

Final Report

Nigeria Diaspora Study: Opportunities for Increasing the Development Impact of Nigeria's Diaspora

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1 Executive Summary

1.1 Overview of study objectives and research methods

Nigeria's diaspora, estimated at up to 15 million people worldwide, plays a crucial role in driving growth and progress in the country. As Nigeria emerges from recession, civic and business leaders are looking to leverage the diaspora in order to mobilise development resources. Recognising the importance of diaspora engagement, the Government of Nigeria has recently established the Office of the Senior Special Adviser to the President on Foreign Affairs and Diaspora and is currently drafting a National Policy on Diaspora Matters.

DFID's Policy Development Facility commissioned Dalberg to conduct this study on behalf of the Office of the Vice President (OVP), the Nigerian Investment Promotion Commission (NIPC), and Ministry of Foreign Affairs (MFA) to support ongoing efforts to spur development through diaspora engagement. DFID and various Government of Nigeria agencies, including OVP, NIPC, and MFA, have launched initiatives focused on investment promotion for the diaspora to harness development resources.

This aim of this study is to understand the potential to engage the diaspora in order to generate productive investments and resources for development in Nigeria. Dalberg looked at three models of engagement, focusing primarily on the first two: (i) remittances from the diaspora to Nigeria, (ii) direct investments into Nigeria made by the diaspora, and (iii) the diaspora's promotion of investment in Nigeria.

We employed four research methods in this study: desk research, an online survey of diaspora members, stakeholder interviews, and human-centred design workshops. Desk research involved analyses of international datasets on migration, remittances, and investments, as well as sector reports by donors, implementing partners, and think tanks. We then conducted quantitative analyses on the 175 responses we received to the survey. In addition, we conducted one-on-one interviews with stakeholders and small-group workshops with members of the diaspora in London.

Our findings should be interpreted as indicative, not representative. The sample of survey respondents is not large enough for us to claim statistical significance for our analyses.

1.2 Overview of current diaspora landscape and behaviours

Key takeaways:

- While only 31% of respondents currently invest in Nigeria, a vast majority of those who do not (86%) are interested in investing in the future.
 - First-generation, UK-based, and male respondents are more likely to invest in Nigeria than their counterparts; they are also more interested in investing in potentially riskier geographic areas, such as the North East and North West.
 - Real estate continues to be the most popular category for current and future investment.
 - UK-based respondents, however, show a particular interest in investing in securities compared to their US counterparts.
 - Respondents indicate a 13x increase in their future interest in investing in franchises compared to current behaviours. However, overall interest in micro, small and medium-sized enterprises (MSMEs); social enterprises; and export-oriented businesses remains higher.
 - Strong future interest in geographies beyond Lagos may support broader development efforts focused on Nigeria's least developed regions. However, the conditions for investment will likely include further macroeconomic recovery, addressing the security situation, and infrastructure development.
-

The US and UK accounted for 45% of all remittance inflows to Nigeria in 2015. Of the GBP 15.8 billion remitted to Nigeria in 2015, members of the diaspora in the US contributed GBP 4.3 billion while those in the UK sent GBP 2.8 billion¹.

Based on our online survey, 57% of respondents remit funds to Nigeria and 30% of remittances go to investment-related uses. First-generation, UK-based, and male respondents are more likely to be remitters. Among non-remitters, females were more likely than males to indicate an inability to remit due to insufficient income and to claim not to know anyone in need of support.

First-generation, UK-based, and male respondents are also more likely to invest in Nigeria. Overall, 31% of respondents invest in Nigeria. Forty-two per cent of first-generation respondents invest in Nigeria—more than five times the rate of second-generation investment. Men in the sample are more than twice as likely as women to invest, while UK-based respondents are more than three times as likely to invest as US-based ones. Among those who do not currently invest in Nigeria, 86% expressed interest in doing so.

Real estate is the most popular category of current investment; among potential future investments, real estate and entrepreneurship are the most popular categories. Nearly all survey respondents currently investing or interested in investing in Nigeria would like to invest in the South West. First-generation, UK-based, and male respondents are more likely to show interest in investing in less developed areas within Nigeria, including the North West and North East.

¹ World Bank. 2016. "Migration and Remittances Factbook 2016, 3rd edition. Washington, DC: World Bank."

The future appears to hold potential for a significant increase in diaspora investment in franchises, export-oriented businesses, and social enterprises. Future interest in franchises increases by a factor of 13 compared to current investments, but overall interest in MSMEs, social enterprises, and export-oriented business remains higher. Future interest in providing businesses with working capital is more than double the current interest level. The top three sectors of interest—both now and in the future—are technology, services, and agriculture.

Survey respondents were most likely to hear about investment opportunities in Nigeria through friends and family in Nigeria (71%). Just 17% learned from general mass marketing and advertising, while 7% learned from official government communications. Seventeen per cent of respondents do not learn about investment opportunities.

Seventy-four per cent of all survey respondents are not actively involved in facilitating trade or investments to Nigeria.

1.3 Summary of research findings on drivers and barriers to diaspora engagement

Key takeaways:

- Overall, the most frequently cited barrier to investing in Nigeria is lack of sufficient available capital. This presents some interesting opportunities for crowdfunding or targeted, high-volume investment vehicles such as savings bonds issued by the Federal Government.
 - US-based respondents were less likely to invest than their UK-based counterparts and appear to have less awareness of investment opportunities in Nigeria. Anecdotally, this may not be surprising, but it is interesting given that overall, the US remits more than the UK.
 - Difficulty in identifying trustworthy investment opportunities was a major concern both among individuals who do not currently invest and individuals who do.
-

We found that three overarching needs or conditions determine an individual's investing or remitting behaviour: knowledge and awareness, ability, and willingness.

In each case, several barriers can prevent these needs or conditions from being met and make it less likely that the individual will invest or remit. Knowledge and awareness of investment opportunities in Nigeria tend to be inhibited by limited availability of reliable information sources and because members of the diaspora have poor access to available resources. US-based respondents appear to lag behind their UK counterparts in their awareness of investment opportunities in Nigeria—which suggests a lack of exposure to appropriate information in the US. Individual ability to invest, meanwhile, is often constrained by availability of capital, time, and other resources. In fact, among our sample, lack of sufficient available capital to invest is the most frequently cited barrier to investing in Nigeria. Perceptions of mistrust and uncertainty also limit individuals' willingness to engage. Members of the diaspora who currently invest and those who do not both cited difficulty in identifying trustworthy investment opportunities as a major concern.

Dalberg identified key motivations, needs, and barriers that shape remittance and investing behaviours; these form the basis of ten distinct diaspora personas.

Personas in this context are composite portraits that illustrate different user archetypes

within a given ecosystem. They draw from research data on a range of personal characteristics within a community in order to help us understand individuals' needs, experiences, behaviours, and goals. Our ten diaspora personas are defined as follows:

Remitters

The **Provider** is a migrant who feels duty-bound to send money home to support others. The **Altruist** is motivated by a personal imperative to help others in less fortunate circumstances.

Investors

The **Money Maker** is motivated by the prospect of realising outsized returns from investments in Nigeria. The **Change Maker** is entrepreneurial and excited by the prospect of creating real, positive change for Nigeria and its people. **Distant Funders** want to invest in and support development in Nigeria, but from the comfort of their homes abroad. **Planners** are primarily concerned with securing their own future wellbeing in Nigeria.

Non-investors

The **Sceptic** harbours a deep-seated mistrust of Nigerian institutions and individuals. For **Dreamers**, lack of engagement stems from a mismatch between their inherent interest in investing in Nigeria and their available resources. The **Detached Diasporan** has a weak emotional connection with Nigeria and a belief that the Nigerian government and / or Nigerian people are responsible for improving the country's welfare. The **Unaware Individual's** lack of engagement stems from a lack of previous outreach by players within the investment and business ecosystems (and government) in Nigeria.

1.4 Summary of identified solutions and key recommendations

Dalberg has identified two primary levers for encouraging diaspora engagement in Nigeria. The first is to *promote specific investment opportunities*; the second is to *improve the overall enabling environment for investment*.

The private sector and third-party arbiters may be better placed to execute on investment and deal promotion with the diaspora, due to prevailing attitudes of mistrust with respect to the government. The Government of Nigeria should encourage the private sector to develop and promote opportunities that are grounded in an understanding of the diaspora's interests and motivations. Investment promotion strategies can be tailored based on identifiable groups within the diaspora and their specific ambitions and goals.

The Government of Nigeria can play an important role in driving efforts related to improving the overall enabling environment, which requires a coordinated, systems-level approach. The Government, in collaboration with other partners, can address barriers to engagement at the ecosystem level to make it easier and more compelling for the diaspora to engage in Nigeria.

Our recommended solutions include:

- Establishing a certification programme for investment opportunities and businesses in Nigeria that incorporates quality-assured reporting requirements.
- Aggregating deal flow and pipeline opportunities in easy-to-access and well-known platforms among the diaspora.
- Promoting crowdfunding platforms that enable individual investors to participate in deals with smaller capital requirements and reduce the risk of investing.
- Streamlining the investment process and strengthening an integrated, online platform to enable remote project / investment management.
- Developing "how-to" guides for foreign investors and professional directories of local experts and investors in the diaspora.

- Developing open-source, peer review channels that allow local partners and service providers in Nigeria to be publicly rated.
- Developing reporting platforms to crack down on corruption, improve transparency, and demonstrate commitment to fighting corruption at all levels of government.
- Engaging the diaspora in policy formulation and implementation through forums such as diaspora councils.

It will be crucial for government actors, development partners, diaspora organisations, and the private sector to work together to support programme implementation. Mechanisms for collaboration, engagement, and sharing of technical knowledge and expertise will be essential for programmatic success.

Effective outreach and engagement with the diaspora remains a key challenge. As demonstrated by this study and previous research attempts, reaching the diaspora is difficult due to fragmentation within the diaspora community and lack of centralised outreach channels. In order to effectively implement solutions, the Government, private sector, and civil society must coordinate efforts and go beyond traditional channels of communication to reach the diaspora.

2 Introduction and Methodology

2.1 Study overview

Nigeria's diaspora, estimated at up to 15 million people worldwide, plays a valuable and crucial role in driving growth and progress in the country. Nigerians in the diaspora provide important economic, social, political, and cultural assets that can be harnessed for Nigeria's development. As Nigeria emerges from recession, civic and business leaders are looking to leverage the diaspora in order to mobilise development resources. Recognising the importance of diaspora engagement, the Government of Nigeria has established the Office of the Senior Special Adviser to the President on Foreign Affairs and Diaspora and is currently drafting a National Policy on Diaspora Matters.

DFID's Policy Development Facility commissioned Dalberg to conduct this study on behalf of the Office of the Vice President (OVP), the Nigerian Investment Promotion Commission (NIPC), and Ministry of Foreign Affairs (MFA) to support ongoing efforts to spur development through diaspora engagement. While diaspora remittances account for a significant portion of financial inflows to Nigeria, the Government of Nigeria is placing greater emphasis on harnessing resources for formal investments by the diaspora as well. DFID and various Government of Nigeria agencies, including OVP, NIPC, and MFA, have launched initiatives focused on investment promotion for the diaspora, including issuing Nigeria's first diaspora bond. This study is intended to inform and strengthen these efforts by providing a detailed understanding of the diaspora's behaviours, attitudes, and interests in investing in Nigeria.

2.2 Research objectives

The aim of this study is to understand the potential to engage the diaspora in order to generate productive investments and resources for development in Nigeria. We looked at three models of engagement: (i) remittances from the diaspora to Nigeria, (ii) direct investments into Nigeria made by the diaspora, and (iii) the diaspora's promotion of investment in Nigeria. We focused primarily on the first two models, as these represent individual decisions that directly influence the stock of cash and capital in Nigeria.

Remittances are transfers of funds from households abroad to households in Nigeria. They accounted for approximately 4.7% of Nigeria's GDP in 2016 and represent an important source of funding for consumption and capital assets by Nigerian households². Foreign direct **investment** and private debt and equity portfolio investments from the diaspora can strengthen capital markets and promote local business activity. Our secondary focus, **promotion of investment**, includes facilitation of trade between Nigerian and foreign businesses as well as investment of time and expertise to support Nigerian businesses.

We identified three key research questions to determine the potential for diaspora engagement in investment activity:

1. What are the current remittance and investment behaviours of the diaspora with respect to Nigeria?
2. What motivations and barriers does the diaspora face?
3. What are the key opportunities to increase investment-related activity?

² World Bank figures reported in current USD and converted to GBP at the exchange rate (as of 4 October 2017) of 1 USD to 0.75 GBP.

2.3 Research methods

Dalberg employed four research methods in this study: desk research, a survey of diaspora members, stakeholder interviews, and human-centred design workshops.

We conducted a quantitative analysis of a number of secondary datasets on migration, remittances, and investments, including World Bank and Global Knowledge Partnership on Migration and Development data. On a qualitative level, we studied sector reports by donors, implementing partners, and think tanks.

In addition, we conducted an online survey of diaspora members in the UK, US, and other regions (e.g., Europe, Africa, Asia) to gauge diaspora behaviours and attitudes towards remitting and investing in Nigeria. Diaspora organisations and networks primarily based in the UK and US helped distribute the survey over a four-week period in August and September 2017. We then conducted quantitative analyses on the 175 responses we received to the survey.

We also conducted one-on-one interviews with stakeholders from leading diaspora organisations in the UK, key business and government representatives, and members of the diaspora in order to collect diverse perspectives on the diaspora experience. These interviews focused on collecting individual stories and perspectives on the motivations and challenges faced in remitting to and investing in Nigeria.

