

WHITE PAPER

*Mobilizing the diaspora
through private equity:
the case of Ciwara Capital*





ACRONYMES

AFD: Agence Française de Développement

EU: European Union

EUTF: EU Emergency Trust Fund for Africa

FFR: Financing Facility for Remittances

GDP: Gross Domestic Product

IFAD: International Fund for Agricultural Development

I&P: Investisseurs et Partenaires

MSME: Micro, small and medium enterprise

PONAM: National Migration Policy of Mali

SMEs: Small and medium-sized enterprises

Table of contents

- 04** *Foreword*
Foreword by IFAD
Foreword by I&P
Foreword by Ciwara Capital
- 08** *Executive Summary*
- 10** *General context*
The context in Africa
The Mali context
- 14** *Mobilizing diaspora resources into an impact investment fund in Mali project*
Project framework
Structuring the project
The emergence of the diaspora vehicle
- 29** *Ciwara capital, an investment vehicle for the African diaspora*
Creation and launch of Ciwara Capital
Fundraising: Ciwara Capital increases its financial capacity
Investment
- 38** *Lessons learned*
Summary of lessons learned
Analysis of lessons learned and best practice
- 47** *Conclusion and Outlook*
Conclusion
Outlook
- 52** *Appendices*
Appendix 1. Synthesis of collective and Individual investment practices of the Malian diasporas
Appendix 2. Socio-professional profiles of diasporas looking to invest investors
Appendix 3. Profiles of potential investors according to their investment knowledge
Appendix 4. Ciwara Capital's founding shareholders

Foreword

Foreword by IFAD

As a catalyst for development financing, IFAD mobilizes resources, including from the private sector to finance projects that strengthen the autonomy of rural populations and their resilience in the face of social and environmental shocks.

Since 2006, IFAD has contributed to enhancing the development impact of remittances through its multi-donor Financing Facility for Remittances (FFR), which aims to maximize the development potential of remittances by encouraging investment and entrepreneurship among migrants.

Diasporas and their families are actively pursuing their own Sustainable Development Goals (SDGs) through remittances and investments in their countries of origin. In 2023 alone, nearly US\$670 billion was sent to developing countries, and in particular to rural areas where more than half of the remittance-receiving population lives. In addition, diaspora savings are estimated at US\$500 billion.

Diaspora investors represent a special category of investors, motivated by both financial returns and social impact, and demonstrating resilience and commitment regardless of climatic, economic or political challenges. As a result, their investments are more stable than those of foreign investors and international organizations, and foster innovation and job creation in their home countries, even in fragile environments. Driven by a strong entrepreneurial spirit, the diaspora willingly accompanies its investments with transfers of skills for the benefit of local entrepreneurs.

However, to date, diaspora capital has been underutilized, due to the lack of appropriate investment channels to realize its full potential in terms of profitability and impact.

International organizations such as IFAD play a crucial role in mobilizing this resource by helping to bring the diaspora together with professional investors to finance small and medium-sized enterprises (SMEs) and rural development.

In collaboration with Investisseurs & Partenaires (I&P), IFAD has supported the Malian diaspora in the creation of Ciwara Capital, a venture capital fund wholly owned by the diaspora. Ciwara Capital is actively investing in digital transformation, vocational training for young people and agribusinesses, among other sectors, thereby demonstrating the potential impact of diaspora investments when backed by professional expertise.

This white paper highlights an innovation born in a fragile context in Mali, highlighting the unwavering commitment of Ciwara Capital's founders, as well as the expertise and resilience of its partners I&P and IFAD. It offers essential lessons for replicating or scaling up such an innovation in other contexts too. Serving as a milestone, this document is a valuable tool for diaspora investors, professionals and international organizations seeking to create vehicles aligned with diaspora objectives and to implement innovative blended finance solutions to bridge the financing gap for development.



Jyotsna Puri

Associate Vice-President of the Strategy and Knowledge Department (SKD), International Fund for Agricultural Development (IFAD)

Foreword by I&P

For more than 20 years, Investisseurs & Partenaires (I&P) has been committed to financing and supporting small and medium-sized African businesses, driven by the conviction that these businesses play an essential role in the development of the African continent. We believe that sustainable and inclusive development can only be achieved through the growth of an efficient and responsible private sector, based on successful entrepreneurs and investors rooted in the continent.

We have found some of these entrepreneurs as members of the African diaspora and are proud to have supported many of them in the development of their businesses and projects on the continent and, often, in their country of origin. Several members of the diaspora have also invested in pan-African funds managed by I&P as well as in I&P Développement (IPDEV)-sponsored funds managed by local teams for which we are the business partner.

So, it was natural that we were interested and motivated to work with IFAD and members of the diaspora in mobilizing the savings and skills of members of the diaspora for the benefit of small and medium-sized enterprises (SMEs). This has led to the wonderful achievement that is Ciwara Capital, supported by extraordinary and innovative people. As a member of the diaspora myself, I have had the honour of participating in this project.



This white paper looks back at the lessons learned from this project and highlights the promising prospects that have been enabled with an investment vehicle founded and managed by the diaspora to finance and support the development of entrepreneurship on the continent.

These are valuable lessons that we hope will be useful to members of the diaspora wishing to invest in Africa, investment funds and financial institutions operating on the continent, entrepreneurs and donors wishing to support the dynamic of diaspora investment in their countries of origin.

Happy reading!

Mamadou Ndao
Investment Director,
Investisseurs & Partenaires

Foreword by Ciwara Capital

As members of the African diaspora, we each carry within us a deep awareness of our unbreakable bond with our continent of origin. We are the builders of a bridge between two worlds. In this spirit, we aspire to create conditions conducive to an improved standard of living, to meet social and societal challenges, and above all, to contribute to the economic growth and entrepreneurial dynamism of a continent whose wealth, both demographic and natural, is immeasurable.

Aware of the realities and challenges facing the continent, we have committed to helping change the paradigm of economic development in Africa, not only through financial investment but also by providing technical expertise. We firmly believe that this commitment is essential to propelling Africa towards a more prosperous and equitable future for all.

Ciwara Capital embodies the collective will of its founders. This initiative is the fruit of our shared desire to make a significant contribution to Africa's economic and social development. By pooling our resources, expertise and determination, we have created an innovative investment vehicle capable of stimulating the continent's immense potential and building the bridge that characterizes our dual culture. This white paper is much more than just an investment document. It represents a call to action to our community of men and women who share our vision but who are sometimes reluctant to take the plunge. We urge them to join our movement, to commit themselves fully to building and consolidating this investment dynamic.

Together, we can write a new chapter in Africa's history, one marked by progress, innovation and inclusion.



Finally, for us, investing in Africa is much more than a financial opportunity. It is an act of love for our continent, an act of hope for its future and an act of faith in its ability to reinvent itself. As a woman, it is also an act of commitment for me to improve conditions for the millions of women entrepreneurs who are at the heart of the continent's socioeconomic development. A commitment to investment means helping to shape a better future for us and for generations to come.

Alima Keita
Founder and Director,
Ciwara Capital



Executive Summary

This white paper aims to capitalize on the lessons learned and best practices observed during the project Mobilizing diaspora resources into an impact investment fund in Mali, financed by the International Fund for Agricultural Development (IFAD) and implemented by the impact investor, Investisseurs et Partenaires (I&P). Thanks to a grant of EUR 230,000, this four-year pilot project (2020–2024) **revealed the potential impact of mobilizing the Malian diaspora** through capital investment for agricultural development in Mali.

Targeting donors, investment professionals, and members of the diaspora, this white paper **outlines the various phases of the project, and the lessons learned from each stakeholder group**. Its objective is to encourage replication, aiming to mobilize diaspora investment on a larger scale, including in other geographic regions.

A project that meets the expectations of the diaspora

The Malian diaspora is historically committed to supporting its country's economic and social development, with **formal remittances reaching 6 per cent of GDP by 2022**, representing over US\$1.1 billion.

In Europe, a new, qualified generation is emerging, whose appetite for entrepreneurship, savings and impact can benefit Mali if the right investment solutions are implemented. The project responded to that demand with a diaspora-centric approach at its core.

Complementary and flexible stakeholders in a fragile institutional context

The project took advantage of **well-rooted partners in the peculiar and evolving context of Mali** during the lifecycle of the project. IFAD is well established in Mali, and its FFR team is familiar with the investment dynamics of the diaspora. I&P has been involved in impact investing in West Africa for 20 years. In 2019, I&P planned to set up an impact investment fund in Mali called Zira Capital and approached IFAD to involve diaspora investors. Thanks to the support of the EU Delegation in Mali, the partnership was

set up in 2020. Despite Mali's fragile institutional context, marked by two coups and subsequent sanctions from the Economic Community of West African States (ECOWAS) members, along with the withdrawal of international donors, the partners demonstrated flexibility in adapting the programming of activities, effectively navigating institutional uncertainties and the challenges posed by the COVID-19 pandemic.

Building upon that solid and adaptive partnership framework, the project implemented activities in subsequent phases involving the diaspora systematically.

Understanding the diaspora and its motivations, the key to mobilizing diaspora investors (2020–2022)

In 2020, a study of the Malian diaspora in France provided the basis for I&P's strategy to mobilize the diaspora and understand their motivation to invest. The study revealed that members of the qualified diaspora, with the capacity to invest more than EUR 5,000, are seeking both impact and financial return. They were segmented according to their risk appetite and familiarity with investment practices, allowing for a more tailored approach.

In mid-2022, after a regulatory study conducted by a lawyer, **a small group of diaspora members identified by I&P established a vehicle** under French law. The aim was to operate cooperatively, with autonomy and flexibility to accommodate new investors.

Training and support leading to the first investments (2022–2024)

In the launch phase, the project **accelerated the empowerment of the diaspora vehicle's founders** through a capital investment training cycle and their participation in the local fund's decision-making bodies. The local fund also supported the diaspora vehicle's investment sourcing by opening up its portfolio of companies. At the same time, the support of a marketing professional enabled the diaspora vehicle to configure its strategy for mobilizing new investors.

By the end of the project, Ciwara Capital, the diaspora vehicle **had raised over EUR 200,000 and invested in a local Malian fund**, which invested in two Malian SMEs, including a rice processing company sourcing from over 3,000 producers. The diaspora vehicle also **made its first direct investment**, exceeding the initial expectations of the pilot project in this respect, by developing an impact fund entirely funded and implemented by the diaspora. In total, the vehicle investments supported more than 700 jobs in funded SMEs.

Key lessons learned

For **donors**, experience from the project recommends an agile framework (close monitoring and adaptable logical framework) for their innovative projects, designed based on a shared vision in terms of impact and complementarity with partner investment professionals. Such projects must provide the resources to strengthen the capacity of the diaspora on capital investment and thematic technical support, in particular legal support, to bolster diaspora ownership. On the other hand, accompanying African entrepreneurs towards capital investment, a rare practice in Africa, is a necessary prerequisite that must consider the target group's level of accounting and financial skills, particularly in the agricultural sector.

Professional investors are more likely to attract diaspora members if they have an active investment vehicle in place (such as Zira Capital), which can serve as a catalyst to draw in diaspora resources. To streamline their approach, they must carefully analyse and segment the diaspora, targeting investors with suitable risk profiles. Additionally, they can leverage a small, like-minded group of diaspora members who share an entrepreneurial spirit and are not only able to mobilize their savings but are also willing to contribute time to enhance their skills and manage the investment fund.

The **diaspora** must be prepared to understand that creating an investment solution requires their commitment to providing both financial and technical resources for sourcing investments and expanding the fund's resources. The credibility of the founders, along with the strength of their investment proposition (impact, sector focus, and investment cycle), and the expertise of their technical partners in Africa, are crucial for building early-stage confidence with entrepreneurs and other investors.

Perspectives

The first investments provide the track record needed to **establish the vehicle's credibility and its integration into the African capital investment ecosystem**. In the short term, Ciwara Capital intends to raise EUR 2 million, and up to EUR 80 million in the longer term to invest across the continent.

To achieve its short-term objectives, Ciwara Capital will need to **successfully mobilize and integrate new investors** and streamline its operations through other financial support or revenue generation, as well as strengthen its operational team and partnerships to source, co-finance and support new high-potential businesses.

Achieving ambitious mid-term fundraising goals will require establishing relationships with institutional investors as early as possible. This involves aligning with their impact strategy, strengthening internal procedures, and expanding operational partnerships across a broader geographical area.



1. General Context

The context in Africa

Resilient growth and major development challenges

The African continent will post an average gross domestic product (GDP) growth of 4.1 per cent in 2023, compared to 3.8 per cent in 2022.¹ **The Greater Sahel region² stands out for its dynamism**, with a GDP growth of 5.9 per cent in 2022³. The continent's growth has held up fairly well during the COVID-19 pandemic, and it is above all the most diversified economies that have shown greater resilience in the face of geopolitical and economic uncertainties.

Demographically, Africa is the most dynamic continent, with an average annual growth rate of 2.3 per cent (compared to 1 per cent worldwide) and a total fertility rate⁴ of 4.15 births per woman (compared to 2.31 births per woman worldwide).⁵ World Bank forecasts for sub-Saharan Africa in 2050 point to a doubling of the population, the majority of whom will be young (50 per cent), and an increase of 740 million people of working age (25–64 years old segment).⁶ This dynamic poses a significant challenge for many African countries, which will need to proactively address the training, employment and food needs of their rapidly growing populations.

Faced with this challenge, the opportunity to develop job-creating SMEs and youth entrepreneurship, particularly in the agricultural sector, is at the heart of development policies. Indeed, the emergence of a local and regional agricultural industry would not only meet the employment challenges but would also strengthen the continent's food security and independence, especially as 65 per cent of the world's uncultivated arable land is in Africa and the

continent imports nearly US\$35 billion worth of food products every year.⁷

SMEs and the challenge of access to finance in Africa

With average growth projected to be robust, Africa is fertile ground for investment, although risk exposure varies from region to region. **African SMEs contribute 50 per cent of GDP and 80 per cent of employment.**⁸ They form the backbone of the African economy. Between 90 and 95 per cent of African SMEs are micro-enterprises with fewer than 10 employees.⁹

However, one major challenge remains: **more than 70 per cent of these SMEs are faced with a financing gap**, particularly in terms of capital, with an estimated need of US\$145 billion in sub-Saharan Africa.

The lack of access to finance not only dampens the growth and sustainable development of these businesses but is also a missed opportunity for the African economy as a whole. **The time has come for a strategic and sustained mobilization of investment**, particularly from the African diaspora, to bridge this gap and propel the continent towards a path of inclusive and sustainable growth.

1. African Development Bank, "African Economic Outlook 2023", May 2023; 2. Grand Sahel covers nine countries: Burkina Faso, Cape Verde, The Gambia, Guinea-Bissau, Mali, Mauritania, Niger, Senegal and Chad; 3. Agence Française de Développement, "L'économie africaine 2023", January 2023; 4. Total fertility rate refers to the number of children a woman would hypothetically have during her reproductive life if she knew the age-specific fertility rates observed in a given calendar year; 5. Economic Commission for Africa, "3rd edition of the CNT Africa conference", September 2023; 6. World Bank, "Africa's Pulse No. 28: Delivering Growth for People through Better Jobs", October 2023; 7. African Development Bank (AfDB), "Feeding Africa: The African continent urged to preserve its arable land and make better use of it", 2021; 8. World Economic Forum, "Why priming Africa's SMEs for growth is about more than money", 2023; 9. McKinsey & Company, "The future of payments in Africa, 2023".

Private equity in Africa and the challenge of financial culture in SMEs

The private equity landscape¹⁰ in Africa is showing good resilience, despite difficult global economic conditions, particularly in the wake of the COVID-19 pandemic. Indeed, **Africa is the only market to have recorded growth in the number of deals closed and capital invested**, with a total of US\$7.6 billion invested in 2022¹¹ (+3 per cent compared to 2021) and a 46 per cent increase in the number of deals compared to 2021.

This growth was mainly driven by medium-sized deals (US\$10 million to US\$49 million) and venture capital investments, which accounted for 74 per cent of total private equity deal volume and more than half of deal value.

Venture capital¹² has focused on a young, technologically adept population, with a predominance of investments in companies in the health and energy sectors that integrate technology into their services.

Private equity plays a crucial role in the financing of SMEs in Africa, acting as an essential catalyst for their growth and sustainable development. By providing capital as well as strategic and operational support, this financing mechanism helps to bridge the significant gap in the financing chain that traditional financial institutions often leave unexplored, due to perceptions of high risk and uncertain returns.

