



Mobilizing Malian diaspora investments into agrifood SMEs

Implemented by



Project overview

DURATION



PROJECT GOAL

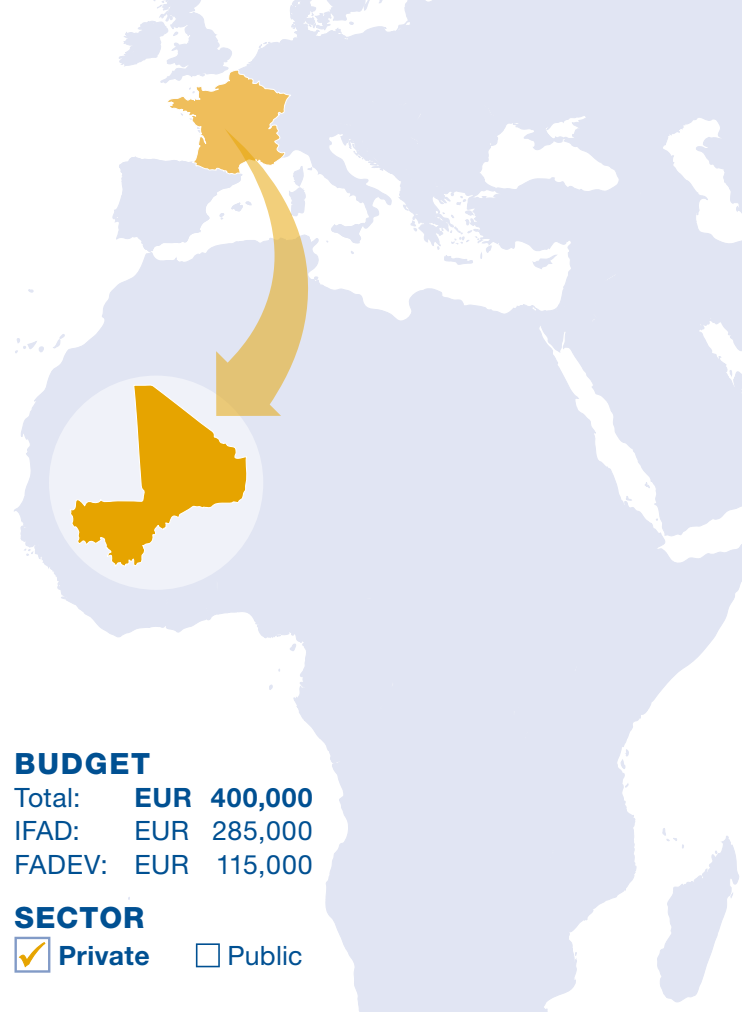
To reduce poverty and support economic growth through decent work in rural Mali by mobilizing diaspora investments.

PROJECT IMPLEMENTING AGENCY

FADEV is a French social enterprise founded in 2013, specialized in impact investment in Africa. FADEV provides small- and medium-sized enterprises (SMEs) with financial, technical and technological support through its partners in Mali. The company has raised and invested EUR 1.5 million in 27 African companies in Cameroon, Côte d'Ivoire, Mali and Senegal.

Project partners:

- [Cofides Nord-Sud - Coopérative Financière pour le Développement de l'Economie Solidaire](#);
- [Consult Step](#); and
- [KC Elite Holding](#).



BUDGET

Total: **EUR 400,000**
IFAD: EUR 285,000
FADEV: EUR 115,000

SECTOR

Private Public

GEOGRAPHIC TARGET

Mali, mostly rural areas in the Kayes and Koulikoro regions, and its remittance corridor from France.

TARGET GROUPS

- Six agrifood SMEs benefiting from diaspora investments; and
- 60 diaspora investors.

PROJECT OBJECTIVES



FORMALIZATION

Channel diaspora investments through formal, secure and legal vehicles.



CAPACITY-BUILDING

Train diaspora members to improve their investment skills and to leverage their potential for investment in Mali.



SUPPORT TO RURAL SECTOR

Increase financing for the Malian agrifood sector and its SMEs with high social and environmental impact.



ADVOCACY

Contribute to an enabling environment for diaspora investment through dissemination of knowledge on opportunities and challenges.

National context

The Malian diaspora is one of the oldest West African diasporas settled in Europe, with 200,000 members out of the 4 million across the globe.