Finally, we held small-group workshops with members of the diaspora in London. Dalberg's in-house design-thinking team, Dalberg Design, facilitated these workshops. Participants in the workshops were guided through a series of hands-on, interactive activities that followed human-centred design principles by placing human perspectives and experiences at the forefront of the problem-solving process. These workshops helped us validate findings from our initial research and survey, collect input on what was working well in diaspora engagement and what was not, and generate ideas for potential solutions.

Based on our research, we identified common themes around the motivations for and barriers to remitting and investing among the Nigerian diaspora. We then assessed both the potential demographic and behavioural characteristics that influence remitting and investing behaviour. Based on these characteristics we outlined ten diaspora personas. The personas capture in detail the motivations, preferences, and needs that define sub-groups within the Nigerian diaspora community. They are intended to help organisations tailor interventions in order to engage with the diaspora more effectively—and thereby catalyse further investment.

2.4 Research sample

Most survey respondents were younger adults and first-generation immigrants; most also identified with regions of Southern Nigeria. Of the 175 individuals surveyed, 54% of respondents were 35 or younger; nearly two-thirds of our sample were individuals who emigrated from Nigeria themselves; almost a quarter were students; and nearly 85% of respondents earn less than GBP 100,000 annually. Thirty-five per cent of respondents live in the UK and 42% live in the US; the majority of respondents identified with regions in the South of Nigeria.

A majority of survey respondents identified ethnically as Yoruba (44%) or Igbo (38%), and religiously as Christian (85%). This is in keeping with the fact that a majority of respondents identified with Southern Nigeria.

Those sampled in our survey had strong ties to the homeland—just 27% stated that they did not intend to return to Nigeria. Twenty-nine per cent were unsure and 44%

expressed an intention to return to Nigeria. When specifically asked if they would consider returning to Nigeria *to practice their current professions*, a sizable percentage of those who were unsure about return agreed that they would consider it: 24% would still not consider returning, 17% were unsure if they would consider returning, and 59% said they would consider returning.

It is important to note possible conflation between several of the variables in our survey sample. Gender and generation are likely not independent variables—second-generation respondents are primarily female while first-generation respondents are primarily male. Gender and geography also do not appear to be independent: US respondents are primarily female and UK respondents are primarily male. Geography and generation also appear to be linked: second-generation respondents are primarily from the US and most first-generation respondents are from the UK. Geography and occupation, however, appear to be independent variables.

2.5 Research limitations

There were several important limitations to our research. First, secondary data on the Nigerian diaspora are minimal. There are also significant discrepancies in estimates of the size and location of the Nigerian diaspora. We relied primarily on insights gathered from primary research (both qualitative and quantitative) to develop our understanding of current behaviours and attitudes towards remitting and investing among the diaspora.

Second, our research sample likely has several inherent biases. The makeup of the online survey, one-on-one consultations, and small group workshops hinged on our ability to identify and engage members of the diaspora. While we conducted extensive outreach to various diaspora organisations, we received active support and participation from a limited subset. Moreover, participation in stakeholder consultations was likely skewed toward individuals with an active interest in diaspora engagement, as no additional incentives for participation were provided. While an incentive was provided to encourage a broad range of stakeholders within the diaspora to participate in the survey, there may also be some degree of self-selection into the sample by individuals who were either motivated by the incentives offered or had a pre-existing interest in the research topic. In particular, we had limited ability to capture the perspectives of those diaspora members who are the least engaged in activities related to Nigeria.

Finally, our findings should be interpreted as indicative, not representative. The sample of survey respondents is not large enough for us to claim statistical significance for our analyses. Furthermore, due to potential biases in the sample, and an inability to ensure that research respondents are representative of the Nigerian diaspora, we are unable to extrapolate our findings to the overall diaspora population.

3 Overview of Diaspora Flows

3.1 Size and location of the diaspora

While estimates vary significantly, there are up to 15 million Nigerians in the diaspora, of which ~27% live in the US and UK³. The Nigerian diaspora refers to individuals of Nigerian descent, including individuals born in Nigeria and/or of Nigerian citizenship as well as their descendants, who now live outside of Nigeria⁴. Population estimates for the Nigerian diaspora vary widely due to lack of robust data and monitoring systems. Cameroon, for example, may be home to a Nigerian diaspora community of as few as 145,000 or as many as 6 million people, depending on the source.

3.2 Historic trends of flows into Nigeria

The US and UK accounted for 45% of all remittance inflows to Nigeria in 2015. Of the GBP 15.8 billion remitted to Nigeria in 2015, members of the diaspora in the US contributed GBP 4.3 billion while those in the UK sent GBP 2.8 billion⁵. Remittance flows tend to be larger, and more stable, than private investment flows and official development assistance⁶. In contrast to the steady growth in remittances between 2010 and 2015, preliminary estimates from the World Bank suggest that remittances fell to GBP 14.3 billion in 2016, largely due to a decline in foreign exchange revenue and tighter capital controls⁷.

In addition to remittances, GBP 3.8 billion in foreign direct investment and portfolio investments flowed into Nigeria in 2015⁸. However, it is unclear what proportion of private investment flows originate with the diaspora.

Compared to a household survey conducted by the World Bank in 2009, our survey indicates that a smaller proportion of remittances go to investment-related uses. While the World Bank found in 2009 that 57% of remittances were used for investment⁹, our survey data suggest that 30% of remittance funds now serve that purpose. Anecdotally, respondents indicated that most remittances were sent to cover emergency situations, such as medical care or funeral expenses, or to support the basic needs of family and friends. One respondent explained that, “money that is sent back home is used to build ‘stomach’ infrastructure—we need to ensure basic needs before we can think about investments”.

Interviews indicated very limited potential to switch current consumption remittances to investment-related uses unless there are radical changes in the provision of public goods and services and employment. However, there may be potential to switch some investment-related remittances (e.g., lending for entrepreneurship, household assets) to formal investment structures that could provide larger-scale benefits (e.g., at the community or village level). Based on our limited dataset and inability to extrapolate findings to the larger diaspora population, however, it is not possible to estimate the total value of remittances that could potentially be switched to formal investment structures.

³ UNDESA (2015), “Trends in International Migrant Stock: Migrants by Destination and Origin”; Migration Policy Institute (2015), “The Nigerian Diaspora in the United States”; Policy Exchange (2014), “A Portrait of Modern Britain”; [Vanguard News](#); [The Cable News](#); [GhanaDotCom News](#); Dalberg analysis

⁴ For the purposes of our research sample, we have also included individuals of Nigerian descent who were born outside of Nigeria but now reside in Nigeria as part of the diaspora population.

⁵ World Bank. 2016. “Migration and Remittances Factbook 2016, 3rd edition. Washington, DC: World Bank.”

⁶ World Bank data (<https://data.worldbank.org/>) accessed 08 August 2017; IMF data

(<http://data.imf.org/?sk=388DFA60-1D26-4ADE-B505-A05A558D9A42>) accessed on 08 August 2017

⁷ World Bank data (<https://data.worldbank.org/>) accessed 08 August 2017.

⁸ IMF data (<http://data.imf.org/?sk=388DFA60-1D26-4ADE-B505-A05A558D9A42>) accessed on 08 August 2017

⁹ World Bank (2011), “Leveraging Migration for Africa: Remittances, Skills, and Investments”.

3.3 Overarching remittance behaviours and attitudes within the research sample

Based on our online survey, 57% of respondents remit funds to Nigeria. Ninety-eight per cent of these send money to family members while 45% send funds to friends and 21% remit to the local Nigerian communities to which they have ties.

Remitters most strongly attributed their behaviour to a desire to help friends, family, and community in Nigeria (see Annex A). Most non-remitters, on the other hand, do not give because they do not know anyone who requires support (45%) or because they do not have enough income to remit (29%) (see Annex B).

3.4 Overarching investment behaviours and attitudes within the research sample

Direct investment

Overall, 69% of survey respondents do not invest in Nigeria while 31% do¹⁰.

However, among those who do not currently invest in Nigeria, 86% expressed interest in doing so. Lack of sufficient capital is the largest barrier preventing diaspora from investing in Nigeria, followed by difficulty in identifying trustworthy investment opportunities (see Annex D). The strongest and most common motivator for those who invest is the desire to support family and friends (see Annex C).

Real estate is the most popular category of current investment; among potential future investments, real estate and entrepreneurship are the most popular categories (see Annex E). Currently, the average value of real estate investments per person (GBP 121,000) is more than four times the average value of investments in private equity (GBP 27,000). The average value¹¹ of potential investments in entrepreneurship (GBP 114,000) exceeds that of future real estate investments (GBP 103,000), although more respondents expressed interest in investing in real estate in the future than in entrepreneurship (see Annex F).

Nearly all survey respondents currently investing or interested in investing in Nigeria would like to invest in the South West (see Annex G). No other region receives investment from more than 17% of current investors; however, when “interested investors” are added to the sample, the percentage of diaspora members interested in future investment approximately doubles for each of these regions—with the exception of the North West, where future interest exceeds current investment by a factor of eight.

The future appears to hold the potential for a significant increase in diaspora investment in franchises, export-oriented businesses, and social enterprises (see Annex H). Currently, micro, small, and medium-sized enterprises (MSMEs) and other standalone businesses receive investment from the largest percentages of investor respondents (41% and 39%, respectively). While MSMEs also draw the most interest for future investment (68% of current and potential investors), social enterprises (65%), export-oriented businesses (58%), and franchises (51%) also appear to intrigue potential investors. Future interest in franchises increases by a factor of 13 compared to current investments.

¹⁰ Forty-five percent of respondents do not invest at all, while 25% of respondents invest elsewhere but not in Nigeria.

¹¹ Average values of current and future investments are calculated as the average value of investment size for those survey respondents who provided estimates of their current and potential investments in the future. Future investment figures may be more aspirational than reflective of likely levels of future investment. Investment figures were reported in different currencies and then converted to GBP for consistency.

Future interest in providing businesses with working capital is more than double the current interest level (see Annex I). While just 30% of current investors in our sample provide working capital through their investments, 66% of potential investors indicated an interest in working capital provision. In addition, interest among potential investors in providing commercial capital is nearly double that of current investors. However, future investors are moderately less interested than current investors in providing seed capital.

The top three sectors of interest—both now and in the future—are technology, services, and agriculture (see Annex J). While currently 26%, 33%, and 39% of investor respondents have investments in these sectors, respectively, 61%, 59%, and 56% of potential investors expressed interest in these sectors for future investment.

Survey respondents were most likely to hear about investments opportunities in Nigeria through friends and family in Nigeria (71%), followed by diaspora networks and communities, including family and friends (41%), and business networks and conferences (35%). Just 17% learned from general mass marketing and advertising, while 7% learned from official government communications. Seventeen per cent of respondents claimed not to learn about investment opportunities at all.

Investment support

Seventy-four per cent of all survey respondents are not actively involved in facilitating trade or investments to Nigeria. Among the subset of respondents who currently invest in Nigeria, 57% are not actively involved in facilitating trade or investments, 24% encourage other foreign investors to make investments in Nigeria, 7% facilitate trade between their employer abroad and Nigerian businesses, and 19% facilitate trade between other businesses abroad and Nigerian businesses.

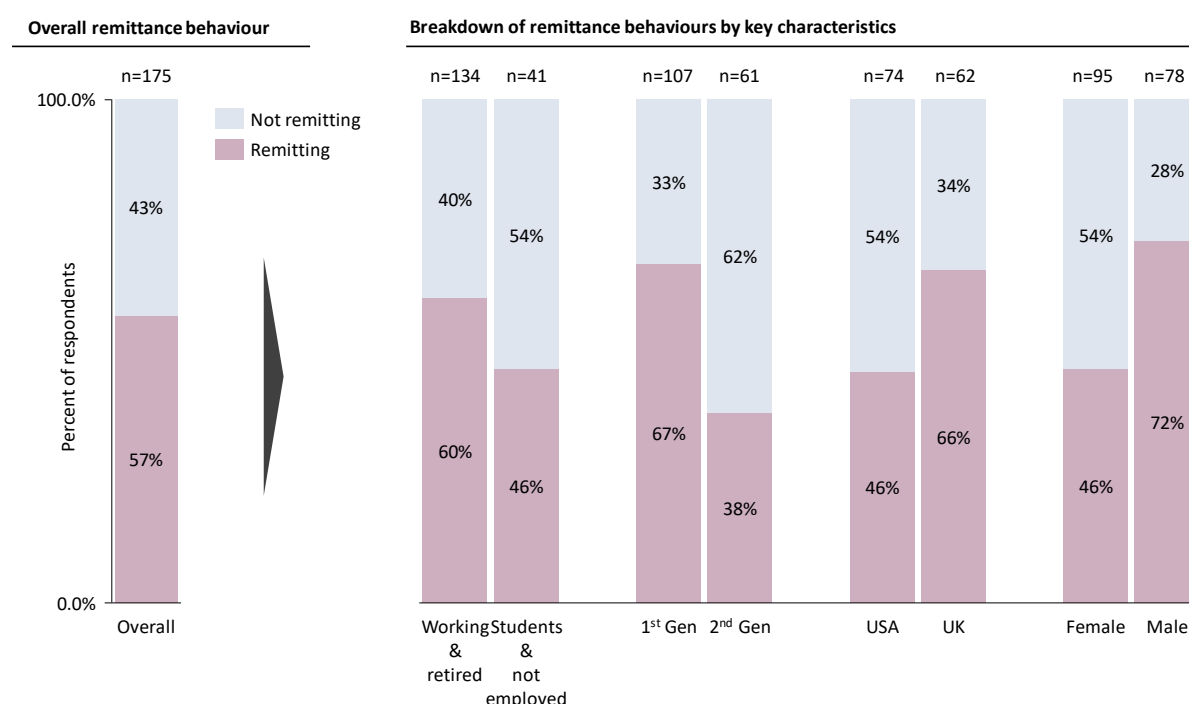
4 Remittance and Investment Behaviours by Demographic Characteristics

Among members of the Nigerian diaspora, our analysis of survey data suggests that motivations for remitting and investing—as well as actual behaviours—varies across a number of demographic characteristics, including gender, geography, occupational status, and generation.