Private equity strengthens the equity base of African SMEs, enabling them to invest in growth, innovation and regional or international expansion projects. In terms of governance, private equity investors often provide managerial and operational expertise, helping SMEs adopt more rigorous and transparent management practices. This collaboration can include improving accounting and financial reporting systems, setting up solid governance structures and long-term strategic planning. As a result, companies benefit from sustained growth and improved operational performance.

However, equity investment in Africa faces significant challenges. Cultural barriers and a lack of financial literacy among entrepreneurs can hinder the provision of equity finance to African SMEs. In addition, the fluctuating regulatory environment and corporate governance issues can deter equity investors.

Nevertheless, with an approach tailored to Africa's cultural and economic specificities, private equity can overcome these obstacles. By investing in training and strengthening the managerial skills of SME executives, investors can help improve the financial culture and promote high management standards.

The African diaspora

The African diaspora plays an important role in the continent's economic and social development. African migration is still dynamic, encouraging growing integration into regional and international economies. With over nine million members in Europe, five million of whom are in France, the African diaspora is renowned for its active commitment to Africa's development.¹³

In 2024, **remittances from the diaspora in sub-Saharan Africa to their countries of origin were estimated at US\$55 billion**, an increase of 3.7 per cent.¹⁴ These remittances, mainly intended for family and community support, are supplemented by a transfer of skills and the mobilization of networks. Furthermore, this diaspora could represent a major source of finance for African SMEs. Indeed, part of this diaspora present in Europe is characterized by highly qualified socio-professional profiles and has significant potential to invest in projects combining profitability and high impact in Africa. This mobilization of capital and expertise offers an invaluable opportunity to stimulate the financing of African SMEs, thereby catalysing the continent's economic development.

10. Private equity covers all transactions involving the acquisition of equity stakes in unlisted companies. These investments are made by specialized professionals with the main objective of realising substantial capital gains within a period generally of between four and seven years; 11. African Venture Capital Association (AVCA), "African Private Capital Activity Report", 2022; 12. Venture capital is when one or more investors take a stake, usually a minority one, in the capital of unlisted companies such as young innovative businesses with high growth potential. The aim is to realize a substantial capital gain when the shares are sold; 13. Agence Française de Développement (AFD), "Les diasporas africaines: un partenaire en mouvement", December 2019; 14. World Bank - KNOMAD (Global Knowledge Partnership on Migration and Development). "Global Knowledge Partnership on Migration and Development", 2024.

The Mali context

An uncertain general context

Since 2012, Mali's political and economic landscape has been shaped by **significant events and profound changes**. These challenges intensified in 2019, with the country facing major security issues, particularly in the northern and central regions, where conflicts have persisted due to the rise of armed militia groups. Moreover, since August 2020, political instability has worsened, with several successive changes in government. This instability has further strained the economy, hindering investment and the efforts of development actors.

In addition, climatic challenges, the consequences of the COVID-19 pandemic, galloping inflation in international food and energy prices, and regional sanctions have all had a profoundly adverse impact on Mali's economic outlook.

A resilient economy thanks in particular to agriculture

In 2022, Mali's growth was underpinned by **the recovery of food-producing agriculture**, as well as by the resilience of the gold, trade and telecommunications sectors. On the other hand, export agriculture (notably cotton) has fallen by 30 per cent¹⁵ due to the context described above, the lack of fertilizers and the outbreak of infestations.

Mali's agricultural sector is one of the largest in West Africa, employing 80 per cent of the working population, generating 40 per cent of GDP and contributing 30 per cent of the country's exports¹⁶. Despite the challenging context, the production system remains resilient. In 2022, food crops recovered thanks to favourable weather conditions. Moreover, cereal production in Mali could rise by 6 per cent to almost 11 million tonnes over the period 2023–2024.¹⁷

Mali's growth is projected to reach 5.3 per cent in 2024¹⁸, driven by the recovery of cotton production, the expansion of extractive activities (including the discovery of lithium), increased industrial gold production, the launch of new industries, and the restructuring of struggling sectors. However, this

falls short of the country's potential, due to the geopolitical situation, ECOWAS trade sanctions in 2022, and the withdrawal of most international donors.

A Sahel region highly vulnerable to climate change

For many years, **Mali has faced severe exposure to recurrent droughts, floods, significant shifts in the water cycle and locust invasions**, all of which have had profound economic and social impacts. These challenges, coupled with overgrazing, have contributed to changes and losses in the structure, vegetation cover and productivity of agricultural land. Herders in the north and farmers in the south are particularly vulnerable to the effects of these climatic shocks.

Most of the climate scenarios proposed by the Intergovernmental Panel on Climate Change (IPCC) show that **temperatures in the Sahel will rise by at least 2° C between 2021 and 2040**, while rainfall will become more erratic. According to the World Bank, Mali's annual GDP could be reduced by 10.5 per cent by 2050 if urgent investment in climate adaptation is not made.¹⁹

Mali's SMEs are informal and poorly structured and have difficulty accessing finance

SMEs are the most important link in Mali's economy. **They account for 55 per cent of the country's GDP and 96 per cent of employment**.²⁰ They are mainly located in Bamako (37 per cent), Sikasso (20 per cent), Kayes (18 per cent), Ségou (12 per cent) and Mopti (10 per cent).²¹

About 90 per cent of SMEs are set up as sole proprietorships without a distinct legal entity, while the remaining 10 per cent are made up of 7.2 per cent Société à Responsabilité Limitée (SARL) (a type of private limited company in French-speaking countries similar to a limited liability company) and 2 per cent Société Anonyme (SA) (a type of public limited company in French-speaking countries, similar to a corporation).

15. World Bank, IBRD – IDA, "Mali 2023 – Economic Situation Note", April 2023; 16. IFAD, "Investment Practices and Preferences of the Malian Diaspora in Their Country of Origin", 2022; 17. ECOFIN PRO Article, "Mali: Cereal Production Could Rise by 6%", May 2023; 18. World Bank, IBRD – IDA, "Mali 2023 – Economic Situation Note", April 2023; 19. African Development Bank Group, "Economic Outlook in Mali", 2023; 20. African Development Bank, "Impacts of COVID-19 on SMEs in Mali", September 2021; 21. Investisseurs & Partenaires, "Market Study on SMEs in Mali", September 2019.

Furthermore, the availability of finance, primarily provided by banks and microfinance institutions, remains inadequate and insufficient. In fact, 64 per cent of Malian businesses see the lack of access to finance as a significant obstacle to their growth and development. Additionally, most Malian SMEs face structural challenges that hinder their ability to secure financing. **Notably, 80 per cent of these SMEs operate in the informal sector**, making it difficult for them to provide reliable accounting records and solid guarantees required to enter traditional financing circuits.

Private equity is not very well developed locally in Mali, and Malian entrepreneurs are somewhat unfamiliar with this mechanism, which is sometimes seen as an intrusion and a threat rather than a real opportunity for the development of their businesses. On the other hand, once they have been made aware of the concept, many of them express a keen interest in this type of financing, particularly its strategic support and technical assistance component.

A diaspora committed to supporting its country of origin

Mali has a long tradition of emigration. **The Malian diaspora is estimated at around 4 million people worldwide**, 80 per cent of whom live in West African countries. In France, it represents more than 125,000 people.²² Members of this diaspora are mainly from the regions of Kayes, Sikasso, Timbuktu and Gao.

The Malian diaspora is recognized as one of the pillars of Mali's economic development, mainly through remittances sent directly to support relatives or through community organizations. Formal remittances reached 6 per cent of GDP in 2022, or around US\$1.1 billion.²³ The number of informal remittances is estimated to be the same.

Historically focused on money transfers for social development and collective investment at the community level, **the Malian diaspora is increasingly showing an interest in productive investment, particularly in the agricultural sector**. Around 95 per cent of Malian diaspora organizations and 61 per cent of individuals are interested in investing in businesses, with a marked preference for agricultural production and processing. The investment capacity of the diaspora is estimated at EUR 9 million per year.²⁴ However, challenges remain, including the

lack of reliable structures for investment and a lack of financial information. These changes indicate a significant evolution in the investment practices and expectations of the Malian diaspora.

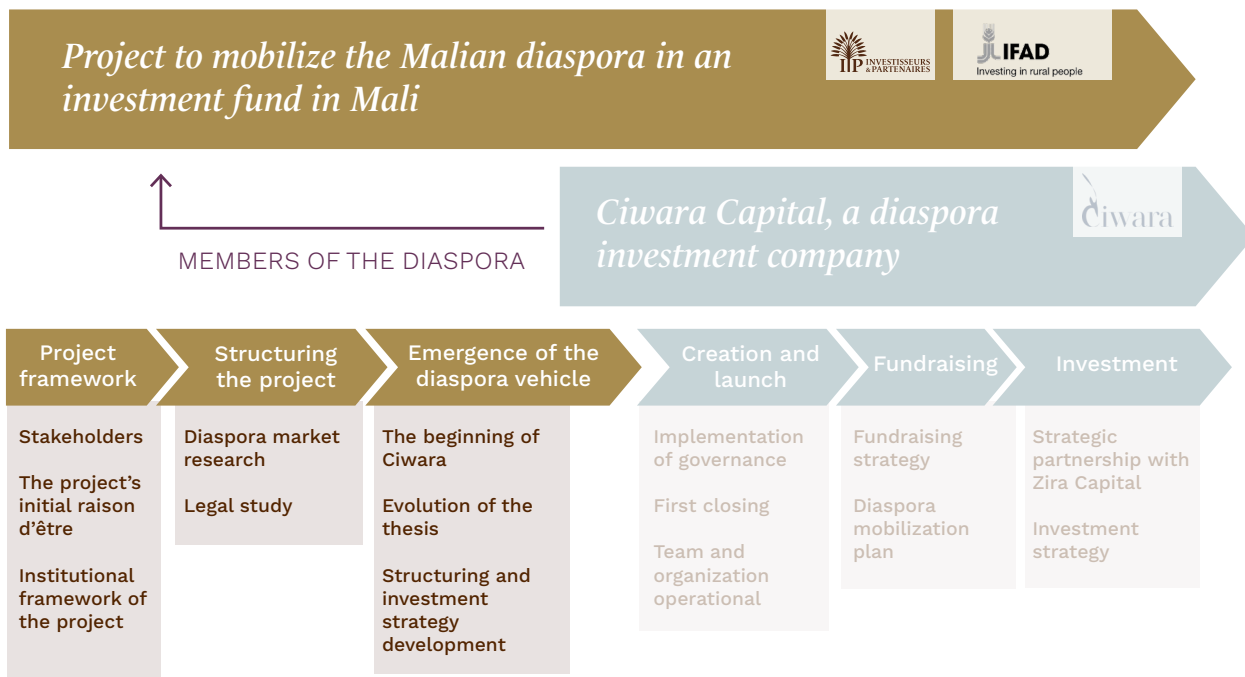
In 2004, the Malian government, through the **Ministry for Malians Abroad and African Integration**, committed to supporting investment by the diaspora. In 2014, it adopted the National Migration Policy (PONAM), guided by the vision "to make migration a real asset for the country's development, a factor for economic growth and social advancement to reduce poverty sustainably." With the support of technical and financial partners, Mali has since launched several national and international, public and private initiatives aimed at promoting both individual and collective, productive and non-productive investments by the Malian diaspora.

In 2021, the government introduced **a strategy specifically focused on promoting productive investment by the diaspora**. This strategy aims to enhance the human, economic, and financial capital by informing and guiding potential investors from the diaspora on the mechanisms and opportunities available for productive investment in the country.

22. IFAD, "Investment Practices and Preferences of the Malian Diaspora in Their Country of Origin", 2022; 23. World Bank, data.worldbank.org/ Personal Remittances (% of GDP), 2022; 24. IFAD, "Investment Practices and Preferences of the Malian Diaspora in Their Country of Origin", 2022.



2. Mobilizing diaspora resources into an impact investment fund in Mali project



Project framework



Stakeholders



The European Union

Through its Emergency Trust Fund for Africa (EUTF), the EU aims to encourage investment by the Malian diaspora in their countries of origin to promote stability and combat the root causes of irregular migration and the phenomenon of displaced persons in Africa. The EUTF was adopted at the EU–Africa Migration Summit in Valletta, Malta, in 2015.

For Mali, the implementation of this dynamic is reflected in the European EUTF (Mali) programme with two components:

- ◆ The component dedicated to supporting entrepreneurs and the diaspora, managed by the French Development Agency
- ◆ The component dedicated to diaspora investment, managed by IFAD under the project: “Diaspora Investment in Sustainable Entrepreneurship for Rural Youth in Mali.”

As part of this project, the EU’s objective is to mobilize the investment of Malian migrants (France, Spain, Italy) in favour of economic development, entrepreneurship and employment in Mali, particularly in rural areas.



IFAD

The International Fund for Agricultural Development (IFAD) is a United Nations organization created in 1977 to help rural populations in developing countries reduce poverty, improve food security, promote sustainable economic development in rural areas and contribute to global economic development.

In 2006, IFAD created the Financing Facility for Remittances (FFR²⁵), with the conviction that remittances from diasporas are an essential contribution to the economic development of countries of origin and the rural world in particular.

With nearly 70 projects in more than 50 countries,

the FFR promotes innovative investment and transfer modalities, supports financially inclusive mechanisms, strengthens competition, ensures financial education and inclusion, and encourages investment and entrepreneurship among migrants.

IFAD has long been heavily involved in Mali. Since 1980, it has provided US\$365 million to finance 17 agricultural development projects affecting 681,300 households. Most recently, in February 2023, it granted a EUR 38 million loan to the Malian government to support the development of rural youth.

IFAD’s objective in this project is to match the investment potential of the Malian diaspora with the financing needs of Malian agricultural enterprises by setting up a new investment model adapted to the Malian context.



Investisseurs & Partenaires (I&P)

Created in 2002, Investisseurs & Partenaires (I&P), a pioneer in impact investment in Africa, is entirely dedicated to financing and supporting SMEs in Saharan Africa. In particular, I&P has set up Accélération au Sahel, a programme dedicated to supporting start-ups and SMEs in West Africa.

Based in France, I&P is active in 10 African countries, has raised more than EUR 400 million and has supported more than 200 African companies. Through IPDEV2, I&P supports the creation of impact investment funds. I&P takes minority stakes, alongside local investors, and acts as a sponsor and partner of the funds’ management teams. To date, the IPDEV2 fund has launched seven local investment funds (Sinergi in Niger, Sinergi in Burkina, Teranga Capital in Senegal, Comoe Capital in Côte d’Ivoire, Miarakap in Madagascar, Inua Capital in Uganda and Zira Capital in Mali).

25. Mécanisme de financement pour l’envoi de fonds (MFEF) in French

The local funds sponsored finance and support SMEs and start-ups with high growth potential and requirements of between EUR 30,000 and EUR 300,000. In the specific context of Mali, I&P wanted to encourage the emergence and development of a private investment fund. As part of this project, I&P aims to mobilize investors from the Malian diaspora to contribute capital to a local investment fund dedicated to Malian SMEs.



ZIRA CAPITAL

Zira Capital is the first impact investment fund dedicated to high-potential start-ups and SMEs in Mali. It was created in 2022 by private players including I&P, BNDA Mali, Solidarité Internationale pour le Développement et l'Investissement (SIDI), SONAVIE, Ciwara Capital and individual investors. In addition to providing financing, Zira Capital offers Malian companies a support service, technical assistance and access to a network of Malian, pan-African and international investors and experts.

Zira Capital also offers innovative financing solutions in Mali that are specifically tailored to the needs of Malian start-ups and SMEs. These solutions include seed financing, such as repayable advances, and minority shareholdings with an investment ticket of between EUR 150,000 and EUR 300,000

The diaspora

A collective of diaspora members, particularly from Mali, has been involved as a stakeholder since the start of the project. This group has played a dual role as both partner and beneficiary. As the project progressed, the group's configuration evolved, eventually leading to the formation of a smaller group. This smaller group, consisting of four diaspora members, gave rise to Ciwara Capital.²⁶

The foundations of the IFAD–I&P partnership:

◆ Shared vision:

A shared commitment to mobilizing savings from the Malian diaspora for capital investment in Mali, with priority given to the agricultural sector.

◆ IFAD contribution:

IFAD is providing funding to I&P to enable it to implement a strategy for mobilizing the diaspora, as well as its in-depth knowledge of Mali's agricultural sectors and FFR's knowledge of the financial practices of the diaspora.

◆ Contribution from I&P:

I&P is providing qualified staff to manage the diaspora mobilization strategy and is contributing its expertise in impact investment in Africa. I&P has launched Zira Capital, an investment fund for Malian SMEs.

◆ Complementary expertise:

The collaboration draws its strength from the combined expertise of the two entities: IFAD in agricultural project management and knowledge of the financial flows of the Malian diaspora, and I&P in impact investment and fund management in Africa.

