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# ASSESSMENT & LESSONS LEARNED FROM AFRICAN DIASPORA MARKETPLACE

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FINAL REPORT  
ASSESSMENT & LESSONS LEARNED FROM  
**AFRICAN DIASPORA  
MARKETPLACE**

November 2011

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CONTENTS

- EXECUTIVE SUMMARY ..... 1**
- 1. Development and the Diaspora: The African Diaspora Marketplace ..... 1**
- 2. Evaluation Framework..... 7**
- 3. Impact on Local Development..... 10**
- 4. Grantees’ Business Performance..... 14**
- 5. Design & Implementation..... 17**
- 6. Tentative Conclusions & Preliminary Recommendations ..... 19**

# EXECUTIVE SUMMARY

This report analyzes the impact of the African Diaspora Marketplace (ADM), a pilot business plan competition and a private-public partnership between United States Agency for International Development (USAID), Western Union and the Western Union Foundation. This study assesses ADM's impact on local development and grantees' business performance.

Overall, we find that diaspora partnership initiatives are important mechanisms to engage in local business development. ADM's impact, however, is limited due to factors internal to the design and implementation, and external to the ADM, such as local infrastructure or limited business experience by grantors. The ADM initiative produced many positive results. Several of the businesses brought innovative products or services to local markets. In the long term, these will have a diffusion effect on other businesses. The ADM's unique model of partnership with diasporas strengthened transnational family enterprises, and diaspora partners were major stakeholders and decision makers in all the businesses. Moreover, at least four out of fourteen ADM funded businesses promise to be sustainable in the short-term, and three more have solid prospects to succeed in the future.

This study made an effort to understand the extent to which the ADM process, the diaspora engagement, and the financing itself influenced businesses' success and impacted local development. This evaluation is based on interviews with stakeholders, and fieldwork carried out in August 2011 in Ghana, Ethiopia, Kenya, Nigeria, and Uganda as well as other data collected.

This report is organized into six sections. Section one describes the theoretical context for the ADM and presents a summary of our evaluation findings. The second section outlines our evaluation framework. The third reviews the grantees' impact on local development. Section four examines ADM grantees' business performance, specifically their potential for sustainability and growth. Section five presents our assessment of the ADM design and implementation. The final section draws tentative conclusions on lessons learned and basic recommendations for future endeavors.

## I. Development and the Diaspora: The African Diaspora Marketplace

Diasporas are increasingly seeking to engage in development in their home country and have initiatives and resources to do so. Their efforts demonstrate how they view their role in the development process of their home countries. Moreover, in that effort, they seek partners to share the outcomes from these ventures. The African Diaspora Marketplace (ADM) is an

outcome of United States Agency for International Development's (USAID) realization of a diaspora driven demand to invest in home country business projects. The results of the ADM pilot are mixed, but promising. This section discusses first this trend in transnational engagement and the evolution of diaspora investment partnerships. Next, we introduce the ADM as an innovative approach to encouraging these partnerships. This section also discusses some unique features of diaspora engagement that ADM has fostered and a general description of the ADM grantees' challenges and achievements to date.

## **DIASPORAS AND DEVELOPMENT**

The economic activities performed by migrants vis-a-vis their home country are transnational by default because they include local and trans-border interactions. Those activities, such as remitting or investing, are often challenged by nation-state bounded views of development. However, it is important to note that the global nature of social, economic and political interactions is increasingly demanding normative and policy changes to benefit people. Specifically, it is possible to see a tension between the *intermestic* and transnational nature of human relations and nation-state bound rules of conduct.<sup>1</sup> Seyla Benhabib<sup>2</sup>, among many scholars from varying intellectual backgrounds, rightly argues that:

“...we are at a point in the political evolution of human communities when the unitary model of citizenship that bundled together residency on a single territory with subjection to a common bureaucratic administration representing a people perceived to be a more or less cohesive entity is at an end. We are facing today the ‘disaggregation of citizenship’.”

Benhabib's assessment is clearly visible in the context of international migration and the ensuing processes that emerge from the economic and social link forged by migrants, their families, and the institutions (public and private) with which they interact. For one, globalization has increased a demand for foreign labor. Large and small businesses have increased their demand for foreign labor in order to raise global productivity and competitiveness. Moreover, the economic activities among migrants and their families have had direct implications on economic growth and development in a global context.

Despite these patterns, a critical paradox is apparent: international cooperation for economic development is circumscribed within the territorial lines of nation-states. From a normative and policy standpoint, it is imperative to engage in development in a de-territorialized manner that allows for a more fluid fulfillment of the human condition and that includes migrants and/or diasporas in the development process.

Migrants' engagement in a transnational lifestyle, characterized by both opportunities and hardships, features a paradox of distance and closeness, and often defines migrants as *diasporas*. In fact, activities—such as sending money home, investing in the home country—are shaped by a diaspora identity seeking to materialize a person's sense of belonging.

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<sup>1</sup> Sassen, Saskia, *Territory, Authority, Rights: From Medieval to Global Assemblages* (2006); *Losing Control? Sovereignty in an Age of Globalization* (1996).

<sup>2</sup> Benhabib, Seyla. *Another Cosmopolitanism*, Oxford University Press, 2008.

Diasporas have been defined as:

“...sociopolitical formation[s], created as a result of either voluntary or forced migration, whose members regard themselves as of the same ethno-national origin and who permanently reside as minorities in one or several host countries. Members of such entities maintain regular or occasional contacts with what they regard as their homeland and with individuals and groups of the same background residing in other host countries.”<sup>3</sup>

Diasporas thus define themselves through relationships with the homeland, international entities, and host-country governments and societies, thereby influencing various dynamics, including development. One key consideration of these relationships is that they form, in part, as a response to changes in the composition of the international system (be it the global economy or the international political landscape) and to development or under-development. People leave their countries because of social, economic and political conditions there, yet they continue to engage with their homelands at various levels. Such engagement stretches the idea and practice of development beyond territorial boundaries.

Because of these processes, taking diasporas’ and migrants’ economic activities into account when exploring development policy is not only justified, but also necessary. Today diasporas are subjects and objects of social change. Considering diasporas in a development framework is essential to understanding the context in which they exist, that is their transnational and de-territorialized space. From that point on, the economic activities of migrants can transform the material base of migrants, their relatives, and their societies.

A point of departure to this imperative is the identification of partnerships that can bind individuals and institutions to implement policy pathways inclusive of a range of players, such as migrants, civil society, policy makers, development practitioners, or businesses. Diasporas are increasingly motivated to promote development in their home country on local projects to impact their communities. Diaspora investment partnerships, which are *financing initiatives undertaken by migrants and another entity from either the private or public sector to support business in the migrants’ home community*, represent an innovative approach to development and engagement.

## **ABOUT THE AFRICAN DIASPORA MARKETPLACE**

ADM is a pioneering activity developed by USAID to engage diaspora in the development of their country of origin. It capitalizes on this growing trend in diaspora investment partnerships. The ADM was conceived, designed and implemented on the premise that it would encourage and leverage productive diaspora investment in home countries, provide a stimulus for local economic growth and job creation, spur business innovation and achieve social development objectives. To date, it is also the most visible foray USAID has made in this new practice of “Diaspora Engagement”. The ADM is now in its final phase; all appropriate grant disbursements have been made and most of the grant agreements are nearing completion.

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<sup>3</sup> Sheffer, Gabriel, *Diaspora Politics: At Home Abroad*, 2006, pp.10-11.

ADM was a private-public partnership between USAID, Western Union and the Western Union Foundation. Western Union has significant presence in global diaspora communities that USAID operates in, and its engagement with these communities created a natural partnership possibility between the parties. ADM was jointly funded by Western Union, the Western Union Foundation and USAID. It was implemented by AED, Washington DC, under USAID's FIELD-LWA Cooperative Agreement funding mechanism. However, Western Union, USAID and Academy for Educational Development (AED) were equally engaged in all aspects of the ADM. George Washington University, though not a funding or implementing partner, was granted access to all relevant ADM information necessary to conduct academic research on ADM and on the applicants and finalists.