4.1 Remittance behaviour by gender, geography, occupational status, and generation

First-generation, UK-based, and male respondents are more likely to remit (see Figure 1). Overall, 57% of survey respondents remit to Nigeria while 43% do not. Sixty per cent of working or retired respondents remit, compared to 46% of students and unemployed respondents. Two-thirds of first-generations respondents send funds to Nigeria while 38% of their second-generation counterparts do the same. UK respondents (66%) are more likely than US respondents (46%) to remit while men (72%) are more likely than women (46%).

Figure 1: Remittance behaviours by demographic characteristics



Source: Dalberg survey and analysis

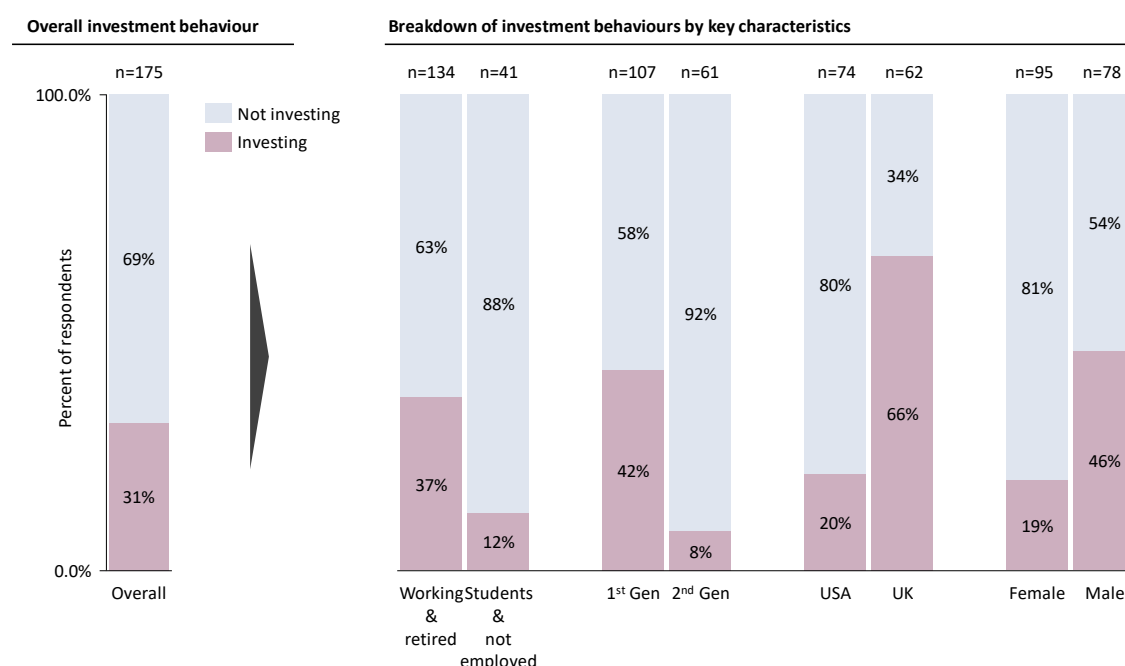
There do not seem to be any significant differences in the reasons that drive men and women to remit. Among remitters, men and women alike name the desire to help their family, friends, and local community as the main motivation for remitting—followed closely by the satisfaction this action brings and a sense of obligation to contribute. More second-generation remitters than first-generation remitters agree that they remit because it helps elevate their status within their family or community. Compared to remitters from the UK, more of those from the US say they give because they desire to, they feel good about it, or they are asked to give. Students report being less likely than employed respondents to field requests for money from friends, family, and their communities in Nigeria.

Among non-remitters, females were more likely than males to indicate an inability to remit due to insufficient income and to claim not to know anyone in need of support. A greater proportion of second-generation non-remitters than first-generation non-remitters indicated an inability to remit because of insufficient income. More non-remitters from the US than the UK do not think it is their responsibility to send money, don't know how to send money, or think remitting is too difficult. Most student and unemployed non-remitters claim not have enough income; most working or retired non-remitters claim to not to know anyone who needs help.

4.2 Investment behaviour by gender, geography, occupational status, and generation

First-generation, UK-based, and male respondents are also more likely to invest in Nigeria (see Figure 2). Overall, 31% of respondents invest in Nigeria. This breaks down to 37% of working and retired respondents and 12% of students and unemployed respondents. Forty-two per cent of first-generation respondents invest in Nigeria—more than five times the rate of second-generation investment. Men in the sample are more than twice as likely as women to invest, while UK-based respondents are more than three times as likely as US-based ones.

Figure 2: Investing behaviours by demographic characteristics



Source: Dalberg survey and analysis

The reasons men and women give for investing in Nigeria are largely similar—for both, the desire to support friends and family is paramount. However, women are more likely than men to say that they plan on moving back to Nigeria, while men are more likely to point to financial incentives for investing in Nigeria. Most male and female respondents were also motivated by the desire to support and strengthen the Nigerian economy, and by the potential for their investment to create socioeconomic impact.

Second-generation Nigerians are significantly less likely than the first generation to cite the desire to move back to Nigeria as a reason for currently investing. In fact, second-generation respondents who invest (of which there were just five) are less likely than first-generation respondents to agree with almost all of the offered reasons for investing in Nigeria.

US residents who invest are twice as likely as UK residents to do so in order to support and strengthen the Nigerian economy and are much less likely to see financial incentives for investing in Nigeria, or to seek influence in Nigeria through investment.

Students and the unemployed who invest are less likely to do so for the good of the Nigerian economy than are working and retired investors¹². They are more likely, on the other hand, to want to gain influence with their local community in Nigeria through investment.

Among non-investors, women are more likely to cite insufficient capital as a reason for not investing than are men. First-generation members of the diaspora are more likely than second-generation members to cite currency fluctuations as a reason for not investing. Residents of the US are less aware of investment opportunities in Nigeria than are UK residents. Perhaps unsurprisingly, students and the unemployed are overwhelmingly less likely than the employed or retired to have sufficient capital to make investments. The

¹² Note that the sample of current student investors is quite small—n=5.

employed or retired, however, are more likely to cite difficulty in navigating bureaucratic requirements.

Current and future interest in different types of investment

Table 1 breaks down trends in current investments, and interest in future investments, across five investment categories and four demographic segments. A few notable differences emerge—for example, among current investors, women are more likely to invest in securities (78% vs. 56%) and half as likely to invest in funds or entrepreneurship. Current UK-based investors are more likely to invest in securities, funds, real estate, and private equity while their US-based counterparts are more likely to invest in entrepreneurship.

Future investors appear to be less interested in securities than are current investors; future interest in every other category of investment, however, exceeds the level of interest among current investors. Both women and men in this sample expressed interest in making future investments in entrepreneurship at roughly equal rates (72% and 73%, respectively). Individuals earning less than GBP 25,000 and those under the age of 25 years also show less interest in securities and funds in the future compared to those who earn more and are older. This difference could be driven by financial literacy and familiarity with formal investment structures.

Table 1: Current and future investment interests by demographic characteristics

Trends in current investments (current investors only)

		Securities	Funds	Real estate	Private equity	Entrepreneurship
Gender	Male (n=36)	56%	42%	69%	28%	58%
	Female (n=18)	78%	17%	50%	33%	28%
Geography	UK (n=25)	92%	48%	64%	36%	44%
	USA (n=15)	33%	20%	53%	27%	53%
Generation	1 st (n=45)	60%	33%	64%	27%	49%
	2 nd (n=5)	60%	40%	60%	20%	40%
Occupation	Student/unemployed (n=5)	80%	40%	80%	60%	40%
	Working/ retired (n=49)	61%	33%	61%	27%	49%

Interest in future investments (current and potential investors in future)

		Securities	Funds	Real estate	Private equity	Entrepreneurship
Gender	Male (n=70)	60%	53%	87%	63%	73%
	Female (n=86)	53%	36%	84%	56%	72%
Geography	UK (n=56)	68%	55%	88%	61%	68%
	USA (n=67)	46%	40%	79%	63%	75%
Generation	1 st (n=98)	59%	45%	90%	55%	74%
	2 nd (n=54)	50%	39%	74%	65%	69%
Occupation	Student/unemployed (n=37)	51%	24%	86%	51%	57%
	Working/ retired (n=121)	58%	50%	84%	61%	78%

Source: Dalberg survey and analysis

Across the board, current and future investors are more interested in investing in Lagos than any other region of Nigeria (see Annex K). The North West and the North East draw the least interest from current investors (although it is important to remember the strong ties to Southern Nigeria in our survey sample). More of our respondents expressed interest in investing in the North West and North East in the future, but were more likely to do so if they lived in the UK, if they were male, if they belonged to the first generation, and if they were working or retired.

In our sample, the **geography, gender, generation, and occupation of current investors tracks with different rates of investment in different types of businesses (see Annex L)**; however, those differences smooth out considerably when we expand the subset of respondents to include the interests of future investors, as well. In this combined group, respondents under 45 years of age appear to show more interest in investing in MSMEs than do those who are 45 years or older.

Among current investors, different demographic segments also prefer different types of financing. For example, male investors are currently much more likely to provide seed capital than are female investors; female investors are more likely to provide commercial capital. One notable finding is that future investors of every category are markedly more interested in providing working capital than are current investors.

A preference for investing in agriculture, technology, and services holds across most demographic segments among current investors (see Annex M). When future investors are added to the sub-set, interest in these sectors increases, but so, too, does interest in investing in mining oil and gas, and manufacturing (particularly among males and UK residents). Among all respondents, those under 25 years show considerably less interest in mining, oil and gas, and manufacturing compared to those above 25 years of age.

There does not appear to be a clear correlation between the occupation of the potential or current investor and the business sector of interest.

5 Personas within the Diaspora

Personas are fictional characterisations that illustrate different user archetypes within a given ecosystem. They are not simply expressions of preconceived stereotypes—rather, they draw from research data on a range of personal characteristics that exist within a community. Personas can help us understand individuals' needs, experiences, behaviours, and goals.

Personas offer a framework for behavioural segmentation analysis. They differ from market segmentation in that they are based on psychographic indicators rather than demographic ones, and therefore cannot be used to size market segments.

An individual may identify with more than one persona. Members of the diaspora are complex; they each have multiple motivations, preferences, and needs. As a result, an individual may display behaviours associated with several different personas, even if they may have one 'dominant' persona.

Personas can help us understand how to engage with the diaspora more strategically. This set of personas is framed around motivations for engagement (the *why*) rather than engagement approach (the *how*). This framing enables tailored engagement with the diaspora by informing intervention design and messaging.

5.1 Developing personas

The **motivations** of individuals within the diaspora for remitting or investing—or not doing so—form the basis of these personas. These motivations and personal characteristics help explain why certain individuals behave in distinct ways. **Unmet needs** and **barriers** also shape personas, just as they may prevent individuals from realising their aspirations or engaging in the target behaviour (e.g., investing in Nigeria).

Dalberg identified key motivations and needs that shape remittance and investing behaviours by analysing findings from interviews and consultations with individuals from the

diaspora, leaders of diaspora organisations, and experts on diaspora and business affairs. We then conducted a mapping exercise to group common motivations and barriers together to build an understanding of the key personality types, or personas, that exist in the diaspora.

We found that three overarching needs or conditions determine an individual's investing or remitting behaviour: knowledge and awareness, ability, and willingness. In each case, several barriers can prevent these needs from being met and make it less likely that the individual will invest or remit.

Figure 3: Overarching needs determining individual investing or remitting behaviour

	Overview	Key dimensions
Overarching needs	1 Knowledge and awareness <ul style="list-style-type: none"> Is the individual informed about remitting or investing in Nigeria? 	<ul style="list-style-type: none"> Availability of reliable information Access to existing sources of information
	2 Ability <ul style="list-style-type: none"> Does the individual have the required resources to remit or invest in Nigeria? 	<ul style="list-style-type: none"> Money required to remit/ invest Time required to remit/ invest Skills and other resources required to remit/ invest
	3 Willingness <ul style="list-style-type: none"> Does the individual have the will or desire to remit or invest in Nigeria? 	<ul style="list-style-type: none"> Trust Confidence Perceptions/ attitudes

Members of the diaspora need *knowledge and awareness* of opportunities to invest in and remit to Nigeria. In many cases, however, data and information are not available. There is currently a lack of quality-assured data collection, monitoring, and reporting on specific investment opportunities, including sectors, investment vehicles, and businesses. Success stories of diaspora investors are few and, for the most part, unfamiliar to diaspora members, who also lack access to the information that *is* available. Potential sources of information and channels of communication to the diaspora are fragmented and do not sufficiently engage with or target the diaspora with outreach efforts.

A number of barriers inhibit members of the diaspora's *ability* to invest or remit. In many cases, the funds diaspora members have available to invest do not meet the threshold requirements of formal, structured investment opportunities. As one stakeholder told us, "I've only heard about large investments which I can't afford. I'm young and trying to build up my financial security, so I need smaller opportunities". Diaspora members also cite insufficient time to dedicate to investing. Cumbersome, lengthy, and complicated processes for doing business or investing in Nigeria can require a significant time commitment. It can also be difficult to manage investments from abroad; a common perception among diaspora members is that being on the ground in Nigeria is essential, which adds to the time and cost burdens of investing. In addition, many individuals in the diaspora lack the necessary skills, technical expertise, and networks to invest in Nigeria. They are unfamiliar with investment processes and requirements and lack the knowledge of local context necessary for successful investment. Many also believe that personal connections and networks are a prerequisite for doing business in Nigeria.

