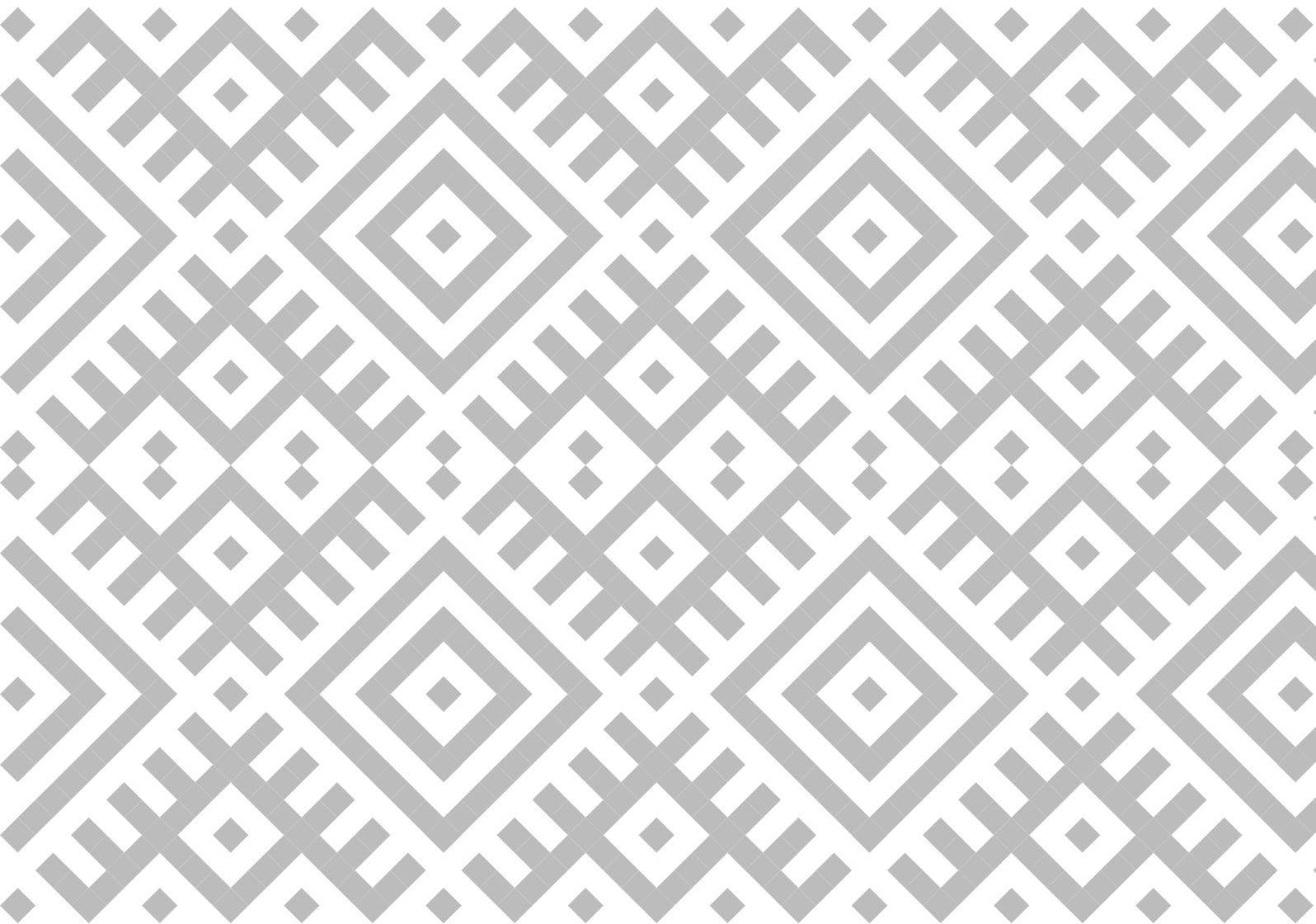


# TOOLKIT

FOR  
UNDERSTANDING  
DIASPORA  
INVESTMENT  
IN AFRICA

DEVELOPING A ROADMAP, EVALUATION & PRACTICAL EXAMPLES



# CH6

## FORMING RECOMMENDATIONS, PRIORITIES AND A ROADMAP

Once the data has been input into the framework a series of summaries is produced. Of particular importance are the tabs marked '**SNAPSHOT**', '**DIRI**', '**DIR\_IC**' and '**GOV SUPPORT TOOL**'. The worksheets form the main basis for the recommended actions.

Once the information is ready a meeting of all key stakeholders, especially those in government departments, should be called. The purpose will be to review the results and develop a plan (or roadmap) to move ahead.

The actions that need to be taken as a result of the DIRI work will very much depend on the outcomes. However, the following are some of the things that should occur:

- The coordinator/external consultant who has led the project should present the feedback, summary and recommendations from the template.
- The meeting should include a detailed discussion and feedback on the outputs.
- Part of the purpose is to consult with all stakeholders and then obtain buy-in, hopefully, to the results but as a minimum to the next steps that need to be taken.

- Part of the discussion should focus on the assumptions and thresholds that have been used in the model. It may be, under certain circumstances, that there is a strong case to recalibrate the model in order to reflect a different reality.

- If the scores for financial robustness, financial track record, financial attractiveness, diaspora investment ability or diaspora investment willingness scores are below the threshold (nominally 2.5) then it is recommended that actions are taken to address these as a matter of priority as they are all focused in the area of the economic or financial market environment. By implication, if these are not addressed in short order then there is limited likelihood that successful diaspora investment can take place. The sheet '**GOV SUPPORT TOOL**' suggests a number of initiatives that could be undertaken to address the overall environment.

- Support to address these environmental areas can be provided by donors, third party experts and potentially from sharing best practice with other countries.

- The meeting or process should identify a series of actions that need to be prioritised, based on the requirements of the country and the point that it is at in the process.
- A budget will need to be established to implement the actions. The source of the funds, whether from the government's own resources or from donors, will at least need to be discussed.
- Responsibilities for implementing the actions need to be assigned. It is most likely that the government will look to establish a working group to steer the recommendations through the process.
- The action plan should also include plenty of opportunities for review and revision as circumstances change.

 **ACTIVITY 6.1: Produce diaspora investment roadmap**

Following the meeting a detailed roadmap should be produced with a description of key actions, deliverables, measures of success, individual responsibilities, funding sources and an overall timeline.

It is vital that the key stakeholders attend the meeting, are part of the overall discussion and buy in to the approach that is taken.

# CH7

## MONITORING, EVALUATION AND REVIEW

Periodic monitoring and evaluation of the Toolkit is essential to ensure that it remains a robust tool for assessing the viability of diaspora investment and the best approach for attracting it. Effective monitoring and evaluation will provide information on emerging issues, improve performance and ensure accountability.

The steering committee of identified stakeholders formed at the beginning of the assessment process should own the monitoring and evaluation to maintain credibility and independence.

### **ACTIVITY 7.1: Monitoring (ongoing)**

Deliverables and outcomes of the assessment process will have been clearly defined in the terms of reference, drafted at the start of the process, and will form the basis of continuous monitoring activities. As a minimum, monitoring activities should take place at the end of each stage of the assessment, but is recommended on a monthly basis if the assessment has been allocated a duration of at least six months. If less, monitoring activities should be more frequent.

Key questions to be asked during monitoring phases:

- Are the deliverables on track to be produced as planned?
- What are the issues, risks, assumptions and dependencies impacting now or in the future that need to be taken into account?
- What decisions need to be made concerning changes to deliverables in subsequent stages?
- Are the deliverables still relevant for the achievement of stated outcomes?
- Are the outcomes still relevant and effective for achieving the overall goal?
- What are we learning?

Monitoring activities will continue once a detailed roadmap has been produced against deliverables and outcomes produced.

### **ACTIVITY 7.2: Evaluation**

Chapter 2 outlines that outputs from the Diaspora Investment Assessment Template and subsequent analysis will only be as good as the quality of the data inputted. This highlights the imperative need for regular evaluation of the Toolkit as a whole to validate its relevance, effectiveness, efficiency and impact. An annual evaluation is recommended.

Examples of evaluation questions to be asked at each Pillar:

#### **PILLAR I:**

##### **Diaspora Engagement**

- Are there any new examples of diaspora investment-related initiatives implemented?
- Are there any new diaspora-related institutions to engage with?
- Is the right audience being reached?
- Do you have the right mix of activities?

