





# External evaluation of migrant entrepreneurship projects

Volume I Volume 1 - Final Report

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## List of Abbreviations

AIM	Africa in Motion
ARC	Addressing Root Causes
ASC	African Studies Centre
BD	Business Development
BEMO	BeoordelingsMemorandum
CBI	Centre for the Promotion of Imports from developing countries
CIM	Center for International Migration and Development
COCA	Checklist Organisational Capacity Assessment
CTB	Coopération Technique Belgique
DAC	Development Assistance Committee
DDE	Department for Sustainable Economic Development
DGGF	Dutch Good Growth Fund
DHI	Subsidy scheme for demonstration projects, feasibility studies and investment preparation projects Netherlands
DSH	Department for Stability and Humanitarian Aid
EU	European Union
GDP	Global Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IOB	Directie Internationaal Onderzoek en Beleidsevaluatie
IOM	International Organisation for Migration
ISO	International Organization for Standardization
KDCN	Kenyan Diaspora Community in the Netherlands
KRG	Kurdisch Regional Government
LEAD	Local Employment in Africa for Development
MEP	Migrant Entrepreneurship Projects
MFA	Ministry of Foreign Affairs
NGO	Non-governmental organisation
NL	Netherlands
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ORIO	Facility for Infrastructure Development
PS4D	Private Sector for Development
PSD	Private Sector Development
PSI	Private Sector Investment Programme
PUM	Programma Uitzending Managers'
REMPLOD	Reintegration of Emigrant Manpower and the Promotion of Local Opportunities for Development
RVO	Rijksdienst voor Ondernemend Nederland
SCORE	Somali Core Economic Institutions and Opportunities
SEP	Student Entrepreneurship Programme
SL	Somaliland
SME	Small and Medium-Sized Enterprises
SMEF	Small and Medium Enterprise Facility
TNU	The Network University
TVET	Technical and Vocational Education and Training

UK	United Kingdom
UN	United Nations
VSO	Voluntary Service Overseas

# Executive Summary

The Ministry of Foreign Affairs commissioned an external evaluation of the six migrant entrepreneurship projects funded by the subsidy framework aimed at providing incentives to the involvement of the diaspora in the development of the countries of origin. The Ministry of Foreign Affairs selected the Ecorys Netherlands - Erasmus consortium to implement the assignment. The evaluation had the following objectives:

- allowing the Minister to account to Parliament for the six projects implemented; and
- enabling the Minister to draw lessons for future decision-making on projects focusing on 'diaspora entrepreneurs/ entrepreneurship' in fragile and development settings.

The main question of the evaluation is whether the projects contribute to private sector development (PSD) in a fragile context/developing country, with a focus on the assessment of relevance, effectiveness, efficiency, coherence and sustainability of the subsidy framework and the six projects.

The evaluation is based on the following data collection and analysis methods: desk research of policy and project documents; interviews with internal and external stakeholders in the Netherlands and in the countries of origin; focus group discussions with participants in the projects; five country studies (Burundi, Ghana, Kenya, Sierra Leone and Somaliland); a survey of participants in Sierra Leone; and a literature review and a review of donor approaches in the area of support to private sector development (Belgium, UK, Germany and France). A contribution analysis was used to assess the contribution of the projects to observed results. In order to come to sound findings, triangulation (cross-validation) has been used to ensure that conclusions and recommendations are based on various sources of data.

## About the Subsidy Framework migration and development

In July 2008, the then Ministers for Development Cooperation and Justice jointly issued a revision and follow-up policy note "International Migration and Development". The policy note was presented with the aim 'to draw lessons from the experience gained so far, to amend the activities accordingly and to make choices' in order to 'contribute to the development of developing countries and of the Netherlands'. The note listed six priorities:

- Increased emphasis on in the development dialogue and on development in the migration dialogue;
- Institutional development in the area of migration management;
- Promotion of circular migration/ brain gain;
- Enhance the involvement of migrant organisations;
- Enhance the relationship between remittances and development;
- Promotion of sustainable return (and reintegration).

For the implementation of projects supporting these policies, an annual migration and development budget of EUR 5 million was made available. The Ministry of Foreign Affairs published a subsidy framework for projects to be financed from this budget, which was open to proposals from migrant organisations and civil society organisations. The subsidy framework was also seen as 'seed money' aimed at fostering a sound collaboration with and active involvement of the migrant organisations. The Ministry of Foreign Affairs applied a 'central administration', being itself responsible for the implementation of the framework, and appraisal and monitoring of the projects proposed.

In the period 2011-2017 six projects (value EUR 3 million) in the area of migration and development were implemented under the subsidy arrangement:

- Voluntary Service Overseas (VSO) Kenia: “Maximizing the value of the Kenyan diaspora” in cooperation with Kenyan Diaspora Community in the Netherlands (KDCN) & African Studies Centre (ASC);
- Spark: “Circular Migration and Brain Gain”;
- Stichting the Network University (TNU) e-learning project in Sierra Leone: “E-learning for Entrepreneurship in West Africa”;
- Izere Foundation: “Capacity development and entrepreneurship in Burundi by diaspora in the Netherlands”;
- Seva Network Foundation: “Migration & Development 2011-2013”;
- Seva Network Foundation: “Migration and Development 2014-2015”;

The six projects were very heterogeneous and aimed at different objectives, had different activities and target groups focusing on either diaspora entrepreneurs and organisations, local entrepreneurs or intermediary organisations.

### Key Findings and conclusions

1. *Results vary among the six projects and countries with none of the projects fully meeting their own targets in terms of (social) businesses established (and/or expanded) and jobs created. Sustainability of about half of the businesses appears to be low, but in the case of Somaliland the programme triggered serial entrepreneurship*

The projects were ambitious in terms of outreach and businesses to be established and/ or to be expanded and jobs to be created. Overall, the heterogeneous nature of the projects is expressed by a broad variance in their achievements. The VSO project activities in Kenya were limited to strengthening of the host organisations and usually did not concern direct support to income-generating activities. The other five projects focused on the establishment of entrepreneurial and income generating activities. The projects resulted in the establishment (or expansion) of about 100 businesses by diaspora across different geographies, with tangible results in Somaliland and the Kurdistan region in Iraq. In addition, it can be assumed that the TNU project successfully supported (setting up of) 35 local enterprises, particularly small shops. It is however not possible to draw any robust conclusion since we have not been able to contact a representative number of the participants. The diversity of the (social) businesses established and expanded, which included both micro and small businesses and livelihood projects servicing a large number of households (and activities with a charity character) makes it difficult to assess employment. Overall, the results in terms of employment created appears to be limited.

A key factor for the results achieved had been the momentum for return, provided by conducive conditions for diaspora to (partly) return ( in particular in fragile states). The localised approaches of the projects in these fragile countries, including good local networks and access to decision makers were instrumental to help diaspora operate in the complex contexts of these countries. Including government as stakeholder in the project has helped to sustain the operations of two projects; Izere in Burundi and Spark in Somaliland and the Kurdistan region of Iraq.

None of the projects traced participants to monitor more long-term effects, which makes it difficult to draw conclusions about the sustainability of enterprises and jobs created. A considerable number of businesses established by diaspora was not commercially viable and has failed (with positive exceptions in the case of Somaliland). Often the duration of the support to intermediary organisations was too short to create a solid basis for sustainable results.

*2 The projects were responsive to the needs of the target groups and the developing/ fragile countries of origin, but did not sufficiently take into account the profile of the diaspora nor the poor business environment and political economy factors in the countries, nor considered conflict sensitivity.*

The VSO project addressed the needs of targeted intermediary organisations, although the importance of these organisations for SME development was not always clear. The TNU project addressed the needs of young potential entrepreneurs in a situation of high youth employment in Sierra Leone, whilst the other four projects focused at (potential) diaspora entrepreneurs. These projects (by Spark, Izere and Seva Network Foundation) had unrealistic expectations of the diaspora in terms of entrepreneurial skills, readiness to invest and the extent to which diaspora is well versed and up-to-date with the local situation and networks. Conflict sensitivity or political economy dynamics were not taken into account neither in the overall design of the diaspora entrepreneurship subsidy framework nor in the project appraisal.

*3 The pilot character of the projects, including limited experience in areas of implementation and access to finance has affected project achievements*

The limited results of the projects is partly due to the fact that all six projects were pilots. The projects were designed as one off activities (both to the financier and the implementing organisation) and did not include considerations for continuation or repetition or relied on too optimistic assumptions regarding lasting relationships between the diaspora and beneficiaries. A common feature of the projects was that the implementing organisations had limited experience in areas of implementation of projects involving diaspora and focused on enhancing entrepreneurship: to the diaspora organisations it was pilot to work on a subject matter (entrepreneurship) they were hardly familiar with, whilst for the NGOs it was new to work with diaspora (organisations). The project designs showed flaws and were underestimating the time required for producing results or the effort required to start working with diaspora organisations.

Potential entrepreneurs consider access to finance as the main constraint for establishing businesses (in their country of origin). In that sense the matching funds provided by Seva Network Foundation were a key contributing factor as they provided for risk capital and catalysed investment of own funds. In some cases, this may have had the effect of encouraging participation only to obtain the monetary advantages of the project. That is possibly reflected in the limited start-up success of the companies.

*4 Considerable variation in value added of diaspora involvement, from which lessons can be learned*

Diaspora entrepreneurs can have value added to a country's development Stakeholder perceptions in all projects show that the envisaged value added of involvement of diaspora was realised to some extent. Particularly in a fragile context social capital, remittances and investment by diaspora are indispensable as these countries hardly attract foreign direct investment. The evaluation indicates that diaspora entrepreneurs are willing to accept higher risks as compared to local, non-diaspora entrepreneurs.

Diaspora were able to bring in external perspectives, expertise and working culture 'from abroad' as well as (some) financial resources. However, the ability to combine this with the local reality can be a challenge. Building relevant business networks takes a long time and returnees often have to overcome negative perceptions. Next, there are too high expectations regarding the financial capital that diaspora may bring in. Failing to do so may lead to disappointments.

It is important to overcome the gap between diaspora's 'romantic' ideas to start a business in their country of origin and actually doing so.. In terms of continued support for diaspora, the perception of stakeholders is that existing (RVO/MFA) instruments for private sector development are in general not accommodating enough for diaspora applicants. There are no formal impediments to migrant entrepreneurs, but practical ones: the financial size of the subsidy instruments (usually too high) and the (non) eligibility of (fragile) countries of origin. Access to PSD instruments for diaspora entrepreneurs is furthermore hampered by unfamiliarity with RVO (as well as the complexity of procedures) and lack of business networks.

*5 The management of the subsidy framework was not cost efficient but functional for the collaboration between the Ministry of Foreign Affairs and the Ministry of Justice. The project implementation lacked professionalism.*

The direct management by the Ministry was not cost efficient. It involved substantial transaction costs (in terms of meetings, direct support, contracts). Alternative management options could have alleviated the workload and could have been more cost efficient, but these would have interfered with the joint activities with the Ministry of Justice and hence could have jeopardized the visibility to diaspora organisations. This visibility was important to show the ministry's intention to involve these organisations in international for a concerning migration and development. After 2013, the Ministry of Foreign Affairs considered the latter aspect of less importance.

Project implementation was not efficient if costs are concerned in relation to results in terms of the planned output and establishment of enterprises. Project management varied, but in general lacked the professionalism and efficiency of larger (international) organisations. Internal factors that played a role were: underestimation of the challenges; limited time available; relatively little experience with entrepreneurship, the support to private sector and frequent staff changes. Coherence among the projects in terms of implementation was limited. The projects were largely implemented in isolation of any other migrant entrepreneurship project carried out in the same country, often due to attending a different target group.

**Recommendations:**

Based on the main findings and conclusions the evaluation team formulated recommendations for future policy and support:

- **Diaspora target group for existing instruments**

Diaspora should be considered as a target group for the existing instruments to support international entrepreneurship, including specific outreach activities. RVO, CBI and NABC are equipped to connect and guide diaspora towards existing instruments and their role should be enhanced in terms of 'single entry point' for establishing the right connection to own or external (i.e. European) facilities

- **Longevity and complementarity of support**

Specific projects involving potential diaspora entrepreneurs or diaspora support to local entrepreneurs should include a more long-term perspective. Longevity of engagement (provision of post start-up support), is often required as development of SMEs is a process which takes considerable time. This also involves the complementarity of support provided (technical knowledge, management knowledge, market discovery, finance). Involvement of the national government (at meso and macro level) could furthermore support a more conducive environment for the entrepreneurs and support integration of the migration policy.

- **M&E and learning**

Monitoring of projects should include a kind of tracer study after the project has ended to allow for measuring of results and learning.

- **NL Diaspora Business Desk**

The desk should provide advice and guidance for diaspora entrepreneurs originating from one of the focus countries intending to do business in their country of origin. The value added to development that diaspora entrepreneurs can have is potentially substantial in fragile regions. Many of the focus countries in the Middle East, Northern Africa, Sahel and Horn and West Africa are fragile states. Important to tap into current knowledge and available networks of RVO, CBI and NABC staff and involve the embassies in the countries involved.

- **Conflict sensitivity - and political economy analysis**

The design and development phase of programmes and/ or projects, both in fragile states and developing countries, should be politically informed and astute to assess the scope for change. The early involvement of embassies to regularly do a political economy check, would allow the Ministry to make good choices regarding issues to work on and partners to work with. In the particular case of supporting diaspora in their countries of origin, donors should enhance mitigation of existing tensions between diasporas, being considered as outsiders, and local groups, avoiding preferential treatment of one group over another.

# 1 Introduction

## 1.1 Introduction to the study

In July 2008, the then Ministers for Development Cooperation and Justice jointly issued a revision and follow-up policy note “International Migration and Development”.<sup>1</sup> The note listed six priorities

- Increased emphasis on in the development dialogue and on development in the migration dialogue
- Institutional development in the area of migration management;
- Promotion of circular migration/ brain gain;
- Enhance the involvement of migrant organisations;
- Enhance the relationship between remittances and development;
- Promotion of sustainable return (and reintegration).

For the implementation of projects supporting these policies, an annual migration and development budget of EUR 5 million was made available. The Ministry published a subsidy framework for projects to be financed from this budget. In the period from 2011-2017 the Migration and Development Division of the Department for Stability and Humanitarian Aid (DSH/MO) financed six projects within the subsidy framework focusing on the involvement of the diaspora in the development of the countries of origin to promote entrepreneurship and ‘brain gain’.

In May 2018, the Ecorys/Erasmus consortium was awarded the contract to carry out the external evaluation of the six migrant entrepreneurship projects. The evaluation has the following objective:

- allowing the Minister to account to Parliament for the six projects implemented; and
- enabling the Minister to draw lessons for future decision-making on projects focusing on ‘diaspora entrepreneurs/entrepreneurship’ in fragile and development settings.

The evaluation was implemented in the period July 2018 to May 2019. This is the final report of the evaluation.

## 1.1 Approach and methodology

The project started with an inception phase of four months, which served to finalise the approach and methodology, including the development of the evaluation framework. We list the main elements of the evaluation approach below.

### 1.1.1 Evaluation framework

The research questions stipulated in the Terms of Reference (ToR) have guided the evaluation. Based on these guiding questions linked to the evaluation criteria: relevance, effectiveness, efficiency, coherence and sustainability an evaluation matrix was developed, presenting indicators and data collection methods per (sub) question. The evaluation matrix was used to systematically assess the projects and formed the basis of the data collection and analysis phase.

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<sup>1</sup> Tweede Kamer, 2007-2008, 30573, no.11. July 2008.

### *1.1.2 Data collection tools*

We have used different methods for information gathering, namely a thorough desk review, interviews and focus groups, online survey and field studies.

#### *Document and literature review*

The evaluation started with a review of relevant policy and project information. In addition, (academic) literature on the role of diaspora in private sector development in a developing/ fragile context and policy and programme documentation related to similar donor programmes and projects for Belgium, France, Germany and the UK were reviewed. The Literature study and donor reviews can be found in Volume 2 – Annex IV of the report. The reference lists are provided at the end of the studies.

#### *Interviews with stakeholders in the Netherlands, during country visits and with stakeholders in the other countries*

Interviews were held with (former) staff at the Ministry of Foreign Affairs, Ministry of Justice, and responsible staff for project implementation and other stakeholders: Cordaid, Rijksdienst voor Ondernemend Nederland (RVO) and (diaspora) beneficiaries in the Netherlands.

The country visits aimed to get a more in-depth understanding of the achievement of the different projects. The five countries of implementation were selected to include cases representing different contexts and approaches and included Sierra Leone, Burundi and Kenya (single-country projects), Ghana (targeted in all multi-country projects) and Somaliland to include one of the three focus countries of the Spark project. Given the scope of the evaluation, it was not possible to review all project activities and/ or SMEs established for the six projects. We therefore made a purposive selection taking into account successful and less successful initiatives, activities that received more support (and thus budget), different type of organisations and logistical constraints. During the five field visits, interviews and focus group discussions were held with implementing partners, (diaspora) beneficiaries and external stakeholders such as donors, the diaspora office of the different countries, chambers of commerce, SME associations and the Netherlands Embassy. In addition, the team also spoke to diaspora that met the profile, but had not been selected, in order to find out more on the organisations' selection process. At the start of the five country visits, we made an inventory of the wider context factors by country and/or project, including known factors that hinder or facilitate return and success in countries of origin including binding constraints to business creation and growth and possible fragility issues.

For the other countries targeted in the Spark and Seva projects, we made a desk review of the results received complemented by Skype/telephone interviews with implementing stakeholders, selected beneficiaries and the contact person for the Dutch embassies. Project notes for the six projects can be found in Volume 2 – Annex III

#### *Online survey*

A short e-survey was conducted among participants of the 'E-learning for Entrepreneurship in West Africa' implemented in Sierra Leone. Due to the low response rate, the e-survey was followed up by telephone interviews with non-responding participants. Resulting in 31 respondents (of the approximate 150 participants and 72 participants that received a certificate).

### *1.1.3 Analysis and reporting*

The methodological approach mainly relied on qualitative methods. Findings were triangulated and validated throughout the desk and field study, through collecting and comparing related data from different sources and crosschecking claims and identified hypotheses. A contribution analysis was

made (assessing evidence as well as identified context factors) to attribute observed changes in terms of established or grown businesses to the projects

#### **Interaction with and feedback from key stakeholders:**

On March 14<sup>th</sup>, a validation meeting was organised involving Ministry staff. During this meeting, the evaluation team shared the preliminary findings and discussed the final report. The draft inception report (version 11 April 2019) was discussed with the reference group on May 2, 2019. Comments and feedback provided during that meeting were addressed in this final report (22 May 2019). The Evaluation Team has elaborated a response sheet indicating whether and how the comments on the draft final report have been addressed in the final report.

## **1.2 Challenges and limitations of the study**

In conducting the present external evaluation, the team has been confronted with a number of challenges and limitations some of which are outlined below.