◆ Contribution from Zira Capital:

This impact investment fund is a central instrument in this project, as it aims to channel investment towards productive and sustainable initiatives in Mali and makes it easier to identify investment opportunities while providing practical learning for Ciwara's teams.

◆ Financial innovation:

Initially intended to enable members of the Malian diaspora to invest in an impact fund in Mali, the project subsequently evolved into a diaspora-led investment vehicle supported by IFAD and I&P. It represents an innovation in development financing, combining international aid, impact investment and diaspora participation.

²⁶ See appendix 4 for the composition of Ciwara's founding group

The project's initial raison d'être

Two complementary partners with a shared vision

As part of IPDEV2, at the end of 2018, I&P was working on the launch of an investment fund in Mali, Zira Capital, and was considering mobilizing the Malian diaspora to complete the financing round required to create this fund.²⁷

Indeed, certain members of the Malian diaspora, with their financial capacity and expertise, appear to be a potential lever for investing in this Malian fund. In parallel, in 2019, through a partnership with the EU, IFAD received financial support to facilitate the implementation of mechanisms to mobilize the Malian diaspora to invest in Malian businesses in the agricultural sector.

To mobilize the Malian diaspora through Zira Capital to invest in Malian SMEs in the agricultural sector, a collaboration began in June 2019 between IFAD and I&P.

A project linked to an existing private sector dynamic

Before approaching IFAD, I&P had already laid the groundwork for the creation of a local investment fund in Mali, to be called Zira Capital. It had received expressions of interest from members of the Malian diaspora who had been consulted for this purpose.

With the Zira Capital project, IFAD identified a concrete opportunity to launch an innovative experiment on the potential and methods of mobilizing the Malian diaspora to invest in agricultural businesses in Mali. The success of this project will enable valuable lessons and render it a reference case study.

The project to create the Zira Capital fund is a central instrument in this initiative. It was the foundation on which a credible project between I&P and IFAD was built.

The establishment of Zira Capital in Mali has been a catalyst for collaboration between IFAD and I&P and the shared vision of mobilizing capital from the Malian diaspora to finance SMEs in agricultural value chains.

A mobilization project already present in the Malian diaspora

When I&P gauged the interest of several members of the Malian diaspora in investing in the Zira Capital project, they were impressed by the approach and participated in the project consultations with great commitment. These diaspora members had previously encountered the challenges of investing in Mali and, in some cases, had gained entrepreneurial experience in Africa. Drawing on these experiences, they became determined to amplify their impact on the continent's development through investment and support for local businesses, all within a collective framework such as an appropriate investment vehicle.

Among them was Moussa Bagayoko, an entrepreneur and member of the Malian diaspora in France, who in 2019 initiated discussions within his company on the creation of an investment fund dedicated to innovative African businesses, with a particular focus on energy transition, his preferred sector. His ability to take on a leadership role within the group helped mobilize other investors and accelerated the progress of the project and its implementation.

The convergence of the vision and interests of IFAD, I&P and members of the Malian diaspora around a project with concrete private sector impact was the basis for launching a project to mobilize the Malian diaspora in an investment fund in Mali.

The institutional framework of the project

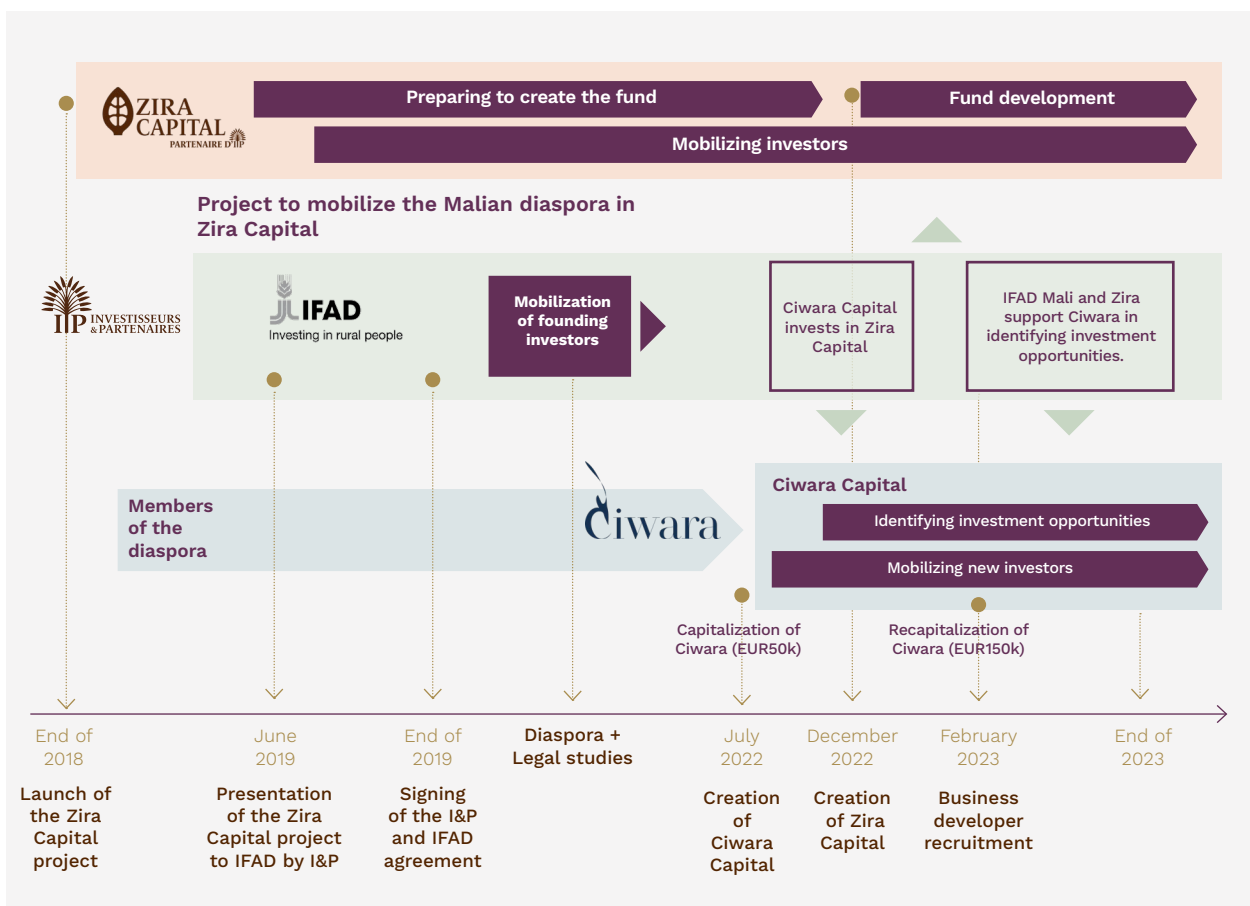
In December 2019, IFAD and I&P signed an agreement on a project to mobilize members of the Malian diaspora to invest in the Zira Capital fund. To carry out this project, I&P received funding of EUR 230,000 from IFAD as part of the EU-funded Diaspora investment in sustainable entrepreneurship for rural youth in Mali programme.

This funding will be used to mobilize part of the technical assistance provided by I&P, another part being provided to the project in return by I&P, as well as to mobilize the expertise required to conduct the studies and implement the project.

27. A financing round is a group of investors who wish to invest in a company at the same time, in return for a stake in its share capital.

I&P was designated as the operator for the implementation of this project, the specific objectives of which were to:

- ◆ Raise at least EUR 200,000 from the Malian diaspora;
- ◆ Invest in at least two Malian companies in the agrifood sector through the Zira Capital fund



Key Steps of the Zira Capital Project

Structuring the project

Diaspora market research
Legal study

Structuring the project

This second section focuses on the studies conducted by I&P and financed by IFAD to provide technical assistance to the project. The first study commissioned by I&P concerns an in-depth analysis of the diaspora market, essential for understanding the needs and opportunities specific to this segment. The second addresses the legal and regulatory aspects, evaluating various organizational structures that could support the project and the regulatory framework that influences and determines its implementation.

Diaspora market research

Thanks to IFAD funding, a market study was conducted to identify the segments of the diaspora interested in investing in an impact fund in Mali. It was based on two actions:

- ◆ Consultation workshops led by I&P;
- ◆ A quantitative and qualitative study conducted by Impact Diaspora.

Consultation workshops with the Malian diaspora

In the first half of 2020, I&P organized consultation workshops with dozens of individual members and representatives of organizations from the Malian diaspora.

The objectives of these workshops were to:

- ◆ Understand the expectations of the diaspora in terms of capital investment;
- ◆ Segment the diaspora profiles interested in investing in an investment fund in Mali;
- ◆ Identify potential investors.

These consultations made it possible to identify certain characteristics of the profile of the diaspora wishing to invest in an impact fund in Mali, as well as provide clear expectations regarding the form of their involvement in the financing of entrepreneurial initiatives:

- ◆ **Financial and skilled profiles:** mainly senior managers, middle managers, financiers and entrepreneurs. These profiles differ from those of the “old guard,” who are more interested in collective projects of a social nature and generally have a lower level of qualification
- ◆ **A desire for a return on investment:** the desire to use the income from their investments as a source of income to finance their families in Mali.
- ◆ **Strong motivation to support Mali’s private sector:** investment in SMEs and entrepreneurs is seen as a powerful lever for Mali’s development.
- ◆ **Diversity of contributions:** when it comes to investing in Malian businesses, potential investors from the diaspora are keen not only to contribute their capital but also to share their expertise and their network, demonstrating a desire to make a strategic commitment and to keep a close eye on developments in the Malian market.
- ◆ **A desire to enhance their investment skills:** potential investors want to understand the business of private equity and therefore have an in-depth understanding of investment projects.
- ◆ **The desire to create an ad hoc investment vehicle:** the creation of a dedicated investment vehicle reflects an entrepreneurial approach and a desire to be able to influence investment decisions and the strategy for deploying the funds raised, either directly with Malian companies or indirectly via Zira Capital.
- ◆ **Two different governance options:** consultations revealed two governance options:
 - ◆ **Direct governance** through active participation of the diaspora in the governance of the diaspora investment vehicle and the Malian fund. This direct involvement is seen as an opportunity to influence decisions and ensure management is in line with their expectations and objectives.

◆ **Delegated governance** to a professional capable of managing the vehicle with a mandate from the investors. This delegated governance corresponds to a purely financial approach to investment and facilitates the administrative and operational management of the investment vehicle.

◆ **Confidence in the management of the investment vehicle:** confidence in the manager of the vehicle or the members of the diaspora sitting on its governance is a determining factor for investing. This trust is essential to guarantee the transparency and integrity of investment operations.

◆ **The desire to reduce risks:** investors spoke of the usefulness of putting in place a mechanism to reduce the risks associated with investing in Mali, which could include partial guarantees on the funds invested or insurance.

These consultations also revealed a change in collective investment practices within the Malian diaspora from one generation to the next:

◆ **The older generation:** traditionally, collective investment among the Malian diaspora was organized through associations, focused on small-scale projects, often driven by a sense of solidarity without necessarily seeking a significant financial return.

◆ **New generation:** a new generation is emerging, adopting a structured and entrepreneurial approach, motivated by a desire for financial returns and a strong impact on Mali's development. These new investors favour investments that combine profitability and social impact, reflecting a trend towards more sophisticated investment practices.

Finally, the consultations show that effectively mobilizing the Malian diaspora for investment in Mali requires strategically targeting individuals with a high level of qualification and advanced investment knowledge. These profiles are key to investing capital in an impact investment fund (see details in the following box).

The segment of the Malian diaspora with good financial capabilities and entrepreneurial or investment experience is ready to play an active role in investing in businesses in Mali. However, their commitment is conditional on the need for a transparent, participative and secure investment structure.

Determining factors influencing the investment capacity of the diaspora

Two types of investor profile can be targeted (see appendix 2):

◆ **Profiles with good investment capacity (priority target):**

These are “highly skilled professionals” and “entrepreneurs and business leaders” who are distinguished by an advanced level of education, a significant savings capacity and a search for strategic investment opportunities with a high potential impact. They are described as having the ability and willingness to use their skills to positively influence their investments.

◆ **Profiles with moderate or low investment capacity but who can invest provided they have investment knowledge:**

These are the “intermediate professions” and the “young professionals and students” who have the potential to invest but require more training or knowledge to take advantage of their investment capacity. Each of these profiles can be distinguished according to their level of investment knowledge and risk appetite.

Three sub-categories can be distinguished (see appendix 3):

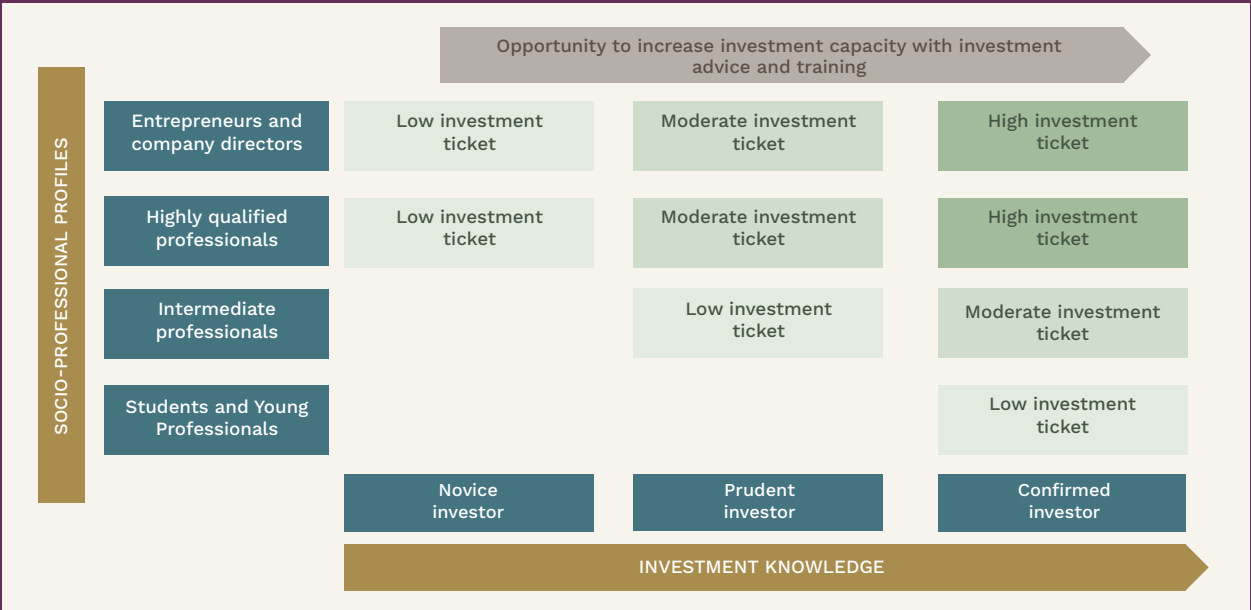
◆ **Confirmed investors**, considered to be “highly informed” and possessing in-depth knowledge of the financial markets, diversified investment experience and an understanding of risk, predisposing them to accept high-risk investments with the potential for high returns.

◆ **Prudent investors** with moderate investment knowledge looking for secure, easy-to-understand investments.

◆ **Novice investors** with limited investment knowledge and a low-risk appetite.

Thus, the ability to save and the level of investment knowledge are crucial in determining the investment capacity of members of the diaspora. The progression of investment knowledge from “novice investor” to “experienced investor” influences investment capacity, from “low investment ticket” to “high investment ticket.”

Savings capacity and investment knowledge are determining factors that directly influence the investment capacity of members of the diaspora.²⁸



28. Cabinet Effectus

A quantitative and qualitative study of the Malian diaspora

The study entitled Quantitative study as part of the launch of an investment fund for the Malian diaspora, conducted in June 2021 by Impact Diaspora, aims to understand the investment behaviour of the Malian diaspora in Europe. It seeks to identify the motivations, obstacles and investment preferences to estimate the depth of the market and structure an investment fund tailored to the needs and expectations of this community.

The methodological approach is based on data collected via a questionnaire and interviews with different segments of the Malian diaspora. It focuses on members of the Malian diaspora residing in Europe (66 per cent of whom live in France), most of whom were born in Mali, and encompasses a range of socio-professional profiles and income levels.

The main results of the study:

◆ **Correlation between interest in investing in Mali and professional qualifications:** A clear tendency to invest in Mali among the Malian diaspora, with variations according to professional profile and sector of activity. For example, 77 per cent of company directors and self-employed professionals, as well as 68 per cent of students, express a desire to invest in Mali.

◆ **Solidarity motivations:** A strong propensity to invest to support entrepreneurial projects in Mali, with family and community solidarity predominating (70 per cent). However, they are looking for a higher return than current investments (57 per cent).

