



International Organization for Migration (IOM)
The UN Migration Agency

Project Proposal:

O-REMIT: OFFER COST-EFFECTIVE ALTERNATIVES FOR REMITTANCES AND OPPORTUNITIES FOR INVESTMENT OF SAVINGS

Project type:	Transfer of Migrant Knowledge and Resources (TR)
Secondary project type:	Community and Economic Development (CD)
Geographical Coverage:	Belgium, Senegal, Democratic Republic of Congo (DRC), Morocco
Executing agency:	International Organization for Migration (IOM),
Beneficiaries:	Remit senders in Belgium, Remit receivers in Senegal, DRC and Morocco SMEs in Senegal, DRC and Morocco
Partner(s):	National Bank of Belgium Diaspora Advisory Board Zidicircle Ondernemers voor Ondernemers (OVO)
Management site:	Brussels, CO, BELGIUM
Duration:	24 months
Budget:	1.000.000 EUR

Summary

This project aims to offer cost-effective alternatives for remittances and opportunities for investment of savings.

The project is built on 3 streams:

1. Understand the remittance flows and behaviours of diaspora in Belgium;
2. Make the remit senders in Belgium and the remit receivers in Countries of Origin (DRC, Morocco, Senegal) increasingly aware of different remit options and factors that influence remitting behaviour;

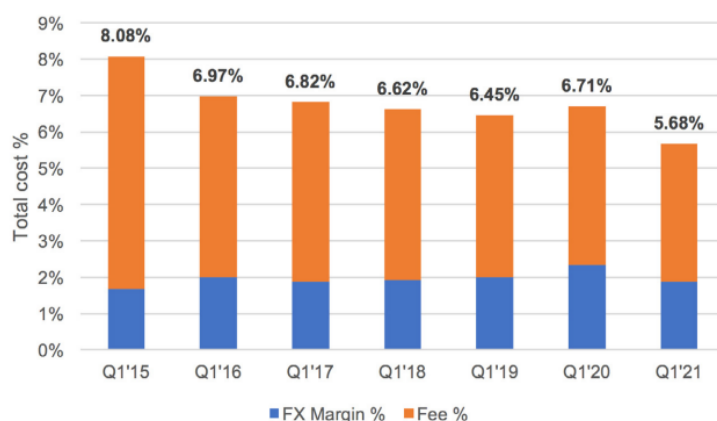
3. Offer the opportunity to diaspora to use savings for investments within 3 targeted African economies (DRC, Morocco, Senegal).

1. Rationale

Diaspora networks and organizations play a key role in the development of both their country of origin and their host country. Remittances from migrants are three times larger than Official Development Assistance (ODA). Consequently, they can be a driver of change in the standards of living in their country of origin. With governments and politicians realizing the potential importance of remittances for development, academic and political interest in the practice of remitting has grown exponentially worldwide over the last two decades.

During the COVID-19 crisis and subsequent economic hardships, international remittance flows to low- and middle-income countries showed to be resilient. The recovery growth of 7.3 percent in 2021 was even more robust than earlier expectations. However, despite this strong growth, the cost of sending funds across international borders continues to be too high, averaging 6.4 percent of the amount transferred. A percentage which is still much higher than the SDG target of less than 3 percent.

Figure 1: Average total cost percentage to send USD 200 from EU to AU countries, Q1 2015 to Q1 2021¹¹



In Q1 2021, for sending USD 200, only 19 percent of EU-AU corridors included in the Remittance Prices Worldwide (RPW) Index have costs that meet the United Nation’s SDG 10c to reduce remittance costs to an average of 3 percent. Costs have steadily been declining but progress is being achieved at a fairly slow pace: no corridors met this target in Q1 2015 and only 13 percent had by Q1 2017. After Germany (4.23 percentage points), Spain (3.28 percentage points); Portugal (2.49 percentage points); Netherlands (1.46 percentage points); Italy (1.14 percentage points); Belgium (0.54 percentage points); and France (0.38 percentage points) all saw falls in average costs through all of their networks. In summary, all of the main EU sending countries have seen drops in the costs of remittances in 2016-21 period.¹ The Payment Services Directive 2 introduced by the EU, has enabled the rise of digital payment providers and increased availability of distribution networks on the pay and the receive side.²

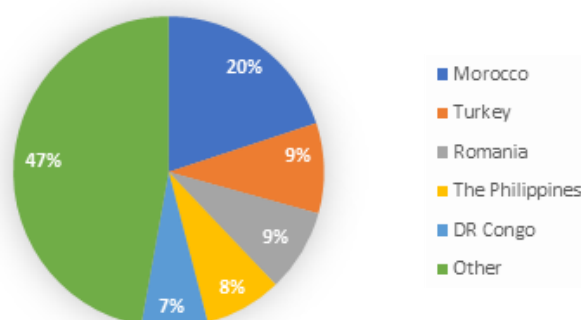
¹ [background paper air-ec webinar remittances 25nov2021 final v1122021.pdf \(icmpd.org\)](https://www.icmpd.org/background-paper-air-ec-webinar-remittances-25nov2021-final-v1122021.pdf)

² <https://remittanceprices.worldbank.org/>

While on the international scene significant progress has been made to improve general policy development and implementation and bring transaction costs under the 3%-threshold, the topic of remittances has remained underexposed in Belgium. With a calculated remittance outflow of €6.4 billion in 2020 (World Bank), Belgium is one of the biggest sending countries per capita in Europe.

