

# AFRICAN DIASPORA MARKETPLACE



## Investment Interest Survey

**PRINCIPAL INVESTIGATOR:  
LIESL RIDDLE, PhD.**

Associate Professor of International  
Business & International Affairs  
The George Washington University  
2201 G Street, NW  
Funger Hall Suite 401  
Washington, DC 20052  
Phone: 202.994.1217

**RESEARCH ASSOCIATE:  
NANA KWEKU NDUOM**

PhD Candidate  
International Business  
The George Washington University

## TABLE OF CONTENTS

Background .....	3
Survey Respondent Profile .....	8
Investment Motivations .....	12
Financial Motivations .....	12
Emotional Motivations .....	14
Social-Status Motivations .....	15
Political Motivations .....	17
Family Concerns .....	19
Perceived Obstacles of Investment .....	20
Relationship with the Country of Origin .....	21
Investment Interest .....	23
Investment Activity .....	24
Conclusion .....	25

## BACKGROUND

This initial survey is the first step in a larger study that is being conducted by the George Washington University's Center for International Business Education and Research and its Diaspora Capital Investment Project on the African Diaspora Marketplace and its participants.



Three ADM participants, pictured at the final round of the competition, held in Washington, DC.

### The African Diaspora Marketplace

Sponsored by the US Agency for International Development (USAID) and Western Union, the African Diaspora Marketplace (ADM) was a business plan competition designed to support the entrepreneurial spirit and resources of the US-based African diaspora community to promote economic development in sub-Saharan Africa by facilitating diaspora direct investment in viable small- and medium-sized enterprises ([www.diasporamarketplace.org](http://www.diasporamarketplace.org)).

To qualify, proposals were required to meet the following list of criteria:

**Business Location:** Business proposals were limited to one of the following countries: Angola, Burundi, Ethiopia, Ghana, Kenya, Liberia, Malawi, Mali, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Uganda and Zambia.

**Sub-Saharan African Diaspora Participation:** Proposals were required to be submitted by a member (or members) of the Sub-Saharan African diaspora living in the United States as a U.S. citizen or permanent resident. Proposals submitted by an individual diasporan, a group of diasporans, or a diaspora-owned business based in the United States were eligible for submission.

**African Partnership:** All proposals were required to be submitted in partnership with either a Sub-Saharan African entrepreneur, a group of entrepreneurs, or a business located in the Sub-Saharan African country where the business is or would be established.

**Business Criteria:** Proposals were limited to start-up or established businesses seeking to expand or introduce new goods or services in Sub-Saharan Africa. All commercially viable proposals were considered. The proposed business concerns were required to be legally registered in the Sub-Saharan African country of implementation. A minimum of 25% ownership by the proposing US-based diaspora member was required.

**Matching Contribution:** Applications were required to demonstrate a minimum of one-to-one leverage ratio of applicant contributions to ADM grant funding. Proposals that offered to leverage beyond that were viewed favorably. At least some portion of the leverage was required to be in the form of a financial contribution. In addition to monetary contributions, in-kind resources such as property, equipment, and supplies were also considered valuable contributions.

**Implementation Timeframe:** Proposed activities were required be completed within 18 months of receiving the initial disbursement from the ADM.

More than 750 proposals were submitted. Following a rigorous review process, 60 finalist proposals were selected. On January 13-15, 2010, finalists presented their ideas at the two-day African Diaspora Marketplace event held at AED's Academy Hall in Washington D.C. The finalists participated in an "idea marketplace," attended learning events and also presented their business ideas to a panel of judges that included sector experts from USAID, Western Union, development institutions, private sector companies, investors, and diaspora leaders. At the end of the event, the judges selected 14 businesses across seven countries to receive matching partnership grants of up to \$100,000 each.

*After a two-day event where finalists presented their ideas, broadened their networks, and expanded their entrepreneurial knowledge base, 14 winning businesses were awarded grants of up to \$100,000.*

Project Title	Name of Business	Country
Green Acres Goat Farm	Agribusiness	Ghana
TAF BioTechnology	Bio/Agribusiness	Ethiopia
AMAD Metal Manufacturing	Manufacturing	Ethiopia
MicroClinic	Medical Franchise	Ghana
Uza-Mazao	ICT/Agribusiness	Kenya
AACE Foods	Agribusiness	Nigeria
EarthWise Ferries	Transportation	Uganda
Fleet Management System	Transportation	Ethiopia
Student Card	ICT	Ghana
AADT Consultants	Geotechnical/Environmental Testing	Liberia
Sproxil	ICT/Anti-counterfeiting	Nigeria
Reliable Power Supply	Energy	Ghana
Cooking Solar Ovens	Ovens Energy/Environment	Uganda
Palm Fruit Processing	Processing/Agribusiness	Sierra Leone

**Table 1— Winning ADM proposals generated new business ideas for a variety of Sub-Saharan countries.**

**Green Acres Goat Farm (Ghana)** is a commercial goat farm that will meet the growing and unmet demand for goat meat and help fill the important gaps in Ghana's protein consumption. The farm will rear the Boer variety of goats from South Africa for the Ghanaian domestic market. Goats will be breed and sold to stock other farmers.

**TAF BioTechnology (Ethiopia)** is a commercial-scale plant tissue culture business focusing on the cultivation and multiplication of cells, tissues and organs of plants with the objective of increasing the yield and quality of produce for Ethiopian agriculture producers. The company will produce plant clones (true copies of plants) in large numbers through streamlined operation of a tissue culture facility.

**AMAD Metal Manufacturing (Ethiopia)** is establishing a metal fabrication plant to manufacture a variety of metal products and components from raw materials. The components include trailers, mobile cranes, enclosures, furniture, and bins. Ethiopia provides an exceptional market opportunity due to its expanding economy, and the market opportunities for quality products are exponential.

**MicroClinics (Ghana)** standardizes operating practices between clinics to improve access to underserved areas of Ghana and is expanding a franchise business model that empowers local entrepreneurs and targets the most frequently occurring diseases and injuries. The clinics will be owned and staffed by nurses who have a strong community health nursing background. MicroClinics will empower female nurse entrepreneurs and reduce the burden on government hospitals.

**Uza-Mazao (Kenya)** is creating a marketplace via SMS messaging to bring unprecedented levels of efficiency to buyers or sellers of crops, farm produce, livestock or livestock products. It gives sellers the ability to find willing buyers and vice-versa. It aggregates buyers and sellers and applies a powerful algorithm to find the best match.

**AACE Foods (Nigeria)** is a food processing company with a mission to provide nutritious and tasty food made from the best of West Africa's fruits and vegetables. Its product line will consist of jams and spreads, baby food, and spices sourced from the best fruits and vegetables in the region.

**EarthWise Ferries (Uganda)** will reestablish, manage, and operate a fast-ferry transportation system on Lake Victoria, with destinations in Uganda, Kenya, and Tanzania. Presently many people travel between these destinations each day via poorly-maintained roads, on trips often taking between 1 to 3 days. EWF ferries will travel the 300 km from Port Bell, Uganda to Mwanza, Tanzania in about 7 hours.

**Fleet Management System (Ethiopia)** will offer organized fleet dispatching, traffic monitoring, and real-time delivery information using over 60,000 trucks by combining the technologies of precise positioning, using satellite GPS and GSM/GPRS.

**Student Card (Ghana)** is a unique technology which creates a cashless environment for schools. The solution enables a mechanism for processing and reconciling school fees through remote billing and payments. The solution also simplifies payment of school lunches. This dual pre-funded payment and student identification card maximizes process efficiency and minimizes the risk associated with handling cash.

**AADT Consultants (Liberia)** will provide construction material testing and quality assurance to ensure that materials and techniques used conform to standards required. This will ensure that the ongoing redevelopment of Liberia benefits from geotechnical input, oversight and third party inspections.

**Sproxil (Nigeria)** provides robust anti-counterfeiting and brand loyalty solutions to pharma and consumer product companies targeting emerging markets in Africa. Over the long-term, Sproxil will become a key provider of significant consumer intelligence to companies selling consumer products to targeted and valuable populations in cash-based economies.

**Reliable Power (Ghana)** will deploy Uninterruptible Power Supply (UPS) systems, Automatic Voltage Regulators (AVR) and efficient support services to ensure the reliability of necessary conditioned power in Ghana. The country's emerging ICT industry is currently hindered by unreliable power supply which damages equipment and leads to loss of sensitive data.

**Cooking Solar Ovens/TEK Consults (Uganda)** is implementing a comprehensive solar oven program in Uganda. TEK has obtained exclusive Ugandan rights to the market-leading, patented "Global Sun Oven" from Sun Ovens International of Elburn, IL. TEK's program will decrease Uganda's dependence on wood and agricultural waste products for cooking fuel while simultaneously improving many Ugandans' standard of life by allowing money previously spent for cooking fuel to be spent more productively.

**Palm Fruit Processing (Sierra Leone)** will establish a Palm Oil Processing Mill in Sierra Leone to produce Crude Palm Oil (CPO). CPO is a staple in Sierra Leone and there is a substantial demand for the product. Production of CPO in Sierra Leone is done primarily using traditional methods that are very labor intensive and also inefficient. This inefficiency, coupled with export of CPO, creates an atmosphere wherein CPO trades locally at a substantial premium to world market price.

### **George Washington University's Center for International Business Education and Research (GW-CIBER) & the Diaspora Capital Investment Project (GW-DCIP)**

The Center for International Business Education and Research at The George Washington University (GW-CIBER <http://business.gwu.edu/CIBER/>) serves as a vital portal for businesses, policymakers, citizens, students and faculty throughout the nation to increase their international skills and awareness of the internationalization of the US economy. GW-CIBER supports research, teaching, and outreach related to the theme of Institutions, the State, and Development.

One of GW-CIBER's key programmatic areas focuses on the roles that diasporas can play in the development of their countries of origin through entrepreneurship, investment, and other activities that strengthen the national business-enabling environment. Since 2006, GW-CIBER has sponsored the GW Diaspora Capital Investment Project, a multi-disciplinary research initiative spearheaded by Dr. Liesl Riddle, Associate Professor of International Business and International Affairs.

The goal of the GW Diaspora Capital Investment Project is to generate and disseminate learning about diaspora investment and its role in development to assist policymakers, diaspora organizations, diaspora entrepreneurs, and researchers. The research team investigates best practices in diaspora investment marketing and support services for governments, multilaterals, diaspora organizations, and other NGOs.



**The Center for International Business and Research is located at The George Washington University in Washington, DC.**

## GW-CIBER'S African Diaspora Marketplace Research Initiative

Most research on diaspora investment is based on singular case studies and cross-sectional surveys. What is lacking is a multi-method, empirical examination of the diaspora investment process through time so that diaspora investors' investigation, launch, and early start-up experiences can be better understood.

In Spring 2010, Dr. Liesl Riddle and her team launched a three-year longitudinal study of the participants in the African Diaspora Marketplace to illuminate the unique challenges and opportunities faced by diaspora entrepreneurs in the early phases of their business development. The study will consist of quantitative tracking surveys as well as qualitative in-depth case studies of a subsample of participants.



The GW Diaspora Capital Investment Project engages faculty and students from around the university in diaspora-related research.



Dr. Riddle presenting research findings at The George Washington University.

