

# MID TERM REVIEW OF MIGRANT ENTREPRENEURSHIP PROGRAMME

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Hemnath Rao Hanumankar

## **Abbreviations Used in the Report**

BSOs:	Business Support Organisations
DGI:	Director General of Industries
FIs:	Financial Institutions
GDC:	Green Development Centre
IEC:	Information, Education and Communication
ISIS:	Islamic State of Iraq and Syria
KiB:	Kurdistan in Business
LEAD:	Local Employment for Africa Development
LGF:	Loan Guarantee Fund
MEP:	Migrant Entrepreneurship Programme
MFIs:	Micro Finance Institutions
MIS:	Management Information System
MOs:	Migrant Organisations
MoU:	Memorandum of Understanding
MTR:	Mid Term Review
NL:	The Netherlands
PPPs:	Public Private Partnerships
SCC:	Somaliland Chamber of Commerce
SG:	Secretary General
SIYB:	Start and Improve Your Business
SMEs:	Small and Medium Enterprises
UNIDO:	United Nations Industrial Development Organisation

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## **Executive Summary**

### **0.1 Programme Objectives and Design**

0.1.1. Implemented by SPARK with funding support from the Ministry of Foreign Affairs in the Government of The Netherlands (NL), the ‘Circular Migration and Brain Gain: Supporting Migrant Entrepreneurs’ programme, more popularly captioned as ‘Migrant Entrepreneurship Programme’ (MEP), has been under implementation across six countries namely Ghana, Morocco, Surinam, Afghanistan, Iraq/ Kurdistan and Somalia. Of these six countries, Afghanistan, Iraqi Kurdistan and Somalia are flagged as ‘intensive support countries’ in view of the weak public policy and institutional support system for SMEs in the three countries. With a three year project implementation period from 2014 to 2016, the primary objectives of MEP are as follows;

- i. To strengthen and improve capacity and services of partner Business Support Organizations (BSOs); Financial Institutions (FIs); and governments in the target countries as well as the NL based partner migrant organizations.
- ii. To increase economic development in countries of origin by supporting migrant entrepreneurs to start enterprises in their countries of origin and create new jobs.
- iii. To support existing migrant promoted SMEs in the NL to start a branch or sister facility or form a joint venture in their country of origin.

0.1.2. The central focus of the MEP is capacity building of all stakeholders through training, coaching and market research support for development of business plans as well as on the field guidance to the returning members of the diaspora through country offices and BSOs in the intensively supported countries and through BSOs only in the basic support countries. Given this focus and the foregoing objectives, the MEP is designed as a series of steps to reach, identify and register potential and aspiring entrepreneurs from the diaspora through promotion and publicity; and support them with training, coaching, business planning, market research and facilitation for enterprise start up and commencement of business. To take stock of the progress made thus far in implementing the MEP and to strengthen the relevance, efficiency, effectiveness and more importantly the sustainability of the programme, SPARK has commissioned a Mid Term Review (MTR).

## **0.2. MTR- Approach and Methodology**

0.2.1. The MTR commenced with an intensive desk research phase of study covering all the project related documents including the original project proposal posed by SPARK to the donor agencies; annual reports and work plans; contracts with various partners; feedback of project beneficiaries; formats developed for internal decision making and monitoring; reports of scoping studies etc. This was followed by an initial round of discussions with the programme management as well as the monitoring and evaluation teams at the SPARK headquarters in Amsterdam. The consultant had an opportunity to familiarise with the online monitoring protocol and the structured management information system designed to capture and analyse data on the project progress, after which a 'Project Inception Presentation' was made to the SPARK team for finalising the sampling and methodological approach to the study.

0.2.1. Administering any kind of a questionnaire based survey for collection of data was found hard to implement since SME entrepreneurs are often owner managers with little or no time for responding to surveys. Hence focus interviews and focus group discussions were identified as the principal tools for collection of data from all stakeholders of the MEP as a qualitative approach to the MTR study was found most appropriate. The partners, resource persons and beneficiary entrepreneurs from diaspora of the project countries was convenience-sampled and meetings were scheduled in and around Amsterdam. The countries to be sampled for the field work remained the same as notified in the SPARK's original 'Request for Proposals (RFP)' viz. Somaliland and Iraqi Kurdistan. Thanks to the efforts of the SPARK team in the NL and in the Country Offices, a fairly representative sample of stakeholders, partners and entrepreneurs could be eventually contacted personally or over skype both in the NL and in the field. The data has been content analysed to assess the progress and direction of the programme and a few researched case lets have also been developed to add evidentiary value to the MTR.

## **0.3. Findings about the Relevance of MEP**

0.3.1. Both potential entrepreneurs and those already in business, whether they were selected beneficiaries of MEP or not and independent of their success or otherwise in business, have endorsed the relevance of the programme and all its three strategic objectives to the emerging development context and environment, across the spectrum of all the six MEP implementing countries. The partner institutions and agencies of SPARK including MOs, BSOs, trainers and coaches too subscribe to the relevance of MEP both on the basis of the feedback from their clients (programme beneficiaries) as well as their own self-perceived congruity of professional

goals with the programme objectives, demonstrating their own relevance to MEP. That even local entrepreneurs interviewed during field work in Iraqi Kurdistan and Somaliland welcomed the MEP, in the midst of serious security related challenges, were seen as unambiguous pointers to the relevance of the programme.

0.3.2. All other stakeholders including the government agencies; central banks and FIs; chambers of commerce and industry; and the Dutch Consulate in Erbil consider the programme very relevant to the national economies of the countries of origin of the diaspora entrepreneurs. The visit of the joint delegation of the ministers of trade and industry from the three different regions of Somalia to the NL, Sweden and Denmark with the co-ordination of SPARK and the DutchSom has been cited as the most eloquent testimony to the relevance of the MEP. The strong requests from the ministers and senior officers in the Government of Somaliland for more capacity building support for government personnel in creating an ecosystem conducive to the growth of entrepreneurship and SMEs further underlines the relevance of MEP.

#### **0.4. Review of MEP's Effectiveness**

0.4.1. The programme implementation shows gaps in achievement of certain output indicators, but the direction and logic of MEP intervention is firmly on track. The programme has been dynamic and flexible in responding to the beneficiary needs such as permitting professionally qualified or experienced entrepreneur-aspirants to avail of coaching and market research support, without having to enrol on a training programme. SPARK has prepared the foundation in the last two years, with some very productive partnerships built up with all stakeholders in the last two years, paving the way for greater effectiveness with reference to all the three strategic objectives, in the coming months. The number and quality of partnerships forged with MOs in the NL and with BSOs and other government agencies in the project countries suggest that the progress in achieving strategic objective one, has been satisfying.

0.4.2. In regard to the second and third strategic objectives of the MEP, which relate to the setting up and operationalisation of businesses by returnees from the diaspora and expansion of existing migrant SMEs in the NL to the countries of their origin, the progress has been slower than originally envisaged. A set external factors primarily centred around the security scenario in the intensive support countries and internal organisational changes within SPARK at its headquarters, have constrained the programme implementation with reference to these objectives. The real effectiveness of MEP will be unleashed as soon as the macro-economic



environment and the climate of governance improves in countries like Kurdistan, Somaliland and Afghanistan where the potential is immense. MEP is effectively preparing both present and future entrepreneurs to grab the business opportunities when the situation in these countries becomes more conducive to doing business. The continuing progress of the first strategic objective would also have a major contribution to make in improving the ease of doing business in the intensive support countries, with more resources being injected in the coming months.

#### **0.5.0. Efficiency and Sustainability of MEP**

0.5.1. As was evident from the views expressed by many stakeholders of the MEP, ‘the programme has been an exercise in seeking to do more with less’ in leveraging the available resources, which do not seem to have been adequately budgeted for certain activities. The efficiency of MEP must not be viewed only in terms of cost and time related economies and efficiencies but also examine quality as the basis, in view of the very nature of the target group who are entrepreneurs with a premium on their time and looking for opportunities and professional guidance to invest their hard earned resources. SPARK has put elaborate and meticulous quality assurance systems in place, in accordance with its principles of quality assessment as well as its accumulated experience. Stakeholders believe that the three year time frame is too short and an extension of at least two more years with a corresponding increase in budgetary support could help make the most from the lessons learnt so far.

0.5.2. Sustainability of MEP is not in question even if it is too early to make this assumption, provided a sound financial support system for start-ups is put in place alongside improvements in the ease of doing business, good governance, better physical and human resources support. All stakeholders’ feedback suggests that the MEP can benefit from converging with other programmes like the Local Employment for Africa Development (LEAD) and by promoting a special purpose vehicle for investment support as the near absence of a conventional banking system in countries like Iraqi Kurdistan and Somaliland is proving to be a strategic gap that needs to be bridged. The embryonic stage of growth of entrepreneurship in these countries can be seen as an opportunity to realise both environmental and economic sustainability as SPARK identifies, screens, trains and capacitates potential entrepreneurs seeking to seed their enterprise ideas with a sense of corporate social responsibility in their countries of origin,

### **0.6.0. Recommendations**

0.6.1. Following the findings and conclusions from the MTR, a suite of recommendations have been made for enhancing the relevance, effectiveness and sustainability of the MEP. The most important action to be taken is to extend the project period from three to at least a five year period to allow the partnerships built in the first two years of the programme and other preparatory work done by the programme implementation partners to yield a good harvest. Other recommendations range from enhancing the breadth and depth of the promotional campaigns, roping in newer partners for accelerated capacity building of stakeholders particularly government agencies, expanding the learning content on the training programmes with sharper focus on country specific business environment to a more intensive review of the training and coaching processes for better confidence building among the project beneficiaries.

0.6.2. The recommendations also include the need for sector specific business opportunities to be identified by chambers of commerce and government agencies in the project implementing countries and disseminated to the potential entrepreneurs. Similarly, the need for wider scoping studies to generate value chain based business opportunities in the countries of origin of the entrepreneurs has been recommended. Since the lack of an adequate financial support system has been widely recognised as a barrier to the growth of SMEs in the countries implementing the MEP, the MTR recommends the need for a well-structured and prudently managed development fund to fill the gap in the longer term. For the interim, a part of the LGF available under the MEP may be set apart as an open line of investment support in the form of debt or equity to deserving enterprises in countries where conventional banking support is not available to the start ups. Besides strengthening the MOs in the NL with more tangible resources, the study also stresses the need to expand the programme management teams at SPARK's headquarters in Amsterdam as well as the field offices.

## **Chapter 1: About the Migrant Entrepreneurship Programme and the MTR**

### **1.1 The MEP**

1.1.1 The Migrant Entrepreneurship Programme (MEP) is designed to encourage and support migrants residing in The Netherlands and other EU countries to embrace business entrepreneurship and set up Small and Medium Enterprises (SMEs) in their countries of origin and thereby contribute to the employment and economic growth of those nations. Besides targeting potential entrepreneurs, the MEP also supports existing migrant entrepreneurs in The Netherlands (NL) to branch out their businesses to countries of their origin through joint ventures, alliances with local businesses or setting up extended branch operations from the Netherlands based businesses. Formally titled as ‘Circular Migration and Brain Gain: Supporting Migrant Entrepreneurs’, the programme is implemented by SPARK with funding support from the Ministry of Foreign Affairs in the NL Government.

### **1.2. MEP: Programme Objectives and Focus**

1.2.1. The objectives of MEP are consistent with SPARK’s strategic mission of ‘empowering young ambitious people with higher education and entrepreneurship to lead their conflict affected societies into prosperity’. The principal objectives of MEP are;

1. To strengthen and improve capacity and services of partner Business Support Organizations (BSOs); Financial Institutions (FIs); and governments in the target countries as well as NL partner migrant organizations.
2. To increase economic development in countries of origin by supporting migrant entrepreneurs to start enterprises in their countries of origin and create new jobs
3. To support existing migrant promoted SMEs in the NL to start a branch or sister facility or form a joint venture in their country of origin.

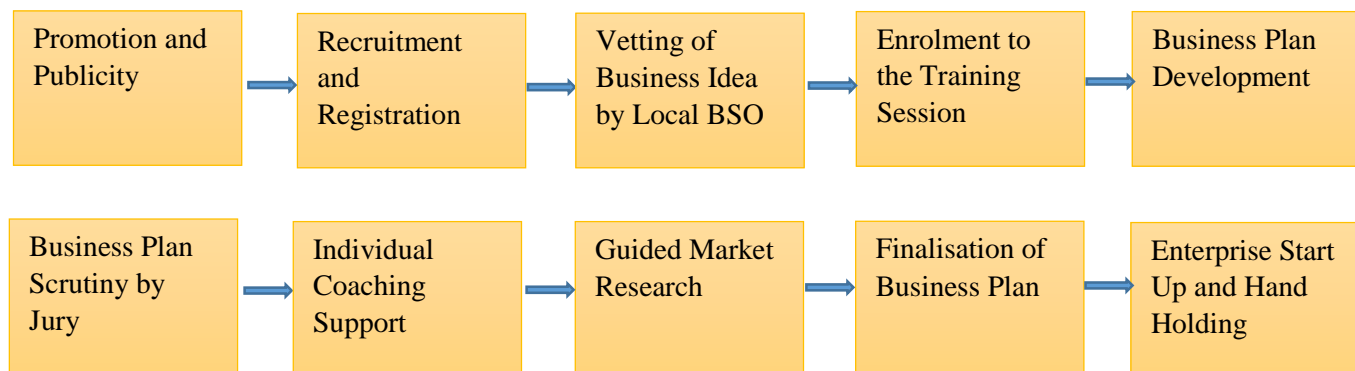
1.2.2. In pursuit of the above objectives, the programme is implemented across six countries namely Ghana, Morocco, Surinam, Afghanistan, Iraq/ Kurdistan and Somalia for a three year period, from 2014 to 2016. While Ghana, Morocco and Surinam have been defined as ‘basic support countries’ requiring minimum intervention from SPARK on account of their relatively better business support structures and systems in favour of SMEs, the remaining three countries- Afghanistan, Iraqi Kurdistan and Somalia are identified as ‘intensive support countries’ in recognition of their incipient public policy support for SMEs and fragile macro-

economic environment. The central focus of the MEP is capacity building of all stakeholders through training, coaching and market research support for development of business plans as well as on the field guidance to the returning members of the diaspora through country offices and BSOs in the intensively supported countries and through BSOs only in the basic support countries. A provision for loan guarantee exists in the programme design for supporting exceptionally promising start ups with guarantee against bank loans but this component has been very sparingly used.

### 1.3. Programme Design

1.3.1. The MEP is conceived as a step wise process of promotion and publicity; identification and registration; training; coaching; business planning and market research; enterprise start up; and commencement of business. **Figure 1.1** depicts the programme design while details of activity at each stage with goals and roles of various involved actors can be seen at **Annexure 1.1**. The programme is designed around the strategic objectives listed in the previous section. A comprehensive monitoring protocol and Management Information System (MIS) is in place to ensure that the programme activities conform to pre-determined output, output indicators and outcome indicators.

**Figure 1: Step Wise Activity Flow**



### 1.4. The MEP Logic

1.4.1. The logic of MEP intervention as a development programme is drawn from the globally recognised and empirically proven assumptions that migration benefits the countries of origin, transit and destination. For this reason, the phenomenon of circular migration has come to be viewed as ‘triple win’, benefitting the countries of origin, the receiving countries and the

migrants themselves. In recent years, circular migration programmes have attracted much attention in poverty literature, as the flow of remittances from migrants to their home countries has helped families back home to cross the poverty line. The huge migration of skilled and semi-skilled labour from the southern state of Kerala in India to the middle-east oil rich countries; the migration of Philipino overseas contract workers to developed countries in the west; and migration from east European countries to the western Europe are all well investigated case studies of ‘gentrification’ which is spawning the growth of remittance economies and improving human development indicators in the countries, back home.