◆ **Barriers to investment:** The main obstacles identified include the political and social situation in Mali (89.5 per cent) and the lack of information on investment opportunities (92.9 per cent).

◆ **Conditions for investing in an equity fund:** Concerns were expressed about the quality and return on projects (100 per cent), the guarantee of the capital invested (85.6 per cent) and the transparency of governance (47.7 per cent). In addition, there were strong expectations for this type of investment vehicle in terms of capital guarantee (100 per cent) and return (67.1 per cent), as well as internet accessibility (100 per cent) and delegation of management to a committee of experts for investment decisions (91.2 per cent).

◆ **Preferred sectors:** A marked interest in sectors that have a strong societal impact, are innovative and create jobs, such as health, education and agribusiness.

◆ **Risk profile:** A general tendency towards a cautious investor profile, with a preference for solid projects offering a good return and a guarantee of the capital invested.

This study made it possible to characterize the profiles of the Malian diaspora with the potential to invest capital in an impact investment fund in Mali (See p. 23).

This segmentation reveals distinct profiles within the Malian diaspora in Europe, ranging from highly skilled and affluent individuals to more cautious investors with more moderate incomes and savings. These differences suggest targeted and personalized approaches to engaging these segments in investment initiatives. They also suggest a different adoption cycle for the three segments:

◆ The **“Top & Influenceurs”** are the “early adopters” who could quickly commit to investing via an investment fund in Mali. They can invest an average of more than EUR 5,000.

◆ The **“For the future”** are hesitant but could commit to investing via an investment fund in Mali after some effort to convince them. They can invest an average of less than EUR 5,000.

◆ **Mid-range investors** have little knowledge of savings and investment products and therefore need more time before taking the plunge. This time is needed to build up their expertise in investment issues. They can invest an average of more than EUR 5,000 initially. Given their high savings capacity, they have the potential to become “top and influencers.”

However, the study points out that this specific “core target” segment of the Malian diaspora is limited in number and recommends supplementing it with “friends of Mali” who may have an interest in investing in the country (diasporas from other nearby countries such as Senegal and Côte d’Ivoire, former expatriates in Mali, etc.).

CLASS 1 “For the Future” (55,97%)	CLASS 2 “Middle Range” (34,15%)	CLASS 3 “Top & influencers” (9,88%)
<p>Investing in Mali: I do not know Amount to invest: < EUR 5,000</p> <p>Average knowledge of products (bonds, equities, UCITS, investment funds): 3</p> <p>Relationship to savings risk: Prudent (safety first)</p> <p>Frequency of return to Mali: I have not been back for years</p> <p>Annual savings: [EUR 1 000, EUR 5 000[</p> <p>Monthly income: [EUR 200; EUR 1 000[</p> <p>Sector of activity: Commerce/trade/distribution, industry, other</p>	<p>Investing in Mali: Yes Amount to invest: < EUR 5,000</p> <p>Average knowledge of products (bonds, equities, UCITS, investment funds): 1 (very inadequate)</p> <p>Relationship to savings risk: Prudent (safety first)</p> <p>Frequency of return to Mali: I have not been back for years – I go back once a year</p> <p>Annual savings: [EUR 10,000; EUR 25,000[</p> <p>Monthly income: [EUR 100; EUR 3,000[</p> <p>Sector of activity: ICT, education and research</p>	<p>Investing in Mali: Yes Amount to invest: [EUR 5,000; EUR 10,000]</p> <p>Average product knowledge (bonds, equities, UCITS, investment funds): 4 & 5</p> <p>Relationship to savings risk: Balanced</p> <p>Frequency of return to Mali: More than two times a year</p> <p>Annual savings: More than EUR 25,000</p> <p>Monthly income: More than EUR 3,000</p> <p>Sector of activity: Banking/Insurance/Finance</p>

Core target profiles for equity investment in Mali,
Segmentation based on a study conducted in June 2021 by Impact Diaspora

The study reveals a strong desire to invest in Mali among the Malian diaspora in Europe, motivated by reasons of solidarity and a desire to contribute to the country’s economic development. However, obstacles such as political and social uncertainties, as well as a lack of knowledge of investment opportunities, need to be considered. To be successful, an investment fund targeting this community should incorporate capital guarantees, provide clear information on projects, and focus on sectors with a high societal impact.

Legal study

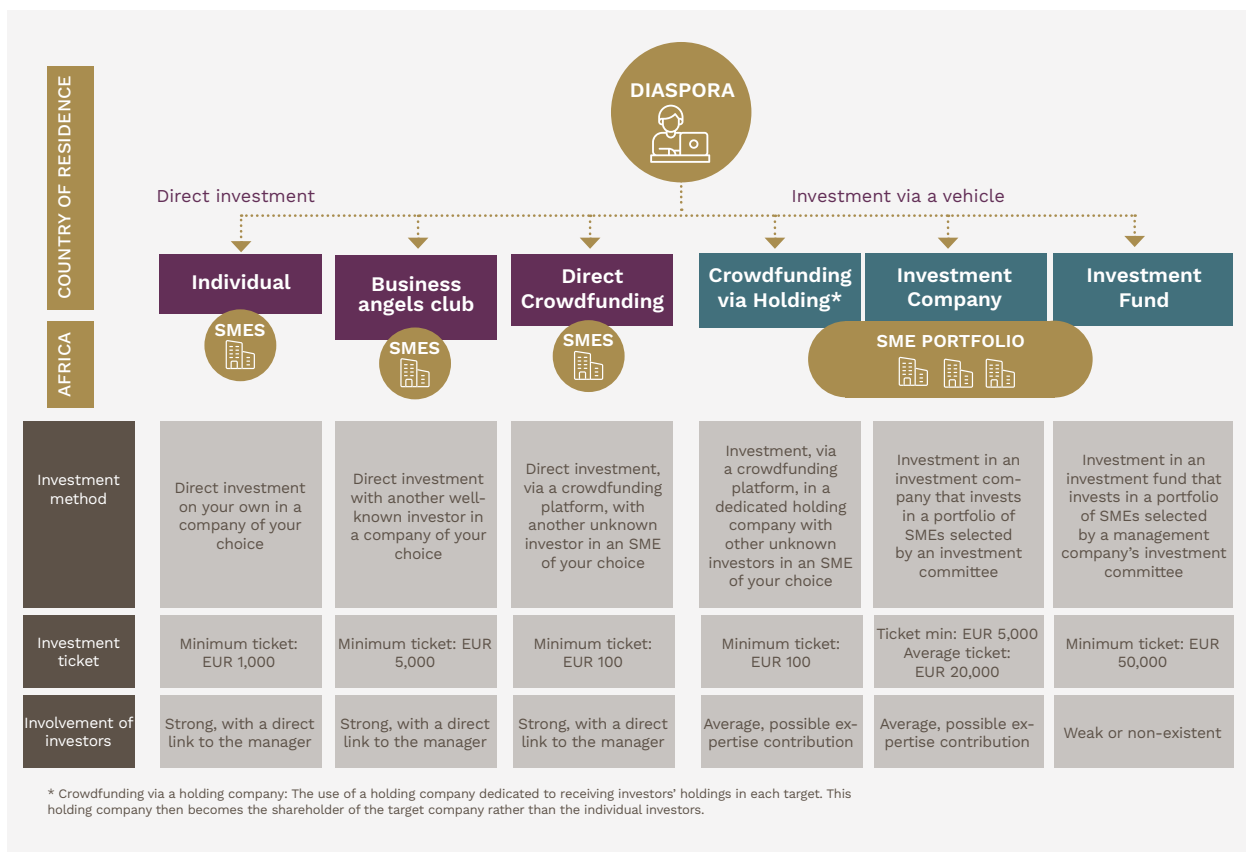
Thanks to IFAD funding, a legal study has been carried out to structure how the Malian diaspora invests in Zira Capital.

To invest in their countries or places of origin, members of the diaspora have several possible ways of intervening, depending on the:

- ◆ **Investment method:** Direct or indirect via an investment vehicle;
- ◆ **Investment ticket:** The desired level of financial commitment;
- ◆ **Level of involment:** The desired level of involvement at various stages of the investment process (sourcings, selection, monitoring, etc.).

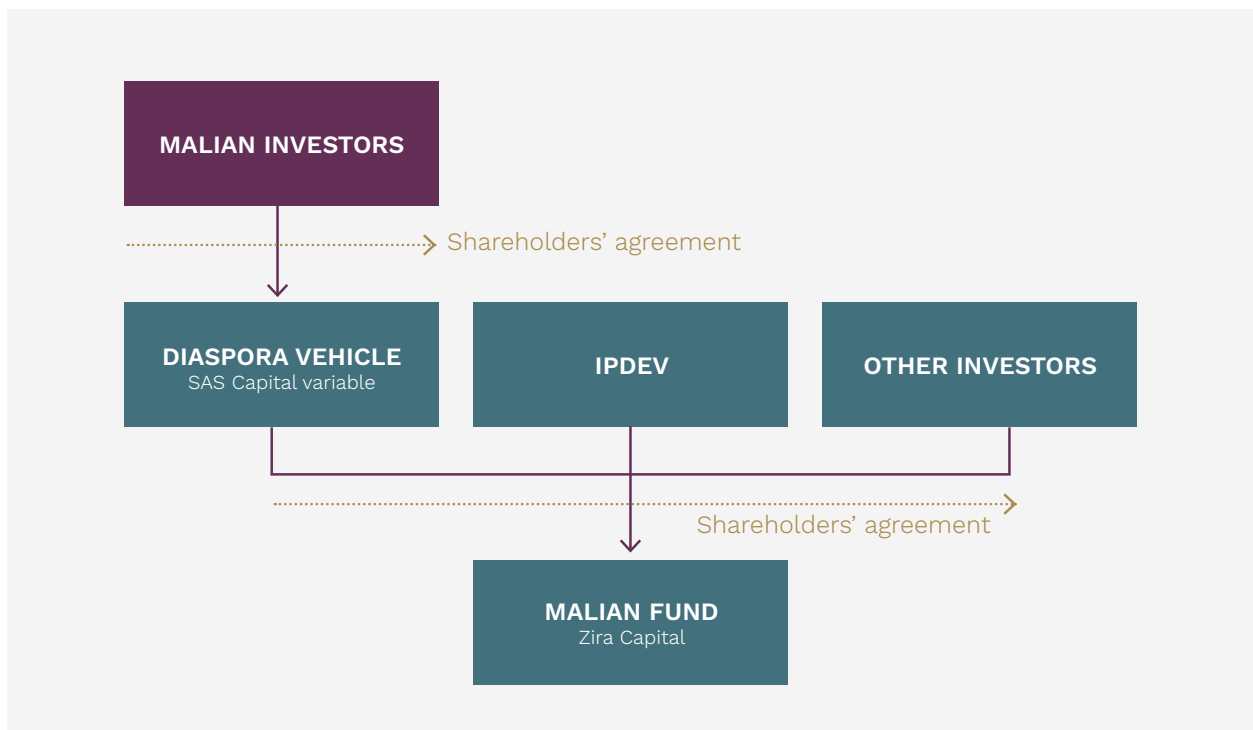
With the technical support of I&P during the consultation workshops, the Malian diaspora identified the need for an intermediary investment vehicle, called the “diaspora vehicle,” which would enable the diaspora’s investments to be pooled before being invested in Zira Capital. The choice of this diaspora vehicle meets the following needs expressed by the diaspora:

- ◆ The need for autonomy in strategy and decisions on the deployment of funds;
- ◆ The desire to play an active role in coordinating the scheme and managing relations with the diasporas;
- ◆ Greater confidence in a legal structure registered in France than in Mali;
- ◆ By pooling their investments, diasporas collectively have greater influence with potential investors than they do individually.



The different ways in which the diaspora invests in SMEs in Africa

The use of an investment vehicle as part of a potential crowdfunding operation was ruled out given the regulatory complexity associated with cross-border crowdfunding operations with Africa. The solution of creating a diaspora investment fund was also ruled out, as this would involve complex and costly regulatory requirements, such as obtaining authorization for a management company from the Autorité des Marchés Financiers (AMF)²⁹, especially as the project, in its initial version, consists solely of taking stakes in the Zira Capital fund.



Positioning of the diaspora vehicle in Zira Capital's investment plan

29. AMF: Authorization procedure for portfolio management companies, disclosure requirements and passporting.

I&P therefore called on the technical assistance of a lawyer specializing in investment operations to help members of the diaspora define the appropriate legal, regulatory and tax framework for such an investment vehicle.

This legal study made it possible to formulate recommendations on the structuring of the diaspora vehicle and to define its main characteristics:

- ◆ The investment vehicle, governed by French law, would be an investment company with **the legal status of a Société par Actions Simplifiée (SAS) with variable capital.**

- ◆ In an SAS, the variable nature of the capital makes it easier to bring in new investors with a minimum of legal and administrative formalities.

- ◆ The Société Anonyme (SA) was rejected because it imposed restrictive governance and only allowed capital variability as part of a capital increase procedure.

- ◆ The Société Coopérative d'Intérêt Collectif (SCIC) was rejected because it imposed a limit on the distribution of dividends and required three categories of shareholders (employees, beneficiaries and associates).

- ◆ The investment vehicle **may not receive more than 150 investors** so as not to fall under the “public offering of financial securities” regulations.

- ◆ A **shareholders’ agreement** sets out the terms and conditions of governance and management of the company, as well as the terms and conditions for the sale and retention of shares.

- ◆ Investors in this diaspora vehicle **do not benefit from any specific tax advantages.**

The limit on the number of potential investors who can participate in this diaspora vehicle therefore argues in favour of targeting investors with greater investment capacity.

The creation of the “diaspora vehicle” represents a significant strategic step forward for the project. This initiative aligns with the aspirations for autonomy, collective influence and active engagement of members of the diaspora in the investment process, while respecting established legal and regulatory frameworks.

The decision to structure the diaspora vehicle as an SAS with variable capital under French law illustrates a pragmatic approach that simplifies the integration of new investors while maintaining strict control over regulatory requirements. By limiting the number of investors to 150, the diaspora vehicle avoids the complexity of public offering regulations, while creating an exclusive investment environment for those who participate.

The emergence of the diaspora vehicle

Emergence of the diaspora vehicle

The beginnings of Ciwara Capital
Evolution of the thesis
Structuring and investment development strategy

This third section looks at the structuring of Ciwara Capital as the preferred diaspora investment vehicle. It recounts how the initial ideas took shape into an operational model and then presents the evolution of the investment thesis, highlighting how it has adapted and matured in response to market dynamics. Finally, Ciwara's structuring and development strategy is discussed, revealing how the company intends to achieve its long-term ambitions.

The origins of Ciwara Capital

As part of the consultations with the Malian diaspora, I&P assumed a collaborative approach by taking on the role of facilitator with the 15 or so members of the diaspora, while providing cutting-edge expertise in the structuring of investment vehicles. These members of the diaspora, who took part in the workshops organized by I&P, are emblematic of a new maturity among a fringe of the diaspora, particularly with regard to sophisticated investment mechanisms such as impact investment funds.

Market and legal studies were shared with the participants in the consultations, to support members of the Malian diaspora in the development of this diaspora vehicle project.

Following these workshops, **an initial core group of four diaspora investors**³⁰ was formed to create a diaspora vehicle for investment in Mali, with one of its investment areas being the Malian agricultural sector via the Malian fund Zira Capital. This investment strategy reflects a determination not to position itself solely as a group of diaspora investors in the capital of Zira Capital, but to manage an investment vehicle with its objectives.

The four founders chose the illustrative name "Ciwara Capital"³¹ to designate this diaspora vehicle. From its inception, the group of founders expressed a **strong desire for independence in mobilizing diaspora resources and creating an investment vehicle.**

This evolution in the form of diaspora mobilization was a risk factor for achieving the objectives of the project initially defined. However, this aspiration for autonomy was encouraged by the project partners, I&P and IFAD, as it constituted an innovative initiative to be explored and an important milestone in the progress of the project.

Throughout 2021, this select group of investors has developed Ciwara Capital's structure, strategy and investment philosophy.

Evolution of the investment thesis in the Malian context

During the period from 2020 to 2022, in addition to the COVID-19 pandemic, **Mali faced a series of security and political challenges**, leading to a high level of uncertainty for investors. Both these factors slowed down the structuring of the project and highlighted the risks associated with investments that are concentrated on a specific sector or in a specific geographic area, prompting the diaspora investor group to rethink and readjust its financial commitment strategy and **adopt a pragmatic risk diversification approach in its investment thesis.** Moreover, the delay in the project to create the Malian fund Zira Capital, which was to include investors from the Malian diaspora, clearly illustrates the need for this adjustment.