The five country visits in combination can never be fully representative for all countries of implementation, but the sample is considered sufficiently illustrative. In addition, we have reached out to stakeholders in all countries via (skype) interviews. The interviews with key stakeholders also focused on the overall project and country level. We tried to be as complete as possible by interviewing/ contacting many different stakeholders.

A further limitation is related to the possibility to contact the beneficiaries of the projects and measure development outcomes in terms of established and expanded businesses and increased employment. All projects provided limited or no follow up and did not have recent contact information for the (diaspora) beneficiaries. This has impeded contacting the beneficiaries and resulted in considerable non-response of both the participants in the TNU e-learning project as well as the two projects of Seva Network Foundation. The Netherlands Embassy in the different countries also did not prove to be good source of verification due to its limited involvement in the different projects.

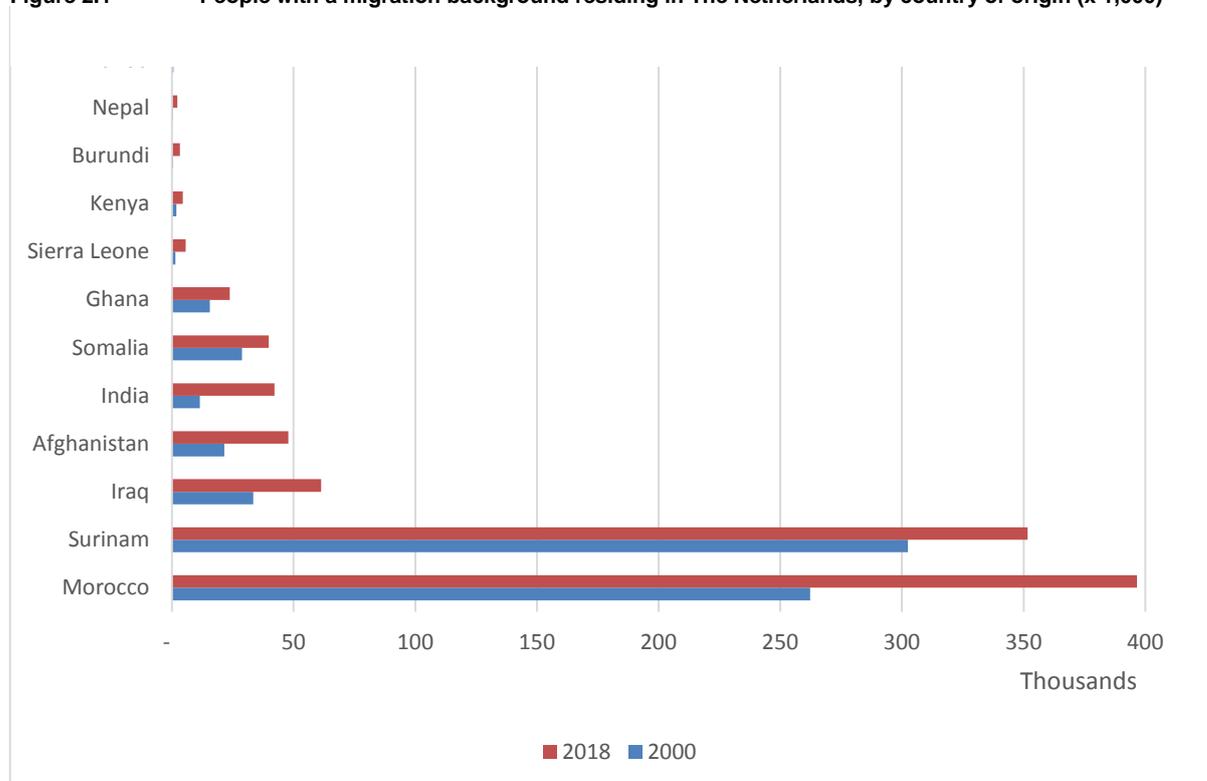
Finally, the team faced some difficulties in arranging the visits to Somaliland and Burundi. At the time of the visit to Somaliland, the Spark office in Hargeisa consisted of only one member of staff, a finance officer. In Burundi, there was much discussion with the implementing organisation on planned project visits, which eventually took place.

## 2 Dutch policy regarding migration and development and the six projects implemented

### 2.1 Diaspora community in the Netherlands and migrant organisations

The number of migrant organisations in the Netherlands is large. Most migrant organisations focus on the integration process of migrants in the Netherlands. A much smaller number of migrant organisations (diaspora organisations) are also involved in activities in the country of origin in order to support local development<sup>2</sup>. The table below provides an overview of the size of the diaspora community in the Netherlands over the period 2000-2018, linked to the countries targeted by the six projects.

**Figure 2.1** People with a migration background residing in The Netherlands, by country of origin (x 1,000)



Source: Own elaboration of figures of Statistics Netherlands

### 2.2 Dutch policy regarding migration and development

In the Netherlands, the subject “Migration and Development” has featured on the political agenda for almost five decades. During the early 1970s, the Government presented a first policy note: “Eerste Nota Buitenlandse Werknemers” to regulate labour migration. Within the broader concept of Migration and Development, the component of “migrant entrepreneurship” dates back to the same period. The idea of making use of knowledge and financial resources of migrants for socio-

<sup>2</sup> Nijenhuis, G. (2013) Migrantenorganisaties: Bruggenbouwers in ontwikkeling?, *Internationale Spectator*, 67, 3-8.

economic development of the regions of origin through the establishment of enterprises was a core concept

t of the 'Reintegration of Emigrant Manpower and the Promotion of Local Opportunities for Development (REMPLOD)'. Universities implemented this programme (1974-76) aimed at 'gaining knowledge and experience about the processes' as well as learning 'what and how to do' for future programmes.

### *Policies prior to 2008*

In 1996, the Ministry of Development Cooperation issued a note on Migration and Development, providing a conceptual reflection about the various relationships between migration and development, leading to the conclusion that 'poverty and economic imbalances may trigger migration, while – on the flipside- migration, if and when implemented in a conducive environment, may contribute to a balanced economic development'.

In 2004, the Ministers for Development Cooperation and Immigration and Integration presented a joint policy note to Parliament ("Development and Migration")<sup>3</sup> reiterating the multiple aspects of the relation between migration and development. The return and reintegration of migrants was one of the overarching objectives of the 2004 note, but at the same time, for the first time the role of migrants in the development cooperation was made explicit and ODA resources were made available to that end. The following policy priorities ('beleidsaccenten') are of importance for the present evaluation:

- An enhanced focus on migration in the relations between the Netherlands and its partner countries for development cooperation, and more attention to development in the countries of origin of migrants;
- A more direct relation and coordination of government with migrant organisations for the formulation of its development policies;
- To provide incentives for circular migration<sup>4</sup> as a strategy that combines the interest of the migrant, the country of destination and the country of origin ("a triple win situation"). This encompasses the support to civil society organisations active in the area of re-integration of migrants in their country of origin.

The progress reports sent to Parliament between 2004 and 2008 reveal that the Netherlands had become a frontrunner in the area of Development and Migration and was successful in ensuring that the subject was placed on the agenda of the European Commission.

### *Policy of 2008*

In July 2008, the then Ministers for Development Cooperation and Justice jointly issued a revision and follow-up policy note "International Migration and Development".<sup>5</sup> The policy note was presented with the aim 'to draw lessons from the experience gained so far, to amend the activities accordingly and to make choices' in order to 'contribute to the development of developing countries and of the Netherlands'. The note refers to scientific literature to underpin the statement of a growing awareness of the development potential of migrants, resulting from the remittances transferred and the input of their socio-economic competences gained in the country of (temporary) residence. The note listed six priorities:

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<sup>3</sup> Tweede Kamer, 29693, no.1. (2003/2004). See: Policy priorities on p.49.

<sup>4</sup> Circular migration is the fluid movement of people between countries, including temporary or long-term movement which may be beneficial to all involved, if occurring voluntary and linked to the labour needs of counties of origin and destination. (International Organisation for Migration). The IOM refers hence to voluntary flows and movement. In consequence, organised or strictly regulated forms of temporary (cyclical, contract) labour are not considered as circular migration, but as forms of temporary residence for study or labour.

<sup>5</sup> Tweede Kamer, 2007-2008, 30573, no.11. July 2008.

- Increased emphasis on migration in the development dialogue and on development in the migration dialogue;
- Institutional development and strengthening in the area of migration management;
- Promotion of circular migration and brain gain;
- To enhance the involvement of migrant organisations;
- To enhance the relationship between remittances and development;
- The promotion of sustainable return (and reintegration).

The fourth priority, being the involvement of migrant organisations merits further attention for the present evaluation. Government envisaged four different roles for migrant organisations:

- The involvement of migrant organisations in the definition and implementation of policies and in particular in the preparation of meetings of international fora ('consultation days'), such as the Global Forum on Migration and Development;
- The implementation of development projects by diaspora organisations;
- The strengthening of the diaspora policies in their countries of origin;
- To disseminate and inform members about the existing instruments for entrepreneurship and private sector development in their countries of origin.

Increasingly, the countries of origin also showed an interest in the diaspora (amongst others due to the flow of remittances), as well as in the opportunities offered by the Netherlands. New coordination mechanisms were created, such as the UN Global Forum for Migration, EU Rabat process with Northern African countries, the Prague Process and, more recently, the Khartoum Process involving Eastern African countries. The Ministry wanted to consult the organisations and to involve them actively, and there was also political pressure to engage diaspora both in policy development and implementation of programmes.

The fifth priority, being the relationship between remittances and development, is also of importance for the current evaluation of the six projects. The Policy Note states that the remittances may contribute structurally to purchasing power, but that there is no evidence that this benefits in particular the poorest strata in society. The policy note aims:

- to facilitate the transfers through the formal financial sector and to enhance the transparency of the transfers;
- to enhance the poverty alleviating effect of transfers by supporting development initiatives by migrants;
- to be better informed about the financial flows between (and among) countries when it comes to remittances.

For the implementation of projects, a budget of EUR 5 million was made available for development activities. Based on an amendment by Parliament (Mrs. Ferrier) an additional EUR 4 million was budgeted aimed at return activities. The government (2010) informed Parliament in its second progress report (2011) on Migration and Development<sup>6</sup> about adjustments of a few specific issues of the policy 2008, while maintaining the total budget of EUR 9 million annually. These modifications are:

- Specific attention for refugees and asylum seekers within the group of migrants, supporting the provision of shelter in the region, as well as their return to their countries of origin;
- In general, a stronger focus on encouragement of return, also among other migrants, through 'a more strategic choice of countries' for support. This implied that support would not be restricted to the (then reduced list of 15) partner countries for development cooperation, but for any

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<sup>6</sup> Tweede Kamer 2010/2011, 32605, no 2.

country where the subject of migration and development was considered relevant (for a variety of reasons) in relation to return;<sup>7</sup>

- Finalisation of the pilot circular migration, due to several problems encountered (too much a form of temporary labour migration; no free choice of the migrant; exploitation by employers).<sup>8</sup>

Note that neither the Policy Note 2008, nor the amendment in 2011 imposed any particular topic for the subsidisation for projects, nor made it an obligation that this should be in the area of entrepreneurship or private sector development. The six priorities have been analysed in the Evaluation of the Dutch policy on Migration and Development (Beleidsvaluatie van het Nederlandse Migratie- en Ontwikkelingsbeleid, Panteia).

#### *Policy of 2014*

In November 2014, the Minister for Foreign Trade and Development Cooperation presented a revision of the Migration and Development policy<sup>9</sup> aiming at enhancing efficiency and reduced fragmentation. The policy set forth that cooperation would be enhanced with countries of origin to stimulate the 'brain gain' effects of migration. Projects supporting migrants in starting a business in their countries of origin continued to be implemented. The six priorities mentioned in the policy 2008 were reduced to four, with a slightly different interpretation:

- Improved prospects of refugees and host communities in the region of origin;
- Strengthening of migration management;
- The involvement of the diaspora in the development of their countries of origin;
- The promotion of sustainable return and reintegration.

#### *Some remarks*

The policy brief in 2014 was presented during a period of large refugee and economic migrant streams to Europe. This context influenced the interpretation of the policy in 2014, as compared to the 2008 policy. The 2014 Note does not explicitly refer to the civil society and diaspora organisations in relationship to migration management and cooperation. The 'counterparts' of the dialogue and cooperation had become 'governments': the public sector. In 2014, activities in the area of entrepreneurship were no longer aimed at bridging relations between the Netherlands and the countries of origin, but rather at development 'in the region'.

It was a time in which government policies attempted to stem migration flows to Europe. Diaspora organisations were only marginally referred to. Members of diaspora organisations are usually legal migrants, and mentioning public support to diaspora organisations would have suggested governmental support to citizens that find themselves standing 'with one leg in the Netherlands and the other leg in their country of origin'.<sup>10</sup>

The relation with 'entrepreneurship' has been and remained slightly remote: the diaspora organisations were considered to be an information desk concerning the instruments put in place for support to (small) entrepreneurs that could (also) be of use to migrant entrepreneurs. The ministry applied a rather broad concept of entrepreneurship in the sense of 'undertaking something in the country of origin'. The projects did not support enterprises or entrepreneurs in the country of origin directly, but rather Dutch or local organisations supporting them. It is remarkable that none of the policy documents refer to the specific characteristics and requirements of doing business in

<sup>7</sup> Afghanistan, Algeria, Armenia, Belarus, Burundi, China, Djibouti, Democratic Republic Congo, Egypt, Eritrea, Ethiopia, Ghana, Guinea Conakry, India, Iraq, Yemen, Jordan, Kenya, Morocco, Nigeria, Pakistan, Sierra Leone, Somalia (incl. Somaliland), Sri Lanka, Syria, South Sudan, Suriname, Turkey.

<sup>8</sup> International Labour Organisation, 2009.

<sup>9</sup> Tweede Kamer 2014-2015, 30573, no. 129. November 2014.

<sup>10</sup> Interviews BuZa, September 2018.

fragile countries, whereas many migrants and refugees precisely originate from situations of fragility (in many cases the main reason to have left their country).<sup>11</sup>

#### *At present*

Similar the policy note of 2018 '*investeren in perspectief*' makes no specific mention of migration and development or diaspora organisations. Following the subsidy framework, the Ministry provided - in answer to the amendment made by Parliament<sup>12</sup> - a subsidy to the Making Africa Work project implemented by Africa in Motion (AIM) together with PUM (Project Uitgezonden Managers) which focused on bringing Dutch (diaspora) entrepreneurs in contact with local counterparts, and the recent project of PUM and the International Organisation for Migration (IOM) focusing on (potential) diaspora entrepreneurs from Ghana and Ethiopia.

### 2.3 Review of other donors' approaches

As part of the present study, the approach and experiences by Belgium, Germany, France and the United Kingdom with diaspora related programmes in the area of support to private sector development have been compared with those in the Netherlands (see for the full reviews in Volume 2, Annex V).

In 2013, the European Centre for Development Policy Management (ECDPM), together with the International Centre for Migration Policy Development (ICMPD), published a comprehensive mapping of the various European countries' policies in the field of Migration and Development.<sup>13</sup> This study has been taken as a starting point, while zooming in on those programmes and projects that deal with migration and private sector development.

#### *Migration and Development policies*

The Netherlands with policy notes on Migration and Development since 1996 (and more explicit in 2004) and was considered a front runner in that respect. Other European countries formulated policies on the subject at a later stage, mainly from 2008 onwards. The degree to which the policies on Migration and Development are embedded in, or mainstreamed with, the overall and general development policies of the four countries studied, varies.

In Belgium, M&D is not a specific priority in the Law on Development Cooperation 2013, although the budget related General Policy Notes 2017 and 2018 refer explicitly to M&D. In the United Kingdom, the 2015 Aid Strategy aims at directing more migration-related funding to fragile and conflict affected states, mainly from the perspective of 'combatting the root causes of migration', but the relation with private sector development and the involvement of diaspora to that end are at an incipient stage. In both France and moreover in Germany the mainstreaming is more explicit. The mobilisation of diasporas in France, among which a sizeable community originating from Africa, is a central element in the Ministry for Europe and Foreign Affairs M&D strategy. It is a component of the development policy which recognises the financial, technical and cultural contribution which migrants make to their countries of origin. The most explicit incorporation of M&D in the overall development policies is in Germany, where it is embedded in the overall development policy, as well as in the policies regarding international security and fragile states and those concerning the

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<sup>11</sup> Fragile countries as in the broad interpretation used by the European Union, being 'countries in a state of fragility'. In this interpretation the origin of 'fragility' is not necessarily a post-conflict situation, but can be the product of natural disasters, regional conflict, failing public sector service delivery or extreme poverty.

<sup>12</sup> Smaling/ Mulder (Kamerstuk 34 550XVII, nr 14)

<sup>13</sup> Frankenhauser, M., Knoll, A. et al (2013). Migration and Development Policies and Practices A mapping study of eleven European countries and the European Commission, ECMPD, ICMPD, Swiss Development Cooperation.

Sustainable Development Goals, including climate change.<sup>14</sup> In this view, migration policy forms the 'overarching structure' for topics such as knowledge transfer; vocational training and labour market regulation and private sector development through migration.<sup>15</sup>

#### *Management structure and responsibility for implementation*

The formal management, as well as responsibility for implementation of the policies varies widely amongst the countries. In the United Kingdom, the management rests with three entities: the Foreign and Commonwealth Office (FCO), the Department for International Development (DfID), and the UK Home Office, while DfID is the main responsible agency for implementation. In Belgium, there are three ministries for the overall management plus a Special Envoy for Asylum and Migration. The implementation of activities have been mainly delegated to the IOM. In France, the management rests with the Ministry of Foreign Affairs and in particular the special "Migration and Development Unit" under the Minister Delegate for Development. The FDA is the main implementing actor. In Germany, the management structure is with the Ministry for Cooperation (BMZ) and four other ministries, with GIZ as the main implementing organisation. A special agency for migration and development, Centre for International Migration and Development – CIM) has been created, as joint operation of the GIZ and the International Placement Service of the Federal Employment Agency.

#### *Working through diaspora organisations*

In Belgium, diaspora organisations have access to federal funds, however the likelihood that applications from individual migrant organisations lead to financial support is 'modest at best'. Diaspora organisations have better opportunities through Belgian NGO (umbrella) organisations and funding by the Regional governments. In the United Kingdom, there are some projects working with, or through, diaspora organisations, but without any particular structure. France considers its diasporas as the most diverse, active and structured in Europe and as ambassadors of France for the African continent, hence the creation of the Presidential Council for Africa in 2017. France supports diaspora organisations through the Forum of International Organizations of Migration Issues (FORIM), which represents over 700 migrant organisations. In Germany, the support to diaspora organisations, as well as working through diaspora organisations pertain to the general activities of the specialised CIM.