According to data of the National Bank of Belgium (NBB), the five biggest formal remittance corridors from Belgium in 2019 were Morocco, Turkey, Romania, The Philippines, and DR Congo. These five countries received a combined total of €459.796.965, or more than half of the total amount of remittances (€870.370.913) sent from Belgium in 2019 as recorded by the NBB³.

Chart 1: biggest corridors from Belgium



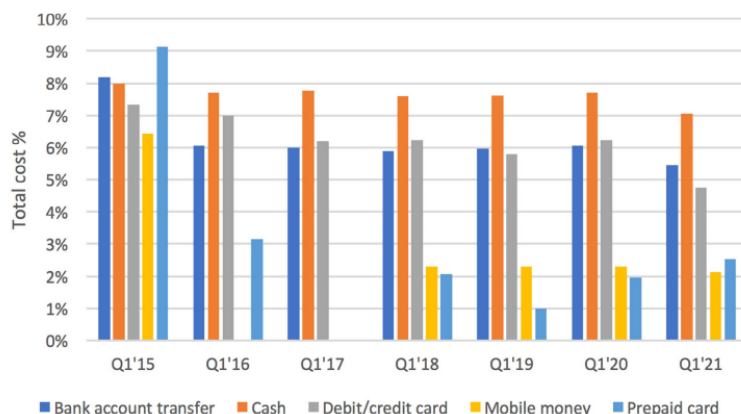
Source: NBB

Remittance costs from the EU to the AU vary depending on the provider or type of service used. In Q1 2021, cash was the most expensive sending method at 7.04 percent, followed by 5.46 percent for bank account transfers and 4.74 percent for debit/credit card payments. Mobile money and pre-paid cards were considerably cheaper sending methods, at 2.14 percent and 2.52 percent, respectively. Interestingly other options compared to cash have fallen much faster in cost since Q1 2015. In Q1 2015, cash was the third cheapest option but other methods of sending money have become significantly cheaper over the time period whilst cash has only fallen slightly. It should also be noted that there are, in practice, very few pre-paid card and mobile money services originating in Europe.⁴

³ Which is different from WB figures.

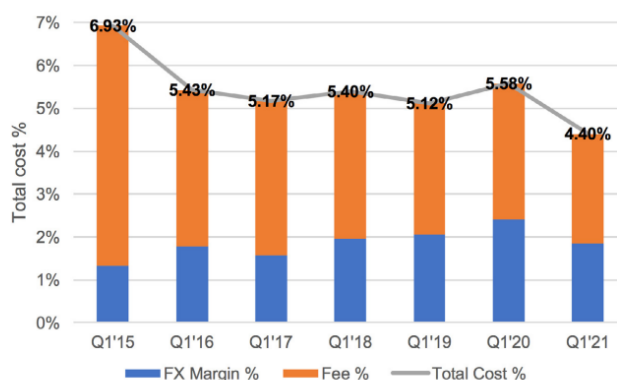
⁴ [Remittance Prices Worldwide | MAKING MARKETS MORE TRANSPARENT \(worldbank.org\)](https://www.worldbank.org/en/indicators/SH.UY.CD)

Figure 3: Average total cost percentage to send USD 200 from EU to AU countries using different sending methods, Q1 2015-Q1 2021



Using a digital send method to send USD 200 from the EU to the AU cost 4.4 percent of the total cost in Q1 2021.

Figure 4: Average total cost percentage to send USD 200 from EU to AU countries using digital methods, Q1 2015-Q1 2021



The O-REMIT proposal will build further on these available data of the World Bank, the National Bank of Belgium and other sources by zooming into remittances from Belgium and looking into transaction cost disaggregated per corridor, per amount and per sending method. These data will help diaspora members living in Belgium having transparent insights into different REMIT options with the ultimate aim for them to make cost-efficient choices. In addition, options for the use of savings will be offered for those diaspora members who are looking for returns on investment.

This proposal is in line with IOM’s global work of maximizing the positive relationship between migration and development. The engagement of diaspora for the development of their countries of origin has generated an increasing political interest in recent years among different stakeholders and has been put high on the international political agenda, such as the Global Forum on Migration and Development (GFMD) launched in 2007 and meeting every year, the United Nations High-Level Dialogue on International Migration and Development in 2006 and 2013, as well as IOM’s Annual Diaspora Forum in 2013 and more recently in 2018¹⁰. It has also been confirmed by the Global Compact for Safe, Orderly and Regular Migration in objective 19: “Create conditions for migrants and diasporas to fully contribute to sustainable development in all countries and in Objective 20’s commitment to promoting remittances contribution to sustainable development. The Global Diaspora Summit, organized by the International Organization for Migration (IOM) and the Government of

Ireland in Dublin in April 2022, represented a milestone in the high-level recognition of migrants and diasporas' development contributions.

This O-REMIT proposal also fits into the vision and strategy of Minister Kitir of Development Cooperation to mobilize additional financial resources for developing countries from different sources ([Kitir 2021 policy paper](#)) such as migrant remittances, because development aid by itself is insufficient.

“Migrants' remittances are three times more important than ODA and have, first, a significant impact as a decisive factor in changing the living conditions of migrants and their families in the home country. Second, they can also leverage or support local and national economic development in the countries of origin. To enhance the positive implications of these changes, Belgian development cooperation, in coordination with other government agencies and in partnership with the private sector, will encourage greater transparency and expand opportunities for remittances. It will also encourage a reduction in transfer costs. By strengthening technical support for migrants and the diaspora, and their associations, the aim is to maximize the contributions they make to the financial, economic, human, political, cultural, etc. development of both their home countries and where they reside. Particular attention is given to promoting and creating their opportunities to invest and do business.”⁵

2. Project Description

This project aims to offer cost-effective alternatives for remittances and opportunities for investment of savings.