When first launched in mid-2009, ADM attracted the submission of 733 concept notes from the Sub-Saharan African Diaspora based in the US to develop businesses, or grow existing businesses, located in 19 Sub-Saharan African countries and 15 economic sectors. Following multiple rounds of screening by AED, 58 finalists were selected and invited to submit a full business plan and were therefore retained for the last stage of the competition. A second selection committee of 16 volunteers was assembled by AED and tasked with the final selection.

In January 2010, a "Grand Event" was held in AED headquarters in Washington DC to select the competition winners among the 58 finalists. This final selection resulted in the award of matching grants to 14 businesses. ADM program winners received a grant matching their own (financial or in-kind) contributions. Matching grants were offered in the range of \$50,000 to \$100,000. These businesses are located in 7 Sub-Saharan African countries and cover 8 economic sectors.

The following are the full names of the businesses that were awarded; those with asterisks were not evaluated here. We also include in parentheses the shortened names as they will appear in the rest of the report. These were: Global Telecommunications, PLC (Global Tracking), Student Card Limited (Student Card), Sproxil, Inc (Sproxil), Ansa Systems Limited (Ansa), Tek Consults [U] Ltd. (Solar Ovens), Aceritas Ghana Ltd (Aceritas), AMAD Metal Manufacturing PLC (AMAD Metal), MicroClinics Limited, (MicroClinics), E&M Capital Tek Corporation (Uza-Mazao), AACE Foods (AACE), EarthWise Ventures, Inc. (EarthWise Ferries), TAF PLC (TAF BioTechnology), AADT Consultants LLC.\*, and Palm Fruit Processing Company Limited\*. The fourteen businesses evaluated are alternatively referred to as a group as "projects", "grantees" and "businesses" and "ADM businesses" throughout the report.

### **A UNIQUE OUTCOME: TRANSNATIONAL FAMILY PARTNERSHIPS**

These diaspora businesses are characterized by individuals with strong interest to connect with their homeland and a purpose to invest in their home country. One unique contribution of this initiative was to promote transnational family partnerships. Four out of the twelve projects evaluated were initiatives among family members living in the US and the homeland.

Table 1: Transnational Family Businesses within ADM

Project	Transnational Family Ties	Note
AACE (Nigeria)	√	Ndidi Nwuneli and Mezuo Nwuneli are married returned migrants.
Aceritas (Ghana)	√	Investment partnership among three brothers living in Ghana, Netherlands and the U.S.
Ansa (Ghana)	√	Paul Ansah (Diaspora) is the son of Ebenezer Ansah (Ghana partner).
Global Tracking (Ethiopia)	√	Zelalem Dagne (Diaspora) runs the business with his sister Elizabeth Dagne (in Ethiopia).
TAF BioTechnology (Ethiopia)	√	Michael Asamere (Diaspora) is the son of Tsega Asamere (Ethiopia partner). The product funded by ADM was managed by Michael and his sisters (in Ethiopia).
AMAD Metal (Ethiopia)	x	Diaspora partnered with a local business entrepreneur, which as not a family member, but known to the diaspora partner.
EarthWise Ferries (Uganda)	x	
MicroClinics (Ghana)	x	
Solar Ovens (Uganda)	x	
Sproxil (Nigeria)	x	
Student Card (Ghana)	x	
Uza-Mazao (Kenya)	x	

Note: AADT Consultants (Liberia), Palm Fruit Processing (Sierra Leone), were not evaluated due to logistical constraints.

## GENERAL RESULTS OF THE AFRICAN DIASPORA MARKETPLACE

Overall, the ADM exhibits partial success. The ADM projects have yet to achieve their goals and expectations. The table below describes the projects and illustrates the challenges and achievements to date of these grantees. Overall, most of the businesses were struggling to accomplish their goals, both programmatically and commercially. Some, such as AACE, are substantially promising and valuable as models of investment partnership. Others, such as MicroClinics or Student Card, are the type that could have been avoided from the outset, had there been a more robust design and monitoring system in place. As the table shows, not all projects have been entirely successful and many are ‘works in progress’.

Table 2: Business Description, Main Challenges and Achievements to Date

Project	Description	Challenges and Achievements To Date
AACE (Nigeria)	A food processing company that produces preserved fruit and vegetable products (such as jams and spreads).	AACE has developed organically increasing production, expanding its distribution network and line of foods. They are growing and generating revenue.

Aceritas (Ghana)	Aceritas is a commercial goat farm in Ghana, which sells goats to other farmers. It raises Boer goats, a South African variety of goats, for Ghana's domestic market.	Aceritas is moving forward with the breeding process but at a slow pace. Their measures to accelerate the development of the business are working (buy goats from Niger). In turn they will be able to grow in the near future.
AMAD Metal (Ethiopia)	A start-up business with a goal to manufacture a variety of metal products, including safety deposit boxes, furniture and electric switch-boxes.	AMAD Metal's management encountered a variety of delays and pitfalls in building its factory from scratch on land granted to them from the Ethiopian government. Problems included contractor delays, inflation and price hikes in cement. AMAD Metal's most pressing problem is its inability to access additional financing to complete the factory and begin production.
Ansa (Ghana)	Ansa is an electric company that supplies power generators and regulators. It requested an ADM grant to train its employees to sell and maintain more technologically advanced generators.	Ansa has been able to increase services thanks to the training of technicians, which allow them to improve their services. Their main need is to train technicians in more advanced power systems of an industrial size.
EarthWise Ferries (Uganda)	Built an adapted catamaran with engines that run on sunflower oil, to be a safe, fast and environmentally-friendly passenger ferry on Lake Victoria. EarthWise Ferries has permits to dock in Uganda, Tanzania and Kenya.	EarthWise Ferries has launched the first modern, safe, passenger ferry on Lake Victoria. Its use of advance technology limits their ability to locally source materials and labor. Because of their use of biofuel, EarthWise Ferries will have to charge higher fees to compensate for faster deterioration of their engines. Moving upmarket will diminish its social impact, as fewer local small business owners will probably be able to afford the ferry.
Global Tracking (Ethiopia)	Installs and maintains GPS devices for commercial vehicles. Global Tracking monitors driver behavior in real time, quality controls the information received from the devices and maintains the devices themselves.	Generates enough revenues to cover operational costs. However, it incurred high and unexpected customs fees on its devices, which essentially cancelled their profit on the devices.
MicroClinics (Ghana)	A franchising model for rural health clinics.	Prior to the grant MicroClinics had one clinic, it promised to establish more clinics during the grant period, and faced delays that could have been foreseen. It failed to identify a franchisee, and did not comply with the grant agreement's commitments.
Solar Ovens (Uganda)	Market and manufacture "Global Sun Ovens" in Uganda. Solar Ovens have been investigating and marketing "Global Sun Ovens" for five years, but the ADM grant allowed them to actually acquire oven parts and rent a factory location in Uganda.	The ADM disbursement was delayed, and did not arrive until the rainy season in Uganda. The ovens do not function at their best in the wet season, making them harder to market and sell in the wet season. There were difficulties in importing the oven parts and complications with the land granted to Solar Ovens by the government. A pending challenge for Solar Ovens is making the ovens affordable to their customer base. Their two options: mass production and establishing payment plans are not secured.

Sproxil (Nigeria)	Generated a coding system and provides pharmaceutical companies with scratch-off labels of authenticity for products sold in Nigeria. Upon purchase, customers send Sproxil a text message with the drug code from the label, and Sproxil responds validating the authenticity of the medication and its market price.	Sproxil's coding system is working successfully and is being recognized among pharmaceutical companies. They have opened offices in Kenya and in India.
Student Card (Ghana)	A personal identification card for students and related software for students to facilitate electronic financial transactions for school fees and Ghana's school feeding program.	The proposal was incomplete and the grantee did not demonstrate minimum criteria needed to start a card business, including cash liquidity, AML rules, marketing strategy or partners in place. The project has not yet completed its initial stage of operations and is struggling to find partners or additional funding.
TAF BioTechnology (Ethiopia)	It solicited funds from ADM to branch into a new business venture, which was the production of plant clones for commercial purposes.	TAF Biotechnology's work plan was not clear in its proposal for the ADM grant. It missed its milestones due to delays in constructing the laboratory and other facilities for growing and multiplying plant tissue for clones. In August 2011 it was told that its building would be demolished for a state infrastructure project.
Uza-Mazao (Kenya)	A digital marketplace for farmers and supermarkets, hotels and others that matches sellers and buyers of agricultural products in Kenya using cell phone text messages and internet.	Uza-Mazao has focused primarily on engaging farmers to register and use its services, but has not equally engaged buyers (such as hotels, supermarkets and others) to purchase the goods that farmers post on the digital marketplace. Without buyers, Uza-Mazao will not function.