As a result of the increase in migrant arrivals in Europe from 2015 onwards, bilateral programmes were re-focused on tackling the root causes of forced displacement in developing regions. This is apparent in the UK and France, but as well in the other countries (including the Netherlands), implying that the portfolio of programming on M&D was increasingly focused on addressing irregular migration into Europe and migration management.

#### *Promotion of circular migration*

In the UK, cross-governmental discussions on the links between temporary and circular migration and international development efforts only started in the early 2010s and the policy did not gain much traction. In Belgium, circular migration is promoted through an ample scholarship programme (mainly for students from the Great Lakes Region) and a few bilateral projects (Morocco), but the incentive for return is mainly left to the IOM.

France considered diasporas as key partner with a political and economic role to play in their countries of origin. Since 2012 however, and although still important, France has shifted its focus to addressing root causes of migration and migration management. Germany is actively promoting circular migration as one of the key components of the CIM.

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<sup>14</sup> Source: BMZ, GIZ. Migration and Sustainable Development, 2013.

<sup>15</sup> Source: GIZ, CIM. Migration policy. 2013, p.5.

### *Diaspora and Private Sector Development*

In the UK, policies concerning migration and Private Sector Development (PSD) have hardly been developed, while in Belgium PSD within the development policies gained importance only recently. France focussed on diaspora entrepreneurship and their economic potential, but Germany is the only neighbour country that counts with explicit policies, strategies and mechanisms at macro, meso and micro level to relate migration (in a double-sided vision) to private sector development.

### *Comparing donors' policies and programmes*

Figure 2.2 below summarises the policies and programmes among by donor

**Figure 2.2 Donor comparison France, United Kingdom, Belgium and the Netherlands**

Donor comparison on diaspora-related programs					
Support to diaspora for development	France	United Kingdom	Germany	Belgium	Netherlands
Thematic focus on entrepreneurship	XX	X	XXX	X	XX
Bilateral projects	XXX	X	XX	X	X
Direct support to organisations	XXX	X	XX	X	X
Multidonor programs	XX	X	XX	XX	X
IOM/diaspora	-	XX	XX	XX	XX
Promotion of circular migration	XXX	X	XX	X	X

### *A few remarks with regards to Dutch policies on migration & development*

Among the countries studied, Germany counts with the most explicit policies, strategies and implementation methods on M&D, including the component of private sector development. It counts also with a specialised, multi-faceted implementation structure (CIM). Obviously, such a multifaceted specialised structure counts with a substantial budget (EUR 200 mln approximately).

Neighbouring countries designate a significant role to the International Organisation for Migration (IOM). Within the range of IOM programmes, the role of the diaspora is most prominently explicit in the IOM's Connecting Diaspora for Development (CD4D) programme (up to 2018 known as the [Temporary Return of Qualified Nationals](#) programme). Belgium, a country with a relatively modest budget has largely delegated the activities in the area of M&D to the IOM, and within IOM focused on a single region (Great Lakes) in order to avoid fragmentation. In the Dutch case, with a similarly small budget available as Belgium, this could have been an option for implementation. Next to IOM, other international and multinational organisations as the European Commission (the MEET programme, for example), the ILO and UNDP also have programmes, or conduct research, in relation to the role of migration and economic growth and/or employment.

Recent changes in the Dutch M&D policies are in line with the Europe-wide trend of focusing on potential migrants and addressing root causes of migration. In France however, the political and economic roles that diasporas have played in their countries of origin are historically quite different from diasporas in the Netherlands. In addition, diasporas in the Netherlands may be active, but they are not well structured, which makes it difficult to engage them in a representative manner, in both policy consultations and project implementation.

The German CIM / GIZ has produced interesting examples of successful engagement of diaspora in development activities, such working simultaneously -or sequentially- at macro, meso and micro level (hence not only at the micro level of single projects) or 'wrapping' a variety of support activities around a single organisation in order to tackle various flaws simultaneously (finance, knowledge, networks, markets) as was the case with the KGCEN (Kenyan Germany Career & Entrepreneurship Network) or the innovation hub in Addis Abeba in the Ethiopian Institute of Architecture, Building Construction and City Development

## 2.4 The six migrant entrepreneurship projects implemented

The subsidy framework published for the implementation of projects was open to proposals from migrant organisations and civil society organisations, with a subsidy component of between EUR 100,000 and 300,000<sup>16</sup>. The implementation of the framework, including appraisal was entirely managed by the Ministry of Foreign Affairs.

In total six projects in the area of migration and development were implemented under the subsidy arrangement. The projects were the result of an open application process and, as such, cannot be considered a programme in the proper sense of the term. In the report, the term programme is used to refer to synthesised findings for all six projects (as explained in section 3)

Below a short description of the six projects which are subject of the present evaluation:

*i) Voluntary Service Overseas (VSO) Kenia: "Maximizing the value of the Kenyan diaspora" in cooperation with Kenyan Diaspora Community in the Netherlands (KDCN) & African Studies Centre (ASC)*

Country	Kenya
Partners in Kenya	VSO Jitolee and its partner organisations
Duration	February 1, 2014 – February 29, 2016 <sup>17</sup>
Budget	€309,068, of which €264,687 was the contribution from the Ministry of Foreign Affairs and €44,381 the own contribution.

The project was aimed to contribute particularly to brain gain and enhancement of the role of diaspora organisations. During three months, 12 volunteer members of the Kenyan diaspora shared their expertise with host organisations in Kenya, mostly intermediary organisations. The project had the following defined objectives<sup>18</sup>:

- Enhance the potential of the Kenyan Diaspora in the Netherlands;
- Improve Dutch perception on Diaspora;
- Better understanding between Dutch NGOs and Diaspora in the Netherlands and better use of each other's knowledge, networks and skills;
- Kenyan organisations and businesses will form trade relationships with Dutch entrepreneurs;
- Cohesion of KDCN members will be enhanced. As a result, more information becomes available regarding the availability of Kenyan Diaspora to do development work in their country of heritage;

<sup>16</sup> This was changed later changed to a minimum of EUR 1 million.

<sup>17</sup> The proposed period of implementation was 1 February 2014-31 January 2016. In a letter from 18 November 2015, MFA granted VSO a budget-neutral extension of the project until 29 February 2016.

<sup>18</sup> These objectives are called expected outcomes in the project proposal's log frame.

- The academic community will be better able to monitor trends and developments within the Kenyan Diaspora in the Netherlands, thereby helping to harness the potential of migrants' contributions to Kenya's development, and improve on their social cohesion in Dutch society.

ii) *Spark: "Circular Migration and Brain Gain"*

Countries	Somalia, Iraq, Afghanistan, Surinam, Morocco and Ghana.
Duration	15 November 2013 until 30 June 2017.
Budget	€ 2.515.725, of which the contribution of the Ministry of Foreign Affairs was € 1.963.625 of which a total of 93% was spent (1.833.570).

The project was aimed at promoting circular migration and brain gain, so that migrants who live in the Netherlands increasingly contribute to development in their countries of origin. The project intended to work towards sustainability of interventions by strengthening migrant organisations from the target countries in the Netherlands as well as partner BSO's and FI's, and governments in these countries. Three results were identified:

- to strengthen the capacity and improve business services of partnering Business Support Organisations (BSO's) and financial services of partnering Financial Institutions (FI's) and relevant government institutions in target countries as well as NL partner migrant organisations;
- to increase economic development in countries of origin through supporting migrant entrepreneurs to start enterprises in the countries of origin, so creating jobs;
- to support existing migrant SMEs in NL to start a branch or sister facility or form a joint venture in their country of origin, and thus creating new jobs.

iii) *Stichting the Network University (TNU) e-learning project in Sierra Leone: "E-learning for Entrepreneurship in West Africa"*

Country	Sierra Leone
Partners in Netherlands/Sierra Leone	TNU, Migration and Development Consultancy (MD Consultancy), International Organisation for Migration Coordination (IOM) in Netherlands/Sierra Leone <sup>19</sup> and IAMTECH university
Duration	1 September 2014 – 31 August 2016
Budget	Total costs of the project were €161,437, with a subsidy by the Ministry of €145,294. MD Consultancy was to cover 10% by contributions in kind.

The project was to contribute to the 'brain gain' and improvement of migrant (organisations) involvement in the development of their country of origin through e-learning programs for entrepreneurship. The project was in the first place aimed at students and alumni of IAMTECH (prospective and recently started entrepreneurs), one of the leading Polytechnics of the country. The e-learning project was designed to provide online and off-line training through involvement of coaches (migrant entrepreneurs) in the Netherlands and IAMTECH trainers in Sierra Leone. The project's main objectives were to:

- contribute to the further development of Small and Medium-Sized Enterprises (SME) in Sierra Leone;

<sup>19</sup> Responsible for Mid-term and final evaluations.

- reduce the youth unemployment in the country; and
- strengthen the involvement of the diaspora in the development of their country of origin.”

*iv) Izere Foundation: “Capacity development and entrepreneurship in Burundi by diaspora in the Netherlands”*

Country	Burundi
Partners in the Netherlands/International partners	Izere, PUM, Stichting Wereldwijd, Alterius, Urk fisheries, Oskam Nederland, Vakschool in Cadier en Keer in Maastricht, CTB (Agence Belgique de Developpement)
Partners in Burundi	Local cooperations in Ngozi, Makamba, Gitega and Muzinda, fishermen associations in Rumonge and Nyanza Lac (Bujumbura)
Duration	1-7-2014 to 30-6-2015
Budget	€ 258.035, this included the contribution of the Ministry of Foreign Affairs € 201.850 and Izere's own contribution of € 56.185.

The Izere project was aimed at strengthening Burundi's economic development and reconciliation among Burundians. In addition, the project aimed at the voluntary return of asylum seekers and migrants. The project aimed at realising the following objectives:

- investments in new companies; and
- the temporary deployment of Burundian migrants, living in the Netherlands, as experts and thereby realising capacity building and the transfer of knowledge.

The migrant-experts are also supposed to help starting new companies. The project organisation selects feasible projects and migrants-experts and trains the migrant-experts.

*v) Seva Network Foundation: Seva Migration & Development 2011-2013*

Countries	Seva was particularly active in India, Nepal, Rwanda, Ghana, Sierra Leone, Somalia, Burundi, Bangladesh and Surinam.
Partners in the Netherlands/ International partners	Seva Network Foundation
Duration	1 July 2011 – 30 June 2014
Budget	€ 847.410, this included the contributions of the Ministry of Foreign Affairs (€ 547.410) and Wilde Ganzen and Cordaid (€ 520.000). In addition, the migrant organisations were expected to contribute matching funds.

The Seva Migration & Development 2011-2013 project was aimed at strengthening the role of migrants in the development process and poverty reduction in the countries through the promotion of circular migration, strengthening the role of migrant organisations, and enhancing the role of remittances. The project supporting migrants and their local partners in social entrepreneurship in the countries of origin through business training, trade missions and building (knowledge) networks through lectures and business clubs and provision of matching funds for development.

vi) *Seva Network Foundation: "Migration and Development 2014-2015"*

<b>Countries</b>	<b>India, Ghana, Burundi and Nepal</b>
Partners in the countries of implementation	Support for Sustainable Society (India), Royal Black Queen Finance (Ghana), Burundi Chamber of Commerce/ Industry, Friends of Sankhu (Nepal)
Duration	1 July 2014 - 31 December 2015
Budget	EUR 316.905.

The project provided a follow up to the 2011-13 project with a specific focus on four countries. Coaching activities were added to the programme.



## 3 Main findings

### 3.1 Relevance

The main research question to be answered under “Relevance” following the ToR is: Is there added value in involving the diaspora in developing the private sector in a fragile context or developing country? If so, what is that added value? In this section, we assess relevance with regard to the Dutch policy and to what extent the projects address the needs of the countries of origin and beneficiaries, including whether the characteristics and risks of fragility of the (country) context were taken into account as well as the potential value added of diaspora involvement. The box below presents the key findings for this criterion.

#### Summary of key findings for “Relevance”

- ✓ The six projects are relevant in view of the Dutch policy of 2008 (and the 2011 amendment) in their focus on promotion of circular migration and brain gain, migrant organisations and enhancing the link between remittances and development
- ✓ The projects addressed the problems of beneficiaries to some extent. The projects' design targeted a rare group of professionals: a combination of diasporas, who were both entrepreneurs, ready to invest in their countries of origin, well versed and up-to-date with the local situation and networks, understanding the context but not too driven by politics, that was hard to find.
- ✓ Adapting to the local context was difficult in all projects, an aspect neglected in the design of the projects.
- ✓ Political economy nor conflict analysis influenced the programming, but in the design and during implementation, some organisations have taken into account political economy factors in order to avoid unintentionally feeding into division between diaspora and local entrepreneurs.
- ✓ The subsidy framework was designed to tackle problems that were highly relevant to developing countries and in particular fragile states in terms of remittances, investments and knowledge and expertise. However in the implementation they have not been sufficiently sequenced or accompanied by a change in the broader change (favourable opportunity structures) neither fully 'localised' (in the sense of being built on political economy/conflict analysis)

#### 3.1.1 Relevance in view of the Dutch policy of 2008 (and the 2011 amendment)

In relation to the Dutch government policy regarding migration and development (2008), the diaspora entrepreneurship programme had a degree of relevance. The policy mentions three priorities which are relevant to the projects concerned:

- i. Promotion of circular migration and brain gain;
- ii. enhance the relationship between remittances and development;
- iii. enhance the involvement of migrant organisations;

All six projects were linked to the first priority, the promotion of circular migration and brain gain. Project were also designed around the third priority, enhancing the involvement of migrant organisations, either directly (Izere, SEVA) or indirectly (TNU, VSO and Spark). However, when it comes to the second priority, only SEVA's project was aimed at enhancing the link between remittances (and donations) and development, through the provision of matching start-up grants and loans.

### 3.1.2 Relevance for countries of origin and beneficiaries

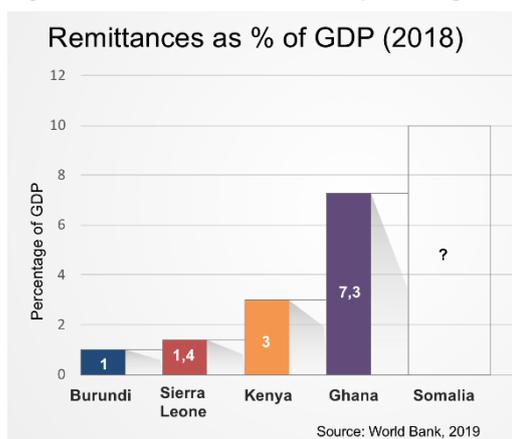
The question is whether the diaspora entrepreneurship projects were relevant to address key problems in the countries and for its intended beneficiaries. Below we describe some of the main problems of the countries concerned and mirror those with the design of the projects.

#### Low human development and poverty

The countries targeted are developing/ fragile countries, which are either classified as poor or low middle income countries. Of the targeted countries, with a total of 189 countries and territories of the 2018 Human Development Index, Ghana ranks highest, with 140, with Sierra Leone performing worse on a number of indicators, ranking 184. Burundi has among the five lowest scores in the HDI's measurement of national achievements in income, health and education. The index does not mention Somalia, but the country is performing second worst on the 2019 Fragile States Index, which includes relevant economic indicators as well.

These countries' governments are looking for partners to help eradicate poverty and improve human development. While the relative importance of official development assistance (ODA) is declining, remittances have become an important flow of external finance and a substantial share of the GDP, certainly of some fragile countries (such as in Somalia and Iraq). Since 2000, migrant remittances have globally grown more than fivefold until the mid-2010s. In this sense, the framework for the diaspora entrepreneurship projects, designed to contribute to development, was highly relevant to the countries of origin.

Figure 3.1 Remittances as percentage of GDP for countries visited



#### Lack of direct investment

Foreign investors look for a conducive business climate and other conditions, but none of the countries visited offer the whole range of conditions. In fact, the best performing country on the Ease of Doing Business Index of the World Bank, Kenya, still suffers from corruption and lack of access for to finance. On the 2019 Index, however, it has improved its ranking towards position 61, while Sierra Leone and Burundi are lagging behind, and respectively rank 163 and 161. Somalia ranks lowest of all countries, ranking 190.

Governments have increasingly viewed transnationally oriented migrants and 'diaspora' as potential investors and actors of development, because there are other factors than only the business environment that diaspora consider. Over the last two decades, home countries have deployed an assortment of strategies designed to maintain contact with their external populations. Policies on diaspora have become more prominent in developing countries, including several strategies to directly attract, engage and strengthen the relationship with the diaspora community, but its timing and pace vary greatly among the countries in the programme. Ghana created an institutional

framework for diaspora back in 2001, whereas Burundi only published its diaspora policy in 2016, and implementation, apart from some incentives, has been slow. In another fragile country, Somalia, diaspora plays a key role in the development of its more stable region, Somaliland - estimated to bring in more than one third its income<sup>20</sup> - and its government is trying to facilitate diaspora's investments as much as possible.

While the subsidy framework itself was highly relevant to developing countries, in terms of the problems which it was designed to tackle, the appraisal procedures made no mention of the degree of alignment with specific government policies in project countries assessed. It only looked at alignment with the thematic Migration & Development policies.

#### *Lack of private sector development*

It is assumed that entrepreneurship and economic development are positively linked; higher levels of entrepreneurship are positively correlated with higher levels of economic development. Even though diaspora members are often said to have characteristics (see next chapter on effectiveness) that allow them to engage in entrepreneurial activities in these countries, these do not automatically lead them to become successful entrepreneurs in their country of origin. The so-called opportunity structure, which is broader than only the business environment, is just as crucial. A strong economy, diaspora engagement policies, good governance, access to financial capital, favourable sociocultural perceptions of entrepreneurship and a critical mass of human and social capital are the most important factors for a favourable opportunity structure.

In this sense, the subsidy framework was of particular added value in fragile states. Many of these countries do not have conducive environments for doing business. In some cases, there is a negative travel advice. There are not many Dutch entrepreneurs willing to take the step, and are hesitant to take such risks. In addition, when it comes to fragile states, these are often 'donor orphans' and its private sector development is also hampered by the lack of donor funds

The evaluation found that diaspora are risk seeking as compared to local, non-diaspora entrepreneurs. As described below, on (potential) added value of support through involvement of diaspora, diasporas have more ways to spread risks. One instance is through multiple investments on multiple locations. However, risk seeking attitude does not automatically imply that these groups are successful entrepreneurs; there are many other factors that have to be in place to foster success, especially in fragile states.

In the countries visited (Burundi, Somaliland, Kenya, Ghana and Sierra Leone), favourable opportunity structures are limited. The receptivity of governments in migrant sending countries is often compromised by the extensive bureaucracy<sup>21</sup>, other institutional impediments such as corruption, the lack of experience and capabilities, lack of organisational openness to external knowledge and a perceived negative opinion (unwelcoming attitude) in the societies of migrant sending countries towards national citizens from abroad. In some cases, the authorities even slowed down or hampered the implementation of the projects. Surprisingly, none of these risks, except for financial risks, were mentioned in the subsidy framework, nor were they assessed in the appraisal of the projects.

