



Terms of Reference

Feasibility Study on Diaspora Engagement for Enhanced Investment

1. General Background

The Government of Malawi (GoM) recognizes the potential of Malawians in diaspora to contribute to country's socioeconomic development including in the realization of the Malawi 2063 Agenda (MW2063), the first 10-year Implementation Plan (MIP-1) and the United Nations (UN) Sustainable Development Goals (SDGs). Diaspora engagement has been a fundamental driver of development with many developing nations in the world as seeing remittances surpass traditional ODA as a main source of external financial flows. Strengthening diaspora engagement in Malawi, therefore, offers opportunities to strengthen the financing of the SDGs, while building the economy through investment, skills and experiences.

The GoM developed the [Malawi Diaspora Engagement Policy](#) (MDEP) which was approved by Cabinet, and became operational from 2017 to 2022. MPED priority area 3 "Diaspora direct investment and mobilization of diaspora savings" included the following strategies (1) undertake reforms on access to land; (2) provide incentives to Malawi Diaspora; (3) conduct awareness campaigns on the business opportunities available in Malawi; and (4) conduct awareness campaigns on the provisions of the cross border financial flow regulation. MPED priority area 6 "Financial remittances" included strategies also relative to investment, including the undertaking of monetary policy reforms that would encourage diaspora to send remittances through formal channels and the creation of incentives for investment in innovative financial products. With this policy, the GoM intended to move decisively to harness the diaspora potential through establishing mutually beneficial relationship with her Diaspora in which their initiatives would be mainstreamed into the country's development policies and strategies. The Ministry of Foreign Affairs, in collaboration with the International Organization for Migration (IOM) and with funding support from the IOM Development Fund (IDF), implemented a project titled **"Mapping and Profiling Malawian Diaspora in the Republic of South Africa, the United Kingdom of Great Britain and Northern Ireland and the United States of America"** from 2019 to 2022. The objective of the project was to engage the Malawian Diaspora to contribute to the socio-economic development of Malawi. An international consultant was hired to collect information on the size, composition, and socio-dynamics of the Diaspora in the three destination countries. Additionally, the consultant matched existing skills gaps in Malawi with diaspora resources and prepared a correlation/matching analysis report.

Malawi's potential for diaspora engagement remains relatively untapped with digital remittances projected to reach only \$297 million USD in 2022 and the average transaction per user amounting to \$121.00.¹ Personal remittances represent approximately 2 percent of GDP in Malawi. Slightly higher

¹ World Bank, "Country Overview", World Development Indicators, The World Bank Group, <https://www.worldbank.org/en/country/malawi/overview>; World Bank, "Personal remittances, received (% of

percentages are seen in other African countries including Mozambique (2.5 percent) and Kenya (3 percent) while Tanzania's percentage is lower (0.5 percent).²

In Malawi, IOM and UNDP are jointly supporting the government through the Ministry of Foreign Affairs to implement a regional project: *"Promoting Regional Integration Through Diaspora Capital"*. The project is being implemented at multiple levels, clustering implementing partners at regional, national, and local levels. The project aims to support Lesotho, Malawi and Mauritius in strengthening the potential of diaspora contribution to achieving the SDGs in the southern Africa region. The overall objective will be achieved through the following one outcome: *Governments in Lesotho, Malawi and Mauritius develop participatory gender-sensitive strategies aimed at enhancing and expanding diaspora engagement as a development partner for countries of origin.*

This consultancy will be undertaken under the first output of the project which are *"Diaspora mappings, diaspora engagement assessments and collate relevant recommendations for enhanced diaspora financial engagement mechanisms available to the Governments of Lesotho, Malawi and Mauritius"*. In Malawi, the Consultant will be commissioned to undertake a feasibility study on diaspora engagement challenges and investment vehicles.

2. Overall objective of the study

To provide an in-depth and accurate scope of diaspora engagement challenges and opportunities, including an assessment on current investment vehicles and other potential pathways for investment in Malawi.