#### **PILLAR II:**

##### **Financial Profile and Investment Climate**

- Are there any changes to data inputs of indicators?
- Have any new indicators been identified?
- Has there been any change to government investment priorities?
- Have there been any new investment policies, institutions or programmes?

#### **PILLAR III:**

##### **Diaspora Profile**

- Has your diaspora been re-surveyed?
- Are there any new examples of your diaspora being surveyed by other institutions?

#### **PILLAR IV:**

##### **Donor Interest**

- Are there any new donors operating in your country or region?
- Are there any new donors supporting diaspora investment in your country or region?

# CH8

## PRACTICAL EXAMPLES OF TOOLKIT IMPLEMENTATION IN THREE COUNTRIES

This chapter provides illustrative examples of the Diaspora Investment Toolkit being used and the final outputs. These country case studies demonstrate how information collected in the data collection phase (as outlined in Chapter 2) is tied together and used in collaboration with the Diaspora Investment Assessment Template in Chapter 3 to complete the assessment and form recommendations.

The case study examples are:

- Ghana
- Nigeria
- Senegal



### GHANA SNAPSHOT

MARKET POTENTIAL			
Indicator	Data	Market potential thresholds	Threshold met?
Country GDP (USD millions)	47,330	25,000	✓
Bilateral formal remittance estimate (USD millions)	2,190	1,000	✓
Total diaspora population (formal estimates)	417,642		
Diaspora concentration (% in top 3 countries)	56%	50%	✓
Diaspora size in top 3 countries	235,309	250,000	✗

### GHANA'S SNAPSHOT PROFILE

- Mid-sized African country with a sizeable formal diaspora of nearly half a million (estimated up to 4 million) people sending over USD2 billion per annum in formal remittances (~USD5,000 p.a. per diaspora member).
- Fairly concentrated diaspora population with 56% in top 3 countries (26% Nigeria, 20% USA, 10% UK) – nearly 250,000 people in top 3 countries. Good for targeted marketing.
- Government experience in issuing Eurobonds (latest USD2 billion in 2018 with 7.6% on 10 years) and bond targeted at the diaspora (Jubilee Bond).
- Ghana Jubilee Savings Bond (2007/2008) – USD50 million (target). The bond was designed to raise long-term capital for development and promote the savings culture among Ghanaians. Its objective was to raise money for infrastructural development projects in all 10 regions of the country, raise awareness of the importance of saving, and diversify financial instruments on the market.
  - Only raised USD20 million – awareness was low.
- Specific diaspora engagement strategy with high-level endorsement.
- Diaspora targeted and outlined in the Ghana Investment Promotion Centre (GIPC) policies.



## PILLAR I: DIASPORA POLICIES

### DIASPORA ENGAGEMENT POLICY

#### Diaspora institutions

- Diaspora Affairs Office (DAO), Office of the President.
- Centralised & executing the president's vision for diaspora engagement (high level of legitimacy).
- Team of 4 people with limited capacity.

#### Diaspora policy/engagement

- Technical assistance from the IOM in creating a diaspora engagement strategy.
- Strategy awaiting ratification by parliament.
- Strategy implementation with the DAO is pending.
- DAO active in coordinating conferences ('Homecoming conference'), a magazine and utilising celebrities and youth ambassadors.

### GHANA INVESTMENT POLICY

- Ghana Investment Promotion Council (GIPC) Direct Investment Act 2013.
- Provides the legal framework for attracting FDI into Ghana.
- Encouragingly offers specific concessions for the diaspora.
- Broad definition of the term 'diaspora' (including children of Ghanaians, previously Ghanaian (old passports)).
- Businesses registered with the GIPC get free repatriation of funds on principle and returns.
- Import duty exemptions.
- Waivers on equity requirements for FDI.

### RECOMMENDATIONS

1. Ratify the diaspora engagement strategy in parliament – use as a blueprint for developing a roadmap and clear direction for the DAO.
2. Publicise the ratification of the diaspora engagement strategy and the DAO and draw attention to specific flagship initiatives, e.g. voting rights and facilitating diaspora investment.
3. Implement working group for cross-ministerial coordination – especially between the GIPC and DAO.
4. Make it easier for Ghanaian diaspora to open bank accounts in Ghana – recognise that bank accounts in Ghana are a prerequisite to many investment channels. Consider broad classification of term 'diaspora' for accounts.
5. Work with DAO to assess feasibility of individuals from the diaspora being able to register directly with the GIPC – particularly relevant for allowing diaspora to repatriate principle and profits from portfolio investments (in treasury bills, bonds and the stock market).
6. Marketing 'One District, One Factory' to the diaspora.

### FLAGSHIP INVESTMENT PROJECT

- One District, One Factory.
- Private-led industrialisation initiative, backed by the President of Ghana, to create at least one in each of Ghana's 275 districts.
- Projects are provided technical assistance and support with:
  - Business plans
  - Bank loan applications
  - Land/premises acquisitions.
- The diaspora has the opportunity to lead projects or invest in them.



## PILLAR II: FINANCIAL PROFILE

### FINANCIAL PROFILE

- Government experience in issuing Eurobonds (latest USD2 billion in 2018 with 7.6% on 10 years) and bond targeted at the diaspora (Jubilee Bond).
- Seventh highest government debt/GDP in Africa at >70% of GDP; with the exception of South Africa, Ghana has leaned on international markets the most heavily. In 2015 IMF provided an emergency assistance fund to cover repayments.
- B country risk rating – non-investment grade; highly speculative.
- Restricted currency – GIPC registration provides repatriation concessions.
- Ghana has a stock market to raise capital into local companies.
- However, Ghana’s financial sector is currently viewed as unstable, with:
  - High level of bad debt and non-performing loans.
  - Liquidation of MFIs due to increase in capital requirements and consolidation of banks through merges and acquisitions.
  - No deposit protection insurance in Ghana.
  - Low confidence in domestic banks.

### DEBT AND CURRENCY RESTRICTIONS

Government debt level, % GDP	71
Government default on bonds / overstretched	Yes
Inflation	10%
Restricted currencies	Yes

### FINANCIAL INFRASTRUCTURE

Bonds	Domestic	76
	Eurobonds	4
Stock market		Yes
Public pension scheme		Yes

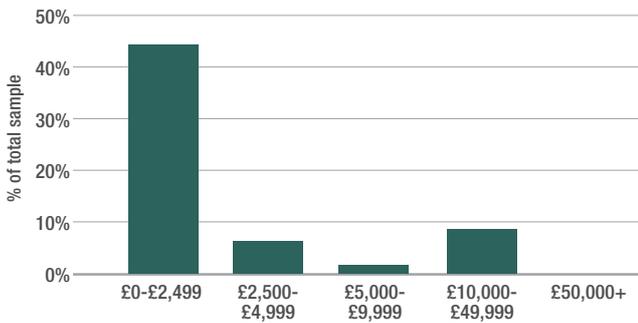
### FOREIGN EXCHANGE CONSIDERATIONS

Diaspora appetite for local currency score	● 4.0
Foreign exchange risk score	● 2.0

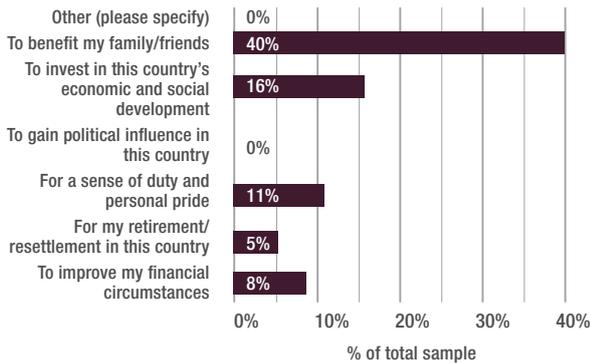


### PILLAR III: DIASPORA PROFILE

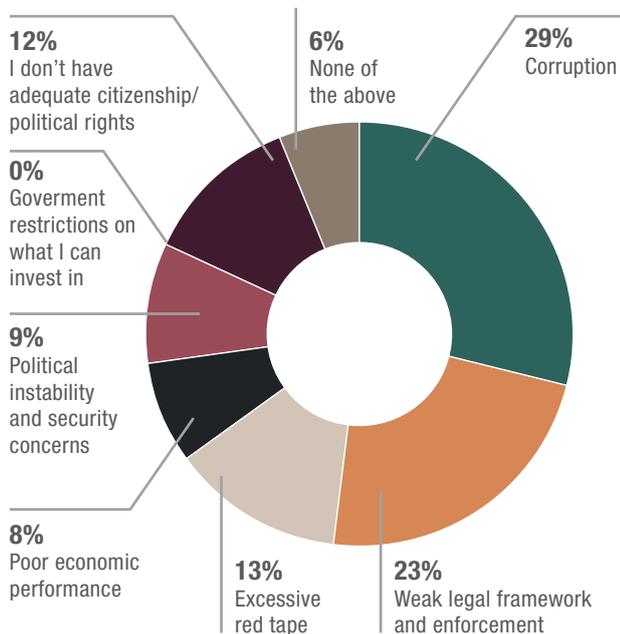
How much money in total did you send to Ghana in the last year?