The project is built on 3 streams:

1. Understand the remittance flows and behaviours of diaspora in Belgium ;
2. Make the remit senders in Belgium and the remit receivers in Countries of Origin (3 selected corridors) increasingly aware of different remit options and factors that influence remitting behaviour;
3. Offer the opportunity to diaspora to use savings for SME investments within 3 targeted African economies.

Outcome 1: Figures on remittance flows and behaviours feed into policy recommendations and individual remit choices

Activity 1.1 Data collection and analysis of remittance flows from Belgium (lead: IOM in partnership with National Bank of Belgium)

During the first phase of the project, IOM will collect and share data on remittance streams from Belgium to other countries (outflow figures). For the data collection, IOM and the National Bank of Belgium will make use of its own data sources, complemented with available data from other sources

⁵ Strategienota: migratie als hefboom voor duurzame ontwikkeling: [strategienota-migratie-nl-digitaal.pdf](#)

such as UNCDF, the [World Bank](#), IFAD ([Remitscope](#)) etc. The NBB is working on a renewed 'Statistics Payment reporting system'⁶, and will be able to provide a more comprehensive overview of remittance streams from Belgium as of 2023. The professional association of payment institutions and electronic money institutions in Belgium will be contacted as well as their members (e.g. MoneyGram, Worldremit, ..) to invite them to provide input and share data. For this purpose, several meetings will be organized. Having them adhere to the project will facilitate the exchange of data even beyond the timeframe of the project.

All of the collected data will be complemented with data available for at least the top 20 receiving countries and with a special focus on the 14 partner countries of the Belgian government⁷. The idea is to have a comprehensive data file with the possibility to break down large data categories into more specific sub-categories such as available operators, sending methods used (mobile money operators vs financial institutions), number of transactions, average cost of transaction, average amount per transaction, speed, transfer speed, coverage in country of origin, possibility of digital uptake in country of origin, cash/digital divide etc. If published on the NBB's website, it will be a publicly available tool for both diaspora members to gain insights into remittance trends, but also for policy makers and other stakeholders to assess trends and progress to the 3% cost of remittances.

IOM will conduct a thorough analysis of the extracted data with specific attention for the following:

- Main remittance corridors from Belgium
- Main sending methods for remitting from Belgium (mobile money operators vs classical financial institutions)
- Main remit operators
- Total transaction amount, average transaction amount per corridor and average cost per transaction
- Proportion cash/digital

This analysis will be presented in an interactive report with snapshots, graphs and statistics from the more comprehensive data file.

Activity 1.2 Data collection and analysis of the behaviour of the remitter (lead: IOM in partnership with DAB/ADEPT)

After conducting the quantitative analysis, IOM will proceed with the qualitative component of the research. The qualitative component aims to understand the remit behavior of diaspora members: understanding their profile (e.g. their age and gender, their socio-economic status, their education level, their knowledge about remittances), their needs and the needs of the receiver, the factors that influence their choice (importance of transaction cost and/or speed in decision making), prevalence of entrenched behavior (whether the habit/decision-making of various diaspora groups overall influence individual decision to choose a particular channel over another), etc. The scope of this exercise will be limited to the 14 partner countries of the Belgian government.

⁶ Starting from January 2022, the NBB will request data from competent authorities on credit transfers, direct debits, card payments, e-money payments and checks to 240 countries and regions. This will allow the NBB to have a better overview of remittance outflows from Belgium

⁷ [Partnerlanden | FOD Buitenlandse Zaken, Buitenlandse Handel en Ontwikkelingssamenwerking \(belgium.be\)](#)

Active outreach to diaspora from these 14 countries to incite them to fill in the online survey will be done through the IOM Diaspora Advisory Board (DAB)⁸ and more specifically through one of its members [ADEPT](#), which is an African European diaspora development platform with over 200 members. In addition IOM will make use of its list of diaspora organizations⁹, will get in touch with the embassies of these countries and will analyze which social media and information sharing channels are the most used by the target diaspora. Over the years, IOM has built up a network of diaspora organizations with whom it maintains excellent relations through its [programming work on diaspora engagement](#). IOM also has linkages to key diaspora influencers who can easily mobilize others through their own social media accounts.

The methodology for the qualitative research will be a combination of an online survey and focus group discussions.

The questions for the survey will be drafted by IOM and the DAB/ADEPT. They will be in English, French and Dutch and designed through Microsoft Forms. The survey will be conducted over a period of several weeks and will have both open and closed questions. The survey will allow for a better understanding of the behavior, perceptions, and decision-making processes of remitters and how these are influenced by the receiver. It will allow to disaggregate the responses based on the profile of the remitter (such as gender, age and education level). Furthermore, it will also gauge the opinions of remitters about the products and services currently offered by the money transfer services. The survey will try to find out why migrants are choosing specific remittance channels by differentiating between formal and informal remittance streams, and by focusing on behavioral elements which can influence the decision of the remitter. Special attention will be given to the profile of the remitter. How loyal is he/she to the service he/she uses? How frequently do diaspora members switch from one provider to another? What is the role of the recipient in the choice of the channel? Is there a difference in remit behaviour between men and women or even between generations? Elements to be considered are at sending and receiving side are: ownership of smartphones, preference for digital transfers, ownership of bank cards/accounts, levels of education, rates of trust in the banking systems, gender and age, convenience, habit, access etc. There will also be an analysis of the demand of investment possibilities to make alternative use of the savings of diaspora remitters. The survey will be spread through social media and other channels. While the response rate is unpredictable, IOM will obtain figures on how many diaspora members make up each of the 14 communities on which this project plans to focus.¹⁰ Based on this, a target # of respondents will be set that could allow us to make educated inferences about that community's behaviours and decision-making processes.