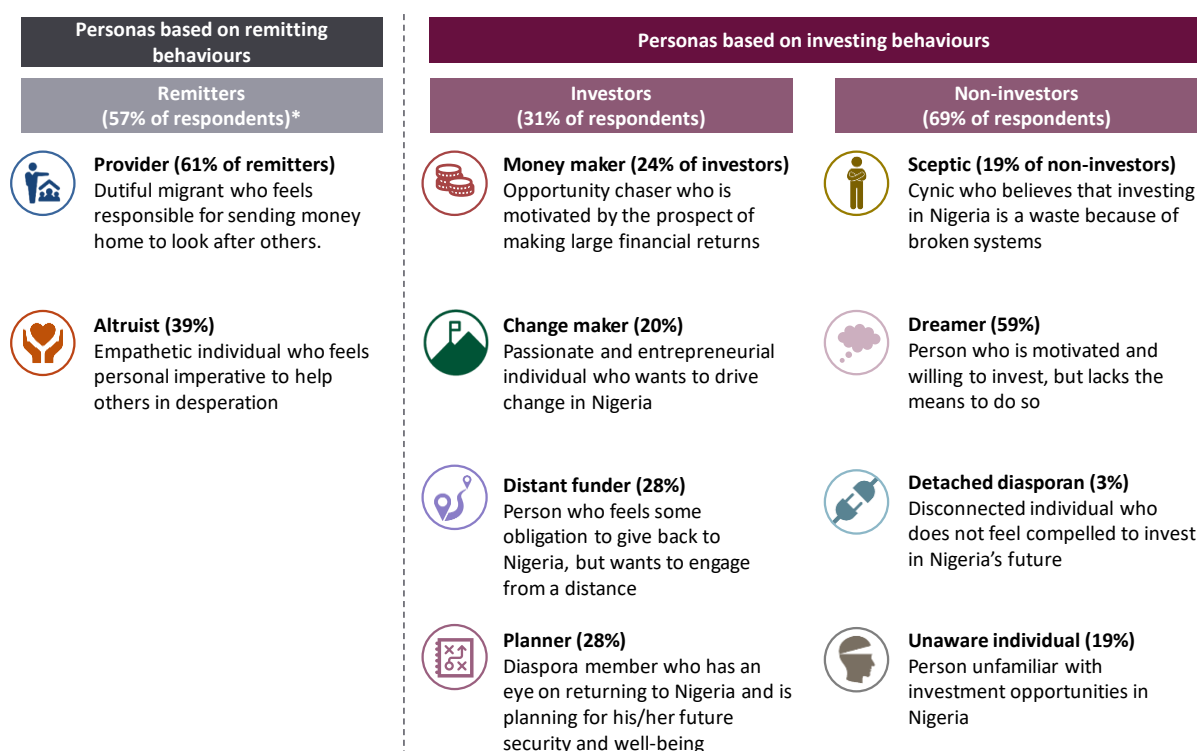
Finally, several barriers inhibit the *willingness* of individuals in the diaspora to invest. One is a lack of trust. “Everyone has a story of how they have been scammed or ripped off—even by their own family members”, one stakeholder told us. The perception of members of the diaspora is that corruption and bribery are widespread, and that victims often have little recourse. Diaspora members lack trust in institutions and legal assurances; they generally express low levels of confidence in the rule of law and accountability in Nigeria. They lack confidence, as well, in the country’s overall economic infrastructure—policy fluctuations and macroeconomic instability make potential investors nervous. Finally, some members of the diaspora have weak emotional connections to Nigeria, and many are sceptical that investments in Nigeria can yield results, or note that friction between local and diaspora communities is common and unpleasant.

We identified personas based on variation across five key motivations and needs: ties to Nigeria, level of engagement, desired focus of impact, risk appetite, and wealth (see Figure 4). In total, we identified **ten personas**, grouped into three classifications: remitters, investors, and non-investors (see Figure 5).

Figure 4: Five key metrics used to define personas

Overview		Illustrative scale (The Provider persona)	
1 Ties to Nigeria	<ul style="list-style-type: none"> • Presence of family and friends • Intention to return • Personal experience and familiarity 	Weak ties	Strong ties
2 Level of engagement	<ul style="list-style-type: none"> • Degree of control over investment or spending decisions 	Low-touch engagement	Hands-on engagement
3 Desired focus of impact	<ul style="list-style-type: none"> • Importance of personal financial return vs societal impact 	Personal impact	Societal impact
4 Risk appetite	<ul style="list-style-type: none"> • Willingness to accept uncertainty in exchange for higher potential return 	Risk-averse	Risk-seeking
5 Wealth	<ul style="list-style-type: none"> • Personal wealth and accumulated savings 	Low-income	High-income

Figure 5: Overview of identified personas



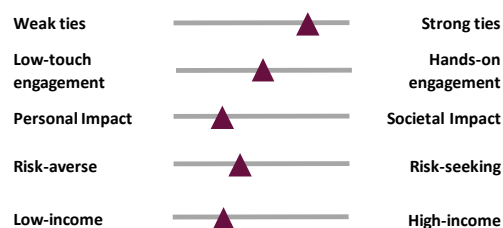
Note: *Personas for non-remitters, who account for 43% of the overall sample were not developed. The remitter persona is not mutually exclusive from the investor and non-investor personas: those who remit may either be investors or non-investors. The investor and non-investor personas are mutually exclusive: an individual must either be an investor or a non-investor.

Source: Dalberg survey and analysis

5.2 Personas for remitters

The **Provider** is a migrant who feels duty-bound to send money home to support others. The Provider is motivated by dependency of close family and friends in Nigeria, a sense of obligation to provide for family back home with earnings from abroad, and strong cultural traditions of supporting elders and educating younger siblings. Providers need to securely and regularly send money to Nigeria and have assurance that their money is improving the welfare of their loved ones.

PROVIDER OVERVIEW

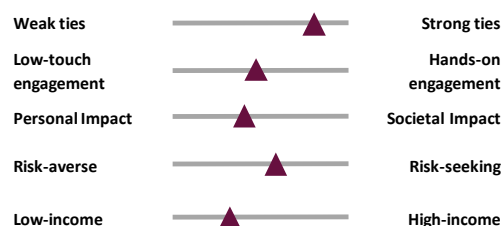


"Part of the reason I moved away was so that I could earn and support my family back in Nigeria".

Sixty-one per cent of remitters in our sample are Providers; their average age is approximately 37 and average annual income is GBP 55,000. Providers comprise 60% of first-generation and 79% of second-generation remitters, 68% of female and 56% of male remitters, and 68% of UK-based and 56% of US-based remitters. Ninety-four per cent of Providers remit to family, 42% to friends, and 19% to community. Seventy-five per cent of remitted funds go toward consumption; the remainder goes toward investment. Forty-seven per cent of Providers are investing in Nigeria while ~44% are interested in doing so in the future.

The **Altruist** is motivated by a personal imperative to help others in less fortunate circumstances, the ability to make an easy and immediate impact on the recipient's well-

ALTRUIST OVERVIEW



"Knowing the desperation that others are facing, I would feel bad if I didn't do anything to help them. I believe I have to do whatever little bit I can to improve their lives".

being, and a sense of satisfaction gained by helping others. Altruists require i) assurances that their money is improving the welfare of the end beneficiary and ii) the flexibility to send remittances on an ad hoc basis.

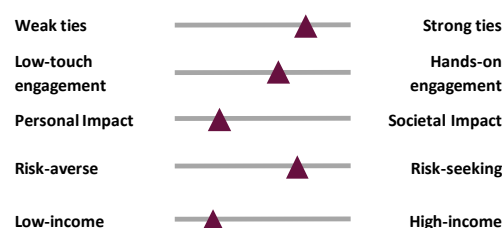
Thirty-nine per cent of remitters are Altruists; their average age is 40.3 and their average annual income is GBP 66,000. Altruists comprise 40% of first-generation remitters and 21% of second-generation remitters, 32% of female and 44% of male remitters, and 32% of UK-based and 44% of

US-based remitters. Seventy per cent of the Altruist's remitted funds go toward consumption and thirty per cent go toward investment. Currently, ~57% of Altruists are investing in Nigeria and ~ 44% are interested in doing so in the future.

5.3 Personas for investors

Money Makers are motivated by the prospect of realising outsized returns from investments in Nigeria, the opportunity to find the "next big thing", and the desire to expand their success and elevate their own business profile by investing back home. Money Makers need to access big and bankable ideas, make their giving visible to potential partners and stakeholders, and feel confident in the business and regulatory environment.

MONEY MAKER OVERVIEW

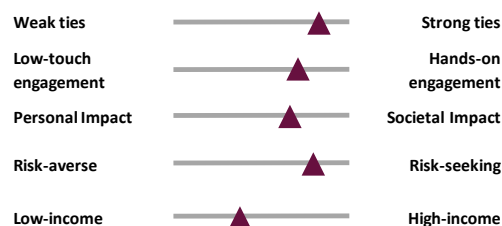


"I go wherever the money is, and I do whatever it takes to capture lucrative deals. As long as Nigeria provides big returns, I will invest."

Twenty-four per cent of investors in our sample are Money Makers; their average age is 37.8 and their average annual income is GBP 46,000. Money Makers make up 17% of female investors and 28% of male investors, 20% of first-generation and 40% of second-generation investors, and 27% of UK-based investors and 13% of US-based investors. The majority of Money Makers (54%) do not facilitate trade. Their most frequently-cited barriers to investing are currency fluctuation and market uncertainty, difficulty identifying trustworthy investment opportunities, and limited availability / quality of data.

The **Change Maker** is motivated by the prospect of creating real, positive change for Nigeria and its people; a passion for using entrepreneurship to drive development; and the opportunity and challenge of building new, sustainable businesses in the country. Change Makers need to ensure that their investments lead to concrete impact, play an ownership / managerial role in their investment, see a more stable business and regulatory environment, and access a support network of like-minded individuals and organisations.

CHANGE MAKER OVERVIEW



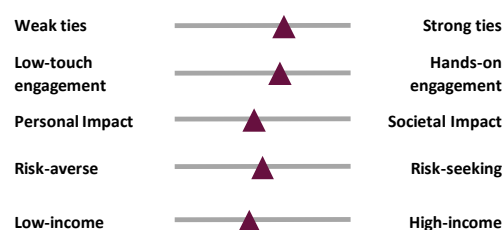
"I am saddened by the current state of my country, and intend to drive fundamental and far-reaching change in my lifetime."

Twenty per cent of investors are Change Makers. They are, on average, 40.5 years old and earn GBP 71,500 per year. They make up 33% of female investors and 14% of male investors, 24% of first-generation and 0% of second-generation investors, and 23% of UK-based and 20% of US-based investors. Seventy-three per cent state that they do not facilitate trade. Their most-cited barrier to investing is the limited availability / quality of data.

Distant Funders are motivated by the opportunity to close development gaps in Nigeria, a belief that they should contribute their own share to societal development, and the gratification of doing good for others while also doing well for themselves. The Distant Funder needs to be able to make and manage investments from abroad with ease, source high-impact initiatives and investment opportunities, and see a more stable business and regulatory environment.

Twenty-eight per cent of investors are Distant Funders; their average age is 41.1 years and their average annual income is GBP 105,000. They comprise 24% of first-generation and 40% of second-generation investors, 28% of both female and male investors, and 38% of UK-based and 27% of US-based investors. Eighty per cent of Distant Funders state that they do not facilitate trade. Distant Funders perceive widespread challenges: at least two-thirds of Distant Funders in our sample claimed to face all but one of the eight challenges described in the survey.

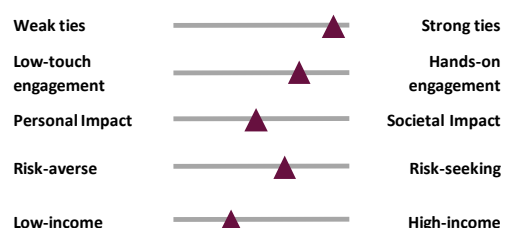
DISTANT FUNDER OVERVIEW



"I want to contribute my lot to Nigeria, but I am too busy to get very involved in anything outside of my work. I do what I can, but from a distance".

Planners are motivated by the desire to secure their wellbeing for a future in Nigeria and by the need to maintain the same (or attain a higher) standard of living in their old age. The Planner needs to access credible and high-yielding investment opportunities and see a more stable business and regulatory environment.

PLANNER OVERVIEW



"I want to see a better Nigeria when I return, and be able to spend the rest of my life in peace and stability".

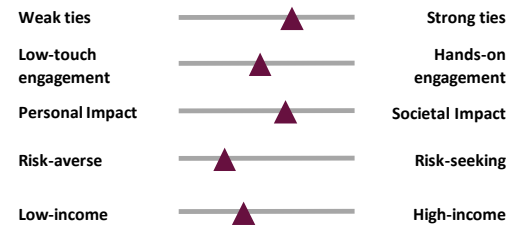
Twenty-eight per cent of investors are Planners; their average age is 44.1 years and their average annual income is GBP 59,000. They comprise 31% of first-generation and 20% of second-generation investors, 22% of female and 31% of male investors, and 12% of UK-based and 40% of US-based investors. Almost half of Planners encourage other foreign investors to make investments in Nigeria, and 40% facilitate trade between other businesses abroad and Nigerian businesses. Planners' most-cited challenge is the limited

availability / quality of information and data, followed by difficulty identifying trustworthy investment opportunities and navigating bureaucracy and legal requirements.