3. Scope of Work

The Consultant will be tasked with the following responsibilities under two parts:

Part 1: Analysis of the context, including the following:

- Mapping of key stakeholders related to diaspora financing, including but not limited to government ministries and agencies, diaspora networks/association, beneficiary entrepreneurs or other beneficiary groups, financial intermediaries and financial service providers
- Analysis of the evolution of diaspora flows (Diaspora direct investment, remittances, philanthropic diaspora flows) to Malawi
- Analyzing existing diaspora frameworks and support mechanisms, including:
 1. **Regulatory frameworks:** Assessing all essential frameworks (laws, regulations, monetary and other policies etc.) that govern and affect investment transfers like foreign exchange, investment incentives, tax policies etc. Assessing the implementation of the Malawi Diaspora Engagement Policy, focusing on diaspora investment/finance related engagement policy implementation.
 2. **Investment opportunities and challenges:** Understanding motivations for diaspora investing in Malawi and identifying sectors and industries that are most attractive to the

GDP)", World Development Indicators, The World Bank Group,
<https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS>.

² Integrated National Financing Strategy for Malawi Interim Report Nov 2022.

diaspora (how in line these are to development goals) as well as any gaps and challenges in the investment landscape that need to be addressed for diaspora investment.

3. **Financial Infrastructure:** Identifying and assessing the availability of banking and financial services, the quality of payment systems, and the capacity of the financial sector to support diaspora investments and transfers, including any innovative solutions that can facilitate diaspora investments and transfers, such as digital financial services, fintech solutions, and blockchain technology. An assessment of the informal channels is also needed.
 4. **Capacity Building:** understanding the capacity of the government (especially with relation to institutions, human and resource), private sector, and civil society to provide the necessary support and services to diaspora investors.
- Carrying out comparative research on investment vehicles used by the Malawian diaspora versus by other countries to attract their diaspora to invest in their respective home countries which may have potential in Malawi and why (e.g., diaspora investment bond, investment club, investment fund (PE/VC), diaspora trust, mutual fund for portfolio investment, donations, lending platforms etc., and specifying the sectors they are used in, beneficiary target groups, whether regulated by policy, and associated risks.
 - Identifying 2-3 most promising diaspora investment vehicles for Malawi based on the above analysis
 - Draft a roadmap, detailing step by step the suggested actions and reforms on how diaspora engagement can be improved to channel more diaspora investment towards national priorities and SDGs, indicating the concrete investable sectors and investment vehicles that are suitable for Malawi, as well as reforms related to the regulatory framework, financing policies and financial infrastructure, capacity building, the coordination and engagement platforms, and monitoring mechanisms. The roadmap will indicate responsible entities for implementation of each recommendation and propose preliminary timelines.

Part 2: Development of a feasibility study for 1 selected instrument

- Based on the 2-3 instruments identified in Part 1, and through consultations with key stakeholders, such as Ministries, Departments and Agencies (MDAs), diaspora networks, private sector, financial intermediaries (formal and informal, if possible) CSOs, beneficiaries of diaspora transfers and other relevant stakeholders, narrow down to 1 diaspora investment vehicle for implementation to attract diaspora investment in Malawi
- The following components must be included in the feasibility study for the identified diaspora investment instrument:
 - Market demand: evaluate the level of interest and demand for the instrument among members of the Malawi diaspora community, including their willingness to invest, the level of amount they are willing to invest, and their preferred investment terms, etc.
 - The structure of the instrument, as well as governance and monitoring/reporting mechanisms: for example, if it's a bond, how the expected bond framework will be looking like; if a fund, provide the architecture, the entities managing the fund and monitoring and reporting it. Relevant monitoring and reporting mechanisms need to be provided for better decision-making in channeling diaspora financial flows towards SDGs/sustainable development, and for enhancing transparency, accountability and trust in the diaspora community.
 - The legal and regulatory framework governing the instrument

- The financial feasibility of the instrument: if it's a bond, for example, the type of bond, potential size of the bond, the expected coupon rate, type of guarantee (if needed for issuance), and the cost of issuance.
- Challenges and risks associated with the instrument, such as credit risk, market risk, political risk, and currency risk
- Sectors and project selection: identify the type of projects or potential projects that could be financed with the proceeds from the instrument.
- Target investors and marketing/engagement strategy: the groups of the diaspora population, their sizes and income levels, and communication channels and engagement platforms that will be used for effective outreach engagement
- Social and/or environmental impacts of the investment instrument and its potential contribution to the SDGs attainment and sustainable development of Malawi
- Roadmap for the design and implementation of the identified diaspora investment instrument

5. Proposed Methodology

Over and above the consultant's own proposed methodology, he/she is expected to conduct interviews with key Government institutions and other relevant stakeholders including the diaspora to analyze the existing support mechanisms for diaspora investment at national and local levels; conduct desk review on recent development in the diaspora arena; and propose a strategy for diaspora mainstreaming and engagement for enhancing diaspora investment in Malawi.