Focus group discussions will be organized in cooperation with the IOM Diaspora Advisory Board (DAB). A focus group is a research method that brings together a small group of people to answer questions in a moderated setting. The group is chosen due to predefined traits such as background. They often are used to supplement survey findings, particularly for the interpretation of survey results. For each of the 14 countries, 6 diaspora remitters will be chosen to participate to an in-depth interview. There will be 14 interviews, one for each country of origin.

After having collected the survey and focus group results, IOM will analyze whether certain trends and behaviors emerge in their globality and how they are disaggregated for each of the 14 partner countries. It will be summarized in a report. The analysis will be useful for the different payment

⁸ Board that consists of several diaspora members whose role it is to advise IOM on certain migration topics and to provide insights from their own community.

⁹ For each of the partner countries, IOM possesses a database of several diaspora groups and key diaspora persons.

¹⁰ SOURCE: NPDATA 2019 (<http://www.npdata.be/Data/Vreemdelingen/NIS/Vreemdelingen-gemeenten/2019/Landen-Tabel/Landen-Indeling-b-alfabetisch.htm>)

institutions to find out the behavior of their customers. For policy makers, it will inform evidence-based policies.

Outcome 2 – Remittance senders in Belgium and remittance receivers in 3 countries of origin (Morocco, DRC and Senegal) make cost-effective decisions about their remit choices (lead: IOM in cooperation with DAB/ADEPT).

Before finetuning the activities below, a Steering Committee meeting will be organized to present the results of the data analysis. The Steering Committee will be composed of IOM, the Cabinet of Minister Kitir, the Belgian Ministry of Development Cooperation, the National Bank of Belgium, representatives from diaspora organisations (including ADEPT), Ondernemers voor Ondernemers (OVO) and Zidicircle. This steering committee will specifically focus on the factors that seem to influence certain remitting choices and behaviour and the margin of maneuver that exists to inform the different diaspora communities on the tools which exist to inform them on their remit options to become more beneficial for the receiver. The message behind the activities below is that diaspora members are free to make their own remit choices but that increased transparency and consumer awareness on prices and options can indirectly influence transaction cost. In general, corridors with larger numbers of migrants and more competition among remittances service providers exhibit lower costs. While the project will not influence remittance cost directly, the insights gained through the data analysis and activities aimed at raising awareness on the interlinkage between cost and behaviour and the often cheaper digital formal means, will indirectly influence remittance cost.

Activity 2.1 Develop and implement a sensitization campaign (IOM, DAB/ADEPT)

Based on the analysis of studies on remittance flows and behaviour, the project will aim to encourage the channeling of the remittances of the diaspora communities in Belgium towards formal, cheaper (often digital) alternatives. This will be done by informing the diaspora about the different remitting options they have and how to make trustworthy and cost-efficient choices. A video will be made that features testimonies of diaspora members and what factors are for them the most decisive in their remit decision-making. The testimonies will come from those diaspora members that have participated in the survey or focus group discussion who have stated willingness to engage further. The selection of volunteers will be done in collaboration with DAB/ADEPT as well as the finding out the best channels for diffusion of this campaign. There will be different angles highlighted in their choices so that viewers understand that different factors (such as speed of transaction, cost, proximity/facility, habit, receiving options etc) can influence a choice. The message of the video will be that being well informed and using adapted tools and formal channels can help making an optimal choice ultimately for the remit receiver. This video could be launched in anticipation of peak moments throughout the year that are known to be very 'busy' such as 'back to school', Christmas, Ramadan etc. The video could end with an invitation to sign up for a workshop offered by IOM on how to gain insights into the remit landscape and how individual choices could be tweaked to the benefit of remitters (link to activity 2.2).

Activity 2.2 Organize 5 workshops for remittance senders in Belgium and for remittance receivers within 3 selected corridors (DRC, Morocco and Senegal) on different remitting options and factors that influence remitting behaviour (IOM, DAB).

Five workshops will be organized in which the quantitative and qualitative data on remitting behaviour will be presented and on the cost-effectiveness of various options. The ultimate aim of the workshop will be to give the remit senders and receivers the tools to make informed decisions on the remittance channels which can ultimately improve remittance recipients' capacities to achieve longer term savings and livelihood objectives, encourage greater financial inclusion of migrants and their families and enhance resilience in the face of economic shocks. The perception and behavioural barriers that may be limiting the uptake of digital financial services among migrants and remittance recipients, as identified in the surveys, will be addressed in this training. Research¹¹ shows that financial awareness increases financial knowledge and information seeking behavior and increases the probability of switching to cheaper remittance products. But it does not change either the frequency or level of remittances.

The workshop will familiarize the participants with the different tools that exist to compare remitting channels and costs within a certain corridor, such as the [Compare Money Transfer Companies | iDiaspora](#), the [MigApp](#), the [Remittance Prices Worldwide | MAKING MARKETS MORE TRANSPARENT \(worldbank.org\) etc.](#) Elements from the training that has been developed by IOM and is about to be embedded in IOM's MigApp will also be used.

While we assume that most diaspora members are already aware of the different remitting options they have and have already made the best choice for them the workshop will focus on those diaspora members who are less digitally literate or who have expressed a need to understand the remitting landscape better for them to make a more informed choice. The participants that sign up for this workshop will be selected on a number of criteria:

- Roots in one of the 14 partners countries of Belgium
- Declare being a regular remittance sender (which is at least four times/year)
- Expressed needs for better insights regarding remitting behaviour

While selecting the participants, IOM will make sure to select 50% women (who often have a different remit behaviour) and participants from a variety of age and educational backgrounds.

