African Diaspora Marketplace: Investment Interest Survey

FACTSHEET

BACKGROUND

This survey is the first step in a three-year tracking study that is being conducted by the George Washington University’s Center for International Business Education and Research and its Diaspora Capital Investment Project on the African Diaspora Marketplace and its participants. Dr. Liesl Riddle, Associate Professor of International Business and International Affairs, is the lead investigator on the study.

Sponsored by the US Agency for International Development (USAID) and Western Union, the African Diaspora Marketplace (ADM) was a business plan competition designed to support the entrepreneurial spirit and resources of the US-based African diaspora community to promote economic development in sub-Saharan Africa by facilitating diaspora direct investment in viable small- and medium-sized enterprises.

This first survey examined ADM participants’ investment motivations, perceived investment obstacles and advantages, and other investment interests beyond participants specific ADM entrepreneurial projects. The survey was administered online to the over 750 ADM participants.

MAIN STUDY TAKEAWAYS

1. **ADM Participants Invest with the Heart as Well as the Wallet** – Like most diaspora investors, ADM participants are not just interested in investing to make money; they also want to contribute to the development of their countries of origin and make a better life for their family and friends who live there.

2. **ADM Participants Recognize Investment Challenges in their Countries of Origin but Believe They Have a Diaspora Investment Advantage** – Concerns about government bureaucracy, red tape, and corruption; finding willing and able lenders; and insufficient infrastructure were rated by ADM participants as strong obstacles to investment. But ADM participants feel that as diasporans they have advantages - better understanding of the values, beliefs, languages, consumer preferences, investment opportunities, and ways of doing business in their countries of origin – and they believe that these advantages may help them be more successful than non-diaspora investors in those countries.

3. **ADM Participants Want to Create New Businesses and Invest in Existing Businesses in their Countries of Origin** – ADM participants are not only interested in starting new manufacturing and service operations in their countries of origin but they also are interested in investing in existing businesses there either through direct equity investments or through investments in equity or mutual funds.

NEXT STEPS

The ADM initiative provides a unique laboratory for research regarding diaspora investment and entrepreneurship. The GW Diaspora Capital Investment Project will continue to study ADM participants through additional surveys and personal interviews. Future research will examine how ADM participants develop and utilize their social networks to overcome the challenges and leverage the opportunities that they encounter as their new ventures proceed from ideation through business launch. It also will seek to identify policy intervention strategies to better promote and facilitate diaspora investment and entrepreneurship and contribute to development in African nations.