Why do you send money to Ghana?



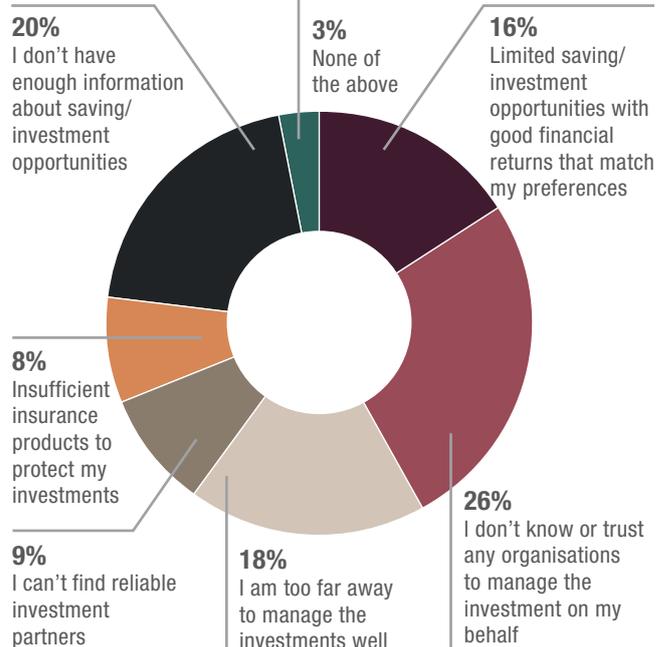
What governance issues prevent you from saving and investing (more) in Ghana?



#### GHANAIAN DIASPORA PROFILE

- Ghanaian diaspora investment potential, including migrants and first generation diaspora estimated to be USD296 million.
- However, survey and focus group discussion (FGD) results suggest that there is low trust in financial institutions and low trust in government for managing diaspora investment.
- Rates have to be very high to attract diaspora to invest in government – diaspora were investing in T-bills when the ROI >20% – but now the rates are too low to be attractive.
- No one surveyed or interviewed in the FGDs had heard of the previously issued Jubilee Bond.
- Literacy levels for more advanced portfolio investments are low (e.g stock market).
- Strong appetite to invest – good awareness of risks and need comfort in currency, transparency and implementation.
- Technologically savvy.

What other factors prevent you from saving and investing (more) in Ghana?





## DIRI – GHANA

The DIRI provides African governments with a country score for their diaspora’s ‘readiness to invest’ in a government-issued investment products marketed specifically to the diaspora. The DIRI is comprised of two pillars; the investment opportunity’s financial profile and the diaspora profile and a total of five sub-indexes.

The DIRI’s sub-indexes enable the government to take a systematic approach to assessing their areas of strength and weakness in relation to diaspora investment. The DIRI is comparable across countries and over time for benchmarking.

### DIRI GHANA RESULTS

DIRI indicates that Ghana’s strength in attracting diaspora investment lies in their:

- (1) Track record in terms of having experience in issuing bonds, Eurobonds and bonds aimed at the diaspora.
- (2) Their diaspora’s willingness and appetite to invest based on the government’s engagement strategy and goodwill in the country. However, trust and confidence in the government to manage products is currently low.
- (3) Currency restrictions exist in Ghana, however they are mitigated by the GIPC regulatory framework for foreign investors. The foreign exchange risks of investing in the Cedi are high, but they are mitigated as the majority of people are not overly concerned as they intend to re-invest funds and have financial obligations or retirement plans in Ghana.

DIRI suggests that the main weaknesses for attracting diaspora investment into Ghana stem from:

- (1) The financial robustness – mainly stemming from the competitiveness of the landscape, the country risk rating and the financial sector.
- (2) Trust in the government indicator is low.
- (3) Diaspora investment ability – relatively low-level financial inclusion in terms of portfolio investments – education needed / not that many people have bank accounts / half people low amount.
- (4) Financial attractiveness – the current rates do not match the rates wanted from the diaspora, lending rates are very high, inflation in double digits. Bond rates are low especially in relation to inflation and the FX score.

Diaspora investment readiness sub-indexes	Score (5 = high and 1 = low)
<b>PILLAR I: FINANCIAL PROFILE</b>	
Financial robustness score	● 1.6
Financial track record score	● 3.0
Financial attractiveness score	● 2.2
<b>PILLAR II: DIASPORA PROFILE</b>	
Diaspora investment ability score	● 2.4
Diaspora investment willingness score	● 2.8
<b>Ghana:</b> Diaspora investment readiness score	<b>11.9 / 25</b>

**Rule of thumb:** If a score is below 2.5 then it is considered ‘low’ and should be flagged as concerning and requiring further attention.



## POTENTIAL INVESTMENT CHANNELS

The DIR\_IC matrix provides African governments and development finance institutions (DFIs) with an overview of the main investment channels available for raising diaspora finance with the relative importance of each sub-index for the investment vehicle and the associated DIRI sub-index scores. The DIR\_IC matrix includes both public and private mechanisms for attracting diaspora capital. A number of

the investment channels for attracting diaspora finance are set up and managed by the private sector (these may be especially attractive where trust in the government is low). Whilst these are private initiatives there may be opportunities for the government to support them through PPPs or because they satisfy government objectives.

	Government investment vehicles					Stock exchange		Crowd funding	Retail products		Investment funds		
	Overall	Diaspora government T-bills (Lccy)	Diaspora government bonds (Lccy)	Diaspora government bonds (Fccy)	Diaspora public pension schemes	Stocks	Corporate bonds		Bank savings	Loans/mortgages	Managed funds (retail - incl. mutual funds, pension funds etc.)	Managed funds (HNI/private - incl. PE/hedge fund /Impln/ etc.)	Property investment - equity schemes
<b>FILTER</b>													
Market potential (at least 3 out of the 4 indicators meet their thresholds)		✓	✓	✓	✓								
Previous bonds (domestic / international / Eurobond)		✓	✓	✓									
Stock market						✓	✓						
Pension fund													
<b>PILLAR I: Financial Profile</b>													
Financial robustness score	●	●	●	●	●	●	●	●	●	●	●	●	●
Financial track record score	●	●	●	●	●	●	●	●	●	●	●	●	●
Financial attractiveness score	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>PILLAR II: Diaspora Profile</b>													
Diaspora Investment ability score	●	●	●	●	●	●	●	●	●	●	●	●	●
Diaspora investment willingness score	●	●	●	●	●	●	●	●	●	●	●	●	●

- An important sub-index when considering this investment channel for raising diaspora investment.
- A sub-index of medium importance when considering this investment vehicle for diaspora investment.
- A sub-index of relatively low importance when considering this particular investment vehicle for diaspora investment.

- The wealth of Ghana, its diaspora size and the concentration of the diaspora means it has the capacity to consider all types of diaspora investment vehicles.
- Ghana's stock market and/or public pension scheme should also be

- considered as key tools for attracting diaspora finance.
- The matrix suggests that privately managed investment funds and crowd-funding sites should be of particular interest for Ghana given the lack of trust in the government to

- manage funds.
- Ghana's relatively weak financial robustness will affect the diaspora's readiness to invest in Ghana across all channels and as such efforts could be taken to address and substitute for this.



## DIASPORA INVESTMENT SUPPORT

The decision map below is to assist a government or DFI to understand what tools are available to them when they are displaying weaknesses in a DIRI sub-index that affects their readiness for diaspora investment through certain channels. These follow through to the recommendations.