6. Deliverables and Timeframe of the Consultancy

The assignment is divided into three phases namely the preparation, field work and the analysis and reporting of findings. The Consultant will work for a total of 90 days from 1 July 2023 to October 2023.

Activity	Number of Days	Deliverable
Preparation phase, including an inception report	10	Inception report
Field work data collection and draft report for Part 1 Analysis	30	Data collected; draft Part 1 Analysis report, and a PowerPoint presentation
Revision and validation of the Part 1 Analysis report	10	Approved Part 1 Analysis report, and a PowerPoint presentation by IOM, UNDP and MoFA
Further field work data collection and consultation and draft Part 2 feasibility study of the identified investment instrument	25	Draft Part 2 feasibility study for 1 identified diaspora investment instrument and a PowerPoint presentation submitted to IOM, UNDP and MoFA
First round of revision of draft feasibility study based on feedback from IOM, UNDP, the Diaspora Affairs Unit (DAU) and relevant stakeholders (TWG)	10	Updated PowerPoint presentation and draft feasibility study submitted to IOM, UNDP and MoFA.

Final rounds of revision: Incorporation of any additional comments and observations and presentation of final feasibility study to IOM and UNDP.	5	Final feasibility study and PowerPoint upon satisfaction by IOM, UNDP and MoFA
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7. Qualifications and competencies

The following qualification criteria will be applied during the selection of the consultants:

Education:

- A Master in Sociology, Demography, International Relations or related educational background for the assignment.
- A Doctorate degree will be an added advantage;
- Complementary studies in economics and/or statistics will be an advantage;
- Other formal education and experience relevant for the assignment;

Experience:

- At least 4-5 years of proven experience preferably in social research areas;
- Proven experience in developing analytical works in migration related fields (including diaspora engagement, diaspora investment, remittances, etc.) would be an asset;
- Previous experience in conducting international research would be an asset;
- Experience in working with international organizations and UN agencies in particular;

Competencies and Skills:

- Strong analytical, writing and communication skills;
- Good knowledge of the migration and development concepts that affect Malawi Diaspora;
- Familiarity with UN's mandate;
- Familiarity with international standards and best practices would be an asset;
- Excellent oral and written English;

Personal Qualities and other requirements:

- Good interpersonal skills, decision making, initiative and creativity;
- Cultural and gender sensitivity;

Diversity:

- Adheres to the core values of the United Nations; in particular, is respectful of differences of culture, gender, religion, ethnicity, nationality, language, age, HIV status, disability, and sexual orientation, or other status;
- Working knowledge of one or more additional languages relevant for Malawi would be an added advantage.

8. Reporting/ Contract Management

The Consultant will work under the Ministry of Foreign Affairs, monitored by IOM. as she/he will be responsible for coordinating the review and validation of the report with relevant stakeholders from the Technical Working Group (TWG), IOM and UNDP. IOM will be responsible for managing the contractual agreement with the consultant. Prompt fortnightly reports with annexed evidence of raw data gathering

as well as drafts documents showing progress will need to be submitted to the IOM focal point throughout the agreed contract period. It is required that the consultant remain in close communication with IOM, UNDP and government stakeholders throughout the contract period to ensure a close monitoring of work and allow for quality support to be afforded to the consultant.

Applicants are kindly requested to submit the following:

- a. CV and a cover letter
- b. Technical proposal
- c. Financial proposal
- d. Sample of relevant previous work

Applications are to be sent to lilongwevacancy@iom.int, with the subject line as following **“Consultancy – Diaspora Feasibility Study”**.

Only shortlisted candidates will be contacted by IOM following receipt of their CV and cover letter.

NB. Female candidates are encouraged to apply

IOM Contact details:

International Organization for Migration (IOM),

Area 13, Plot 97, Sogecoa Golden Peacock Hotel Complex, Lilongwe, Malawi.

Closing date: 7th June 2023