◆ **Geographic expansion of investments:** In response to these challenges, the members of the Ciwara Capital project adopted a strategy of geographic diversification, expanding their investment target to more stable countries such as Senegal and Côte d'Ivoire. This decision forms part of a strategy to mitigate political and economic risks. The economies of these countries offer relative stability, growing markets and favourable business environments that can offer comparable or higher returns while reducing exposure to the hazards specific to Mali.

30. See appendix 4 for profiles of the four founders of Ciwara Capital; 31. The Ciwara is a traditional mask from Bambara culture representing a horse-antelope. It is worn to celebrate agricultural prosperity, particularly during harvest time. Having become a symbol of Mali, it is used to honor hard-working individuals.

◆ **Sector diversification:** Alongside geographic diversification, sector diversification has been adopted as another risk diversification mechanism. By investing in a variety of sectors, diaspora investors reduce their vulnerability to sectoral shocks. This strategic approach not only stabilizes the investment portfolio but also capitalizes on sector-specific opportunities, aligning with growth trends and market needs in the target countries.

◆ **Opening up capital to a wider cross-section of the African diaspora:** Opening up Ciwara's capital to a wider cross-section of the African diaspora strengthens the network, resources and skills available to Ciwara while broadening its potential investor base.

Structuring and investment strategy development of Ciwara Capital

Ciwara Capital's development strategy reveals a two-phase approach designed to maximize the impact and effectiveness of diaspora investments in African SMEs, while gradually developing skills and governance.

◆ **Transitional phase with an SAS with variable capital:** During this initial phase, Ciwara Capital will rely on a flexible structure, the Société par Actions Simplifiée (SAS) with variable capital, which allows for a simplified entry of investors from the diaspora. This flexibility is essential if Ciwara Capital is to launch quickly and adapt quickly to emerging investment opportunities.

During this phase, Ciwara Capital is open mainly to individual investors from the diaspora and targets impact and innovative investments in start-ups and SMEs based in West Africa, with a focus on Mali, Senegal and Côte d'Ivoire.

Investments will be made either via the Zira Capital fund (in the form of equity investment³², a shareholder loan³³ and/or convertible bonds)³⁴ or directly in the companies (equity investment with the option of a shareholder loan, or co-investment with Zira Capital).

The aim of this transitional phase is to:

- ◆ Strengthen the skills of members of the diaspora through training and support from I&P and Zira Capital;
- ◆ Involve investors directly in Ciwara's governance and in supporting the companies in the investment portfolio;
- ◆ Build a track record that will serve as proof of concept and of the effectiveness of Ciwara Capital's investment strategy for future developments.

◆ Evolution towards an investment fund:

Ciwara Capital's long-term vision is to create an investment fund dedicated to Africa while remaining true to the criteria of impact and innovation. Ciwara aims for a two-year horizon to achieve this transition towards an investment fund, building on the experience and credibility acquired during the transitional phase.

The strategic advantages of this fund would include:

- ◆ Diversification of funding sources, attracting the diaspora, international financial institutions and private companies;
- ◆ The ability to invest more substantially, thanks to the increase in capital and the number of investors;
- ◆ Expanding the geographic and sectoral impact of investments.

Ciwara Capital's strategy exhibits a progressive path of growth and maturation. It starts with a learning and consolidation phase, where flexibility and participation are key, and evolves towards a more formal and broader investment structure, capable of generating a significant impact on African SMEs.

32. Equity investment involves acquiring a stake in a company in exchange for funds; 33. A shareholder loan is a type of financing where a shareholder lends funds to a company in which he or she holds shares; 34. Convertible bonds are hybrid financial instruments that combine the characteristics of bonds and shares. These bonds are issued by a company and offer a fixed income in the form of regular interest payments. However, they also give the holder the right to convert their face value into shares in the issuing company at a set price during a specified period.



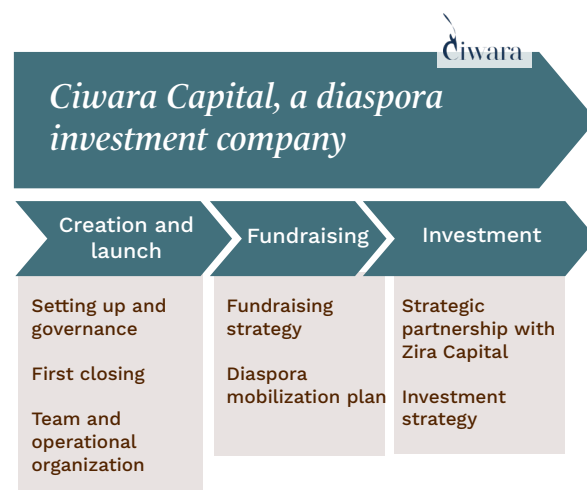
3. Ciwara Capital, an investment vehicle for the African diaspora

This chapter looks at the implementation of the Ciwara Capital vehicle. This implementation is based on three strategic phases:

◆ **The “creation and launch” phase** includes establishing governance, carrying out the first closing, which means achieving the initial financial commitments, and putting in place the team and operational organization while guaranteeing a functional structure ready to implement the company’s strategy;

◆ **The “fundraising” phase** focuses on increasing the financial resources needed to develop the business. It encompasses the fundraising strategy and the diaspora mobilization plan;

◆ **The “investment” phase** marks the active deployment of the capital raised, characterized by the development of a strategic partnership with Zira Capital, the elaboration of an investment strategy and the realization of the first investments.



Stages in the operation of the diaspora vehicle

Creation and launch of Ciwara Capital

Creation and launch

Setting up governance
First closing
Team and operational organization

At the beginning of 2022, four investors from the initial group involved in structuring Ciwara³⁵ confirmed their formal commitment to create the investment company Ciwara Capital, with an initial contribution of EUR 50,000.

Setting up governance

With technical support from I&P and legal advice from a specialist lawyer, these investors drew up a shareholders' agreement, paying particular attention to the governance to be adopted. The governance structure is **based on four main pillars**: (i) the General Meeting, which brings together all the partners, (ii) Board of Directors; (iii) Investment Committee; and (iv) Audit and Strategic Orientation Committee.

The **drafting of the legal documents**, including the articles of association and the shareholders' agreement, involved a series of discussions between I&P and the founding investors to balance the protection of the interests of the founding investors, given their initial risk-taking, with the granting of decision-making rights proportional to the contributions of the new investors. This balance is necessary to be able to mobilize a larger circle of investors from the diaspora.

As a result, **the Board of Directors** is distinguished by its proportional representation of investments, ensuring that investors are involved and responsible in management. In the long term, the aim is to have participative governance that includes all new investors.

The first closing

On 18 July 2022, Ciwara Capital was officially incorporated as a Société par Actions Simplifiée (SAS) with variable capital, thanks to a cash contribution of EUR 50,000 from the four founding investors following the signature of the shareholders' agreement binding them.

This initiative marks a significant step in the materialization of the project. In line with this progress, the two partners, I&P and IFAD, have begun discussions with the founder-investors of Ciwara Capital to refine the initial objectives of the project and Ciwara Capital's support in making it operational.

Setting up a team and an operational organization

Organization of the Ciwara team

The founders of Ciwara Capital are active professionals with responsibilities outside the management of Ciwara Capital. They therefore needed to define their roles precisely according to their personal skills and available time. These roles were divided between strategy, investor relations management, identification and selection of investment targets, and other key operational aspects. In addition, Ciwara Capital relied on the administrative and accounting support of the holding company owned by one of its founders.

However, the founders were confronted with the limitations of the volunteer model and the need to professionalize Ciwara Capital. Faced with this challenge, it was decided to recruit a full-time business developer to coordinate, structure and professionalize Ciwara's work. This recruitment, which took place in February 2023, was made possible thanks to the financial support of IFAD.

The mission of the business developer is to steer and coordinate four main projects:

- ◆ **Internal structure and organization:** setting up sustainable internal processes for the day-to-day management of the business and equity investments
- ◆ **Coordination of relations with partners I&P and Zira Capital:** coordination of training provided by I&P and liaison on investment opportunities with Zira Capital

³⁵ See appendix 4: Ciwara Capital's founding shareholders.

◆ **Mobilization of new investors from the diaspora:** implementation of a communication plan and preparation of the investment memorandum.

◆ **Managing the investment process:** prospecting in the field, setting up partnerships to source deals (via incubators, accelerators, partner funds, etc.).

Training of the Ciwara team by I&P

To strengthen the capacities of the Ciwara Capital team, I&P has implemented a training plan consisting of eight workshops covering all the business lines of an investment fund:

- ◆ Investment strategy and business plan of the investment vehicle
- ◆ Fundraising strategy
- ◆ Governance
- ◆ Financial and environmental, social, and governance reporting and monitoring tools
- investment: prospecting, due diligence, financial and legal structuring

- ◆ Investment monitoring: Value creation plan, governance and technical assistance
- ◆ Exit plan

The training programme was designed to strengthen the capacity of the Ciwara Capital team.

Together, these courses offered a comprehensive theoretical overview of the investment business, and the tools required to structure Ciwara. The training also supported the development of the company's roadmap, addressing the challenges it would face. As a result, the Ciwara team was equipped with the necessary tools to manage all phases of the investment process and implement them effectively.



Fundraising: Ciwara Capital increases its financial capacity

Fundraising

Fundraising strategy
Diaspora mobilization plan

This section focuses on Ciwara Capital's efforts to raise the necessary financial resources. It begins by examining the fundraising strategy that guides Ciwara's approach to attracting investment. The diaspora mobilization plan will then be highlighted.

Fundraising strategy

While the initial closing when the company was set up raised EUR 50,000 from the four founders, in February 2023, a second fundraising round was completed, bringing Ciwara Capital's share capital to 200,000 euros, contributed by the founders, in order to meet the initial objectives set for the project by I&P and IFAD. It marks an important stage in Ciwara's development, as it provides Ciwara Capital with sufficient capital to make the initial investments needed to establish its credibility and attract new investors.

Ciwara Capital has set itself the goal of raising EUR 2 million within two years. To achieve this ambitious goal, the Ciwara team must overcome several strategic challenges:

- ◆ **Segmenting the investor base:** Ciwara needs to precisely identify its "core target" and tailor its approach to different investor segments.
- ◆ **Calibration of the investment ticket:** The minimum ticket must be adjusted to remain attractive and accessible while respecting the regulatory limit of 150 investors, which implies a rigorous selection of candidates for investment.
- ◆ **Attractive value proposition:** It is crucial to effectively communicate the benefits of investing with Ciwara, such as the diversification of investments, the development potential of African businesses and the positive socioeconomic impact of these investments.
- ◆ **Proof of success:** Ciwara must provide tangible evidence of past successes, which will strengthen the confidence of potential investors in Ciwara's investment strategy.

◆ **Targeted communications strategy:** Finally, a strategic communications plan and mobilization effort are essential to educate, persuade and engage investors from the diaspora.

Diaspora mobilization plan

In December 2022, thanks to the financial support of IFAD, Ciwara Capital drew up a "2023 Engagement Plan" based on the recommendations and with the support of Impact Diaspora, to boost and broaden the mobilization of the diaspora within society.

The objectives of the plan were to:

- ◆ Develop Ciwara Capital's reputation and increase its "trust capital" among diasporas;
- ◆ Encourage diasporas to subscribe to Ciwara's capital (target of 40 subscriptions in 2023);

As part of this plan, four main areas have been defined to optimize communication and commitment:

- ◆ **Clarification of the investment offering:** Ciwara needs to specify and clearly communicate its positioning, defining parameters such as the size of the investment ticket, the returns on investment (ROI) envisaged and the focus on high-impact SMEs.
- ◆ **Message consistent with strong values:** Crafting a message that resonates with the values and successes of Ciwara's founders is essential for building trust with potential investors.
- ◆ **Communication and marketing plan:** Use influencers and digital platforms to reach the core target audience. Make direct contact with the target audience via LinkedIn and other relevant channels.
- ◆ **Financial education and community engagement:** Working with diaspora organizations to provide financial literacy and investment education, a key element in strengthening community engagement.

From an operational point of view, this plan has resulted in the implementation of the following activities:

- ◆ Setting up a website and managing a LinkedIn account with more than 1,200 followers;
- ◆ Participation of a Ciwara representative in events linked to the diaspora and investment in Africa;
- ◆ Organization of a Ciwara launch event on 11 May 2023, attended by around 50 interested participants;
- ◆ Organization of a webinar on “How to invest in an SME in Africa” on 24 August 2023 with around 50 participants;
- ◆ Preparation and distribution of a press release on the launch of Ciwara;
- ◆ Production and distribution of regular newsletters.

This strategy has been reinforced by public relations and digital marketing efforts.

Focus: The challenges of Ciwara Capital’s business model

As an investment company, Ciwara Capital’s business model is based on acquiring minority stakes in other companies in Africa in order to generate financial returns. In general, the possible sources of income for an investment company are:

- ◆ **Dividends:** payments made by a company to its shareholders. They represent a portion of the company’s profits distributed to its owners.
- ◆ **Interest:** payment made by a company to its creditors generated by loans granted to the company or by bonds.
- ◆ **Capital gains:** profits made when an investment is sold at a higher price than the purchase price.

Ciwara Capital has made the strategic choice to start with an equity-only investment model, where income streams are primarily made up of dividends and capital gains on the disposal of shareholdings. This approach has an inherently volatile nature to returns, with realization of gains typically extending over the medium to long term, particularly when investing in growing SMEs and start-ups, where investment and maturation cycles can be long before substantial financial returns are realised.

Given this reality, Ciwara Capital relies heavily on its own financial resources, which come mainly from funds raised from its investors. This creates significant pressure on the returns offered to investors, particularly when Ciwara Capital’s operating costs are charged directly against the funds raised in the initial stages of fundraising, when the amounts subscribed have not yet reached a critical threshold enabling operating costs to be reduced to below 3–5 per cent.

Ciwara Capital has therefore adopted a pragmatic approach aimed at optimizing its cost structure in order to protect its investors’ returns, particularly during its start-up phase. This approach includes seeking grants or funding to cover certain operational costs and setting up operational partnerships with players in the ecosystem, particularly in terms of identifying and qualifying investment opportunities.

Investment



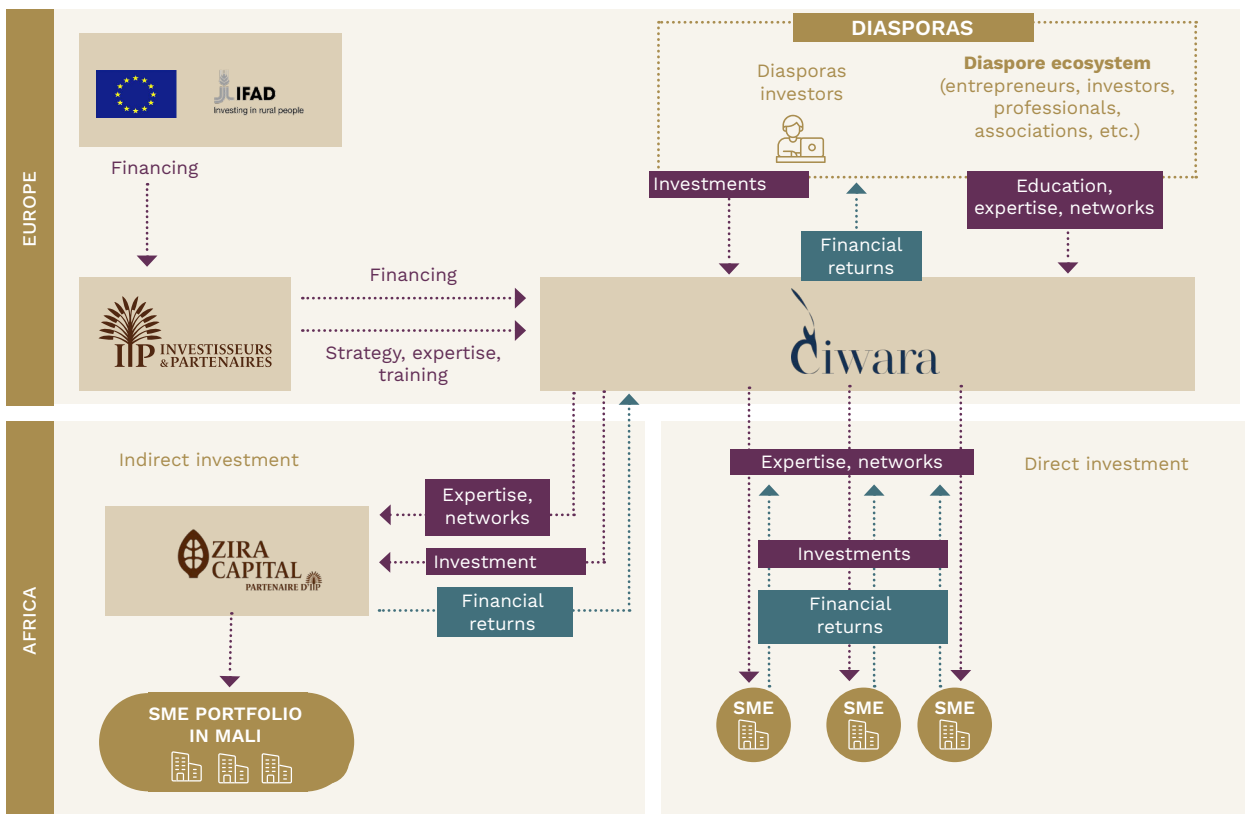
This final section looks at the practical implementation of Ciwara Capital's investment strategy. It begins by highlighting the importance of the strategic partnership with Zira Capital, which provides an enriched perspective and investment opportunities. The investment strategy itself will then be presented, revealing Ciwara Capital's investment thesis and its envisaged evolution in line with its development strategy.