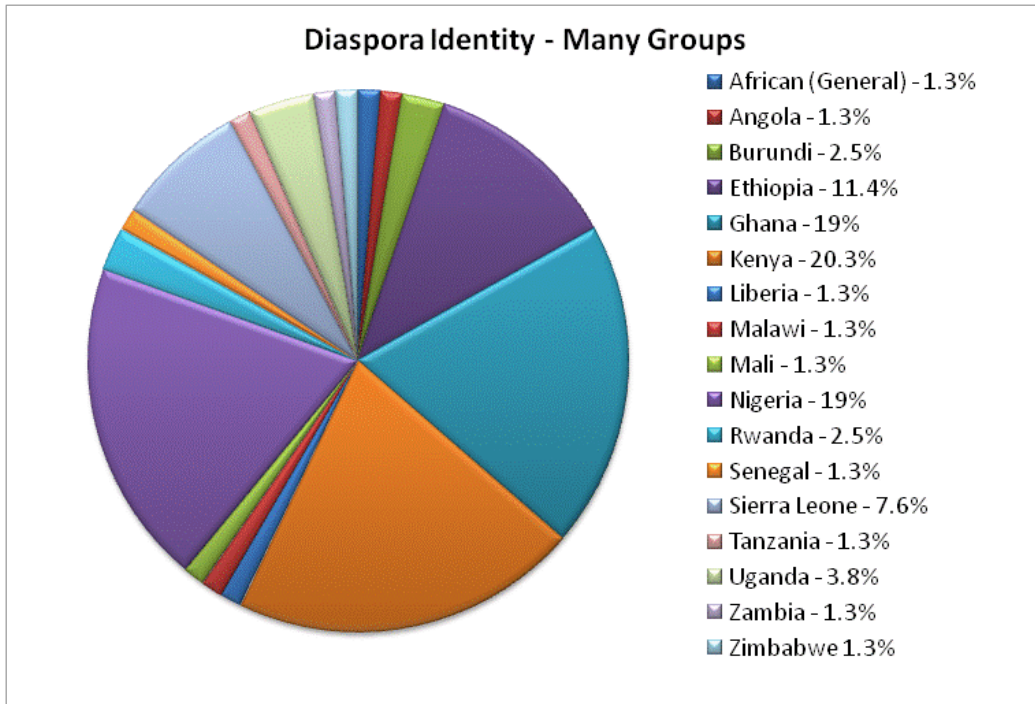
Funded by GW-CIBER, The Diaspora Capital Investment Project generates and disseminates learning about diaspora investment and its role in development to assist policymakers, diaspora organizations, diaspora entrepreneurs, and researchers.

The full study will explore if and the degree to which diaspora investment motivations (pecuniary and non-pecuniary) change as the investor becomes more involved in business activity in the country of origin. It will investigate whether and to what extent investor perceptions of business environment obstacles change as the investor gains greater hands-on experience in the country-of-origin economy. It also will examine how investors utilize their social networks to gain access to the financial, human, and social capital needed to launch their investments.

This report provides a summary of findings for the first survey of participants. The survey was administered online throughout March and April in 2010. The representative(s) of each participating project received an initial email invitation to participate in the survey and two reminder emails. All representatives were provided with detailed descriptions regarding the survey purpose and the security of the data provided. They also were assured that all responses would be anonymous. Each survey section included a detailed list of directions and definitions for technical terms used in survey questions. All participants provided their informed consent to participate in the study. Seventy-nine responses, each representing a different ADM project were received. Response rates were 58% for winning finalists, 23% for non-winning finalists, and 10% for non-finalists respectively.

**SURVEY RESPONDENT PROFILE**

Survey respondents reflected the ADM participant profile, associating with a diverse number of diaspora groups, including Kenya (20%), Ghana (19%), Nigeria (19%), Ethiopia (11%), Sierra Leone (8%) and others (see Figure 1).

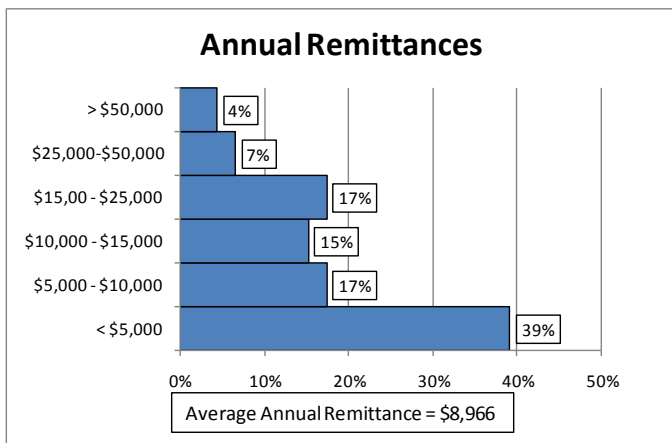


*Survey respondents associated with a wide variety of African diaspora communities and were mostly well-educated males working in business-oriented occupations, representing a wide range of income groups.*

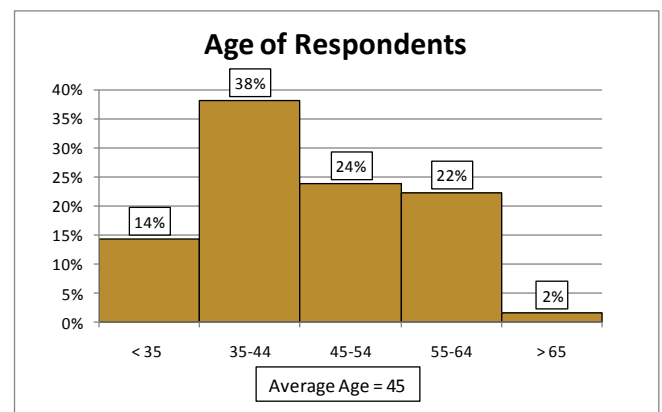
**Figure 1— “Which Diaspora group do you most closely identify with?”**

Eighty-seven percent of the respondents were male. Respondents ranged in age from 20 to 70 (see Figure 3). The mean age for respondents was 45 years with a standard deviation of 10.41.

Sixty-one percent of respondents reported that they send over \$5,000 to their country of origin on an annual basis. Excluding the three respondents who reported sending over \$50,000, survey participants sent an average of \$8,966 to their countries of origin over the past three years.



**Figure 2— More than half (61%) of respondents send more than \$5,000 per year to their country of origin.**

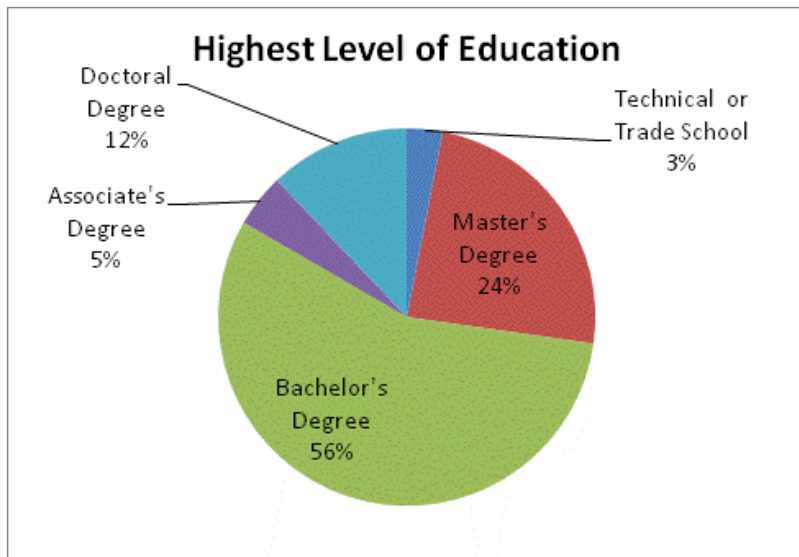


**Figure 3— Respondents varied in age from 20 years old to 70.**



The typical African Diaspora Marketplace survey respondent is among the more than one third of Africa’s highly qualified professionals that live outside of their country of origin<sup>1</sup>.

Most respondents had some form of post-secondary school education (see Figure 4). Fifty-six percent claimed their highest degree earned was a bachelor’s degree, while 32% had completed schooling with a post-graduate degree (24% master’s and 12% doctorate).

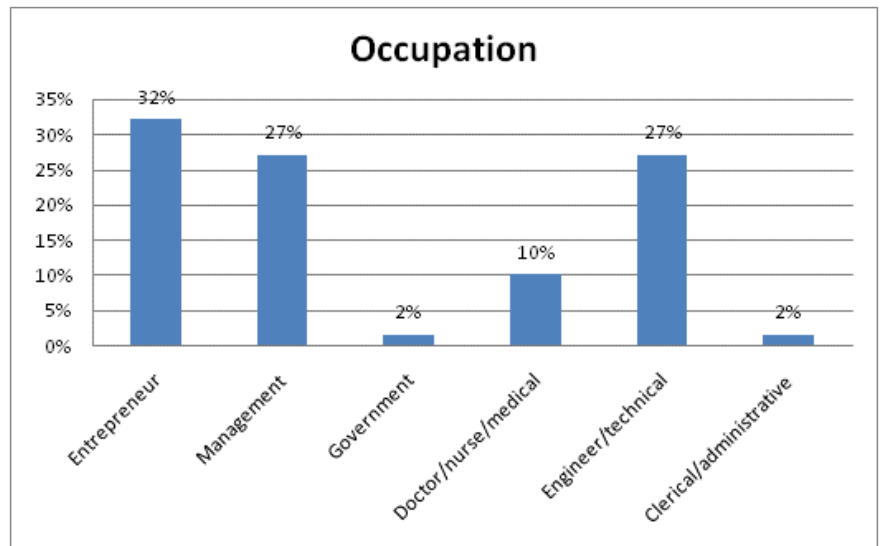


*While tertiary enrollment for Sub-Saharan Africa only averages around 2%<sup>2</sup>, all of the survey respondents received a degree from a university or technical/trade school.*

**Figure 4— Ninety-two percent of respondents completed their education with either a bachelor’s or a post-graduate degree, such as a master’s or doctoral degree.**

Respondents are primarily engaged in business-oriented occupations (see Figure 5).

Thirty-two percent stated that they are business owners or entrepreneurs by profession. Equal proportions (27%) stated that they are managers or working as engineers/technicians. 10% of survey participants are a doctor, nurse, or other medical professional.



**Figure 5— Over 75% of ADM winners were either entrepreneurs, in management, or engineers.**

<sup>1</sup>World Bank, <http://go.worldbank.org/U4IWJZCI20>

<sup>2</sup>UNESCO, [http://www.nationmaster.com/graph/edu\\_ter\\_enr-education-tertiary-enrollment](http://www.nationmaster.com/graph/edu_ter_enr-education-tertiary-enrollment)

Survey respondents stated that their investments take up significant amounts of their time and, in some cases, generate a significant portion of their incomes.

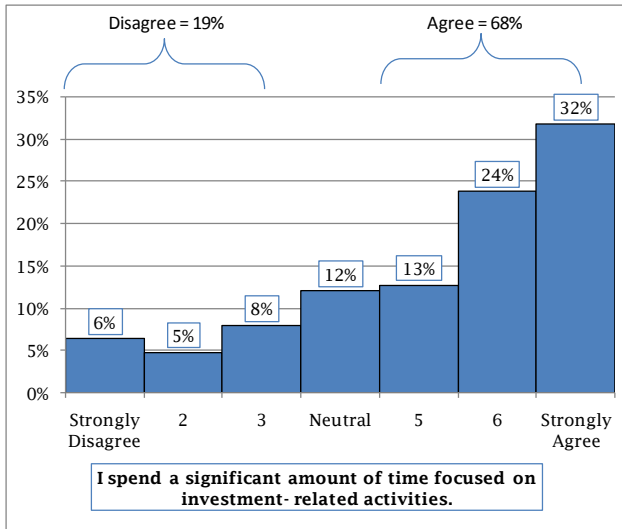


Figure 6— Over 2/3 of respondents spend a significant amount of time on investment-related activities.