	Score	Threshold met?	What can the government do to substitute for weaknesses in a sub-index?
<b>Financial Profile</b>			
Financial robustness score	1.6	●	(1) Guarantees (2) Partnership with an entity with a higher rating (3) Partnership with banks
Financial track record score	3.0	●	n/a
Financial attractiveness score	2.2	●	(1) Social impact (2) Blended funding (3) FX hedging (4) Financial restructuring
<b>Diaspora Profile</b>			
Diaspora investment ability score	2.4	●	(1) Matching fund (2) Investment in diaspora
Diaspora investment willingness score	2.8	●	n/a

### DONOR SUPPORT

#### DFID

- Supporting GMTI industrialisation focus.
- Replace foreign imports with domestic products + export-led economy.
- USD20 million fund for development, sectors included are agribusiness, education, entertainment, facilities management, infrastructure, real estate and waste management.

#### GIZ

- Direct investment support through Businesses Ideas for Development.
- TA for business start-ups by Ghanaian returnees + diaspora in Germany.
- Set up matched funding platform for Ghanaian entrepreneurs.

#### IOM

- Providing support through work on remittances, migration and diaspora engagement.



## FINDINGS AND SAMPLE OF RECOMMENDATIONS

Overall, Ghana has fairly strong ‘Diaspora Investment Readiness’ indicators, where appetite is strong and the government has been investing in engaging with their diaspora and putting in place institutions and policies to improve relations further in the future.

Ghana has a large diaspora with a strong appetite to invest back home that should be taken advantage of.

Investments have to be commercially attractive as the diaspora are very aware of the risks in terms of currency (exchange rate risks), inflation and a relatively low score in the financial sector robustness (credit rating score, high debt levels and weak banking sector), poor transparency and weak implementers.

Low levels of trust in the government suggest that privately managed investment products will be most suitable.

### REC 1: MAPPING AND SAMPLING

- Government to continue to map the private funds (venture capital / infrastructure / private equity) and other investment initiatives (e.g. One District, One Factory) in-country that could be opened and communicated to the diaspora. Key role for government to communicate opportunities and ‘educate’ the diaspora about portfolio investment in their home country.
- For Ghanaian diaspora to access financial products in Ghana is it necessary for them to have access to a local bank account that can be managed from overseas. Consider what can be done to improve access to non-passport holders (e.g. old passport holders).
- Survey the diaspora using a large sample (n>500) using robust sampling methodology to ensure sample representative of the population.

### REC 2: DIASPORA FOR PENSIONS

- The government should consider marketing its National Social Security Pension Scheme (SSNIT) to the diaspora. Currently Tier 2 & 3 are privately managed and in principal are open to the diaspora through the ‘informal class’ of voluntary contributions.
- Government may wish to incentivise its diaspora to invest in the pension scheme (through tax or matched funding schemes) and could take the financial responsibility of making the diaspora aware of their eligibility.
- Opening up the domestic pension scheme to diaspora may be particularly relevant for the Ghanaians residing in other African countries (south-south diaspora investment), where local social security systems are not so well developed and migration is informal.

### REC 3: GIPC CONCESSIONS FOR DIASPORA

- Foreign businesses registered with the GIPC are eligible for incentives and concessions especially around repatriation of funds. The government should assess the feasibility of allowing individual diaspora members wanting to invest in Ghana (for example in the local stock exchange) to afford the same benefits.

### REC 4: GOVERNMENT PRIVATELY MANAGED FUND (PPP)

- Government should mobilise diaspora finance through a privately managed fund with a focus on transparency and clarity on what funds are used for.
- A private fund manager with good credentials and a strong project pipeline – determined by fund manager.
- Require the investment fund to be regulated on the SEC/FCA – so that it can be pensionable to USA/UK investors.
- Fund should be project focused / pre-determined return – commercial return / clear time horizon for return / offer electronic subscription.
- Investing in Cedis doesn’t seem to be a problem as there seems to be significant appetite to keep funds in Ghana.
- Ministry of Finance should be driver – they will gain cabinet/parliament approval.
- It would be an advantage if the fund focuses on something CSR related (social impact) – agriculture, health, education or (visible) waste management.



## NIGERIA SNAPSHOT

MARKET POTENTIAL			
Indicator	Data	Market potential thresholds	Threshold met?
Country GDP (USD millions)	375,771	25,000	✓
Bilateral formal remittance estimate (USD millions)	21,967	1,000	✓
Total Diaspora population (Formal estimates)	1,235,088		
Diaspora concentration (% in top 3 countries)	47%	50%	✗
Diaspora size in top 3 countries	577,787	250,000	✓

### NIGERIA'S SNAPSHOT PROFILE

- Largest African country with the largest African formal migrant stock of more than 1.2 million people (World Bank 2017 migrant stocks) (other sources estimate diaspora to range from 5-15 million people).
- Diaspora send over USD22 billion per annum in formal remittances.
- Fairly concentrated diaspora population with 47% in top 3 countries (23% USA, 15% UK and Cameroon 9%) – just under our 50% threshold – over half a million people in top 3 countries. Good for targeted marketing.
- Government experience in issuing Eurobonds and diaspora bonds.
- First successful diaspora bond in foreign currency at retail level registered on the SEC:
  - June 2017-present (until 2022)
  - USD300 million (target)
  - 5.625% coupon.

The bond was structured as a retail instrument to appeal to a wide range of investors and was offered through private banks and wealth managers, rather than institutional investors, which normally deal in large volume transactions. Final subscriptions were about 130% of offer at the final price for the transaction. Nigeria has been the first African country to issue a bond targeted at retail investors in the United States listed with the SEC. Stanbic IBTC oversaw the bond issuance.

- MOFA is driving diaspora investment and wants better communication and coordination with the diaspora to leverage the huge potential.



## PILLAR I: DIASPORA POLICIES

DIASPORA ENGAGEMENT POLICY	RECOMMENDATIONS
<p><b>Diaspora institutions</b></p> <ul style="list-style-type: none"> <li>■ Office of the Senior Special Advisor to the President on Foreign Affairs and Diaspora (OSSAPFAD) – focus is on diaspora policy, engagement, idea exchange and data collection.</li> <li>■ Set up 2 years ago but now really starting to mobilise.</li> <li>■ Diaspora Commission Act established a Diaspora Commission under the supervisory jurisdiction of the Ministry of Foreign Affairs in 2017.</li> <li>■ Lobbying for diaspora voting rights.</li> <li>■ Activities to engage diaspora are organised (roadshows around the diaspora bond, database of diaspora, Diaspora Investment Summit, engagement with the leading diaspora organisations, etc.).</li> <li>■ Have a diaspora desk in each state.</li> </ul> <p><b>Diaspora policy/engagement</b></p> <ul style="list-style-type: none"> <li>■ National Policy on Diaspora Matters.</li> <li>■ Focuses on harnessing diaspora as a resource, increasing participation in national development, improving social and economic relations and creating frameworks for development.</li> <li>■ Highlights key areas of work broadly.</li> </ul>	<ol style="list-style-type: none"> <li>1. Review the National Policy on Diaspora Matters to make it very specific and use it as a basis to create actions for the Diaspora Commission in MOFA.</li> <li>2. Undertake informal outreach and programmes to understand what the diaspora wants in terms of support for inward investment from them.</li> <li>3. The Investment Promotion Act should be reviewed to include specifics relevant for attracting diaspora investment.</li> <li>4. Clear communication is needed with diaspora in terms of incentives and support for investing back home.</li> <li>5. An assessment of the effectiveness of the diaspora desks in each state should be performed or disclosed.</li> <li>6. Visibility and clarity are needed on the role and objectives of the Diaspora Commission.</li> </ol>
<p><b>NIGERIA INVESTMENT POLICY</b></p> <ul style="list-style-type: none"> <li>■ Nigerian Investment Promotion Commission Act provides investment concessions for all investors into Nigeria.</li> <li>■ No clear communications around any incentives specific to the diaspora to invest back at home.</li> <li>■ Investment roadshows 2014: 5 state governors to pitch opportunities at state level (Homestrings / DMA)</li> <li>■ Economic Recovery Growth Plan 2017-2020 – transport infrastructure key objective.</li> </ul>	



## PILLAR II: FINANCIAL PROFILE

### FINANCIAL PROFILE

- Government has significant experience in issuing bonds:
  - A green bond (over-subscribed).
  - State-level sukus and a sovereign sukuk (coming soon).
  - The diaspora bond (Eurobond).
  - Etc.
- The diaspora bond was marketed through foreign banks and through a database from diaspora organisations.
- The segmentation between diaspora investment and institutional investment into the diaspora bond is unknown.
- Significant challenges with foreign exchange given currency restrictions and a significant parallel market. The assumption is that there is little appetite for local currency products.
- This impacts the realisation of projects that could have a positive impact on foreign exchange such as airports, port development, industrial estates, etc.
- Relatively low level of government debt as a % of GDP.
- Government have a lot of credibility due their repayment rate and track record.
- The Nigerian stock exchange has 252 brokers.
  - Roadshows have been organised in Atlanta to increase awareness.
  - Implementation of the Direct Market Access programme from the diaspora to manage investments online.
  - Have platforms registered in the US and UK to attract investors into the Nigerian stock exchange.
- Nigeria has a large pension fund of about N7trillion with more than 50% placed in government bonds.
- Important fraud issues of the past have been mitigated through the introduction of Biometric Verification Numbers (BVNs). However BVN collection for diaspora bank accounts is still a barrier to entry due to limited BVN centres in host countries.

