

# Diaspora investment in Malian small-to-medium enterprises



Proposed investment models adapted for the Malian diaspora

Implementation



Financing Facility for Remittances

With the support of:



# DIASPORA INVESTMENT IN MALI

There are 4 million members of the Malian diaspora worldwide, 250,000 of whom reside in Europe, with more than half of them in France. **The diaspora is acknowledged as one of the pillars of development in Mali.** In 2021, the diaspora transferred US\$4 million, 5 per cent of Mali's gross domestic product (GDP).<sup>1</sup> In addition to remittances to relatives to primarily cover regular consumption, members of the Malian diaspora have historically engaged in social development through their organizations.

However, there is a new generation and new practices at work and **the diaspora has turned more towards investment in business**, including investment by individuals. **The goal is both lasting societal impact and financial return.**

Recent research conducted by the International Fund for Agricultural Development (IFAD) has shown that the majority of associations and households wish to invest in businesses within the agricultural sector (which represent 40 per cent of the country's GDP), and, specifically, in businesses belonging to members of the diaspora and their relatives.

However, today, this desire to invest **conflicts with the lack of dependable solutions** for channeling investment to business.

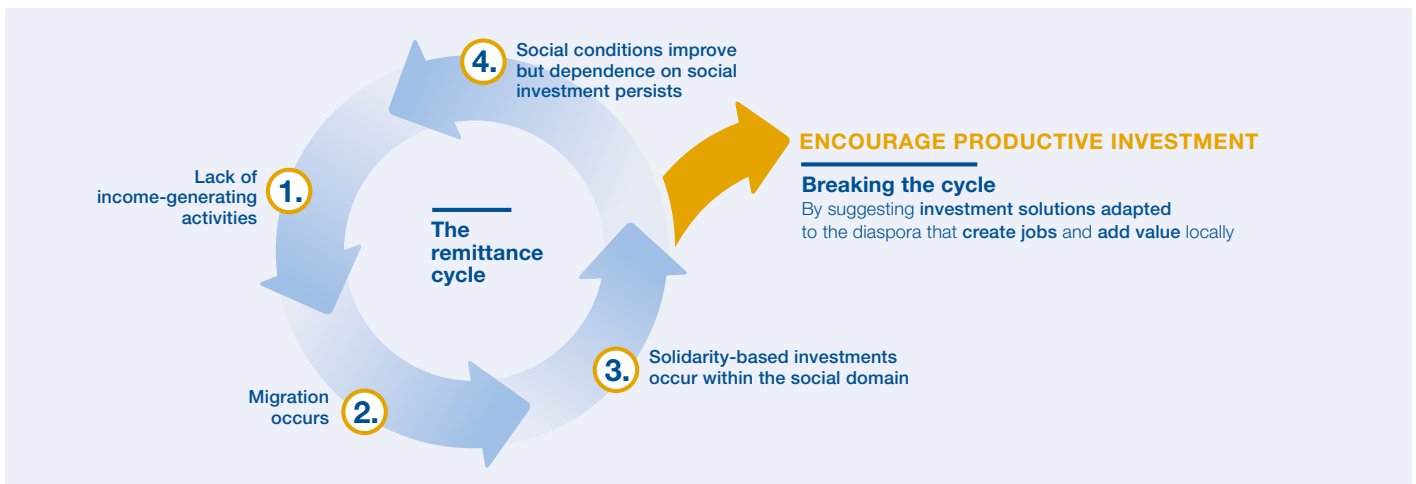
The goal of the Diaspora Investment in Sustainable Rural Youth Entrepreneurship in Mali programme is to support these developments by **proposing professional investment solutions adapted to this group's needs.**

## IFAD PARTNERHSHIP WITH THE MALIAN DIASPORA

Since 2006, through its **Financing Facility for Remittances (FFR)**, IFAD has been involved in the study and support of diaspora remittances and investments; these are powerful **tools for change in the country of origin as well as for the diasporas.** FFR activities have allowed IFAD to characterize the conditions under which the diasporas handle their investments, understand their needs and define models that can meet their expectations.

In this regard, IFAD has developed a **theory of change adapted to a typology of viable models.**

### The theory of change to optimize diaspora resources towards Mali



### Propose adapted investment options

Through its initiatives, IFAD has identified several investment options adapted to various segments of the diaspora in relation to their capacity and profile but also with regards to the impact generated.