*Thirty-eight percent of respondents earn a large proportion of their annual income from their investments.*

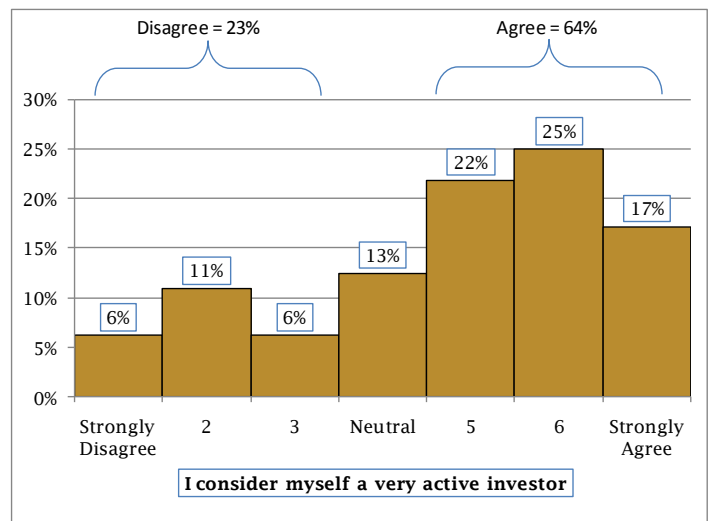


Figure 7— Almost 2/3 of respondents consider themselves active investors.

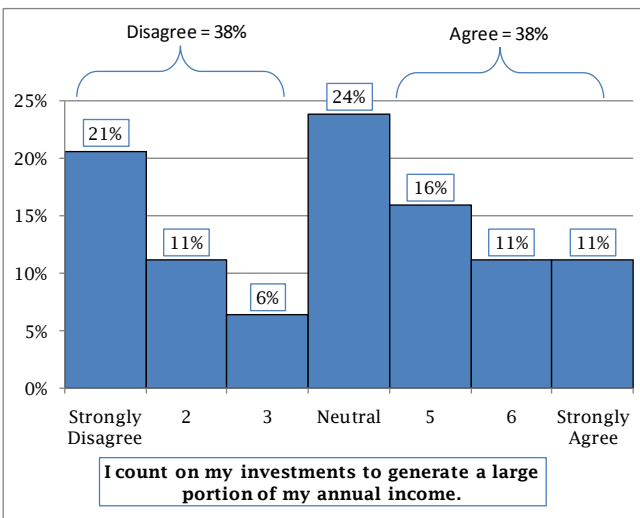


Figure 8— Thirty eight percent agreed that their investments in their country of origin generate a large portion of their annual income.

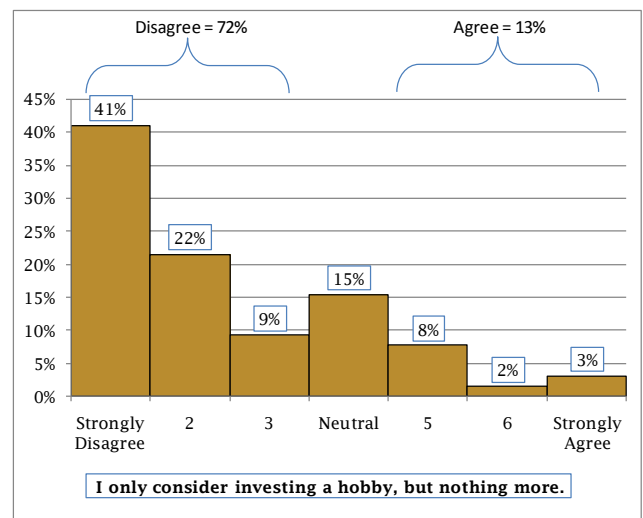
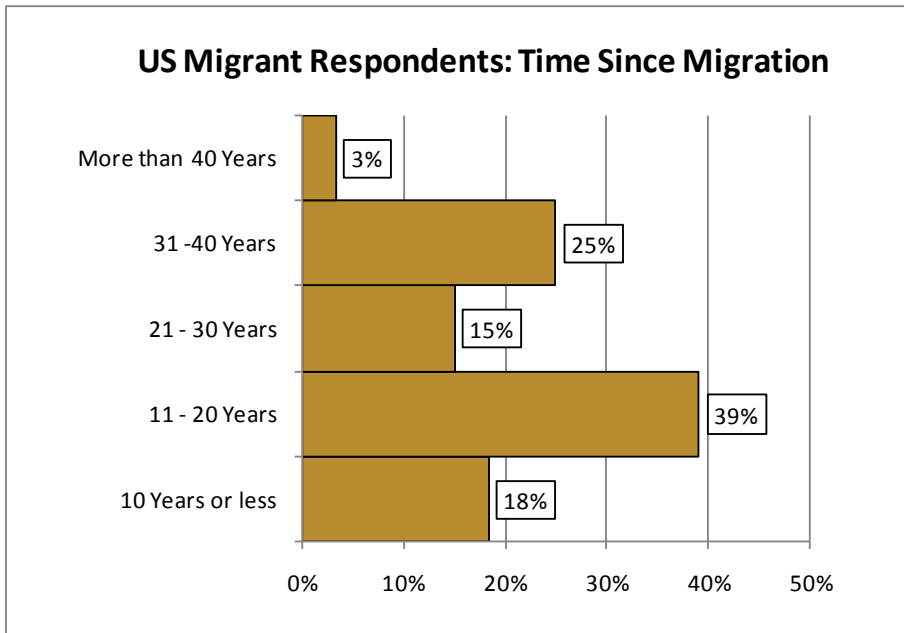


Figure 9 — Only 13% consider their investment nothing more than a hobby.

Twenty-four percent of the participants in the survey were born in the United States. Of the respondents who were not born in the US, over one-third (38%) first traveled to the United States between 11 and 20 years ago (base year of 2009) and represents the largest age cohort in the survey. The second largest group (27%) first arrived between 30 and 40 years ago. Only 3.3% of respondents first arrived in the US more than 40 years ago.

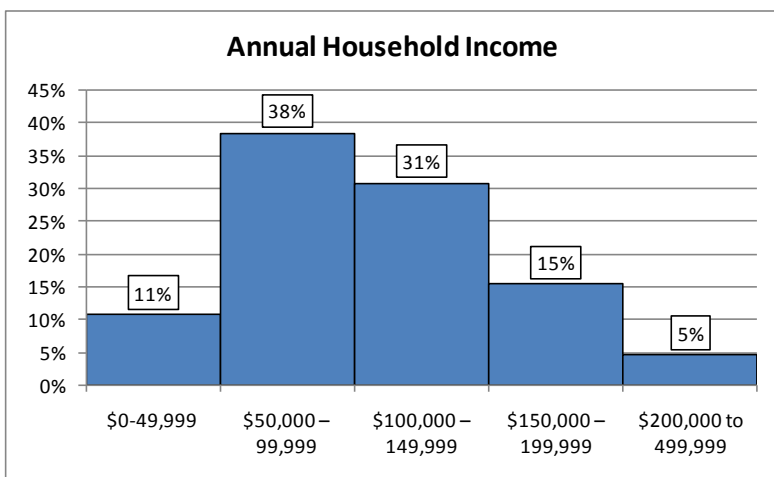
Of the respondents that first arrived in the US between 11 and 20 years ago, 41% reported that they were currently in managerial positions. Almost 2/3 (62%) of those who arrived between 21 and 30 years ago were engineers. Those identifying themselves as entrepreneurs were concentrated in the group that arrived between 31 and 40 years ago, with 33% running their own businesses on a full-time basis.



*Nearly 2/3 (62%) of respondents that first arrived in the United States between 21 and 30 years ago are engineers.*

*Forty-one percent of those arriving between 11 and 20 years ago work in managerial positions.*

**Figure 10 — Respondents were asked how long ago they first traveled to the United States.**



Respondents varied in terms of reported average annual household income from all sources (see Figure 10).

While 50% of American households earned over \$49,777 in 2009<sup>1</sup>, 89% of respondents stated that their family earns over \$50,000 annually.

**Figure 11 — Sixty-nine percent of respondents have family household income between \$50,000 and \$150,000.**

<sup>1</sup>[http://www.census.gov/hhes/www/income/data/historical/household/H08\\_2009.xls](http://www.census.gov/hhes/www/income/data/historical/household/H08_2009.xls)

INVESTMENT MOTIVATIONS

Research on diaspora entrepreneurship suggests that diaspora investment motivation often is complex, driven by different expectations about how the investment will benefit the entrepreneur and others<sup>1,2</sup>. Diasporans start new ventures in their country of origin to make money (*financial motivations*) but they also invest to feel good about helping others (*emotional motivations*), gain social recognition (*social-status motivations*), seek political voice, access, and protection (*political motivations*), and support their family in the country of origin (*family concerns*).

Financial, emotional, social-status, and political motivations, and family concerns were important to ADM survey respondents to varying degrees. Although ADM participants seek to gain personal financial benefits through their investments in their countries of origin, expected emotional gains and family concerns are the most important reported drivers of ADM participant's investment interest.

Financial Motivations

Although survey respondents seek to gain personal financial benefits through their investments in their countries of origin, expected emotional gains and concerns about family well being are the most important reported drivers of ADM participant's investment interest.

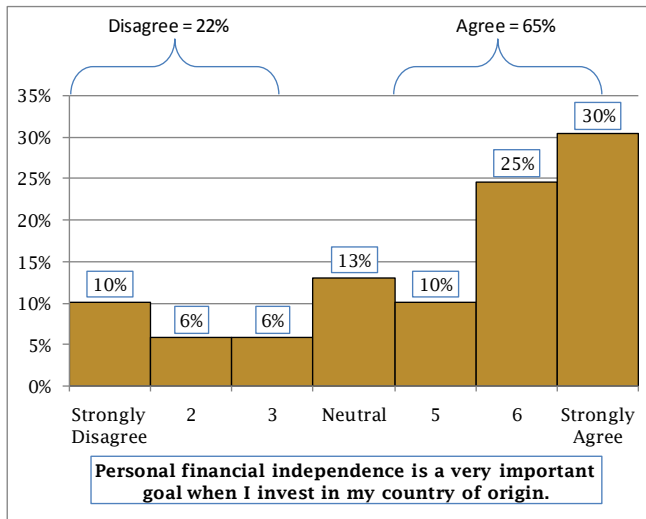


Figure 12— Nearly 2/3 of respondents agreed that personal financial independence is an important motivator for investing in their country of origin.

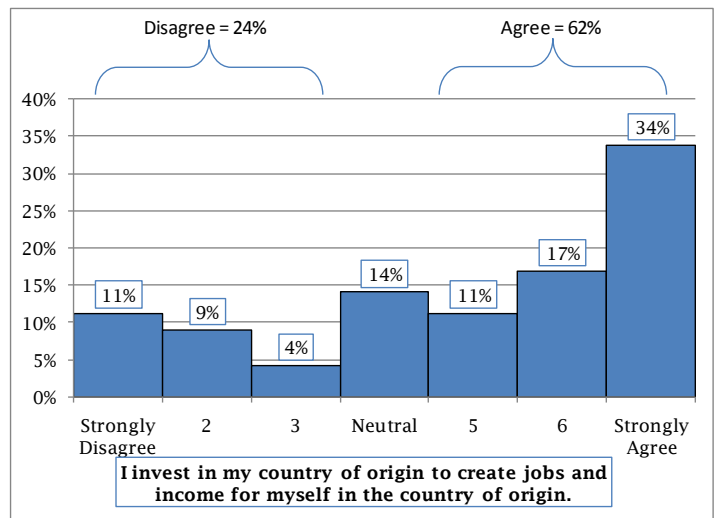


Figure 13—Close to two-thirds (62%) of ADM participants invest in their country of origin to create jobs and income for themselves.

While financial independence is important to 65% of respondents, only 44% of the ADM participants stated that personal financial gain was their primary motivation for making investments.

This suggests that financial concerns of the survey participants could be driven more by the desire to generate long-term income than short-term funds. It also supports the idea that these investments could be helping respondents set the stage for an eventual relocation to their county of origin.