### DEBT AND CURRENCY RESTRICTIONS

Government debt level, % GDP	21
Government default on bonds / overstretched	No
Inflation	11%
Restricted currencies	Yes

### FINANCIAL INFRASTRUCTURE

Bonds	Domestic	103
	Eurobonds	7
Stock market		Yes
Public pension scheme		Yes

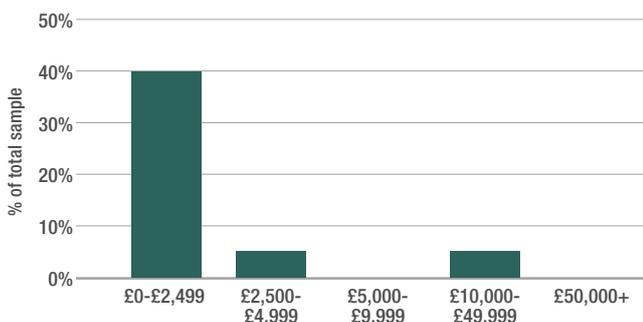
### FOREIGN EXCHANGE CONSIDERATIONS

Diaspora appetite for local currency score	● 4.0
Foreign exchange risk score	● 1.6

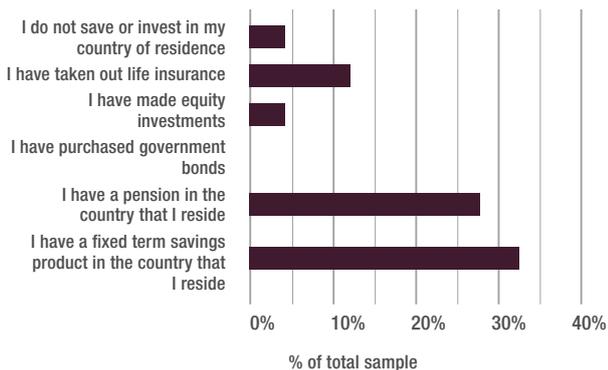


### PILLAR III: DIASPORA PROFILE

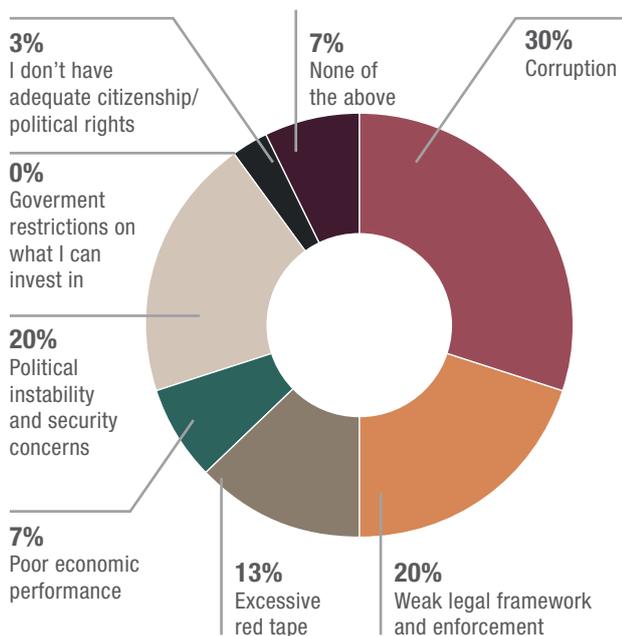
How much money in total did you send to Nigeria in the last year?



Do you currently invest in the country that you reside?



What governance issues prevent you from saving and investing (more) in Nigeria?



#### NIGERIAN DIASPORA PROFILE

- Made up of 2 sub-indexes; diaspora ability to invest and diaspora willingness to invest.
- Based on investable wealth of the diaspora – Naira 2.3 billion.
- Large diaspora with high investable wealth.
- FX rates are a major issue for diasporans – more likely to invest in instruments in their host countries than instruments that are backed by Naira.
- Trust is a big concern.
- Want direct sight into the investment market and opportunities.
- SME investment has to be compelling enough to compensate for 1) FX risk, 2) the challenging regulatory environment, and 3) the lack of trust for the parties based locally.

What other factors prevent you from saving and investing (more) in Nigeria?





## DIRI – NIGERIA

The DIRI provides African governments with a country score for their diaspora’s ‘readiness to invest’ in a government-issued investment product marketed specifically to the diaspora. The DIRI is comprised of two pillars; the investment opportunity’s financial profile and the diaspora profile and a total of five sub-indexes.

The DIRI’s sub-indexes enable the government to take a systematic approach to assessing their areas of strength and weakness in relation to diaspora investment. The DIRI is comparable across countries and over time for benchmarking.

DIRI NIGERIA RESULTS	
<p>Nigeria has the highest DIRI score compared with Senegal and Ghana. DIRI indicates that Nigeria’s strength in attracting diaspora investment lies in its:</p>	
<p>(1) Excellent track record and experience in issuing bonds, Eurobonds and bonds aimed at the diaspora. Caution should be exercised in over-leveraging especially as the most recent bond is in foreign currency.</p>	
<p>(2) Their diaspora’s willingness and appetite to invest based on the government’s engagement strategy and goodwill in the country. Government has a high level of credibility where products are over-subscribed.</p>	
<p>(3) The Nigerian diaspora is found to have a relatively strong ability to invest. This is based on the size, wealth and financial literacy of the diaspora.</p>	
<p>DIRI suggests that the main weaknesses for attracting diaspora investment into Nigeria stem from:</p>	
<p>(1) The financial robustness – mainly stemming from the ease of doing business in this landscape and the country-risk rating. This is measured within a global context and not only within an Africa context.</p>	
<p>(2) Financial attractiveness – current rates do not match rates the diaspora finds attractive. Financial returns are affected negatively by high inflation rates and the FX fluctuations.</p>	

Diaspora investment readiness sub-indexes	Score (5 = high and 1 = low)
<b>PILLAR I: FINANCIAL PROFILE</b>	
Financial robustness score	● 1.6
Financial track record score	● 5.0
Financial attractiveness score	● 1.3
<b>PILLAR II: DIASPORA PROFILE</b>	
Diaspora investment ability score	● 3.1
Diaspora investment willingness score	● 4.1
<b>Nigeria: Diaspora investment readiness score</b>	<b>15.1 / 25</b>

**Rule of thumb:** If a score is below 2.5 then it is considered ‘low’ and should be flagged as concerning and requiring further attention.



## POTENTIAL INVESTMENT CHANNELS

The DIR\_IC matrix provides African governments and DFIs with an overview of the main investment channels available for raising diaspora finance with the relative importance of each sub-index for the investment vehicle and the associated DIRI sub-index scores. The DIR\_IC matrix includes both public and private mechanisms that can channel diaspora capital. A number of investment

instruments are set up and managed by the private sector, which may be especially attractive where trust in the government is low. Whilst these are private initiatives there may be opportunities for the government to support them through PPPs or joint promotion when they satisfy government objectives.

