



Diaspora crowdfunding & crowdlending for West Africa

ACTION BASICS

Beneficiary	<p>The African Foundation for Development (AFFORD) is an international organisation established in 1994 with the mission to expand and enhance diaspora contributions to Africa's development.</p>
Duration	12 months
Sustainable Development Goals	

MAIN FEATURES

Context & needs	<p>Small and medium enterprises (SME) are the main source of employment in most African economies, accounting for more than 80% of jobs. Despite this, businesses in developing countries generally face a significant shortfall of financing. Recognising the underutilised potential of diaspora investment to support the private sector and enhance job creation in the continent, the AFFORD Business Centre (ABC) was created. It aims to foster a community of African diaspora entrepreneurs and investors, and provide them with knowledge and capacity building opportunities to start, develop, and grow.</p> <p>From 2018 to 2019, AFFORD partnered with Global Giving UK to deliver a 'Diaspora Accelerator Crowdfunding Campaign' as part of its <i>Diaspora Financial Initiative</i>. Exploring structural enablers and obstacles to maximising diaspora investment for economic growth, the project identified limited diaspora competency and knowledge on participating in relevant effective funding schemes. Based on this, AFFORD requested assistance from EUDIF in developing diaspora's capacity in online crowdfunding (contributions) and crowdlending (loans) for the benefit of African SMEs. Both digital mechanisms are becoming increasingly important alternative funding options in Africa since it responds to the limited access of SMEs to traditional finance institutions and enables connection with investors abroad.</p> <p>This Action will specifically focus on four West African countries being supported by AFFORD and the Swiss Agency for Development and Cooperation (SDC) through a larger ongoing and complementary programme in Benin, Ghana, Nigeria, and Senegal. All of these countries have shown recognition of the important role of diaspora remittances/investments and seek to leverage it for local sustainable development.</p>
Objectives	<p>General objective Develop the capacity of diaspora investors to raise and invest funds and financially support SMEs in target countries through offering skills, mentoring support and trainings in crowdfunding and crowdlending campaigns.</p> <p>Specific objectives</p> <ul style="list-style-type: none"> Mobilise diaspora investors, produce a pipeline of eligible MSMEs and assess their current online fundraising and investing capacity; Create training curriculum (including TOT) on crowdfunding and crowdlending; Support investors through mentoring and provision of communication materials, to deliver initial crowdfunding and crowdlending actions to meet specific financial goals.



ACTION PLAN

EUDiF areas of intervention

Empowering diaspora organisations based in Europe

Supporting partner countries in enabling diaspora engagement for development

Fostering multi-stakeholder partnerships

Capacity development support

Conduct assessments, research and/or evaluations

- **Mapping** of diaspora investors in AFFORD's ABC West Africa programme to identify their needs, platforms used, resources utilised, and involvement prospects through **interviews and focus group discussions**
- **Research** on existing crowdfunding campaigns and crowdlending opportunities and available platforms
- **On-ground deployment of experts** to conduct assessments with relevant stakeholders, connect with partners, meet entrepreneurs seeking assistance, and select SMEs who will benefit from training

Organisation of knowledge transfer events

- **Training session for trainers and mentors** on the curriculum developed
- **Training session for diaspora investors** on the best practices for selecting and using crowdfunding and crowdlending platforms
- **Mentoring** select diaspora investors to run a crowdfunding campaign or crowd-lending initiative

Development of strategic documents and/or training tools

- Creation of a **methodology** for assessing diaspora knowledge on crowdfunding and crowdlending
- Preparation of **mobilisation campaign strategy and materials** to engage diaspora investors
- Development of a **tailored training manual and curriculum** on crowdfunding and crowdlending

Visibility and communication activities

- Organisation in Benin and Ghana of **networking events** bringing together various stakeholders (governmental authorities, financial institutions, SMEs, etc.).

Outputs

- **Analytical mapping reports** on the profiles, needs, and interests of diaspora investors in AFFORD's ABC West Africa as well as the existing crowdfunding and crowdlending platforms with insights on success rates, areas of focus, and accessibility
- **Methodology and tools** to assess diaspora knowledge on crowdfunding and crowdlending and how to evaluate such initiatives
- **Training manuals for trainers** on crowdfunding and crowdlending opportunities, the skills and knowledge needed to participate and lead such schemes, and potential returns and risks
- **Monitoring and evaluation tools** to measure the impact of training sessions and the lessons learned along the way
- **Templates** for an engagement and mobilisation strategy as well as promotional and marketing materials to engage diaspora investors
- **Thematic factsheets** on diaspora investment and the role of diaspora as pioneers of digital solutions

Expected results

- AFFORD will be able to offer access to its pool of resource people (mentors, experts, volunteers) a novel and tailored programme for training diaspora in crowdfunding and crowdlending for SMEs
- 25 diaspora investors will be trained on crowdfunding and crowdlending, and 10 individuals will receive mentoring and assistance to develop, manage, and communicate about their own campaigns and platforms
- AFFORD will have enhanced knowledge and the necessary resources to improve their promotion strategies
- Opportunities will be created to enlarge AFFORD networks as well as to link SME owners with diaspora investors

Find out more at
www.diasporafordevelopment.eu

Funded by the European Union



© 2022

Implemented by ICMPD