<sup>1</sup>Gillespie, K., Riddle, L., Sayre, E., Sturges, D., 1999. "Diaspora Homeland Investment Interest," Journal of International Business Studies 30 (3), 623-634.

<sup>2</sup>Nielsen, T.M., Riddle, L. 2009. Investing in Peace: The Motivational Dynamics of Diaspora Investment in Post-conflict Economies," Journal of Business Ethics. doi: 10.1007/s10551-010-0399-z.

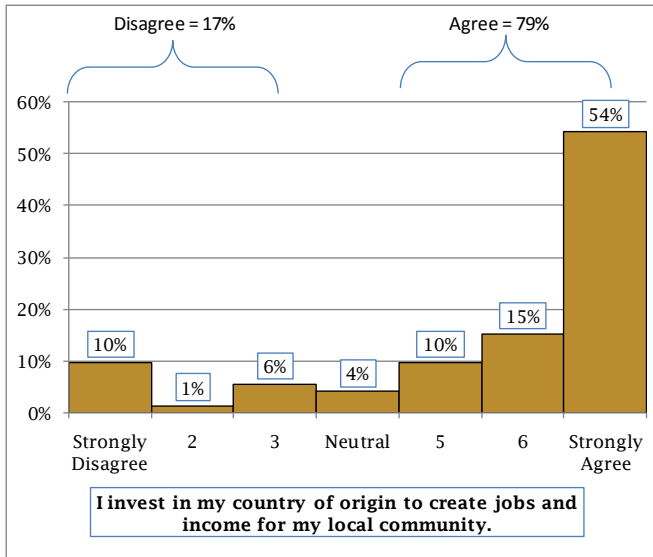


Figure 14— Over 2/3 of respondents are motivated by creating jobs and income for their local community.

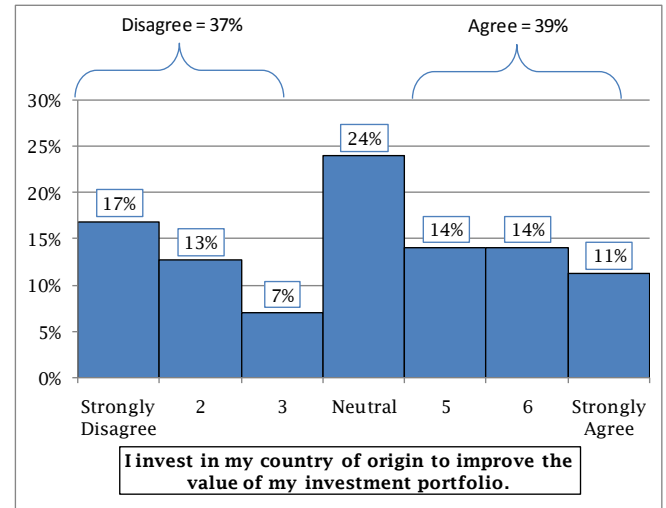


Figure 15— Nearly 40% agree that their investments are motivated by the desire to increase the value of their investment portfolio.

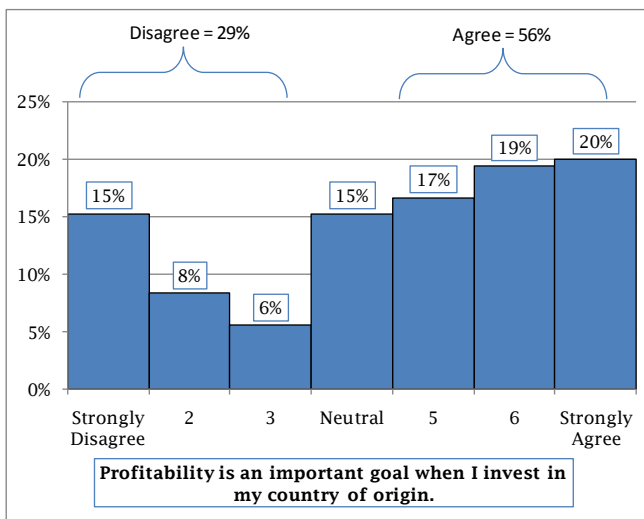


Figure 16 — Fifty-six percent stated that profitability is an important goal when investing in their country of origin.

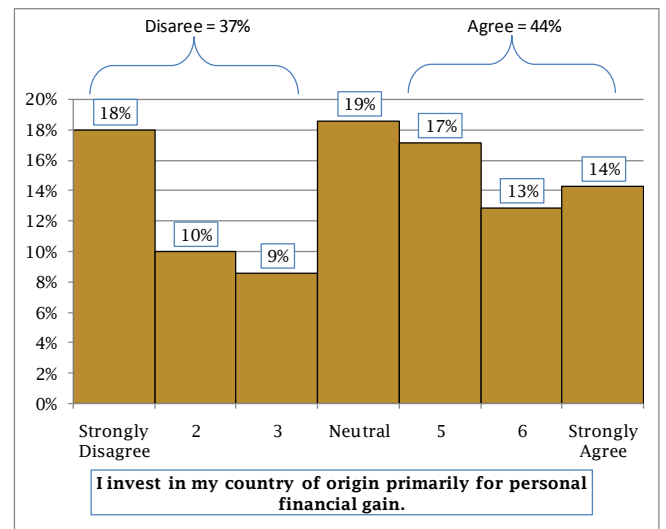
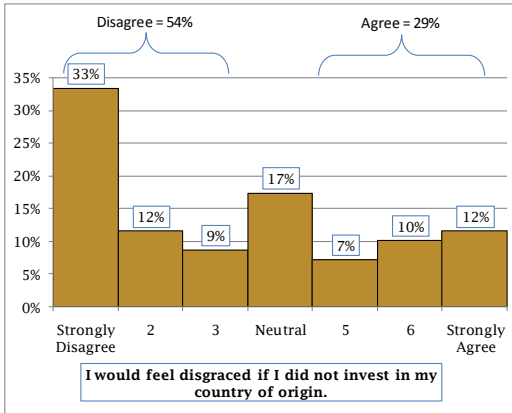


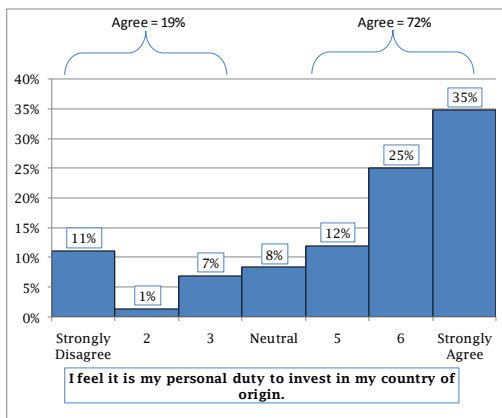
Figure 17—Forty-four percent of respondents stated that their investments are motivated by personal financial gain.

*Emotional Motivations*

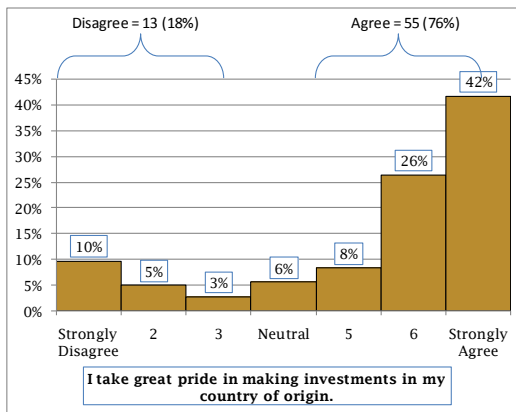
The majority of respondents indicated that their investments are influenced by their emotional connections to their county of origin. **The results of the survey suggest that diasporans receive a “warm glow” feeling from investing in their country of origin<sup>1</sup>.** Respondents did not, however, equate a lack of investment with a lack of self-respect.



**Figure 18—Less than 1/3 of respondents (29%) stated that they would not feel disgraced if they did not invest in their country of origin.**

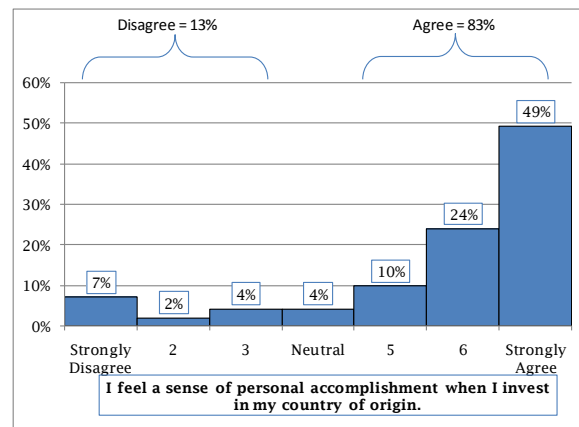


**Figure 20—Almost 3/4 (72%) of ADM participants claimed that they believe that it is their personal duty to invest in their country-of-origin.**

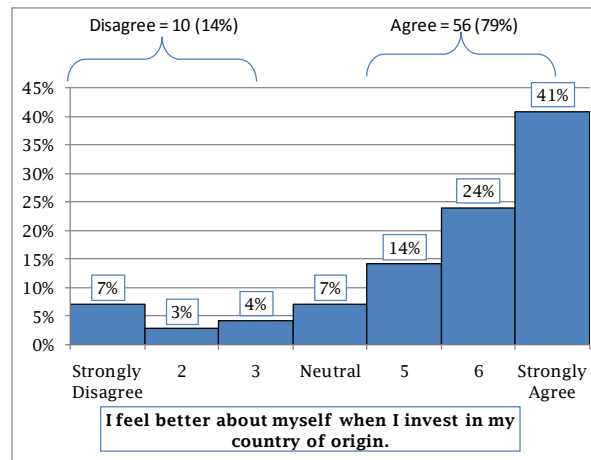


**Figure 22—Seventy-six percent take pride in making investments in their country of origin.**

*Emotions - feelings of accomplishment, pride, self-esteem, duty, and honor -- motivate many respondents to invest in their country of origin.*



**Figure 19—Over 3/4 (83%) of ADM participants feel a sense of personal accomplishment when making investments in their countries of origin.**



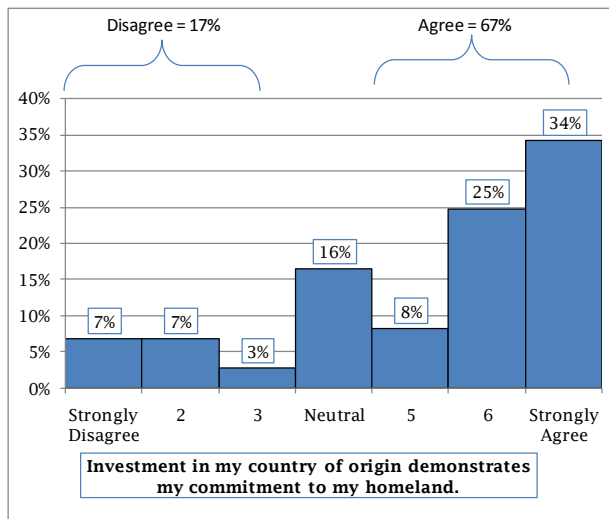
**Figure 21—Seventy-nine percent of ADM participants stated that they feel better about themselves after making investments in their countries of origin.**

<sup>1</sup>Arrow, K.J. (1972). Gifts and Exchanges. Philosophy and Public Affairs, (1), 343-362

*Social Status Motivations*

Respondents tended to agree with statements attributing their investments to personal feelings of commitment and social responsibility. More than 2/3 (67%) stated that their investments were a demonstration of their commitment to their country of origin.