	Government investment vehicles					Stock exchange		Crowd funding	Retail products		Investment funds		
	Overall	Diaspora government T-bills (Lccy)	Diaspora government bonds (Lccy)	Diaspora government bonds (Fccy)	Diaspora public pension schemes	Stocks	Corporate bonds		Bank savings	Loans/mortgages	Managed funds (retail - incl. mutual funds, pension funds etc.)	Managed funds (HNI/private - incl. PE/hedge fund /Impln/ etc.)	Property investment - equity schemes
<b>FILTER</b>													
Market potential (at least 3 out of the 4 indicators meet their thresholds)		✓	✓	✓	✓								
Previous bonds (domestic / international / Eurobond)		✓	✓	✓									
Stock market						✓	✓						
Pension fund													
<b>PILLAR I: Financial Profile</b>													
Financial robustness score	●	●	●	●	●	●	●	●	●	●	●	●	●
Financial track record score	●	●	●	●	●	●	●	●	●	●	●	●	●
Financial attractiveness score	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>PILLAR II: Diaspora Profile</b>													
Diaspora investment ability score	●	●	●	●	●	●	●	●	●	●	●	●	●
Diaspora investment willingness score	●	●	●	●	●	●	●	●	●	●	●	●	●

- An important sub-index when considering this investment channel for raising diaspora investment.
- A sub-index of medium importance when considering this investment vehicle for diaspora investment.
- A sub-index of relatively low importance when considering this particular investment vehicle for diaspora investment.

- The wealth of Nigeria, its diaspora size and the concentration of the diaspora means it has the capacity to consider all types of diaspora investment vehicles.
- Nigeria's stock market and/or pension schemes should also be considered

- as key tools for attracting diaspora finance.
- Nigeria's financial instruments robustness and financial attractiveness (especially in terms of its inflation and foreign exchange challenges/restrictions) hinder the attractiveness of

- investing in Nigeria for the diaspora. As such, measures should be adopted to mitigate the risks for the investor.
- Strong diaspora ability and willingness to invest in Nigeria creates a strong base for all of the listed investment channels for diaspora investment.



## DIASPORA INVESTMENT SUPPORT

The decision map below is to assist a government or DFI to understand what tools are available to them when they are displaying weaknesses in a DIRI sub-index that affects the readiness for diaspora investment through certain channels. These follow through to the recommendations.

	Score	Threshold met?	What can the government do to substitute for weaknesses in a sub-index?
<b>Financial Profile</b>			
Financial robustness score	1.6	●	(1) Guarantees (2) Partnership with an entity with a higher rating (3) Partnership with banks
Financial track record score	5.0	●	n/a
Financial attractiveness score	1.3	●	(1) Social impact (2) Blended funding (3) FX hedging (4) Financial restructuring
<b>Diaspora Profile</b>			
Diaspora investment ability score	3.1	●	(1) Matching fund (2) Investment in diaspora
Diaspora investment willingness score	4.1	●	n/a

**INNOVATION IN THE MARKET**

A lot of innovation from the private sector in platforms and technology-based solutions that are looking to fill the gap in the market for mobilising investment.

**CowryWise**

- Online Wealth Management platform.
- Offer fixed income investments, mainly federal government bonds, with better than average returns.
- Minimum tenure of 3 months, no max amount, average return of 10%.
- Promotion mainly through word of mouth.

**FarmCrowdy**

- Agricultural investment platform.
- Digital marketplace for farmer funding, training and a market to sell produce.

**Tony Elemelu Foundation**

- Setting up TEF Connect: act as an investor hub, showcasing investment opportunity.
- Diaspora not the specific target.

**Nigerian stock exchange**

- Online programme called Direct Market Access.
- Real time securities pricing and ability to buy and sell online through brokers.
- Adoption is difficult - only 20% of 252 brokers are currently active online.

**DONOR SUPPORT**

**GIZ**

- There is scope for support through strengthening of instruments or through meaningful incentives to diaspora.
- Large interest in Nigeria from commissioning ministry side of EU to get more active in the field of migration.

The Nigerian government partnered with Stanbic IBTC for overseeing and coordinating their diaspora bond – this helped to substitute for weaker financial robustness. The bond was denominated in foreign currency to overcome challenges with the financial attractiveness.

## FINDINGS AND SAMPLE OF RECOMMENDATIONS

Overall, Nigeria has strong ‘Diaspora Investment Readiness’ indicators, where appetite is strong. The diaspora’s ability to invest is strong and the government instruments have a high level of credibility with the diaspora.

The government has invested in engaging with their diaspora – however, more could be done to tailor the investment regulatory and policy frameworks to the diaspora and ensure the effectiveness of diaspora institutions and outputs.

Given the size of the Nigerian diaspora all investment channels are an option for raising diaspora finance;

especially opening up existing investment infrastructures such as local bank accounts, the Nigerian stock exchange and pension schemes, by making access easy and generating awareness among the diaspora to the benefits.

Foreign exchange challenges hinder the attractiveness of local currency products, however diaspora survey results indicate that there is significant appetite to re-invest in Nigeria and not to repatriate funds.

The burgeoning fintech market in Nigeria also presents opportunities to capitalise on for diaspora investment.

### REC 1: IMPROVE ACCESS TO BANK ACCOUNTS

- Local bank accounts in Nigeria are a prerequisite for a number of other investment vehicles.
- Additional ways to acquire a BVN in host countries should be developed to improve access to bank accounts for the diaspora.

### REC 2: GOVERNMENT KYD, MAPPING & COMMUNICATION

- The government has a key role to play in Nigeria in ‘getting to know their diaspora’ through improving relations and supporting Nigerian diaspora networks and diaspora engagement.
- Awareness and communication are key to raising diaspora investment – and the government – through the Diaspora Commission, which has a strategic role to ensure that the diaspora is aware of investment opportunities across sectors as well as the incentives they receive as foreign investors. Financial literacy or education for the diaspora is an important strategic element.
- Social networking sites such as WhatsApp and Facebook should be utilised for communication, awareness and marketing. These platforms cross borders and are a cost-effective modern means of communication.
- Moving forward, the Diaspora Commission should map investment funds and vehicles in Nigeria that are available to the diaspora.

### REC 3: UTILISE INNOVATIONS IN TECHNOLOGY TO DRIVE DIASPORA INVESTMENT

- Explore building on existing online wealth management infrastructures and hubs that are being developed in the market (such as CowryWise) to open up the domestic bond markets and stock exchange to diaspora investors and streamline the investment process. This should include options to invest into local securities, the stock exchange and private equity.
- The rapid changes in the cross-border digital payments market and the ubiquitous use of the mobile phone / global social messaging platforms present a real opportunity for Nigeria to utilise this technology to engage with their diaspora digitally to drive investments through online portals and platforms.
- The Nigerian government and supporting DFIs can use their position and credibility to endorse online platforms, and put forward engagement strategies to generate awareness and build trust in these online platforms. Previous portals engaging in this space may have failed due to challenges in credibility and trust.
- Communication, awareness building and incentive creation are advisable, in addition to an open regulatory framework to ensure the diaspora can access such platforms.



## SENEGAL SNAPSHOT

MARKET POTENTIAL			
Indicator	Data	Market potential thresholds	Threshold met?
Country GDP (USD millions)	16,375	25,000	✗
Bilateral formal remittance estimate (USD millions)	2,238	1,000	✓
Total Diaspora population (formal estimates)	265,601		
Diaspora concentration (% in top 3 countries)	53%	50%	✓
Diaspora size in top 3 countries	140,048	250,000	✗

### SENEGAL'S SNAPSHOT PROFILE

- Relatively small African country with formal migrant stock reported at just over quarter of a million people sending over USD2 billion per annum in formal remittances. Senegal has a large number of informal emigrants.
- Fairly concentrated diaspora population with 53% in top 3 countries (23% in Gambia, France 21% and Italy 15%) which means that formal migrants sum to nearly 150,000 in these three countries.
- As such, Senegal has a relatively small diaspora for considering the costs and effort involved in structuring and issuing some diaspora investment vehicles.
- Importantly Senegal has the CFA franc, which is pegged to the Euro and is also part of the West African Regional Stock Exchange.