Strategic partnership with Zira Capital

In December 2022, Ciwara Capital made its first investment in Zira Capital. This investment fulfils a commitment made as part of the IFAD-funded project operated by I&P. It also has a strategic dimension for two reasons:

◆ **Optimized risk management:** investing in Zira Capital, a company with an experienced team that is already established and operational on the ground in Mali, reduces the risks associated with direct investment in SMEs. It provides a structured framework for deploying invested capital.

◆ **Capacity-building for the Ciwara team and direct exposure to investment opportunities in Mali:** Ciwara's participation in Zira's governance bodies (Board of Directors and Investment Committee) not only gives it a direct influence on strategic directions but also provides an opportunity to learn and acquire investment skills.



Ciwara Capital's approach and its links with the players in its ecosystem

The collaboration between Ciwara Capital and Zira Capital is **structured around a common strategy aimed at identifying and investing in high-potential companies in Mali**. This partnership is strategically beneficial in several ways:

- ◆ Ciwara's access to Zira Capital's deal opening committees allows it to **actively participate in the decision-making and due diligence process**. This involves knowledge sharing as well as the opportunity for the Ciwara team to develop expertise in investment evaluation;
- ◆ Jointly organized company visits, participation in working sessions and exchanges with Zira staff strengthen **mutual understanding and align investment objectives**. For Ciwara, this means capacity-building through practical training and exchange of expertise, which is essential for the rigorous analysis of investment opportunities;
- ◆ Zira's commitment to sharing detailed information about its pipeline and co-investing with Ciwara demonstrates a **commitment to building a lasting and trusted partnership**. For Ciwara, this broadens its investment horizon and provides opportunities for sector diversification, which is crucial from the perspective of managing risk and maximizing returns;
- ◆ For Zira Capital, Ciwara Capital's investment **strengthens its investment capacity and gives it a potential co-investor** whose interests are mutually aligned. In addition, Zira Capital will receive remuneration from the project for its support of Ciwara's teams.

In 2023, Ciwara Capital took part in the due diligence process of the first companies financed by Zira Capital in Mali: a private group of vocational schools, and the investment in a rice processing company based in the north of the country working with over 150 cooperatives (with over 3,000 producers) and supported by IFAD.

The partnership between Ciwara and Zira is a strategic model of collaboration that offers Ciwara the opportunity to grow and consolidate as an investment vehicle while actively contributing to Mali's economic development.

Investment strategy

Ciwara Capital's investment strategy for its initial deployment phase (transitional phase: 2023–2024) is characterized by a targeted and strategic approach:

- ◆ **Investing exclusively in equity:** this reflects Ciwara Capital's desire to play an active part in the growth and governance of its target companies.
- ◆ **The target size of the investment vehicle has been set at EUR 2 million:** this reflects Ciwara Capital's ambition to generate a significant impact while remaining agile during the transitional phase.
- ◆ **Investment ticket:** in this transitional phase, Ciwara Capital's investment ticket is between EUR 50,000 and EUR 300,000 for SMEs and start-ups in the pre-seed³⁶ and seed phases³⁷.
- ◆ **Geographic diversification** a cornerstone of this strategy, with an expansion of activities in Mali and Senegal. This strategic decision enables Ciwara Capital to benefit from the advantages of economic stability and the significant presence of the Senegalese diaspora in France, as well as the strong links between the populations of the two countries. The aim is to mitigate the risks inherent in investing in volatile markets and to capitalize on the growth potential of both economies.
- ◆ **Focus on three key sectors: agrifood, renewable energy and finance.** In addition to the founders' expertise, these sectors were chosen for their sustainable development potential and their ability to meet Africa's current challenges in terms of food security, access to energy and financial inclusion. This sector focus underlines Ciwara Capital's commitment to investments that promote inclusive and environmentally friendly economic growth.

36. Pre-seed: This phase of a business focuses on developing the idea, researching the market and creating a prototype. Funding generally comes from the founders, their friends and family, or from investors known as business angels; 37. Seed: This phase follows on from the pre-seed and aims to validate the product on the market, refine the business model and initiate growth. Funding is provided by business angels, specialist venture capital funds and similar sources.

From 2026, Ciwara Capital plans to evolve its investment strategy, in particular **by transforming itself into an investment fund**:

- ◆ Target size of the investment fund set at EUR 80 million;
- ◆ Investment ticket of EUR 300,000 to EUR 500,000 targeting SMEs and start-ups in the seed and Series A phase³⁸ ;
- ◆ Expanded geographical scope, with an extension to mature English-speaking economies (Nigeria, South Africa, etc.) before considering broader continental coverage.

Direct investment

Following its initial investment in the Zira Capital fund, the Ciwara team stepped up its efforts in the second half of 2023 to **identify and select new investment opportunities directly related to its target sectors and geographies**. Ciwara approached several players in Mali and Senegal capable of directing it towards companies looking for investors. Around 100 applications were analyzed by the business developer, of which around 50 were examined in a pre-committee meeting with shareholders. Around 10 opportunities were subject to in-depth due diligence.

At the beginning of 2024, **Ciwara Capital made its first direct investment** in LafricaMobile (LAM), a digital and multi-channel communications platform based in Senegal. Although this investment did not correspond to the sector strategy initially defined, the quality of the dossier put together by the company and the information provided by the local Senegalese fund Teranga Capital, in whose portfolio the company had been for several years, convinced Ciwara that it represented an opportunity with great potential.

Ciwara is now **in the process of identifying a second direct investment**, this time in Mali in the agrifood sector. In addition, Ciwara hopes to make a third direct investment before the end of 2024.

38. Series A: this stage of venture capital funding is when a start-up/company receives significant investment after demonstrating initial growth potential. These funds are used to optimize the product or service, accelerate growth and expand the business in the market. Financing is generally provided by specialized venture capital funds or medium-sized investment funds.

Focus: Ciwara Capital, an innovative investment solution by and for the diaspora

Ciwara Capital has a number of distinctive features that make it unique in the world of diaspora investment vehicle solutions.

Legal structure	Simplified joint stock company with variable capital	Simplified joint stock company	Business Angels Association + Business Angels Investment Company	Cooperative in the form of a public limited company	Management company + an investment fund
Example	Ciwara Capital	Reda Capital	Bridging Angels	FADEV	
Regulations	Unregulated	Unregulated	Unregulated	Unregulated	Regulated
Integrating new investors	Ticket: EUR 20,000 Legal: underwriting	Ticket: EUR 4,000 Legal: Capital increase	Ticket: EUR 5,000 Legal: Capital increase	Ticket: EUR 40 Legal: subscription	Ticket: EUR 100,000 Legal: underwriting
Level of diaspora involvement	Strong (Investment, governance, operational)	Strong (Investment, governance, operational)	Strong (Investment, governance, operational)	Medium (Investment, governance)	Low (Investment)
Governance	A Board of Directors aligned with the contributions of the investors	A collegial Board of Directors	A collegial Board of Directors	A collegial Board of Directors + a General Meeting with colleges and the rule (1 person /1 vote)	Sales consistent with investor contributions
Organizational structure	Founder volunteers + 1 operational employee	Volunteer founders	Volunteer members of the association	Voluntary members + a salaried operational team	A salaried management team
Distribution of profits	Dividends + capital gains	Dividends + capital gains	Dividends + capital gains	Distribution of any remuneration limited by equal reserves	Distribution of capital gains on disposal on liquidation of the fund
Cost of implementation	+	+	++	++	+++
Management cost	+	+	++	+	+++
Regulatory cost	+	+	+	+	++

Benchmark of investment vehicles mobilizing the diaspora

The pioneering and innovative aspect of Ciwara Capital lies in its ability to combine the entrepreneurial spirit of the diaspora with structured investment management practices. The intermediary structure combines the rigour of a regulated management company, with its formal procedures and strict governance, with the flexibility of entrepreneurial initiatives, where decisions can be taken quickly, and the organization can be adapted in an agile manner.

Ciwara stands out for its model of active participation, where members of the diaspora play a key role as investors and also as players in the governance and monitoring of investment projects.

Governance at Ciwara Capital is led primarily by its investor-founders, building investor confidence in the strong commitment of management and the alignment of their interests with those of the company. The active involvement of the diaspora ensures the preservation of an entrepreneurial dynamic and a long-term vision focused on impact.

Compared to other initiatives, Ciwara takes a professional approach while remaining rooted in community values. This combination of community roots and organizational sophistication positions Ciwara Capital as an innovative player in the landscape of solutions mobilizing the diaspora for productive investment in Africa.

In conclusion, Ciwara Capital's legal structure and governance model have been designed to encourage active participation and control by the diaspora, while offering flexibility to welcome new investment and respond to changing market realities. This has been key to building trust and adoption of the model by the diaspora. Ciwara Capital's strategy of geographic expansion and sector diversification also mitigates risk and enhances investment opportunities.



4. Lessons learned

The project to mobilize the diaspora through capital investment examined in this document benefited from **the involvement of three players: a donor, an investment professional and the diaspora**. The lessons learned reflect the experiences of these players and shed **light on best practices and**

strategies to optimize the chances of success of similar initiatives.

Each lesson is the fruit of close collaboration and the sharing of experience, shaping an initial contribution to future initiatives to mobilize the diaspora via capital investment.

Summary of lessons learned

N°	Teaching	Steps	Recipients
1	<p>Agility in designing innovative projects</p> <p>In the context of development projects involving donors and private sector players working on innovative projects, agility and the implementation of an iterative approach (test and learn) are necessary to take account of the uncertain, experimental and long-term nature of these projects.</p> <p>In the context of a project aimed at mobilizing the diaspora for capital investment, it is crucial to adopt an agile approach when defining the project's objectives and establishing its contractual terms. This adaptability is necessary to align with the often-pragmatic strategies of diaspora investors, who must navigate in changing and uncertain conditions, especially in fragile countries.</p>	Project design phase and then throughout the project	Donors
2	<p>Importance of technical assistance and capacity-building for the diaspora</p> <p>Technical assistance and capacity-building are crucial in a project to mobilize the diaspora for capital investment.</p> <p>Technical assistance in legal and regulatory matters is especially valuable during the structuring phase, while training and support in the private equity business are crucial during the creation and development phases of a diaspora investment vehicle.</p>	Transverse	Donors Investment professionals
3	<p>A partnership based on a shared vision and complementary contributions</p> <p>A shared vision and the complementary contributions of a funder, an impact investment professional and members.</p> <p>Diaspora assets are the key to launching a project to mobilize the diaspora in productive investment.</p> <p>In particular, it is important to involve the diaspora from the outset and to build projects with resilient and committed technical and financial partners, with a dual presence in the host and home countries, for optimum support.</p>	Project design	Donors Investment professionals

4	<p>Concrete investment project as a basis for mobilizing the diaspora</p> <p>Concrete private sector investment projects serve as a catalyst for diaspora involvement, offering donors an opportunity to provide financial and/or technical support with measurable impact within the timeframe of a development project. Specifically, mobilizing the diaspora through a local investment fund managed by an experienced team represents a tangible project that has both convinced donors of its viability and provided the diaspora with a concrete opportunity to engage – whether through investment or operational partnerships.</p>	Project design	Investment professionals
5	<p>Segmentation of diaspora profiles according to mobilization mechanism</p> <p>Mobilizing the diaspora requires a segmentation of profiles according to the mechanisms and financial instruments that will be used to support the mobilization.</p> <p>More specifically, effective mobilization of the diaspora to invest capital in businesses requires precise segmentation of diaspora profiles, targeting as a priority those with a high level of socio-professional qualification, a high savings capacity and a thorough understanding of investment mechanisms.</p>	Structuring the project Fundraising	Donors Investment professionals
6	<p>Autonomy and entrepreneurial spirit, the driving force behind a diaspora investment vehicle</p> <p>The commitment of the diaspora can be significantly strengthened by an investment vehicle that offers an entrepreneurial framework with strategic autonomy, an opportunity to leverage expertise and an alignment of financial interests and impact.</p>	Structuring the project	Donors Investment professionals
7	<p>A highly committed founding team and adequate financial and technical resources are needed to structure a diaspora investment vehicle project</p> <p>Launching a diaspora investment vehicle requires, on the one hand, a tightly knit founding team with a shared vision and complementary skills and, on the other hand, the technical and financial resources to cover the costs associated with research and structuring.</p> <p>This founding team will also need to demonstrate strong involvement in both strategic and operational aspects (management, leadership, communication, investment, etc.).</p> <p>The sustainability of this involvement depends on the introduction of an incentive policy within the vehicle for the members involved.</p>	Structuration du Projet Creation and launch of the investment vehicle	Donors Diaspora Investment professionals
8	<p>Launching an investment vehicle requires resources to be mobilized by the founding team</p> <p>During the start-up phase, the founders of the investment vehicle must be able to allocate financial and technical resources to kick-start the vehicle's activity. By adopting a flexible legal structure and a light cost structure, the founders can envisage a gradual build-up of the investment activity, in line with a pragmatic and ambitious phased development strategy.</p>	Creation and launch of the investment vehicle	Diaspora
9	<p>The credibility of the founders, the investment thesis and the partners are the key to mobilizing investors from the diaspora</p> <p>In the absence of an investment track record, mobilizing new investors from the diaspora in an investment vehicle relies on several key pillars: a credible founding team, a clear investment thesis and the support of renowned partners.</p>	Fundraising for the investment vehicle	Diaspora
10	<p>Support for entrepreneurs (especially in the agri-food sector) is a prerequisite for capital investment</p> <p>Cultural barriers and a lack of financial culture among entrepreneurs, particularly in Africa's agricultural sector, can hamper the introduction of equity financing in SMEs. It is therefore necessary to provide support and capacity-building for entrepreneurs in terms of finance and governance in order to facilitate capital investment operations, particularly in the context of a project to mobilize the diaspora.</p>	Investment	Donors
11	<p>Experienced local partners are a lever for development and risk reduction</p> <p>Strategic and operational collaboration with local and international partners can considerably strengthen investment capacity and reduce the risks on diaspora investments.</p> <p>In particular, the diaspora needs credible partners with a foothold and experience on the ground to facilitate the identification and auditing of investment opportunities.</p>	Investment	Diaspora

Analysis of lessons learned and best practice

1. Agility in designing innovative projects

In the context of development projects involving donors and private sector players working on innovative projects, agility and the implementation of an iterative approach (test and learn) are necessary to take account of the uncertain, experimental and long-term nature of these projects.

More specifically, in the context of a project to mobilize the diaspora for capital investment, it is necessary to adopt an agile approach in framing the project's objectives and its contractualization in order to adapt them to take account of the often-pragmatic approaches of diaspora investors in response to changing and uncertain contexts, particularly in fragile countries.

Context: The initial objectives of mobilizing the Malian diaspora to invest in an investment fund focused on Mali and the agricultural sector, set for 2019, have been called into question due to the instability in Mali, the COVID-19 pandemic and the scarcity of viable investment opportunities in the formal agricultural sector.

Faced with these challenges, Ciwara's investors decided to broaden their investment strategy by diversifying their commitment both across geographic locations and industry sectors. While this flexibility demonstrates the strategic resilience of Ciwara Capital's investors, it marks a departure from the commitments made in 2019 and could potentially jeopardize the success of the initial project given the gap between expected and achieved results.

Challenges:

- ◆ Economic and political instability in Mali.
- ◆ Aligning the objectives and interests of the donor with the economic interests of the Malian diaspora, while ensuring that everybody's contributions are optimized and effective.

Best practice:

- ◆ Align the objectives of development projects based on the country and/or sector rationale of donors with investment objectives based on the realities on the ground and market risks.
- ◆ Adopt a strategy of geographic and sectoral diversification of investments, particularly where there is a high risk in a given market or sector.