1.4.2. An off-shoot of efforts to mitigate ‘brain drain’ and irregular migration has been empowerment of the migrants with entrepreneurial ideas and business skills so that they feel encouraged to return home with the knowledge of overseas business environment and management practices to set up small and medium enterprises. SMEs are being increasingly recognised as ‘public good’ with potential to create jobs, promote pro-poor and distributive growth given their greater resource-use efficiency, propensity for exports and contribution to sustainable stability of political and socio economic systems. These positive aspects of the SME sector are more pronounced in post-conflict economies struggling to recover from civil disturbance and regional tensions. SPARK has deeply been involved with promoting education and entrepreneurship in the post-conflict regions which explains its strategic fit with the MEP. Mr. Michel Richter, Co-Director, SPARK describes the MEP as “a new dimension for SPARK, building up on its agenda for leveraging education and entrepreneurship for development of fragile economies in post-conflict countries”.

## **1.5 The MTR**

1.5.1 SPARK has decided to have a mid-term review (MTR) at this stage of the programme implementation, to take stock of the progress made thus far and explore opportunities for improvement in the programme design as well as implementation processes for the remainder of the project period. A copy of the RFP document released by SPARK is at **Annexure 1.2**. The consultant was shortlisted in mid-January 2016 and after a skype meeting with the programme manager and the M&E team in SPARK, a formal contract was awarded in the first week of February, 2016. The consultant brings a rounded experience in promotion of entrepreneurship and SME development with a rich exposure to capacity building of SME stakeholder groups across Asia-Pacific and Africa.

## **Chapter 2: Mid Term Review of MEP: Approach and Methodology**

### **2.1 MTR Inception**

2.1.1 This chapter details the approach to the MTR which is distinctively qualitative in its methodological focus, given the plurality of stakeholders involved and the inhibitions of migrant entrepreneurs in sharing their experiences as beneficiaries of the MEP. Since the methodology adopted for the MTR may have leads to offer in shaping the methodology for a terminal evaluation of the programme, as and when it may happen, the chapter is more explanatory than usual. Following the signing of a contract to carry out the MTR, the consultant studied the project documents made available by the SPARK team and held initial discussions with the programme management and the monitoring and evaluation teams at the SPARK headquarters in Amsterdam.

2.1.2 The programme management team presented the programme design with its broad contours and shared the progress of implementation in different participating countries. They also shared information about the role and contribution of various partner agencies in the NL as well as in the project implementing countries and regions. The monitoring and evaluation team introduced the monitoring protocol and the structured MIS designed to capture and analyse data on the progress of the project across all the six MEP target countries.

2.1.3 The consultant also had the opportunity to scrutinise various formats developed by SPARK to monitor and evaluate the multiple activities like training, coaching, business planning and market research envisaged under the programme, besides the numerous contracts executed with various partners within and outside the NL. Equipped with the insights provided by the SPARK team, the consultant made a project inception presentation on the approach to the MTR; stakeholders and partners to be contacted for focus group discussions and consultations in the NL as well as in the field; individual entrepreneurs to be interviewed in the NL and in the field; and additional documents required for deeper desk research. The SPARK team responded with certain questions and issues to be addressed during the MTR, particularly in regard to the willingness and commitment of the diaspora to build and sustain enterprise in their countries of origin. A focus interview was also held with one of the Directors of SPARK to appreciate the top management perspective and perceptions of the MEP.

## **2.2 Methodology and Sampling**

2.2.1 The sample plan was reviewed at the project inception meetings with the client system. While the countries to be sampled for the field work remained the same as notified in the SPARK's original 'Request for Proposals (RFP)' viz. Somaliland and Iraqi Kurdistan, it became quite obvious that the rest of the sample frame for the study had to be kept very flexible and entirely open to sampling by convenience rather than purposive sampling contemplated earlier, with reference to the programme partners and individual entrepreneurs, in the NL as well as during the field work. The access to individual programme beneficiaries proved particularly difficult as they found it hard to take time out from their jobs and professional commitments. It was even more difficult to meet entrepreneurs in the two countries sampled for field work, which is a global phenomenon as literature from SME studies bears out. The very persuasive efforts of the SPARK team in the NL and in the Country Offices, however, ensured that a fairly representative sample of stakeholders, partners and entrepreneurs could be eventually contacted personally or over skype. The country wise list of persons, partners and institutions with whom focus interviews/ focus group discussions (FGDs) were carried out may be seen at **Annexure 2.1**.

2.2.2 It also became quite obvious during the inception phase of the study that the methodological basis for the MTR had to be entirely qualitative relying on focus interviews and interpersonal consultations for data collection on the relevance, efficiency, effectiveness and sustainability of the MEP. Administering any kind of a questionnaire based survey was simply out of question and this may need to be kept in view while drawing up the approach to the terminal evaluation of the programme, for the very reason that SME entrepreneurs are often owner managers with precious little time for responding to surveys and more importantly, they are more likely to share objective information during a skilfully managed focus interview.

2.2.3 The interview protocol was made very informal and free-wheeling while seeking to understand the perceptions of aspiring and involved entrepreneurs about the MEP while a more structured approach was possible with other stakeholders like training and coaching partners, BSOs, FIs, Central Banks; and government functionaries. Interviews with all stakeholders revolved around the relevance and efficiency of the MEP with thrust on what can potentially enhance the effectiveness and sustainability of the MEP. **Annexure 2.2** outlines the lead questions that were used to guide the focus interviews and FGDs for data collection from different stakeholders While collection and analysis of qualitative data through focus

interviews and focus groups has been the methodological core of this MTR, effort has also been made to utilise the data to develop researched case studies and case lets, where ever possible, to reflect nuances of starting up and managing businesses by migrant entrepreneurs in post conflict business environment.

## **2.3 Stakeholder Consultations in the NL**

2.3.1 Most of the training and coaching partners who have contributed to the capacity building of the diaspora entrepreneurs of all the six countries participating in the project, are based in the NL. As part of the participatory approach and methodological focus on drawing qualitative data from all the stakeholders of the programme, three training and coaching partner agencies; representatives of two Migrant Organisations (MOs) - Kurdistan in Business (KiB) and the DutchSom; two members of the jury who adjudicated the quality and viability of the business concepts and business plans before qualifying the entrepreneurs for coaching and market research support, were interviewed. Three entrepreneurs, one each from the Kurdish, Somali and Ghanaian diaspora were also focus interviewed besides holding an FGD with a small group of four participants, all from Suriname, attending the final phase of a training programme.

## **2.4 Field Study in Kurdistan**

2.4.1 The field study in Iraqi Kurdistan was spread over four working days, three days in Erbil and one day in Sulaimaniah and the support of a local consultant cum translator, was enlisted. Besides holding an in-depth review of the MEP with the Country Representative of SPARK, Mr. Raheil Aziz and interviewing two members of the diaspora who have returned from the NL to set up businesses in Kurdistan, two native entrepreneurs were also focus interviewed to elicit their outlook on returning migrants with entrepreneurial ideas and business plans. Focus interviews were also held with heads of department in the Ministries of Industries as well as Youth and Social Welfare in the Government of Kurdistan; Erbil Chamber of Commerce; Central Bank of Iraq; Chihan Bank; the Dutch Consulate in Erbil; and the local BSOs.

2.4.2 The discussions with the BSOs which are managed by migrants who have returned from Europe, were particularly insightful as they articulated the potential challenges and prospects for the returning entrepreneurs. Notwithstanding the macro-economic crisis in the region and the intense battle raging in the neighbouring region, all stakeholders consulted during the course of the field work, demonstrated great keenness to discuss the subject of entrepreneurship and SME development in Kurdistan. Clearly, economic priorities seemed to dominate all else.



## **2.5 Field Study in Somaliland**

2.5.1 During the five working days of field work in Somalia, interviews were held with entrepreneurs who were part of the diaspora in the NL as well as those from other parts of Europe. Since getting SME promoters and managers to spare time for interviews was particularly difficult in Somalia where meetings were often cancelled or postponed in the very last minute, both the Country Representative of SPARK, Mr. Khaalid Hassan and the local consultant, Mr. Ahmed Keyse had to make very persuasive efforts to schedule the meetings and consultations. Besides interviewing four entrepreneurs, discussions and focus interviews were held with representatives of the Somaliland Chamber of Commerce; Central Bank of Somaliland; Micro-Finance Institutions; Civil Service Institute of Somaliland; and the BSOs namely the DutchSom in Hargeysa and the Green Development Centre at Africa House.

2.5.2 A focus group discussion was also held with the Director General of Industries and his team including the SPARK Consulting Team that is assisting the Department with capacity building. A brief meeting was held with the Minister for Industries, Government of Somaliland followed by a focus interview with the Minister for Trade and Investment who also has responsibility for formulating policy for regulation and development of the SME sector. A focus group discussion with youth entrepreneurs who had earlier participated in an event sponsored by SPARK (Muhandis Challenge) to promote business innovation, was particularly helpful in understanding the aspirations and entrepreneurial aptitude of the country's youth.

## **2.6 Constraints to the Study**

2.6.1 The biggest constraint in carrying out this MTR has been the logistics of reaching the two countries sampled for field work, given the uncertainty and delays in flight operations in these sectors. Paucity of coherent data on any aspect of macro-economic environment; public policy support for SMEs; functioning of financial institutions and their orientation towards small businesses; and the ecosystem of technical and related academic institutions in the home countries of the diaspora entrepreneurs impacts methodological choices for programme evaluation, in a significant way. In fact, the policy and institutional framework is just not in place. Finally, the behavioural attributes of the individual entrepreneurs who are just beginning to professionally equip themselves and organise their businesses, can make much demand on the patience of the evaluation team as well as the programme implementation agencies intervening to connect the entrepreneurs with the evaluators.

## **Chapter 3: Review of Relevance of MEP**

### **3.1. Reviewing the Relevance of MEP**

3.1.1. The most compelling question for the mid-term review of any development programme or project is to investigate whether the original objectives of the development intervention are still valid and if any contextual changes have occurred in the development environment that call for immediate changes or possibly even a radical redesign of the programme. The answer to the above question helps evaluate the relevance of the programme. As explained in Chapter 1, the logic of the MEP intervention was to identify and empower members of the diaspora in the NL with professional support to enable them to return to their countries of origin with entrepreneurial ideas and business plans and set up SMEs or expand the operations of existing SMEs. In the process, they are expected to contribute to the creation of jobs and economic growth of their countries of origin.

3.1.2. Given the foregoing logic of intervention and with reference to the three core programme objectives, the relevance of MEP will be evaluated in this chapter. The data collected from all the stakeholders during the MTR study has been analysed to assess the relevance of the MEP to the beneficiaries of the programme at one end and at the other end, to the development context of the countries where the beneficiaries are expected to play an important role as entrepreneurs, setting up SMEs to bolster the growth of private sector. The role and relevance of the numerous partner agencies with whom SPARK has forged collaborations in furtherance of the three programme objectives, has also been reviewed to establish convergence of interests and their commitment to the programme goals. Further, two case lets have been developed, one each for Kurdistan and Somaliland, to add evidentiary value to the relevance of the MEP.

### **3.2 Beneficiary View on Relevance of MEP**

3.2.1. Potential and practising entrepreneurs, whether from the diaspora or based locally, across Kurdistan, Somaliland, Ghana and Suriname were unequivocally of the view that the MEP was both relevant and supportive to their personal aspirations as well as the social stability and economic growth of their countries recovering from conflict and chaos. Interestingly, entrepreneurs who had returned back long before the launch of the MEP, to set up enterprises in Kurdistan and Somaliland, and had either participated lately in the promotional events or

training programmes organised locally in these countries by SPARK, shared very strongly that they could have performed better with their ongoing businesses, if only they had access to a programme such as the MEP. Even a serial and successful entrepreneur like Mr. Ranj Farhad in Kurdistan who had formal education in business administration, expressed that the capacity building initiative under MEP was the need of the hour even if the regional economy was passing through a grave crisis. He was of the view that “a trained and motivated entrepreneur is an asset to any national economy who would give expression to his or her entrepreneurial instincts as soon as the signals in the economic environment looked up” (**Box 3.1**).

3.2.2. During the focus group discussion with a group of entrepreneurs from the Surinamese diaspora attending the concluding phase of a MEP training session in the NL, one Ms. Silphana Wiebers, who was working on a business plan to set up a secretarial services enterprise in Suriname, shared that her oversimplified view of business was now going through a reality check, even as her business plan was taking a definite shape. She asserted that “whether the jury approve my business plan or not, I am determined to go ahead with market research and realise my dream of starting up the enterprise”. The relevance of the MEP in general and the capacity building component in particular was further in evidence when the group suggested that successful diaspora entrepreneurs should be invited to share their experience in person or through video conferencing/ Skype to help raise the participants’ knowledge as well as their motivation levels.

3.2.3. Two young entrepreneurs, Mr. Hassan Warsame from Puntland and Mr. Bismarck Acheampong from Ghana, both aged 35 years who were interviewed in the NL did not avail of the training support under MEP because of their previous exposure to business management. Their request for exemption from training was approved by SPARK keeping their professional background in view. Both expressed a deep sense of satisfaction and confidence gained from the coaching support provided by SPARK in preparing their business plans. Eager to return to their respective countries in the next couple of months for more analytical market research, the two aspiring entrepreneurs were immensely pleased that the coaching support in the NL has helped them in framing the research questions and methodology for the market research while the access provided by SPARK to the local coaches in their countries of origin was helping them seek information and guidance in planning their way forward. Mr. Hassan proposes to enter the business of fashion-wear while Mr. Bismarck is exploring an opportunity in the real

### **Box 3.1: The Gardenia Start Up- A Case let**

A graduate in Business Management from the American University of Sulaimaniya, Mr. Ranj Farhad is the owner-manager of ‘Gardenia’ a registered SME engaged in nursery, gardening and landscaping business with its office and nursery operations located on the Sulaimaniya- Arbat Highway, on the outskirts of the Sulaimaniya City of Iraqi Kurdistan. He returned from the NL with his mother in 2005 when he was a fourteen year old youngster but the culture of gardening and floriculture that he grew up with in the NL had left a deep impression on his young mind and he had always harboured a keen desire to turn his love for gardening into a business opportunity. When he returned home, his father had a fairly well organised motor garage business running at the spot where his sprawling nursery now stands.

After graduating, Mr. Farhad experimented with setting up an Italian restaurant which did not meet the returns on investment expectations that his family had, benchmarked to the profits that his father’s erstwhile garage business was yielding. He switched over to the business of trading in fuel oil but that was also not very remunerative. At this stage, he began writing a business plan for his long cherished gardening business after informal consultations with SPARK’s Country Manager, Mr. Raheil Aziz and others whom he met at a ‘Holland House’ (an informal network of the erstwhile diaspora in the NL) gathering in Erbil. Mr. Farhad soon established contacts with suppliers of high quality planting materials in the NL and started up the nursery business in mid-2014 with an investment of around US\$ 200,000, financed by family and friends. In the very first year, he could break-even and targeting the premium quality conscious market segment, Gardenia is now positioning itself as a full length supplier of gardening materials including furniture, imported from different parts of the world.

Mr. Farhad believes that the MEP implemented by SPARK is very relevant to the contemporary socio-economic scenario in Kurdistan. Given the huge scope for SMEs to grow in different spheres of the regional economy, he encourages more members of the diaspora in the NL and other western countries to return and set up enterprises, creating valuable jobs for the youth. The training and coaching support being provided by SPARK will come in very handy to the beneficiaries, once the economic recovery begins. He desires that case studies of successful diaspora entrepreneurs must be developed and shared with the returning entrepreneurs as well the Business Studies Departments in Kurdish Universities. According to him, MEP should also serve as a platform for entrepreneurs and potential investors to come together as they were many high net worth individuals and investor networks in Kurdistan looking out for suitable investment opportunities.

“I wish we had the MEP when my family returned to Sulaimaniya” was his closing comment as we concluded the interview.

estate business with focus on providing one stop accommodation solutions to expatriates in Ghana.

### **3.3 Partners' Views**

3.3.1. All MEP partners including the BSOs, trainers, coaches and MOs who were interviewed during the MTR, firmly endorsed the relevance of MEP. The Green Development Centre (GDC) operating out of the Africa House in Hargeysa, Somaliland has emerged as a viable alternative to the now defunct Horn Resource Centre which earlier served as SPARK's BSO in Somaliland and Puntland. The former's knowledge of the local business environment is viewed by returning entrepreneurs from diaspora, as a source of much value addition. Similarly, SPARK has just concluded in January, 2016, a contract with Worldwide Business headed by an experienced business consultant in Kurdistan, Ms. Talar M. Noore for training, coaching and related business support services. Both BSOs conveyed during the interviews that their own professional goals converged with the objectives of the MEP which was the sole motivation for them to partner with SPARK.