Weak governance however is not always an impediment for diaspora who consider to return. Somaliland and the Kurdish region of Iraq have intrinsically weak governments due to the fact that they have not been recognised as countries. The weak governance in those regions did not seem

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<sup>20</sup> The 2011 National Development Plan of Somaliland estimates annual remittances from the Diaspora to be in the order of USD500 to USD 600 million

<sup>21</sup> (see Literature review, Volume 2 Annex IV),

to negatively affect the 'opportunity' which diaspora perceived to return to their countries of origin. Spark took the initiative to work with both the Somaliland authorities and the Kurdish Regional Government (KRG) authorities. In order for them to adopt a favourable approach towards the MEP programme, Spark took them on a mission to the Netherlands and other European countries. The fact that some organisations have managed to make the project work in spite of lacking opportunity structure was due to their iterative approach and stepwise learning of how things work in the context, sometimes quite late in the project, as in the case of Sierra Leone, Somaliland and the Kurdistan region in Iraq.

Also, a conducive environment can be exclusive for only certain groups of diaspora. The political economy structure can structurally enable or disable entrepreneurship for migrants. It determines not so much the extent but the nature of entrepreneurship – ranging from necessity to opportunity and innovation. The political economy on the ground crucially determines their opportunities and constraints (see section 3.1.4 on conflict sensitivity).

In conclusion the subsidy framework was relevant in the sense that it targeted diaspora willing to invest in their country of origin (Spark, Izere, Seva Network Foundation), intermediary organisations (VSO) and (potential) local entrepreneurs (TNU). The VSO project addressed the needs of the targeted intermediary organisations, although the importance of these organisations for SME development was not always clear. The TNU project addressed the needs of young potential entrepreneurs in a situation of high youth employment in Sierra Leone.

### *3.1.3 (Potential) added value of support through involvement of diaspora*

Diaspora are assumed to have an added value to development. While abroad, they have often accumulated financial resources, acquired management skills and increased their social capital in the form of new business contacts and other social relations. Whether diaspora are actually successful with their entrepreneurial activities, however, depends on various conditions: whether they have the individual attributes, whether the environment is conducive and whether they have strategic capacity. A number of assumptions against the design of the projects is tested below.

#### *Diaspora entrepreneurship fosters business development, job creation, and innovation.*

This assumption refers to substantial investment by members of the diaspora, if successful, creating jobs both directly and indirectly and spurs competition. This may lead to further innovation, businesses, and jobs. The diaspora entrepreneurship projects were designed around this assumption, with high targets in terms of number of businesses created and jobs created as in the case of Spark. In that project, due to several factors less than half of the outcome foreseen was achieved (see effectiveness section).

#### *Diasporas' direct investment creates economic, social, and political capital through global networks.*

This assumption refers to the comparative advantage in the ability of diasporas to connect with a wide range of potential partners and supporters in both their countries of origin and their countries of destination. This may create opportunities for investment and trade; foster strategic partnerships; and can facilitate the transfer of knowledge and technology from developed to developing countries. However not all beneficiaries engaged in the projects had sufficient local networks and a 'savoir faire' in the local context, such as in the Seva Network Foundation and Spark projects which engaged diaspora not originating from the country concerned. This took away the comparative advantage that 'indigenous' diaspora would have.

#### *Diaspora entrepreneurship taps into social capital through cultural and linguistic understanding.*

This assumption refers to the understanding of cultural and social norms, distinct business cultures,

and local languages; familiarity can help develop trust and thereby open up opportunities closed or unknown to other investors or entrepreneurs. Indeed, there was an underlying assumption in the design of the projects that diaspora entrepreneurs were likely to have an added value, because they are familiar with the context. In general, transnational entrepreneurs carry an “immigrant effect” in their entrepreneurial activities: “they perceive, compare and analyse opportunities and threats differently from the way in which mono-cultural entrepreneurs do”<sup>22</sup>. However adapting to the local context turned out difficult in all six projects, albeit to a varying degree (see effectiveness section). In conclusion, the projects addressed the needs of the diaspora only to some extent. The project design of the Spark, Izere and Seva Network Foundation projects targeted a rare group and nevertheless heterogeneous group of professionals: a combination of diasporas, who were entrepreneurs, ready to invest in their countries of origin, well versed and up-to-date with the local situation and networks, understanding the context but not being driven by politics. This target group was hard to find.

### *3.1.4 Political economy and conflict sensitivity*

As indicated in our proposal, political economy and conflict analysis of proposed interventions is critical in fragile states at an early stage. A recent evaluation found that project success in fragile countries depends more on 'internal design factors' than the external environment. It is therefore important to assess whether a political economy and conflict analysis influenced the programming and implementation. We structured the below chapter according to three features of conflict sensitivity, and organisations' ability to:

- understand the context in which it is operating in, in particular to understand intergroup tensions and the “divisive” issues with a potential for conflict, and the “connecting” issues with the potential to mitigate conflict and strengthen social cohesion;
- understand the interaction between its intervention and that context, and
- act upon that understanding, in order to avoid unintentionally feeding into further division, and to maximise the potential contribution to strengthen social cohesion and peace.<sup>23</sup>

#### *Understand the context*

First of all, diaspora return to a context where power and resources may be distributed in a different way that at the time when they left, be it for political-security or economic reasons. Diasporas are often defined as 'African' and 'immigrant' outsiders, while people in their country of origin may criticise them for having lost their culture, such as diasporas in Somaliland, and their understanding of local realities. They deal with negative perception after having escaped conflicts or deep economic insecurity, being condemned by those who have stayed behind – named as disloyal opportunists who escaped the hardships only to take advantage of the new opportunities when they arise. Yet in very poor countries such as Burundi, diaspora are met with high expectations and feel obliged to share their resources in order to maintain their social capital and position. One diaspora referred to this phenomenon as: 'On se suce', meaning that diaspora in Burundi are perceived as financial resources from which one may benefit.

#### *Understand the interaction between the context and the intervention*

Interventions including diaspora need to take into account where the opportunities and barriers lie, in order to make support more effective and politically feasible. As described above, there are underlying interests, incentives and institutions that enable or frustrate the change that diaspora want to bring. The political economy on the ground crucially determines the diasporas' opportunities

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<sup>22</sup> However most research is on transnational entrepreneurs with a labour or family migration background, rather than on refugees who emigrated for political reasons (see Literature review – Volume 2 Annex IV).

<sup>23</sup> From: Swiss Peace KOFF, Conflict Sensitivity Fact Sheet' or 3-step approach in Conflict Sensitivity Portal via <http://www.conflictsensitivityportal.org/3-step-approach/overview>

and constraints, which is not only the case in fragile states such as Burundi and Somaliland. This starts with the creation of bridging ties which is often considered key to succeeding as an entrepreneur. In particular, access to 'influential politicians and other 'big men' is often a prerequisite for a 'successful return'. Our findings with Izere in Burundi confirm the importance of effectively navigating patron-client networks<sup>24</sup>, while using the power of its networks to enable business opportunities.

#### *Act upon that understanding*

One of the risks when working with diaspora is the risk of bias in the selection of participants. Many diaspora have a history as refugees, having been persecuted or having fled violent conflict. As such, some diaspora are linked to political parties (e.g. Ghana and Sierra Leone) or networks in their countries of origin, either on the opposition side or pro-government, such as in the case of Izere in Burundi. In contexts such as Burundi, governments may be highly selective in their efforts to attract only those diaspora entrepreneurs, which are closely affiliated with the ruling party and share the political views of the incumbent government and discourage others fearing 'opposition'. Academic literature asserts that investment opportunities by diaspora members which are more strongly connected to opposition leaders or parties may be held back as the incumbent government could fear that these diaspora members could become actively involved in supporting or facilitating conflict at home<sup>25</sup>. Whether, in the projects, there has been a certain bias in the selection, can hardly be established in hindsight as it would have required more transparency from the side of the organisations, even before participants would have been selected. The project appraisal did not take into account the risk of bias in the selection of participants or any other aspects of political economy dynamics and conflict sensitivity into account.

The overall design of the diaspora entrepreneurship subsidy framework however did not take into account conflict sensitivity or political economy dynamics. It was not a factor in the project appraisal nor was it mentioned in any of the memo's, although it was pro-actively mentioned by Spark, an organisation which is specialised at working in post-conflict environments. It tried to mitigate the 'divisionary' effects of the intervention, as mentioned in previous paragraphs. Business Support Organisations were supposed to do this, but when this did not work, Spark instead decided to open local offices in two of the six countries.

## 3.2 Effectiveness

The main research questions to be answered under "Effectiveness" following the ToR are: To what extent have the envisaged outcomes in terms of enterprises been established and jobs created been realised? To what extent has the identified added value been realised?

The analysis of effectiveness is based on the reconstructed intervention logic for the 2008 (broad) policy (and amendments made in 2011) and the six projects (see Annex II). To bridge the gap between the Theory of Change (based on the policies by the Ministry of Foreign Affairs) and the project intervention logics, we have considered the projects as a 'programme', although formally there was no programme, just a portfolio of projects that made use of the same subsidy provision ('subsidiekader'). The intervention logics for the different projects were reconstructed based on the outputs, outcomes (and impact) as formulated in the project notes (see Volume 2 – Annex III).

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<sup>24</sup> See annex on literature review in Volume

<sup>25</sup> See Literature review – Volume 2 – Annex IV

First we look at the output, outcomes and achievements in relation to the development objectives as envisaged in the intervention logics, attention is paid to the explanatory factors and realised added value of involving diaspora. The box below summarises the key findings for effectiveness.

Summary of key findings for “Effectiveness”	
✓	Since the projects were designed with overly ambitious envisaged outputs and outcomes in terms of enterprises to be established or jobs to be created, none of the projects have fully met their objectives. This is partly due to the pilot nature of the projects that on hindsight could have benefited from a more realistic design.
✓	Achievements in terms of number of enterprises established (and/or expanded) vary among projects and countries.
✓	Overall, the heterogeneous nature of the projects is also expressed by a broad variance in their effectiveness.
✓	The momentum for return of migrants to Somaliland and the Kurdistan region of Iraq provided conducive conditions for diaspora in the Netherlands to put their plans of return into practice. This has been a key influencing factor for successful project implementation in these fragile states.
✓	In fragile states, localised approaches, including good local networks and access to decision makers seem to contribute to goodwill and -hence- better results, as evidenced by the projects implemented by Izere and Spark;
✓	Potential entrepreneurs consider access to finance as a main bottleneck for establishing businesses. For the Seva project, the matching funds provided were a key contributing factor, since the risk capital implied an incentive for investing own funds. In general, stakeholder perceptions show that the envisaged value added of involvement of diaspora was realised to some extent in all projects. Diaspora were able to bring in perspectives, expertise and working culture ‘from abroad’ and also (some) financial resources;
✓	A clear diaspora involvement was not evident in all projects (components). In terms of the outreach to (potential) diaspora entrepreneurs, the underlying assumption that there are many latent entrepreneurs among the diaspora that would be willing to (partly) re-emigrate and invest, appears to be a valid assumption to a large extent. Due to a variety of factors, however, there is a gap between latent and actual entrepreneurship.

### 3.2.1 Achievements of the projects

The six projects subject to the present evaluation have different objectives, target groups and activities. Four of the projects (Spark MEP, Izere project and the two projects implemented by Seva Network Foundation) focused particularly at support to migrant entrepreneurs to enable them to start enterprises in the countries of origin. The two other projects focused on training of local (potential) entrepreneurs (TNU) and intermediary organisations (VSO). The table below provides an overview of the different outputs per project with the planned outputs between brackets.

**Table 3.1 Actual and planned output per project**

Type of output	VSO	Spark	TNU	Izere	Seva
1. Training of/ support to (potential) diaspora entrepreneurs		165 (300)			120 (90)
2. Training of/ support to (potential) local entrepreneurs			150/72* (100)		
3. Capacity building of local intermediary organisations	14 (15)	14 (74)			
4. Trade missions				1/15** (1/****)	4/44** (4/32)

Type of output	VSO	Spark	TNU	Izere	Seva
5. Outreach to involve migrant organisations in development (lectures, presentations)	****	26 (34)			3 (4)***
6. (Matching) funds for development		60 (80)^			26 (40)****

\* number of participants and number of certificates, with 100 anticipated certificates

\*\* number of missions and number of participants

\*\*\*funds for excursions to Ministries etc. planned for the first project were used for lectures on development cooperation

\*\*\*\* no numbers reported or planned

^ number of financing proposals facilitated to FIs'.

The progress reports offer full information about the number of participants, visitors etc. however, provide less background information on the participants such as previous entrepreneurial experience, level of education, first or second generation diaspora etc.

In general the participants in the training courses provided by Spark and Seva were quite satisfied with the quality of the training provided although a number of the participants interviewed would have liked more attention for the specific country context and access to finance.

Similarly, the participants in the e-learning training for local (potential) entrepreneurs provided by the TNU project were generally quite satisfied with the different elements of the training and, in particular, the practical focus of the course which was found to be innovative. The course was aimed at high potential youth, however there were a considerable number of drop outs for several reasons, including unrealistic expectations and language issues (which can partly be explained by the ineffective selection process). For the majority of participants the coaching support by the diaspora in the same project did not materialise. Moreover feedback on the coaching support was mixed with a number of positive experiences in which the support was perceived as valuable, although at times the coaching involved a Dutch coach only. In other cases, the perceptions were negative in terms of non-response by coaches, difficulty to have a valuable exchange via internet and limited added value.

The end-term evaluation report for the VSO project indicates that the project provided an opportunity for local intermediary organisations in Kenya to interact with the Kenyan diaspora in the Netherlands. The feedback on the support provided by the volunteers was in general positive, with the exception of one volunteer that had difficulty to work in a more rural community. As part of capacity building of local services providers and government organisations, Spark organised two training missions involving government staff to the Netherlands, from Erbil in Iraq and from Somalia. In the case of Somalia, the government staff received training, during the mission and locally. This was regarded as valuable. It helped to better cater for the needs of diaspora entrepreneurs that wanted to invest in Somaliland. A spill over effect of this was rapprochement, as this mission was combined with authorities from Somalia and Puntland, which was unique in history. One unintended yet positive consequence of this activity might have been high-level rapprochement within a country that has been split for decades. In other countries these activities received less attention, In Ghana no service providers or government agency were involved in this respect.

Limited information is available to make an assessment of the trade missions and outreach to migrant organisations activities, but some organisations have benefited in terms of professionalisation such as DutchSom, the organisation for Dutch Somali's, which was engaged by Spark.

SEVA only provided matching funds in its first project. The foundation was not able to safeguard funds to support businesses to start up. The Spark Loan Guarantee Fund did not fully materialise,

although the prospect of it drew many participants in. In Somaliland, the 'Diaspora Catalyst Fund' resulted in three actual loans, which left part of the budget unspent. In KRG, SPARK also began cooperating with the Directorate of Supporting Youth Small projects, which is part of the Ministry of Labour and Social Affairs. This cooperation resulted in 50 guarantee letters provided by the Directorate, however, whether this resulted in actual loans could not be confirmed. SEVA network foundation provided matching funds to 26 businesses in its first project but achieved none in the follow up project.

Reporting on the achievement of outcomes in terms of enterprises established, jobs created etc. is more limited, partly due to the implementing organisations which stopped monitoring after the projects were ended. The intervention logic at policy/ programme level specifies three outcomes: 1) Migrant organisations (management capacities) strengthened, 2) Entrepreneurial and income generating activities (SMEs) established in countries of origin and outcome and 3. Remittances used for productive investment. Below we have combined the last two as they both focus on development of income generating activities.

#### *Outcome 1: Migrant organisations (management capacities) strengthened*

Different results are reported in this regard with only specific achievements for a limited number of migrant organisations. Participation in the project (activities) enhanced cohesion of KDCN members (VSO project), which led to the start of new initiatives for development in Kenya. Although interviews suggest that this cohesion may have only been temporary, as a result of the momentum created by the project. Members of migrant organisations/ foundations involved in the Seva projects report that the capacity of their organisation/ foundation was enhanced due to the SEVA trainings and other support activities. The Seva projects also aimed at strengthening the involvement of migrant organisation in development through the organisation of a number of lectures on the subject. The extent to which this was achieved and any related outcomes could not be established. Spark worked with a number of migrant organisations, conducting campaigns to reach the relevant diaspora communities, with whom they had not worked with previously. The intensity of the collaboration varied among the six countries. For three organisations, including those working with Kurdish and Somali organisations, a specific capacity building approach was developed. The coaching and training was particularly beneficial for DutchSom, which was able to expand its service and activities over the course of the programme, not only supporting on outreach, but also providing coaching in the Netherlands and locally, as well as support to business-to-business linkages.

Moreover, it could be argued that implementation and management of the projects themselves have strengthened the capacities of Izere Foundation and the Seva Network Foundation.

#### *Outcome 2: Entrepreneurial and income generating activities (SMEs) established in countries of origin and outcome 3. Remittances used for productive investment*

The VSO project activities in Kenya were limited to strengthening of the host organisations and usually did not concern direct support to income-generating activities. The other five projects focused more directly on the establishment of entrepreneurial and income generating activities. The achievements in a number of businesses established and expanded vary among projects and countries. Since, the project proposals were overly ambitious regarding the envisaged outcomes in terms of enterprises established or expanded, as well as the creation of employment, none of the projects actually met its own targets. This can be explained by the fact that all six projects were pilots (see also section 3.3.2). On reflection, the projects could have benefitted from a more realistic design.

The diversity of (social) business established, including small one-man companies as well as livelihood projects aimed at a large number of households and more charity activities makes it difficult to make an assessment of the employment effect. Table 3.2 below summarises the main findings per project.