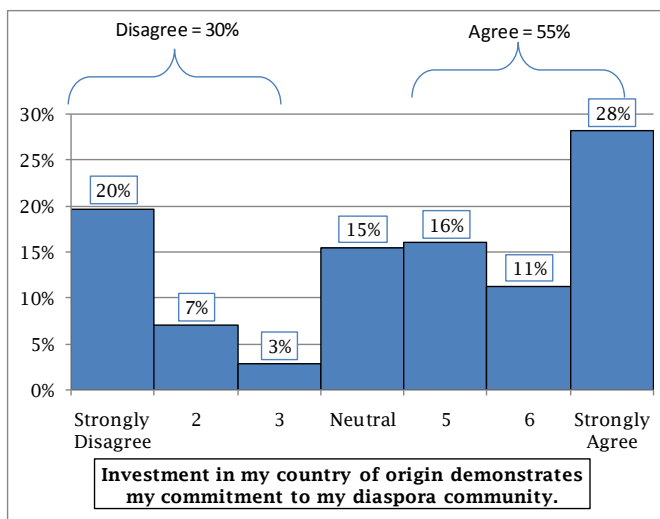
Almost half (49%) of survey participants agreed that individuals that invested in their countries of origin were highly respected. Only 17%, however, agreed that those that did not invest lost social status.



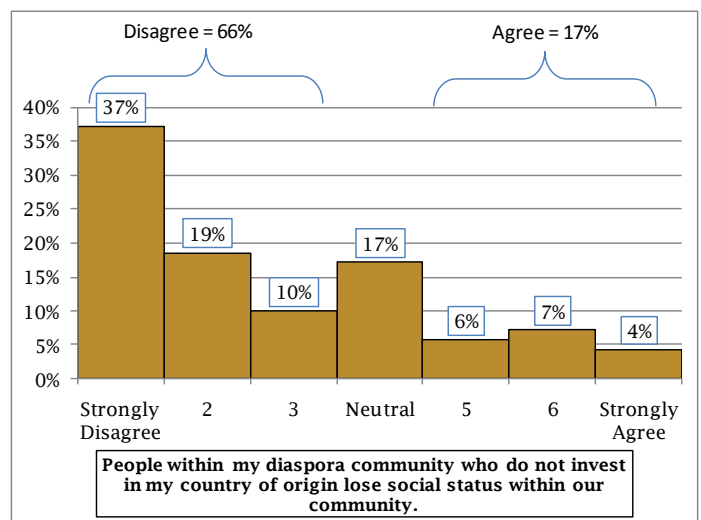
**Figure 23— More than 2/3 of respondents stated that their investments demonstrated their commitment to their communities in their countries of origin.**

Forty-one percent of respondents stated that they considered investing in their country of origin a responsibility of the diasporan community (23% strongly disagreed); 48% stated that community members consider investments a personal responsibility.

*Close to half of respondents (49%) agreed that the diasporan community respected those who made investments in their countries of origin.*



**Figure 24—More than half (55%) of respondents agreed that their investments showed commitment to their fellow diasporans.**



**Figure 25— Nearly 2/3 of participants disagreed with the statement that not investing would lead to a loss of social status.**

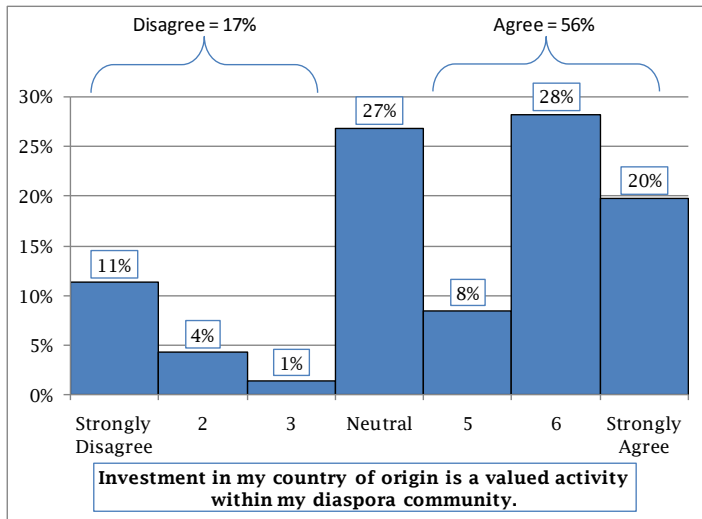


Figure 26— More than half of respondents agreed that their diaspora community values country of origin investments.

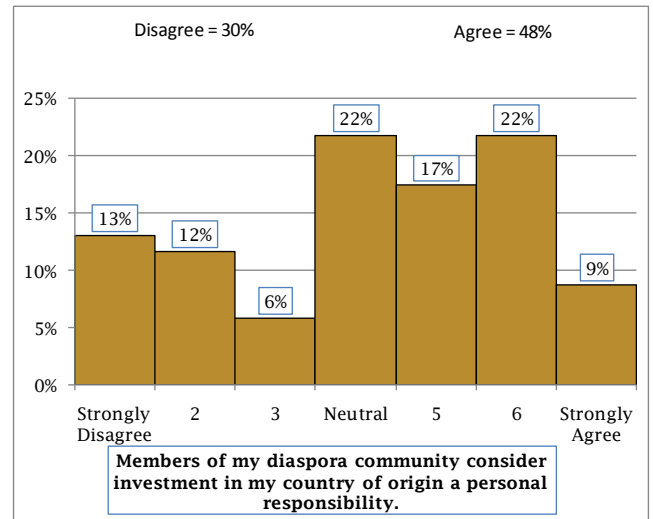


Figure 27— Slightly less than half (48%) of respondents stated that their diaspora community consider country of origin investments a personal responsibility.

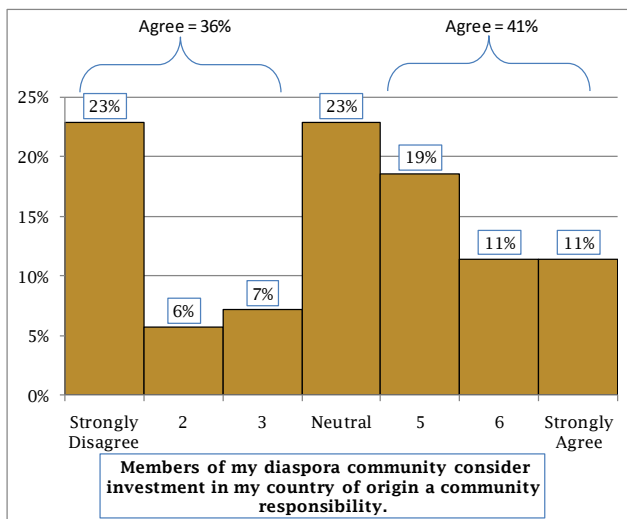


Figure 28 — Forty-one percent agree that members of their diaspora community consider country of origin investments a community responsibility.

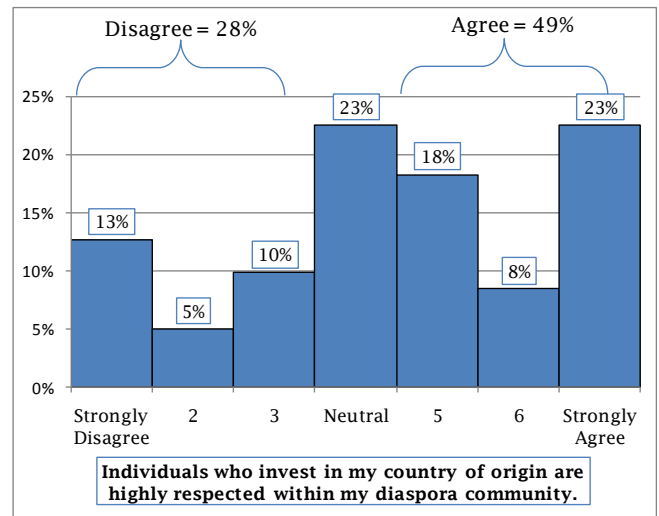
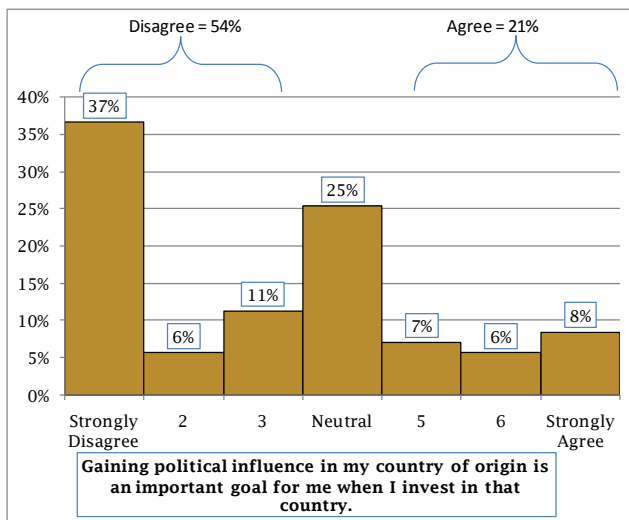


Figure 29— Almost half (49%) of survey respondents agreed that their diaspora community respects individuals that make investments in their country of origin.



*Political Motivations*

Respondents seemed to make their investment decisions independently of any political ambitions or desires and without the expectation of special access to government resources or favors. Less than one third (31%) agreed that investing in their country of origin translates into political power or influence and only 21% of respondents felt that investments could facilitate the avoidance or mitigation of legal problems for them or their families. While 45% agreed that investors will benefit from additional access to government officials, only 24.3% stated that such benefits would accrue to them as a result of their specific investment.



*For a few respondents, investments made in their country of origin were perceived as ways to gain increased political influence, access, or favors .*

Figure 30— Only 21% of respondents agreed with the statement that gaining political influence is a important reason why they invest.

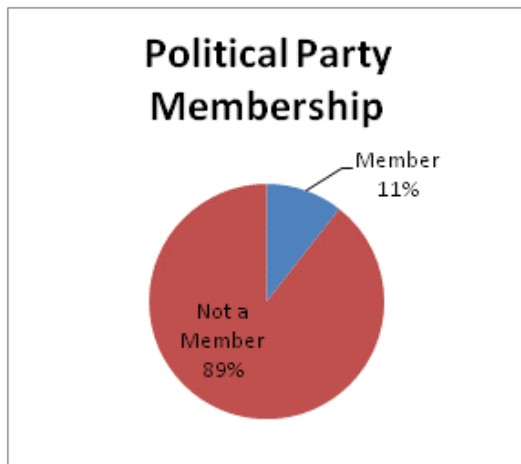


Figure 31— Eighty-nine percent of respondents stated that they were not a member of a political party.

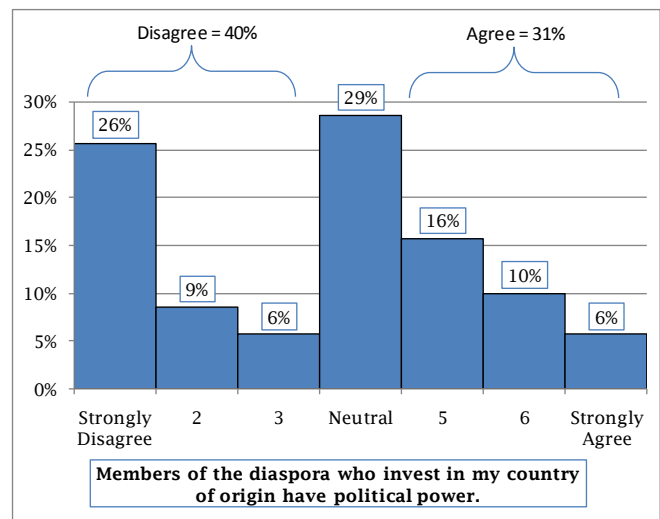


Figure 32 —Less than one third of ADM participants agreed with the statement that investing leads to political power.