The workshop will first provide some insights into data and tools but will then have an interactive and practical focus whereby each participant will need to apply the tool on his/her personal situation. The workshop is not about influencing the behaviour of diaspora but about giving them the tools and information for them to find out what is best in their particular and personal situation.

For the outreach/subscription to the workshops, the same channels will be used as for the survey exercise of activity 1.2.

A series of workshops (5) will be organized :

- Two workshops in Belgium for remit senders: for diaspora members living in Belgium and originating from one of the 14 partner countries of Belgium. A group of

¹¹ World Bank: <https://openknowledge.worldbank.org/handle/10986/9348>

approximately 30 persons can sign up for a workshop in Dutch and a group of approximately 30 persons can sign up for the same workshop in French. The exact location in Belgium will be chosen after assessing the residences of the selected participants

- Three workshops in countries of origin of three selected corridors, namely Senegal, Morocco, DRC. The corridors are chosen by total size of the remittances, presence of diaspora groups in Belgium, possibilities of digital transfer modalities in the countries of origin. A group of 30 persons each will follow the workshop. It will take place respectively in Dakar, Rabat and Kinshasa. The diaspora remitters in Belgium from these countries will be asked to reach out to their eligible receivers for these trainings and a call to register will also be published on social media to reach a group of 30.

While some of the content of the workshops in the 3 countries of origin will be similar to the one in Belgium, it will zoom into the specific country context especially in terms of possibilities of digital uptake and accessibility issues.

IOM will select a facilitator (ideally from the diaspora) who will animate the different workshops. One or two facilitators (depending on language) will be selected who will be able to travel to the three selected countries. The IOM colleagues from Rabat, Kinshasa and Dakar will be associated to organize the logistics of the workshop.

Outcome 3 – Diaspora members seize investment opportunities within 3 targeted African economies (lead: IOM, Zidicircle and OVO)

Before finetuning the activities below, another Steering Committee meeting will be organized to discuss the investment component. The steering committee will be composed of IOM, the Cabinet of Minister Kitir, the Belgian Ministry of Development Cooperation, the National Bank of Belgium, representatives from diaspora organisations (including ADEPT), Ondernemers voor Ondernemers (OVO) and Zidicircle. This Steering Committee will specifically focus on the strategy for attracting potential diaspora investors, the selection criteria for diaspora investors that will be part of the program and the actors from the ecosystem for SME incubation or acceleration within the 3 countries of origin that could be associated to this programme. There can also be a discussion on the selection process for investor-ready SMEs from the countries of origin.

Activity 3.1. : Train diaspora to become investors (lead: Zidicircle in collaboration with OVO)

Remittance senders have expressed a great interest in investment possibilities in several interactions with IOM. In practice however, they face a number of obstacles to invest part of their savings in start-ups/SMEs as a way to contribute to their Country of Origin. There is the issue of lack of trust and knowledge and limited budget that refrains diaspora from considering the option to invest. To address this challenge and empower diaspora members to invest in start-ups/SMEs in their country of origin, IOM has identified two partners/service providers to engage in below activities: [Zidicircle](#), as a global incubator and [Ondernemers Voor Ondernemers](#) (OVO) as a link between Belgian companies and entrepreneurs and local business initiatives in Africa. Zidicircle and OVO's methodologies are well-aligned with those proposed in the project and different from the [LITA](#) programme in the sense that the potential investors will personally learn about the entrepreneurs behind the SMEs and their ambitions and that OVO and Zidicircle will help with the due diligence process and mentor's advice.

The diaspora venture backers programme that Zidicircle is running will be open to all diaspora members living in Belgium and with origins in one of the 3 selected corridors for this component (DRC, Senegal, Morocco). The survey will already have mapped the diaspora groups/associations and individuals pertaining to those corridors interested in becoming investors and they will be invited to adhere to the “diaspora venture backers programme”¹². Publicity will also be made through the embassies of these 3 countries, through social media, through the different diaspora organizations and the channels that have been identified in the survey as most frequently used by diaspora members. A first group of 30 participants will join the programme in Year 1 and a second group of 30 participants will join the program in Year 2. The group will be composed of 50% men and 50% women if there are sufficient inscriptions. It is important to have a gender balance, since the approach to investing might be different in terms of risk-taking attitude but also in terms of SMEs they would like to support.

The idea of this Diaspora Venture Backers Programme is to teach the basics of investing to the diaspora participants, to empower and to connect them to each other which can facilitate the process for collective investments (cf. activity 3.2.). Diaspora members might feel deterred from investing if they do not dispose of large sums to invest and if they do not want to take big risks. A collective investment vehicle can offer an ideal platform to build trust, reduce risk and make collective decisions. The Diaspora Venture Program does not target diaspora members who have large sums available for investment and who can easily find their way to investing without the help of such programme. Rather, the programme focuses on first time investors who have savings to invest and would like to support local entrepreneurs kick-off their businesses in their Countries of Origin but need accompaniment to conduct the due diligence needed ahead of an investment, and guidance on how to invest.

Participants admitted to the Investment Programme should meet the following criteria:

- Are able to dedicate approximately two hours per week for eight weeks of the programme;
- Have a business or professional experience that can help understand the basics of investing;
- Interest and willingness in investing in their country of origin as shown in their motivation letter;
- Readiness to commit a minimum of 1000 Euros in first investments¹³.