5.4 Personas for non-investors

The **Sceptic**'s lack of engagement stems from a deep-seated mistrust of Nigerian institutions and individuals, as well as the conviction they will not act with integrity; the belief that things will never change because the scale of problems is too large; and unfamiliarity with investment opportunities and their impact on Nigeria's development potential. To begin investing, the Sceptic needs processes for transparency and accountability to ensure that institutions and individuals can be trusted, evidence of previous success stories and development impact of investment projects, and further education on targeted investment opportunities that are feasible and manageable.

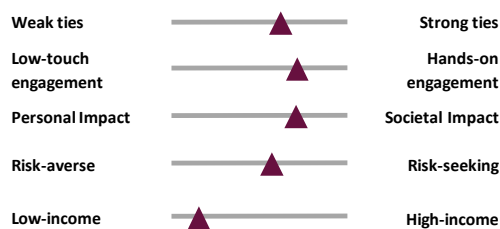
SCEPTIC OVERVIEW



“Any money I invest in Nigeria would find its ways into the coffers of crooked individuals. There is no hope for changing the way things are—and I’m better off putting my money elsewhere”.

Nineteen per cent of non-investors in our sample are Sceptics. They are, on average, 39.9 years old and earn GBP 72,000 per year. They make up 25% of first-generation and 11% of second-generation non-investors, 18% of female and 23% of male non-investors, and 20% of UK-based and 13% of US-based non-investors. Their most-cited reasons for not investing are difficulty identifying trustworthy investment opportunities and the prevalence of bribery or corruption in Nigeria.

DREAMER OVERVIEW



“I want to see Nigeria live up to its potential, and I know I can play a part in making that happen—but I just don’t have the means to invest or start something right now”.

For **Dreamers**, lack of engagement stems from a mismatch between their inherent interest in investing in Nigeria and their resources (both financial and otherwise) for doing so. To begin investing, the Dreamers need investment opportunities that match their capacity, as well as safety nets that can reduce the risk of pursuing entrepreneurial endeavours.

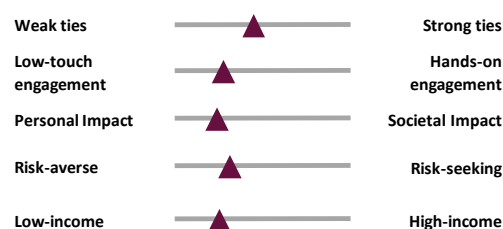
Fifty-nine per cent of non-investors are Dreamers. They are, on average, 29.3 years old and earn GBP 39,500 per year. They make up 53% of first-generation and 66% of second-

generation non-investors, 62% of female and 51% of male non-investors, and 66% of UK-based and 58% of US-based non-investors. One hundred per cent of Dreamers indicated that they do not have enough capital available to make investments. This was far and away the most-cited barrier.

The **Detached Diasporan**'s lack of engagement stems from a weak emotional connection with Nigeria and the belief that the Nigerian government and / or Nigerian people are responsible for improving the country's welfare. To begin investing, Detached Diasporans need to cultivate or re-establish a personal connection to Nigeria and their own Nigerian identity in order to be convinced of personal incentives for investing in Nigeria.

Just 3% of non-investors are Detached Diasporans; they average 32.0 years of age and earn GBP 42,000 per year. They make up 5% of first-generation and 0% of second-generation non-investors, 3% of female and 3% of male non-investors, and 0% of UK-based and 4% of US-based non-investors. Just three individuals in the sample matched this persona; at least one of them cited all eight of the challenges described in the survey.

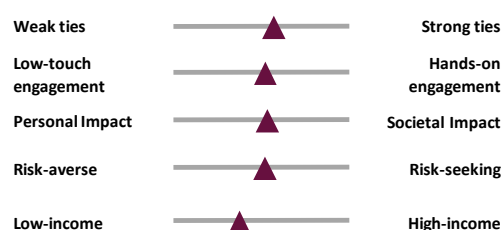
DETACHED DIASPORAN OVERVIEW



"I don't see why it should be my responsibility to put my money in Nigeria to help spur development".

The **Unaware Individual**'s lack of engagement stems from a lack of previous outreach by players within the investment and business ecosystems (and government) in Nigeria, limited

UNAWARE INDIVIDUAL OVERVIEW



"I suppose I've never considered investing in Nigeria—I'm not really aware of the investment opportunities there".

exposure to and knowledge of existing investment opportunities, and a lack of role models or a peer network engaged in investment opportunities in Nigeria. To begin investing, the Unaware Individual needs exposure to communities and individuals engaged in investing in Nigeria, further education on investment need and opportunities in Nigeria, and targeted engagement from diaspora-focused initiatives from the government and community.

Nineteen per cent of non-investors are Unaware Individuals. They are, on average, 29.4 years old and earn GBP 78,000 per year. They make up 17% of first-generation and 23% of second-generation non-investors, 18% of female and 23% of male non-investors, and 14% of UK-based and 25% of US-based non-investors. Not surprisingly, one hundred per cent of Unaware Individuals listed "Not aware of investment opportunities in Nigeria" as a reason for not investing in Nigeria. Half of the Unaware Individuals also indicated that they had difficulty identifying trustworthy investment opportunities.

6 Solutions and Recommendations

Dalberg has identified two primary levers for encouraging diaspora engagement in Nigeria. The first is to *promote specific investment opportunities*; the second is to *improve the overall enabling environment for investment*.

6.1 Targeting populations with specific investment opportunities

The private sector and third-party arbiters may be better placed to execute on investment and deal promotion with the diaspora, due to prevailing attitudes of mistrust with respect to the government.

The Government of Nigeria should encourage the private sector to develop and promote opportunities that are grounded in an understanding of the diaspora's

interests and motivations. Investment promotion strategies can be tailored based on identifiable groups within the diaspora and their specific ambitions and goals.

This approach focuses on ensuring that supply and demand for investments in Nigeria are aligned. It takes a narrow view, foregrounding individual investment opportunities, with less emphasis on solving problems and more on identifying high-potential opportunities (e.g., it is forward-looking rather than retrospective).

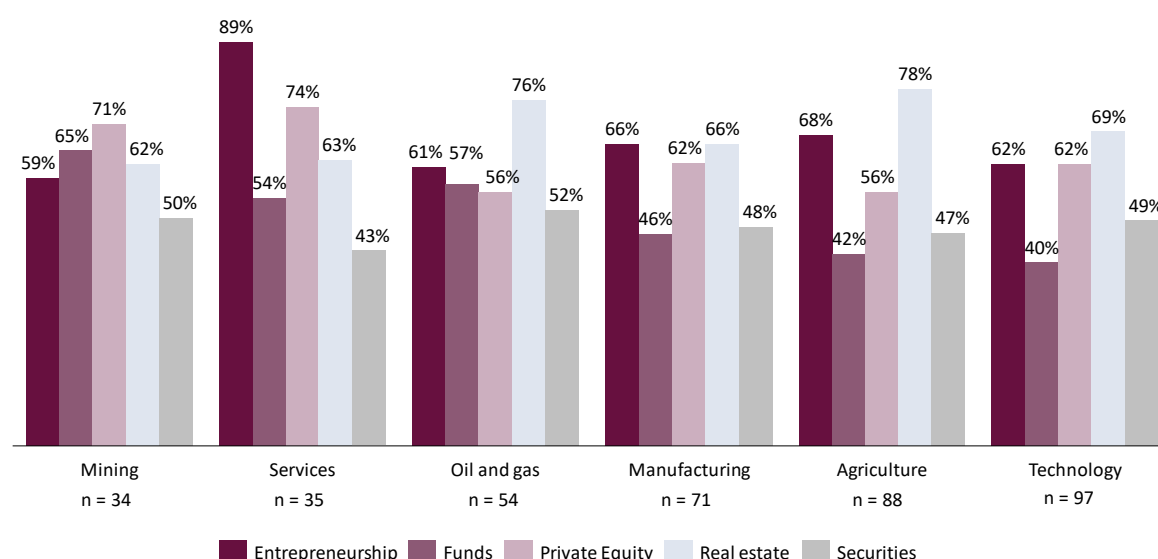
Our recommendations for specific investment promotion are informed by our analysis of investment interests and motivations among different demographic segments within the diaspora that can be feasibly identified and targeted.

Current and future investors express varying preferences for different business sectors and in different forms of investment. While investors interested in the service sector are the most interested in supporting entrepreneurship, there are fewer people interested in services than technology or agriculture (see Figure 6). Current and future investors interested in agriculture and oil and gas seem to be the most interested in real estate investments. Current and future investors interested in mining are the most interested in funds, and current and future investors interested in mining and services are the most interested in private equity.

Figure 6: Interest in investment type by interest in sector

Future interest in investment type by interest in sector

% indicating interest in investment type, number of respondents interested in sector



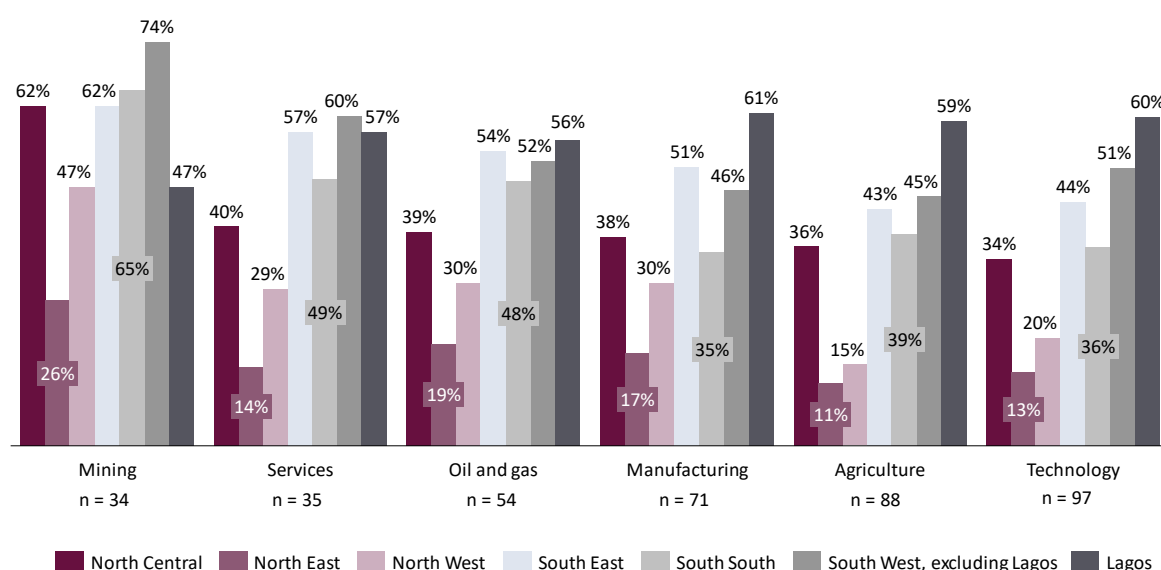
Source: Dalberg survey and analysis

Current and future investors also express different preferences for investing by sector and geography within Nigeria. For example, current and future investors interested in agriculture are the least interested in the North West while current and future investors interested in services are most interested in the South West excluding Lagos (see Figure 7). Mining attracts the least amount of interest overall, but those interested in mining have the most interest across all geographies, except Lagos.

Figure 7: Interest in geography by interest in sector

Future interest in geography of investment by interest in sector

% indicating interest in geography, number of respondents interested in sector



Source: Dalberg survey and analysis

Areas of interest for key demographics

Based on their stated preferences, we see potential to target **future male investors** by focusing on opportunities in MSMEs and export-oriented businesses, as well as the technology and manufacturing spaces. **Future female investors**, meanwhile, appear to be most interested in opportunities to invest in social enterprises and MSMEs, as well as the services, technology, and agriculture spaces.

Geography can also guide which opportunities to promote. Potential investors in the UK have higher interest in securities compared to those in the US, while potential investors in the US appear to display significant interest in franchises, social enterprises, and MSMEs.

Potential **first-generation** investors are particularly interested in real estate investments and in the agriculture sector. Potential **second-generation** investors, meanwhile, show roughly the same interest in the services and technology sectors, and are more interested in social enterprises than are potential first-generation investors.

Potential investors who are **students** are more interested in MSMEs than those who are currently working or retired. Potential investors who are currently **working or retired** show greater interest in entrepreneurship than those who are students or unemployed.

6.2 Improving overall ecosystem for investment

Through coordinated efforts, the **Government and partners in the private and social sectors can drive efforts related to improving the overall enabling environment, which requires a collaborative, systems-level approach.** These efforts should seek to make it easier and more compelling for the diaspora to engage in Nigeria by building solutions for existing challenges that limit knowledge and awareness, ability, and willingness to invest.

This approach seeks to increase the overall demand for investments in Nigeria by the diaspora. It takes a broad, system-wide perspective and pays close attention to crosscutting















themes and challenges. The focus is on solving existing problems experienced or perceived by the diaspora (e.g., it is retrospective rather than forward-looking).

Our recommendations for improving the overall enabling environment draw on our analysis of personas within the diaspora, which are representative of psychographic segments in the diaspora rather than identifiable market segments based on demographic characteristics (e.g., gender, age, etc.).

Ecosystem barriers and solutions

Table 2 provides an overview of our proposed recommendations for improving the overall enabling environment for diaspora investment. Additional details for each solution are presented in the following text.