While the political and economic situation in Mali has been unstable for several years, diaspora contributions have remained steady supporting livelihoods and local development, especially in rural areas. In 2021, Malian migrants sent US\$973 million in remittances back home, an amount equivalent to 5 per cent of Mali's gross domestic product for that year. In addition to remittances that primarily cover regular consumption, members of the Malian diaspora have historically engaged in social development through their organizations.

Increasingly, the Malian diaspora, individually or collectively, are starting businesses and/or considering investing back home, particularly in agriculture.

According to an IFAD study,¹ more than 60 per cent of Malian diaspora members in France are willing to invest back home, with an annual investment potential valued at EUR 5.8 million. Their aim is to support the development of their country of origin by fostering entrepreneurship and job opportunities.

As a concrete response to their willingness to invest, IFAD, with the co-financing of the European Union, has developed partnerships with impact investors to offer innovative investment options for the Malian diaspora.



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Main challenges and market barriers

The market for diaspora impact investment in Mali is limited, and presents outstanding structural issues such as:

➔ Limited financial expertise among diaspora members

According to the IFAD study, despite the interest of the majority of Malian diaspora associations and members to invest back home, only a few have done so (17 per cent of associations, 20 per cent of individual members) mainly because of lack of investment knowledge.

➔ Lack of formal investment options for Mali

The same study revealed that another difficulty for the Malian diaspora to invest back home is the lack of financial products adapted to their needs. At present, only the crowdfunding platform [KIVA](#) is available to formally invest in Mali from abroad, through an on-lending model.

➔ Reluctance among Malian SMEs to use venture capital

Enterprises and organizations in the Malian agricultural sector have either a strong individualistic (in the case of entrepreneurs) or a cooperative culture. Hence, they are not used to mobilizing venture capital investors.

1/ IFAD. *Investment practices and preferences of the Malian diaspora in their country of origin 2022*: <https://www.ifad.org/en/web/knowledge/-/investment-practices-and-preferences-of-the-malian-diaspora-in-their-country-of-origin>.

The project intervention

IFAD is partnering with FADEV through the EU Emergency Trust Fund for Africa (EUTF) Mali programme to implement a new venture capital investment solution for the Malian diaspora in France called YiriMali.² This investment fund will provide diaspora members with a formal and profitable investment vehicle to invest in SMEs in the agrifood sector in the Malian regions of Kayes and Koulikoro. The ultimate objective is to generate more employment in this sector while enhancing rural people's resilience. Inspired by the CIGALES³ model, which has demonstrated its effectiveness among small French investors for 30 years, FADEV will promote the formalization of diaspora investor groups, who will either invest in the project of their choice (run by relatives or others) or to co-invest with FADEV in one of the SMEs in its portfolio. The Cofides Nord-Sud financing cooperative will be FADEV's partner and surety company setting up a financial guarantee for each one of the diaspora investor groups. In turn, FADEV's partners in Mali, Consult Step and KC Elite, will monitor the SME performance throughout the investment period.

The project activities involve:

1. RAISING AWARENESS ABOUT VENTURE CAPITAL AMONG THE MALIAN DIASPORA MEMBERS IN FRANCE

In addition to targeted communication through different channels, FADEV will meet with diaspora community and opinion leaders to promote the new venture capital investment option designed under this project, and to assess their investment preferences, hesitations and obstacles.