Note: AADT Consultants (Liberia), Palm Fruit Processing (Sierra Leone), were not evaluated due to logistical constraints.

## 2. EVALUATION FRAMEWORK

This section discusses our methodological framework for evaluating the ADM pilot. In order to learn about the success of diaspora investment partnerships, like the ADM, it is important to explore whether these partnerships fulfill their proposed goals, enhance business and entrepreneurship and promote development. Our evaluation framework is composed of three prongs: (1) impact on local development; (2) grantees' business performance; and, (3) the ADM design & implementation. In each prong, which has several associated indicators, we try to identify the value-added of the role of the diaspora partnership and the ADM investment in the businesses.

Because of the structural differences between start-ups and continuing businesses, assessing them effectively requires that the evaluation be made in relationship to the short-term goals achieved and the investment's potential returns. Therefore, when appropriate, we separate

indicators on the basis of whether the business is ongoing or a start-up. (Please see Appendix 2 for data collection and scoring process).

### **IMPACT ON LOCAL DEVELOPMENT**

The ADM has the potential to connect diaspora to other economic opportunities and to identify and support diaspora as agents of change through entrepreneurship in the diasporas' homelands. First, whether these projects fulfill their goals to promote development depends on how well these projects match local needs. In this context, evaluating the local development impact of the partnership on the community is important. Local development impact is felt under various circumstances, including the capacity of the business to create ownership in the community, as well as the correspondence between local needs and the intended purpose of the partnership. Also critical is the sustainability of these ventures and their capacity to be replicated in other environments.

### **GRANTEES' BUSINESS PERFORMANCE**

Diaspora investments can promote formal Small and Medium Enterprise (SME) creation through several channels: (i) revenue generation, (ii) integration into the value-chain, (iii) business formalization, and (iv) access to finance. Evaluating the grantees' business performance vis-a-vis the determinants of success is central to the way in which these partnerships contributed to improve the business environment.

The ADM project contributed a unique opportunity for innovation in various markets. Given the African context where small business development is still a relatively weak sector, the initiative is essentially needed. More importantly the model of partnership with diasporas is also innovative in that it strengthens transnational family enterprises.

Most of the businesses would have not achieved their current position had they not received ADM financing. However, because the businesses request for funding was not commensurable to their needs, many underperformed relative to the ADM expectations (in milestones and outcome indicators). Thus, the facility did not duplicate funding, but, the grant awards were not sufficient to cover the operations many needed to generate revenue.

### **DESIGN & IMPLEMENTATION**

Finally, these partnerships typically promise to programmatically help strengthen local businesses through increased demand for jobs, increases in locally manufactured materials, or improvements in the business infrastructure. Programmatically, these enterprises may promise to carryout activities that may exceed their own capacities. Thus, it is important to analyze the correspondence between the design and implementation of these projects, and the final project outcomes.

Design includes selection of grantees, clarity of program vision, roles, responsibilities and work plan, determination of outcome indicators and milestones, development of grant agreements, and communication among partners. Implementation measured the extent to which expected results matched ADM's proposed outcomes. The ADM's expected outcome was, in essence,

one of two tangible products: a new operating businesses or the provision of a new product or service within a continuing business. Here we add to comparing actual outcomes versus expected outcomes, and consider whether the initiative is implemented smoothly, transparently, and in such a way that strengthened partnership among the various actors and increased the likelihood of similar funding mechanisms in the future.

Design and implementation aspects have cumulative impacts on the program’s success. ADM’s pilot design showed some weaknesses that can be prevented in the future. In particular, poorly defined measurements of performance in milestones and outcome indicators hindered effective monitoring and evaluation of the businesses. Problems in implementation results were inherited from the constraints found in the design.

### **SUMMARY OF SCORES BY EVALUATION PRONG**

Below is a synthetic table of the scores for each business in the three prongs of the evaluation: (1) impact on local development; (2) grantees’ business performance; and, (3) the ADM design & implementation. In the following sections—three (Impact on Local Development), four (Grantees' Business Performance) and five (Design & Implementation)—we describe the results of each prong in more detail.

Table 3: Synthesis of Scores, by Business, per Evaluation Prong

<b>Project</b>	<b>Impact on Local Development</b>	<b>Grantees' Business Performance</b>	<b>Design &amp; Implementation</b>
AACE (Nigeria)	84%	92%	74%
Aceritas (Ghana)	72%	52%	65%
AMAD Metal (Ethiopia)	72%	48%	50%
Ansa (Ghana)	80%	80%	81%
Uza-Mazao (Kenya)	72%	68%	66%
EarthWise Ferries (Uganda)	92%	68%	56%
Global Tracking (Ethiopia)	68%	80%	69%
MicroClinics (Ghana)	64%	48%	46%
Sproxil (Nigeria)	84%	80%	76%
Student Card (Ghana)	72%	36%	33%
TAF BioTechnology (Ethiopia)	76%	36%	45%
Solar Ovens (Uganda)	60%	48%	52%

Note: Each component was scored from a scale of 1-5, with 5 being the highest possible score. AADT Consultants (Liberia), Palm Fruit Processing (Sierra Leone), were not evaluated due to logistical constraints.

# 3. IMPACT ON LOCAL DEVELOPMENT

The impact of a local development project depends on whether they change the quality of life, improve material circumstances and increase upward mobility of people in the community and society, that is, whether they create development. ADM supported businesses in various African nations, with this in mind. We present indicators for assessing the extent to which the outcomes of projects in, through, and by, the diaspora enhanced development.<sup>4</sup> Research has found that, for a development project to be successful, it must meet the following criteria: ownership (local control and participation), commensurability (i.e. correspondence to community needs), sustainability, and replicability in other contexts.<sup>5</sup> We also examine how the innovative natures of the ADM businesses promise to impact local development.

Table 4: Framework for measuring the development impact of diaspora projects

Ownership	Commensurability	Sustainability	Replicability
<ul style="list-style-type: none"> <li>• Community members participate in decision making</li> <li>• Community members participate in implementation</li> <li>• Community members have control of project after completion</li> </ul>	<ul style="list-style-type: none"> <li>• Project meets basic needs</li> <li>• Needs met are a development priority</li> <li>• Implementation occurs in association or coordination with other institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Project enables development goals</li> <li>• Does not constitute a burden or entail added costs</li> <li>• Has a long life cycle</li> </ul>	<ul style="list-style-type: none"> <li>• Resources for the project are easily available in other communities</li> <li>• Institutional environment facilitating implementation is available in other communities</li> </ul>

The projects under the AMD show diversity among the beneficiary businesses' impact. On balance, we find that the businesses brought innovative practices and technologies to local communities that could be replicated in other countries and regions provided that there is better financial and business planning presence and a stronger correspondence between the local needs and the investor's interests. Though the impact of these businesses on the local economy may occur in the long-term, in the short term only three or four succeeded.

<sup>4</sup> Jenny Robinson (2002) wrote about the relationship between diasporas and development as being three-pronged: (1) development in the diaspora, (2) development through the diaspora, and (3) development by the diaspora.

<sup>5</sup> Manuel Orozco and Kate Welle, "Hometown Associations and Development: Ownership, Correspondence, Sustainability and Replicability" (2006). Web Anthology on Migrant Remittances and Development: Research Perspectives. March, 2009.

## **OWNERSHIP**

When considering a diaspora's contribution to development, local ownership of the endeavor is essential, and providing tools for that ownership is essential. Although ADM businesses are diaspora-led, it is important to consider whether they also provide a means to transmit ownership or control of the business (in part) to the local partners, to legitimate them as their own. Ownership of a project can occur through participation in the decision-making and implementation process or by stimulating the local economy. The case of ADM is particularly ownership driven because the partnership included a local partner engaged with the diaspora investor.