## PILLAR I: DIASPORA POLICIES

DIASPORA ENGAGEMENT POLICY	RECOMMENDATIONS
<p><b>Diaspora institutions</b></p> <ul style="list-style-type: none"> <li>■ Aiming to build a better understanding of diaspora-related statistics.</li> <li>■ Map the different migration zones and create territorial strategies leading to tailored projects.</li> <li>■ Strengthen the economic situation of the diaspora in host countries.</li> <li>■ Fund diaspora-led projects and offer technical assistance.</li> <li>■ Project of leveraging diaspora investments in stock markets (new)               <ul style="list-style-type: none"> <li>- For every dollar the diaspora invests in a productive project, the Senegalese government will invest USD2.</li> </ul> </li> </ul> <p><b>Diaspora policy/engagement</b></p> <ul style="list-style-type: none"> <li>■ Senegal has a very well -connected diaspora through the involvement of institutions:               <ul style="list-style-type: none"> <li>- The Banque de l’Habitat du Sénégal has representation in countries with the highest percentage of its diaspora and is actively managing bank accounts for them.</li> <li>- American Senegalese diaspora created a guarantee fund to mobilise savings (that are meanwhile invested in US bonds) which will serve as guarantee for specific project financing (XOF500 million raised to date).</li> </ul> </li> <li>■ Entrepreneurship from returnees is supported by a number of donor programs and the Senegalese government.</li> </ul>	<ol style="list-style-type: none"> <li>1. Develop a diaspora engagement strategy based on collected information from the diaspora, and share it with all other bodies involved in diaspora programmes to create a coordinated roadmap and action plan.</li> <li>2. Develop an effective and centralised communication channel for programmes available to the diaspora for investments.</li> <li>3. Develop financial education programs about stock market instruments.</li> <li>4. Channel donor support to leverage existing initiatives and investments through matched funding (increasing investible assets towards projects diaspora care about) and guarantee funds.</li> <li>5. Make it easier for the Senegalese diaspora to open bank accounts in Senegal by broadening the eligibility to non-Senegalese passport holders.</li> <li>6. Eliminate the fees from the BCAA for repatriation of funds for the UEMAO diaspora regardless of where they have invested. Particularly relevant for allowing diaspora to repatriate principle and profits from portfolio investments (in T-bills, bonds and the stock market).</li> </ol>

SENEGAL INVESTMENT POLICY
<ul style="list-style-type: none"> <li>■ The Senegalese Investment Code is the regulatory framework that covers investment policy.</li> <li>■ APIX (Agence Nationale pour la Promotion des Investissements et des grands travaux) is in charge of facilitating and promoting investment in Senegal, including from the diaspora.</li> <li>■ Mandatory fees of about 1% are charged by the BCAA when funds are repatriated.</li> <li>■ When investing in key sectors (for all investors, not only diaspora):           <ul style="list-style-type: none"> <li>- Free repatriation of principal, profits and physical assets.</li> <li>- Tax exemptions on employer social contribution for 5 years.</li> <li>- Import duty exemptions.</li> </ul> </li> </ul>



## PILLAR II: FINANCIAL PROFILE

### FINANCIAL PROFILE

- Government experience in issuing Eurobonds – received more than USD10 billion of orders for a USD2.2 billion Eurobond in 2018 and EUR1 billion of notes.
- Politically stable and confidence in president's policies. Strong economic growth.
- Relatively low debt levels and very low inflation.
- The government has defaulted on bond repayments previously – and government debt to GDP is rising.
- Stable currency as part of CFA pegged to Euro – as such very high foreign exchange risk score (long-term volatility, short-term volatility and currency depreciation against USD).
- No foreign exchange restrictions.
- No domestic stock market – but part of the regional BRVM due to small size.
- Public pension scheme.

### DEBT AND CURRENCY RESTRICTIONS

Government debt level, % GDP	37
Government default on bonds / overstretched	Yes
Inflation	1%
Restricted currencies	No

### FINANCIAL INFRASTRUCTURE

Bonds	Domestic	17
	Eurobonds	2
Stock market		Yes
Public pension scheme		Yes

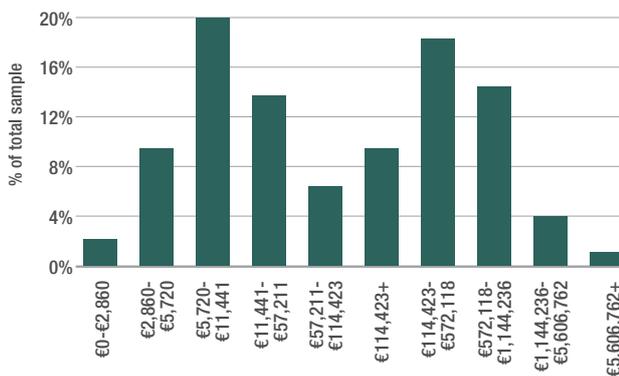
### FOREIGN EXCHANGE CONSIDERATIONS

Diaspora appetite for local currency score	● 3.0
Foreign exchange risk score	● 4.6

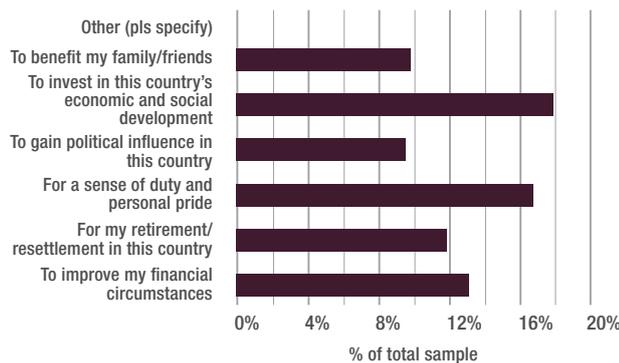


### PILLAR III: DIASPORA PROFILE

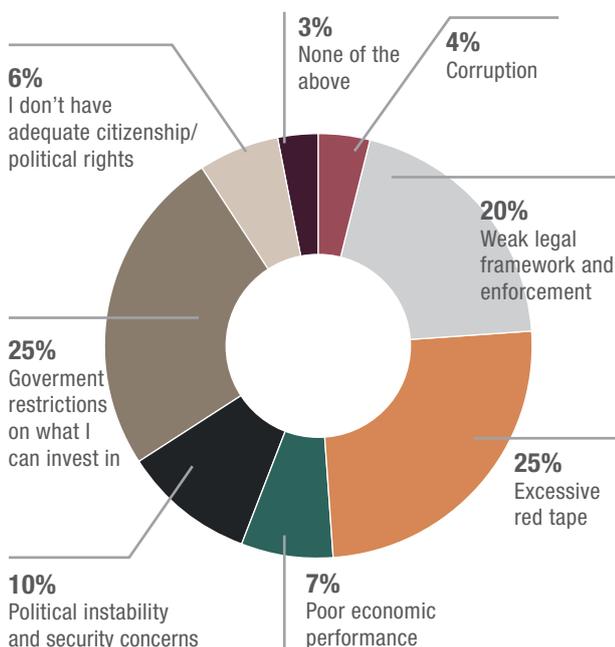
How much money in total did you send to Senegal in the last year?



Why did you send money to Senegal?



What governance issues prevent you from saving and investing (more) in Senegal?

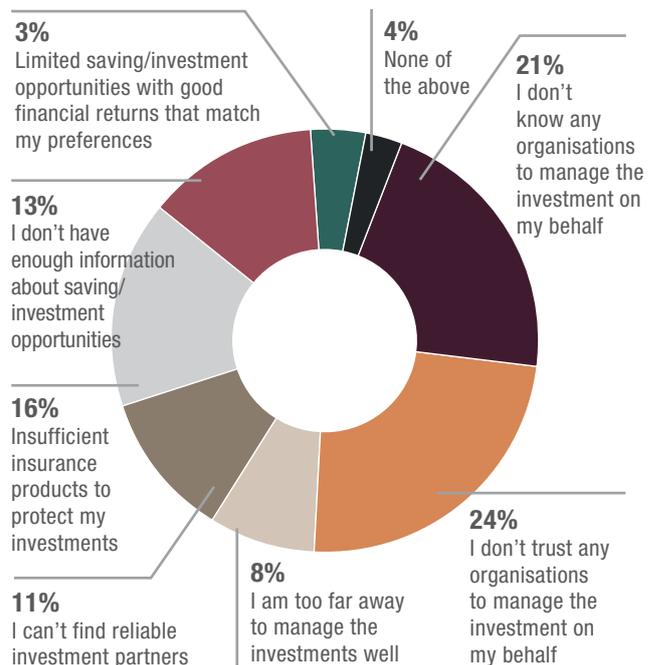


#### SENEGALESE DIASPORA PROFILE

- Diaspora is concentrated in 3 overseas countries (France, Italy, Spain).
- Estimated 70% are not from Dakar and work in the informal sector in host country.
- Diaspora profile depends on geography, e.g. professional accomplishment and education level are particularly high in Canada and US.
- Spain and Italy have a higher percentage of informal immigration.
- Religious profile appears to be informing investment decision and engagement, e.g. of religious set-up of matched funding platform. The Morite have been cited in several occasions as active investors in their community.
- Rough estimate of diaspora with investible wealth: 10%.
- Focus groups and engagement with diaspora networks give different story from the survey data where the outreach was conducted through 3rd parties engaged with diaspora who have an interest in investing in Senegal. This has skewed the data to overestimate investment potential in the surveys.