Investment options	Crowdfunding platform			Bonds and products			Shares in high impact financial funds			
<b>Relevant segments of the diaspora</b>										
Savings capacity										
Level of financial education										
Risk profile										
Portion of interested diaspora										
<b>Impact</b>	– Social projects – Micro-entrepreneurs – Small-to-medium enterprises (SMEs)			Public infrastructure			SME impact			

<sup>1</sup> World Bank, KNOMAD 2021, <https://www.knomad.org/data/remittances>.

# PROGRAMME AND INTERVENTION STRATEGY IN MALI

## OBJECTIVE

Mobilize Malian migrant investment to encourage economic development entrepreneurship and employment in Mali, to encourage the economic inclusion of young Malians and offer them an alternative to migration, particularly in rural areas

## TIMEFRAME

2019–2024

## LOCATION

The programme is focused in areas where there is high migration within Mali, and the corresponding corridors in France, Spain and Italy

## PARTNERS

Public and private entities, civil society organizations and diaspora organizations

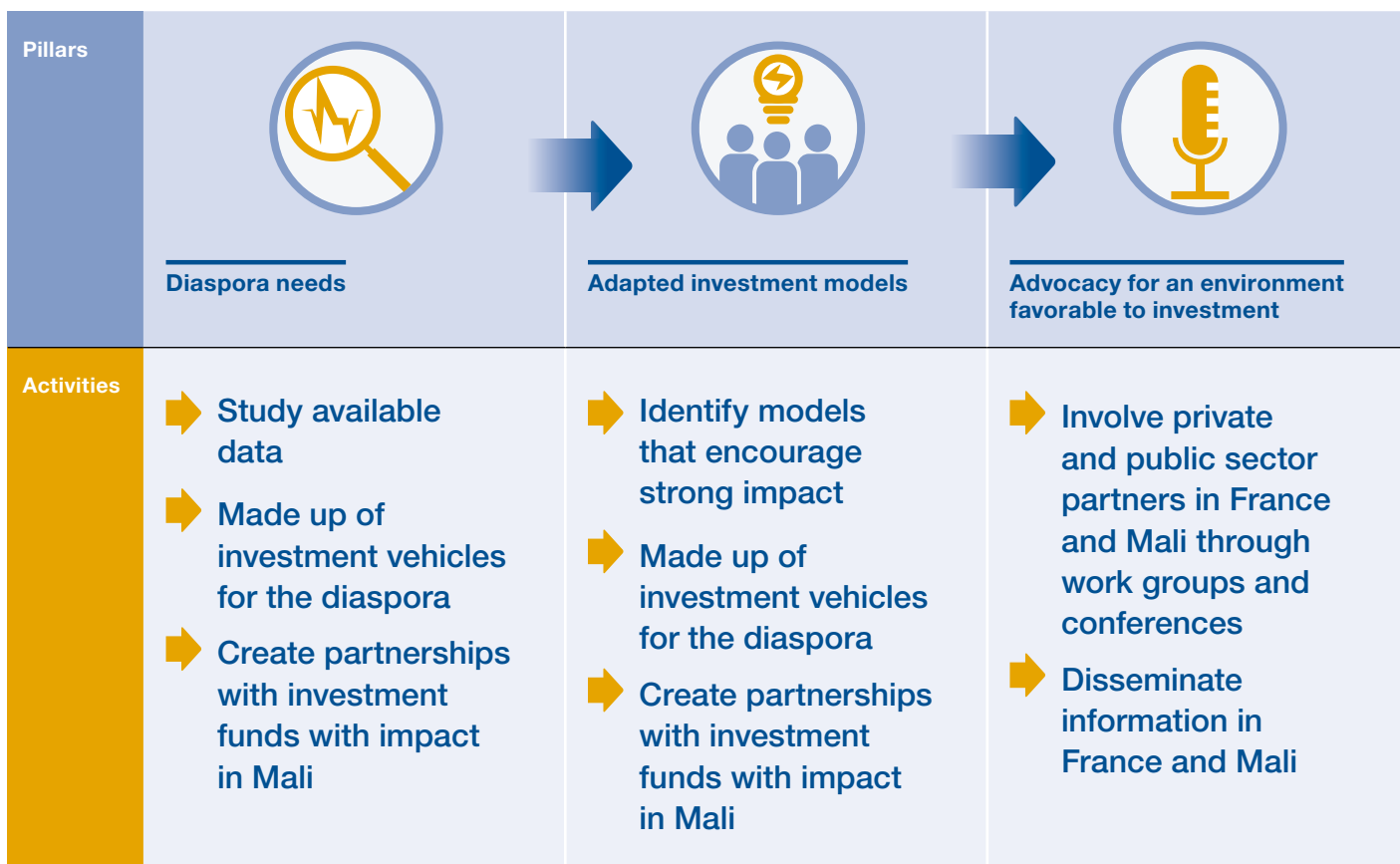
## BENEFICIARIES

Young rural Malian entrepreneurs, the Malian diaspora based in Europe who wish to contribute to the development of their country

## FUNDING

EUR 1 million by the programme European Union Trust Fund (EUTF) from the European Union

To reach its objectives, IFAD's initiative rests on three key pillars and their respective activities



# 1. THE NEEDS OF THE MALIAN DIASPORA

## STUDY DIASPORA INVESTMENT PREFERENCES

IFAD conducted research on 90 organizations and 210 households based in France, Spain and Italy to understand their investment preferences.