A typical measure of a successful development project is the generation of the communities' involvement in the business venture. A high degree of local community involvement in a project's design and implementation and use can indicate the initiative's long-term development impact because the group effort can increase community ties and trust. Traditional local development projects such as improvements made to the town plaza or extension of water services, which are able to demonstrate some level of community consensus and involvement can be considered to have generated more social capital in the process and therefore create a more successful development project. The beneficiary businesses within the ADM project are distinct from traditional development projects because of the type of diaspora involvement, and the costs and benefits of running the business have an inherent level of exclusivity. What's more, businesses which require consensus among too many stakeholders may be less able to respond quickly to market shifts.

While social capital generation within the community was limited for most of the projects, social capital generation between the businesses and the migrant community abroad was more successful. None of the projects included the community in the selection or implementation of the business venture. Surprisingly, the Kenya business, whose Africa-based partner has limited input in the business, managed to connect with local agricultural specialists and leverage their community ties to get important input on the product, and make adjustments. Given the design of the project, the businesses were not well-placed to increase social capital broadly speaking, but several did manage to generate important outcomes in this regard.

In addition to having a local partner as owner of the entrepreneurship, several of the businesses exhibited fostered local ownership in the businesses. For example, the devices that Global Tracking offers (GPS tracking of vehicles) allow management to be more efficient of its staff by improving monitoring. In doing so, the managers have greater control over how the vehicles are handled, and care of merchandise. Additionally, the monitoring helps in lowering costs, increasing fuel efficiency and tracking timelines of deliveries. Ansa also provides the means to local businesses to improve the reliability of electricity and thus strengthen their control over their production.

## **COMMENSURABILITY**

The degree to which a project's goal corresponds with the community's true needs is central to its ultimate impact on development. The more a project reflects basic community needs, the greater its contribution to development. Diaspora awareness of the home country's national

and local development agendas is an important step to help achieve projects' correspondence with development needs.

For most, the ADM has allowed businesses to introduce improved production methods to their local community. The metal company in Ethiopia will introduce new safety regulations and production methods. EarthWise Ferries has implemented safety regulations for workers and boat passengers. Several businesses will help local markets more broadly – both the Kenyan mobile business and the Ethiopian biotech company intend to improve agriculture production.

Some businesses will demand locally produced materials, primarily raw materials such as sheet metal and sunflower oil. At present, most source their primary materials from outside the local community, but several intend to shift their sources to local suppliers once they are more established. A notable example is the EarthWise Ferries, which expects to source its fuel from local farmers. EarthWise Ferries' renovation of Lake Victoria's ferry route and maps are more examples of how the businesses are responding to local infrastructure needs. Examples such as these demonstrate the ways in which the ADM investment goes beyond strengthening businesses alone by also contributing to strengthen the demand for locally produced goods.

Most of the grantees' activities also correspond to local needs due to their innovative nature, though some are introducing more appropriate technology than others. Some, like Student Card is yet to match technology offer with the needs of the population. Global Tracking is a kind of business that meet the needs and demands of the local businesses and country road management. According to the Ethiopian government, road traffic injury is a major problem of public health. In fact, the World Health Organization places Ethiopia with the highest rate of fatalities per vehicle in the world. Because Global Tracking uses these GPS devices in commercial vehicles and monitors the driver's behavior, companies improve communication with their drivers thus helping prevent accidents. MicroClinics is another example of a project whose concept guarantees access to health through its centers. Had the business set its clinics in place, the impact would have been greater. As of now the only operating clinic offers much needed support to the community.

## **SUSTAINABILITY**

Another important factor enabling the ADM projects' contribution to local development is the businesses' sustainability. A business is sustainable when it delivers the means to enable people to improve their quality of life and material circumstances. Sustainability also requires that the investment yield a long-lasting impact that does not burden the community or its future generations. By its nature, measuring the sustainability of a business requires time to make assessments. When diaspora-led projects rely on partnerships to provide public or private funding, one way to help ensure sustainability over time is to assess how the business will continue without such outside funding.

Four businesses ADM promise to be sustainable in the short term, and three more to succeed in the near future. Sproxil, Ansa, AACE and Global Tracking are generating revenues and should be able to grow on their own. While Global Tracking has not been able to generate a profit, it is currently covering its operational costs and shows possibilities to increase its number of clients. However, to be sustainable, the company believes it will need more capital in the near future

(e.g. financing) to restock and increase number of devices. One of Global Tracking’s largest contracts is with Coca Cola. More business growth is possible since the local market has a tangible demand of this type of service for the long term. The potential target clients for the business are the enterprises involved in the transportation sector. In the last years, transport and communications amount to about 7% of the Ethiopian GDP, officials estimate. Sproxil’s operations are already generating revenue and selling their systems to local clients in Nigeria. As the company expands its product to other pharmaceutical companies, the business will develop an organic growth. AACE also have been able to reach a point of sustainability. Their distribution network has provided enough clients to operate in scale and keep sustained sales.

## REPLICABILITY

Finally, businesses can make a successful contribution to development when their attributes and functions may be replicated with ease and do not depend on the local or unique circumstances of a community nor on a unique situation for the institutional donor. The replicability of the ADM businesses might allow for the establishment of regional strategies focusing on achieving a development goal beyond the effects on a single community.

The innovative nature of these businesses renders them replicable. Even projects that failed due to difficulties caused by the grantees—in the implementation or to lack of clarity on how to run a company—exhibit features that can be implemented elsewhere.

The table below shows the scoring performance of each project in relationship to their impact on development.

Table 5: Scoring of Projects by Impact on Local Development

Project	Impact on Development	Sustainability	Ownership	Linked to Local Community	Innovation	Replicability
EarthWise Ferries (Uganda)	92%	5	5	3	5	5
AACE (Nigeria)	84%	4	5	4	3	5
Sproxil (Nigeria)	84%	4	4	3	5	5
Ansa (Ghana)	80%	4	5	2	4	5
TAF BioTechnology (Ethiopia)	76%	2	5	2	5	5
Aceritas (Ghana)	72%	1	5	4	4	4
AMAD Metal(Ethiopia)	72%	1	5	2	5	5
Uza-Mazao (Kenya)	72%	4	1	3	5	5
Student Card (Ghana)	72%	1	4	3	5	5
Global Tracking (Ethiopia)	68%	2	2	3	5	5
MicroClinics (Ghana)	64%	1	4	2	4	5
Solar Ovens (Uganda)	60%	1	1	3	5	5

Note: AADT Consultants (Liberia), Palm Fruit Processing (Sierra Leone), were not evaluated due to logistical constraints.

# 4. GRANTEES' BUSINESS PERFORMANCE

The SME performance indicators consider the long-term viability of the local market impact by analyzing the businesses' sustainability and prospects for growth. We consider four areas of importance within business development: (i) revenue generation, (ii) integration into the value-chain, (iii) business formalization, and (iv) access to finance. Together, these characteristics can help ensure sustainability because they strengthen small businesses' ability to overcome financial, technical, and networking constraints that they typically face. Consistent revenue generation and formalization, when taken together, increase an SME's ability to obtain financing from a formal financial institution. Revenue generation allow entrepreneurs to invest in new labor and in technological innovations to remain competitive. Incorporation into the value-chain facilitates an SME's ability to connect with other markets and providers, and helps the business maintain a steady cash flow, which ultimately feeds back into revenue generation. Finally, formalization allows SME's better access to financing, which allows it to improve productivity and contribute more widely to the national economy.

The table below shows how these issues apply differently depending on the kind of business evaluated—start up or existing.

Table 6: Evaluation Criteria Start-up and Continuing Businesses, SME Performance

Indicator	Start-up	Existing
Revenue generation	Initial production at one year of operation generates sales just below or at breaking point.	For businesses in operation for more than two years, sales increase by 20% and leave profits for reinvestment or shareholders distribution
Value chain integration	Production unit formalizes and carries out contracts with other enterprises in the <b>commodity's value chain</b>	Achieve vertical growth by selling to larger distributors, adopting new methods to increase productivity
Business formalization	The business register its existence with the local authorities	Registration and licensing is expanded to most of its activities
Access to finance	The infusion of funding provides an incentive to financial institutions to provide additional funding	The infusion of funding provides an incentive to financial institutions to provide additional funding

Overall we find that businesses did not arrive at their desired goals. Some of these difficulties stem from the businesses' lack of realistic plans and knowledge of business development. In some cases, the local environment (i.e. currency devaluations or construction supply shortages) did not contribute to generating revenue. Moreover, the time required to carry out the business constituted a constraint to meet ADM's expectations during the grant timeframe.