3.3.2. Other partners interviewed in the NL like Mr. Stephen Deul, Mr. Eric Neve, Mr. Oscar Van Der Ende and Ms. Esther Simao, who have been training and coaching MEP beneficiaries were positive about the programme relevance as per the feedback provided by their own clients, namely the MEP beneficiaries. Evidence of this feedback matched with both the informal feedback from participants interviewed during the MTR as well as from the sample of their formal feedback. A case let of an unsuccessful entrepreneur from Somaliland illustrates the need and relevance of the programme partners (**Box 3.2**). The above resource persons also found their own partnerships with SPARK meaningful as the MEP provided them an opportunity to participate in the economic growth of post conflict regions of the world. The heads of MOs like Mr. Farzan Najmeddin of the KiB and Mr. Roble Elmi of the DutchSom conveyed quite strongly that the MEP has given them an opportunity to bring community and opinion leaders from within the diaspora on a development platform during the MEP promotional events and to network with potential entrepreneurs.

### **3.4. Other Stakeholder Views**

3.4.1. On the issue of relevance, most other stakeholders echoed the same view as the beneficiary entrepreneurs and partners. Mr. Farhan Adan Haibe, Director General of Industries (DGI) in Somaliland, was emphatic that the MEP should focus efforts on capacity building of

the government personnel, responsible for making policy and promoting SMEs in the region where currently, even a basic legislation such as the Companies Act was not in place to regulate the growth of businesses in general. He was very appreciative of SPARK's initiative in taking up a study of the capacity gaps in governance for his department through the two consultants, appointed by SPARK under the MEP. The Minister(s) for Industry, Trade and Investment also found the programme very relevant and insisted that much more was needed to jump start the growth of the SME sector in Somaliland.

3.4.2. "Our co-operation with SPARK is in its very early stage but it is very important for our infant ministry to leverage the MEP for developing a long-term strategy to promote SMEs as a vehicle for creating jobs and checking brain drain" is how Mr. Haibe, the DGI, Somaliland responded to our questions on the relevance of MEP. Mr. Ibrahim Ismail Elmi, the Secretary General (SG) of the Somaliland Chamber of Commerce (SCC) also responded on the same lines that the relevance of the programme could never be in question and so much more work was needed in terms of identifying marketable business ideas, organising business delegations of diaspora members to Somaliland and vice versa to facilitate networking among businesses in the NL and Somaliland as well as amongst various stakeholders within Somaliland. There was an acute need for human resources development in every segment of the national economy and the capacity building efforts of SPARK should not be confined to the diaspora members but should be generously made available to local entrepreneurs as well, according to the SCC.

3.4.3. A more telling source of evidence for the relevance of MEP and its influence on public policy support for private sector development was the joint delegation of Ministers of Trade and Industries from the three disparate parts of Somalia, Puntland and Somaliland who visited the NL, Sweden and Denmark from the 5-12 October 2015, under the aegis of SPARK and DutchSom Business Council, a migrant organisation of Somali diaspora in the NL, partnering with SPARK in implementing the MEP. Setting aside their political differences, the ministerial delegation made a strong pitch for diaspora entrepreneurs to return to their regions of origin with the knowledge, technologies and the networks built over the years following their migration and help rebuild the economies that they left behind. The Somali Chamber of Commerce and diaspora entrepreneurs from all the three regions were also part of the joint delegation. The unprecedented event convincingly underlines the relevance of the MEP with reference to all the three strategic programme objectives. Given the very nascent stage of public policy support for SMEs in Kurdistan and Somaliland, the potential for sustainability of

**Box 3.2: The ‘Tea Garden’: A Good Idea, Gone Bad**

Aisha Mohamed Ahmed returned to Hargeysa, Somaliland after living in The Netherlands from 1992 to 2013 where she worked for four years as a translator, as she could speak four languages- Somali, Dutch, English and German. Though she had a suitable job and a stable income, the idea of returning home and setting up a business was uppermost on her mind. When the family returned home in early 2014, Aisha looked around for different business opportunities and finally opted for setting up an Al Fresco tea and coffee restaurant with the name, ‘Tea Garden’. The restaurant was set up in the open space abutting the Africa House with the idea of making it a popular meeting place for diaspora youth looking for good social ambience and hygienic food and beverages. The business got off to a start in January, 2015.

Aisha now recalls that in the absence of a sound business plan and good coaching support, the business start-up was an ad hoc exercise from the day one. Not knowing the social milieu and with no understanding of how to reach the target market, Aisha put her precious investment of almost around US\$ 4000 in furniture, sun shade umbrellas and crockery without realising that a modern coffee machine and kitchen accessories were vital to any catering and hospitality business. Working with kettles and traditional tea making methods, she and her two poorly trained staff could neither deliver quality and taste nor prompt and polite service that are so fundamental to any hospitality business. Getting to employ staff who were properly trained in hospitality trade with polite manners and customer orientation was the first challenge that Aisha faced and it remained her nightmare till the end of her short lived business. She shudders to think of the incident when her staff served detergent powder to a customer who wanted some additional sugar for his cup of coffee. No wonder, the business wound up by October, 2015.

Looking back at the loss of her investment of US\$ 4000, Aisha firmly feels that doing business in Somaliland calls for very able and competent coaching support and guidance. Since the business environment is very chaotic and availability of skilled human resource in any segment of business activity is the most serious constraint, the learning for Aisha from her unsuccessful entrepreneurial venture is that a meticulous business plan is a pre-requisite to starting any business. Prioritising areas of investment to address the more vital business needs such as the procurement of coffee and tea machines in lieu of excess furniture and fixtures and due investment in promotion and publicity to reach the target markets could have been better achieved if only she had access to sound coaching support. A programme like “MEP is not just relevant but it should provide for more comprehensive capacity building, for ‘Tea Garden’ like ventures to grow” avers Aisha. who now looks forward to taking advantage of MEP support and succeed as an entrepreneur.

initiatives aimed at promoting migrant entrepreneurship and transfer of knowledge, skills and technologies through appropriate capacity building can only be viewed as unlimited.

3.4.3. The feedback received from the stakeholders in Kurdistan also confirmed the relevance of the MEP. Mr. Fathi M. Ali Almudaris, Advisor (Economic Relations) in the Ministry of Trade and Industry, Kurdish Regional Government-Iraq, replied that the “programme was very relevant and should succeed in the long run, as the current crisis in the Kurdish economy is only a passing phase”, when asked about the relevance of MEP. He further suggested that the Kurdish Dutch Business Council should be organised as early as possible to facilitate ease of doing business for diaspora entrepreneurs as many other countries have already set up similar Business Facilitation Centres. When this issue was discussed with the Dutch Consulate in Erbil, Mr. Cor Stouten, Deputy Consul General did confirm that the business plan for a ‘Dutch Kurdish Business Bridge’ was ready and the Consulate was only waiting for the economic conditions in the country to improve before implementing the plan. The Consulate had no doubt about the relevance of the MEP and Mr. Stouten also expressed great satisfaction over the Dutch Kurdish Business Meeting that SPARK’s Country Office in Erbil had organised.

3.4.4. Other stakeholders such as the Erbil Chamber of Commerce with whom SPARK has just signed an MoU in January, 2016; the Central Bank of Kurdistan; FIs like the Chihan Bank; and even local entrepreneurs who had not participated in or benefited from the MEP, found the programme quite relevant. While examining the aspect of programme relevance, it is important to highlight that all the feedback and evidence discussed above has come from regions where security of life and property continues to be extremely fragile and alarming. Mosul where the International Coalition led by the American troops alongside the Kurdish Peshmerga forces is fiercely battling the Islamic State of Syria and Iraq (ISIS/ISIL), is only 80 kilometres from Erbil and as late as in May, 2015, the ISIS had advanced up to 30 kilometres south of the Erbil city before they beat a retreat following military intervention by the United States of America and other coalition partners in support of the Kurdish Peshmerga fighters.

3.4.5. Similarly, the security scenario in Somaliland is not quite normal yet with threats from the Al Shabaab in the south, internal security concerns like piracy in the north and clan related tensions in the eastern pockets. If in such an uncertain and edgy security environment, stakeholders were willing to discuss entrepreneurship and welcome the MEP and its three strategic objectives, any attempt to further investigate the relevance of MEP would only be



stressing the obvious. Though only two countries were sampled for field work, the focus group discussion in the NL with four Surinamese entrepreneurs and focus interview of Mr. Bismarck Acheampong from Ghana and programme partners like Mr. Stephen Deul, suggest that the programme bears relevance in its entirety across all the six target countries of MEP. While relevance of MEP is beyond any doubt for the MTR, the security concerns in the three basic support countries including Afghanistan has affected programme effectiveness as will be seen in the next chapter.

### **3.5. Conclusions**

3.5.1. Entrepreneurs, whether potential or already in business, whether beneficiaries of MEP or not and independent of their success or otherwise in business have endorsed the relevance of the programme and its three core objectives to the emerging development context and environment, across the spectrum of all six countries where MEP is being implemented.

3.5.2. The partner institutions and agencies of SPARK including migrant organisations, BSOs, trainers and coaches too subscribe to the relevance of MEP both on the basis of the feedback from their clients (programme beneficiaries) as well as their own self-perceived congruity of professional goals with the programme objectives, demonstrating their relevance to MEP.

3.5.3. All other stakeholders including the government agencies; central banks and FIs; chambers of commerce and industry; and the Dutch Consulate in Erbil consider the programme very relevant to the national economies of the countries of origin of the diaspora entrepreneurs.

3.5.4. The visit of the joint delegation of the ministers of trade and industry from the three different regions of Somalia to the NL, Sweden and Denmark with the co-ordination of SPARK and the DutchSom bears the most eloquent testimony to the relevance of the MEP with reference to all the three strategic objectives of the programme.

3.5.5. Viewed in the context of the alarming security scenario in both the countries selected for field work, as well as in Afghanistan which is the other basic support country under MEP, it is incredible that stakeholders across the spectrum were willing to engage in discussing the need for strengthening the SME sector and promoting entrepreneurship development programmes such as the MEP. Hence, any more effort to investigate the relevance of MEP to the target countries where the programme is implemented would be tantamount to stressing the obvious.

## Chapter 4: Review of Effectiveness of MEP

### 4.1. Effectiveness of MEP

4.1.1. Effectiveness of a development intervention is best understood by examining the extent to which the stated objectives of the programme have been achieved and the factors influencing or impeding the progress of programme implementation. A combination of the data extracted from SPARK's monitoring protocol and the MIS in conjunction with stakeholder interviews, has been the basis for reviewing the effectiveness of the MEP in this chapter. The MIS data relates to all the target countries of the programme but the stakeholder interviews were mainly carried out for two countries- Iraqi Kurdistan and Somaliland which were sampled for field work, in addition to a sample of entrepreneurs from Suriname. These secondary sources of information enabled an assessment of the physical progress in implementation of the MEP, in terms of output indicators and achievement, leaving the outcome indicators for the terminal evaluation to address. Focus interviews with multiple stakeholders in the course of the study provided an insight in to the factors that influenced the progress of programme implementation during the last two years, complementing the analysis of secondary data.

4.1.2. The MTR sought to examine the effectiveness of MEP through a comprehensive scan of the MIS data; annual reports and activity plans prepared by SPARK for the scrutiny of donors; study of feedback formats and analysis of feedback sampled for various components of capacity building like group training and coaching; and study of sampled business plans, market research reports and scoping studies, commissioned by SPARK since the inception of the programme. A sample of agreements, memoranda of understanding and contracts signed with various partners and collaborating agencies, and the promotional and publicity material used for disseminating Information, Education and Communication (IEC) about the MEP, were also studied. During the stakeholder interviews, the lead questions (**Annexure 2.2**) were aimed at eliciting the perceptions, assessment and outlook of the programme beneficiaries, partners and other stakeholders with reference to the three strategic objectives of the MEP. All data relating to the targets against output indicators (**Annexure 4.1**) was drawn from the revised MEP proposal and information on achievements extracted from the SPARK MIS as on the 15 March, 2016. As with any evaluation study, not every observation made in the MTR can be attributed to an identified source, as the study team is bound to gather an implicit understanding of the direction and pace of the programme, which is 'value' for the client system to judge.

## **4.2. Effectiveness of Strategic Objective On**

4.2.1. The foundation for the MEP is provided by the Strategic Objective One or the Result One as it is shown in the revised SPARK proposal which pertains to ‘Strengthening the capacity and improving the services of the partnering BSOs, Financial Institutions (FIs) and relevant government institutions in the target countries as well as the NL based partner organisations’. The output expected against this objective is understood to have subsequently been amended, dropping out certain output indicators relating to balanced score cards and baseline capacity assessment of partners and government institutions, effectively retaining a set of thirteen output indicators, the progress of which is depicted in **Table 4.1**. As the table shows, the overall progress seems satisfactory in regard to signing agreements with country specific migrant organisations, delivery of coaching and training support to these organisations and commissioning scoping studies to map the macro-economic trends and business prospects in the target countries. The progress has also been encouraging in the selection and delivery of training support for government institutions. As was observed during the course of field work in both Somaliland and Kurdistan, some new agreements have been signed with BSOs, chambers of commerce and government agencies during the last couple of months by SPARK country offices in these countries, which may get reflected in the MIS towards the close of the first quarter of the current year.

4.2.2. Reported progress apart, the MTR assessed that the ground work with the MOs in the NL as well as with BSOs and government institutions in the sampled countries was proceeding at a brisk pace. The commitment of the partners to the MEP was evident from the content of the contracts signed as well as their shared perspective on the programme trajectories for the longer term, expressed during the interviews. For instance, the Ministry of Labour and Social Affairs in the Kurdish Regional Government- Iraq, operates a scheme of financial assistance for youth through their ‘Directorate of Small Projects for Youth’. The scheme envisages an interest free loan up to US\$ 12, 500 per head repayable in eleven half yearly instalments over a six year period after an initial moratorium of one year, for youth in the age group of 16 to 35 years, wanting to be self-employed. The Directorate is keen to dovetail the MEP with their own scheme so that the local as well as diaspora youth can be trained in business planning and provided with market research support by SPARK while the funding for implementing the business plan comes from them. The Director, Mr. H.I. Ismael even agreed to join the promotional events in the NL to explain the provisions of the scheme

**Table 4.1: Progress of Strategic Objective 1- Capacity building for improved service delivery of partners- organizations of migrants, BSOs, FIs and government agencies.**

Sl. No.	Output Indicator	Programme Target	Achievement			
			2014	2015	Total	Percentage %
1.	Agreements with umbrella migrant support organizations	01	-	-	-	-
2.	Agreements with country specific migrant organizations	06	06	01	07	116
3.	Number of tailor-made capacity building plans for NL based migrant organizations	07	-	01	01	14
4.	No. of coaching and training days for NL based migrant organizations	34	-	23	23	68
5.	No. of Scoping study reports for BSOs/ FIs in intensive support countries	03	01	03	04	133
6.	No. of BSOs and FIs selected	12	-	05	05	42
7.	Partnership Agreements signed with selected BSOs/ FIs	12	-	-	-	-
8.	No. of tailored capacity building plans developed for BSOs/ FIs	06	-	-	-	-
9.	No. of tailored capacity building plans implemented for BSOs/ FIs	06	-	-	-	-
10.	No. of coaching and training days delivered for BSOs and FIs	72	-	-	-	-
11.	No. of government agencies selected for support	06	01	03	04	67
12.	No. of government agencies who signed formal partnership MoUs	06	-	-	-	-
13.	No. of collective training days offered to government agencies	10	-	15	15	150

to the diaspora youth keen to return to Kurdistan and thereby enhance the effectiveness of the government scheme as well as the MEP.