**Table 3.2 Achievements related to outcome 2 per project**

Project	Achievements in terms of entrepreneurial and income generating activities
VSO project	The actual results of the activities in terms of businesses grown or employment could not be established, except some concrete indirect contribution to economic activities/employment generation such as support in marketing of a tourism facility.
TNU	The project documentation does provide information on enterprises developed or expanded as a direct result of the project as more time was needed than expected for business plans to be realised. This was partly due to difficulties in obtaining start capital in Sierra Leone. The survey and interviews among 31 participants show that in about two-third of the cases the project contributed to the growth and establishment of businesses, particularly small shops. Since we have not been able to contact a large number of the participants, it is difficult to draw any robust conclusion about the extent to which the project successfully supported (setting up of) enterprises. The employment effect however appears to be limited with one man (or very small) companies (expansions). The course also supported some participants in finding a job. Stakeholders interviewed indicated that the course helped to improve the perception on entrepreneurship among participants. In Sierra Leone, it is not common that students start a business, as most aim at finding a 'white collar' job.
Izere	Only four of the twelve originally proposed projects have been observed as operational. The five projects which are still in operation (a bakery, a school, a chicken farm and a brick plant) might become enterprises. The projects are start-ups - but whether all are commercially viable could not be confirmed, except for the bakery. According to Izere, the bakery provides work for 40 people (not verified), which would be 10 more than originally reported.
Spark MEP	The programme achieved less than half of the envisaged outcome targets and supported the creation of 71 businesses (on a target of 120). The achievements varied to a great extent across different geographies, with tangible results in only two of the six countries: Somaliland and the Kurdistan region in Iraq, in the four other countries, results were lagging with for instance only two establishments for Ghana. Following the final report, the number of jobs created is zero, but this was shortly after ending the project in 2017. The 22 companies created were not very labour intensive, with on average of 2 or 3 staff casual employment per company, apart from one company, which claimed to currently hire up to a hundred casual labour employees (see Volume 2 - project note Somaliland). This could not be verified.
SEVA	The first SEVA project resulted in funding of 26 businesses of diaspora (foundations) (in fact 21, with some entrepreneurs/ foundations setting up multiple businesses) on a target of 30) in 11 countries, with an expected 200 direct jobs. On average the project provided EUR 20,000 per business which was matched by a similar amount of own contributions. In this sense the project was effective. A number of these businesses (e.g. schools for deprived children) however are more charity projects as they have no or very limited commercial viability. The follow up project was less successful with only two businesses developed (against a target of 10). . An assessment of the achieved employment was not possible due to the varying nature of the enterprises, including support to development projects providing livelihood support (e.g. provision of pigs and cattle) to a large number of families. A number of the more 'regular' businesses only provided employment to the owner and/or a limited number of family members. Other initiatives provided employment

Project	Achievements in terms of entrepreneurial and income generating activities
	to a larger number of people, such as a micro-finance institution established in Ghana that provided direct employment to 6 staff members (although only for a period of two years) financed about 20 women-led enterprises that provided employment to at least 3 persons each.

### 3.2.2 Key influencing factors – strengths and weaknesses of the intervention logics

The literature review (Volume 2 - Annex IV) focuses among others on the assumption underlying the intervention logics. The review shows that there is little empirical evidence for significant development impact of diaspora entrepreneurs (and the diaspora more generally) on economic development in the countries of origin. For social remittances, such as skills and networks and knowledge, the empirical evidence indicates that the specific impact will depend on a variety of factors, such as the nature of the remittance itself, the target audience and relative differences between countries of residence and countries of origin. The conclusion seems to be that while diasporas may in principle be useful which is illustrated by some successful examples but that it is very difficult to generalise.

The project notes (Volume 2 – Annex III) provide an analysis of the strengths and weaknesses of the reconstructed intervention logics of the six projects and explaining factors based on our observations. This to draw conclusions on the extent to which the projects contributed to the observed achievements in terms of businesses established and grown including possible alternative explanations. Below an overview of the influencing factors identified.

Main internal factors related to the design and management of the projects:

- In terms of the outreach to (potential) diaspora entrepreneurs, the underlying assumption that there are many latent entrepreneurs <sup>26</sup> among the diaspora, and that among these entrepreneurs many would be willing to invest and (partly) re-emigrate and appears to be a valid assumption based on the observed outreach of the projects of Spark, Izere and Seva but also other projects implemented at the same time. Similarly, the findings from the literature review show that the motivations by a diaspora entrepreneur to undertake entrepreneurial activities are quite distinct, including a strong emotional motivation, as they have strong ties and connections to the people of their home country. Transnational entrepreneurs are found to carry an “immigrant effect” in their entrepreneurial activities as they perceive, compare and analyse opportunities and threats differently from the way in which mono-cultural entrepreneurs do. (See Volume 2, literature review). However, due to internal factors such as to the mismatch of countries and networks and the management set-up of the SPARK MEP and limited or no country specific support provided by SEVA, the entrepreneurs engaged in the projects were not always effectively prepared to start a business in their country of origin. Moreover much is required to overcome a common gap: between diaspora's 'romantic' ideas to start a business in their country of origin and actually starting a business;
- In terms of outreach to local (potential) entrepreneurs an important assumption of the TNU e-learning project was that lack of entrepreneurship skills is a key bottleneck for establishment of SMEs in Sierra Leone. This to some extent was a valid assumption, but lack of access to start-up financing is perceived as an even larger bottleneck preventing participants from implementing their business plan;

<sup>26</sup> These are persons who would prefer to be self-employed and who are considering seeking or are actively seeking the opportunity (Blanchflower et al. 2001:680).<sup>11</sup> In the OECD, about 25 per cent of the labour force has been found to be latent entrepreneurs (ibid.). From: Naudé, Wim (2008) : Entrepreneurship in economic development, Research Paper, UNU-WIDER, United Nations University (UNU), No. 2008/20, ISBN 978-92-9230-066-1.

- The assumptions on the ability of diaspora to operate in the specific context (of the country of origin) were too optimistic. The literature (See literature review) shows that diaspora entrepreneurs often find it difficult to reconcile the home and host country environment, but also to effectively use the hybrid identity of a diaspora member. Similar diaspora members need bonding and bridging networks to succeed in the economic environment back home. This corresponds with observations from the case studies. The 'migrant experts' participating in the Izere mission were not all used to operate in the Burundian context. This contributed to the slow implementation of the projects, some of which never materialised. Similar in the Spark programme Moroccan diaspora underestimated the reality on the ground, e.g. they experienced Morocco's formal language French as a barrier, as their French language capability was quite minimal. This misperception also relates to cases in which diaspora aimed at starting a business in another country than their country of origin and involvement of 2<sup>nd</sup> generation diaspora.
- Linked to the above a key influencing factor for the achievements of the Izere and Spark projects were their good local networks and access to decision makers to help diaspora operate in the complex contexts of their countries of origin, albeit through different approaches. of Spark did this by 'going local' in Somaliland and Erbil region Iraq, starting first with in-country activities, such as coaching and market studies, and eventually transferring the whole project to the field offices, which had an immediate effect on the outcomes in the two countries. Izere maintained very good relations with the Burundian government, which allowed the foundation to achieve outputs in spite of the very fragile situation Burundi;
- Interviews show that the matching funds provided were a key contributing factor to the establishment and growth of the businesses in the first Seva project. The matching funds provided the (social) entrepreneurs/ foundations with risk capital and motivated investment of own funds. In fact, it may have had the effect of encouraging participation only to obtain the monetary advantages of the project for some of the participants. In a number of cases, it could be argued that the contribution of the project to the establishment/ growth of the 'businesses' was in fact limited to the provision of matching funds. A number of the foundations/ entrepreneurs for instance did not participate in the training provided etc., but just submitted their business plan (for establishing or growing their business) in order to receive matching funds.

Main external factors relate to:

- A key influencing factor for the achievement of the Spark project was the momentum for return in Somaliland and the Kurdistan region of Iraq. At the start of the Spark project, both of these regions had stabilised implying an improved business environment. These conditions were conducive for diaspora in the Netherlands to implement their plans of return into practice. On the contrary, in Afghanistan in spite of much interest by diaspora, there was little momentum for return due to continued political instability. Timing was also of essence in Burundi: from 2015 the security situation worsened due to a renewed crisis, which is still ongoing. This does not provide the right environment for diaspora investment and certainly not for return. ;
- External shocks such as the outbreak of Ebola in Sierra Leone in relation to the TNU project, which effected economic growth but also internet facilities at the time.

### 3.2.3 Realised value added of involvement diaspora

In general, stakeholder perceptions show that the anticipated value added of involvement of diaspora was realised to some extent in all projects.

Diaspora were able to bring in outside perspectives, expertise and working culture. For instance, in the case of VSO in Kenya, the Dutch attitude of 'getting things done' and dual perspective as a local

and foreigner was indeed appreciated. However, the ability to combine this with the local reality can be a challenge. Building relevant networks can take a long time and returnees often have to overcome negative perceptions, such as being seen in Somaliland as 'job stealing scoundrels'<sup>27</sup>.

Above all, diaspora are expected to bring in (financial) resources. Particularly in a fragile context social capital, remittances and investment by diaspora are indispensable as confirmed by RVO and the respective embassies as these countries do not attract international entrepreneurs. In a number of the SEVA supported businesses, there were also collaborations between diaspora in the Netherlands and local (social) entrepreneurs, in which the local counterparts next to the financial resources appreciated the 'Dutch' experience in setting up an organisation.

However, in general, there are overly high expectations regarding the capital that diaspora may bring in (see also section 3.1.4 on 'conflict sensitivity'), which can lead to disappointments. In the case of the TNU project, this also led to misperceptions on the coaching support to be provided. In a number of cases, the diaspora involvement in the project (or some project components) was limited or non-existent. In the TNU project, a large number of the participants had none, or very limited contact with their coaches from the diaspora for different reasons such as the difficulty to mobilise sufficient coaches from the Sierra Leonean diaspora, or limited internet connection. In addition, the Spark project, with its Muhandis Challenge in Somaliland, and the SEVA project in India included activities supporting local entrepreneurs which hardly involved any diaspora component.

### 3.3 Efficiency

The main research questions to be answered under "Efficiency" following the ToR is: Have the projects been managed efficiently (by both the Ministry of Foreign Affairs and the beneficiaries)?

There is no single and uniform definition of the concept 'efficiency'. The OECD-DAC definition questions whether -using the same [human and financial] resources- more result (output) could have been achieved; or whether the same output could have been achieved using less resources'. Other uses refer to 'technical efficiency' or 'allocative efficiency'. When efficiency is linked to the use of public resources, 'economic' understanding of efficiency assesses whether the achievement of the results merited the additional (public) cost ('helped public resources to obtain the result [better, quicker, more]?').

In order to address the general efficiency questions information about alternatives are required, or a 'without' situation or benchmarks. These are not -or hardly- available in the case of migration and private sector development activities. The review of activities by other donors (see Volume 2 – Annex V) indicate that either underlying motivations are different (France), or the implementation structure is different (Belgium with full delegation to IOM) or the resource endowment is multiple times the Dutch financial and human ones (Germany).

The following sections attempt to address the efficiency criterion at two levels: the level of the portfolio management and the level of the individual projects and assess whether the results achieved were worth the use of public resources.

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<sup>27</sup> Hammond, L. 'Diaspora Returnees to Somaliland: Heroes of Development or Job stealing scoundrels', in: Akesson, L. and M. Baaz, 'Africa's Return Migrants', 2015.

The box below presents the key findings for this criterion.

Summary of key findings for “Efficiency”	
✓	The ministry encountered substantial transaction costs (in terms of meetings, direct support, contracts). Outsourcing (of activities such as appraisal) could have alleviated the workload to the ministry and could have been more cost efficient. However, this option would have interfered with the working relation with the Ministry of Justice and could have been at the expense of visibility to diaspora organisations and the intention to involve these in international fora. After 2013, the Ministry of Foreign Affairs considered the latter aspect of less importance.
✓	Due to the over-ambitious project proposals, implementation showed flaws in terms of the time required for internal organisation, for producing output or to deal with - local political economy factors.
✓	With some exceptions (i.e. IOM, Spark and embassy Kenya) monitoring by embassies, as well as progress reporting were not efficient instruments for portfolio management.
✓	In terms of economic efficiency, only one project (at one stage) can be considered as efficient. Four out of the six projects did not achieve the envisaged output.

### 3.3.1 Portfolio Management

The Ministry of Foreign Affairs opted for management of the Migration and Development subsidy frame by the Ministry itself (central management). This implied the communication and dissemination of the subsidy frame, the support to the elaboration of fundable proposals, the appraisal of the proposals, the reporting and financial administration and final reporting.. Alternative options could have been either outsourcing of the management (to international organisations or civil society organisations or management bureaus)<sup>28</sup> or delegation to third parties. The Ministry of Foreign Affairs<sup>29</sup> opted for central management for three reasons mainly:

- the institutional setting at the time;
- the strive for being ‘visible’ as partner to the diaspora organisations;
- the experimental and explorative nature of the envisaged set of activities.

#### The institutional setting

With the policy note 2008, a specific budget was made available to Migration and Development. The subsidy framework (*‘subsidiekader’*) consisted of ODA resources and was hence the Ministry of Foreign Affairs’ responsibility. The resources were destined for two different subjects: (a) EUR 4 million to support voluntary return to the country of origin and (b) EUR 5 million for projects in the area of private sector development. While the Ministry of Foreign Affairs was responsible for the second component (aimed at structural and societal effects), as well as over the total, the Ministry for Security and Justice (MinVenJ) implemented the first component (aimed at supporting voluntary return of individuals).<sup>30</sup> The MinVenJ programme “return of independents” (*zelfstandigen terugkeer*) is implemented through and with intermediaries. MinVenJ counted on the experience of the Ministry of Foreign Affairs to assess the reliability of these organisations and to jointly appraise their programmes. A joint committee for project appraisal of the MinVenJ portfolio was established. Outsourcing or delegation would undermine that joint approach.

<sup>28</sup> The option of outsourcing to the NGO Cordaid could have been an option: Cordaid had worked already for well over decade with diaspora organisations in the Netherlands in the context of the ‘particulier initiatief’ programme (funded by the Ministry of Foreign Affairs) and later by the European Commission (Development Education and Awareness Raising Programme - Dear).

<sup>29</sup> Various interviews Ministry of Foreign Affairs staff involved in the programme during the period 2008-2017.

<sup>30</sup> The Ministry of Security and Justice did not possess own resources for the return projects and needed ODA resources for the implementation.

### *The strive for being 'visible' as partner of the diaspora organisations*

A second argument exposed was the intention to be visible to the diaspora organisations. At a time when international coordination mechanisms either emerged or gained momentum, such as the UN Global Forum for Migration, the EU Rabat process with Northern African countries, and the African Diaspora Policy Centre, the Prague process and -more recently- the Khartoum process involving Eastern African countries, the Ministry was interested in involving diaspora organisations actively in these international fora and to make use of their knowledge to determine its position. Between 2008 and 2013, the Ministry considered diaspora organisations as a 'channel' to disseminate information. The subsidy framework was also seen as 'seed money' aimed at a sound collaboration and active involvement of the organisations. This relationship, indicated as 'induced output' is the 'soft' co-result of the output, such as the establishment of trust, personal relations and dialogue, visibility, networking, and the awareness of opportunities and threats. With the increased flow of migrants in 2013, this aim was left aside, as expressed in the 2014 policy note on Migration and Development. In practice, this implied gradually less intensive and structured contacts with diaspora organisations in the Netherlands.<sup>31</sup>

### *The experimental and explorative nature of the envisaged set of activities*

A third argument was the experimental and explorative nature of the activities, being the diaspora and private sector development. Delegation to development partners or an international organisation<sup>32</sup> was hardly an option, since few of these agents had experience in the field of migration and private sector development, except GIZ.<sup>33</sup> (Ssee Volume 2 – donor reviews Annex V). It was the Ministry's intention to learn from these pilots for future activities in the area of Migration and Development.

### **Portfolio implementation**

Initially, the idea was that organisations from the partner countries for (bilateral) development could apply for the subsidy, however sizeable diaspora communities were not coming from these countries (for example Iraq, Afghanistan, Somalia).<sup>34</sup> In coordination with the Ministry for Security and Justice, a separate list of eligible countries was elaborated. Diaspora organisations and umbrella organisations could submit proposals, but interest was modest only since private sector development was not directly among the core areas of work and experience of diaspora organisations (being human rights or charity mainly).<sup>35</sup> In addition, the subsidy framework was rather strict in its requirements about the administrative capacities of the applicants. Diaspora organisations could work together with -or through- NGOs (i.e. VSO). The number of applications remained below the ministry's expectations.

The portfolio of EUR 3 million was relatively small in financial terms and hence only few applications were appraised and approved. The subsidy ranged between EUR 100.000 – 300.000 per project, but projects could be either linked or presented as a package (Spark). Since the applicants did not have the same professional capacities as NGOs, the applications submitted did not easily meet the standards required for passing the institutional test (COCA list light) and /or the

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<sup>31</sup> The political context is that the government of the Netherlands want to keep all relations open to the governments of the countries of origin (needed for consular issues). Diaspora organisations are sometimes representations of the opposition.

<sup>32</sup> The Belgian development cooperation opted to delegate its portfolio to IOM, see Annex IV.

<sup>33</sup> In 2008, a delegation to GIZ was considered as not convenient, or 'too much', since the Ministry of Foreign Affairs had decided to delegate its entire renewable energy programme to GIZ (EnDev).

<sup>34</sup> The 2012 Evaluation *Beleidsvaluatie van het Nederlandse Migratie- en Ontwikkelingsbeleid* (Panteia) had recommended to revisit the list of eligible countries.

<sup>35</sup> Source: interviews Ministry of Foreign Affairs.

quality of the proposal (P-test). The Ministry accompanied organisations in proposal writing or coached them in the process of application.<sup>36</sup>

The embassies in the countries involved were supposed to monitor the projects (or monitoring was taken up by other organisations, such as IOM in Sierra Leone). Embassies however, argued that they were insufficiently involved, that they were not capable of monitoring the activities or simply lacked the manpower for doing so. In the case of Seva, the embassy in India monitored the activities, but in the other countries embassies did not. The embassies in Morocco, Ghana, Suriname and Afghanistan were hardly aware of the existence of the Spark projects. In contrast, the embassy in Nairobi was well informed about the Spark activities in Somalia. In Burundi, monitoring of the Izere project was carried out by the embassy, but only during the final stage.

In summary, the small portfolio implied substantial transaction costs to the Ministry of Foreign Affairs<sup>37</sup> (in terms of meetings, direct support, contracts). While delegation was not considered a feasible option in 2008, outsourcing could have alleviated the ministry's workload and could have been cost efficient.<sup>38</sup> However, there were few options for outsourcing only, while this could have had repercussions to the advisory role of the ministry of the Ministry of Justice and Security. Next, it could have been at the expense of the ministry's visibility and direct relationship with diaspora organisations. This induced output was among the main arguments used by the Ministry to opt for central management of the portfolio of projects.<sup>39</sup>

### 3.3.2 Management of the projects

The efficiency at project level is assessed by

- analysing the project proposal (how likely was it that the envisaged output could be efficiently realised?);
- the project management and as sub-component the monitoring and reporting (did sufficient capacity exist to realise the envisaged output in an efficient manner?); and
- the project implementation (the output achieved with the available resources), and some explanatory factors.

#### Project proposal

All six projects were 'pilot projects': to diaspora organisations Seva and Izere it was pilot to work with a subject matter (entrepreneurship) they were not familiar with; to Spark it was pilot to work with diaspora organisations in relation to their experience: small enterprise development in fragile countries; to VSO it was pilot to work with volunteers from the Kenya diaspora in the Netherlands and the TNU project was a pilot in the sense of working in West Africa (the previous experience was in the Balkan) and involving diaspora with a virtual reality in the area of entrepreneurship training. To all projects efficiency was not the first concern in the proposals.