## REVENUE GENERATION

In determining the strength of revenue generation within ADM, it is important to separately analyze start-up and existing businesses, since it can be expected that start-ups operate at a loss for the first few years.

Table 7: Revenues Generated, Yes/No, by Business

Project	Business Generated Revenue	Note
AACE (Nigeria)	√	As of June 2011 the company began to break even through sales of 10,000 a month.
Ansa (Ghana)	√	This company has been generating revenue as it is an existing business
AMAD Metal (Ethiopia)	x	
Global Tracking (Ethiopia)	√	
Sproxil (Nigeria)	√	
TAF BioTechnology (Ethiopia)	√	This company has been generating revenue as it is an existing business, but none are from the ADM funded product.
Microclinics (Ghana)	√/x	Only one clinic was generating revenue but no information was provided as to the amounts
Uza-Mazao (Kenya)	√/x	This company has registered farmers so has an initial generation of revenue, but these gains are not predictive of ongoing revenues.
Aceritas (Ghana)	x	This company has been investing resources to prepare to launch its business in mid-2012.
Student Card (Ghana)	x	
EarthWise Ferries (Uganda)	x	
Solar Ovens (Uganda)	x	

Note: AADT Consultants (Liberia), Palm Fruit Processing (Sierra Leone), were not evaluated due to logistical constraints. Legend: x (No), √/x (Yes, but with problems), √ (Yes).

Six of the businesses were actually producing or providing services associated with the ADM funding: AACE, Ansa, Global Tracking, MicroClinics, Sproxil and Uza-Mazao.<sup>6</sup> Global Tracking has not been able to generate a profit, but it does have consistent revenues that cover its operational costs. There was a new customs charge on the devices that Global Tracking was not aware of, which cancelled out the profit margin in the pricing for its first contracts. A business that has generated revenue since July 2011 is Nigeria's AACE. As a food processing plant they have worked closely in increasing their distribution network with contracts with supermarkets. After nearly 18 months of being in operation, AACE has been able to generate revenue that covers the salaries of 9 workers, and US\$15,000 monthly in sales.

<sup>6</sup> It was not possible to generate information on profit and losses. Not all businesses had accounting information at the time of the interview.

None of the start-ups are generating revenue, but several show promise. On particular start-up, Aceritas, the goat breeding business, has yet to raise revenue. Although originally Aceritas needed to acquire 100 goats to initiate the breeding program, they were unable to acquire more than 60 (20 of which were bought in Niger). They have not generated revenue, though they created at least six new jobs, and expect to be in business in two years. EarthWise Ferries also is on a trajectory to generate revenues once they begin their services.

### **VALUE CHAIN INTEGRATION**

Most of the businesses had identified markets for their services, despite not yet producing goods and services. This access to market demand is primarily due to the innovative nature of the goods and services provided by the ADM businesses. A major issue faced by one Ethiopian company and a Ugandan company is unexpected costs in the form of customs fees and regulation. Because the products are new, it is impossible to predict these costs. EarthWise Ferries, in Uganda, had to accommodate for an increase in costs, associated with more expected breakdowns and shorter lifespan of its ferry engines from use of biofuel, by increasing its fares and shifting its consumer base upmarket. EarthWise Ferries has adapted its routes and done marketing across a wider array of consumers to tap into tourist, government and international business sectors.

AACE and Aceritas are key examples where integration into the value chain has taken place. AACE has aptly and successfully moved up in scale not only adding employees and revenue but also connecting its products to wider distribution networks. Aceritas, the goat farm project in Ghana, has also been able to show some level of transnational and national integration, by consuming local raw materials, and buying goats from Niger and South Africa, which expanded its breed.

### **BUSINESS FORMALIZATION**

Most of the businesses were formally registered before the ADM competition. However, the ADM did spur a few to register to compete for the ADM funding. For example, TAF Biotechnology registered in 2010 in Addis Ababa despite having been in operation for 15 years prior to the ADM grant. Of those that registered for the ADM funding, at least one was granted land by the national government. AMAD Metal, which was granted land by the Ethiopian government, is using the land to build its factory. Another business, MicroClinics, started quite late in its operations due to delays in obtaining permits and did not utilize the funding to complete three or more clinics as it had promised. In their case, formalization was incomplete because they lacked permits to establish the clinics.

### **ACCESS TO FINANCE**

For most of the businesses, ADM funding made it possible for them to either start their businesses or represented a critical injection of funding to get their products off the ground. The support of ADM was mentioned as an important “seal of quality” for businesses looking for additional investment and access to markets. Beyond the funding, having the support of ADM may contribute to long-term sustainability. However, the ADM requirement of formally registering did not seem to have substantially helped in opening grantees’ options for formal financing. In particular, AMAD Metal was finding it difficult to access bank credit due to

stringent capital requirements for new businesses, as well as nationwide restrictions on credit in Ethiopia.

Table 8: Scoring of Grantees, by Grantees' Business Performance

	Business Performance	ADM Value-Added	Business Functioning	Revenue Generation	Diaspora Partnership	Value Chain Integration
AACE (Nigeria)	92%	5	5	4	4	5
Ansa (Ghana)	80%	5	4	4	2	5
Global Tracking (Ethiopia)	80%	3	5	4	4	4
Sproxil (Nigeria)	80%	5	4	4	2	5
Uza-Mazao (Kenya)	68%	3	5	3	4	2
EarthWise Ferries (Uganda)	68%	1	5	3	4	4
Aceritas (Ghana)	52%	5	2	1	1	4
AMAD Metal (Ethiopia)	48%	5	2	1	2	2
MicroClinics (Ghana)	48%	2	2	1	2	5
Solar Ovens (Uganda)	48%	5	1	1	3	2
Student Card (Ghana)	36%	1	2	1	2	3
TAF BioTechnology (Ethiopia)	36%	1	1	1	3	3

Note: AADT Consultants (Liberia), Palm Fruit Processing (Sierra Leone), were not evaluated due to logistical constraints.

## 5. DESIGN & IMPLEMENTATION

The project design criteria are structured to measure critical aspects of the design of the program, i.e. selection of grantees, clarity of program vision, roles, responsibilities and work plan, determination of outcome indicators and milestones, development of grant agreements, and communication among partners. Implementation, as understood by the community and diaspora leaders themselves working on the activity, provides a framework of the success of the development project itself, but not the impact. Here we consider whether the initiative is implemented smoothly, transparently, and in such a way that strengthened partnership among the various actors and increased the likelihood of similar funding mechanisms in the future. Below we illustrate the typical indicators that would be used to evaluate design and implementation.

Table 9: Evaluation Indicators Start-up and Continuing Businesses

Indicators
Smooth implementation process (this means, the bureaucratic process is free of bottlenecks or administrative hassle)
Matched product delivery (ensuring that what the organization proposed to do with the resources at hand matched with what they ended up with, both in terms of the end product and its quality).

In observing the ADM design, we found several limitations that may have affected the project’s implementation. The ADM objectives and purpose was written down in the proposal, namely “to support the entrepreneurial spirit and resources of the U.S.-based African diaspora community to promote economic development in Sub-Saharan Africa by facilitating diaspora direct investment (DDI) in viable small and medium enterprises.” Nevertheless, management partners differed substantially in their perspectives of the purpose of the ADM, and staff interviewed felt that the ADM objectives were “moving targets”. There was disagreement as to whether the purpose of the proposal was to get diasporas to participate in a partnership or to promote business development.

Central to grant approval is the review process and its outcome. Those who participate in the review are typically people with experience in the field and area of attention. Proposal reviewers included people in business or development; however, it seemed they lacked expertise on diasporas or on grant proposal review or the time to carefully review the proposals. Many of the proposals exhibited clear weaknesses in the design where a close read and review could have prevented their approval or errors in implementation.