Table 2: Summary of proposed recommendations for improving the enabling environment for investments

Solution	Primary barrier addressed	Lead implementer	Primary persona targeted
Investment and business certification programme	Knowledge and awareness: availability of information	Private sector / CSOs (e.g., non-profits)	 
Pipeline aggregation platform	Knowledge and awareness: access to information	Private sector/ CSOs	 
Crowdfunding platform	Ability: financial	Private sector	
Strengthened online investment management platform	Ability: time	Government	 
Investment guides and professional directories	Ability: expertise	Government, private sector	 
Open source peer-review channels for professional services	Willingness: trust	Private sector/ CSOs	
Initiatives to crack down on corruption	Willingness: trust	Government	
Diaspora councils to support policy formulation and implementation	Willingness: lack of confidence and negative perceptions	Government	  

Ninety-one per cent of Change Makers cited limited availability and quality of information as a challenge.

We recommend a certification programme for investment opportunities and businesses in Nigeria that incorporates quality-assured reporting requirements to address poor data collection, monitoring, and reporting. The government could consider making the certification programme a requirement for accessing certain incentives. As an example, the UK's Enterprise Investment Scheme offers tax relief to investors who buy shares in small businesses that are certified by the government. However, the diaspora may be less likely to trust a certification scheme run by the government due to perceptions of bias or corruption. Transparency and perceived independence would be required for successful implementation. Successful certification schemes such as Fair Trade and B Corp have been managed by independent non-profits; a similar approach could be adopted in Nigeria to ensure integrity and confidence in the programme. The British Franchise Association is an

example of an industry association that assess franchising companies and provides accreditation and membership to those that meet established standards. Such franchising accreditation schemes allow potential franchisees to identify reputable franchising opportunities and could be a useful tool in converting the diaspora's growing interest in franchises to investment deals in Nigeria.

Eighty-five per cent of Money Makers find it difficult to identify trustworthy investment opportunities; 87% of Planners cite limited data and 80% cite identifying trustworthy investment opportunities as challenges.

We recommend the aggregation of deal flow and pipeline opportunities in easy-to-access and well-known platforms among the diaspora. There is currently no central source for information on deals in Nigeria. There are individual groups within the diaspora who are working towards developing investment pipelines, but the scale of these initiatives remains limited. As an example, DFID's GEMS4 project recently worked to bring investment-ready opportunities in the rice value chain in Northern Nigeria to potential investors in the diaspora. Creating a centralised platform will require collaboration among civil society organisations (CSOs) and the private sector in order to align investors and investment opportunities under one independently managed platform. The Artha Platform is an example of an online platform that aggregates and vets a social venture investments pipeline targeted at the Indian diaspora. Another platform, Convergence, targets investors engaged in blended financing for emerging markets and was initiated by philanthropic and institutional donors. Partners such as USAID or DFID could provide financing and technical support to establish a deal aggregation platform for the Nigerian market. The government could play the role of promoter, spreading awareness of the aggregation platform in communications and outreach to the diaspora.

Dreamers are held back from investing because their available resources fall short of the amount of capital required to make formal, structured investments.

We recommend crowdfunding platforms that enable individual investors to participate in deals with smaller capital requirements and offer minimum guarantees to reduce the risk of investing. [Farmcrowdy](#), [ThriveAgric](#), [Peter's Coin](#), and [Toyola Consult](#) are examples of businesses providing crowdfunding platforms to enable small investments to smallholder and contract farmers in Nigeria—Farmcrowdy also provides farm insurance, which, in worst-case scenarios, enables repayment of the initial capital provided by the investor. Another example is Movement Capital (formerly Homestrings), a London-based platform that enables crowdfunded investments in equity and bond deals in emerging and frontier markets. The private sector can develop business models and platforms for crowdfunding targeting sectors and investment opportunities that match up with diaspora interests. The Government of Nigeria, development partners, and CSOs including diaspora organisations can promote and share information about crowdfunding platforms with potential investor groups in the diaspora. The government can also take the critical step of ensuring a favourable enabling policy environment for crowd-funded and pooled investment schemes.

Eighty per cent of Planners cited navigating bureaucracy and legal requirements as one of the main challenges to investing in Nigeria. Distant Funders want to manage their investments comfortably from abroad and may not have time spend in Nigeria navigating what are perceived as cumbersome bureaucratic processes.

We recommend streamlining the investment process and strengthening an integrated, online platform to enable remote project and investment management. As an example, the Nigerian Investment Promotion Commission has established the site www.invest-Nigeria.com to serve as a one-stop investment centre (although members of the diaspora continue to cite challenges in implementation). The Nigerian government can conduct an audit of the current investment process and reduce the level of red tape by removing any obsolete practices and streamlining applications and permit requests. The government has already initiated such efforts through The Presidential Enabling Business Environment Council (PEBEC), a joint task force including representative from 10 government ministries and the private sector. An important step will be to consult with the diaspora on how to improve the user-friendliness of the “one-stop shop” for investment management and spread awareness of its existence. Development partners, meanwhile, can provide capacity building and technical support to the Government of Nigeria to ensure successful implementation and monitoring of the online platform.

Distant Funders are likely to have weaker networks on the ground and a limited understanding of local realities. Unaware Individuals might be motivated to invest if information on how to do so were made clear and easily accessible.

We recommend developing “how-to” guides for foreign investors and professional directories of available local experts and investors in the diaspora. For example, the Ghana Investment Promotion Centre provides guides to doing business in Ghana as well as direct links to registered businesses providing commonly required services such as auditing firms and law firms. In May 2017, Acting President Osinbajo implemented an executive order (EO1) to improve transparency and the business environment in Nigeria. As part of EO1, all government ministries, departments, and agencies (MDAs) were required to publish on their websites a complete list of their fees, timelines, and requirements for obtaining permits, licenses, and approvals. While this is an important first step, the Nigerian government should now focus on integrating information across MDAs and publish comprehensive, easy-to-follow guides on investment processes for diaspora members. These can be shared online, through embassy and consular services, through other direct channels of communication with the diaspora, and with other partners (e.g., CSOs, diaspora organisations, etc.). CSOs and the private sector can also create digital platforms and online communities to link local experts and diaspora investors.

Seventy-three per cent of Change Makers felt that building trusted relationships and connections was extremely challenging. Lack of trust, stemming from weak legal assurances and low confidence in the rule of law and accountability, was a general barrier for most of the personas.

We recommend developing open-source, peer review channels that allow local partners and service providers in Nigeria to be publicly rated to indicate when and if contracts have been broken in the past, and to gauge overall customer satisfaction. Ideally, this would manifest as a feature on online platforms that link the diaspora with local experts and partners. In the UK, for example, websites such as www.checkatrade.com and www.reviewsolicitors.co.uk allow users to search and rate professional services providers. These models are also financially sustainable—businesses that sign up to the platforms pay a fee to receive benefits such as data tracking and advertising capabilities. CSOs and private sector can build digital platforms and online communities that allow for peer-review

functionalities when linking local experts and diaspora investors. Platforms will need to be monitored for appropriate usage and quality control. Diaspora networks can actively participate in the platforms and contribute reviews documenting past investments—as well as promote the platforms within respective networks.

Sixty-three per cent of Sceptics perceive a high degree of corruption and 68% find it difficult to identify trustworthy opportunities. In general, Sceptics have low confidence in Nigerian institutions.

We recommend developing reporting platforms to identify and crack down on corruption, improve transparency, and demonstrate commitment to fighting corruption at all levels of government. For example, the US Diplomatic Mission to Nigeria collaborated with local partners including NGOs and law enforcement agencies to launch *Report Yourself*, a web-based platform that leverages citizen engagement to fight corruption. The Nigerian government can increase transparency, minimise bureaucracy, and show strong action against corruption at all levels of government. Development partners can provide technical support and capacity building to enable law enforcement and government officials to crack down on corruption. Civil society and diaspora organisations can conduct advocacy campaigns for stricter governance on corruption and promote the use of reporting platforms and channels.

Ninety-two per cent of Money Makers cited currency fluctuation as a challenge and 60% cited unreliable infrastructure as a challenge. Eighty per cent of Planners also cited unreliable infrastructure as a barrier to investing in Nigeria. Sceptics may be hesitant to engage in Nigeria because they have had their “fingers burnt” in the past.

We recommend engaging the diaspora in policy formulation and implementation through forums such as diaspora councils. Though these macroeconomic challenges are complex and intricate issues that will take many years to address, such forums may help to increase the diaspora’s confidence in the interim. Diaspora councils can also serve as a regular communication and outreach channel to the diaspora to gather a range of perspectives and share stories of success to influence and improve attitudes. Diaspora councils could also serve as an important source of feedback and technical expertise to support implementation of the government’s draft National Policy on Diaspora Matters. The Consultative Council of the Institute of Mexicans Abroad (CCIME)—a quasi-governmental institution under Mexico’s Ministry of Foreign Affairs—is one such example of a diaspora council. The CCIME comprises members elected or appointed by Mexican communities in the US or Canada large enough to be served by a Mexican consulate, as well as additional members who are appointed based on merit or achievement. The CCIME advises the Government of Mexico on diaspora-related issues and also provides technical support for policy implementation.

6.3 Existing Government of Nigeria Initiatives

Many Government ministries, departments, and agencies are undertaking efforts to improve diaspora engagement and promote investments in Nigeria. In this section, we provide a brief overview of the initiatives that are hosted by those bodies most closely involved in our study: the Nigerian Investment Promotion Commission (NIPC), the Ministry of Foreign Affairs (MFA), and the Office of the Vice President (OVP).

The NIPC’s web-based platform www.invest-nigeria.com, provides a centralised source of information regarding the processes and requirements for establishing businesses in Nigeria. The NIPC platform, which aims to serve as a one-stop shop, currently brings together information from different agencies to provide an overview of the required procedures for doing business in Nigeria. While the platform provides relevant contact information and links to the various agencies involved, it does not currently enable online submission of documents and application forms. The NIPC is currently working with the United Nations Conference on Trade and Development and the United Nations Economic Commission for Africa to develop user-friendly online guides for potential investors. The NIPC also regularly circulates a newsletter highlighting investment opportunities in Nigeria¹³.

The MFA (<http://www.foreignaffairs.gov.ng/>) is currently working to establish the Nigerian Economic Diplomacy Initiative (NEDI). NEDI is an online platform that (i) links businesses in Nigeria with businesses and other opportunities abroad and (ii) connects Nigerian professionals in the diaspora with businesses and opportunities in Nigeria. The NEDI platform will also incorporate data analytics tools to track the number and size of deals that are made with foreign investors, and enable open-source, peer-reviews to promote transparency. The platform is currently being developed, and MFA aims to take the initiative live by December 2017.

The OVP has drafted a proposal to establish Honorary Consuls in the diaspora to support the Government’s economic diplomacy efforts and promote trade and investment in Nigeria. The draft proposal recommends that notable members of the diaspora be appointed as Honorary Consuls in strategic cities abroad that have a significant diaspora community, but lack a formal Nigerian diplomatic presence. Honorary Consuls would be responsible for initiating activities to promote closer ties between their local communities and Nigeria in the economic, commercial, educational, and cultural spheres. Honorary Consuls would be selected through an application or referral process, which would include thorough vetting and evaluation by the Standing Committee on Honorary Consuls housed within the MFA. Honorary Consuls would serve four-year terms on a voluntary basis. The proposal drafted by the OVP is awaiting review and finalisation at the MFA.

6.4 Conclusions

Throughout our consultations with members of the diaspora we heard consistent feedback that, **while there has been much talk about improving diaspora engagement and many policies and programmes have been created, the main challenge of implementation still remains.** As some stakeholders noted, “Nigeria has all of these things captured in policies that have been written up by very smart and capable folks, but it feels like nothing ever changes because the implementation is lacking”.

One of the key barriers to successful implementation has been the persistent challenge of reaching the diaspora. As evidenced by this study and other research efforts targeting the diaspora, it remains difficult to identify, locate, and engage the diaspora effectively. Policies and programmes targeted at increasing diaspora participation will only succeed if they reach and elicit a response from the diaspora. The Office of the Senior Special Adviser to the President on Foreign Affairs and Diaspora is currently drafting a

¹³ To subscribe to the NIPC Newsletter, interested parties may contact NIPC at infodesk@nipc.gov.ng requesting to be added to the subscription list. The NIPC website is currently being redeveloped, and online subscription to the newsletter will be enabled when the updated website is launched.

National Policy on Diaspora Matters, which seeks to establish improved tracking and communications channels for the diaspora. However, given the existing fragmentation among the diaspora community, it is important that efforts targeting the diaspora go beyond traditional government communication channels (e.g., consular networks) and engage the private sector and civil society organisations as well.