4.2.3. Similar evidence of the effectiveness of the MEP in generating synergies with partners could be found from the areas of collaboration identified in the MoU between the Erbil Chamber of Commerce and SPARK. In Somaliland, the GDC has been coaching and guiding entrepreneurs returning from various European countries outside the MEP mandate, contributing to a supportive ecosystem for entrepreneurship and SMEs in the country. These informal support interventions triggered by the MEP may not even get reflected in the MIS or the monitoring protocol of SPARK. In regard to a very difficult country like Afghanistan where the progress of programme implementation has been negligible due to internal strife and political disturbances, SPARK could sign a contract with BeLink Consultancy to promote MEP among the Afghan youth and attracted as many as forty diaspora youth at a promotional event organized in mid-2014, jointly with the International Organisation of Migrants. Recogin for Ghana, 'Invest in Morocco', 'Results4Business' for Suriname are other migrant organisations with whom SPARK has partnered in promoting the MEP among the respective diaspora. The scoping studies carried out across all the three regions of Somalia; Ghana; Kurdistan and Suriname has also enabled SPARK to identify local BSOs in these countries with whom agreements are at various stages of development.

4.2.4. The process of identifying and collaborating with partner institutions has not been easy, even for an institution like SPARK that has had a rich experience of implementing migrant entrepreneurship programmes in the past. Umbrella organisations like the African Diaspora Policy Centre which initially partnered SPARK in promoting MEP walked out of the alliance at a later stage due to mismatch of objectives. Local BSOs like the Horn Resource Centre in Somalia ceased to exist after a year of partnership on the MEP. Getting good quality trainers and coaches to contribute to the programme within the budgetary limitations was also a challenge but SPARK has managed to get a good team on board during the two years of MEP. Yet, it could be said in the final analysis of the MTR with reference to Objective One that the last two years was a period of learning, identifying, developing and stabilizing partnerships within and outside the NL and promoting the MEP among the diaspora. Though a rich mix of promotional media including community radio channels, social media, internet and the conventional channels of publicity have been used with a country specific focus, newer opportunities and media for promotion keep making demands on the programme management.

### 4.3 Effectiveness of Strategic Objective Two

4.3.1. “To increase economic development in countries of origin through supporting migrant entrepreneurs to start enterprises in their countries of origin and create new jobs” is the second strategic objective of MEP that actually embodies the logic of MEP as a development intervention. While the Objective One is more in the nature of a supply side intervention, the Second Objective requires a demand side off take for the output and output indicators to perform to targets. As **Table 4.2** shows, the output indicators against this objective are lagging

**Table 4.2: Progress of Strategic Objective 2- To increase economic development in the countries of origin by supporting migrant entrepreneurs with training, coaching, business planning and market research support to start up enterprises and create new jobs.**

Sl. No.	Output Indicator	Programme Target	Achievement			
			2014	2015	Total	Percentage
1.	No. of promotional campaigns organized for the target countries.	18	05	19	24	133
2.	No. of members of the Diaspora of target countries reached through campaigns	1200	108	476	584	49
3.	Number of business ideas recorded through registrations	400	43	87	130	33
4.	No. of migrant entrepreneurs who subscribed to and participated in group training	300	21	17	38	13
5.	No. of full business plans submitted by aspiring entrepreneurs	240	-	19	19	08
6.	No. of market research studies supported for winning business plans	120	03	20	23	19
7.	No. of individual coaching days delivered	360	18	42	60	17
8.	No. of finalized business plans facilitated to FIs for financing	80	-	01	01	-
9.	No. of registered and running businesses with turnover	120	-	11	11	09

with lower absorptive demand for the output. In spite of the higher than targeted number of promotional events, the response from the diaspora has been less than expected which has a cascading impact on all the remaining output indicators. The bottom line indicator which relates to the number of registered business startups and their business turnover is just around ten percent of the programme target, which in the three basic support countries has much to do with the weak macro-economic outlook and the security scenario discussed earlier in paragraph 3.4.5 of the previous chapter.

4.3.2. It must also be clarified here that the higher number of market research studies supported under the MEP in relation to the business plans submitted is not an aberration. Some entrepreneurs do not enroll for training to develop the business plan but by virtue of their past academic and professional background, approach SPARK with a self-developed business plan which is put through a process of jury evaluation and if it is found worthy of consideration, such business plans are considered directly for coaching and market research support. It is also to be noted that the MEP has been kept flexible enough to empower the country offices to enroll diaspora returnees on locally organized training and coaching sessions. Since there has been a growing demand from local entrepreneurs too for access to the MEP training programmes and related support services, they are being generously accommodated by the SPARK country offices and the BSOs, and wisely so. This helps avoid any potential heart-burn and friction between diaspora returnees and the locals. In fact, a mix of the aspiring entrepreneurs who have returned from the diaspora with their exposure to developed product-market environment and the entrepreneurs already operating in local markets is found to have enhanced the effectiveness of the participants' learning process during the training sessions.

4.3.3. It became very clear during the stakeholder interviews in Kurdistan and Somaliland that the progress of Objective Two has been influenced by both internal as well as external factors, particularly in the three countries of Afghanistan, Somalia and Kurdistan, targeted for intensive support. The country offices in the last two countries could be set up only in the last quarter of the first year of the MEP, viz. 2014 as it was not easy locating the right talent to take forward the MEP in these post conflict regions. In fact, SPARK is yet to find a suitable candidate to set up the country office in Afghanistan. These offices could begin the MEP work in full measure only from the January 2015, in the second year of the programme. While the country offices

began effectively rolling out the MEP in the field, back in the SPARK headquarters at Amsterdam, the programme manager resigned from the service of SPARK leaving a programme leadership vacuum which got filled up only in mid-2015 with the recruitment of a new programme manager, Mr. Tom Willems. During this transition at the headquarters, some valuable time was lost in terms of driving the MEP forward on the foundation of the progress made with reference to Objective One during 2014. It seems from the inputs provided by SPARK's partners as well as the MEP annual progress reports that the transition of programme leadership at the headquarters could have affected the pace of progress in the implementation of the MEP, particularly in regard to Objective Two.

4.3.4. The above internal constraints apart, there are significant factors in the external environment that have impeded progress particularly in the three intensive support countries. While the disturbed security environment in Afghanistan is widely recognized, there has been a major economic crisis in Kurdistan due to reduced budgetary support from the Iraqi Central Government in Baghdad which is having to incur huge financial costs in its fight against the ISIS militants. The drop in the international crude prices has further dented the fiscal stability of the Regional Government of Kurdistan so much so that they have not been able to pay the salaries of the public sector employees in the last six months, which has hurt businesses due to lower purchasing capacity among consumers. A slowdown in the governance systems was also palpable as the MTR team found it very difficult to make appointments with government functionaries on account of reduced working hours for all government offices and agencies in Kurdistan. The ease of doing business has gone from bad to worse as the case of Ms. Faiza Tahir of Wonder Cleaning Services (**Box 4.1**) bears out. The situation in Somaliland is slightly better in the sense that the government agencies are keen to take advantage of programmes like the MEP but the extremely poor quality of public infrastructure, exorbitant energy costs and the complexity of doing business in an environment where the laws, regulations and rules governing trade and commerce are either in the making or simply not in place.

#### **4.4 Effectiveness of Strategic Objective Three**

4.4.1. It can be seen from **Table 4.3**, that the progress in regard to this objective looks promising as members of the diaspora are beginning to gather confidence to expand their businesses to their countries of origin. Against a target of twelve, eleven business plans have been selected for coaching. During the field work, a large sample of stakeholders including entrepreneurs like Mr. Hawras Bapeer of Kurdistan and Mr. Ahmed Mohamed of South Central Somalia



asserted that they were waiting for the business environment to improve before taking the final plunge to register and start up their businesses. This ‘wait and watch’ attitude is more common amongst the diaspora businesses in the NL as they have already established channels of business communication with their home countries. While they would like to prepare themselves for the expansion with training and coaching support provided under the MEP, they are in no hurry to stake their business reputation by hurrying with the business expansion. It is also interesting to note from **Table 4.4** that a comparative analysis of the programme countries shows the Somali entrepreneurs are ahead of all the rest in generating business ideas as well as taking their business plans forward. Objective Three, is more a matter of judgement of the existing entrepreneurs and MEP can only be a catalyst in their expansion plans.

**Table 4.3: Progress of Strategic Objective 3- To support existing migrant entrepreneurs in the NL to expand business to their countries of origin through branches, JVs etc.**

Sl. No.	Output Indicator	Programme Target	Achievement			
			2014	2015	Total	Percentage
1.	No. diaspora entrepreneurs in the NL reached through promotional events	1200	108	476	584	49
2.	No. of business plan applications received from SMEs in the NL	36	-	-	-	-
3.	Number of business plans received from migrant SME owners for the Jury process	Not available	11	15	26	-
4.	No. of business plans selected for coaching	12	-	11	11	92
5.	No. of business plans selected for market research support	Not available	-	-	-	-
6.	No. of coaching days to the NL based migrant SMEs	120	-	17	17	14
7.	No. of NL based SMEs registered with turnover in countries of origin	08	-	07	07	88

#### **Box 4.1: Uneasy with Doing Business in Kurdistan: Case of Wonder Cleaning Services**

The Wonder Cleaning Services was born as a business idea in the NL when a diaspora member, Ms. Faiza G. Tahir decided to return home to join her family in Kurdistan in 2011. While serving a Bank in the NL, Ms. Faiza was actively scouting for a business opportunity and when she saw during one of her home bound visits that a large number of commercial and residential complexes were mushrooming in the city of Erbil, she decided to set up Wonder Cleaning as a single point provider of full scale house-keeping services. Her husband who was also a businessman supplying flooring wood panels in the NL supported her idea and decided to return to Erbil. Ms. Faiza took some time to organize a team of trained and well-groomed staff equipped with modern vacuum cleaners and developed attractive publicity and promotional material for seeding the target market. Her stated Mission was ‘to provide superior quality of cleaning services at an attractive price’ while the Vision of Wonder Cleaning was ‘to become the leading provider of cleaning services to homes as well as corporations in the region’.

Ms. Faiza’s woes began when she decided to register her business enterprise in early 2015. After being pushed from pillar to the post for registering the business, she decided to hire a law firm for the purpose who charged her a tidy sum of Euro 3000 and the registration was done in July, 2015. She was often asking herself, if it cost only Euro 30 and thirty minutes for her husband to register his business in the NL, why should she incur a hundred times that cost in terms of both money and time. It was not just registration formalities that troubled her. To her surprise, she found that there were no labour laws in the country and in the absence of a minimum wages policy of the government, she felt hassled by the highly variable wages that were paid by employers in similar businesses. It took a while for her to figure out the optimum compensation package that she could offer to her staff. The real challenge was to get a loan from the bank which never materialized and she decided to raise the funds from family.

The worst situation that she had to face was when she organized a promotional event for her business and wanted to distribute the company fliers in some residential buildings. The local care taker company told her that she could promote her business only if she agreed to share 30% of the revenue with them. She switched over to e-mails and social media to promote her services and she is just beginning to make some progress with four clients on board. Her concern is “Why are businesses punished in the country instead of promoting them. It simply puts off the members of the diaspora who often decide to get back to the NL out of sheer frustration”. According to her, only the very strongly networked and positive minded people can do business in Kurdistan, a view echoed by Mr. Fathi, Advisor in the Ministry of Trade and Industry, who insists that only returnees with high levels of patience can succeed in business.

**Table 4.4: Comparative Progress among Programme Countries**

<b>Objective / Indicator</b>	<b>Afghanistan</b>	<b>Ghana</b>	<b>Kurdistan</b>	<b>Morocco</b>	<b>Somali-land</b>	<b>Suriname</b>
<b><i>Strategic Objective One</i></b>						
No. of coaching and training days for NL based migrant organizations	-	02	02	-	17	02
No. of scoping study reports in intensive support countries	-	01	-	-	01	02
No. of BSOs/ FIs selected	-	1	03	1	2	1
No. of govt. agencies supported	-	-	-	-	04	-
No. of collective training days offered to govt. agencies	-	-	-	-	15	-
<b><i>Strategic Objective Two</i></b>						
No. of promotional campaigns organized for the target countries	02	02	07	03	09	03
No. of diaspora members reached through promotional campaigns	45	81	155	152	134	72
No. of business ideas received	03	11	23	27	56	10
No. of participants in group training	01	06	03	-	23	05
No. of full business plans received	01	02	01	-	12	03
<b><i>Strategic Objective Three</i></b>						
No. of business plans received from migrant SME owners for jury review	01	04	01	-	19	01
No. of business plans selected for coaching	-	01	-	02	08	-
No. of NL based SMEs registered with turnover in target countries	-	-	-	-	07	-

## **4.5 Conclusions**

4.5.1 The programme implementation shows gaps in achievement of certain output indicators, with reference to Strategic Objective Two, which is due primarily to a combination of external factors in the intensive support countries and the internal changes in programme leadership at the SPARK headquarters. Yet, the direction and logic of MEP intervention is firmly on track judging by the relatively better progress in regard to the Strategic Objectives One and Three.

4.5.2. SPARK has prepared the foundation in the last two years, with some very productive partnerships built up with all stakeholders, paving the way for greater effectiveness with reference to all the three strategic objectives across the six countries, in the coming months. Given the weak institutional framework for entrepreneurship development and promotion of SMEs in the target countries, it has not been easy identifying, screening and stabilising partnerships even for an organisation like SPARK that has been accumulated considerable experience and expertise over the years, in this area of work

4.5.3. The partnerships being built under MEP have the potential to yield significant synergies in the long term, such as the possible convergence between MEP and a scheme of the Directorate of Small Projects for Youth in the Ministry of Labour and Social Affairs of the Kurdish Regional Government of Iraq.

4.5.4. A very cautious and watchful approach is evident among the SMEs owned by migrant entrepreneurs from the diaspora when it comes to decisions relating to expansion of businesses to their countries of origin, due mainly to the unfolding security situation and the macro-economic downturn. Fresh entrepreneurs are challenged by the 'poor ease of doing business' environment on account of weak governance and institutional support systems.

4.5.5. The real effectiveness of MEP will be unleashed as soon as the macro-economic environment and the climate of governance improves in countries like Kurdistan, Somaliland and Afghanistan where the potential is immense. MEP is effectively preparing both present and future entrepreneurs to grab the business opportunities when the situation in these countries becomes more conducive to doing business.

## **Chapter 5: Efficiency and Sustainability of MEP**

### **5.1 Defining Efficiency of MEP**

5.1.1 The efficiency of a multi-stakeholder based development intervention such as the MEP cannot be fully captured using the traditional criteria of costs and time based returns. It is imperative to also consider the quality of output, competence levels and follow up by the programme partners alongside the cost and time criteria so that the relevance, effectiveness and sustainability of the programme are not compromised, in pursuit of cost and time linked efficiencies. The beneficiaries of the programme are capable of assessing the quality of programme inputs and they often attribute realistic opportunity costs for their time invested on programme participation. Further, since the takeaways from the programme delivery would also influence the investment decisions of the programme beneficiaries, quality becomes central to the MTR of a programme like the MEP.

5.1.2 To amplify the overriding importance of quality for the MEP, if one group training session offered by one resource partner is not well received by the participants, there is danger of the word of mouth spreading fast among members of the diaspora which could negatively impact the levels of enrolment for the subsequent training programmes. Lower levels of enrolment on the training programmes would not only hurt the effectiveness of all the output indicators of Strategic Objective One, but can have a cascading influence on all other indicators relating to other strategic objectives as well, and the very credibility of the MEP could be at stake. In the same way, if the coaching experience of one beneficiary is not positive, this could affect enrolment for the coaching services offered by other partners within the NL as well as the BSOs offering coaching services in the target countries. The MEP does attach a lot of importance to quality as reflected in the outcome indicators that call for enhanced capacity and service delivery of the programme partners including government agencies.