>>> **Valuable lesson:** importance of having a survey sample that is robust in terms of size and that it accurately represents the demographic of the true diaspora population.

What (other) factors prevent you from saving and investing (more) in Senegal?





## DIRI – SENEGAL

The DIRI provides African governments with a country score for their diaspora’s ‘readiness to invest’ in a government-issued investment product marketed specifically to the diaspora. The DIRI is comprised of two pillars; the investment opportunity’s financial profile and the diaspora profile and a total of five sub-indexes.

The DIRI’s sub-indexes enable the government to take a systematic approach to assessing their areas of strength and weakness in relation to diaspora investment. The DIRI is comparable across countries and over time for benchmarking.

### DIRI SENEGAL RESULTS

DIRI indicates that Senegal’s strength in attracting diaspora investment lies in:

- (1) Their diaspora’s willingness and appetite to invest based on the government’s engagement strategy and goodwill in the country. However, trust and confidence in the government to manage products is currently low.
- (2) A fairly attractive financial return potential supported by a stable currency.

DIRI suggests that the main weaknesses for attracting diaspora investment into Senegal stem from:

- (1) The financial robustness – mainly stemming from the competitiveness of the landscape and country-risk rating. Senegal however scored higher than Ghana and Nigeria.
- (2) Trust in the government indicator is low.
- (3) Diaspora investment ability – relatively low-level financial inclusion in terms of portfolio investments. Financial education is needed as not that many people have bank accounts, and when they do the balance is relatively low.

Diaspora investment readiness sub-indexes	Score (5 = high and 1 = low)
<b>PILLAR I: FINANCIAL PROFILE</b>	
Financial robustness score	● 1.8
Financial track record score	● 3.0
Financial attractiveness score	● 2.5
<b>PILLAR II: DIASPORA PROFILE</b>	
Diaspora investment ability score	● 2.1
Diaspora investment willingness score	● 3.3
<b>Nigeria: Diaspora investment readiness score</b>	<b>12.7 / 25</b>

**Rule of thumb:** If a score is below 2.5 then it is considered ‘low’ and should be flagged as concerning and requiring further attention.



## POTENTIAL INVESTMENT CHANNELS

The DIR\_IC matrix provides African governments and DFIs with an overview of the main investment channels available for raising diaspora finance with the relative importance of each sub-index for the investment vehicle and the associated DIRI sub-index scores. The DIR\_IC matrix includes both public and private mechanisms that can channel diaspora capital. A number of investment

instruments are set up and managed by the private sector, which may be especially attractive where trust in the government is low. Whilst these are private initiatives there may be opportunities for the government to support them through PPPs or joint promotion when they satisfy government objectives.

	Government investment vehicles					Stock exchange		Crowd funding	Retail products		Investment funds		
	Overall	Diaspora government T-bills (Lccy)	Diaspora government bonds (Lccy)	Diaspora government bonds (Fccy)	Diaspora public pension schemes	Stocks	Corporate bonds		Bank savings	Loans/mortgages	Managed funds (retail - incl. mutual funds, pension funds etc.)	Managed funds (HNI/private - incl. PE/hedge fund /Impln/ etc.)	Property investment - equity schemes
<b>FILTER</b> Market potential (at least 3 out of the 4 indicators meet their thresholds)		x	x	x	x								
Previous bonds (domestic / international / Eurobond)		✓	✓	✓									
Stock market						✓	✓						
Pension fund													

<b>PILLAR I: Financial Profile</b>												
Financial robustness score	●	●	●	●	●	●	●	●	●	●	●	●
Financial track record score	●	●	●	●	●	●	●	●	●	●	●	●
Financial attractiveness score	●	●	●	●	●	●	●	●	●	●	●	●
<b>PILLAR II: Diaspora Profile</b>												
Diaspora investment ability score	●	●	●	●	●	●	●	●	●	●	●	●
Diaspora investment willingness score	●	●	●	●	●	●	●	●	●	●	●	●

- An important sub-index when considering this investment channel for raising diaspora investment.
- A sub-index of medium importance when considering this investment vehicle for diaspora investment.
- A sub-index of relatively low importance when considering this particular investment vehicle for diaspora investment.

- The relatively small size of the Senegalese diaspora suggests that it would not be financially worthwhile to issue bonds targeted at retail diaspora investors.
- Senegal is part of a regional stock

- exchange and therefore there are opportunities to attract interest from the regional diaspora, increasing the potential pool of capital available.
- Attracting savings into local accounts is key as diaspora ability is currently

- quite low – relatively inexpensive mechanism for attracting funds into the country.
- Supporting the diaspora to be able to access loans and mortgages to invest in-country.



## DIASPORA INVESTMENT SUPPORT

The decision map below is to assist a government or DFI to understand what tools are available to them when they are displaying weaknesses in a DIRI sub-index that affects the readiness for diaspora investment through certain channels. These follow through to the recommendations.

	Score	Threshold met?	What can the government do to substitute for weaknesses in a sub-index?
<b>Financial Profile</b>			
Financial robustness score	1.8	●	(1) Guarantees (2) Partnership with an entity with a higher rating (3) Partnership with banks
Financial track record score	3.0	●	n/a
Financial attractiveness score	2.5	●	(1) Social impact (2) Blended funding (3) FX hedging (4) Financial restructuring
<b>Diaspora Profile</b>			
Diaspora investment ability score	2.1	●	(1) Matching fund (2) Investment in diaspora
Diaspora investment willingness score	3.3	●	n/a

### DONOR INTEREST

- Mainly around support of returnees' entrepreneurial activities.
- GlZ has a programme that sponsors diaspora members to come back to their country of origin to consult for projects or to work for local institutions at the same salary level as in their country of residence.

### BHS CORPORATE DIASPORA BOND

- Local currency, XOF20 billion.
- For residential housing development near the new airport.
- Investment in the bond can be converted into a down payment for the purchase of the house once construction is completed.
- Product marketed informally in the diaspora by the government and 4 Senegalese brokers.

### THE WOMEN'S INVESTMENT CLUB

- Women Investment Club (80 members with investible wealth, minimum contribution is USD10,000).
- Promote financial education for women in the UMEAO and abroad.
- Collaborate with CGF Bourse, a Senegalese broker, to create a growth fund in which all WIC members are investing.
- The CGF provides investment recommendations to the WIC governance committee, which approves the allocation of funds on behalf of their members.
- USAID is supporting this group.



## FINDINGS AND SAMPLE OF RECOMMENDATIONS

Overall, Senegal has fairly strong 'Diaspora Investment Readiness' indicators, where appetite is relatively strong and the government has been investing in engaging with their diaspora.

However the diaspora's ability to invest in Senegal is relatively limited due to the size of the diaspora, the high level of informality and their investable wealth.

Senegal has a relatively solid level of credibility in the government with sound economic growth and low inflation and debt levels.

No currency restrictions and the CFA means there are no challenges with respect to foreign exchange in structuring investment vehicles.

Due to the relatively small diaspora, reaching out to diaspora at a regional level is an option.

### REC 1: MAPPING, AWARENESS AND COORDINATION

- Government to map the different diaspora investment organisations and initiatives across the public, private and 3rd sector in Senegal.
- Government to adopt a coordinating role and lead in diaspora engagement and promoting awareness of these investment opportunities.

### REC 2: REGIONAL DIASPORA DIRECT INVESTMENT WEB-PORTAL

- Leverage use of technology to ease access to investment instruments. E.g. Promoting online web-portals for diaspora investment in government securities and the regional stock exchange.

### REC 3: CONCESSIONS FOR DIASPORA

- The government should assess the feasibility of allowing individual diaspora members wanting to invest in Senegal, regardless of the vehicle or industry (for example in the local stock exchange), to repatriate their funds at no cost.

### REC 4: DONOR SUPPORT

- Matched fund to diaspora investment in local funds and stock markets.
- Bi-lateral partnerships between diaspora host country and the COO for diaspora to be able to transfer pension funds without paying taxes.
- Partnership with governments and financial institutions of host countries to create pension products linked to COO with tax benefits.
- Technical support to local banks in order for them to create attractive investment products to diasporans.



**CONTACT:**

TAnisquidipis si accuptus aliquatur  
aut ea velecep eribus quos duci  
sinumquas qui blabo. Solum  
remperrum id utem quam etTiatem  
et ulla nonem ium, non rem qui aut  
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