This study has shown the Malian diaspora's interest in the economic development of its country of origin through support of business

development, specifically in rural areas.

**The Malian diaspora's global investment potential is valued at close to EUR 9 million annually but the diaspora still faces a lack of dedicated products and a lack of financial information.**



## KEY STUDY FINDINGS

Associations	Households
<b>Savings available for projects in Mali</b>	
<b>50%</b> of organizations able to raise more than EUR 10,000 for a project	<b>63%</b> state they are able to invest EUR 10,000

<b>A notable desire to invest and participate in entrepreneurial activities</b>	
<b>95%</b> of organizations state they are interested in investing in businesses (directly within the framework of projects or via a financial intermediary)	<b>61%</b> state they have funded or wish to fund entrepreneurial projects or Mali businesses

<b>Low investment participation</b>	
<b>17%</b> have directly invested in a business using capital or a loan	<b>20%</b> have invested in businesses

<b>The production and processing of agricultural products the most common investment</b>	
<b>83%</b> invest in agricultural production	<b>64%</b> invest in agricultural subsidiary businesses
<b>50%</b> invest in agricultural processing	<b>38%</b> invest in agricultural processing

## STUDY AUTHORS



**ADEPT** is a pan-European network of more than 200 organizations and individuals of the African diaspora based in Brussels.



**R.M.D.A.** is professional firm that specializes in migration and sustainable economic and social development in Africa.



**FEASO** is a network of more than 250 associations within the Malian diaspora in France.

## 2. PROPOSE ADAPTED INVESTMENT MODELS

The programme has enabled IFAD to launch pilot projects in partnership with two high-impact investment companies: **Investisseurs et Partenaires (I&P)** and **FADEV**.

**These companies make capital investments in Mali.** They hold minority capital stakes in companies with the potential for social and/or environmental impact. They invest in them and help them grow.

This funding method offers several advantages to the companies being funded:

- It offers an alternative to bank loans which are costly and difficult to obtain;
- It is patient capital (in general, seven years), adapted for innovative projects;
- It does not require collateral; and
- It is supplemented by local strategic and operational support.

### CIWARA: THE SOLUTION FOR THE DIASPORA SUPPORTED BY I&P

#### I&P

Created in 2002, I&P is a pioneer impact investment group in Africa that is based in France and located in 10 African countries. I&P has raised more than EUR 210 million and supported more than 170 African businesses.

With these local funds, the group finances and supports SMEs and start-ups who have high-growth potential and need between EUR 30,000 and EUR 300,000, and, **on average, EUR 100,000.**

#### Investment models

Since 2019, I&P has worked on launching the investment fund Zira Capital in Mali, targeting investment in SMEs and start-ups. I&P's goal was to mobilize the diaspora to capitalize these funds and enable the creation of Ciwara Capital. This company invests in Malian SMEs by owning a portion of their capital and by offering them loans, either through the intermediary of Zira Capital or directly. For this pilot project, Ciwara Capital will raise EUR 200,000 to fund at least two Malian SMEs that will create 50 stable jobs.