For eight weeks, the participants are equipped with the skills and knowledge to start functioning as investors. The trainings will take place 2h/ week online with some self-study exercises to do at home. Here are the broad topics covered:

- The basics of investing in startups: how does investing work, funding types and criteria, investment stages;
- Evaluating ventures: evaluating the business models, financials and valuation, cross border investments;

¹² [Venture backers Programme – Zidi Circle](#)

¹³ This might seem as a large sum, but since the training will be offered to them, the program would like the participants to be serious about giving investments a try and this sum would allow for a collective or individual investment.

- The deal-making process: due diligence, the term sheets and legal conditions, monitoring and exit.

During the training, OVO will set-up a pool of mentors that can advise the diaspora investors from the Training programme who are mostly first-time investors. The mentors will be available to the participants for advice and tips and tricks throughout the training program but also during the matching/presentation of investor ready SMEs (see activity 3.2.). A special attention will be given to diaspora mentors.

After the conclusion of the programme, it is expected that the investors will have a broad latitude in identifying, evaluating, and engaging compelling investment opportunities. They will also be able to:

- Develop a collective investment strategy
- Develop skills to prepare Term sheets¹⁴
- Select a small portfolio of SMEs that are investor ready
- Pledge on their first investments

There is already an existing virtual learning platform developed by Zidicircle and a group of trainers in place providing the different modules (see footnote 10). OVO will come on board during the training as well with some experts as guest speakers to complement the existing modules with tips and tricks from the field.

Following successful completion of the training, the diaspora participants will have the possibility to join a collective investment vehicle 'the Zidicircle Diaspora Investments Coop'¹⁵ that would allow them to make collective investments. In essence, the Zidicircle Diaspora Investments Coop was formed as a member-driven special purpose investment vehicle for diaspora that would enter into investment agreements with start-ups or small and medium-sized businesses as an investor. The choice to invest is made by the diaspora themselves and can be a collective investment or individual investment. The Members (diaspora investors) make their own investment decision based on the due diligence and background checks (with the help Zidicircle) on the company in which they intend to invest. The diaspora investors then decide on the investment either individually or form a group to jointly decide on the investment. The Brussels Africa Hub is also a member and an advisor to this Diaspora Investment Coop.

Of course, there are other channels for investments and the diaspora are free to pick their preferred way. OVO and the mentors will also advise the diaspora participants on how investments can take place from Belgium to Countries of Origin, such as loans. A smooth and streamlined process for investing is important for new investors who may still face barriers and trust issues. OVO will take up the role to research and streamline processes.

¹⁴ A **term sheet** is a [bullet-point](#) document outlining the [material terms](#) and conditions of a potential business agreement, establishing the basis for future negotiations between a seller and buyer

¹⁵ [Diaspora Investments Coop – Zidi Circle](#)

Activity 3.2. Connect the diaspora investors with 'incubated' SMEs from 3 selected countries of origin (DRC, Morocco and Senegal) with the help of local partner hubs and coaches (lead: IOM, Zidicircle and OVO)

Zidicircle and OVO have established close collaboration with local entrepreneur support organizations in African countries such as Senegal, Ghana, Kenya, Uganda, DRC, Rwanda, Tanzania, Benin, Morocco amongst others. To help the first-time investors from the training select SME they could invest in, OVO and Zidicircle will make a selection of SMEs that are investor ready based on the interests of the group and the priorities of this programme (interest in terms of country of origin, sector, ticket size, scale-up or start-up etc). For the sake of efficiency, the 3 same corridors will be selected as in activity 2.2., namely Senegal, DRC and Morocco. OVO will showcase Senegalese SMEs that have gone through the OVO's coaching. Zidicircle will focus on SME's from DRC and Morocco that are investor ready in collaboration with the [Brussels Africa Hub](#), which is an African Business knowledge center and networking place.

This project will not support the process of making SMEs investor ready, this is already done through local partners and hubs, but rather do the initial selection work in favour of the investors. For each country, between 10 to 20 SME will be selected. Zidicircle and Brussels Africa Hub will travel to DRC and Morocco to assess SMEs to do prospection for investor ready SMEs. OVO will travel to Senegal for assessing SMEs that are investor ready. The IOM colleagues in Dakar, Rabat and Kinshasa will assist the process of liaising with local hubs.

A hybrid pitch event will be organized in Brussels at 2 occasions (cf. workplan) during Month 17 and Month 23. During month 17, the first cohort of diaspora investors will physically join the event in Brussels where the SME owners will present their company virtually. The Embassies of the countries of origin will be present as well other interested investors and members of business clubs. The same will be repeated Month 23 for the second cohort of diaspora investors.

The diaspora investors with the support of OVO and Zidicircle will carry due diligence on the selected SMEs that they would like to invest in. The diaspora investors can then avail the funds either via the Zidicircle Diaspora Coop membership or through another monitored channel. The project hopes to attract funding for 10 SMEs per corridor and create links and networks between local hubs and investors. The whole idea behind this programme is to leverage the interest of diaspora members who would like to do something meaningful for their country of origin and hoping to receive a return on investment.

3. Partnerships and Coordination

The project will be managed and coordinated by IOM Belgium. IOM Belgium will work in close cooperation with focal points of the National Bank of Belgium, Zidicircle, OVO and the Diaspora Advisory Board and the IOM colleagues in Rabat, Kinshasa and Dakar. All activities will be launched and followed-up by IOM Belgium. While IOM Belgium is the final responsible party for all activities, most of the activities are of joint responsibility (per workplan below).