Other issues include aspects such as grant timelines and milestones. Grant timelines, which formed the basis for the grantees’ milestones, did not reflect their stage of development, and are not indicative of future success (see Appendix 3 for grantees’ milestones). ADM’s structured timelines generated problems that grew over the course of the granting period. A timeline of 18 months is dramatically short when it comes to supporting small business development, and it is even shorter for a startup. This issue alone limits the evaluation of a business’ performance. The time it takes for a business to take off from an early stage of formation into an operational one can be as long as a year, and going from a startup stage to being fully operational, with material and financial resources in place, can take an additional year. These missteps from the outset set the grantees up to fail in achieving project milestones, despite their being tailored to each grantee. Finally, milestones were often about one particular activity or output (purchasing equipment, training, etc.), which even if completed would not mean that the business was sustainable.

Outcome indicators suffered similar shortcomings as milestones, but for different reasons.

Outcome indicators were uniform across grantees:

- Number of Direct Jobs Created
- Number of Unique Customers
- Profitability or Net Income
- Additional Financial Investment Leveraged

- Additional In-Kind Investment Leveraged

However, these indicators failed to reflect the businesses' type of operations and were not commensurate with the activities needed for good business performance. In the first case, all grantees were expected to provide evidence of number of jobs, number of unique customers, profitability, additional financing, additional leveraging. From the start, for example, not all potential businesses can be expected to be in a position to show new jobs or new customers, much less profits. Due to their innovative nature, many of the business were capital intensive, and therefore generating new jobs would not be an appropriate indicator of their success overall. Others, like most startups, needed time to work on job creation or to show any net income. More importantly is the question as to whether these are the type of indicators one should expect out of an emerging business. Inappropriate outcome indicators precluded businesses from performing well per ADM's expectations. Insufficient monitoring and evaluations missed opportunities to avoid delays in operations and to keep the businesses on track (though not necessarily on time) to fulfill proposed business activities.

It is important to note that lack of planning from the outset and insufficient documentation of the ADM goals, budget for activities (such as monitoring and evaluation) and concrete indicators for success, was further exacerbated by changes in personnel. While changes in staffing is difficult to control, its impacts should be considered at the beginning of the ADM design process and steps should be in play to minimize the negative impact of staff rotation on the results of the granting facility as a whole. Institutional mechanisms for transparency and communication among the implementing partners should also be solidified and used during the design and implementation.

## 6. TENTATIVE CONCLUSIONS & PRELIMINARY RECOMMENDATIONS

The ADM has the potential to connect diaspora to other economic opportunities and to identify and support diaspora as agents of change through their entrepreneurship in their homelands. As can be expected from people with different personalities, the ADM grantees highlighted different aspects of the granting facility that they were excited about and that they had hoped would have been more developed in the program. For example, Solar Ovens and Global Tracking diaspora partners were very excited about enriching the linkages between the grantees. AMAD Metal and EarthWise Ferries wished that ADM had provided more opportunities to network with investors. Both suggested a complementary

mentoring/networking program for businesses in the US in the same sector to work with them as they develop their own businesses in their homelands. Several of the grantees saw the award as an honor in addition to the monetary grant, and they consider themselves as part of a “first ADM cohort”. It could be worthwhile to capitalize on this sense of belonging among the grantees by integrating them into future ADM iterations.

Moving ahead, there are a few mechanisms that can increase the likelihood for success among beneficiary businesses of business plan competitions. First, it is quite important for USAID to improve its involvement in the selection and implementation process. This activity includes improving the design of the facility and introducing more oversight on the review of proposals, for example. A grant facility aiming to promote development through business enterprises share very similar characteristics in its design to other kinds of facilities. Specifically, the minimum components of a granting facility must include the following items:

- a) Definition of *objectives* that correspond to the mandate and goals of the facility’s sponsors;
- b) Clear *guidelines for the application process* (this component typically includes conditions to participate, clarity in the activities allowed to carry out, matching requirements, budget consistent with activities, expected results and risks) that reflect objectives;
- c) Proposal *scoring mechanisms* that serves as guidelines to reviewers to determine their selection;
- d) Proposal *reviewers with expertise* in the field;
- e) *Monitoring and evaluation tools* to track the implementation of the grant;
- f) Work plan outlining the *management* of the grant facility.

#### *Grant Amounts*

Fixing a grant amount is a measure that does not correspond to the specific needs of a particular project in search for funding. Rather it is best to evaluate every proposal by its own merits associated with its objectives, activities, costs related to the activities, proposed results and possible risks. The exercise alone is far more convincing and realistic to the applicant than submitting funding for a fixed figure.

#### *Selection Process*

The selection process could be improved to ensure long-term development impact involves working more closely with candidates to develop a sensible business plan that considers the business’ feasibility and sustainability, as well as gaps in knowledge and possible obstacles to implementation. Applicants could be accompanied by small business advocates in the creation of their business plan; in this way, they would benefit from the ADM selection process even if they are not ultimately awarded funding.

#### *Monitoring Tools*

Monitoring tools could be improved to better track businesses’ progress and preempt problems before they derail production. Some of the challenges that have slowed success in the ADM pilot relate to lack of understanding on how to take a business to a next level. Monitoring the process would improve this situation.

## **RECOMMENDATIONS: DEFINING AN APPROPRIATE PARTNERSHIP FOR ADM AND SIMILAR FACILITIES**

We propose a cooperation and partnership model between diasporas and governments for initiatives that foster diaspora-led development. The recommendation suggests adopting different modalities of cooperation that draw strength from the *shared interests, purposes* and *endowment* of governments and diasporas to enable specific activities or projects typical of development policy. The main focus of a partnership approach is to look into the operational aspects over the political considerations, without undermining the importance of the latter. A partnership in and of itself is a political choice by players to share their goals and resources on particular issues. There are also more instrumental considerations about the establishment of partnerships that pertain to the implementation of successful objectives. Deciding to engage on a remittance-related development partnership between diasporas, governments and other players involves different dynamics and steps.

There are particular initiatives that meet remittance-related development goals through partnerships. However, the partnership arrangement requires an understanding also of the limitations and capacities of the players involved—governments and diaspora organizations in particular. It also depends on the expected results, instruments and risks.

In this context, we find that current partnership practice and lessons learned on previously existing partnerships between governments and diasporas and other type of alliances show three main modalities:

- Policy or norm setting partnerships
- Environment enabling or instrumental partnerships
- Operational-technical intervention or resource investment partnerships

Partnerships often include a combination of these modalities; however, there is a prevalence of one choice over the others.

### *Policy or Norm Setting Partnerships*

These seek to set rules, agendas or standards relating to common issues. When it refers to remittance-related trends, an example of norm setting includes principles on money transfer practices, and scorecards on transaction cost.

### *Environment Enabling or Instrumental Partnerships*

These are collaborative commitments aimed at facilitating an ongoing process, or ensuring, rather than shaping, the success of an outcome. This is also known as development through the diaspora, a practice by which diaspora associations or businesses operate as conduits of the development process. Examples include cooperative engagements to support the success of a particular goal, such as financial literacy, increased financial access for migrants. In these cases, governments and migrant associations partner with NGOs and international development agencies to facilitate the implementation of massive educational programs or information dissemination about financial access to families who receive remittances.

### *Operational or Technical Intervention Partnerships*

These are also described as development by the diaspora, and is an effort by which migrant associations partner directly with governments and other agents to work in concrete development projects, contributing their own resources and participating in the implementation and monitoring, that is, shaping the success of the outcome.

### **RECOMMENDATIONS: CONDITIONS OF A SUCCESSFUL PARTNERSHIP**

Diasporas and governments have expressed interest and willingness to partner to leverage remittances for development. For many, these expressions of interest have come with uninformed knowledge of each other's counterparts (that includes assumptions or false or inaccurate projections), poorly prepared proposals for joint work, no resource endowment to contribute, or with the wrong interlocutor or environment.

This section and the next offers a partnership model with diasporas that incorporates policy solutions to the issues that can further link remittances to development through a partnership that empowers all participants, validates their collaborative efforts toward development, and builds achievable results. The model considers these modalities, which are associated to typical partnership conditions to an efficient alliance, such as holding common ideas and goals held by stakeholders and joint and pooled resource commitment. This approach also considers other components that guarantee the implementation of a successful cooperative engagement.