### **5.2 Efficiency of MEP Capacity Building Processes**

5.2.1. Keeping the above criteria of cost and time based efficiencies along with the need for quality assurance in view, this chapter reviews the efficiency of the MEP on the basis of all the secondary data relating to the quality of contracts made with partners; feedback provided by the beneficiaries on the partners' service support and the perceptions of other stake holders interviewed during the MTR. It has been assessed during the MTR that the very process of

intake of potential beneficiaries has received focussed attention, which seems to be an outcome of past experience that SPARK has accumulated in working with entrepreneurs. A detailed questionnaire has been developed to elicit information about the academic and professional background of the applicant; the business case and the revenue model that the potential entrepreneur has in mind; as well as the motivation and the time horizon of the entrepreneur to start up the business. Based on the response to the questionnaire, a one on one interview is scheduled by the SPARK team to finalise the admission of the entrepreneur to the MEP. One cannot escape a feeling that the screening criteria are quite stringent to satisfy.

5.2.2. Similar quality assurance systems have been put in place at every level of programme implementation, in accordance with SPARK's ISO 9001 quality assessment principles. Detailed formats are designed to obtain participants' feedback on the quality of training as well as coaching support; guidelines for preparation of business plan; reporting sheets for coaches and BSOs to report on the progress of market research; and assignment letters allotting the beneficiaries to various coaches and BSOs. A very interesting process of jury assessment has been developed which requires a team of three to four experts including a coach and a SPARK representative to evaluate the quality of business plans on the basis of a presentation made by the entrepreneur before recommending the same for coaching or market research support. As mentioned in the previous chapter on the review of programme effectiveness, the system of evaluating potential partners and signing contracts has been found to be quite efficient.

5.2.3. While the training design and the modular content are standardised to include key learning inputs in entrepreneurship, marketing and communications, financial management and business planning, actual delivery is driven by the trainers' pedagogical approaches and the participant group's learning orientation. Such flexibility is necessary for satisfactory learning outcomes from any capacity building intervention. During the visit to a live training session as part of this MTR for an FGD with programme participants, the pedagogical customisation attempted by the trainers was evident as one subgroup was being led through a spread sheet based financial analysis of the business plan by one trainer while another subgroup was being explained the basic concepts on the subject in a tutorial style by another co-trainer. A section of the participants suggested during the FGD that some accomplished and successful entrepreneurs from different diaspora could be invited to share their experience and approaches to business decisions. This could help enhance the participants' levels of motivation. Another suggestion that emerged during focus interviews with other MEP beneficiaries was that some

homogeneity of participant profiles in each training session would contribute to a better learning environment in the class room since all the participants of the group would be on the same learning wavelength. E-learning was also mooted to complement class room learning.

5.2.4. The quality of learning materials including class room presentations, case studies and video clips were also found to contribute to efficient learning, with no pointers to the need for any radical redesign of the training component current deployed by the service providers. As with training, coaching styles could vary with different resource persons but the beneficiaries seemed quite satisfied with the support and guidance received in planning their market research and shaping the business plans. One suggestion that was made by some entrepreneurs and partners was that the involvement of SPARK would be desirable during one of the coaching sessions to bring in greater seriousness to the coaching process while adding to the confidence of the entrepreneurs that all stakeholders are committed to ensuring the robustness of the business plan and its credibility. As one partner, Ms. Talar Noore from the Wwide Business Management in Kurdistan observed, ‘training and coaching efficiency on a programme like the MEP with participants of diverse profiles and professions, is not a matter of best practice but best fit with the participant group’. In this sense, the capacity building initiatives under MEP have been seeking to achieve the best possible fit with the needs of the diaspora target groups.

### **5.3. Resource Linked Efficiencies**

5.3.1. In terms of time and cost efficiencies, it would be only fair to observe here that the programme has been seeking ‘to do more with less’ in efficiently leveraging the available resources. If one were to strictly compare the budgetary provisions versus expenditure incurred in relation to the progress achieved against individual activities, it would be easy to infer that the unit cost of services delivered has been on the higher side. For example, a total amount of Euro 70,500 had been budgeted at the rate of Euro 23,500 (15,000 + 8,500) each for the three years of the project period with a target to cover 1200 members of the diaspora through joint campaigning with migrant organisations in the NL under Strategic Objectives Two and Three of the MEP. The progress in achieving the target at the end of the second year stands at 49% only but 71% of the budgeted expenditure has already been incurred. But during the discussions with both the MOs namely the DutchSom and KiB that SPARK has been engaging with to promote MEP in Somaliland and Kurdistan respectively, the common refrain was that the resources being made available for the promotional events was far from adequate.

5.3.2. Similar concerns were voiced by other partners too, which leads the MTR to conclude that the budgetary provisions for most activities were kept quite low which explains the ‘having to do more with less’ situation that MEP is faced with. A very telling comment in this regard came from Dr. Gea D.M. Wijers, who has participated as a member of the jury on different occasions on the invitation of SPARK. She shared during an interview how her first impression was about “SPARK trying to achieve so much in so little time for so little money with one manager and two part-time interns”. Developing entrepreneurship and guiding entrepreneurs, according to Dr Gea Wijers was very time consuming and more so when migrant entrepreneurs from different countries were being supported in their effort to return to their countries of origin. She strongly felt that a five year time frame should have been the minimum and a more generous budget could have provided greater freedom of choice of partners for SPARK.

5.3.3. During an interview, Mr Cor Stouten, Deputy Consul General at the Dutch Consulate in Erbil echoed the same view that the three year period was too short for fully implementing MEP in a complex socio political environment, as in Kurdistan. An extension of the time frame of the MEP by at least another two years with corresponding budgetary expansion seems very much desirable to enable all stakeholders to capitalise on the lessons learnt during the last couple of years and push the progress of the programme to a higher orbit in the three years ahead. Mr Omar Khider, Director of Research and Studies at the Erbil Chamber of Commerce and Industry also remarked that a clutch of four or five pilot projects should be supported comprehensively over a five year time period as the United Nations Industrial Development Organisation (UNIDO) does, so that learning from the projects can inspire more returnees from the NL to embark on business start-ups with proven guidance. Overall, in terms of a cost benefit assessment, with around 50% of the total MEP budget utilised by the end of the second year, the MTR is inclined to believe that the programme benefits justify the resources deployed.

5.3.4. Cost and time related efficiencies apart, the human resources aspect of efficiency deserves a special mention in the MTR. Targeting six countries out of which three need intensive support in view of their fragile security and development environment implies considerable load on the teams managing the MEP at the headquarters and in the field. It was observed that the MEP nucleus team at the Amsterdam headquarters of SPARK consisted of one Programme Co-ordinator supported by an Intern and the Country Manager at Erbil had no support staff while having to manage another substantive education related project, besides the MEP. While this could be viewed as an efficient lean and mean programme management



structure, achieving the MEP objectives in the remainder of the programme implementation period calls for reinforcing the human resources adequately at the headquarters as well as field offices. The Country Office in Hargeysa was better staffed but given the very formative nature of governance and extremely poor physical infrastructure in Somaliland, further strengthening of the office needs consideration. The MOs like the DutchSom and KiB are also very small organisations with two or three member teams managing their affairs. If these MOs have to reach out to the diaspora members and work jointly with SPARK on various promotional events efficiently and ensure the targeted coverage of potential entrepreneurs, it is imperative that they are also strengthened suitably with additional staff.

#### **5.4. Sustainability of the MEP**

5.4.1 The issue of sustainability is too early in the day for this MTR to comment up on as the sample of businesses set up and running is not large enough to conclude. Yet, based entirely on the views expressed by the stakeholders along with the judgement formed in the course of carrying out this review, it would not be baseless to suggest that the MEP is sustainable. This suggestion is based on four premises that the ease of doing business and governance systems improve in the target countries with improved capacity building of all stakeholders under MEP; the infrastructure support and availability of skilled manpower improves thanks to programmes such as the Local Employment for Africa Development (LEAD); the financial support system in the form of a risk management fund or a special purpose vehicle for funding SMEs is set up; and finally the political and macro-economic situation improves in countries like the Kurdistan and Somaliland where huge government spending is sucked up by the security forces. None of the above is an area where a quick fix solution can be found for enhancing the sustainability of the MEP but seeking out an arrangement for investment support to the start-ups is an issue that needs to be addressed immediately for programme effectiveness as well as sustainability.

5.4.2. During the interviews with beneficiaries, the most common input for improving the sustainability of the programme was to organise financial support for the business start-ups. Many members of the diaspora are not familiar with the principles of Islamic Banking (**Annexure 5.1**), having spent the most part of their life in the NL. During the interview with one of the directors of the Central Bank of Iraq in Kurdistan, it was learnt that guidelines exist for supporting small businesses with credit support, consistent with the Islamic principles but during the discussion with managers of the Chihan Bank, a leading commercial bank in the country, there was no evidence of any special focus on the SME sector. A copy of the Central

Bank notification made available in the Arabic language (**Annexure 5.2**) was found very cumbersome and not SME-friendly. The complexity of paper work apart, there is lack of transparency on the basis of which prices of project inputs and capital machinery are decided by the Bank on behalf of the borrower. Yet another interesting facet of the working of the Banks in Kurdistan that was informally shared by a local financial analyst was that the Banks insist on the guarantee of a government employee while lending to SMEs and this has spawned a ‘loan guarantee industry’ in the region as government employees trade their guarantees for a commission which depends on the size of the loan and its repayment period. The local entrepreneurs were quick to dismiss the banking services and their financial products as not being of any relevance to the SMEs and that they prefer to raise capital through friends and relatives rather than approaching the Banks.

5.4.3. In Somaliland too, the bigger banks like the Dahaabshil Bank or the Darasalam Bank were not very keen to support SMEs. The so called big banks in Somaliland are essentially money transfer operators thriving on the huge remittance economy of the country and only in recent years, they have begun offering Islamic Banking Products. The World Bank study, captioned “Somaliland’s Private Sector at a Crossroads” published as recently as in February, 2016 has found that 62% of all business firms in the country are adversely affected by poor access to financial services. The study recommends the need for the Government of Somaliland to put in place a strong system of financial governance, supervision and regulation at the earliest to facilitate financial inclusion and intermediation. The World Bank has also urged the Government to take an early call on either bringing greater clarity to the Sharia compliant Islamic Banking Principles or adopt dual banking where both Islamic and conventional banking systems can jointly operate. Till such time that a coherent legal and policy framework of banking takes shape, the near inaccessibility of SMEs to financial support will remain a strategic gap that MEP will have to find ways of addressing.

5.4.4. Mr Abdul Rehman, Director, Banking Supervision Unit in the Central Bank of Somaliland was emphatic that the banking system in Somaliland would take a long time to be in a position to develop an investment policy for the SME sector. “The existing banks in the country have come a long way from being mere money remittance companies and they have a very long way to go before they can develop products and services that support the SME sector”, is how he views the current banking scenario in the Somaliland. These discussions underline the need for a special purpose vehicle to support deserving diaspora entrepreneurs

### **Box 5.1 The Nadif Car Wash on the Edge: A Caselet**

Two young entrepreneurs, Mr. Abdullah who returned to Somaliland from Germany in 2013 where his father served a term of five years as Somalia's Ambassador and Mr. Ahmed M. Ahmed who was a one year infant when his family migrated to the NL in 1988 and returned to Hargeysa in December, 2012, came together and set up a car wash business, the Nadif Car Wash in mid- 2015. Both have participated in a training programme that the SPARK Country Office had organised for a mixed group of diaspora and local entrepreneurs in January 2015, over four Thursdays, following the same programme design that trainers in the NL have adopted. Messrs. Ahmed and Abdullah hold bachelors' degrees in business management and by the end of the MEP training programme, they were ready with a business plan to set up a low cost car wash operation. They found the training programme very relevant to their entrepreneurial spirit and without waiting for any coaching support, the business was in operation by June, 2015.

The sole motivation for the two youngsters to hurry through the business start-up was the need to generate at least half a dozen jobs and keep the young minds of their employees occupied with work so that they do not make the frantic efforts that every average Somali youth makes to migrate one way or the other to Europe. They were pained to observe that every young man in Hargeysa dreamt of migrating to Europe once they had saved up to \$ 5000 to approach the brokers who facilitate migration. The only way to break the vicious migratory mind-set of the Somali youth, Mr. Abdullah asserts, is to keep them busy with work and Nadif Car wash was all about that. Nadif employs four young employees on a daily wage of \$ 7 per day and \$ 10 is paid to the foreman, which means a daily wage bill of \$ 45 is incurred including lunch allowance @ \$1 per head. An amount of \$ 5 per day is spent on consumables such as washing gels, cotton, grease etc. The overheads include \$ 400 per month towards the rental for the shed and \$ 300 per month towards utility bills covering water and electricity. The revenue inflow is currently around \$ 60 per day @ \$ 3 per car as around 20 cars drive in daily for the wash.

After accounting for a daily direct cost outflow of \$ 50 per day, the business is left with only \$ 10 per day towards contribution to overheads, which means they are losing \$ 400 per month without accounting for their own professional time and return on investment of \$ 4000 on the purchase of machines and equipment. The only way the business can turn viable is to increase the business to 50 cars per day which the duo believes can be achieved by mid-2016 as the customer base is growing. Until then, Nadif Car wash needs a working capital support that is nowhere in sight and the sustainability of Nadif Car wash hinges on injecting the same. If only an equipment leasing company or a commercial loan was available, the business could have been on a stronger footing, claims the team.

with financial support for starting up their businesses and promoting their interface with potential investors, for sustainability of the MEP. In the absence of such investment support, there is a danger of many good business plans not migrating to the investment phase or even start ups giving up half way as the case of the Nadif Car Wash Company (**Box 5.1**) points to. The Micro Finance Institutions (MFIs) are trying to fill the void left by an inefficient banking system in Somaliland but many entrepreneurs complain that their scale of finance is very small and best suited to micro-enterprises rather than the SMEs. There was also a strong feeling among the diaspora entrepreneurs that the MFIs allow considerations of tribe and clan in their lending decisions, which the former did not find easy to negotiate and accept.

5.4.5. Otherwise, from all accounts provided by the stakeholders of MEP, both economic and environmental sustainability of the programme will grow as more efforts are made by more programmes like the MEP. Suffice it to quote one instance of a feedback provided by the participant of a SPARK training programme in the NL, “I have a large network of African (wo) men who do not come from the target countries but would highly benefit from this training. Please find a way to offer it to them as well”. Here in lies the key to sustainability of MEP as the embryonic state of entrepreneurship and SME development in the target countries also offers an opportunity to integrate principles of environmental sustainability and corporate social responsibility among the young entrepreneurs. The promise of economic sustainability of the MEP comes not so much from the current state of progress, but the grit and determination of the potential entrepreneurs whom SPARK is seeking to identify, screen, train, capacitate and support in their efforts at seeding the enterprise ideas in their countries of origin.

## **5.5 Conclusions**

5.5.1 The efficiency of MEP must not be viewed only in terms of cost and time related economies and efficiencies but also examine quality as the basis, in view of the very nature of the target group who are entrepreneurs with a premium on their time and looking for opportunities and professional guidance to invest their hard earned resources.

5.5.2. From a rigorous process of intake for identifying and screening potential beneficiaries and inducting resource partners to obtaining participants’ feedback on the quality of training and coaching support; business plan evaluation by a jury; reporting on the progress of market research by coaches and BSOs, elaborate and meticulous quality assurance systems are in place, consistent with SPARK’s internal principles of quality assessment.

5.5.3. The feedback from the programme beneficiaries and partners suggests that there is no need for any major changes in the design of the capacity building component. Beneficiaries have identified some opportunities for improvement while partners believe in a spirit of pursuing ‘best fit rather than looking for best practice’, given the sheer diversity of the profiles and professional background of the aspiring entrepreneurs from the diaspora.

5.5.4. MEP has been seeking to do ‘more with less’ in efficiently leveraging the available resources even as it now seems that many activities were not adequately provided for in the original budget. Stakeholders believe that an extension of the time frame of MEP by at least another two years with corresponding budgetary expansion would be very desirable to capitalise on the lessons learnt from the programme so far. The organisational structure of the programme is too lean and needs additional human resource deployment at SPARK headquarters, field offices and the MOs. In terms of a cost benefit assessment, the MTR assesses that the programme benefits justify the costs incurred, so far.