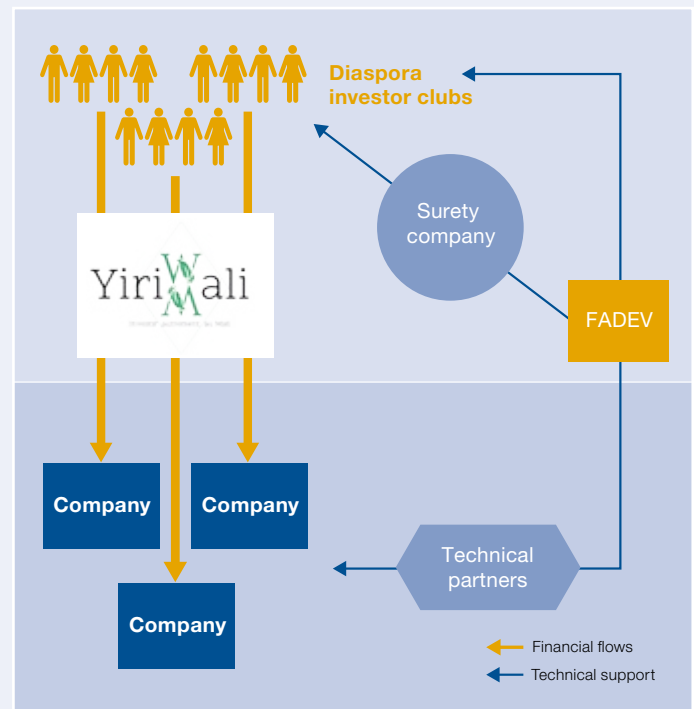
2. DESIGNING AND PILOTING AN INVESTMENT MODEL ADAPTED TO THE DIASPORA NEEDS

The investment model will fit within the Malian diaspora aspirations to invest as a group with limited administrative complexity. YiriMali will allow investors to choose the business in which to invest in Mali, whether within their entourage or the project portfolio referenced by FADEV and its local partners. Each diaspora investor group will define its investment conditions in accordance to FADEV (interest rate, duration and follow-up set up, among others).

2/ Yiriwa in Bambara means development.

3/ The CIGALES model allows small French savers to form formal groups to invest in small local businesses, more details: <http://www.cigales.asso.fr/>

FIGURE 1: YIRIMALI, THE FADEV-DESIGNED INVESTMENT SOLUTION



3. CAPACITY-BUILDING FOR DIASPORA INVESTOR GROUPS

To make them autonomous in their investment practices, FADEV will provide training and advisory support to the Malian diaspora investors on management and capital investment throughout the duration of the project.

4. DE-RISKING AND ON-BOARDING PIONEERS

Investment professionals in Mali will accompany each diaspora investor group to perform the due diligence of which Malian agribusiness to invest in. In addition, they will regularly monitor each business throughout the investment period. As a guarantee mechanism, Cofides Nord-Sud will cover the potential losses of the groups supported by the project, thus providing a secure environment for this pilot initiative.

5. SUPPORTING BUSINESSES IN WHICH THE DIASPORA INVESTS

FADEV's technical partners in Mali will facilitate the identification and evaluation of SMEs' investment needs and provide them with capacity-building throughout the investment duration.

Expected results

MALIAN DIASPORA INVESTS EUR 120,000 IN RURAL AGRIFOOD SMES IN MALI

- ➔ An innovative investment model is designed and customized to meet diaspora needs.
- ➔ Twelve leaders of the Malian diaspora in France promote the impact investment mechanism designed under this project.
- ➔ Six groups of about 5 to 20 diaspora investors each mobilize their savings to invest in Mali.

SIX SMES IN THE AGRIFOOD SECTOR IN MALI ARE FINANCED TO DEVELOP THEIR BUSINESSES

- ➔ A EUR 72,000 guarantee fund is set up to de-risk diaspora investors.
- ➔ The six SMEs supported create or stabilize at least 50 direct jobs, of which 50 per cent for women.

LESSONS LEARNED FROM THE NEW DIASPORA INVESTMENT SOLUTION ARE DOCUMENTED TO ENABLE ITS REPLICATION

- ➔ A good practice guide is developed and disseminated.
- ➔ A legal and regulatory study of the model extension to other European countries where the Malian diaspora is located is conducted.

PROJECT RELEVANCE FOR THE DEVELOPMENT AGENDA

SUPPORTING SUSTAINABLE DEVELOPMENT GOALS



Global Compact
FOR Migration

OBJECTIVE 20



GPFI
Global Partnership
for Financial Inclusion



2015
VALLETTA
SUMMIT ON MIGRATION

LINKS AND REFERENCES

WEBPAGE
IFAD's Financing
Facility for
Remittances

WEBPAGE
Diaspora
Investment in Mali

STUDY
Investment practices
and preferences
of the Malian
diaspora in their
country of origin

BROCHURE
Diaspora
investment in
Malian SMEs



International Fund for Agricultural Development
Financing Facility for Remittances
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Email: ifad@ifad.org
www.ifad.org

facebook.com/ifad
instagram.com/ifad_org
linkedin.com/company/ifad
twitter.com/ifad
youtube.com/user/ifadTV

The **International Fund for Agricultural Development (IFAD)** is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

For more information please contact
remittances@ifad.org

IFAD's US\$65 million multi-donor **Financing Facility for Remittances (FFR)** aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

The **Diaspora Investment in Sustainable Rural Youth Entrepreneurship** in Mali is a EUR 1 million programme co-financed by the European Union Trust Fund and implemented by IFAD's FFR, aimed at supporting diaspora investment through options adapted to their needs. Under the programme, pilot projects have been launched in partnership with two high-impact investment companies, Investisseurs et Partenaires (I&P) and FADEV.

FFR DONORS



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