The project proposals had a number of features in common that may have affected the efficiency in implementation:

- the costs of deconcentrated implementation (or fragmentation: countries; sectors) were not considered;

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<sup>36</sup> The Ministry did not consult with Cordaid that had experience with diaspora organisations and had discontinued its collaboration with Izere and Seva, due to accountability issues.

<sup>37</sup> Panteia. *Beleidsevaluatie van het Nederlandse Migratie- en Ontwikkelingsbeleid* (2012).

<sup>38</sup> In general, the Ministry of Foreign Affairs applies a fee of approximately 8% for administration and overheads in case of outsourcing.

<sup>39</sup> Source: Interviews Ministry of Foreign Affairs staff involved in the Migration and Development portfolio. The Ministry of Foreign Affairs explicitly looked for enhanced partnership and understanding (dialogue) between the public sector and diaspora organisations. The ministry made use of the organisations' input in the preparation for the UN Global Forum for Migration, the African Diaspora Policy Centre, more recently- the Khartoum process.

- political economy factors, conflict sensitivity and fragility were not -or hardly- considered and -related to that- windows of opportunity not identified;
- potential overlap (Seva, Spark, Izere, activities by IOM) or potential joint activities with other financiers (IOM, Wilde Ganzen, Cordaid) were not taken into consideration;
- None of the projects contained a section concerning future funding or exiting from external support.

The following table summarizes efficiency considerations in the proposals of the 6 projects.

**Table 3.3 Efficiency consideration in the project proposals**

Organisation	Project Proposal
Seva (India, Nepal, Rwanda, Ghana, Sierra Leone, Somalia, Burundi, Bangladesh and Surinam)	The design of the first stage did not include any activity to support organisation on the ground in the countries of origin. In the follow-up project coaching activities in four target countries were added. Since the time schedule had to be reduced from 3 to 2 years; it was too short to develop the coaching and support by the local implementing partners.
Spark (Ghana, Somaliland, Iraq, Afghanistan, Surinam, Morocco)	No track record in working with diaspora, nor experience in working in any of the target countries. Country programmes were outsourced to diaspora organisations, but the time required to build up relations and supporting the organisations was underestimated.
Izere (Burundi)	The foundation built on good networks in both the Netherlands and Burundi. The proposal neither refers to the conflict sensitivity factors nor to political economy factors that are highly relevant for Burundi.
VSO with KDCN and ASC (Kenya)	The proposal focusses at the capacity of Host Organisations. The maximum period of three months support was set arbitrarily, not based on a needs assessment. This period was shorter than the regular VSO volunteer support of 12 months. Given the budget restriction, it would have been more efficient to concentrate on less host organisations combined with a longer support period.
TNU, IAMTECH, IOM (Sierra Leone), MD Consultancy	The proposal was 'an experiment to complement IOM's Temporary Return of Qualified Nationals programme with a "virtual return". It was inefficient in the sense that it overlooked the necessity to develop an adequate selection approach.

### *Project management*

The efficiency of the project management has been assessed at two levels: the management by the diaspora or umbrella organisation (Seva Network Foundation, Spark, VSO) and the management by the implementing organisations at country level. The umbrella organisations had sufficient institutional capacity to implement the projects: Seva counted with an ample network among the diaspora organisations, being an asset for efficient project management, but was during the implementation of the follow up project in permanent search for funding, distracting the attention from the ongoing activities. Spark suffered from frequent changes in management staff, while VSO implemented its 'service' of recruiting from the Kenya diaspora for a budget that was mismatched the targets and hence at the cost of not adhering to its criteria for support to clients (a 'regular VSO-contract' is for 12 months, the Kenya support for 3 months). The Seva follow-up project was too short; the Spark management lacked experience in the countries selected and had underestimated the time required to organise itself in these countries.

Regarding the implementing organisations at country level, the heterogeneity among organisations makes it hard to generalise about management efficiency. In the case of Spark a high turnover of staff affected efficient operations, while the host organisations for the VSO programme were often hardly prepared to make use of the support offered. Izere, made use of its own external contacts, was active and had an outward looking management that contributed to the efficiency in

management. The TNU project management was efficient, although with flaws in maintaining its database of applicants and participants.

The following table summarises efficiency consideration in the project management of the 6 projects:

**Table 3.4 Efficiency considerations in project management**

Organisation	Project Management
Seva	During the follow-up project the timeframe was perceived too short to develop the coaching component and to organize in-country support by the local implementing partners. Management spent its time in search for future funding to continue the operations.
Spark (Ghana, Somaliland, Iraq, Afghanistan, Suriname, Morocco)	Spark overestimated its ability to roll-out the programme in six countries simultaneously and its capacity to use mechanisms left by the predecessor programme IntEnt for outsourcing operations in Morocco, Ghana, Suriname and Afghanistan. The programme manager changed three times in a two-year period, and organisations responsible for the country operations experienced a high staff turnover as well. In general, all projects faced time constraints. With variance by country, Spark's management efficiency was modest.
Izere (Burundi)	The project management was efficient by engaging other partners, organisations and companies that contributed to the activities either by providing advice manpower (PUM, Stichting Wereldwijd) or in kind (Urk fisheries and Oskam Nederland).
VSO with KDCN and ASC (Kenya)	Professional organisation with proper management, but with considerable overhead costs..
TNU IAMTECH, IOM (Sierra Leone, ) MD Consultancy	TNU faced difficulties in managing the involvement of the diaspora, amongst others due to the lack of access to the internet. A more in-depth and timely exchange by the diaspora coaches could not be fully realised, partly due to a lack of Sierra Leone coaches. The envisaged country specific context experience could not be delivered, hence was not efficient.

#### *Project implementation and monitoring*

Being pilot projects, implementation was focused at the exploration of the 'way how to do it' and 'trial and error'. In general, heterogeneity of both organisations and activities as well as spread over numerous countries (Spark and Seva) lead to fragmentation of efforts. For four out of the 6 projects, it can be concluded that the envisaged output was only for half (or less) of the planned ones.

The implementation of Seva was efficient in terms of financial input and output, since the investments in 26 enterprises yielded an amount in counterpart contributions that exceeded the project contributions. In the case of VSO Kenya, the financial cost per volunteer compared to the output in numbers implied a cost some 25% higher than the comparable IOM project, while the same VSO supports in its regular programme a volunteer during 12 months at the same cost (Kenya programme a period of 3 months).

Progress reports by the implementing organisations, submitted to the Ministry, were in many cases rather descriptive and hardly analytical. The reports listed activities and output, but offered limited insight in the strong and weaker points of training, or the business plans submitted, or the appraisal of these business plans. Monitoring and progress reports were hardly instrumental for learning.

The following table summarises efficiency consideration in the project implementation of the six projects:

**Table 3.5 Efficiency considerations in project implementation**

Organisation	Project Implementation
Seva (India, Nepal, Rwanda, Ghana, Sierra Leone, Somalia, Burundi, Bangladesh and Suriname) Subsidy component: 547.410 (phase I ) and 316.905 (phase II)	The activities and output were fragmented in terms of countries (11) and sectors, and kind of activities: direct business support to 26 businesses with an on average funding of EUR 20,000, but also trade missions. . The 26 companies provided EUR 20,000 each in matching funds (totalling EUR 520,000) at least equal, or even exceeding the subsidy component. The first stage of the project was cost-efficient, the second stage not.
Spark (Ghana, Somaliland, Iraq, Afghanistan, Suriname, Morocco) Subsidy component: EUR 1.963.625 (spent EUR 1.833.570)	Among the six countries proposed, Spark focused at three: Somalia, Iraq and Afghanistan, since these aligned with Spark's core business, but tangible results were registered in Somaliland and Kurdistan region in Iraq only. Spark supported the establishment of 71 businesses (on a target of 120). In two of the six countries, the programme has also provided capacity building to Business Support Organisations. Despite that, beneficiaries reached was higher than planned ( 2,095 beneficiaries as compared to 1,200 planned) and more business ideas were assessed (469 business ideas as compared to 400 in the proposal), the (almost) full project costs was used in only two countries, while half of the envisaged enterprises were established. Hence, the project implementation was not efficient.
Izere (Burundi) Subsidy component: EUR 201.850	Of the selected 12 projects, only 5 materialised. The embassy observed that the projects involved are rather charity projects, of which only one can be considered as enterprise. Since only half of the envisaged output was reached, the project cannot be considered as efficient, notwithstanding the additional input by PUM and others.
VSO with KDCN and ASC (Kenya) Subsidy component: EUR 264.687	The support went to 'facilitating' organisations, Business Support Organisations and not to individual enterprises. The budget was limited, restricting the number of volunteers and duration of support (three months) which was considered too short to support actively enterprise development. No use was made of existing experiences by the IOM Temporary Return of Qualified Nationals programme. The cost per volunteer (EUR 15-20,000) exceeds the costs of comparable volunteers in the IOM programme by some 25%.
TNU IAMTECH, IOM (Sierra Leone, Ghana), MD Consultancy Subsidy component: EUR 145.294	Basic conditions for efficient implementation were not always fulfilled (access to reliable internet; knowledge of the English language). Efficiency was further challenged by changing eligibility / selection criteria leading to unintended target groups. Finally, less than half (72) of the participants completed the learning course, less than the anticipated 100. MD Consultancy had not been able to contract sufficient coaches from the Sierra Leone diaspora leading to coaches from other nationalities. This was probably not well understood by participants: 60% of the participants never contacted the coach.

In summary, project implementation (except Seva in its first phase) was not efficient in terms of costs in relation to results in terms of the planned output and establishment of enterprises. Both internal factors (underestimation of the challenges; limited time available; relatively little experience with the support to private sector, staff changes) also external factors played a role, such as the relation to the government in the country of origin (Izere in Burundi).

Progress reports were insufficiently informative to lead to amendments or reorientations in the projects. From a management perspective, except Spark and to a lesser extent TNU, the monitoring was inefficient.

### 3.4 Coherence

The main research question to be answered under coherence following the ToR are : What is the coherence among the six projects? Is there synergy, overlap or even coherence with existing Dutch instruments, which promote investments and employment in countries of origin?

Summary of key findings for “Coherence”	
✓	Coherence among the projects in terms of implementation was limited. The projects were largely implemented in isolation of any other migrant entrepreneurship project carried out in the same country, often because of a different target group.
✓	There were no signs of incoherence between the migrant entrepreneurship projects and other projects or other initiatives implemented/financed by the Netherlands. Some projects with similar objectives were occasionally implemented by a partner of a migrant entrepreneurship project.

#### 3.4.1 Coherence among the projects

In order to assess the degree of coherence among the six migrant entrepreneurship projects, firstly a comparison is made of the projects in terms of their objectives.

**Table 3.6 Comparison of project objectives**

Migrant Entrepreneurship Projects	VSO- Kenya	Spark- MEP	TNU e- learning	Izere- Burundi	Seva Network
Objectives related to diaspora and diaspora organisations in the Netherlands: <ul style="list-style-type: none"> <li>• Improved Dutch perception on diaspora;</li> <li>• Better understanding between Dutch NGOs and diaspora;</li> <li>• Academic community better able to monitor trends and developments within Kenyan diaspora;</li> <li>• Migrant organisations strengthened.</li> </ul>	X	X			X

<p>Objectives related to organisations and the business-enabling environment in countries of origin:</p> <ul style="list-style-type: none"> <li>• Strengthening of host organisations in Kenya;</li> <li>• Business opportunities and partnerships created;</li> <li>• Government agencies, FIs and BSOs strengthened;</li> <li>• IAMTECH teachers able to teach/design e-learning courses;</li> <li>• Sustainable involvement of migrant organisations in development;</li> <li>• Improved quality of migrant initiatives;</li> <li>• Mobilisation of remittances for development.</li> </ul>	X	X	X		(X)
<p>Objectives related to entrepreneurship and SME development in countries of origin:</p> <ul style="list-style-type: none"> <li>• Migrant entrepreneurs businesses established;</li> <li>• Potential young entrepreneurs with improved skills started/ grow their own enterprise;</li> <li>• Business plans formulated by young entrepreneurs:</li> <li>• Knowledge transfer and investments by migrant experts in local Burundian companies;</li> <li>• (Social) enterprises established.</li> </ul>	(X)	X	X	(X)	X

Source: Own compilation based on project Theories of Change

The coherence among the projects in terms of their objectives was strongest as far as objectives related to entrepreneurship and SME development in the countries of origin are concerned, and weaker when considering objectives related to organisations and the business-enabling environment in countries of origin, as well as those related to diaspora and diaspora organisations in the Netherlands.

Both the Izere project and the Seva Network Foundation worked with diaspora from Burundi, but the focus of the Seva project was different from that of Izere, in the sense that Seva supported diaspora in establishing their own business, and not under the umbrella of a foundation such as Izere. Similar TNU and the Seva Network Foundation had a certain focus on Sierra Leone, but the two projects had a very different target group.

Because both the Seva Network Foundation and Spark's MEP focused on Ghanaian and Surinamese diaspora, the Ministry of Foreign Affairs tried to facilitate collaboration between both organisations, but this did not materialise. Hence, the migrant entrepreneurship projects were largely implemented in isolation of any other migrant entrepreneurship project carried out in the same country, often because of a different target group. Although there were no clear signs of incoherence between migrant entrepreneurship projects, it is clear that a lack of collaboration of implementing organisations did also not foster coherence of the approach. In the case of similar projects, such as the Seva Network Foundation and Spark's MEP.

### 3.4.2 Coherence with other Dutch instruments

Prior to 2014, there was political pressure to engage diaspora organisations both in policy development and implementation of development programmes. International coordination mechanisms had popped up, such as the UN Global Forum for Migration, EU Rabat process with Northern African countries, African Diaspora Policy Centre, and the Prague process. The Ministry wanted to consult the organisations in the Netherlands and to involve them actively. The Ministry supported most of these initiatives both at *regional and international* level. However, context

matters: in some cases the organisations could bridge relationships between the country of origin and the Netherlands, in other cases precisely not (i.e. opposition to current regimes). The year 2014 represents a kind of cut-off point in the willingness or intention to align and harmonize the portfolio with other initiatives. The then Minister for International Trade and Development expressed doubts whether diaspora organisations could act as knowledge brokers. The political decision was taken to discontinue the subsidy to diaspora organisations and not to involve them no longer in the ministerial policy definition and programmes development concerning migration issues. Working directly with diaspora organisations ceased to be an objective and hence there was no longer a deliberate search for alignment with other activities.<sup>40</sup>

In practice, part of the coordination that had started prior to 2014 continued, amongst other in relation to the Reconstruction Fund 2012-2015 (for which sound coordination mechanisms were set up with the Ministry for Security and Justice) and the Strategic Partnerships Chronic Crisis 2014-2016. These two interventions had certain thematic overlap in policy objectives in terms of the 'peace dividend component' that aims at a tangible improvement in living conditions resulting from the improvement of the rule of law (being an important component of the enabling environment for entrepreneurship and private sector development). Comparable to migrant entrepreneurship activities, the projects of the Reconstruction Fund were relatively small (in financial terms).<sup>41</sup> The establishment of the Addressing Root Causes Fund (ARC) of €125 million for the 2016-2021, opened to applications by NGOs, and deals with migration issues. The ARC Fund is aimed at tackling the root causes of armed conflict, instability and irregular migration and is open to applications from Dutch, international and local NGOs for Afghanistan, Pakistan, Jordan, Lebanon, Syria, Ethiopia, Somalia, Sudan, South Sudan, Mali, Burundi and the Democratic Republic of the Congo.

The table below gives an overview of the country coverage of the six Migrant Entrepreneurship projects and that of various Dutch programmes for PSD/PS4D. It shows in which countries there is potential overlap between migrant entrepreneurship projects and other Dutch instruments for PSD/PS4D. Obviously, for a country such as Ghana it is more likely that there is overlap – and possibly coherence – than, for example, for Iraq.

**Table 3.7 Overview of country coverage projects compared other Dutch programmes**

	Migrant Entrepreneurship Projects						PUM	PUM Making Africa Work (as of 2017)	PSI (until 2015)	DGGF Investing Dutch SMEs	PSD Apps	LEAD (as of 2016)
	1	2	3	4	5	6						
Afghanistan		X							X	X	X	
Burundi				X	X	X			X	(X)		
Ghana		X		X		X	X	X	X	X	X	
India				X		X	X			X	X	
Iraq		X							X			
Kenya	X						X	X	X	X	X	
Morocco		X					X	X	X	(X)	X	
Nepal				X			X	X	X	(X)	X	
Rwanda						X	X	X	X	(X)	X	
Sierra Leone			X			X	X	X	X	(X)		

<sup>40</sup> Interviews Ministry of Foreign Affairs, Ministry of Justice.

<sup>41</sup> Interview IOB, Ministry of Foreign Affairs.

	Migrant Entrepreneurship Projects		PUM	PUM Making Africa Work (as of 2017)	PSI (until 2015)	DGGF Investing Dutch SMEs	PSD Apps	LEAD (as of 2016)
Somalia	X		X			(X)		X
Suriname	X		X	X	X	(X)	X	

Note: Migrant Entrepreneurship Projects: 1=VSO project; 2=MEP; 3=e-learning project; 4=Seva 2014-2015; 5=Izere; and 6=Seva 2011-2013; X = programme active in country (according to aiddata); (X) = country eligible, but programme not active in country (according to aiddata).

Source: Own compilation based on data from <https://aiddata.rvo.nl> and <https://www.pum.nl/how-we-work/countries>, as well as the ToR of the present evaluation and Seva project documentation.

In a number of countries covered by the Migrant Entrepreneurship Project of Spark, there is indeed a link with RVO programmes. In both Somaliland and the Kurdistan region in Iraq, there is a synergy link between Spark's MEP and RVO, which is in contact with a number of diaspora entrepreneurs. In Somaliland, RVO had worked with a number of diaspora entrepreneurs in Hargeysa, mostly on a consultative basis. RVO's engagement with Somaliland's diaspora culminated in a mission to Somaliland undertaken in November 2018, where the agency was briefed about a possible 'Holland Hub' for entrepreneurs as a successor of the Africa House that was created with help of MEP funding. This hub is supposed to be run as a business and does not seek public funding.

In the case of Somalia, Spark has been implementing projects of the Local Employment in Africa for Development (LEAD) programme which started in 2016. The focus of LEAD "is to provide young entrepreneurs and existing SMEs with the technical skills and capacity to grow by facilitating access to markets, technical skills, and finance" and for implementation of the programme in Somalia Spark formed an alliance with the local partner Shaqodoon.<sup>42</sup> The objectives of LEAD are similar to those of the Seva and Spark projects, but a difference is that LEAD does not concern involvement of diaspora.

