please make sure to scroll down to answer all questions before hitting "NEXT" button at bottom of the page

<table>
<thead>
<tr>
<th>People in the Ukrainian diaspora who do not invest in Ukraine lose social status within the Ukrainian diaspora.</th>
<th>Extremely Disagree</th>
<th>Neither Agree Nor Disagree</th>
<th>Extremely Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals who invest in Ukraine are highly respected within the Ukrainian diaspora.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because I believe doing so will give me increased access to speak to politicians in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because I believe doing so will give me greater influence in politics in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because I believe doing so will give my family greater political protection in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because I want to make a social impact in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because I want to provide capital to those who currently do not have fair access to capital.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I invest in Ukraine because I want to contribute to economic development in Ukraine.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
*9. When thinking about investing in Ukraine, how important is the LOCATION of the investment (e.g., how important is it that the investment is made in a specific oblast) when making a decision to invest?

(CONTINUED ON NEXT PAGE)
*10. WHICH OBLASTS of Ukraine do you find are the MOST ATTRACTIVE FOR INVESTMENT TODAY?
Please select all that apply

- No preference by oblast. I find the entire country attractive for investment.
- I do not find any of the oblasts attractive for investment in Ukraine.
- Cherkasy Oblast
- Chernihiv Oblast
- Chernivtsi Oblast
- Dnipropetrovsk Oblast
- Donetsk Oblast
- Ivano-Frankivsk Oblast
- Kharkiv Oblast
- Kherson Oblast
- Khmelnytskyi Oblast
- Kiev Oblast
- Kirovohrad Oblast
- Luhansk Oblast
- Lviv Oblast
- Mykolaiv Oblast
- Odessa Oblast
- Poltava Oblast
- Rivne Oblast
- Sumy Oblast
- Ternopil Oblast
- Vinnytsia Oblast
- Volyn Oblast
- Zakarpattia Oblast
- Zaporizhia Oblast
- Zhytomyr Oblast
11. IN WHICH OBLASTS of Ukraine do most of your FAMILY members LIVE today?
   Please select all that apply

- [ ] I do not have any known relatives living in Ukraine today.
- [ ] Cherkasy Oblast
- [ ] Chernihiv Oblast
- [ ] Chernivtsi Oblast
- [ ] Dnipropetrovsk Oblast
- [ ] Donetsk Oblast
- [ ] Ivano-Frankivsk Oblast
- [ ] Kharkiv Oblast
- [ ] Kherson Oblast
- [ ] Khmelnitskyi Oblast
- [ ] Kiev Oblast
- [ ] Kirovohrad Oblast
- [ ] Luhans'k Oblast
- [ ] Lviv Oblast
- [ ] Mykolayiv Oblast
- [ ] Odesa Oblast
- [ ] Poltava Oblast
- [ ] Rivne Oblast
- [ ] Sumy Oblast
- [ ] Ternopil Oblast
- [ ] Vinnytsia Oblast
- [ ] Volyn Oblast
- [ ] Zakarpattia Oblast
- [ ] Zaporizhzhia Oblast
- [ ] Zhytomyr Oblast
- [ ] Crimea
**DIASPORA INVESTMENT INTEREST**

*12. How **ATTRACTIVE** do you find each of the following **INDUSTRY** sectors for investment in Ukraine **TODAY**?

<table>
<thead>
<tr>
<th>Industry</th>
<th>Extremely Unattractive</th>
<th>Neither Attractive Nor Unattractive</th>
<th>Extremely Attractive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/fisheries/livestock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction/infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information and communications technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing and assembly</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanitation/water</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other (please specify)

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**INVESTMENT FUND MODELS**

In this section, we will explore specific issues related to a possible diaspora investment fund – a fund marketed to the Ukrainian diaspora to raise funds that in turn will be lent to some recipient in Ukraine.

*13. Many possible diaspora investment fund models will require the US Agency for International Development to partner with a local bank in Ukraine to disburse diaspora investment funds to recipients in Ukraine. Which bank in Ukraine do you think would be a trustworthy partner?
For each of the banks below, please rate each bank’s DEGREE OF TRUSTWORTHINESS to lend funds to recipients in Ukraine.

If there is a bank in Ukraine - or another financial institution in Ukraine - that you trust that is not listed, please enter it under the “Other: Please Specify” option below.

<table>
<thead>
<tr>
<th>Not Trustworthy At All</th>
<th>Neither Trustworthy Nor Untrustworthy</th>
<th>Extremely Trustworthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citibank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deutsche Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KredoBank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PrivatBank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western NiCE enterprise Fund (WNISEF)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other (please specify)

**INVESTMENT FUND MODELS**

In this section, we will provide a description of THREE (3) POSSIBLE MODELS of a private Ukrainian diaspora investment fund. The models differ in terms of possible financial return/benefit, to whom the fund helps in Ukraine, and how those who receive the funds in Ukraine are chosen and supported.