2. Importance of technical assistance and capacity-building for the diaspora

Technical assistance and capacity-building are crucial in a project to mobilize the diaspora for capital investment.

Technical assistance in legal and regulatory matters is especially valuable during the structuring phase, while training and support in the private equity business are crucial during the creation and development phases of a diaspora investment vehicle.

Context: Members of the diaspora require knowledge and skills in finance and investment to fully understand the mechanisms and risks associated with investing in a company's capital in Africa. This is particularly important in transactions involving intermediary vehicles (investment companies, investment holding companies, investment funds). Furthermore, once the investment is made, these skills are also essential for the effective management of these investments.

Challenges:

- ◆ To overcome the lack of financial training and knowledge of investment mechanisms, including for highly qualified people from the diaspora, which hinders their commitment to an investment project.
- ◆ The need for advanced management, corporate finance and investment skills to run an investment company effectively.

Best practice:

- ◆ Integrate awareness-raising, training and technical assistance actions into any project to mobilize the diaspora to invest in their country or territory of origin.
- ◆ Set up strategic and operational partnerships with investment professionals to help members of the diaspora develop their skills.

3. A partnership based on a shared vision and complementary contributions

A shared vision and the complementary contributions of a donor, an impact investment professional and active members of the diaspora are the key elements in launching a project to mobilize the diaspora in productive investment.

In particular, it is important to involve the diaspora from the outset and to build projects with resilient and committed technical and financial partners, with a dual presence in the host and home countries, for optimum support.

Context: The partnership between IFAD and I&P for the creation of Zira Capital illustrated the importance of a shared vision and the combined expertise of the various players to effectively mobilize the Malian diaspora in productive investment. The inclusion of active and influential members of the Malian diaspora right from the project's structuring phase encouraged rapid ownership of the project and the initiative of the diaspora.

Challenges:

- ◆ Identify members of the diaspora with the financial resources, skills and availability to participate in an operational, multi-stakeholder project.
- ◆ Keep the diaspora involved throughout the various stages of the project's construction, taking into account the power dynamics and interests of each party.

Best practice:

- ◆ Co-build the project with the diaspora for the diaspora.
- ◆ Involve members of the diaspora with a range of skills essential to an investment project from the outset, some of whom also have the potential to take on leadership roles.

- ◆ Encourage consultation and exchanges with and between members of the diaspora to develop a shared approach and a group of investors.
- ◆ Develop a collaborative framework in which each player can contribute according to their expertise while adhering to a shared strategic vision. The implementation of shared governance structures, transparent decision-making processes and partnership agreements defining the roles and resources of each party were key elements.

4. Concrete investment project as a basis for mobilizing the diaspora

Concrete private sector investment projects serve as a catalyst for diaspora involvement, offering donors an opportunity to provide financial and/or technical support with measurable impact within the timeframe of a development project. Specifically, mobilizing the diaspora through a local investment fund managed by an experienced management team represents a tangible project that has both convinced donors of its viability and provided the diaspora with a concrete opportunity to engage – whether through investment or operational partnerships.

Context: To design the project Mobilizing diaspora resources into an impact investment fund in Mali, IFAD drew on the project to create Zira Capital led by I&P and its initiative to involve members of the Malian diaspora.

The project to create Zira Capital was a decisive factor, offering a clear and defined investment opportunity that succeeded in capturing the interest and mobilizing members of the Malian diaspora.

This approach highlights the fact that tangible projects and specific investment opportunities, such as Zira Capital, can act as a catalyst for diaspora engagement. It also enables funders to provide financial support and technical assistance relevant to a solution for a problem arising from a need on the ground. However, the stakeholders must ensure that the project matches the interests and timeframe of each player and that the pace of the investment, in this case by the private sector, coincides with the pace of the project, usually by the donor.

Challenges:

- ◆ The need to align the donor's development objectives with the aspirations of the investment professional and the concrete expectations of the diaspora.
- ◆ The need to align stakeholder timetables.

Best practice:

- ◆ Rely on concrete initiatives from players on the ground with a proven track record to launch projects aimed at diasporas.
- ◆ Consult the diaspora from the investment project design phase to understand its motivations, obstacles and needs to size the support and the time required to implement it.
- ◆ Anticipate the implementation of the investment to create the diaspora vehicle; the vehicle must be operational when the investment materializes.

5. Segmentation of diaspora profiles according to mobilization mechanism

The mobilization of the diaspora requires a segmentation of profiles according to the financial mechanisms and instruments that will support the mobilization. More specifically, effective mobilization of the diaspora to invest capital in businesses requires precise segmentation of diaspora profiles, targeting as a priority those with a high level of socio-professional qualification, a high savings capacity and a thorough understanding of investment mechanisms.

Context: In the specific case of the Malian diaspora, both quantitative and qualitative research was required to understand the needs, motivations and capabilities of each segment. This study revealed that highly qualified members of the diaspora, with good savings capacities and a solid understanding of investment mechanisms, are those most inclined to participate in investment operations in Malian companies.

Challenges:

- ◆ Precise segmentation of the diaspora observed requires sophisticated data collection tools and methodology, as well as in-depth analysis to identify the relevant targeting criteria, such as level of qualification, savings capacity, and understanding of investment mechanisms in the case of Ciwara.

- ◆ The development of a communication strategy tailored to each segment to generate interest and commitment. This involves understanding the specific motivations and resistance of each group, as well as how they receive information.

Best practice:

- ◆ Conduct quantitative and qualitative studies to segment the profiles of diasporas in host countries.
- ◆ Draw on the financial resources and technical assistance of partners to conduct the preparatory studies required for a project to mobilize diasporas for productive investment.
- ◆ Implement targeted communications, with an appropriate presentation of the investment, on the media and information sources used by the target segments to attract and engage them.

6. Autonomy and entrepreneurial spirit, the driving force behind a diaspora investment vehicle

The commitment of the diaspora can be significantly strengthened by an investment vehicle that offers an entrepreneurial framework with strategic autonomy, an opportunity to leverage its expertise, and an alignment of financial interests and impact.

Context: The initiative to create Ciwara Capital emerged from the desire of a group of investors from the Malian diaspora to channel part of their savings into capital investments in Mali. They emphasised the importance of the entrepreneurial framework and decision-making autonomy in an investment company that they manage themselves, as key factors in their commitment. They hoped that the project would also offer them the opportunity to put their financial resources and expertise to good use in their home countries, while seeking a balance between financial return and social and environmental impact.

Challenges:

- ◆ The creation of an investment model that meets not only the financing needs of Malian SMEs but also the specific expectations of the diaspora in terms of participation, transparency, the nature of the return on investment and investment security.
- ◆ Clarification on the notion of impact so that it is understood and shared by as many prospects as possible in the diaspora.

Best practice:

- ◆ Organize prior consultations with members of the diaspora to establish the key criteria influencing the decision to invest.
- ◆ Clarify the financial and impact objectives by detailing the criteria for choosing investments, including financial return forecasts and the impact criteria sought.

7. A highly committed founding team and adequate financial and technical resources are needed to structure a diaspora investment vehicle project.

Launching a diaspora investment vehicle requires, on the one hand, a tightly knit founding team with a shared vision and complementary skills and, on the other hand, the technical and financial resources to cover the costs associated with research and structuring.

This founding team will also need to demonstrate strong involvement in both strategic and operational aspects (management, leadership, communication, investment, etc.). The sustainability of this involvement depends on the introduction of an incentive policy within the vehicle for the members involved.

Context: IFAD's financial support and I&P's technical expertise have enabled the Ciwara project to build on solid foundations to reach its current level of professionalism. IFAD's funding was crucial for conducting preliminary legal and market studies, as well as subsidizing technical assistance and support for members of the diaspora in setting up their investment company. This funding also enabled I&P to develop the training cycle for the acquisition by the diaspora of specialist private equity skills.

This support puts Ciwara Capital in an ideal position to successfully launch its development and professionalize, while preserving the commitment and passion that often characterize initiatives carried out voluntarily.

Challenges:

- ◆ The study and structuring of an investment vehicle project that mobilizes diaspora savings requires specialized and costly expertise (lawyers, tax specialists, experts, etc.). This initial cost may discourage members of the diaspora from acquiring this essential expertise.
- ◆ The precise definition of roles according to the skills and availability of each founder is essential for effective management. However, this can be a complex task in a voluntary organization, where the risk of fluctuating levels of commitment is a reality.
- ◆ Achieving Ciwara's development objectives may be hampered by a lack of organization and a dedicated operational team.

Best practice:

- ◆ Seek financial support and specialized expertise from external partners such as I&P and IFAD as a strategic approach to launch and manage an investment vehicle with constrained budgets, while aiming for a high level of professionalism.
- ◆ Rely on the expertise of a legal professional to better anticipate the future development stages of the project.
- ◆ Rely on the expertise of a marketing professional to target solutions and draw up a diaspora engagement plan.
- ◆ Strengthen the operational team with experienced and dedicated profiles to achieve the required level of professionalism.
- ◆ Precisely delineate responsibilities of diaspora members within the investment vehicle, covering specific areas (strategy, investor relations management, selection and investment, portfolio monitoring, etc.), ensuring more efficient management.
- ◆ Recognizing and valuing non-financial contributions, such as expertise and time spent on management, is necessary but complex to ensure the fairness and commitment of the members of the team running the investment vehicle. This valuation must be based on accepted methods and be monitored regularly and transparently.

8. Launching an investment vehicle requires resources to be mobilized by the founding team

During the start-up phase, the founders of the investment vehicle must be able to allocate financial and technical resources to kick-start the vehicle's activity. By adopting a flexible legal structure and a light cost structure, the founders can envisage a gradual build-up of the investment activity, in line with a pragmatic and ambitious phased development strategy.

Context: The founders set up Ciwara Capital with sufficient seed capital to begin investing in Zira Capital. In addition, they chose to start with an investment company structure in the form of a Société par Actions Simplifiée à Capital Variable (simplified joint stock company with variable capital) because it offered flexibility in terms of integrating new investors and reduced management costs. However, this choice is subject to regulatory constraints in terms of the maximum number of investors (150). This structure will enable Ciwara Capital to grow gradually and strengthen its capital, organizational and human resources structure before evolving into an investment fund in line with Ciwara's ambitions

Challenges:

- ◆ The complexity of the regulatory and legal environment makes it difficult for members of the diaspora to understand the financial, tax and regulatory issues at stake.

Best practice:

- ◆ Determine the most appropriate legal form (investment company or fund, mutual fund, etc.) depending on the investment objectives, the resources available and to be deployed, and the regulations in the countries where the investors are present and the target countries for investment.
- ◆ To be supported by legal and investment professionals in the process of creating a diaspora investment vehicle.

9. The credibility of the founders, the investment thesis and the partners are the key to mobilizing investors from the diaspora

In the absence of an investment track record, a credible founding team, a clear investment thesis and the support of recognized partners are the pillars for mobilizing new investors from the diaspora in an investment vehicle.

Context: Faced with the challenges inherent in a new entity that has to establish its credibility with potential investors without a track record of success to show for it, Ciwara Capital has to build the confidence needed to convince them to invest. Ciwara can draw on the complementary skills and track record of its four founding members to establish the credibility of its management team. In addition, the financial and technical support of international partners such as IFAD and I&P reinforces confidence in their project, encouraging greater participation from the diaspora. Ultimately, Ciwara Capital's compelling investment thesis is likely to attract suitable profiles within the diaspora. It specifically targets certain countries in West Africa (where a large proportion of the African diaspora living in France comes from), strategic sectors for the continent and companies with high development potential. Finally, it is interested in both a financial return and a positive social and environmental impact.

Challenges:

- ◆ The mobilization of demanding diaspora profiles when it comes to investing their savings with relatively high investment tickets.
- ◆ Ciwara's lack of a track record of achievements and successful operations to generate interest and to establish confidence in its thesis.

Best practice:

- ◆ Involve the founding members of the investment vehicle in mobilizing their networks and in the communication effort.
- ◆ Develop a communications strategy to build reputation and trust around the investment company's brand.
- ◆ Communicate on the levers of confidence for the diaspora, such as the quality of the track record and expertise of the management team, the reputation of international and local partners, the investment thesis, the professionalism of the approach, the independence of management, etc.

- ◆ Communicate the value proposition of the investment in the vehicle for the target members of the diaspora in terms of return on financial investment and impacts, valorization of skills contributions, transparency within the governance and management of the funds, etc.

10. Support for entrepreneurs (especially in the agri-food sector) is a prerequisite for capital investment

Cultural barriers and a lack of financial culture among entrepreneurs, particularly in the agricultural sector in Africa, can hamper the introduction of equity financing within SMEs. It is therefore necessary to provide support and capacity-building for entrepreneurs in terms of finance and governance to facilitate capital investment operations, particularly in the context of a project to mobilize the diaspora.

Context: The agricultural sector, which is essential to the Malian economy, is often characterized by businesses that operate informally and lack robust governance structures. This situation is exacerbated in contexts where entrepreneurs are less familiar with the requirements and standards of capital investment.

The collaboration with the teams of IFAD's Inclusive Finance in Agricultural Value Chains Project (INCLUSIF) programme, which has been operating in Mali for several years, has enabled Ciwara to pre-identify several companies in the agricultural sector in Mali, giving Ciwara a local foothold and privileged access to a portfolio of qualified, high-performing agricultural companies that have already been made aware of and open to capital investment. This collaboration has been very well received by the INCLUSIF programme, as Ciwara represents a complementary financing opportunity for the companies in its portfolio in an environment where financing solutions are lacking

Challenges:

- ◆ African entrepreneurs, particularly in the agricultural sector, are often wary of investment processes that are considered complex and that require compliance with financial and governance standards that are often foreign to them.

- ◆ The lack of training in finance and business management is a major obstacle to their ability to structure the development of their business by welcoming investors.

Best practice:

- ◆ Implement training and technical assistance programmes for African entrepreneurs and SME managers covering legal, financial and business management aspects. These programmes should be adapted to the reality on the ground and designed to empower entrepreneurs to become viable investment partners.
- ◆ Develop partnerships with development programmes specializing in support for the agricultural sector to prepare business leaders (by raising their awareness and strengthening their skills) for opening up capital, and to identify the right profiles for financing.

11. Experienced local partners are a lever for development and risk reduction

Strategic and operational collaboration with local and international partners can considerably boost investment capacity and reduce the risks on diaspora investments.

In particular, the diaspora needs credible partners with a foothold and experience on the ground to facilitate the identification and auditing of investment opportunities.

Context: Ciwara Capital has established a strategic and operational partnership with Zira Capital to train its investment team, gain a better understanding of the market in Mali and gain privileged access to investment opportunities.

At the same time, Ciwara Capital aims to expand its collaborations with other players in various countries targeted for investment to develop co-investment initiatives.


Challenges:

- ◆ The difficulty of finding reliable local partners to identify opportunities and carry out local due diligence.

- ◆ Co-investment operations with local funds require the synchronization and alignment of investment objectives and strategies.
- ◆ Strong competition between funds to finance “top of the range” local companies with a structure and activity compatible with investment tickets of EUR 50,000 to EUR 300,000.

Best practice:

- ◆ Rely on a network of local partners to bring forward qualified opportunities in line with the selection criteria (e.g. local investment funds, incubators, accelerators, accountants, etc.).
- ◆ Put in place structured partnership agreements that align investment objectives and include mechanisms for information sharing and co-investment.
- ◆ Communicate selection criteria (investment thesis, activity indicators, financial indicators, impact, etc.).
- ◆ Rely on local partners to carry out complete due diligence, checking the reputation of the target company’s management by obtaining references from customers and partners, and conducting site visits to assess the quality of the structure.
- ◆ Give preference to co-investment operations with local investment funds that take the lead in the investment operation.



5. Conclusion and outlook

Conclusion

The aim of the project launched by IFAD and I&P was to mobilize investments from the Malian diaspora in the Zira Capital impact fund to finance businesses in the agrifood sector. Key achievements of the project include:

- ◆ **The creation of Ciwara Capital**, which has established itself as an autonomous entity driven by the diaspora. This achievement has exceeded initial expectations, transforming the idea of a simple group of people from the diaspora within the capital of a Malian investment company, into an autonomous investment company with ambitions on the scale of the African continent.
- ◆ **Ciwara Capital has raised over EUR 200,000 in funds from the diaspora**
- ◆ **The completion of two investments**, the first in Zira Capital in Mali and the second in LAM in Senegal. A third investment in the agricultural sector in Mali is currently under review.
- ◆ **The development of an innovative diaspora investment solution** due to the flexibility of its structure and its capacity to engage the diaspora. This innovation is intended to become a reference model for other initiatives.
- ◆ **Building the capacity of the diaspora in capital investment and professionalizing the founding team of Ciwara Capital**

- ◆ **Broadening Ciwara's impact** through sectoral and geographic diversification beyond Mali's agricultural sector.