In Somaliland, PUM supported some of the entrepreneurs through the Africa House. This triggered requests from non-Dutch diaspora businesses such as the Ambassador Hotel (a hub for the NGO community) that requested support from PUM. PUM also provided support to a youth polytechnic that was a beneficiary of the VSO Kenya-coordinated diaspora project.

In Ghana, one of the projects financed by PSD Apps was "Growing Business Together: Growing young entrepreneurship in Ghana", which was started in August 2016 and was completed by December 2018. One component of this project was for Ghanaians residing in the Netherlands who intended to start a business in Ghana. Another component was aimed promoting entrepreneurship among young people in Ghana.<sup>43</sup> This project had some objectives which were similar to those of MEP and Seva.

The examples mentioned above indicate that there were no signs of incoherence between the migrant entrepreneurship projects and other projects or other initiatives implemented by and/financed by the Netherland. In some cases, there were projects with similar objectives which were occasionally implemented by a partner of a migrant entrepreneurship project.

<sup>42</sup> <https://www.spark-online.org/projects/local-employment-in-africa-for-development-lead/>.

<sup>43</sup> <https://www.mbc africa.org/growingbusinessstogether/>.

## 3.5 Sustainability

In line with the ToR the key questions related to sustainability are:

- Will enterprises and jobs created by the projects be sustained after the completion of the projects?
- What factors are expected to influence the continuation of created enterprises and jobs?

This section discusses the challenges of assessing the sustainability of enterprises established (or strengthened) and jobs created by the migrant entrepreneurship projects. Furthermore, it looks at the sustainability related to activities of supported organisations and whether there have been follow-up or spin-off projects or activities. The table below provides the main findings for the criterion.

Summary of key findings for “Sustainability”	
✓	In general it is difficult to give an exact picture of the sustainability of the created enterprises and employment for lack of clear figures on enterprises and jobs that have been created.
✓	A considerable number of the businesses established by diaspora (that could be contacted) seem to have failed. The case of Somaliland appears to be a positive exception.
✓	Support to intermediary organisations had mixed results. Often the duration of the support was too short to create a firm basis for sustainable results.
✓	Including governments in the project has helped sustain the operations of two organisations, Izere in Burundi and Spark in Somaliland and the Kurdistan region of Iraq.
✓	Although the projects were designed as pilot projects, they generally did not (or insufficiently) include any sustainability consideration in terms of follow up activities (or more long-term support).
✓	In some cases there were follow-up or spin-off activities or projects, sometimes involving diaspora from the countries of origin covered by the migrant entrepreneurship projects.
✓	The perception interviewed stakeholders is that access to regular PSD instruments is difficult for diaspora (organisations) and that formal barriers exist when the diaspora is not a business owner in the Netherlands.

### 3.5.1 Sustainability of the created enterprises and jobs

Challenges in assessing the sustainability of enterprises and jobs created by the migrant entrepreneurship projects are that most projects did not follow up on participants after the projects ended (or did not yield concrete results in terms of enterprises and jobs). For example, Spark's projects, assumed that there would be a high success rate because of strict selection of participants/business plans and the support being provided. Therefore, MEP's target of the number of business surviving after 3 years with turnover was 75%. However, the survival of businesses has not been monitored by Spark as no follow up was provided after the project ended. For this reason, the sustainability of created enterprises and jobs cannot be assessed on the basis of project documentation. Consequently, where relevant, the evaluation has to rely on interview (and survey) results.

In the Kenyan diaspora project, there were no concrete results in terms of created enterprises and new jobs in such enterprises. A minority of the supported host organisations had some minor income-generating activities, but it is not possible to make a good assessment of their sustainability.

For the other five projects, it is generally found that a reasonable number of businesses established in the projects failed for different reasons. One reason was the limited viability of business plans. Other reasons were lack of funding and external factors such as in the case of Sierra Leone, the Ebola crisis.

For example, in the case of Izere, four economic activities are still operational, but the commercial viability could only be ascertained for the bakery. Other established economic activities may still become commercially viable. This also holds for the brick machine, as soon as the price of a brick is determined. Entrepreneurship often requires more long-term support, especially in a fragile country such as Burundi.

In contrast, the overall finding in Somaliland is that a large proportion of the diaspora entrepreneurs who participated in MEP, either only training or those who actually registered business (22 according to report) are still in business, but many had moved on and created new enterprises, as so-called 'serial entrepreneurs'. Hence, they created a series of new businesses over the last years, and made profits through 'share companies'. The way they do that is as follows: they invest through share-company basis with individuals contributing a share of the overall costs for a business. Then they collect a share of the profits once they start to accrue. In the case of Spark's project in Ghana, only one of the two established companies still existed, although with limited viability. The training participants interviewed still have the ambition to establish a business in Ghana, however viable business plans and funding are still lacking.

In the case of Seva, only 15 businesses could be interviewed out of the 26 businesses which received a financial contribution. Seven out of these 15 companies interviewed had to stop operations (three due to the Ebola epidemic in Sierra Leone, another three because their businesses were not commercially viable and one for other reasons). Interview results indicate that some businesses/economic activities continue to exist, such as a project on pig farming in northern Rwanda and a printing office providing support and employment to former alcohol and drug addicts in Surinam.

The e-learning project in Sierra Leone had resulted in the creation of a number of small enterprises. Results of interviews with some key stakeholders and the interviews and a small survey among course participants shows that a large part of these businesses continue to exist. The course has supported the majority of the business owners involved to grow or sustain their businesses. Including governments in the projects perhaps does not guarantee the survival rate of companies, but helps on a more structural level. In the Spark project governments' buy-in helped sustain the operations and facilitated opportunities to start incubators for companies by diaspora. The missions to the Netherlands and elsewhere in Europe created much goodwill with these authorities which are not internationally recognised as state representatives. It offered Spark a license to operate in both regions, and governments played conducive roles. Participants in Somaliland still speak highly of that mission and training, which was part of capacity building activities.

In conclusion, a reasonable number of the businesses established by diaspora (that could be contacted) seems to have failed but the case of Somaliland appears to be a positive exception. Several Somali diaspora entrepreneurs who participated in MEP, either only training or those who actually registered a business continue to be in business, but often no longer in the enterprise created under MEP. A factor that appears to play a role in this is that the Somali Government does not employ much regulatory power and that this is a conducive environment to do business for risk-seeking entrepreneurs. In addition, including governments in the project has helped sustain the operations of two organisations, Izere in Burundi and Spark in Somaliland and the Kurdistan region of Iraq.

### 3.5.2 Sustainability of (activities of) supported organisations

Several volunteers in the Kenyan diaspora project coordinated by VSO had put in place some sustainability mechanisms.<sup>44</sup> However often the duration of the placement was too short to create a firm basis for sustainable results. In the case of this project, better criteria for selection of (a smaller number of) host organisations with a stronger business network and a longer placement period of volunteers would be needed to achieve more and more sustainable results.

Together with Spark, the Chamber of Commerce in Somaliland created the Somali Small and Medium Enterprise Facility (SMEF). The facility received funding from the World Bank in 2016 and is being implemented by Spark and two other implementing partners<sup>45</sup> SMEF is part of World Bank's Somali Core Economic Institutions and Opportunities (SCORE) programme and continues to exist.<sup>46</sup>

Spark's MEP project also validated the concept of business incubators to Somaliland as a solution for bringing together diaspora entrepreneurs' resources and local entrepreneurs. The Africa House, as a pilot, was supported by both the MEP project and the LEAD programme. As a successor, the diaspora entrepreneurs with Dutch nationality are planning a 'Holland Hub', (see for further information next section 3.5.4)

### 3.5.3 Follow-up/spin-off projects or activities

Spark's support to BSOs and Financial Institutions in the different countries was aimed at continuation of support activities. However effects in this respect were limited. In general, the design of the other projects did not really include an exit strategy. In most cases, it was assumed that the projects would continue or as in the case of the VSO-coordinated project, that contact between the volunteer and the organisation would remain after the project. In general, participants were often left on their own after a short intervention, as the projects of Seva, Izere and VSO illustrate.

Occasionally there were follow-up or spin-off activities or projects, sometimes involving diaspora or diaspora organisations. For example, some of the volunteers of the VSO project continue to be in contact and undertake activities with the organisation where they were placed. One of the diaspora volunteers permanently returned to Kenya and remains in contact with the Noomayianat Community Development Organization where she was placed.

Two of the supported host organisations in Kenya were youth polytechnics. Strengthening TVET is important for enhancing the link between education and the labour market and, more in general, creating better conditions for private sector development. In this sense, an activity that was somehow related to the diaspora project coordinated by VSO was the Holland Pavilion TVET conference held in 2017, to discuss issues regarding the TVET sector in Kenya (such as lack of practical skills), with the aim of improving the enabling environment for business.<sup>47</sup> This activity was financed by PSD Apps.

In Sierra Leone, it was the intention of the e-learning project partners to use the experience to expand the project after the first two years to other English-speaking countries in Africa. The project

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<sup>44</sup> An example mentioned by one interviewed stakeholder is "we were able to create good partnerships with other organisations, also with the Ministry of Foreign Affairs in terms of diaspora issues".

<sup>45</sup> <https://www.spark-online.org/somalia-connecting-smes-to-new-business-services/>

<sup>46</sup> <https://somalijobs.net/index.php/jobs/terms-of-reference-small-and-medium-enterprise-facility/> and <https://www.bdo.co.uk/getmedia/ee6f974a-8398-461c-a1ee-f34d265f6784/3-IPG-Promoting-SME-development-Brochure-2017.pdf.aspx?ext=.pdf&disposition=attachment>.

<sup>47</sup> [https://unevoc.unesco.org/network/up/HOTF\\_Final\\_Report.pdf](https://unevoc.unesco.org/network/up/HOTF_Final_Report.pdf).

provided valuable lessons, but did not result in follow-up projects in other countries. Also IAMTECH did not continue with the trainings. However the e-learning project supported the establishment of the SEP Entrepreneurship and Innovation LABS, an entrepreneurship incubator for young people based at IAMTECH that to some extent has continued training and exchange on entrepreneurship.

Africa in Motion (AIM) was one of the partners within the Spark project. AIM supported Spark in finding Dutch companies and diaspora who wanted to establish a business in Ghana. According to AIM, contacts made during the Spark project and lessons learned supported the Making Africa Work project in which it partnered with PUM. A recent initiative combining efforts from PUM and IOM funded by the Ministry (DDE) will focus on the diaspora from Ghana and Ethiopia as well.

The MEP project validated the concept of business incubators to Somaliland as a solution for bringing together diaspora entrepreneurs' resources and local entrepreneurs. Business incubator 'Africa House' had been created under this project and continued to be directly supported by Spark within the Local Employment in Africa for Development (LEAD) programme, financed by the Ministry of Foreign Affairs (DDE). In 2018, the Africa House ceased operations due to operational challenges and the staff moved onto other employment, but a number of new incubators were created. As a successor, the diaspora entrepreneurs with Dutch nationality are planning a 'Holland Hub', which is now physically being built in Hargeysa; the construction site was visited by the evaluation team. This hub is supposed to be run as a business and does not seek public funding. The Africa House also served as a model for other incubators: Irise in Mogadishu and Hargeysa Digital, supported by Shaqoodoon, the LEAD local partner of Spark.

In conclusion, there were some follow-up or spin-off activities or projects, but not always involving diaspora from the countries of origin covered by the migrant entrepreneurship projects.

#### *3.5.4 Continuation of support for diaspora (organisations)*

In the case of project of Izere, one of the assumptions was that the follow-up funding which was needed would be obtained. This has been provided in the form of donations, from Triodos and Wilde Ganzen, but also, and mainly, from private donations from the Netherlands. Today's continuity of the above-mentioned economic activities is feasible because of the foundation's income from some other projects as well as charity donations from church communities in the Netherlands and beyond. It is difficult, however, to speak of genuine sustainability in this case. Similar Seva Network Foundation did receive any additional funding. After the end of phase 2 of the project, Seva stopped all activities.

Whereas RVO had engagement with Somaliland's diaspora, the perception of the diaspora but also RVO staff is that regular (RVO/MFA) instruments are, in general, not accommodating for diaspora. The Ministry states that these programmes are open and accessible to diasporas, but diasporas are not a specific target group. Although RVO does have activities with migrant organisations, there are no special RVO facilities aimed at diaspora entrepreneurs. There are no formal impediments to migrant entrepreneurs, but practical ones: the financial size of the subsidy instruments and the (non) eligibility of countries of origin (e.g. Somalia, Syria). Access to PSD instruments for diaspora entrepreneurs is furthermore hampered by unfamiliarity with RVO (procedures) and lack of network.

Programmes that could (potentially) be accessed by diaspora (but not by diaspora who are not a business owner in the Netherlands) are Starters International Business (for coaching, missions and knowledge development); DHI (for demonstration projects, feasibility studies and small innovative investments); financing programmes for SMEs, such as the DGGF that recently added a

component for start-up (business history less than 3 years) and coaches for PSD and Business Development (trade).

## 4 Conclusions and recommendations

### 4.1 Conclusions

Based on the analysis in Chapter 3, the conclusions of the evaluation are as follows:

#### *Conclusions on relevance*

The six projects implemented under the subsidy framework were relevant in view of the 2008 policy note (and 2011 amendment) in their focus on promotion of circular migration and brain gain, migrant organisations and enhancing the link between remittances and development

The subsidy framework was designed to tackle problems that were highly relevant to developing countries and in particular fragile states in terms of remittances, investments and knowledge and expertise. However the design of the projects did not sufficiently take into account the overall poor business environments, political economy factors and conflict sensitivity where applied. These elements were not specific criteria in the project appraisal, although their relevance was highlighted by Spark, an organisation that specializes in development in post-conflict environments.

The projects were found to be relevant to address the needs of beneficiaries. The VSO project addressed the needs of the targeted intermediary organisations, although the importance of these organisations for SME development was not always clear. The TNU project focused at young potential entrepreneurs in a situation of high youth employment in Sierra Leone. The projects (by Spark, Izere and Seva Network Foundation) targeting diaspora, addressed the needs of beneficiaries although the design was largely aimed at diaspora meeting a range of characteristics such as entrepreneurial skills, ready to invest in their countries of origin, well versed and up-to-date with the local situation and networks, understanding the context but not driven by politics. Arguably, there was a gap between design and practice as not many diasporas fitted this profile. The projects did particularly target first generation diaspora but also involved second generation migrants.

#### *Conclusions on effectiveness and sustainability*

The achievements vary among projects and countries, reflecting the heterogeneous nature of the six projects. The projects aimed high in terms of businesses to be established and/ or to be expanded and jobs to be created, although only one of the projects eventually achieved its targets. This was due to the pilot nature of the projects that, on hindsight, could have benefited from having less ambitious designs.

The diversity of the (social) businesses established and expanded, which included both micro and small businesses and livelihood projects servicing a large number of households (and activities with a charity character) makes it difficult to assess the employment impact. Overall, the results in terms of employment created appears to be limited, with some exceptions, such as in Somaliland.

The momentum for return, which provided conducive conditions for diaspora to put their plans of return into practice has been a key influencing factor, and in particular in fragile states. Localised approaches in these fragile countries have contributed to better results. Izere and Spark through different approaches, managed to support the establishment of a considerable number of businesses/ and or income generating projects because of their good access to decision makers and local networks. This was instrumental to help diaspora operate in the complex contexts of their countries of origin.

Potential entrepreneurs consider access to finance as the main bottleneck for establishing businesses (in their country of origin). Matching funds were a key contributing factor in the sense that they provided for risk capital and catalysed investment of own funds. In some cases, this may have had the effect of encouraging participation only to obtain the monetary advantages of the project that is possibly reflected in the limited start-up success of the companies.

In general, stakeholder perceptions show that the envisaged value added of involvement of diaspora was realised in all projects. Diaspora were able to bring in outside perspectives, expertise and working culture 'from abroad' and (some) financial resources. Not all projects (components) had a clear diaspora involvement

Challenges in assessing the sustainability of enterprises and jobs are that the projects did not follow up on participants after the projects ended. Having observed that a considerable number of businesses established by diaspora members seem to have failed (with positive exceptions in the case of Somaliland), the conclusion is that sustainability of these enterprises was low.

An explaining factor is that in most cases the projects were designed as one off activities (both to the financier and the intermediating organisation), and did not include any sustainability consideration in terms of follow up activities (or more long-term support). Also in cases the projects relied on a too optimistic assumption on long lasting relationships between the diaspora and beneficiaries or the local business community, in the country of origin.

In the Spark project the inclusion of government in two of the countries helped on a structural level to support a more conducive environment.

In terms of continued support for diaspora, the perception of stakeholders is that regular (RVO/MFA) instruments are in general not accommodating enough. These programmes are open and accessible to diaspora, but diaspora are not a specific target group. Formal barriers exist when diaspora members are not a business owner in the Netherlands.

#### *Conclusions on efficiency and coherence*

The portfolio of EUR 3 million managed directly by the Ministry was relatively small. The 2012 Policy Evaluation had concluded that the portfolio contained an array of activities that required a substantial workload from the Ministry of Foreign Affairs. The management burden to the ministry was high with substantial transaction costs (in terms of meetings, direct support, contracts). The direct implementation by the Ministry of Foreign Affairs was not efficient in terms of costs in relation to the results, but at the time, there were hardly alternative management options (outsourcing, delegation) available, since the subject of migration and private sector development was relatively new on the international agenda. In addition, the joint management activities with the Ministry for Justice and Security required a direct involvement of the Ministry of Foreign Affairs.

A common feature of the projects is that the implementing organisations had limited experience in areas of implementation. Seva had experience with diaspora organisations, but hardly with private sector development, while Spark had experience with private sector development in fragile countries, but not with the involvement of diaspora organisations, nor in any of the countries of the project, they had proposed. The organisations assumed that the(se) additional factor(s) would not make a significant difference.

There were a number of flaws in the project designs, in particular underestimating how much time is required to produce results and to start working with diaspora organisations or working in a country in which the organisation had no prior experience. Project management varied as well, but

in general lacked the professionalism of larger (international) NGOs. This is expressed by progress reports that lacked (with some exceptions) analysis for improvement. In Spark, the management suffered from frequent changes in staff. In terms of economic efficiency, only one project (at one stage) was considered as efficient.

Coherence among the projects in terms of implementation was limited. The projects were implemented in isolation of any other migrant entrepreneurship projects carried out in the same country, often because a different group was targeted. There were no signs of incoherence between the migrant entrepreneurship projects and other projects or other initiatives implemented/financed by the Netherlands. A partner of a migrant entrepreneurship project occasionally implemented some projects with similar objectives.

## 4.2 Recommendations

In this section, the recommendations for future policy and support are presented, based on the main findings and distilled lessons. The literature review and comparison with the donor programmes of other countries (Volume 2 - annex IV and V) have further informed our recommendations below.