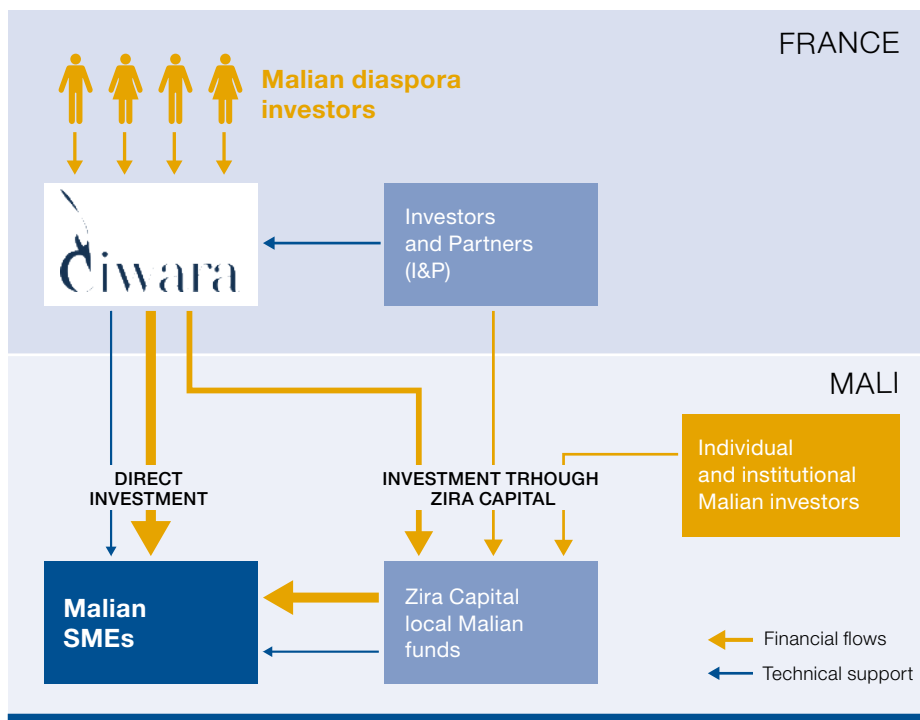
©IFAD/Ciwara Capital

#### Ciwara Capital founders

Alima Keita, Moussa Bagayoko, Moussa Sidibé and Aboubacar Cissoko are finance management and company executives who have 15 to 20 years of professional experience.

Actors for change, they have chosen to put their capital and knowledge together in service of developing SMEs in their country of origin by creating Ciwara Capital.

Supported by I&P in structuring this vehicle, they are moving quickly.





# YIRIMALI: THE SOLUTION PROMOTED BY FADEV

## FADEV

FADEV is a **cooperative investment company**; its headquarters is located in Montreuil, France.

For more than 10 years, the company has made **solidarity investments**: it invests and supports the growth of very small business enterprises (VSEs) with impact in West and Central Africa.

Since it was founded, the company has raised and invested EUR 1.5 million in 27 African companies.

It targets VSEs and certain SMEs in the meso finance segment with amounts between EUR 15,000 and EUR 125,000. FADEV is active

in Cameroon, Côte d'Ivoire, Mali and Senegal. **Mali, however, receives the most significant investment of these countries**; in Mali, FADEV supports six companies.

## Investment models

For this pilot project, FADEV will support six groups of diaspora investors to invest securely and professionally a total of up to EUR 120,000. **Each group will be supported when investing in a company owned by relatives or an SVE in Mali's agro-food industry**, to create or stabilize 50 direct jobs, 50 per cent of which are held by women. These groups' first investments will be guaranteed.