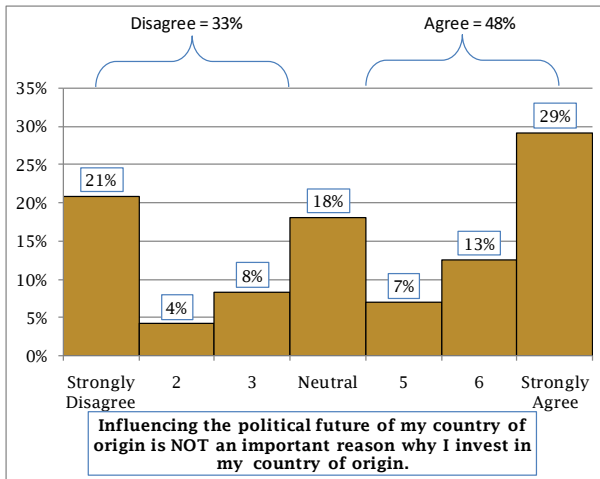


Figure 33 — Less than half of respondents agreed that they invest in order to influence the political future of their country of origin.

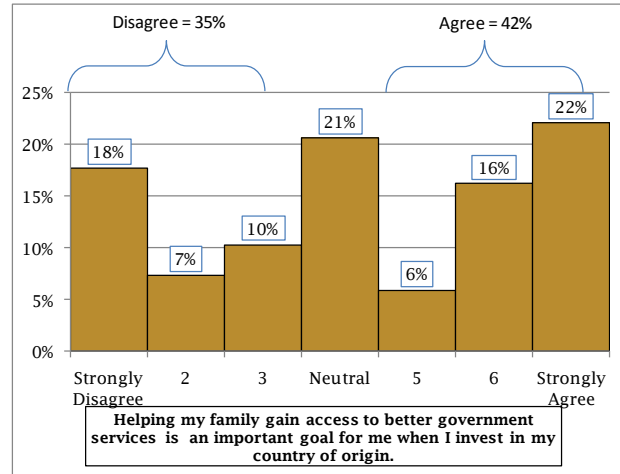


Figure 34— Forty-two percent agreed that access to water, electricity, and other government services is a reason why they invest.

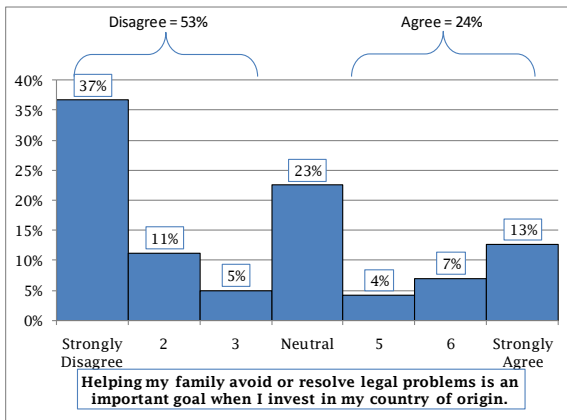


Figure 35 — Less than a quarter of respondents stated that avoiding or resolving legal problems motivates them to make investments in their countries of origin.

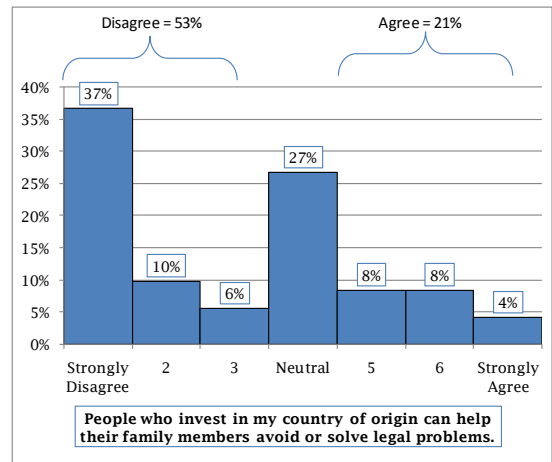


Figure 36- only 21% agreed that investors in their country of origin facilitated the resolution or avoidance of legal problems for their families.

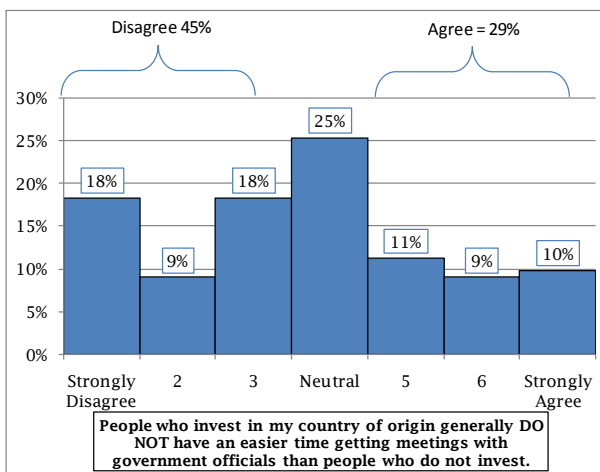


Figure 37 — Twenty-nine percent of respondents stated that it is not easier to get meetings with government officials as an investor.

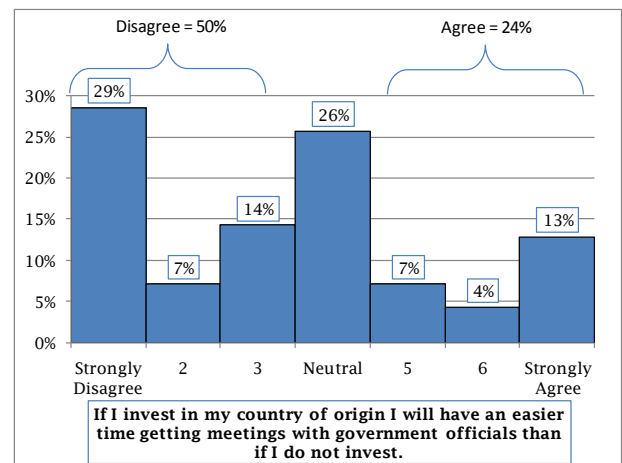


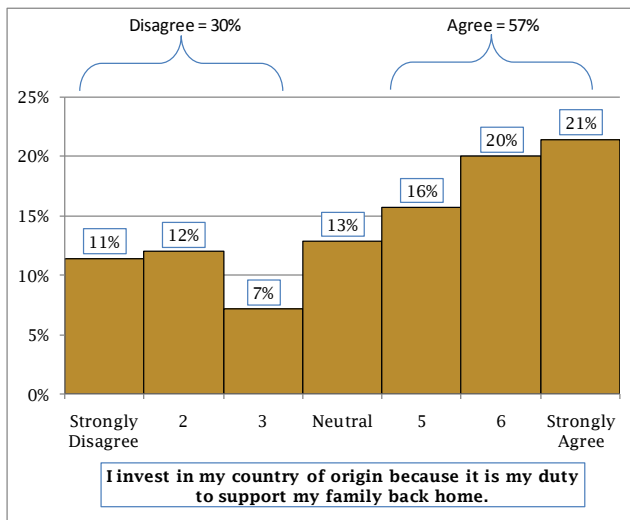
Figure 38— Twenty four percent of respondents indicated that investing would give them easier access to meetings with government officials.

*Family Concerns*

Survey participants generally considered themselves responsible for ensuring that family-members in their countries of origin were financially secure.

Slightly more than half (54%) of the participants in the survey aimed to reduce their family’s dependence on remittances and 62.9% agreed that creating jobs and income for their family was an important motivator.

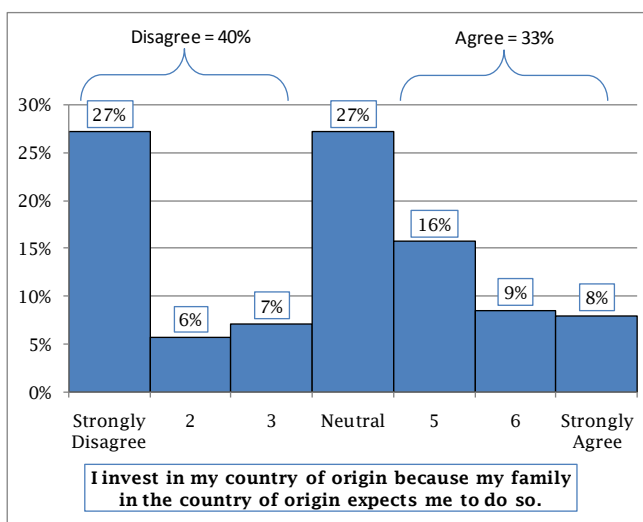
The majority of respondents (57%) felt a duty to support their family, but less than one third (32%) stated that the expectations of their family influenced their investment decision.



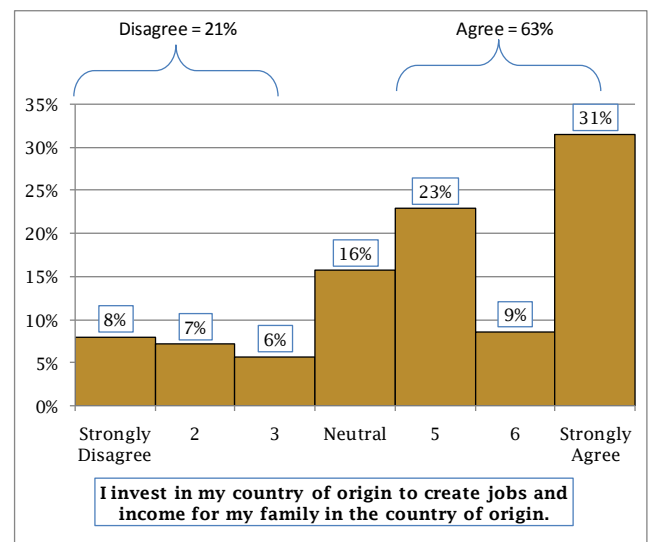
*More than half of the respondents (54%) indicated that they were motivated by a desire to decrease their family's dependence on remittances*

*Only 32% planned to make investments because their family expected them to do so.*

**Figure 39—The majority (57%) of ADM participants consider supporting their family back home a duty.**



**Figure 40 —Approximately 1/3 of respondents invest to meet the expectations of family members in their countries of origin.**



**Figure 41 — Nearly 2/3 of respondents were motivated by the desire to create income and jobs for their families.**

PERCEIVED OBSTACLES TO INVESTMENT

ADM participants are concerned that government, financial capital, and infrastructure barriers will negatively affect their proposed ADM projects in their country of origin.

On a scale of one to five, where five is considered a major obstacle, ADM participants were asked to respond to the top perceived obstacles to investment. The results indicate that most were concerned about government bureaucracy creating investment obstacles (average rating = 4.02). They were also concerned that they may have difficulty finding lenders willing to work with their company (average rating = 4.02). The top ten, highest-rated perceived obstacles to investment are listed below in Figure 42.

Respondents did not expect to have challenges staffing their businesses: hiring (2.50), motivating (2.38) and inspiring employees (2.48) were among the items least expected to be obstacles to overcome. Identifying customer preferences (2.09), knowing what customers want (2.09), and convincing local consumers of their products' quality (2.69) are also among the items least perceived to be obstacles to overcome.