The main thrust of this model consists in promoting and achieving an engagement by which diasporas, government officials, local private sector entities, and international cooperation identify solutions to address problems associated to increasing financial access to remittance recipients. Such solutions are adopted by following an implementation framework that requires the recognition among stakeholders of key points:

- Partner Symmetry
- Clear Shared Goals
- Resource Commitment
- Commitment to a Timeline
- Trust and Accountability
- Communication and Information Sharing
- Measure of Expected Results

#### *Partner Symmetry*

In cooperative efforts, symmetry is a condition that demands first and foremost proportionality and equal sharing of responsibilities and commitments among prospective partners. It does not necessarily refer to equal contribution of material resources or to equal 'power' positioning, but does not exclude this possibility. Partner symmetry is the commitment that all players will abide to the goals adopted, commit to the obligations assumed, and participate in the activities they commit. In a way, by agreeing to a symmetric relationship, partners are signing a contractual arrangement to work together while taking on the responsibilities, obligations and activities they have chosen to commit to. Partner symmetry thus establishes the basis of accountability among players. In order to achieve symmetry each participant must lay out their endowments committed to the partnership in full transparency.

### *Clear Shared Goals*

Clarity of goal sharing consists of an exercise by partners to intelligibly decide on and be aware of the goals to adopt and achieve. The act of sharing goals is a political decision by which participants commit to work together on a particular objective or common agenda. Therefore, selecting to work in such fashion depends on a) technical advice to equip partners with the skills to identify those issues that are more likely to meet the interests of players; b) facilitation to distinguish between development needs rather than wants; and c) intermediation to choose a minimum workable agenda. Goal sharing thus involves the capacity to have a formed and informed knowledge of the properties embedded in the achievement of a goal.

### *Resource Commitment*

Partners are required to committing resources to achieve the partnership's goals. Resource commitment demands pooling endowments from various sources. It does not demand symmetry in the allocation but rather commitment to the promised resources. This commitment requires a strict correspondence between the means to achieve the activities in a project and the partners' own endowment. Therefore, partners are to be in a position to identify their capacities vis a vis their goals, and seek to obtain and allocate those assets accordingly.

### *Commitment Timeline*

The ability to organize the project in the partnership according to a timeline is an important ingredient of success as it ensures the realization of the objective as planned. Moreover, setting timelines functions as a control mechanism that sets in place various stages of implementation. Partners are to commit to meet those timelines, and ensure that the objective is delivered or achieved as planned.

### *Trust and Accountability*

Partners that engage on a collaborative agreement are to provide some minimum ingredient of trust among each other that assures the other of their intentions. Trust building instruments include the written agreements, resource and timeline commitments, as well as disclosures of a player's institutional operation and the presence of a channel of communication with a reliable counterpart. Another important component of trust is the provision of access to information, knowledge and networks to aspects that can strengthen the partnership. Accompanying trust is the establishment of mechanisms that hold the partners accountable to their commitments and activities in ways that the operation is transparent and efficient. Accountability functions as a check and balance that strengthens trust among partners and motivates them to fulfill their commitments.

### *Communication and Information Sharing*

The partnership requires that a line of communication and information is shared regularly among players in order to stay informed about the quality and progress of the partnership. In this case, a plan for monitoring and evaluation would be helpful to have in place. In the process of forming a plan, partners can clarify their expectations for the project and also solidify a baseline structure for communicating project progress among partners.

### *Measure of Expected Results*

The expected results need to correspond with the goals set as well as with a measurable set of indicators that evaluates the extent of achievement to the proposed outcomes. The decisions to engage those components into a partnership are political in nature but operational in practice. In that sense the steps taken to adopt a partnership include a mix of these components that help players decide on their best choice. Of particular importance is to consider a framework on development impact. Considerations on development and migration include four particular indicators: ownership, commensurability, sustainability and replicability. Diaspora and government partnerships on development incorporate mechanisms that a) create ownership to the communities that benefit from projects; b) clearly distinguishes between needs and wants of the beneficiaries; c) ensures that the partnership provides the tools for a project's self-sustainability after its implementation and d) contains attributes and instruments that can be replicated elsewhere.

### **RECOMMENDATIONS: STEPS TO BUILDING A SUCCESSFUL PARTNERSHIP**

Taking the first step to engage players to forge a partnership often times is the most difficult path to make. However, along the way, stakeholders find solutions to solve problems they didn't foresee. It is important to consider preliminary first steps (i.e. trust building, goal setting and communication) to forging a partnership. A second step consists of evaluating the costs of engagement, durability and expected risks. Third is the implementation of the partnership with resource endowment, a work plan with a timeline, and measurable indicators of performance and final results.

#### *Step One: Building Trust, Communication, and Setting Goals*

There are key issues to clear up as prerequisite to a partnership. Building trust among potential partners is a key component. In order for governments to trust diasporas and vice versa they need to know each other better, and remove assumptions or false expectations. That exercise builds trust. Many African governments often maintain a bifurcated and contradictory image of their emigrant communities. Diasporas are often perceived by governments to be wealthy and capable to become investors, parallel to this they see families of migrants as poor and incapable of building assets. The reality is mostly the inverse; immigrants are relatively poor (particularly those in Spain, the Netherlands and Italy, and less in England, France or the United States). Their relatives in the home country have improved their condition and have been able to save considerable amounts, albeit informally. Migrants and migrant associations also assume their home country governments are ineffective institutions and corruptible, with little commitment to work on development plans. On both sides there exists an absence of clear knowledge about each other.

Similarly, through joint meetings, governments and diasporas can learn to communicate their views and interest, and craft with the help of experts, agendas that they can have a buy in into a partnership. Communication efforts include exchanging information about the right counterparts and interlocutors to deal with, understanding the institutional mechanics of how diaspora associations work and government agencies entrusted with diaspora affairs operate. Goal setting strategies are also a first step to establish a relationship toward a partnership. The process to identify common goals is essential and requires of the advice of experts and

facilitators that provide information about issues of common interests and ways to select and choose those particular goals they see fit their interests, commitments and capacities.

#### *Step Two: Estimating Partnership Costs, Durability and Risks*

The second step looks at the partnership possibilities by considering the material circumstances and realities of setting in place a joint collaborative project. Three considerations to that are the evaluation of costs, the length of time to carry the partnership and project and the risks such engagement can entail. Evaluating costs is an exercise typical of an estimation of seeing the partnership as a project that requires a range of activities (organizational and operational) for its implementation. This review includes the assessment of available resources and resources (financial and human) needed to be raised to carry out the partnership.

Accompanied to the cost estimation is the durability of the partnership and the projects. Many times the lifespan of a partnership is defined by the goal itself, and in other cases is not. There are long lasting partnerships that maintain an ongoing review of goals and objectives attached to concrete activities and expected results. Therefore defining the durability of the partnership as a means to a project's end or to a long-term collaboration is a critical decision and step. But also setting timelines for the partnership's activities is also important. As mentioned earlier, the timelines function as benchmark setting devices that help partners and on the ground practitioners attach to a particular timed structure.

The risks of a partnership are equally twofold. There are grander political risks associated to a partnership between the diaspora and the government and other players. The second kind of risk is related to the activities that come with the partnership and include calculations of problems that can result during the implementation of the partnership. Many activities do not foresee risks that could result in the process because the expectations were not properly informed with adequate data, information, resources or expert advice. The components of these three elements however contribute to solidify a firm decision to proceed or return and re-explore the partnership. The third step to follow gives way to the partnership itself.

#### *Step Three: Partnership Formalization, Implementation and Evaluation*

This step is the most fundamental and foundational of the entire engagement. It is the formalization and initiation of the partnership by working concretely in any of the modalities adopted (norm, enabling or operational). The implementation depends on the articulation of the commitments placed (shared objectives, resources, expected risks), to develop the collaborative exercise. Through the process there exist a feedback between the activities and their evaluation, in combination with exercises of checks and balances to ensure accountability of performance in the partnership by the participants and the project itself.