5.5.5. From the views expressed by the stakeholders along with the judgement formed in the course of the MTR study, the sustainability of MEP is not in question, subject to anticipated improvements in quality of governance, infrastructure, skilled manpower and access to financial services. In view of a near lack of financial governance and credit policy toward SMEs in countries with strong influence of Islamic Banking Practices, an arrangement for investment support to the start-ups will help bridge a strategic gap and make way for sustainability of MEP.

5.5.6. Realising both economic and environmental sustainability of MEP will be easier as more such programmes are launched. The embryonic state of entrepreneurship and growth of SMEs in the target countries presents an opportunity to integrate environmental sustainability and corporate social responsibility among the young entrepreneurs, with the promise of economic sustainability of MEP. The spirit and determination of the potential entrepreneurs whom SPARK is seeking to identify, screen, train, capacitate and support in their efforts at seeding the enterprise ideas in their countries of origin, holds the real key to sustainability.

## **Chapter 6: MEP: Conclusions and Recommendations**

### **6.1. Conclusions**

6.1.1. Entrepreneurs, whether potential or already in business, whether beneficiaries of MEP or not and independent of their success or otherwise in business have endorsed the relevance of the programme and its three core objectives to the emerging development context and environment, across the spectrum of all six countries where MEP is being implemented.

6.1.2. The partner institutions and agencies of SPARK including migrant organisations, BSOs, trainers and coaches too subscribe to the relevance of MEP both on the basis of the feedback from their clients (programme beneficiaries) as well as their own self-perceived congruity of professional goals with the programme objectives, demonstrating their relevance to MEP.

6.1.3. All other stakeholders including the government agencies; central banks and FIs; chambers of commerce and industry; and the Dutch Consulate in Erbil consider the programme very relevant to the national economies of the countries of origin of the diaspora entrepreneurs.

6.1.4. The visit of the joint delegation of the ministers of trade and industry from the three different regions of Somalia to the NL, Sweden and Denmark with the co-ordination of SPARK and the DutchSom bears the most eloquent testimony to the relevance of the MEP with reference to all the three strategic objectives of the programme.

6.1.5. Viewed in the context of the alarming security scenario in both the countries selected for field work, as well as in Afghanistan which is the other basic support country under MEP, it is incredible that stakeholders across the spectrum were willing to engage in discussing the need for strengthening the SME sector and promoting entrepreneurship development programmes such as the MEP. Hence, any more effort to investigate the relevance of MEP to the target countries where the programme is implemented would be tantamount to stressing the obvious.

6.1.6. The programme implementation shows gaps in achievement of certain output indicators, with reference to Strategic Objective Two, which is due primarily to a combination of external factors in the intensive support countries and the internal changes in programme leadership at the SPARK headquarters. Yet, the direction and logic of MEP intervention is firmly on track judging by the relatively better progress in regard to the Strategic Objectives One and Three.

6.1.7. SPARK has prepared the foundation in the last two years, with some very productive partnerships built up with all stakeholders, paving the way for greater effectiveness with reference to all the three strategic objectives across the six countries, in the coming months. Given the weak institutional framework for entrepreneurship development and promotion of SMEs in the target countries, it has not been easy identifying, screening and stabilising partnerships even for an organisation like SPARK that has been accumulated considerable experience and expertise over the years, in this area of work

6.1.8. The partnerships being built under MEP have the potential to yield significant synergies in the long term, such as the possible convergence between MEP and a scheme of the Directorate of Small Projects for Youth in the Ministry of Labour and Social Affairs of the Kurdish Regional Government of Iraq.

6.1.9. A very cautious and watchful approach is evident among the SMEs owned by migrant entrepreneurs from the diaspora when it comes to decisions relating to expansion of businesses to their countries of origin, due mainly to the unfolding security situation and the macro-economic downturn. Fresh entrepreneurs are challenged by the 'poor ease of doing business' environment on account of weak governance and institutional support systems.

6.1.10. The real effectiveness of MEP will be unleashed as soon as the macro-economic environment and the climate of governance improves in countries like Kurdistan, Somaliland and Afghanistan where the potential is immense. MEP is effectively preparing both present and future entrepreneurs to grab the business opportunities when the situation in these countries becomes more conducive to doing business.

6.1.11. The efficiency of MEP must not be viewed only in terms of cost and time related economies and efficiencies but also examine quality as the basis, in view of the very nature of the target group who are entrepreneurs with a premium on their time and looking for opportunities and professional guidance to invest their hard earned resources.

6.1.12. From a rigorous process of intake for identifying and screening potential beneficiaries and inducting resource partners to obtaining participants' feedback on the quality of training and coaching support; business plan evaluation by a jury; reporting on the progress of market

research by coaches and BSOs, elaborate and meticulous quality assurance systems are in place, consistent with SPARK's internal principles of quality assessment.

6.1.13. The feedback from the programme beneficiaries and partners suggests that there is no need for any major changes in the design of the capacity building component. Beneficiaries have identified some opportunities for improvement while partners believe in a spirit of pursuing 'best fit rather than looking for best practice', given the sheer diversity of the profiles and professional background of the aspiring entrepreneurs from the diaspora.

6.1.14. MEP has been seeking to do 'more with less' in efficiently leveraging the available resources even as it now seems that many activities were not adequately provided for in the original budget. Stakeholders believe that an extension of the time frame of MEP by at least another two years with corresponding budgetary expansion would be very desirable to capitalise on the lessons learnt from the programme so far. The organisational structure of the programme is too lean and needs additional human resource deployment at SPARK headquarters, field offices and the MOs. In terms of a cost benefit assessment, the MTR assesses that the programme benefits justify the costs incurred, so far.

6.1.15. From the views expressed by the stakeholders along with the judgement formed in the course of the MTR study, the sustainability of MEP is not in question, subject to anticipated improvements in quality of governance, infrastructure, skilled manpower and access to financial services. In view of a near lack of financial governance and credit policy toward SMEs in countries with strong influence of Islamic Banking Practices, an arrangement for investment support to the start-ups will help bridge a strategic gap and make way for sustainability of MEP.

6.1.16. Realising both economic and environmental sustainability of MEP will be easier as more such programmes are launched. The embryonic state of entrepreneurship and growth of SMEs in the target countries presents an opportunity to integrate environmental sustainability and corporate social responsibility among the young entrepreneurs, with the promise of economic sustainability of MEP. The spirit and determination of the potential entrepreneurs whom SPARK is seeking to identify, screen, train, capacitate and support in their efforts at seeding the enterprise ideas in their countries of origin, holds the real key to sustainability.



## **6.2. Recommendations**

6.2.1. More aggressive promotion of MEP is needed among the diaspora across the NL so that a powerful brand image of the programme gets entrenched in the minds of the aspiring migrant entrepreneurs. For instance, websites like the [www.somvao.com](http://www.somvao.com) and a social platform for Somali women entrepreneurs like the Ijaba can be used to enhance the MEP outreach for attracting Somali youth. Similarly, media channels such as the Gam TV or Akasanoma Radio may be used to reach the Ghanaian diaspora. SPARK has been using country specific and community sensitive promotional strategies since the launch of the MEP and it is necessary to step up both frequency and coverage while exploring newer channels of communication as 50% of the programme target for diaspora outreach needs to be achieved in the remaining few months of the originally planned programme duration.

6.2.2. Overall, the capacity building component of the MEP needs no radical change and has been found very relevant by all stakeholders as the Gardenia and Tea Garden caselets bear out (**Boxes 3.1 and 3.2**). Some opportunities for improvement have been suggested in regard to the capacity building of potential entrepreneurs. They have stressed the need for maintaining the homogeneity of the learning groups in training sessions, to ensure that all participants of a training programme are on the same page in terms of their academic and experiential background. This facilitates learning focus and internalisation of knowledge and business planning skills without unduly stretching the trainers' attention as it would happen if the profile of the learning group is very diversified. E-learning options may be considered for diaspora members who find it difficult to attend contact classes over the weekends.

6.2.3. The feedback also suggests that the design of the training programme should provide scope for members of the diaspora to familiarise themselves with the business environment in their countries of origin, with reference to business registration and regulatory procedures, labour laws, work culture, functioning of the financial institutions and the nuances of communicating with the target markets so that when the market research studies are taken up, the right questions and methodologies are identified to add value to their final business plans. Successful diaspora entrepreneurs could be invited to share their experiences and motivate the participants while also sensitising them to potential challenges. The invited entrepreneurs could also be requested to discuss the security scenario and macro-economic fundamentals of regions like Iraqi Kurdistan and Somaliland and how their businesses were coping with the challenges.

6.2.4. During the coaching phase, a tripartite review of the process by the coach, client and a representative of SPARK is believed necessary to ensure that the coach and the client approach the process with deeper commitment and seriousness. One of the coaches felt that such a review could help reduce the drop-out rate of the entrepreneurs enrolled on the coaching programme. Further, contact between the coach in the NL and the BSO/ partner coaching the diaspora entrepreneur in the target country could make way for enhanced quality of the market research as well as bankability of the final business plan. There is a need for MEP to support a diaspora counselling centre or a window of assistance in the chambers of commerce in the target countries to enable them to serve diaspora entrepreneurs, on the lines of the ‘Dutch Kurdish Business Bridge’ being contemplated in Kurdistan. This arrangement can help entrepreneurs avoid the kind of hardships brought out in the case-let on Wonder Cleaning (**Box 4.1**).

6.2.5. There is an urgent need to step up capacity building of government personnel in the departments of trade and industries that are conventionally responsible for promoting the SME sector in any country. In the absence of good governance and responsive public policy, the efforts and the growth of the private sector particularly the SMEs will be inhibited. The initiative of the SPARK country office in Somaliland to commission studies to identify capacity gaps in governance for promoting entrepreneurship and SME development, is a step in the right direction. The need for similar studies in other target countries need to be explored. Governments of the target countries are also confronted with scarce resources in developing policies and building institutions that can catalyse the growth of entrepreneurship and the SME sector. SPARK may like to leverage the PUM programme more intensively to identify and make services of senior Dutch experts available to the government agencies in policy-making..

6.2.6. While encouraging potential entrepreneurs to register their business ideas and business case as is being done by SPARK now, a double loop system of generating business ideas from the target countries through the scoping studies, BSOs, FIs, Chambers of Commerce and government agencies and relaying them to the potential entrepreneurs at some stage in the form of brief project profiles, can be helpful in generating more enthusiasm among the diaspora. By the same token, the business concepts registered by all the applicants could be run through the local partners in the target countries for their views on the viability of the project ideas. The two way communication of business ideas could help deepen the guidance to entrepreneurs and save much time of the coaches coping with frivolous change of ideas by their clients. More sector wise scoping studies such as the one on ‘Gums and Resins’ in Somalia may be

commissioned under the MEP to throw light on value chain based business opportunities that diaspora entrepreneurs can pick and choose depending on their own professional background, resources and networks.

6.2.7. Availability of skilled human resources is proving to be a challenge in the MEP target countries, dampening the enthusiasm of many a diaspora entrepreneur. An ecosystem of vocational training institutions, linkages with technical education institutions in the target countries and civil society groups such as the HAVAYOCO and Shaqodoon in Somaliland are vital to the growth of SMEs. MEP needs to be converged with programmes like LEAD and the self-employment schemes operated by government agencies such as the Ministry of Labour in Kurdistan to contribute to such a supporting eco-system. A National Skills Mission is the need of the hour in countries like the Kurdistan and Somaliland and MEP can trigger the attention of the governments in this direction during the course of the capacity building events. There is also a need to develop new partnerships outside the current network of trainers and coaches in the NL as well as the target countries. For example, the Civil Service Institute of Somaliland which has the mandate to train the civil servants of the country has been offering a programme titled, 'Start and Improve Your Business' (SIYB). The programme design is not quite the same as the one adopted under MEP, but there is good scope to enlist them as a partner institution to enhance the programme reach and in the process promote 'Public Private Partnerships' (PPPs). Partnerships with similar institutions in other MEP target countries can be explored.

6.2.8. The attention of the MTR was also drawn to the human resources aspect of the MEP programme management team by some partners. Co-ordinating the programme across six countries and managing interface with a diverse group of partners and BSOs within and outside the NL would mean that the programme team at the Headquarters in Amsterdam should be strengthened with two Assistant Managers each holding responsibility for monitoring and co-ordinating the programme in three countries. The two proposed positions could also be made responsible between themselves for functional tasks such as promotion and diaspora outreach; training and coaching co-ordination; quality assurance of business plans and market research; disseminating scoping studies to registered entrepreneurs etc. This expansion of the programme team would release the time of the programme leader for more strategic thinking on the global MEP trajectory and identifying and nurturing new partnerships while attempting critical analysis of ongoing partnerships. Similarly, the country offices in Erbil and Hargeysa and the MOs in the NL need to be strengthened with additional personnel.

6.2.9. The MEP has been under implementation since 2014 with validity till the end of 2016. There is simply no way that the programme can achieve all the objectives in full over the remaining few months. The programme duration as well as budgetary provisions for certain activities such as promotional campaigns seems to have been underestimated as some stakeholders have emphatically observed during the MTR meetings and interviews. In fact, the last couple of years have been a period of programme preparation and the next few years could see the take-off happening effectively. This MTR strongly recommends with all professional responsibility, the extension of the MEP by a minimum of two more years beyond 2016, with corresponding increase in budgetary support, for the MEP to be able to harvest the outcomes from the preparatory efforts invested and lessons learnt, so far. Screening and building partnerships with BSOs, government agencies, chambers of commerce and other stakeholders has not been an easy task and the extension of the programme period with budgetary expansion will help capitalise on these partnerships to deliver results that can be potentially very positive.

6.2.10. The absence of a conventional banking system and the consequent lack of financial and investment support to SMEs in countries following Islamic Banking principles and practices is a serious bottleneck to the effectiveness, efficiency and sustainability of the MEP initiated start-ups. Even the Central Banks of countries like Somaliland and Kurdistan admit to the complete lack of a policy framework or legislation based support to the SME sector which leaves entrepreneurs to entirely organise the financial resources on their own. The case of the Nadif Car Wash (**Box 5.1**) illustrates the potential consequences for viability of small businesses constrained by working capital. As **Annexures 5.1** and **5.2** depict, the Islamic Banking paradigm not only involves cumbersome paper work but lacks transparency on how the cost of capital is assessed, leaving diaspora entrepreneurs used to a conventional banking system quite confused. Under these circumstances, the concept of the Loan Guarantee Fund (LGF) available under the MEP loses its functionality since conventional bank loans are just not available to the entrepreneurs. Hence the need to repackage the Fund as an open line of investment support.

6.2.11. The LGF can be used as originally contemplated in MEP countries where conventional banking systems operate and a proportion of the same can be set apart as an open line of investment support for supporting entrepreneurs in countries that have very weak or no policy orientation towards the SME sector as in Kurdistan and Somaliland where Islamic Banking practices are in vogue. The open line fund earmarked for the purpose should have the flexibility to provide both debt and equity based investment to start up enterprises whose business model

is healthy and the entrepreneur (s) founding the start-up has the right credentials to take the business forward. If the NL Banking Regulation does not permit SPARK to advance such investment support (the MTR consultant has no knowledge of the Dutch Banking Regulation), SPARK may consider partnering with a reputed MFI in Kurdistan or Somaliland for routing the open line investment to deserving enterprises. This interim arrangement will at least inspire hope in the diaspora entrepreneurs that a ‘life saving investment support’ can be accessed if the enterprise has the potential to succeed. At no stage, however, even a remote impression be given to the entrepreneurship community that SPARK’s open line investment is anywhere close to a grant-in-aid. The eligibility for open line investment and the process of appraisal and approvals can be made through a Standing Investment Committee of experts to be constituted by SPARK for vetting the investment proposals on a case to case basis. Further, if the donor agencies concur with the MTR recommendation for extension of the project period with additional budgetary support, SPARK should consider identifying a professionally managed and well-structured development fund/ asset manager to manage the LGF for the former.