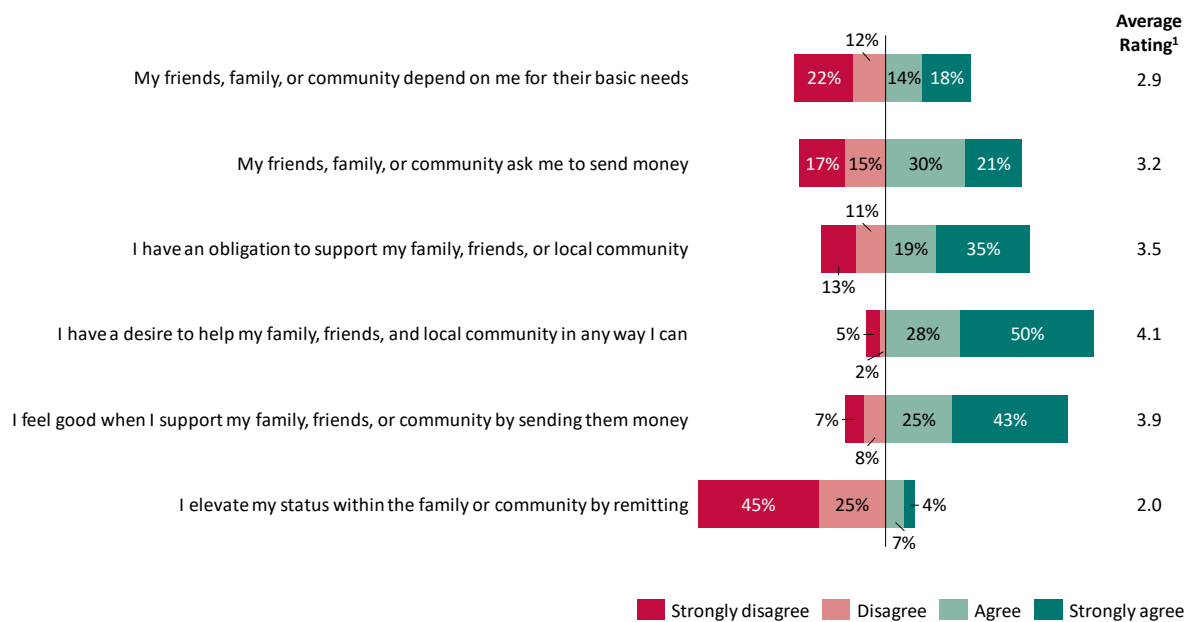
Diaspora engagement, and particularly the decision to invest, is complex and personal. While we have broken down solutions into three categories that address barriers pertaining to knowledge and access, ability, and willingness, a holistic approach is needed to solve for constraints across each of these categories. That said, given that financial ability and trustworthiness are two of the most significant barriers to investing, solutions that focus on *(i) addressing the perceived mismatch between financial ability and investment requirements* and *(ii) improving transparency and trust* may be best poised to unlock immediate investing potential among the diaspora.

It will also be critical to develop investment opportunities that are both tailored to diaspora interests and Nigeria's development needs. While our survey results indicate that the diaspora is increasingly interested in investing in areas outside of Lagos and the South West, more work is required to develop viable opportunities in regions such as the North East and North West that are in line with Nigeria's economic development agenda. Furthermore, many in the diaspora are interested in investment opportunities that can generate social impact. Private sector companies, including investment firms and businesses seeking investment, can target opportunities that both meet the diaspora's needs and serve the broader socioeconomic agenda as well. For example, members of the diaspora express great interest in real estate, but most investments are limited to personal properties or high-end real estate markets. There could be potential, however, to develop innovative investment opportunities for the diaspora to address Nigeria's affordable housing deficit. The private sector will need to play a central role in developing and shopping such investment opportunities among the diaspora. Government platforms, such as the quarterly business forum conventions hosted by the OVP, could help spur these efforts.

With these considerations in mind, it will be crucial for government actors, development partners, the private sector, and diaspora organisations to work together to support programme implementation. As suggested throughout individual recommendations, mechanisms for collaboration, engagement, and sharing of technical knowledge and expertise will be essential for programmatic success.

Annex A: Overall reasons for remitting

Reasons for remitting (n= 101 respondents who remit)

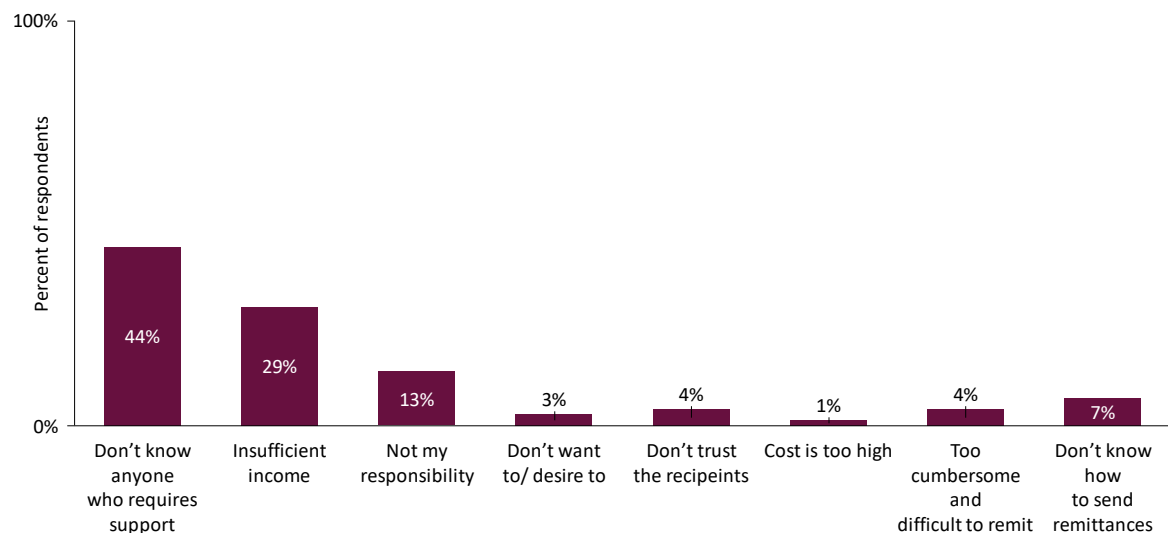


Note:¹Average ratings based on numerical ratings on a scale of 1 to 5 where 1= strongly disagree and 5= strongly agree. Higher average ratings indicate higher overall agreement with a statement/ reason for remitting.

Source: Dalberg survey and analysis

Annex B: Overall reasons for not remitting

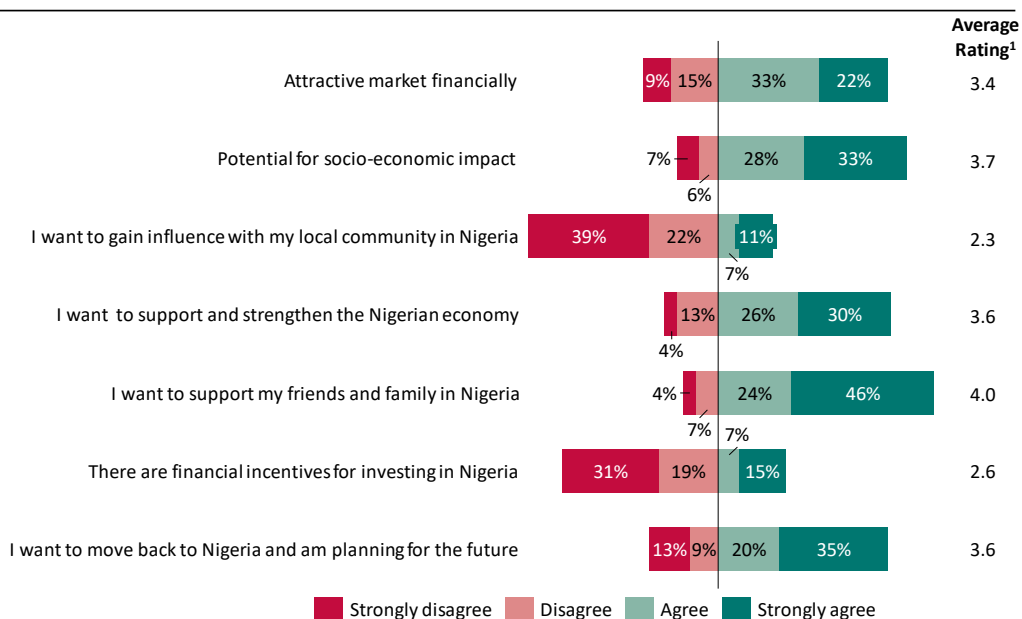
Reasons for not remitting (n= 75 respondents who do not remit)



Source: Dalberg survey and analysis

Annex C: Overall reasons for investing

Reasons for investing (n= 54 respondents who invest)

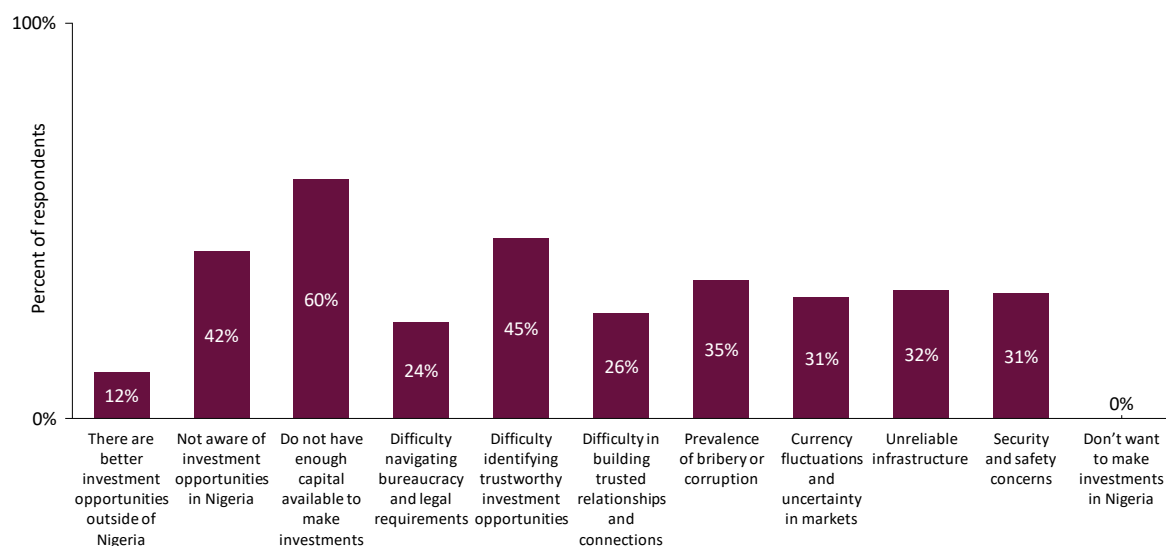


Note:¹Average ratings based on numerical ratings on a scale of 1 to 5 where 1= strongly disagree and 5= strongly agree. Higher average ratings indicate higher overall agreement with a statement/ reason for investing.

Source: Dalberg survey and analysis

Annex D: Overall reasons for not investing

Reasons for not investing (n= 121 respondents who do not invest)

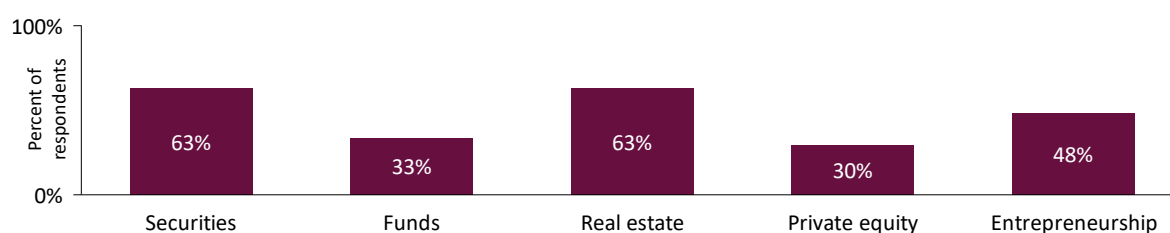


Source: Dalberg survey and analysis

Annex E: Current and future interest in types of investment

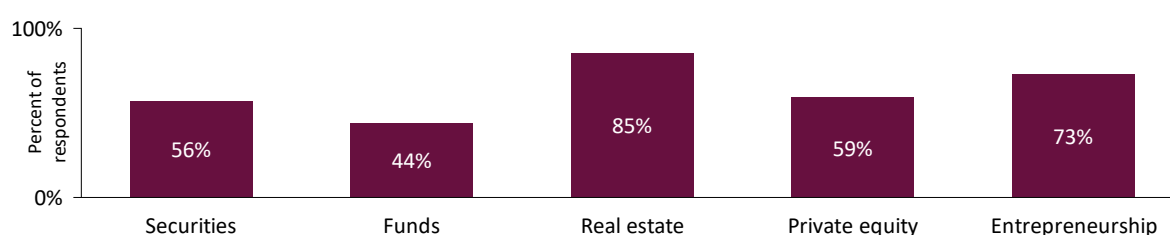
Breakdown of current areas of investment

(n=54 respondents currently investing in Nigeria)



Breakdown of future interest in areas of investment

(n=158 respondents currently investing in or interested in investing in Nigeria)