The National Bank of Belgium is working on a renewed Statistics Payment reporting system¹⁶, and will be able to provide a more comprehensive overview of remittance streams from Belgium as of 2023. They will be a key partner for data collection on remittance flows.

The Diaspora Advisory Board has been created as a consultative body to IOM Belgium and Luxembourg. They will be crucial for outreach to the different diaspora communities and the data collection on remittance behaviour. One of the members, ADEPT, which is a platform regrouping several diaspora organizations, will play a crucial role in the outreach component and the data collection.

Zidicircle has a track-record in collaborating with IOM the Netherlands on diaspora entrepreneurship and investments. They are part of an international ecosystem and a large diaspora network. They have also been facilitating investments into Africa for several years and already successfully carried out diaspora SME investments in Ghana together with the Dutch Development organization SNV. They have been identified to engage in the investment component, namely the training for first-time diaspora investors and connecting the investors with SMEs in 2 selected corridors (DRC and Morocco).

OVO is also an important partner in the investment component and the support for small and medium-sized businesses. Within this project they will connect investors with SMEs in the corridor Belgium-Senegal, where they are already operating. They will also provide mentors to the diaspora investors for advice and tips and tricks. Synergies will be sought with OVO's other relevant projects.

The IOM colleagues in the countries of origin of the 3 corridors (Morocco, Senegal and DRC) will help in organizing the logistics of the financial/digital training that will take place in respectively Rabat, Dakar and Kinshasa and they will also be solicited for liaison to local hubs and incubators.

4. Monitoring

A Steering Committee will be created at the start of the program with all the partners involved: IOM, the Cabinet of Minister Kitir, the Belgian Ministry of Development Cooperation, the National Bank of Belgium, representatives from diaspora organisations (including ADEPT), Ondernemers voor Ondernemers (OVO) and Zidicircle. The steering committee will unite 3 times throughout the programme and every time before the start of each stream of the program to discuss the next steps and the right approach for the following stream

The results matrix provides tools and indicators on measuring progress in the project implementation. For every outcome and output, a target is set and the method to collect that information is also specified. Every 6 months, the IOM project manager will collect the information needed per output from all actors involved and consolidate it in a progress report. This progress report will give an

¹⁶ Starting from January 2022, the NBB will request data from competent authorities on credit transfers, direct debits, card payments, e-money payments and checks to 240 countries and regions. This will allow the NBB to have a better overview of remittance outflows from Belgium

overview of the results and allow an assessment of whether possible additional interventions or reformulations are needed to obtain the project's objective. This report will be presented during the steering committee meetings that will be organized by IOM in Belgium between the main partners (IOM, the Ministry of Development Cooperation, Zidicircle, OVO, Diaspora Advisory Board, National Bank of Belgium).

All of the activities will be supported by documents and reports that will feed into the periodic and final reports.

For the data assessment on remittance flows, the comprehensive data file will be available as well as the quantitative data report figuring snapshots, graphs and statistics. For the research on remittance behaviour and decision making, the survey questions, survey results and focus groups discussions will be presented in a dedicated analytical report. For the trainings, a report will be drafted including the list of participants, pictures and an overview of the training modules. After each training the participants will be asked to fill in a self-assessment form in which they will assess the improvement of their skills and knowledge. For the investment component, the pitch will be recorded during which the SME owners present their business and an overview of selected SMEs will also appear in a brochure.

5. Evaluation

After one year of implementation, IOM will internally measure the impact of the project through conducting mid-term evaluation interviews with key partners and participants of the trainings. These interviews will complement the updated results matrix. All of these will feed into the mid-term report and the same exercise will be done at the end of the project.

The aim of the evaluation is mainly to find out whether the beneficiaries have been able to optimize their use of remittances by making more cost-efficient choices or whether they used part of their savings for investing in SMEs. The Diaspora Advisory Board will take the lead in this exercise. At the end of the project, the trained beneficiaries will be asked to self-assess whether their participation to the project has influenced their remit behaviour and how and whether they have on their turn influenced others.

6. Results Matrix

	<i>Indicators</i>	<i>Data Source and Collection Method</i>	<i>Baseline</i>	<i>Target</i>	<i>Assumptions</i>
<p>Objective: This project aims to offer cost-effective alternatives for remittances and opportunities for investment of savings.</p>	<p>% of beneficiaries stating their remit behaviour has changed</p> <p>% of beneficiaries stating they have influenced remit behaviour of others</p> <p>Number of beneficiaries reporting they have become investors</p>	<p>End project survey to all beneficiaries of trainings</p>	<p>0</p> <p>0</p> <p>0</p>	<p>50%</p> <p>50%</p> <p>50%</p>	<p>Beneficiaries empowered to reflect on what the best choice is for them.</p> <p>Beneficiaries sharing insights with their environment.</p> <p>Beneficiaries empowered to make investment decisions</p>
<p>Outcome 1: Figures on remittance flows and behaviours feed into policy recommendations and individual remit choices</p>	<p>Data publicly available for policy makers and diaspora</p>	<p>Data NBB, WB and UNCDF and others</p> <p>Data surveys diaspora residing in Belgium</p>	<p>No disaggregated data file</p> <p>Limited data on remit flows</p> <p>No research on remit behaviour</p>	<p>Disaggregated data file</p> <p>Assessment of remit flows</p> <p>Research on remit behaviour</p>	<p>Quantitative data available, diaspora willing to fill in survey</p>
<p>Output 1.1: Data insights into remit flows from Belgium is available</p>	<p>Quantitative data on most important remit corridors from Belgium (total transaction amount, number of transactions, average cost, proportion money operators vs financial institutions, proportion cash/digital)</p>	<p>Data will be compiled from different sources: NBB, Worldbank, UNCDF and others</p>	<p>Data partially available for main remit corridors without disaggregated details.</p>	<p>Data available for main remit corridors and 14 partner countries of Belgium, disaggregated per total transaction amount, number of transactions, average cost, proportion money remitters vs financial</p>	<p>Data collectable, traceable and available to NBB</p>