## Annexure 1.1: Step-Wise Programme Design of MEP (Source: SPARK Documentation)

### Step 1 - Promotion

<b>Target communities</b>	Target communities in the Netherlands originate from Suriname, Morocco, Ghana, Northern Iraq (Kurdistan), Afghanistan, Somalia
<b>Actors</b>	SPARK and other profit and non-profit organizations are involved in promoting the program under the target communities in the Netherlands
<b>Activities</b>	<u>General promotion:</u> Participation to relevant meetings / conferences / media-interviews / adverts / event sponsoring / strategic alliances with (migrant) entrepreneurs' associations / newsletter (second half 2015) / distribution of flyers on relevant happenings <u>Migrant group specific promotion:</u> (Co-) organizing information meetings/participation into relevant meetings / local radio & tv / migrant community leaders / strategic alliances with migrant entrepreneurs' associations / distribution of flyers on relevant happenings.
<b>Where</b>	Throughout the Netherlands (local / regional / nationwide)
<b>When</b>	All year
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs)
<b>Frequency</b>	As often as possible

### Step 2 - Recruitment

<b>Application</b>	Interested candidates (male / female) apply by contacting SPARK (website) or partners
<b>Intake Interview</b>	An in-depth interview takes place with focus on: - motivation - entrepreneurial background / - qualities - relevant working experience - business idea - financial situation The applicant will be notified within 48 hours whether he/she is admitted to the program
<b>Actors</b>	SPARK conducts intake interviews and takes the final decision on all applications. Partners also conduct intake interviews and advises SPARK with regards to the final decision
<b>Where</b>	Interviews take place on two locations in Amsterdam (SPARK head office / partners' offices)
<b>When</b>	12 months of the year
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs) Applicants pay their own travel expenses to and from the interview loc

<b>Frequency</b>	As often as possible
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### Step 3 - Advice Local BSO on Business Idea

<b>Activity</b>	After the intake interview the local BSO can be approached (optional) by SPARK for advice on: - the business idea (market potential for product / service) - relevant government policies / - permits / - licenses and other requirements to start - business location (strong points / weak points / relevant costs: for instance rental or construction)
<b>Actors</b>	SPARK will contact the local BSO by email (intake report will be included)
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs)
<b>Frequency</b>	If necessary
<b>Follow up</b>	BSO's feedback can acknowledge the strength of the original business idea, or to adjustment of the original business idea or rejection of the original business idea
<b>Goal</b>	SPARK wish to make use of local expertise and experience as early as possible in the program and thus eliminate applicant's false or too optimistic expectations

### Step 4 – Group Training Sessions

<b>Activity</b>	The program offers 4 full day training sessions to the participants (those who have applied successfully). The training sessions are: - Introduction to Entrepreneurship - Writing a Businessplan - Marketing & Sales - Financials The participants are expected to work on a concept business plan in between the training sessions
<b>Goal</b>	To equip the participants with the essential knowledge with regards to starting a business
<b>Actors</b>	SPARK and external professional trainers
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs) Participants are required to pay € 30 per person per training session (full day)
<b>Frequency</b>	Approximately 4 times a year
<b>Follow up</b>	After the training the participants get approximately two weeks to finalize their concept business plan; each participant gets one coaching session (optional) to help the participants to focus on the essentials

### Step 5 – Advice Local BSO on Concept Business Plan

<b>Activity</b>	Local BSO will be approached by Spark for advice on the concept business plan before it will be presented to the jury of independent business consultants at the jury meeting. Advice will be required on: <ul style="list-style-type: none"> <li>- the business formula</li> <li>- market potential of the business idea</li> <li>- feasibility of the idea</li> <li>- fundability at local banks</li> </ul>
<b>Actors</b>	SPARK will contact the local BSO by email (concept business plan or concept executive summary will be included)
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs)
<b>Follow up</b>	BSO's feedback will be incorporated in the jury meeting where participants will present their concept business plans and answer questions from the jury

### Step 6 – Jury Meeting

<b>Activity</b>	Participants will have to present their concept business idea at the jury meeting; accordingly, they will have to answer questions with regards to their concept business plan to the jury.  The jury advises SPARK on continuation of the participant within the program and SPARK takes the final decision.
<b>Goal</b>	The jury meeting has two functions: 1) To advise SPARK whether the entrepreneur (male/female) and the business plan have enough potential to justify continuation within the program 2) To advise the participants on their concept business plans, business formula, marketing and financials.
<b>Actors</b>	Three independent jury members chaired by the chairman of the jury (Resultaat op Maat).  The participant who presents his/her concept business plan
<b>Frequency</b>	Approximately 3 to 4 times a year
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs)
<b>Follow up</b>	The jury can advise SPARK to: <ul style="list-style-type: none"> <li>- continue supporting the applicant (appointing an individual business coach + facilitated local market research)</li> <li>- to hold the final decision on continuation until the participant has provided additional information essential to the successful implementation of the business plan</li> <li>- stop supporting the applicant based on lack of market potential / entrepreneurial skills / finances / fundability / etc.</li> </ul>



## Step 7 – Individual Business Coaching

<b>Activity</b>	An experienced (external) business coach in the Netherlands is appointed to each participant of the program who has successfully participated to the jury meeting. An experienced (external) business coach can also be appointed to a participant of the program who has successfully participated to the intake interview and has proven entrepreneurial experience, skills and expertise in his/her trade, sector and/or branche. In this case, the participant might skip the training sessions or follow one or two separate modules to strengthen his/her knowledge base.
<b>Goal</b>	-To facilitate the participant with regards to the best possible preparation towards starting a business in the country of origin - To help the participant to draw up a professional and insightful business plan
<b>Actors</b>	SPARK appoints the external business coach; The coach advises SPARK if necessary External business coach in the Netherlands The participant who is the coachee
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs)
<b>Frequency</b>	Each potentially successful participant can be appointed a business coach during the program

## Step 8 – Local Market Research

<b>Activity</b>	With the input of local BSO, participants to the program are facilitated to write a concept business plan. They perform desk research and use all their relevant (local) sources to get as much relevant local market information as possible. In most cases local field research is essential since vital local market information, business registration, land purchase or collaboration agreements have to be acquired, negotiated or concluded locally by the entrepreneur him- of herself.
<b>Goal</b>	To enable the participant to acquire essential, trustworthy and actual local market information he or she cannot acquire through other channels
<b>Actors</b>	- The participant who is going to do the local market research; - The business coach in the Netherlands supports the participant with formulating a local market research plan; - Local BSO who is going to coach the participant locally; - SPARK who authorizes the local market research application by the applicant and who monitors and evaluates the results of the local market research; - SPARK who provides co-finance
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs):  See BSO Agreement
<b>Duration</b>	The duration of local market research is on average 4 weeks
<b>Frequency</b>	Each participants can only apply one time successfully for facilitated local market research

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### Step 9 – Finalizing Business Plan / Finance\*

<b>Activity</b>	With the results and information gathered during the local market research the participant supported by the business coach in the Netherlands draws up the final version of the business plan. *In case additional (external) finance is needed, the participant facilitated by the business coach in the Netherlands, presents the business plan to identified (market research) potential financiers / investors./ funds
<b>Goal</b>	A professional business plan that gives full insight in all aspects of the business and the business environment
<b>Actors</b>	The participant and the business coach in the Netherlands
<b>Costs</b>	Earmarked program budget (funded by the Dutch Ministry of Foreign Affairs)
<b>Duration</b>	Approximately 4 – 6 weeks after the local market research

### Step 10 – Local Implementation of the Business

<b>Activity</b>	The operational phase of the business starts when the final business plan has been drawn up, starting capital has been acquired and the participant is to take the necessary steps to get the business up and running. The start-up phase starts when all the necessary steps to get the business up and running with the opening of the business till one year after the start. The participant is facilitated by SPARK up and till one year after the start of the business to overcome the first year, normally the toughest year for starting entrepreneurs, of the business.
<b>Goal</b>	To enable the entrepreneur (male/female) to overcome all economic, social and cultural obstacles and pitfalls starting Diaspora entrepreneurs have to face during their first year in business by co-financing the use of local BSO
<b>Actors</b>	- The starting Diaspora entrepreneur - Local BSO (business coaching) - SPARK (co-financing)
<b>Costs</b>	50 % of the total costs of the local BSO up to one year after the start is co-financed by SPARK up to a maximum of € 500 (starting entrepreneur) and up to a maximum of € 1.000 (established entrepreneur) on the condition that the entrepreneur contributes a minimum of 50% of the total BSO fee
<b>Duration</b>	From the operational phase up to one year after the start of the business
<b>Frequency</b>	If and when needed

## **Annexure 1.2: Terms of Reference for the Mid-Term Review of Migrant Entrepreneurship Programme** (*Source: SPARK Advertisement*)

### **Introduction**

SPARK has drawn-up this Terms of Reference for a short-term consultancy to undertake a mid-term (process) evaluation of their MFS II Programme funded by the MFA of the Netherlands. This evaluation concerns the first two years of the programme (2014-2015), the activities of project partners, and the results at the level of outputs and outcomes which need to be evaluated to ensure that overall programme objectives will be attained by the end of the programme, end of 2016.

#### **1. Purpose and context**

The 3-year program on “Circular Migration and Brain Gain: Supporting migrant entrepreneurs” has started in 2014 and is implemented in Afghanistan, Iraqi Kurdistan, Ghana, Morocco, Somalia and Surinam. The program purpose is “promoting circular migration/brain drain so that migrants who live in the Netherlands increasingly contribute to developing their countries of origin”. The aim is to contribute toward stimulating economic development by providing opportunities to Diaspora to start a business in their country of origin. It relates to Spark’s mission by supporting migrant entrepreneurs to contribute to economic development in their country of origin and creating jobs.

**RESULT 1.** The capacity and services of partner Business Service Organizations (BSOs), Financial Institutions (FIs) and government in target countries, as well as Dutch partner migrant organizations are strengthened and improved.

Activities: identifying suitable partners, identify and develop their capabilities in order to provide business support and promote entrepreneurship in the target countries of the programme. Capacity building activities are aimed at sustainable impact within the respective organizations and government departments.

**RESULT 2.** Supporting migrant entrepreneurs to start enterprises in the countries of origin to increase economic development and creating jobs.

Activities: promotion within Diaspora communities is carried out; identify and select promising entrepreneurs; support package of training & coaching in NL, and local support to

conduct market research and help with registration. The entrepreneurs with the best prospects are helped with acquiring finance through a loan guarantee fund.

RESULT 3. To support existing migrant SMEs in The Netherlands to start a branch or sister facility or form a joint venture in their country of origin.

Promising Diaspora-run SMEs are selected and supported in establishing sister facilities or joint ventures in their countries of origin through coaching in The Netherlands and market research assistance in the countries of origin. The entrepreneurs with the best prospects are helped with acquiring finance through a loan guarantee fund.

## **2. Evaluation objectives**

As the programme is well underway, it is important to take stock of accomplishments to date and identify shortcomings for which recommendations for improvement can be made. Although programme implementation is being monitored closely through half year internal progress reports, a more comprehensive and objective evaluation by an external consultant at mid-term is deemed necessary to validate results reported, and to formulate recommendations on programme activities for the remainder of the programme period.

Thus, the objectives of the evaluation are the following:

- Assess the extent to which the programme has been attaining its outputs and outcomes as identified in the Programme Proposal and Monitoring Protocol, and thus is on track towards achieving its overall objectives.
- Review relevance, effectiveness and efficiency of the overall programme interventions;
- Identify gaps/weaknesses in the current programme design, delivery mechanisms and interventions, and provide recommendations as to their improvement for the remainder of the programme period to strengthen the quality and sustainability of the programme deliverables;
- Identify lessons learnt from the ongoing interventions of the programme;
- the changes that have already been implemented by SPARK as compared to the original project proposal in the course of the project period will also be subject to the evaluation
- Identify any unintended or unforeseen effects of the programme to date.
- highlight issues and challenges affecting effective and efficient implementation of outputs and their contribution to project outcomes

- Assess the likelihood of continuation and sustainability of programme outputs and outcomes after completion of the programme in 2015.

### **3. Key-focus areas**

- Next to the above stated objectives the following areas will receive particular attention in the evaluation.
  - Business support of entrepreneurs and SME's (objective 2)
    1. Assess the quality of the business services offered by SPARK and its implementing partners under objective 2 and 3.
    2. Re: training /coaching trajectory:
      - How to improve SPARK's business support to ensure successful start-up of the entrepreneur?
      - How to improve increased success with SME's (e.g. increase added value of SPARK for SME's)
      - How to increase the efficiency of the business support trajectory
      - Assess preliminary indications of the degree to which the project training and coaching trajectory are likely to be sustainable beyond the project's lifetime, and provide recommendations for strengthening sustainability.
      - Recommendations on putting the Loan Guarantee Fund to effective use in the final year of the programme.

#### Country specific strategies

- Learned lessons and recommendations sought on the strategy on Afghanistan, Kurdistan and (to lesser extent) Somalia, because of their fragile security situation.
- Learned lessons and recommendations enhanced the role of country offices in Kurdistan and Somalia to contribute to the projects outputs and outcomes

### **4. Methodology for evaluation approach**

The evaluator(s) should coordinate closely with the MEP Programme Management, SPARK Country representatives, as well as project implementation and cooperation partners.

A combination of desk research, interviews, consultation meetings in The Netherlands. Field work is to be carried out in two of the 6 MEP countries, the country office in Erbil, Kurdistan, and Hargeisa, Somalia.

The MTR will start with a meeting at Main office in Amsterdam and conclude with a debriefing meeting with SPARK Amsterdam management and directors and other project partners.

The evaluator(s) should follow the DAC Guidelines as contained in DAC Guidelines and Reference Series: Quality Standards for Development Evaluation. The evaluation report should follow the template attached as Annex 1 to this Terms of Reference.

## **5. Time line and schedule**

The evaluation will be conducted within a 2 month timeframe. The assignment will start in January 2016. The duration of the assignment is approx.25 working days, including writing of the final report. The final report must be submitted latest by March 15, 2016.

The Mission will complete and submit a draft final report in both hard and soft copy at the end of the mission. The Mission Leader will finalize the report in the light of comments/suggestions of stakeholders. The key outputs of the MTR are:

### Deliverables

1. Inception Report: methodology, work plan, review of project documents and drafting data collection tools, in accordance with SPARK HQ.
2. Conduct field assessments, interviews and collect relevant project information and data. Short presentation of findings at SPARK HQ.
3. First draft of review report. Presentation of findings and recommendations to SPARK, partners and/or other key stakeholders for verification.
4. Final report, including all annexes (see below)

### 6. Evaluation team

The consultant(s) will have an experience in programmes operating in fragile states; experienced in evaluating programmes on entrepreneurship, or related topics (i.e. BDS, incubator programmes)

#### Qualification of the International Consultant/Team Leader (1):

- Higher education (a degree) in social sciences, economics, or development studies;
- Minimum 7-10 years of extensive professional experience in conducting evaluations;
- Knowledge and experience with working on / evaluating programmes focusing on BDS (Business Development Services, SME development, migrant entrepreneurship is viewed an asset

- Strong working knowledge of the small enterprise development field and the NGO and donor sectors;
- Extensive knowledge of result-based management evaluation, OECD/DAC and /or UN-system evaluation standards, as well as participatory monitoring and evaluation methodologies and approaches;
- Experience in applying SMART indicators and reconstructing or validating results chains;
- Good professional knowledge of the programme countries, especially a strong political understanding of working in fragile states;
- Demonstrated and strong analytical, communication and report writing skills;
- Capacity to work with the target group representatives;
- Fluency in written and spoken English.

#### 7. Apply

Interested and qualified candidates should send their CV(s)/ Company Capacity Statement, with a covering letter explicitly referring to previous similar experiences, as well as a first evaluation plan and preliminary budget, to [t.willems@spark-online.org](mailto:t.willems@spark-online.org) and [vacancy@spark-online.org](mailto:vacancy@spark-online.org) by 27 december, 2015, 18.00 (Amsterdam time).

Also include:

- Work plan indicating dates and number of days for each task
- Professional fee (in Euro's – either lump sum or daily rate)
- Availability (date)

Incomplete applications will not be considered.