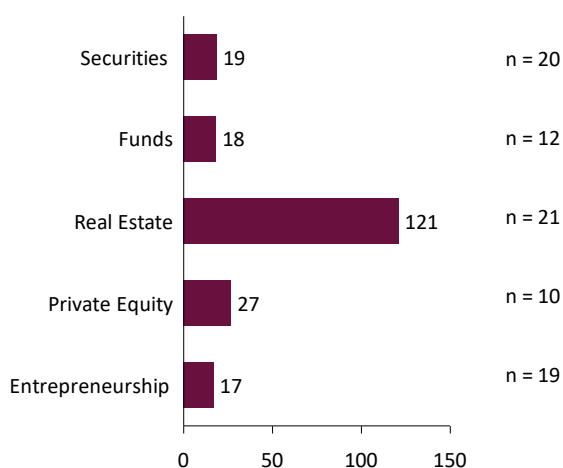


Source: Dalberg survey and analysis

Annex F: Average value of current and future investments by type of investment

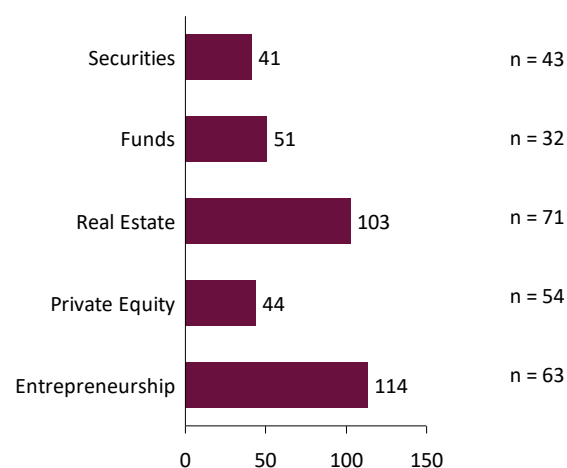
Average value of current investments

By investment type, '000s GBP; number of investors



Average value of potential investments

By investment type, '000s GBP; number of potential investors

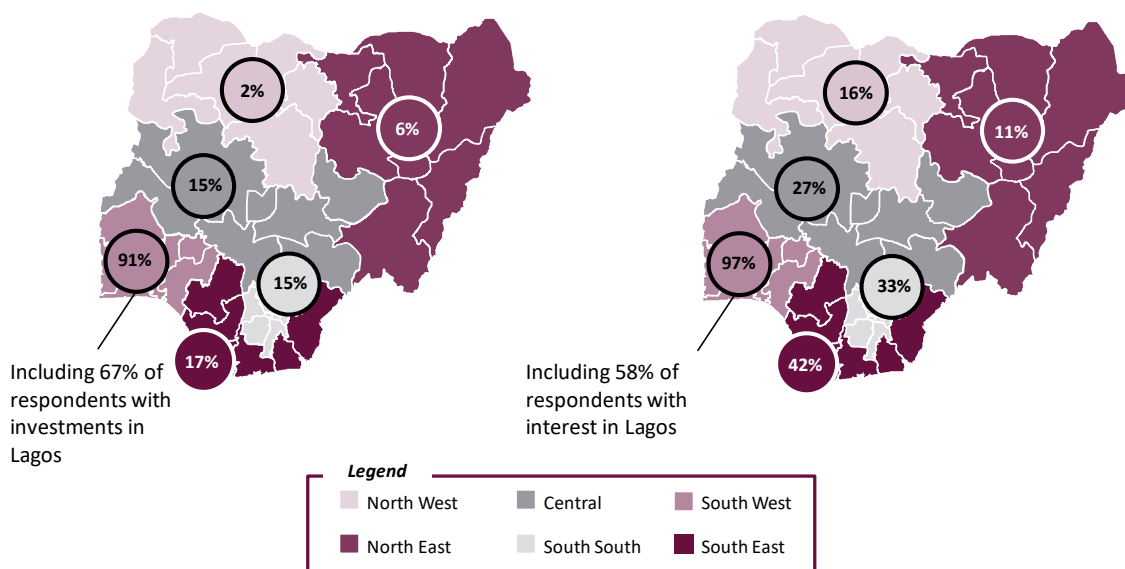


Source: Dalberg survey and analysis

Annex G: Current and future geographies of interest for investment

% of current investors investing in each region
(n=54 respondents currently investing in Nigeria)

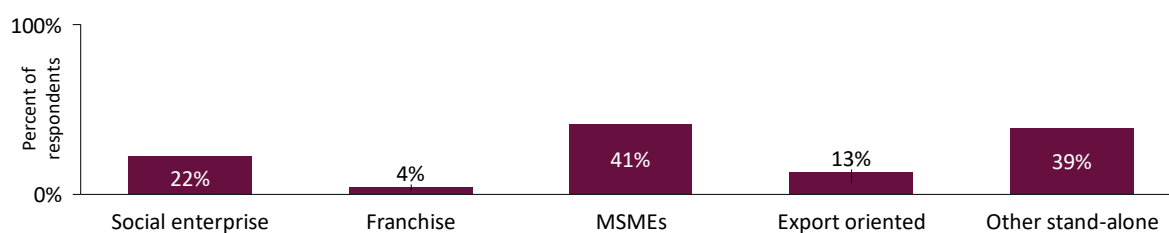
% of current and interested investors investing in each region
(n=158 current or interested investors)



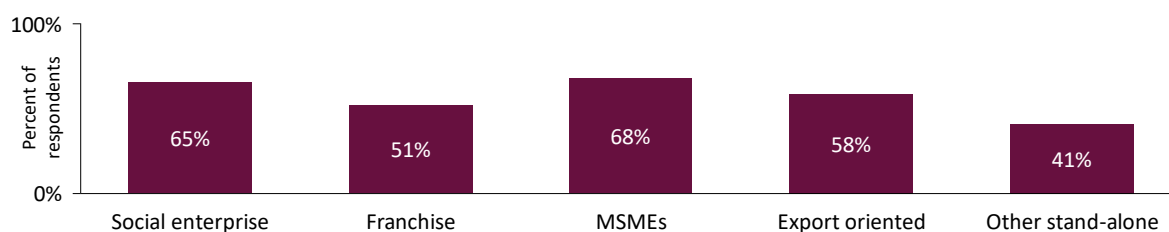
Investments. Source: Dalberg survey and analysis

Annex H: Current and future interest in types of businesses

Breakdown of current areas of investment
(n=54 respondents currently investing in Nigeria)



Breakdown of future interest in areas of investment
(n=158 respondents currently investing in or interested in investing in Nigeria)

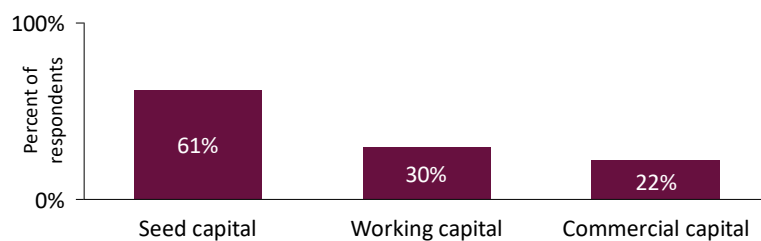


Source: Dalberg survey and analysis

Annex I: Current and future interest in types of financing

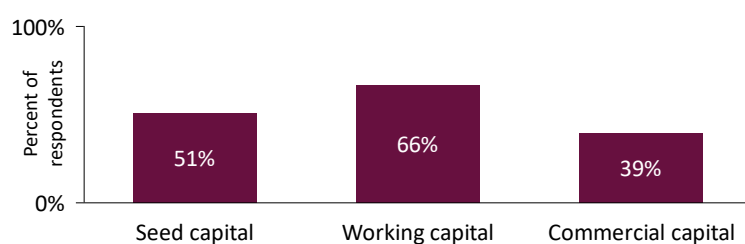
Breakdown of current areas of investment

(n=54 respondents currently investing in Nigeria)



Breakdown of future interest in areas of investment

(n=158 respondents currently investing in or interested in investing in Nigeria)

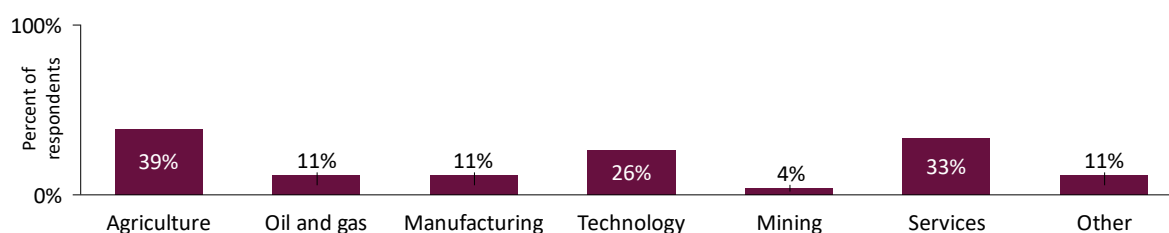


Source: Dalberg survey and analysis

Annex J: Current and future interest in sectors of investment

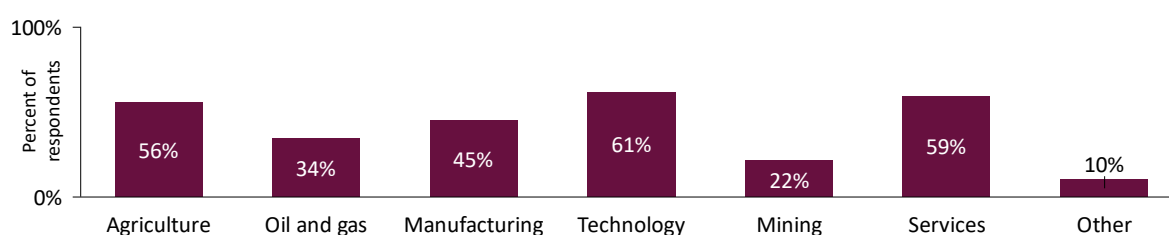
Breakdown of current areas of investment

(n=54 respondents currently investing in Nigeria)



Breakdown of future interest in areas of investment

(n=158 respondents currently investing in or interested in investing in Nigeria)



Note: Other sectors noted included health, real estate, and renewable energy, among others. Of respondents who do not currently invest but are interested in investing in the future, 4% also indicated they don't know what sectors are of interest and 9% indicated they have no specific preference for any sector.

Source: Dalberg survey and analysis

Annex K: Current and future interest in investment geographies by demographic characteristics

Trends in Current Investments (current investors only)

		North West	North East	Central	South West (excluding Lagos)	Lagos	South East	South South
Gender	Male (n=36)	3%	8%	17%	19%	72%	22%	17%
	Female (n=18)	0%	0%	11%	33%	56%	6%	11%
Geography	UK (n=25)	4%	8%	16%	24%	56%	8%	16%
	USA (n=15)	0%	7%	13%	20%	80%	27%	20%
Generation	1 st (n=45)	2%	7%	18%	27%	64%	13%	18%
	2 nd (n=5)	0%	0%	0%	20%	80%	40%	0%
Occupation	Student/unemployed (n=5)	0%	0%	20%	40%	80%	0%	40%
	Working/ retired (n=49)	2%	6%	14%	22%	65%	18%	12%

Interest in future investments (current and potential investors in future)

		North West	North East	Central	South West (excluding Lagos)	Lagos	South East	South South
Gender	Male (n=70)	24%	16%	39%	54%	60%	34%	37%
	Female (n=86)	9%	7%	17%	28%	58%	49%	30%
Geography	UK (n=56)	23%	16%	41%	52%	68%	39%	34%
	USA (n=67)	6%	1%	10%	24%	54%	48%	28%
Generation	1 st (n=98)	21%	13%	35%	49%	58%	45%	41%
	2 nd (n=54)	4%	4%	7%	19%	56%	35%	17%
Occupation	Student/unemployed (n=37)	8%	3%	30%	30%	54%	38%	22%
	Working/ retired (n=121)	18%	13%	26%	42%	60%	43%	36%

Source: Dalberg survey and analysis

Annex L: Current and future interest in business types by demographic characteristics

Trends in Current Investments (current investors only)

		Social Enterprises	Franchises	MSMEs	Export oriented businesses	Other stand alone businesses
Gender	Male (n=36)	28%	3%	44%	17%	47%
	Female (n=18)	11%	6%	33%	6%	22%
Geography	UK (n=25)	28%	4%	36%	12%	48%
	USA (n=15)	13%	0%	60%	20%	13%
Generation	1 st (n=45)	18%	4%	47%	13%	47%
	2 nd (n=5)	60%	0%	0%	20%	0%
Occupation	Student/unemployed (n=5)	20%	0%	40%	20%	40%
	Working/ retired (n=49)	22%	4%	41%	12%	39%

Interest in future investments (current and potential investors in future)

		Social Enterprises	Franchises	MSMEs	Export oriented businesses	Other stand alone businesses
Gender	Male (n=70)	59%	57%	69%	66%	44%
	Female (n=86)	71%	48%	66%	52%	36%
Geography	UK (n=56)	63%	39%	73%	64%	39%
	USA (n=67)	72%	63%	61%	51%	36%
Generation	1 st (n=98)	60%	54%	70%	60%	47%
	2 nd (n=54)	74%	50%	63%	54%	26%
Occupation	Student/unemployed (n=37)	68%	59%	76%	62%	46%
	Working/ retired (n=121)	64%	49%	65%	57%	39%

Source: Dalberg survey and analysis

Annex M: Current and future interest in sectors of investment by demographic characteristics

Trends in Current Investments (current investors only)

		Agriculture	Oil and Gas	Manufacturing	Technology	Mining	Services
Gender	Male (n=36)	44%	11%	8%	31%	6%	39%
	Female (n=18)	28%	11%	17%	17%	0%	22%
Geography	UK (n=25)	36%	16%	8%	32%	4%	32%
	USA (n=15)	40%	0%	7%	20%	7%	27%
Generation	1 st (n=45)	40%	13%	13%	24%	4%	33%
	2 nd (n=5)	40%	0%	0%	60%	0%	40%
Occupation	Student/unemployed (n=5)	0%	40%	0%	20%	0%	20%
	Working/ retired (n=49)	43%	8%	12%	27%	4%	35%

Interest in future investments (current and potential investors in future)

		Agriculture	Oil and Gas	Manufacturing	Technology	Mining	Services
Gender	Male (n=70)	59%	41%	61%	71%	36%	51%
	Female (n=86)	52%	28%	31%	53%	9%	65%
Geography	UK (n=56)	55%	41%	54%	68%	30%	63%
	USA (n=67)	55%	27%	36%	57%	10%	61%
Generation	1 st (n=98)	64%	39%	51%	62%	28%	61%
	2 nd (n=54)	39%	22%	33%	57%	11%	59%
Occupation	Student/unemployed (n=37)	49%	38%	49%	62%	16%	59%
	Working/ retired (n=121)	58%	33%	44%	61%	23%	60%

Source: Dalberg survey and analysis