Please read the description of each model and tell us how attractive you find the model, how likely you would be to invest in this model, and estimate how much you would invest in this model if it were to be available this year and how much you would invest in three years if the fund is successful.
MODEL 1: Ukrainians in the diaspora would be encouraged to invest in an interest bearing note that would be used to make loans to entrepreneurs and small and medium-sized businesses in high-growth sectors in the Ukrainian economy. Loans made from the fund would be partially guaranteed by the US Agency for International Development at 50%. The US Agency for International Development will partner with local private financial institutions in Ukraine, who will decide which entrepreneurs and firms would receive loan funds. Recipient of the loans would be recruited and supported by an international business incubator with a proven track record of assisting growing ventures with mentorship and other services in emerging markets and developing countries.

*14. How ATTRACTIVE is this fund model to you?

*15. How LIKELY are you to INVEST in this model if the fund were made available for investment in 2016?

*16. If this fund were created what is the ESTIMATED AMOUNT you might be willing to invest in this fund in...

2016?

2019? (assuming that the fund invests in Ukraine businesses and can report on demonstrated, transparent outcomes impact in Ukraine?)

Ukrainian Diaspora Investment Survey - English Version

INVESTMENT FUND MODELS – MODEL #1
MODEL 2: Ukrainians in the diaspora would be encouraged to invest in an interest free loan that would in turn be pooled with other loans to make loans to firms and organizations working in social-impact areas, such as education and healthcare, in Ukraine. Loans made from the fund to firms and organizations would be partially guaranteed by the US Agency for International Development at 50%. The US Agency for International Development, will partner with local, private financial institutions in Ukraine, who will decide which firms and organizations would receive loan funds. Recipient of the loans would receive technical assistance from an organization with a proven track record of assisting social enterprises with mentorship and other services.

*18. How ATTRACTIONE is this fund model to you?

*19. How LIKELY are you to INVEST in this model if the fund were made available for investment in 2016?
*20. If this fund were created what is the ESTIMATED AMOUNT you might be willing to invest in this fund in...

2018?

2019? (assuming that the fund invests in Ukraine businesses and can report on demonstrated, transparent outcomes impact in Ukraine?)

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Ukrainian Diaspora Investment Survey - English Version

INVESTMENT FUND MODELS – MODEL #2

*21. How ATTRACTIVE ARE EACH OF THE FEATURES of this model?

<table>
<thead>
<tr>
<th>Feature</th>
<th>Extremely Unattractive</th>
<th>Neither Attractive Nor Unattractive</th>
<th>Extremely Attractive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-free loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans made to firms and organizations working in social-impact areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans made from the fund are partially guaranteed by the US Treasury Department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recipient of loans would receive technical assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MODEL 3: Ukrainians in the diaspora would be encouraged to contribute a tax-deductible donation to a charity in the United States and Canada that would make grants to non-governmental organizations in Ukraine. Those who contribute to the fund will have the opportunity to vote on which individuals advise the fund and make decisions about which organizations receive grants from the fund. Grants would be made to non-governmental
organization in Ukraine with whom the US Agency for International Development has vetted and with whom they already partner.

*22. How ATTRACTIVE is this fund model to you?

*23. How LIKELY are you to INVEST in this model if the fund were made available for investment in 2016?

*24. If this fund were created what is the ESTIMATED AMOUNT you might be willing to invest in this fund in...

2016?

2019? (assuming that the fund invests in Ukraine businesses and can report on demonstrated, transparent outcomes impact in Ukraine?)

*25. How ATTRACTIVE ARE EACH OF THE FEATURES of this model?
We just have a couple of questions left -- for classification purposes only. Please hang in there! We are almost done!

*26. What is your GENDER?
   - Female
   - Male

*27. In what YEAR were you BORN? (enter 4-digit birth year; for example, 1976)

*28. In what COUNTRY were you BORN?
*29. **(If you were born in Ukraine) In what year did you ARRIVE in your COUNTRY OF RESIDENCE?** (enter 4-digit birth year; for example, 1976)

*30. **In what ZIP CODE/POSTAL CODE is your home located?**

*31. **Which of the following (if any) of your RELATIVES WERE BORN IN UKRAINE?**
Please check all that apply

- [ ] One or both of your parents
- [ ] One or more of your grandparents
- [ ] One or more of your great-grandparents
- [ ] None of my parents, grandparents, or great-grandparents were born in Ukraine

**Ukrainian Diaspora Investment Survey- English Version**

**DEMOGRAPHICS**

*32. **Which of the following best describes your current OCCUPATION?**

*33. **What is your highest level of completed EDUCATION?**

*34. **What is your approximate total ANNUAL FAMILY INCOME from all sources?**

*35. **What is your NET INVESTABLE WEALTH?** (investable wealth includes liquid assets such as cash, stocks, bonds, insurance and excludes property)
Thank you SO VERY MUCH for taking the time to complete this survey. Your opinion matters and your voice will be heard!