For additional questions on the assignment please contact [t.willems@spark-online.org](mailto:t.willems@spark-online.org)

### Annexure 2.1: List of Persons Interviewed/ Contacted

Srl. No.	Name of the Person	Designation	Organisation/ Institution	Country (current base)
Meetings in The Netherlands (Amsterdam, Amherst, Rotterdam and Utrecht)				
1.	Mr. Ahmed Mohamed (via skype)	Promoter	Sesamum Seeds in Somalia	The Netherlands
2.	Mr. Anthony Gonzalez	M&E and QA Manager	SPARK	The Netherlands
3.	Mr. Ayaanle Awale (Response to mailed questions)	Managing Director	Iftiin Energy in Somaliland	The Netherlands
4.	Mr. Bismarck Acheampong	Promoter	Real Estate Services in Ghana	The Netherlands
5.	Mr. Erik Neve	Neve Consultancy	Consultant	The Netherlands
6.	Ms. Esther Simao	Trainer	Ambitious Business	The Netherlands
7.	Mr. Farzan Najmeddin	Project Manager	Kurdistan in Business	The Netherlands
8.	Dr. Gea D.M. Wijers	Founder	Wijers Community-Based Consulting	The Netherlands
9.	Mr. Hassan Ashkir Warsame	Managing Director	Warsame Fashion in Somaliland	The Netherlands
10.	Mr. Hawras Bapeer (via Skype)	Promoter	Advertising business in Iraqi Kurdistan	The Netherlands
11.	Ms. Kelly Devore	M&E Intern	SPARK	The Netherlands
12.	Mr. Michel Richter	Co-Director	SPARK	The Netherlands
13.	Mr. Oscar Van Der Ende	Partner	Ambitious Business	The Netherlands
14.	Eng. Roble Elmi	Business Consultant	DutchSom Business Council	The Netherlands
15.	Mr. Stan Verstrate	MEP Intern	SPARK	The Netherlands
16.	Mr. Stephen J. Deul	Managing Director	Resultaat op Maat	The Netherlands
17.	Ms. Maarwin Meerzorg	Training Participants		The Netherlands



18.	Ms. Mildred Alexander	(Focus Group Discussion)	Developing ideas to set up businesses in Surinam	The Netherlands
19.	Ms. Palmira Lieuw Hie			The Netherlands
20.	Ms. Silphana Wiebers			The Netherlands
21.	Mr. Tom Willems	Programme Co-ordinator (MEP)	SPARK	The Netherlands
Meetings in Iraqi Kurdistan (Erbil and Sulahmaniya)				
22.	Mr. Abdul Karim	Proprietor	Moda Garments	Iraqi kurdistan
23.	Mr. Aram Anwer Omer	Director of Small Loans	Kurdistan Regional Gov.	Iraqi Kurdistan
24.	Mr. Cor Stouten	Deputy Consul General	Embassy of The Netherlands	Iraqi Kurdistan
25.	Mr. Dawoodi	Consultant, Ministry of Finance	Regional Government of Kurdistan	Iraqi Kurdistan
26.	Ms. Faiza G. Tahir	CEO	Wonder Cleaning Services	Iraqi Kurdistan
27.	Mr. Fathi M. Ali Almudaris	Economic Relations Advisor	Ministry of Trade & Industry, Regional Government of Kurdistan	Iraqi Kurdistan
28.	Mr. Hazhar I. Ismael	Director of Management	Ministry of Labor and Social Affairs, Regional Government of Kurdistan	Iraqi Kurdistan
29.	Mr. Omer Khider	Director of Research and Studies Dept	Erbil Chamber of Commerce & Industry	Iraqi Kurdistan
30.	Mr. Raheil Aziz Qaradaghy	Country Representative	SPARK	Iraqi Kurdistan
31.	Mr. Ranj Farhad	Manager	Gardenia, Sulaimani-Arbat Highway	Iraqi Kurdistan
32.	Mr. Samad R. Hassan	Translator & Interpreter	-	Iraqi Kurdistan

33.	Mr. Sarbaset	Head-Supervision and Inspection	Central Bank of Iraq	Iraqi Kurdistan
34.	Mr. Sherjad	Proprietor	Sema Fashionwear	Iraqi kurdistan
35.	Ms.Talar Mumtaz Noore,	Founder, CEO	WWide Business Management	Iraqi Kurdistan
Meetings in Somaliland (Hargeysa)				
36.	Mr. Abdi Nasir	Proprietor	Galaxy Retail	Somaliland
37.	Mr. Abdibasid Ibrahim	Consultant, Governance Capacity Assessment	SPARK	Somaliland
38.	Mr. Abdullahi Hersi	Lead Partner	Nadif Car wash	Somaliland
39.	Mr. Abdul Rehman Hassan	Director, Banking Supervision Unit	Central Bank of Somaliland	Somaliland
40.	Mr. Ahmed Mohamed Aden	Director	Green Development Centre	Somaliland
41.	Mr. Ahmed M. Ahmed	Managing Director	SMART Services	Somaliland
42.	Mr. Ahmed Esse	Business Consultant	DutchSom Business	The Netherlands
43.	Mr. Ahmed-Keyse A.R	Consultant	Spark	Somaliland
44.	Mr. Ahmed Mohamed Ibrahim	Administrative Officer	Somaliland Chamber of Commerce Industry and Agriculture	Somaliland
45.	Ms. Aisha Mohamed Ahmed	Proprietor	Tea Garden	Somaliland
46.	Mr. Bashe Mohamoud Farah	CFO (Finance manager)	Import & Export Keydsame Trading CO	Somaliland
47.	Ms. Cannyce F. Oyieyi	Executive Assistant to the CEO	Kaaba Microfinance Institution	Somaliland
48.	Ms. Fadumo Alin	Chairperson	Kaaba Microfinance	Somaliland

49.	Mr. Farxaan Aadan Haybe	Director General	Ministry of Industries	Somaliland
50.	Mr. Guleid Ibrahim	Assistant Manager	Central Bank of Somaliland	Somaliland
51.	Mr. Hassan Awil	Managing Director	Horn Global Logistics	Somaliland
52.	Mr. Hersi Abdilahi Ismail	Deputy Director General	Civil Service Institute	Somaliland
53.	H.E. Hussein Adan Igeh	The Minister	Ministry of Trade and Investment	Somaliland
54.	Mr. Ibrahim Ismail Elmi	Secretary General	Somaliland Chamber of Commerce Industry and Agriculture	Somaliland
55.	Mr. Ibrahim Laag	President	Amazing Technology Group	Somaliland
56.	Mr. Khaalid Hassan	Country Representative	Spark	Somaliland
57.	Mr. Mahamud Jama Khaire	Consultant, Industrial Policy	SPARK	Somaliland
58.	Mr. Mohamed Jama Liban	Tawfiq trading & Construction Company	TT & CC Manager	Somaliland
59.	Mr. Said Adan Abi	Faculty, Centre for Research	Civil Service Institute	Somaliland
60.	H.E. Shucayb Mohamed Muse	The Minister	Ministry of Industries	Somaliland
61.	Mr. Yacquub Allaahi Omar	Admin and Finance Officer	Kaaba Microfinance Institution	Somaliland

## **Annexure 2.2: Lead Questions Used for Data Collection during Focus Interviews**

### ***A. Focus Interviews (FIs)/ Focus Group Discussions (FGDs) with Entrepreneurs***

1. How did you learn about the Migrant Entrepreneurship Programme (MEP) and how did you approach SPARK?

2. At what stage of development is your current business or business idea?

3. What support have you received so far under the MEP from SPARK, DutchSom and other partners of SPARK?

(For example: Did you attend a training programme or receive coaching for business planning, market research etc. and if so, how effective were these support services)

4. How has the SPARK MEP contributed to your business idea or enterprise, so far?

(Was the MEP support relevant to your business idea and did it help you achieve your objective. If so, in what way? You may like to share what more support under MEP could have helped you better. )

5. Would you recommend fellow members of your diaspora in The Netherlands to avail of MEP support and services? Why?

### ***B. FIs and FGDs with Partner Institutions and Service Providers***

1. What has been your role and nature of involvement with the MEP?

2. How relevant is the MEP and its objectives to the target group?

3. How satisfied are you with your contribution to the programme implementation?

4. From your experience so far, are there any performance gaps that need to be closed to make the programme implementation smoother and faster?

5. Going forward, any suggestions to enhance the programme relevance and effectiveness?

***C. FIs with Government Agencies, Chambers of Commerce, Central Banks/ FIs and other Stakeholders***

1. Investigate the level of awareness about MEP by asking for their understanding and views on the relevance of the MEP to their national economy and business environment.

2. What is the public policy orientation towards entrepreneurship and SMEs in the country?

3. What schemes and support systems can be made potentially available to encourage MEP beneficiaries in grounding and starting up their businesses?

4. Do you consider the programme sustainable in the longer term?

5. How do the local entrepreneurs and the entrepreneurial eco-system in the country view the return of diaspora members with their business ideas and start-ups?

**Annexure 4.1: MEP Result Indicators and Targets (Source: SPARK Revised Proposal)**

<b>Output</b>		
<b>Result 1</b>	<b>Indicators</b>	<b>Tota</b>
<b>The capacity and services of partner Business Support Organizations (BSO's) and partner Financial Institutions (FI's) and government in target countries as well as NL partner migrant organisations strengthened and improved.</b>	Number of signed agreements with umbrella migrant support organisations	<b>1</b>
	Number of signed agreements with country specific migrant organisations	<b>6</b>
	Number of tailored capacity building plans for NL based migrant organisations	<b>7</b>
	Number of coaching days (8-hr working day) for migrant organisations	<b>34</b>
	Scoping study report for all main BSOs and FIs in intensive support target countries	<b>3</b>
	Number of BSOs and FIs selected and formal partnership agreements signed	<b>12</b>
	Number of tailored capacity building plans for BSOs and FIs development and implemented	<b>6</b>
	Number of coaching/training days for BSO's and FI's	<b>72</b>
	Number of scoping study reports for all government agencies dealing with migrant entrepreneurship in target countries	<b>3</b>
	Number of government agencies selected and formal agreements signed	<b>6</b>
	Number of collective training days offered to agencies	<b>10</b>
<b>Result 2</b>	<b>Indicator</b>	
<b>To increase economic development in countries of origin through supporting migrant entrepreneurs to start enterprises in the countries of origin, so creating new jobs.</b>	Number of General promotional campaigns	<b>3</b>
	Number of country/community specific campaigns	<b>18</b>
	Number of participants for the programme	<b>1200</b>
	Introductory one day Business Plan Training/ selection events completed	<b>27</b>
	Received business ideas	<b>400</b>
	# of BPC entrepreneurs (following the business idea competition) that were offered the support package including training and coaching.	<b>300</b>
	Full Business Plan Competition held	<b>12</b>
	Number of full business plans submitted	<b>240</b>
	Number of elaborate market studies performed for all winning business plans	<b>120</b>
	Number of individual coaching days delivered	<b>360</b>
	Number of financing agreements reached for winning business plans	<b>80</b>
	Number of winning businesses registered and with turnover	<b>120</b>
<b>Result 3</b>	<b>Indicator</b>	
<b>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 create jobs.</b>	Number of General Promotion Campaigns	<b>3</b>
	Number of country/community specific campaigns	<b>18</b>
	Promotional materials produced and distributed– country and community specific, including web advertising, leaflets, posters etc.	<b>18</b>
	Number of business plans (applications) received	<b>36</b>
	Number of business plans selected	<b>12</b>
	Number of coaching days provided to SMEs (5 days per SME)	<b>120</b>
	Number of businesses registered and with turnover in target countries	<b>8</b>

## **Annexure 5.1: How Do Commercial Banks in Somaliland Operate?**

*(Source: Central Bank of Somaliland)*

Like Islamic Banks functioning elsewhere in the world, commercial banks in Somaliland operate on the principles of Sharia (Islamic Law) called fiqh muamalat (Islamic rules of transactions). There are two commercial banks operating in Somaliland with valid license from the Central Bank of Somaliland- the Darasalam Bank and the Dahabshil Bank International. These banks provide products and services to both businesses (corporate banking) and to private clients (retail banking) including regular banking products and services such as saving accounts, current accounts and business loans. There are different ways in which Somaliland commercial banks finance their business clients, the most common being Mudarabah, Musharakah, Murabaha, Ijarah and Qard-al-hassan. Each of these banking products are briefly explained as follows;

- i. **Mudarabah** (Profit sharing) is a profit sharing arrangement between two parties, that is, an investor and the entrepreneur. The investor (banker or capital provider) will supply the entrepreneur with funds to finance the business on a profit-sharing ratio to be agreed in advance as part of the investment decision.
- ii. **Musharakah** (Joint Venture) refers to a partnership between the Bank and the business enterprise in which profits made will be shared by them in an agreed ratio which may not be in the same proportion as the investment.
- iii. **Murabaha** (Cost Plus) transaction is the most common way of financing used by commercial banks in Somaliland. It involves the sale of goods at a price which includes a profit margin agreed by both parties. However, the seller must let the buyer know the actual cost of the asset and the profit margin at the time of making the sale agreement.
- iv. **Ijarah** (Leasing) is a contractual arrangement whereby one party (Lessor) grants the other party (Lessee) the right to use an asset in return for periodic rental payments. However, ownership of the asset returns to the lessor at the end of the contract.
- v. **Qard-al-hassan** (interest-free loan) is a loan given for a fixed period on a goodwill basis and the borrower is only required to repay the amount borrowed.

## **Annexure 5.2: Instructions for Providing Loans to Small and Medium Enterprises**

*(Translated from the Arabic document provided on the advice of the Central Bank of Iraq by the Chihan Bank in Erbil during the MTR Field Work).*

1. The entrepreneur should open an account with the bank as per the ‘Know your Customer’ (KYC) instructions.
2. The entrepreneur should obtain all legal approvals for the project and attach them to the Form No. 1 of the loan application.
3. Completed loan application must include Forms 1 and 2. Form No.1 must include full name, surname, residential address, his/her job identity card, Passport, Iraqi citizenship card, provision card, telephone nos., amount of the loan applied for, name of the business enterprise, business activities proposed, techno-economic feasibility study report of the project, payback period of the loan and commitment of guarantors (informally given to understand that Banks in Iraq usually prefer a guarantee from government employees who are friends or relatives of the applicant).
4. Form No. 2 must include all the details mentioned in Form No. 1 with a list of machines/ materials/ inputs that are needed for the project and so that the Bank and the applicant can enter in to an agreement for procuring the same. Other supporting documents to be provided by the entrepreneur include the following;
  - a. A formal certificate of registration of the business.
  - b. A bond of surety guaranteeing the repayment of the loan.
  - c. Details of persons to be employed on the project with their agreed salaries.
5. The Branch Manager of the Bank shall inspect all entities concerned with the project to establish the validity of the information and assurances provided by the applicant.
6. The Branch shall forward the loan application to the Loans Department in the Head Office of the Bank with the Branch Manager’s Report for further verification and scrutiny by the Law Department of the Bank.



7. After sanction of loan, the Borrower shall enter in to an agreement to buy all necessity materials and inputs for the project at prices to be decided by the Bank.
8. An undertaking must be provided by the Borrower represented by the General Manager of the business enterprise, authorizing the Bank to order shutting down of the business for a period of three months or more, if at any stage the Bank finds that the borrower is not honouring any of the agreements or conditions of the loan.
9. The Bank shall constitute a committee to inspect the real estate which is offered as security for the loan and to ensure that the value of the security cover is twice the loan amount applied for by the entrepreneur.
10. After signing of the agreements between the Bank and the Borrower, all the materials needed for carrying out the business shall be procured only in consultation with the Bank and the ownership of the purchased materials will vest with the Bank.
11. All loans sanctioned to SMEs will not have a repayment period exceeding three years and repayments must follow a monthly schedule.
12. The maximum amount of loan that can be advanced to individual SMEs is 50 million Iraqi Dinar.
13. The interest rate (profit) that Bank can earn on its loan amount shall not exceed 4%.
14. 1.5% of the profit made by the Bank branch must be shared with its Head Office to support the supervisory overheads and general administration of the Bank.
15. A permanent committee shall be set up by the Bank branch to inspect and supervise all the projects sanctioned to the SMEs.