### **RECOMMENDATIONS: TECHNICAL ADVISORS**

A final recommendation is utilizing technical advisors. The partnership can maximize impact by relying on technical experts that help determine weaknesses and areas of adjustment. Specifically, some businesses find themselves in a holding pattern, unable to grow due to uncertainty about next steps, including whether to obtain more capital, further modernize their production process, hire new workers, change raw materials, etc. Technical advisors can help

find solutions in the short term. Some barriers that ADM businesses face, and which a technical advisor could help overcome include:

**Operations:** Although participants had business backgrounds, many were venturing into new areas. Some businesses found it difficult to equip factories and start production. Technical assistance to fill gaps in business knowledge would be useful for businesses to fulfill their timelines.

**Financing:** Several businesses had difficulties obtaining business development loans, and finding investors. A technical advisor could help connect these viable businesses with financial institutions interested in supporting them.

Efforts such as these would ensure that more businesses overcome barriers that might otherwise cause them to shut down or, at the very least, slow business' growth and limit the economic impact of each awardee. It is estimated that a part-time technical advisor could sufficiently respond to the needs of the projects currently in place, with the result being improved development impact within 2-3 years.

# APPENDIX I

## Management People interviewed:

Sarah Mattingly, previous Technical Director for ADM, AED  
Laura Muzart, current Program officer for ADM, AED  
Paul Bundick, Director, Field-Support LWA, AED  
Nussi Abdullah, Deputy Project Director and Microenterprise Learning Manager, AED  
Romi Bhatia, Senior Advisor for Diaspora Partnerships, USAID  
Yvon Resplandy, Senior Advisor for Diaspora and Remittances, USAID  
Barbara Span, VP, Public Affairs, Western Union  
Thomas Debass, Director for Global Partnerships, U.S. Department of State  
Borany Penh, Senior Trade and Economic Advisor, USAID

## African Diaspora And Partners Interviewed, August 2011:

Henry Adobor, Green Acres Goat Farm, Ghana  
Michael Asamere, TAF BioTechnology, Ethiopia  
Solomon Berhanu, AMAD Metal Manufacturing PLC: Metal Products Fabrication, Ethiopia  
Kojo Benjamin Taylor, Using Franchising Business Model to Improve Access to Healthcare in Africa, Ghana  
Raymond Rugemalira, Uza-Mazao(TM), Kenya  
Nwando Ajene, Processing and Preserving West Africa's Best Fruits and Vegetables, Nigeria  
Robert Smith, EarthWise Ferries Uganda Ltd: A company dedicated to restoring Passenger Ferries on Lake Victoria, Uganda  
Zelalem Dagne, Fleet Management System (Vehicle Tracking), Ethiopia  
Tenu Awoonor, Student Card: Creating a Cashless Environment for our Future Generation, Ghana  
Ashifi Gogo, Sproxil.com: Mobile-based Brand management & Anti-counterfeiting for Cash-based societies, Nigeria  
Paul Ansah, Reliable Power Supply, Ghana  
Ronald Mutebi, Cooking Solar Ovens Manufacturing, Uganda

# APPENDIX 2

## *Collection of Data and Scoring Tables*

To measure the ADM design, project results, grantees' business performance and impact on development we developed 52 survey questions, of these some were adapted for individual interviewees, depending on their role in the ADM. The questions that were consistent across interviewees were used to understand convergence (i.e. people were on the "same page") and discrepancies in perspectives. The discrepancies were analyzed to understand whether they could make the program malfunction (if for instance, one person thought the program was for Latin America and another for Africa), or if they were compatible, but just distinct perspectives.

Our fieldwork included conducting interviews with relevant individuals associated to ADM, also on site interviews to 12 of the 14 grantees, information collected about the local and national economies (particularly as it related to the industry sectors the grantees were working in).

The interviews generated qualitative data, which formed narratives for the four assessment prongs. Evaluators sought to minimize response bias and evoke candid detailed responses in each interview. To do so, survey questions were memorized beforehand, and asked in an organic fashion that flowed with each conversation. These responses were recorded (either in audio or by-hand) and then organized per their survey category after each interview. All information gathered was considered, and points not included in the survey were written-up to provide context for the survey data.

Later the survey questions were refined into "key" questions to summarize performance in project design and implementation, grantees' business performance and local development impact. A coding scale was developed based on the qualitative criteria defined beforehand. Using the combined answers from survey questions, businesses were rated on each key question from 1 (poor) to 5 (high). An average score was taken from each, and then a total score (which combined ratings from each section) was assigned to each business. Due to the qualitative nature of the responses, there is some risk of problems with inter-coder reliability.<sup>7</sup> However, evaluators discussed and compared their ratings at length to minimize this error. Because the ratings are not based on items that can be equally weighted, percentages should not be read as 100% being twice as high as 50%. Rather the ratings are meant to provide a snapshot of the relative implementation, grantees' business performance and impact on development against each other.

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<sup>7</sup> That is, making diverging or contrasting interpretations over particular criteria, and ensuring that scoring qualitative responses is consistent.

# APPENDIX 3

## Milestones, by Project

<b>Businesses Reviewed</b>	<b>Milestone</b>	<b>Due date</b>
<b>AACE</b>	<ul style="list-style-type: none"> <li>a. Completion of the Operations Manual as evidence supported by submission of the Operations Manual</li> <li>b. Submission of completed time sheets related to sweat-equity (salaries for Nwando Ajene and Ndidi Nwuneli for the first reporting period from the signing of the grant agreement to distribution of second 40% payment)</li> <li>c. Proof of 40% matching contribution</li> </ul>	January 26, 2011
<b>Aceritas</b>	<ul style="list-style-type: none"> <li>a. Completion of the Operations Manual as evidence supported by submission of the Operations Manual</li> <li>b. Proof of 40% matching contribution</li> </ul>	December 26 2010
<b>AMAD Metal</b>	<ul style="list-style-type: none"> <li>a. Commencement of construction and the completion of the foundation as evidence supported by the submission of photographs</li> <li>b. Proof of 40% matching contribution</li> </ul>	January 26, 2011
<b>Ansa</b>	<ul style="list-style-type: none"> <li>a. Completion of the purchase of all diagnostic equipment (1st round) and the purchase of the first project vehicle as evidence supported by submission of receipts and photographs</li> <li>b. Proof of 40% matching contribution</li> </ul>	December 26, 2010
<b>Uza-Mazao</b>	<ul style="list-style-type: none"> <li>a. 600 Farmers registered and actively selling through Uza-Mazao, as evidence supported by submission of receipts to show transactions</li> <li>b. Submission of completed time sheets related to sweat-equity (salaries for Raymond Rugemalira for the first reporting period from the signing of the grant agreement to distribution of second 40% payment)</li> <li>c. Proof of 40% matching contribution</li> </ul>	December 26 2010
<b>EarthWise Ferries</b>	<ul style="list-style-type: none"> <li>a. Begin operation of Ferry #1 as evidence supported by submission of press release, photos or other supporting media</li> <li>b. Proof of 40% matching contribution</li> </ul>	November 26 2010

<b>Global Tracking</b>	a. Completion of the second Performance Review (after second Project Implementation Conference) as supported by the submission of the Performance Review Report b. Proof of 40% matching contribution	November 26 2010
<b>Sproxil</b>	a. Completion of the design of alternate product labels as evidence supported by submission of design templates or photographs b. Proof of 40% matching contribution	November 26 2010
<b>Student Card</b>	a. Completion of the brochures (marketing) and the introduction of materials to schools as evidence supported by submission of brochures and confirmation from schools b. Proof of 40% matching contribution	January 26, 2011
<b>TAF BioTechnology</b>	Completion of the purchase of equipment (including: vertical autoclave, laminar flow cabinets, hot air oven, refrigerator, electrical cooker, universal data recorder, RVS baskets and glassware) as evidence supported by submission of receipts b. Proof of 40% matching contribution	November 26 2010
<b>Solar Ovens</b>	a. Completion of the assembly plant in Uganda as evidence supported by submission of photographs and receipts b. Proof of 40% matching contribution	November 26 2010
<b>MicroClinics</b>	a. Completion of an Operations Manual as evidence supported by submission of the Operations Manual b. Proof of 30% matching contribution	November 26 2010
<b>AADT Consultants LLC. (AADT)</b>	Not evaluated due to logistical constraints.	
<b>Palm Fruit Processing Company Limited</b>	Not evaluated due to logistical constraints.	