### **Better access diaspora to existing instruments**

Findings from the evaluation show that diasporas can have value added to a country's development as an entrepreneur. The underlying assumption is that there are among the diaspora many latent entrepreneurs willing to invest in their country of origin. This assumption appears to be valid to a large extent.

*Recommendation 1:* The results of the subsidy framework (and its projects) do not provide a basis for a similar follow up programme.

*Recommendation 2:* Diaspora should be considered as a target group for the existing instruments to support international entrepreneurship, including specific outreach activities. Currently, there are advisors within RVO and CBI who have networks in diaspora communities (sometimes being diaspora themselves) and organise events that are appreciated by diaspora entrepreneurs. The Netherlands Africa Business Council (NABC) fulfilled a similar role for African diaspora entrepreneurs. These organisations are equipped to connect diaspora to existing instruments for private sector development; their role could be enhanced in terms of 'single entry point' for establishing the right connection to own or external (i.e. European) facilities

*Recommendation 3:* Various existing private sector support programmes make use of so-named staged approaches (i.e. DHI), (or 'a train' in RVO vocabulary). Existing programmes could be used as sequential support mechanisms for diaspora if and when these are equipped to that end, by -for example- opening the facility to (fragile) countries of origin, or amending the minimum amount of support. For example: after a TA programme (PUM, Coach) a demonstration project or participation in a trade fare (the D of DHI) followed by a feasibility study (the H of DHI), as well as connecting the diaspora entrepreneur to Atradius facilities or providing guarantees with commercial banks (European programme) for suppliers credit and the like.

### **Longevity and complementarity of support**

*Recommendation 4:* Specific projects subsidised by the Ministry, such as the two initiatives implemented by PUM, involving potential diaspora entrepreneurs or diaspora support to local entrepreneurs should include a longer-term perspective. Longevity of engagement (provision of post start-up support), is often required as development of SMEs is a process which takes

considerable time. This needs a different overall design and approach to avoid moral hazards<sup>48</sup>. Post start-up support can include different activities such as mentoring, coaching and networking but also access to finance might be an important element.

*Recommendation 5:* Complementarity (technical knowledge, management knowledge, market discovery, finance) is crucial, as provided by for example the German government. The German programmes include the national and local governments to improve the enabling environment, to influence the policies and to make procedures conducive for the entrepreneurs and support integration of the migration policy into the broad national development plans, sector policy plans and programmes. For example, the Spark project engagement of authorities was much appreciated and created goodwill, which was beneficial to the project.

### **M&E and learning**

*Recommendation 6:* Monitoring of projects should include a kind of tracer study (for instance one year with possible later follow up) after the project has ended to allow for measuring of results and learning.

### **NL Diaspora Business Desk**

As evidenced by this evaluation, migrant and diaspora entrepreneurs are focused on their country of origin were willing to assume higher risks and willing to invest in fragile countries. However diaspora who effectively put their intentions in practice are rare. The value added to development that diaspora entrepreneurs can have is potentially substantial in fragile regions, which can be migrant sending countries or countries offering shelter for refugees. Many of the *focus countries* in the Middle East, Northern Africa, Sahel and Horn and West Africa are fragile states.

*Recommendation 7:* The creation of a website and special desk for diaspora entrepreneurs residing in the Netherlands who want to invest in their countries of origin could help enhance involvement by diaspora entrepreneurs. The desk should provide advice and guidance for diaspora entrepreneurs originating from one of the focus countries intending to start a business in their country of origin. Important to tap into current knowledge and available networks of RVO, CBI and NABC staff.

*Recommendation 8:* Involvement of embassies would support a localised approach and a better account of political economy dynamics and conflict sensitivity.

### **Conflict sensitivity - and political economy analysis**

The importance of assessing a project's conflict sensitivity and doing a political economy analysis cannot be underestimated. In the particular case of supporting diaspora in their countries of origin, donors should enhance mitigation of existing tensions between diasporas (being considered as outsiders) and local groups, avoiding preferential treatment of one group over another.

Donors need to apply a political lens when working with diaspora. In post-conflict countries such as Burundi, governments may be highly selective in their efforts to attract a certain type of diaspora - those who are closely affiliated with the ruling party and share the political views of the incumbent government and discourage others, fearing 'opposition'.

*Recommendation 9:* The design and development phase of project/ programmes, both in fragile states and developing countries, should be politically informed and astute to assess the scope for change.

*Recommendation 10:* The early involvement of embassies to regularly do a political economy check would allow the Ministry to make better choices regarding issues to work on and partners to work with.

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<sup>48</sup> I.e. if entrepreneurs know they will get long-term support from donors, why would they make effort to become more productive, competitive?

# Annex I Evaluation Matrix

Criteria/ elements	Indicators	Main methods	Information sources
<b>Relevance:</b> <i>Is there added value in involving the diaspora in developing the private sector in a fragile context/developing country? If so, what is that added value?</i>			
Need for PSD support-projects involving diaspora implemented in a fragile context/ developing country.	Whether PSD project involving diaspora address key problems for the country, beneficiaries	<ul style="list-style-type: none"> <li>Context analysis;</li> <li>Stakeholder mapping and analysis;</li> <li>Desk study;</li> <li>Country case studies.</li> </ul>	<ul style="list-style-type: none"> <li>Literature on fragile context/ developing countries and PSD;</li> <li>Policy and project documentation (e.g. 2008 Policy and 2011 amendment; project proposals; Bemo's; Coca light documents);</li> </ul>
(Potential) added value of support through involvement of diaspora provided to the target groups, including women and youth, compared to alternative Dutch instruments not (necessarily) involving diaspora.	<ul style="list-style-type: none"> <li>Key stakeholder perception of the (potential) added value of involvement of diaspora in addressing problems (such as limited know-how and lack of access to finance);</li> <li>Whether other instruments (not involving diaspora) with similar expected effects could be identified;</li> </ul>	<ul style="list-style-type: none"> <li>ToC analysis;</li> <li>Desk study;</li> <li>Country case studies.</li> </ul>	<ul style="list-style-type: none"> <li>2012 policy evaluation and project evaluations;</li> <li>Documents (analysis) of similar projects;</li> <li>Interviews and FGD with project staff/beneficiaries and external stakeholders.</li> </ul>
Extent to which characteristics and risks of fragility of (country) context taken into account. Has the intervention been flexible adapted to update analyses over time? In light of the conflict analysis, is the intervention working on the right issues? What is the relevance of the intervention as perceived by stakeholders and external observers?	<ul style="list-style-type: none"> <li>Whether the intervention is based on a conflict-sensitivity analysis (reflected in design/implementation of the situation of conflict and fragility);</li> <li>Whether an identification is made of the characteristics and risks of fragility in the context analysis, at the micro level and broader level. And rigidity of the risk analysis e.g. including mitigating measures;</li> <li>Whether projects are coordinated with other implementing organisations in terms of relevance and risks;</li> <li>Whether the relationship between diaspora groups and government has been</li> </ul>	<ul style="list-style-type: none"> <li>Desk study;</li> <li>Country case studies;</li> </ul>	<ul style="list-style-type: none"> <li>Literature on fragile context/ developing countries and PSD;</li> <li>project proposals;</li> <li>Mid-term and end evaluations;</li> <li>Interviews project management, beneficiaries and external stakeholders, including RNE</li> </ul>

Criteria/ elements	Indicators	Main methods	Information sources
	<p>analysed and/or influenced practice at the level of selection and support.</p> <ul style="list-style-type: none"> <li>• Whether there is room for risk mitigation and conflict prevention during the implementation of the projects;</li> <li>• Whether local needs and priorities (of most vulnerable population) are taken into account;</li> <li>• - Whether the principle of "do no harm" is taken into account;</li> <li>• Whether taking into account regional disparities;</li> <li>• Alignment with government priorities (in view of the assumed 'brain gain' effects of migration.</li> </ul>		
<b>Effectiveness:</b> <i>To what extent have the envisaged outcomes been realised? To what extent has the identified added value been realised?</i>			
Were envisaged project results at outcome level realised?	Realised project outcomes (as included in the intervention logics).	<ul style="list-style-type: none"> <li>• Desk study;</li> <li>• Country case studies;</li> <li>• Survey.</li> </ul>	<ul style="list-style-type: none"> <li>• Project documentation;</li> <li>• M&amp;E reports;</li> <li>• Interviews with beneficiaries, training participants, implementing partners etc.</li> </ul>
How many (women/youth-led) enterprises have been established as result of the projects?	<ul style="list-style-type: none"> <li>• # SMEs established;</li> <li>• # SMEs strengthened;</li> <li>• Disaggregated for M/F and youth</li> </ul>		<ul style="list-style-type: none"> <li>• Project documentation;</li> <li>• M&amp;E reports;</li> <li>• Interviews.</li> </ul>
Job creation (disaggregated).	# jobs realised (FTE not making a distinction formal/informal) youth/female # indirect jobs		<ul style="list-style-type: none"> <li>• Project documentation;</li> <li>• M&amp;E reports;</li> <li>• Interviews.</li> </ul>
Market distortion linked to the projects.	<p>Have competitors been unfairly (as result of the support) competed out of business?</p> <ul style="list-style-type: none"> <li>• Reported occurrences of jobs lost;</li> <li>• Number of enterprises discontinued.</li> </ul>		Interviews (field visit).
Spill-over effects.	Perceptions from stakeholders in terms of additional supply lines for input; additional channels		<ul style="list-style-type: none"> <li>• Interviews (field visit);</li> <li>• Interviews implementing organisations;</li> <li>• Evaluation reports</li> </ul>

Criteria/ elements	Indicators	Main methods	Information sources
	for output and products; repeat effect.		
Value added of involving the community in diaspora.	Evidence of realised value added of involvement diaspora (financial resources, knowledge, networks).		<ul style="list-style-type: none"> <li>Interviews in NL and target countries among diaspora (organisations), beneficiaries, implementing organisations and government;<sup>49</sup>external stakeholders</li> <li>Evaluation reports.</li> </ul>
What have been the main influencing factors.	Factors contributing to success and acting as hindrances.	Context analysis; inventory binding constraints.	Idem.
<b>Efficiency:</b> Have the projects been managed efficiently? To what extent did the projects align with the context in the area of implementation, inter alia other relevant initiatives in the field?			
Management (by beneficiaries and Ministry).	<ul style="list-style-type: none"> <li>Whether lesson 2012 evaluation have been included</li> <li>Comparison of costs with costs other programmes/ projects</li> <li>Quality and adequateness of planning, management including ME</li> <li>Costs of the management and implementation arrangements of Ministry and implementing organisations are reasonable in relation to the total costs of the project (s) and in relation to the type of project</li> </ul>	<ul style="list-style-type: none"> <li>Desk study;</li> <li>Country case studies;</li> <li>Comparative analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews Ministry of Foreign Affairs, implementing organisations;</li> <li>2012 evaluation of the Migration and Development policy;</li> <li>Project documentation including evaluations</li> <li>Relevant email communication between Ministry and project organisations.</li> </ul>
<b>Coherence:</b> <i>Are the different objectives of the projects coherent within each project and among the six projects? Is there synergy, overlap or even coherence with existing Dutch instruments, which promote investments and employment in countries of origin?</i>			
Coherence of objectives (within/among six projects).	<ul style="list-style-type: none"> <li>The objectives and approach of a project are not contradicting internally or with those of other projects;</li> <li>The project is adequately positioned in view of other projects;</li> </ul>	Desk study; Mapping of projects by country of origin; Country case studies.	Policy documents; Project documentation; Evaluation reports. Key stakeholder interviews.

<sup>49</sup> It should be observed that the Netherlands has been active to assist target countries in developing an active policy and strategy with respect to circular migration.

Criteria/ elements	Indicators	Main methods	Information sources
	<ul style="list-style-type: none"> <li>The project pursues synergies with the other projects.</li> </ul>		
Coherence of projects with other Dutch instruments to promote investment and employment in countries of origin.	<ul style="list-style-type: none"> <li>The objectives and approach of the projects are not contradicting those of other relevant Dutch instruments;</li> <li>The projects are adequately positioned in view of other Dutch instruments;</li> <li>The projects pursue synergies with other Dutch instruments.</li> </ul>	Idem and mapping of relevant Dutch instruments.	Idem and documentation on PSD and other relevant policies <sup>50</sup> (e.g. PUM, CBI, PSI/DGGF, LEAD, FDOV, WO Fund, SPCC, ARC Fund, see <a href="https://aiddata.rvo.nl">https://aiddata.rvo.nl</a> ).
<b>Sustainability: Is it possible to give an assessment of the sustainability of the created enterprises and jobs?</b>			
<p>What is likelihood that the intended effects (created enterprises and jobs) remain after the completion of the project?</p> <p>Will the changes achieved by the project be sustained in the long term? What factors are expected to influence the continuation of created enterprises and jobs?</p> <p>What evidence is there of a demonstration effect of the created enterprises/ trade relationships etc.?</p>	<ul style="list-style-type: none"> <li>Financial and operational prospects of created enterprises;</li> <li>Number of created enterprises and created jobs that (likely) continue to exist;</li> <li>Economic life cycle of supplied product/service;</li> <li>Prospects of trade relationships;</li> <li>Replication of business model/specific practices by other enterprises;</li> <li>Integration of sustainability considerations in project design (and implementation thereof)</li> <li>Perception participants/ communities on entrepreneurship.</li> <li>Follow-up activities by diaspora and participant organisations;</li> <li>Possibilities for diaspora organisations to access funding via regular programmes/ frameworks (BUZA, RVO etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Country case studies (Preliminary) assessments of the continuity of the enterprises including (created) number of jobs after project completion;</li> </ul>	<ul style="list-style-type: none"> <li>Project documentation/ evaluation reports;</li> <li>Interviews with project staff/diaspora in NL/ beneficiaries/ external stakeholders;</li> <li>Interviews with BUZA and RVO</li> </ul>

<sup>50</sup> As indicated in the main text, a preliminary mapping of Dutch policy instruments, which promote investment and employment in the countries covered by the Migrant Entrepreneurship programme, has been made.

## Annex II Theory of Change Migrant entrepreneurship, policy 2008

The six projects implemented under the Subsidy Arrangement for Migrant are all related to the policy brief 2008 and its 2011 amendments. Although the Policy on Migration and Development 2008 can best be described as an umbrella encompassing an array of different components related to Migration, the subsidy framework of initially EUR 5 million (and later 9 million) was aimed at the six priorities described in the chapter 2.

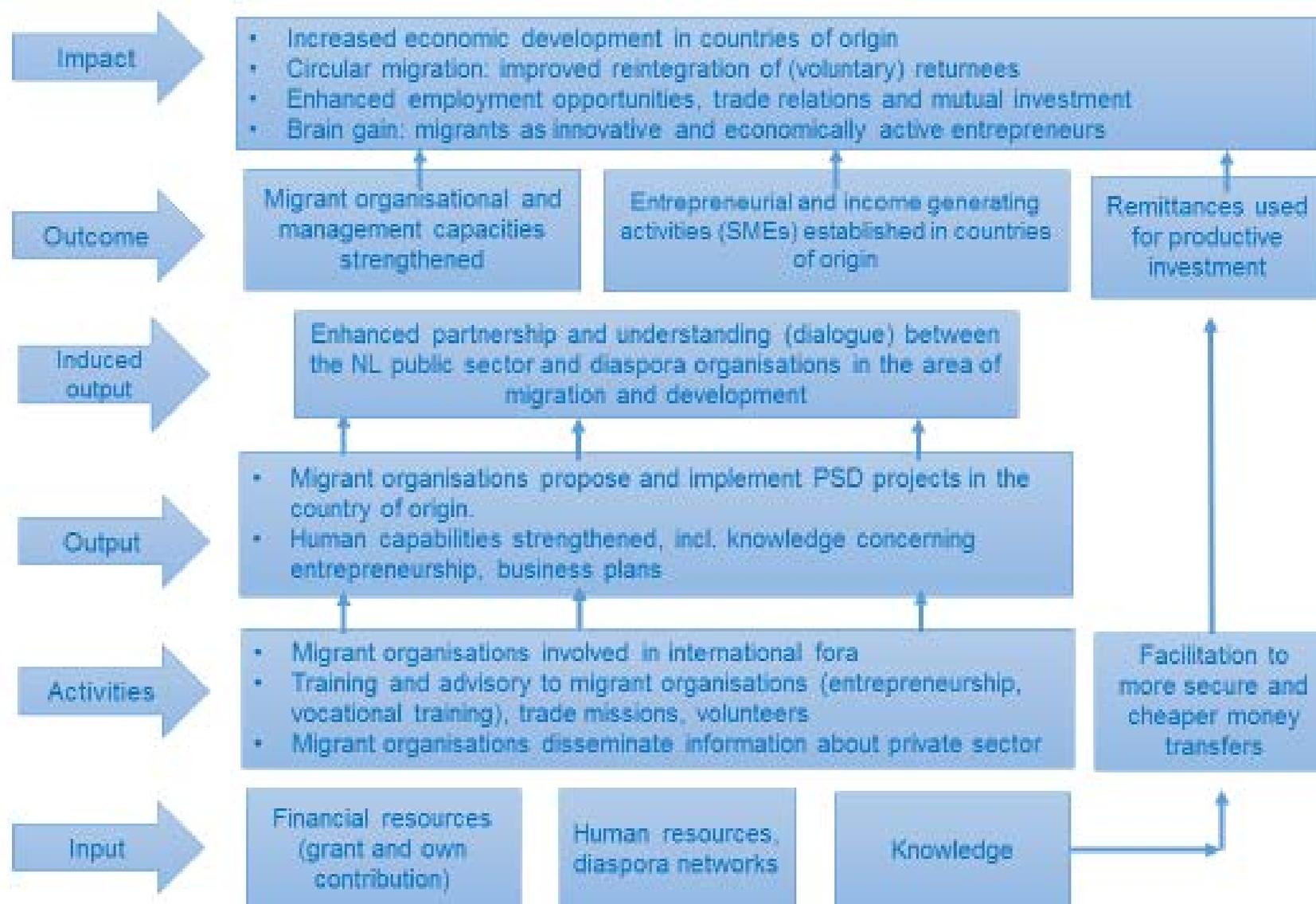
The EUR 5 million component was not explicitly aimed at return to the countries of origin, but at an increase in the standards of living in the country of origin. 'The way to do so was called entrepreneurship'.<sup>51</sup> A few projects<sup>52</sup> however, also contain an (explicit) objective about voluntary return.

The following Theory of Change overleaf is based on the objectives of the EUR 5 million subsidy framework.

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<sup>51</sup> Interview BuZa, September 2018.

<sup>52</sup> The projects implemented by Izere and Spark explicitly aim at (improved reintegration of) voluntary return, similar the Seva Foundation Network indicates (partly) remigration as a result of its projects.





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