- ◆ **Strengthening links between the diaspora and its country of origin**, in particular by establishing strategic and operational partnerships with local players such as Zira Capital and IFAD's INCLUSIF programme.

The project to mobilize the Malian diaspora in an investment fund in Mali and its spin-off, Ciwara Capital, **faced challenges** such as political instability, segmentation of the diaspora, and the complexity of structuring investment vehicles.

However, **key success factors have emerged**, including the crucial importance of technical assistance, financial and technical support from credible partners, an impact-focused investment thesis, and the active engagement of the diaspora from the outset. These elements, combined with effective communication of Ciwara's value proposition and a diversification strategy, overcame the obstacles and helped develop an investment tool to support economic development in Mali initially and in Africa subsequently.

The project's impact is not limited to fundraising. The creation of Ciwara Capital has also played a crucial role in building the capacity of a section of the diaspora and promoting an investment culture within it. In addition, the project has strengthened the link between the Malian diaspora and their country of origin, demonstrating the added value of diaspora investment for economic development. The lessons learned from the project highlight the importance of agility in project management, the essential nature of technical assistance, the power of a shared vision and the impact of concrete investment projects. They also highlight the need to understand and segment the profiles of the diaspora, autonomy and entrepreneurship as drivers of engagement, and the importance of initial resources to seed an investment vehicle. The involvement of the founding team, the credibility of partners, and the presence of reliable local partners are also identified as determining factors.

Ciwara Capital is an innovative investment solution designed specifically by and for the diaspora, distinguished by its pioneering approach that

blends the entrepreneurial spirit of the diaspora with structured investment management. This unique structure combines community roots with organizational sophistication, positioning Ciwara as an innovative model for mobilizing the African diaspora in productive investments, while offering flexibility and adaptability to market developments.



Outlook

Ciwara Capital is at a crucial juncture in its development. The short- and medium-term outlook presents significant challenges but also opportunities to strengthen its position and impact in the African investment arena.

This analysis of the short- and medium-term outlook aims to identify the main challenges and make recommendations for achieving Ciwara Capital's development objectives.

Short-term outlook

In the short term, Ciwara Capital aims to raise EUR 2 million and invest in 10 to 15 companies in various West African countries, including Mali, Senegal and Côte d'Ivoire.

However, several challenges remain:

◆ Increasing financial resources

To achieve this objective, Ciwara will need to increase the mobilization of the diaspora, explore access to institutional financial support and work on the need to understand and segment diaspora profiles, autonomy and entrepreneurship as drivers of engagement, and the importance of initial resources to seed an investment vehicle. The involvement of the founding team, the credibility of partners, and the presence of reliable local partners are also identified as determining factors:

◆ **Mobilizing the diaspora:** Ciwara will need to step up its communication efforts to boost its visibility and credibility among members of the diaspora, focusing on the profiles most likely to invest. In addition, dedicated targeting family offices³⁹ and high net worth individuals⁴⁰ could increase their financial involvement.

◆ Access to institutional financial support:

Ciwara's activities could be supported by seeking operating subsidies from donors interested in financing SMEs in Africa.

◆ **Short-term income generation:** Ciwara may consider extending its range of financial instruments to include loans, shareholder current accounts, convertible bonds, etc., to diversify its sources of income.

◆ Strengthening strategic and operational partnerships

Local partnerships are essential for identifying investment opportunities, co-investing and building the capacity of local entrepreneurs:

◆ **Identifying investment opportunities:** Ciwara will need to establish partnerships with other local investment funds, incubators, sector-based entrepreneurship support programmes, etc., to gain access to a qualified pipeline of companies with high growth potential.

◆ **Co-investment:** Working with local investment professionals would enable Ciwara to benefit from operational and technical support during the selection and due diligence of investments. This would facilitate the deployment of the funds to be invested.

◆ **Support for local entrepreneurs:** Ciwara could also help to build the financial, governance and management capacity of local entrepreneurs, thereby facilitating capital investment in African SMEs.

◆ Internal capacity-building

To achieve its short-term objectives, Ciwara must also invest in building its own capacity, both at the team level and in its operational processes:

◆ **Training and technical assistance:** Working with experienced partners such as I&P and Zira Capital can provide Ciwara with invaluable training and technical assistance to improve its investment and portfolio monitoring processes, and to set up control and compliance procedures.

◆ **Operational involvement of the founding team:** Clear action plans, defined objectives and an appropriate incentive policy for the founding team are essential to ensure maximum operational involvement in achieving Ciwara's development objectives.

39. A Family Office is a private organizational structure created to manage the financial and personal affairs of a wealthy family or individual. Family Offices act as investors with the goal of growing the funds they manage; 40. A High Net Worth Individual (HNWI) is a person with significant financial wealth. HNWIs are often targeted by investment professionals to encourage them to invest in their funds;

The major challenge in this short-term phase lies in the delicate balance between Ciwara Capital's limited resources and its development ambitions. This balance could be achieved by aligning the operating model with the business model through the adoption of an investment strategy based on a "fund of funds"⁴¹ and/or "follow-on investor" model⁴². These models will enable Ciwara Capital, during this transitional phase, to concentrate its resources and efforts on mobilizing funds from the diaspora while at the same time having an optimal organization for quality investments, led by credible and experienced partners.

Medium-term outlook (from 2026)

In the medium term, Ciwara plans to transform itself into an investment fund and raise EUR 80 million, notably from institutional investors, while extending its activities to other African economies. To achieve these ambitious goals, Ciwara will need to capitalize on the foundations laid in the short term, while taking on new challenges.

◆ **Ambitious fundraising:** The transformation into an investment fund and the raising of EUR 80 million require a solid strategy and increased credibility in the market and within the international investment and development ecosystems. This fundraising will not be possible without the mobilization of institutional investors, hence the need to consolidate its successes and strengthen its reputation by developing a credible investment track record during the transitional phase.

◆ **Strengthening operational organization and procedures:** Ciwara's transformation into an investment fund necessitates formal structures and control procedures that align with current regulatory requirements. This transformation demands both financial resources and specialized expertise to effectively prepare for and support the process.

◆ **Geographic expansion:** Extending Ciwara's activities into other African economies, particularly the mature economies of English-speaking Africa, requires a thorough analysis of the opportunities and challenges specific to accessing these markets. In particular, this requires having adequate resources to explore these markets.

◆ **Commitment to sustainability and social impact:** Ciwara should uphold its commitment to the principles of impact and sustainability, which are highly valued by the diaspora. It is crucial that Ciwara can professionally assess and communicate these impacts to institutional investors, who are becoming increasingly attentive to such issues. Additionally, this focus on impact and sustainability should serve as a significant competitive advantage over other investors operating in Africa.

The success and achievement of the objectives of the transitional (short-term) phase will be important levers for transforming Ciwara Capital into an investment fund and implementing its long-term strategy. The professionalization and demonstration of the success of its investment strategy will be necessary to convince institutional partners, who are essential to this transformation. As a result, Ciwara Capital would benefit from starting to promote its business to institutional investors and fund providers now, to better understand their requirements for potential short- and medium-term support. Support and partnership processes with these institutions can take a long time to set up and require a phase of awareness-raising and confidence-building prior to any collaboration.

41. Private equity funds of funds raise capital from investors and reinvest it in a selection of different funds rather than investing directly in unquoted companies. In this way, investors benefit from diversification across several funds, managed by teams specialized in selecting and managing investments in unlisted companies; 42. A "follow investor" is an investor who participates in a financing round or investment transaction after a lead investor has made the decision to invest in the deal. The "lead investor" is often considered to be the person who leads the investment and typically performs due diligence on the target company, negotiates the terms of the investment and coordinates the fundraising; 43. Ciwara Capital « Guide Pratique : Capital investissement », 2023

Prospects for technical and financial partners

For IFAD and I&P, the “mobilization of the diaspora in a Malian impact investment fund” project has provided an opportunity to explore and implement an innovative solution for engaging the diaspora through private equity, thereby validating their initial conviction. It has also been a valuable learning experience, enabling them to refine practices for mobilizing the diaspora toward productive investment.

◆ Prospects for collaboration with Ciwara Capital

Given Ciwara Capital's achievements and the prospects for its development, IFAD and I&P can continue to play a major role **in supporting and providing technical assistance to the nascent vehicle**. These partners bring both institutional credibility and the financial and technical resources needed to consolidate and develop Ciwara. It is in the mutual interest of the partners to continue to support Ciwara in its next phases of development and to take advantage of the lessons learned and capitalize on this pioneering experience.

Support from IFAD and I&P could take various forms. First, **technical support in the capital investment business** would enable Ciwara to improve its skills and investment practices. Second, **networking with local partners in Africa** would be invaluable in facilitating support and investment in local businesses. In addition, the funding of further studies on the diaspora would provide a better understanding of the opportunities and challenges associated with this type of investor. The partners could also **support the process of transforming Ciwara into an investment fund** by providing the necessary funding and expertise. Finally, networking with other donors and institutional investors would enable Ciwara to explore new funding and partnership opportunities.

◆ Prospects for replicating the diaspora vehicle model

IFAD and I&P could consider extending their strategic collaboration to promote the emergence of new projects to mobilize the diaspora through investment vehicles, inspired by the success of Ciwara Capital.

As part of this initiative, IFAD and I&P could plan to **develop a support programme dedicated to capacity-building and technical assistance**. This programme will include the **provision of a toolbox**, incorporating the current white paper, which compiles best practices from Ciwara's experience, as well as the Practical Guide to Private Equity⁴³ designed by Ciwara Capital specifically for the diaspora.

This toolbox could be enriched with other essential resources such as practical advice for effective implementation, particularly in terms of governance and investment strategy, as well as models of fundamental documents, such as the articles of association and the shareholders' agreement.

This support programme would aim to **demystify the process of creating investment vehicles** by the diaspora, by providing project promoters with the essential tools for effective navigation of the complex capital investment landscape. This would not only stimulate the development of new projects to mobilize the diaspora through capital investment but also encourage the adoption of best practices, thereby strengthening the positive impact on economic and social development in Africa.



6. Appendices

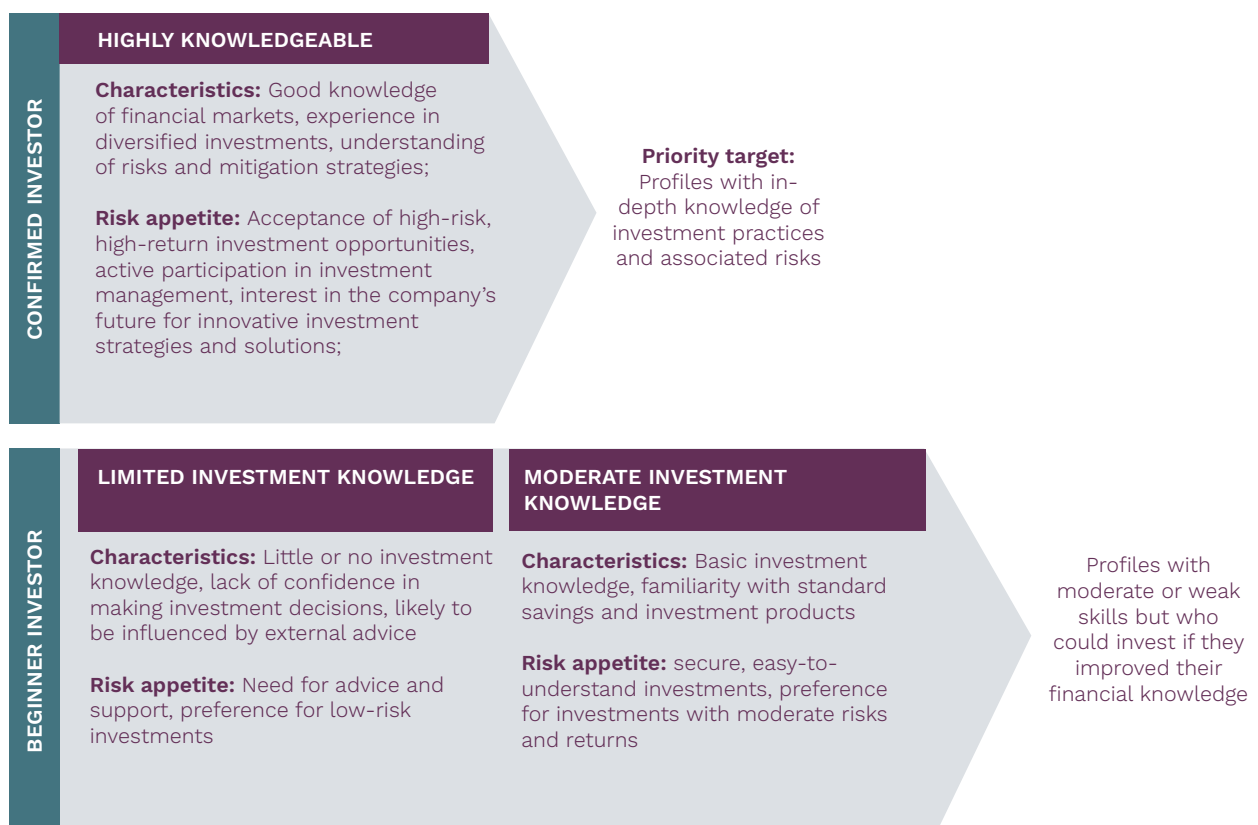
1. Synthesis of collective and Individual investment practices of the Malian diasporas⁴⁴

Collective investment	Individual investment
<p>Context: Malian diaspora organizations are becoming increasingly involved in collective entrepreneurship and support for entrepreneurship, often with a view to local development or to solve specific problems.</p> <p>Geographical area: The Kayes region is the preferred area for 56 per cent of the organizations, although some are adopting a different approach to the area of origin.</p> <p>Sectors of intervention: Agriculture (83 per cent), health (59 per cent), education (58 per cent) and social action (56 per cent) are the main sectors. Support for entrepreneurship is also significant (40 per cent).</p> <p>Mobilization of funds: Organizations mobilize internal and external funds, mainly for amounts in excess of EUR 5,000, to self-finance their projects.</p> <p>Placements and investments: 79 per cent of organizations have already or are planning to place funds or invest, mainly in traditional banking products.</p>	<p>Aspirations: Most migrants (95 per cent) would like to start a business or invest in Mali, but only 20 per cent have actually done so. Preferred sectors: agricultural production (64 per cent), processing (38 per cent) and trade (44 per cent) are the preferred sectors.</p> <p>Scope and funding: Most projects are medium-sized, financed mainly by equity capital. External funding is rare. Regional preferences: Bamako, Kayes, Ségou, Kita and Koulikoro are the most frequently cited regions.</p> <p>Financial support: Preference for financial support is given to small businesses and entrepreneurs known to the diaspora. Donations and solidarity loans are the preferred forms of support.</p>

2. Socio-professional profiles of diasporas looking to invest



3. Profiles of potential investors according to their investment knowledge



4. *Ciwara Capital's founding shareholders*

The four founding shareholders of Ciwara Capital are:

◆ **Moussa BAGAYOKO.** After studying at the Institut Mines-Telecom Business School, Moussa joined leading global and European consulting firms (Accenture, Steria) and built a strong background in the consulting field. He is now the head of JAD, a group specializing in energy transition, a leader in France, operating in Africa, and employing over 120 people. An entrepreneur at heart and driven by a desire to make an impact, he has been investing in businesses since 2017, sharing his expertise and supporting their growth.

◆ **Aboubacar CISSOKO.** With a high-flying business education (HEC Paris) and training as an engineer in information systems and applied mathematics (ENSEEIH), Aboubacar initially devoted himself to forging a solid professional experience through the Accenture group and Société Générale, where he acquired strong expertise in market finance. He is the head of Operanka Associates, a consultancy specializing in market finance and technological innovation for the financial industry, which he founded in 2017. He is also an alumnus of the Founder Institute VC Lab, which is very active in venture capital financing for European start-ups specializing

in fintech, artificial intelligence, connected objects and microelectronics.

◆ **Alima KEITA** has forged strong expertise in finance (Université Paris Dauphine-PSL, Carleton University in Canada) and entrepreneurship (MBA at HEC). Today, with over 16 years of experience in the financial sector, particularly in banking, investment management and private assets, she is a seasoned change leader. She is a member of the Women in African Investments (WAI) group, where she campaigns to encourage women entrepreneurs and facilitate their access to finance.

◆ **Moussa SIDIBE** is a business lawyer specializing in European and international taxation with a major French banking group. He has also developed a collaboration with the United Nations in a programme aimed at transferring knowledge from members of the Malian diaspora.



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