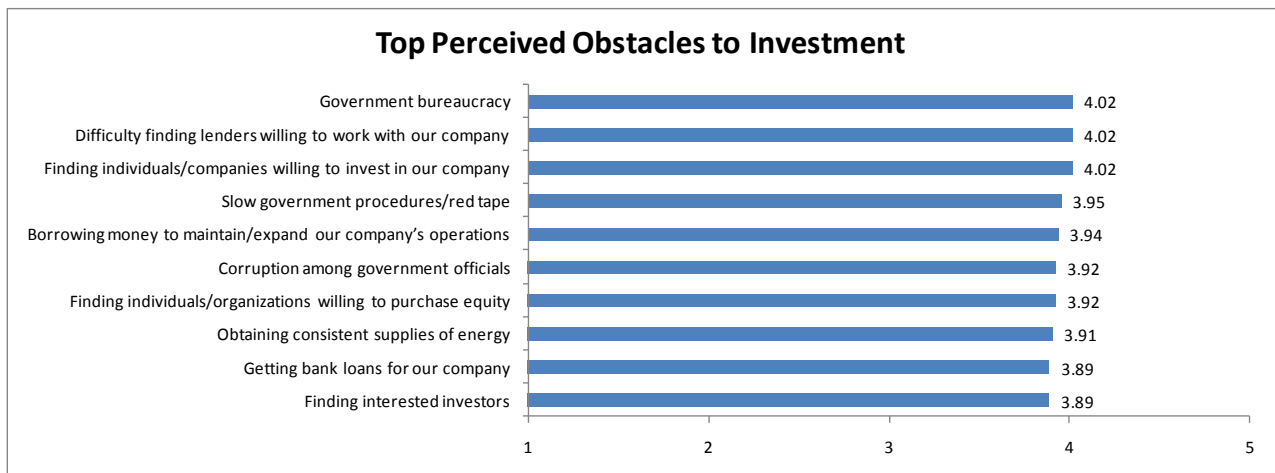


Figure 42— The majority of respondents' top concerns involved either obtaining financing or dealing with government officials and procedures.

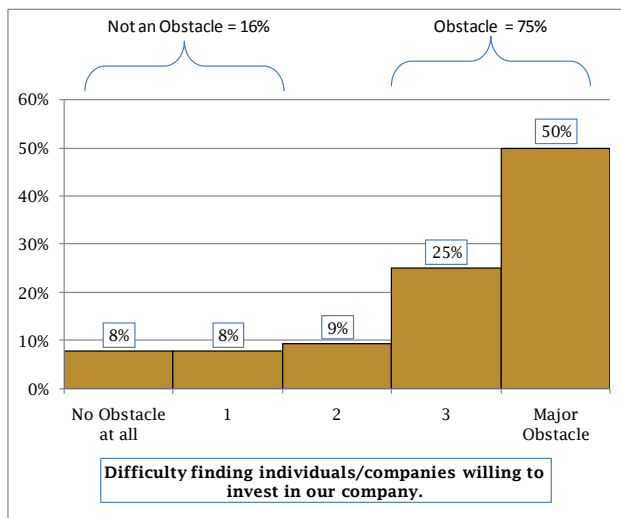


Figure 43— Seventy-five percent of respondents believe that finding investors will be an obstacle to overcome, with 50% considering it a major obstacle.

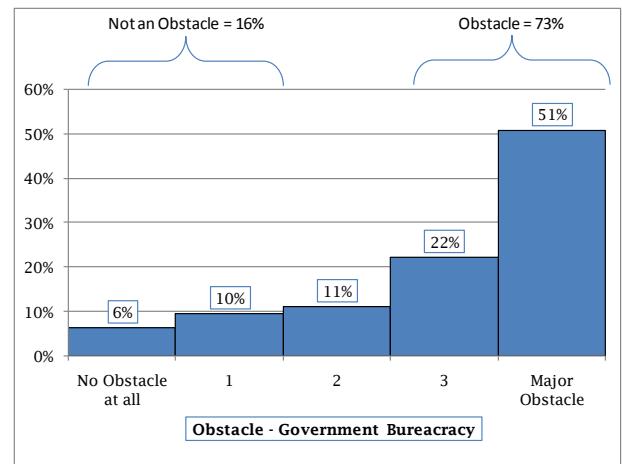


Figure 44— Nearly 3/4 (73%) of respondents expect government bureaucracy to be an obstacle. Slightly more than half (51%) consider it a major obstacle.

RELATIONSHIP WITH THE COUNTRY OF ORIGIN

ADM participants are very connected to and strongly identify with their country of origin.

The majority of respondents were frequently in contact with people from their countries of origin, not only through long-distance correspondence (84% contacting family very often) but also in person (62% visiting their country of origin at least once a year).

Ninety-two percent of respondents utilized the internet to get information about their countries of origin, while 84% sought this information from diaspora-related newsletters and magazines.

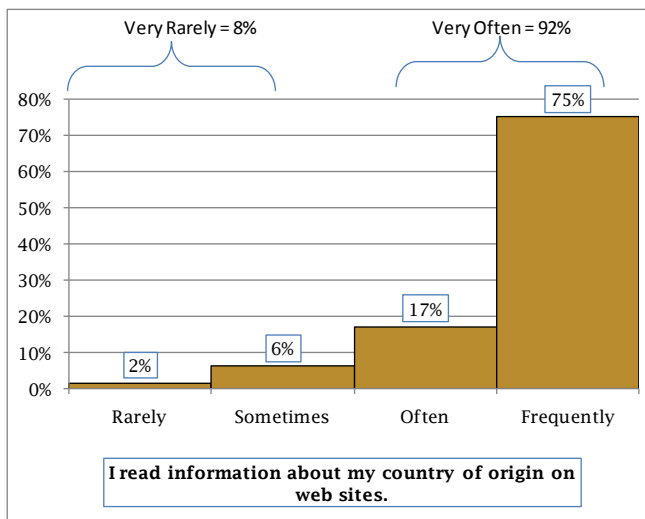


Figure 45— Ninety-two percent of respondents check for news about their country of origin on a regular basis.

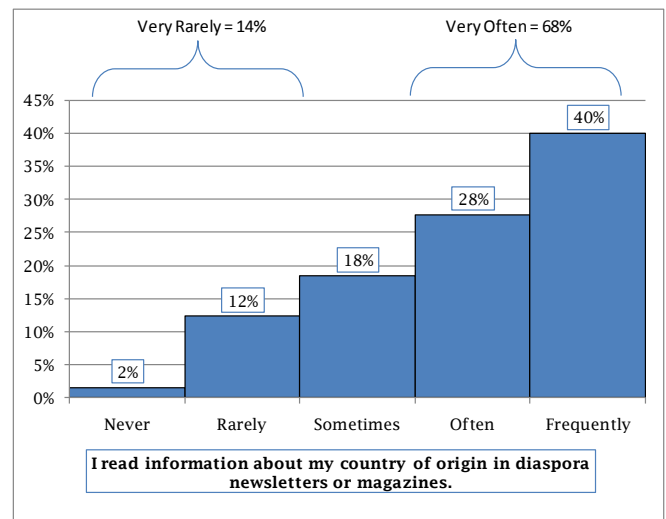


Figure 46— Only 2% said they never read magazines or newsletters that provide information about their country of origin.

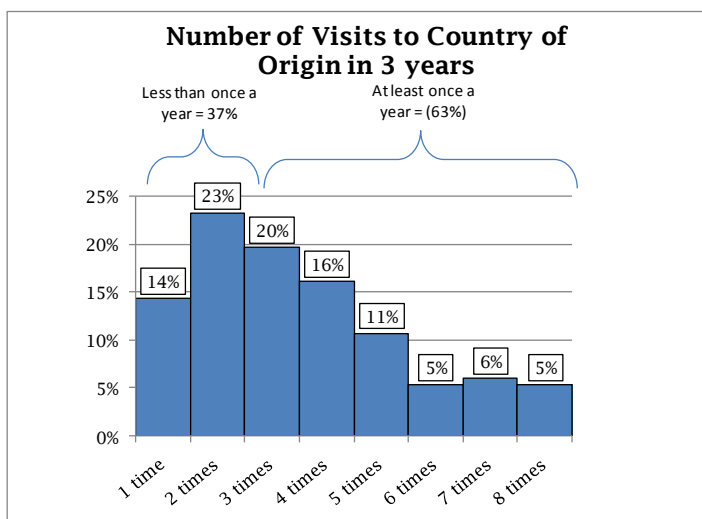


Figure 47— Close to 2/3 of survey participants visit their country of origin at least once a year.

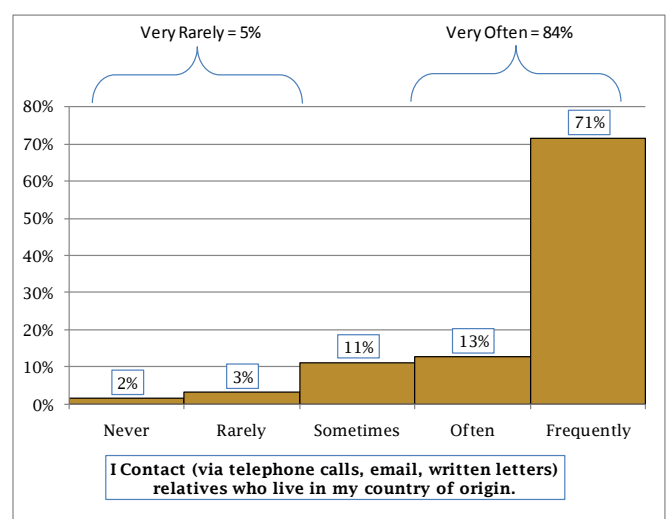
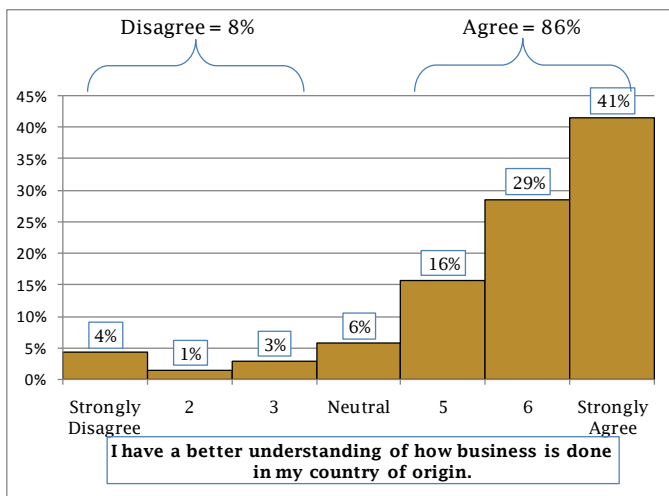


Figure 48— Seventy-one percent of respondents stated that they are frequently in contact with relatives in their country of origin.

The diasporan community, in the eyes of most respondents to this survey, is “pro-investment.” Diasporans also believe that their relationship with their countries of origin uniquely qualify them to make investments in those countries.

The majority of respondents (86%) stated that, as diasporans, they have a better understanding of how business is done in their countries of origin. More than 3/4 (76%) believe that they have similar values and beliefs as individuals in their countries of origin, despite the fact that the 45% of the respondents first left for the United States over 20 years ago. This echoes earlier results reflecting a high degree of closeness of respondents to their families and communities in their home countries.

Close to 80% (79%) of respondents answered that they have an overall better understanding of investment opportunities in their countries of origin than non-diasporan investors. More than 3/4 (76%) of respondents asserted that they have a relatively better understanding of consumer tastes and preferences and 79% agreed that they have a better grasp of the language(s) spoken in their countries of origin.



*More than 3/4 (76%) of survey respondents believe that they have a better understanding of consumer tastes and preferences in their countries of origin than non-diasporan investors.*

Figure 49— A vast majority of respondents (86%) stated that they have a better understanding of business in their country of origin than non-diasporan investors.