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				institutions, proportion cash/digital)	
Activities that lead to Output 1.1: Data collection and analysis of remittance flows from Belgium					Data available and collectable and traceable by NBB
Output 1.2: Evidence about the remit behaviour of diaspora residing in Belgium is available	Report on remit behaviour of diaspora residing in Belgium (why migrants are choosing specific remit channels)	Online survey Focus group discussions	No behavioural analysis currently available	Report highlighting remit behaviour in general and disaggregated per corridor	Diaspora willing to fill in survey and diaspora from 14 partner countries participating to survey
Activities that lead to Output 1.2: Data collection and analysis of remittance behaviours					Survey questions well drafted to capture insights into remit behaviour
Outcome 2: Remittance senders in Belgium and remittance receivers in 3 countries of origin (Morocco, DRC and Senegal) make cost-effective decisions about their remit choices	Self-assessment survey by beneficiaries on improved knowledge and tools	Post workshop self-assessment survey	0% participants state that the workshop has helped gain insight into remit options and behaviour	50% participants state that the workshop has helped gain insight into remit options and behaviour	Improved knowledge leading to different behaviour
Output 2.1: Sensitization campaign highlights different factor that can influence remit behaviour.	Number of views of campaign on social media	Number of clicks and shares on social media	0	500	Message of campaign makes viewers reflect on their remit choice.
Activities that lead to Output 2.1: Activity 2.1 Develop and implement a sensitization campaign					Clear message on how different remit choices can influence cost.

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Output 2.2: Interactive workshops focus on remit options adapted to the personal situation of participants.	Number of workshops Number of participants per training	Workshop reports Attendance records	0 trainings 0 participants	5 workshops (2 in Belgium, 1 in Senegal, 1 in Rabat and 1 in Kinshasa) 150 participants (30 per training)	Remit senders and remit receivers empowered by the workshop.
Activities that lead to Output 2.2: Activity 2.2 Organize 5 workshops for remittance senders in Belgium and for remittance receivers within 3 selected corridors (DRC, Morocco and Senegal) on different remit options and factors that influence remit behaviour					Remit senders and remit receivers interested in the workshops.
Outcome 3: Diaspora members seize investment opportunities within 3 targeted African economies	Number of trained diaspora members planning to invest	Diaspora reports	0	60	Diaspora members in Belgium are willing to take the risk to receive a return on their savings.
Output 3.1: Diaspora are trained to become investors	Number of trainings Number of participants per training	Training reports	0 trainings	2 trainings 60 participants (30 per training)	Diaspora members are interested in using savings for SME investment
Activities that lead to Output 3.1: Activity 3.1. Train diaspora to become investors					Diaspora interested in becoming investors.
Output 3.2: SMEs received financial support from diaspora investors	Number of SMEs presented to investors Number of SMEs receiving investments from trained diaspora members	SME brochure Invest reports from trained group of diaspora	0 0	30 to 60 30	Diaspora taking the step to invest. Presented SMEs are trustworthy to investors
Activities that lead to Output 3.2: Activity 3.2. Connect the diaspora investors with 'incubated' SMEs from 3 selected countries of origin with the help of local partner hubs and coaches					Identification of interesting investor ready SMEs in 3 countries

7. Work Plan

Activity	Respons Party	Time Frame (months)																							
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Activity 1.1: Data collection and analysis of remittance flows	IOM NBB																								
Activity 1.2 Data collection and analysis of remittance behaviours	IOM DAB																								
Activity 2.1 Develop and implement a sensitization campaign	IOM DAB																								
Activity 2.2 Organize 5 workshops to remit senders in Belgium and to remit receivers within 3 selected corridors	IOM																								
Activity 3.1. Train diaspora to become investors	IOM Zidicircle																								
Activity 3.2. Connect the diaspora investors with 'incubated' SMEs from 3 selected countries of origin with the help of local partner hubs and coaches	IOM, Zidicircle, OVO																								

8. Budget

See excel sheet

Annex 1. Risk Assessment Plan

<i>Risk Factor</i>	<i>Consequence</i>	<i>Likelihood and Timeline</i>	<i>Risk Treatment Plan</i>	
No data made public for data analysis	High	Likely	Changing the likelihood of the risk	Involve the banking sector and money operators from start
NBB cannot update data report after project	Low	Medium	Changing the likelihood of the risk	Involve NBB from start to collect data
Diaspora not willing to participate in survey	High	Likely	Changing the likelihood of the risk	Combining different channels and key influencers for outreach
Diaspora organizations not able to reach diaspora of 14 partner countries	High	Likely	Changing the likelihood of the risk	Combining different channels and key influencers for outreach
No interest in the workshops on remit options and remit behaviour	High	Medium	Changing the likelihood of the risk	Incentivize participation by highlighting interactive touch and link to personal situation
No interest in the investor training	High	Medium	Changing the likelihood of the risk	Measure interest during survey
Proposed SMEs not of interest to investors	Low	Likely	Leave consequence without treatment	Investors will be able to invest in other SMEs in the future
Workshops do not lead to different remit behaviours	High	Medium	Changing the likelihood of the risk	Select participants who have indicated need for better insights.