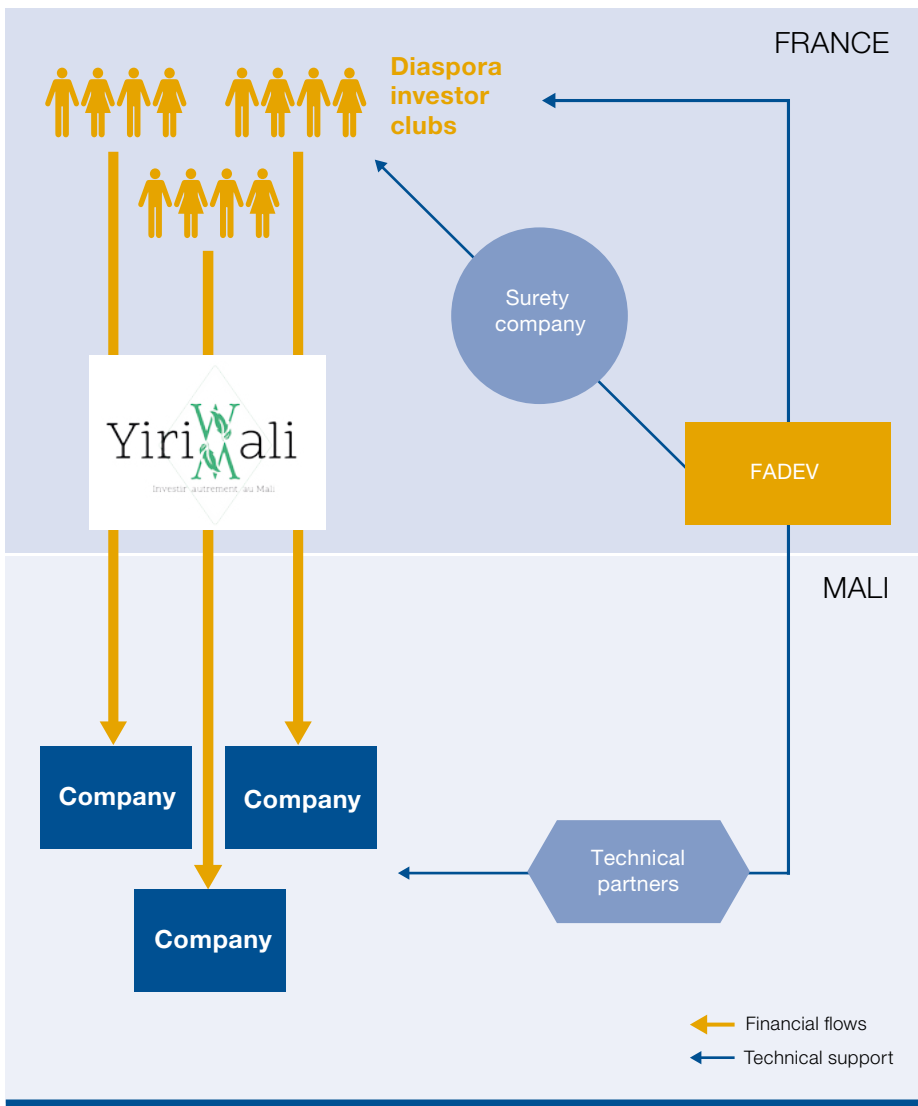
© FADEV, 2022



## Maya: a company supported by FADEV in Mali

Seynabou Dieng Traoré is the founder of Maya, an agro-food company that produces sauces and culinary aids using products from Malian agriculture. With a degree in economics and a master's degree from a French university awarded in 2015, she decided to return to Mali and create Maya Sarl.

After the company had been in business for three years, had seven employees and 15 products on the Malian market, she contacted FADEV for financing to grow the company's production capacity, for more environmentally friendly packaging, and to increase the business's presence in the sub-region. Work in progress.



# 3. ADVOCATE FOR AN ENVIRONMENT FAVORABLE TO INVESTMENT

Diaspora investment in companies is a recent theme for those involved in development aid.

IFAD and its partners are working to **make institutional actors (donors, decision-makers) aware of the characteristics and potential of these investments for development** in Mali. They are hoping to convince them to take concrete action to support these investments.

They also act to **make the diaspora aware of the investment options** that exist and the conditions needed to access them.

They participate in a **multi-actor dialog** related to the theme.

Their actions address:

- **Sharing data** (studies, recommendations, lessons learned) with public authorities, agencies and actors from the private sector working in the field;
- Providing **information about productive investment and financial education** to members of the diaspora; and
- Organizing and participating in **events** to discuss this theme with members of the diaspora.

## FRANCE

Participating in CEFOM discussions in the Senate in 2022. CEFOM is an association of French elected officials of Malian origin who are committed to contributing to socio-economic development, cultural promotion and peace between their two countries, Mali and France.



Participating in post-diaspora and economic development activities, organized within the programme for mobilizing diaspora knowledge on employment, in Paris, in 2022.



## MALI

Participating in the programme's pilot committee with the European Union, AFD and the Technical Cell for co-development at the Ministry of Malians Abroad and African Integration in 2021 in Bamako.



Co-organizing the annual networking expat event at the Ambassador's Union that brought institutions, the private sector and civil society together around the challenges related to technical and financial support for Malian SMEs, in 2021, in Bamako.



The photos above were taken during one of the various events organized by the Malian diaspora and its partners, between 2021 and 2022. @IFAD

### International Fund for Agricultural Development (IFAD)

IFAD has invested in rural people for 40 years, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, IFAD has provided US\$20.2 billion in grants and low-interest loans to projects that have reached about 476 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

### Financing Facility for Remittances (FFR)

IFAD's multi-donor Financing Facility for Remittances (FFR) aims at maximizing the impact of remittances on development and promote diaspora engagement in their countries of origin. Through advocacy, innovative projects and partnerships, initiatives promoted by the FFR have contributed to a raised awareness on the link between remittances and development, and its transformative impact in rural areas. The FFR is supported by the European Commission, the Government of Luxembourg and the Ministry of Foreign Affairs and Cooperation of Spain. The Facility's portfolio includes 60 projects in more than 40 countries across the developing world.

For more information, visit:

[www.ifad.org/remittances](http://www.ifad.org/remittances)

[www.RemittancesGateway.org](http://www.RemittancesGateway.org)



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