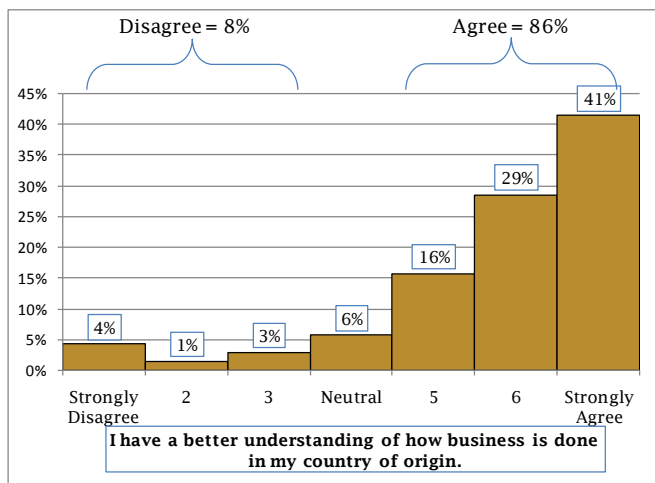


Figure 50— Although 83% left their COO more than 10 years ago, more than 3/4 of respondents consider themselves to share values and beliefs with the people in their homeland.

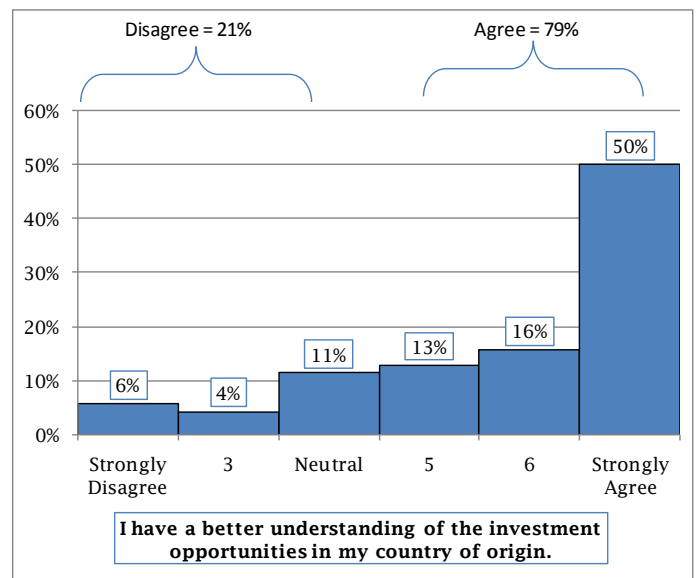


Figure 51—Relative to non-diasporan investors, 79% believe they have a better understanding of investment opportunities in their COO.

INVESTMENT INTEREST

Seventy percent of respondents expressed interest in establishing service-based businesses in their country of origin, 2/3 are interested in establishing manufacturing operations for domestic sale, and almost 3/4 (73%) are interested in establishing manufacturing operations for export sale. **But ADM participants are interested in broadening their economic involvement in their country of origin beyond generating new ventures.**

Many respondents demonstrate interest in investing in existing businesses in the country of origin directly or indirectly. Over half (60%) indicated interest in directly purchasing equity directly from target companies in the country of origin, and close to half (48%) registered interest in investing in equity funds investing in ownership in existing business in the country of origin. Thirty-four percent suggested that they were interested in investing in mutual funds consisting of companies based in the country of origin.

Respondents also indicated moderate interest in lending money to existing small- and medium-sized businesses (SMEs) in the country of origin. For example, 34% claimed interest in making contributions to a fund that would lend money to SMEs in the country of origin at market interest rates. Some respondents (37%) were willing to contribute money to SME lending funds that would lend at below market interest rates to firms in the country of origin. Others were willing to contribute to lending funds that would lend money to SMEs in the country of origin at no interest at all.

Many respondents also were interested in investing in real estate in the country of origin. Fifty-six percent were interested in investing in real estate for personal use, while 66% noted that they were interested in investing in real estate for rental or resale property.

*Respondents not only were interested in establishing new ventures in their country of origin, but several also were interested in investing in other ways, such as purchasing equity in or lending money to existing businesses in those countries.*

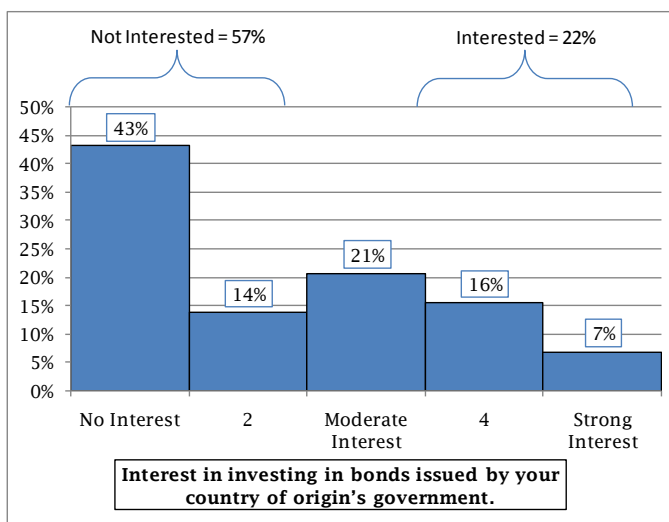


Figure 52— Respondents were least interested in investing in government bonds issued in their countries of origin, with only 22% responding affirmatively.

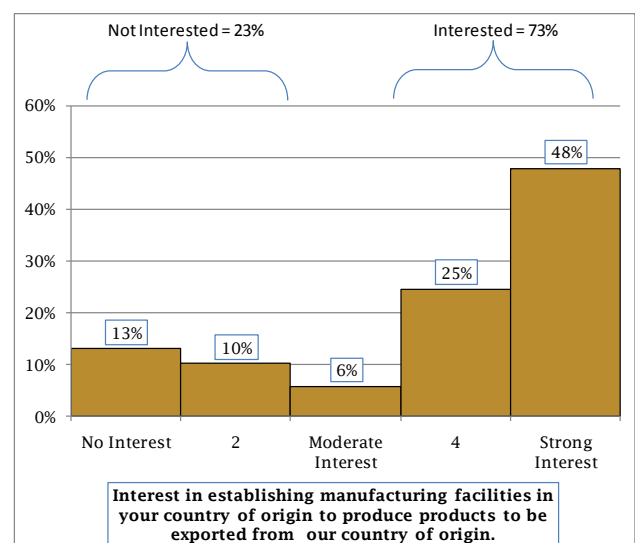


Figure 53— Nearly 3/4 of survey respondents were interested in starting a manufacturing company in their country of origin.

INVESTMENT ACTIVITY

Many ADM participants already are investing in their country of origin and are doing so in different ways.

Over 1/3 (34%) have established a service-based business. Approximately eighteen percent (18%) have established a manufacturing business for domestic sale, and approximately thirteen percent (13%) have established a manufacturing business for export sale.

Nearly 1/4 of respondents (24%) have invested in equity funds. Only 3% contributed to mutual funds versus 34% expressing interest in this type of investment, suggesting a possible lack of attractive funds trading in the participants’ countries of origin.

Only 5% had experience in funds charging below market interest rates, despite the fact that over 1/3 of participants expressed interest. Similarly, while 40% of respondents expressed interest in lending funds charging market rates, only 6% have made such investments. The least activity (3%) was reported for funds lending money without charging interest.

Only 3% of respondents invested money in bonds issued by their country of origin, a result that may be influenced by the lack of diaspora bonds issued by the countries represented in the survey.

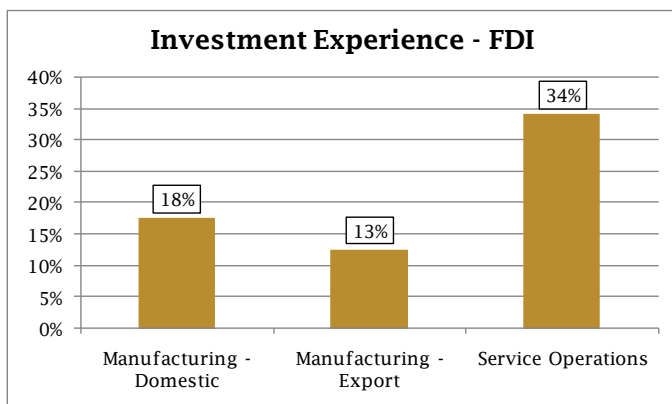


Figure 54— The majority of respondents with entrepreneurial experience chose to establish service-based businesses.

More than a quarter (27%) of respondents have invested in income-generating or speculative real estate while 41% have invested in real estate for personal use.

*The lack of investment activity in relatively low-risk and/or low return products such as zero-interest lending funds and government bonds is congruent with the fact that 89% of respondents described themselves as having either moderate or high tolerance for risk.*

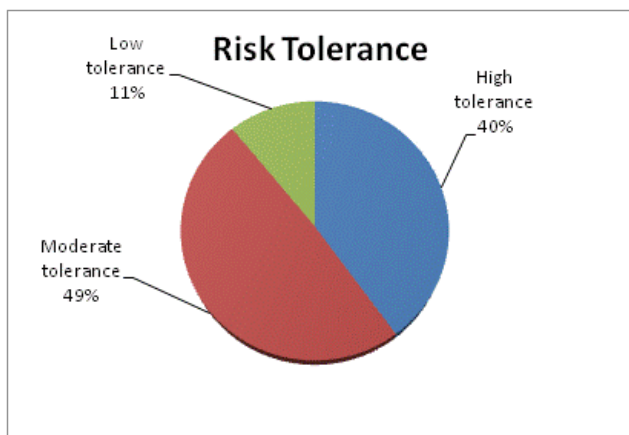


Figure 55— Only 11% of respondents described themselves as having low risk tolerance.

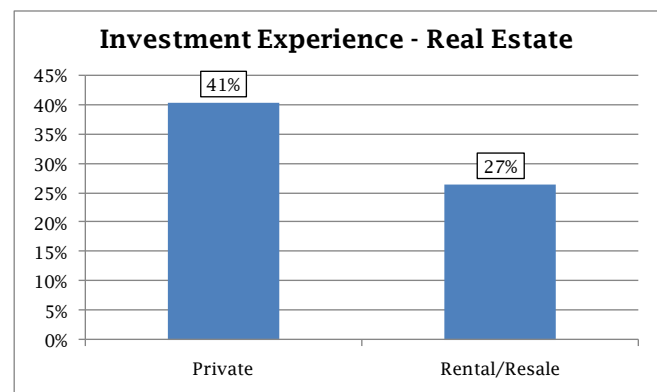


Figure 56— Real Estate is the most common investment activity reported by respondents.



## CONCLUSION

This initial study suggests three main insights about the investment interests of ADM participants:

1. **ADM Participants Invest with the Heart as Well as the Wallet** - Like most diaspora investors, ADM participants are not just interested in investing to make money; they also want to contribute to the development of their countries of origin and make a better life for their family and friends who live there.
2. **ADM Participants Recognize Investment Challenges in their Countries of Origin but Believe They Have a Diaspora Investment Advantage** - Concerns about government bureaucracy, red tape, and corruption; finding willing and able lenders; and insufficient infrastructure were rated by ADM participants as strong obstacles to investment. But ADM participants feel that as diasporans they have advantages - better understanding of the values, beliefs, languages, consumer preferences, investment opportunities, and ways of doing business in their countries of origin - and they believe that these advantages may help them be more successful than non-diaspora investors in those countries.
3. **ADM Participants Want to Create New Businesses and Invest in Existing Businesses in their Countries of Origin** - ADM participants are not only interested in starting new manufacturing and service operations in their countries of origin but they also are interested in investing in existing businesses there either through direct equity investments or through investments in equity or mutual funds.

The ADM initiative provides a unique laboratory for research regarding diaspora investment and entrepreneurship. The GW Diaspora Capital Investment Project will continue to study ADM participants through additional surveys and personal interviews. Future research will examine how ADM participants develop and utilize their social networks to overcome the challenges and leverage the opportunities that they encounter as their new ventures proceed from ideation through business launch. It also will seek to identify policy intervention strategies to better promote and facilitate diaspora investment and entrepreneurship and contribute to development in African nations.