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Diaspora as Strategic Partners in Global Development – contribution to the Global Partnerships Compact

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The international development finance architecture for Africa is undergoing a profound structural shift. In 2025, preliminary OECD data revealed a historic 26.3% decline in bilateral Official Development Assistance (ODA) to sub-Saharan Africa, compounded by an 11% volatility drop in global Foreign Direct Investment (FDI) reported by UNCTAD. Conversely, formal diaspora remittances to Africa reached over $100 billion - effectively doubling total ODA and serving as the continent's largest source of external finance. When factoring in various forms of diaspora capital, informal channels and the $33.7 billion in estimated annual savings held by 17 million African migrants, the diaspora represents an incredibly resilient, countercyclical mechanism to help bridge the $4 trillion annual Sustainable Development Goals (SDGs) financing gap.

As the UK transitions from traditional aid-dependency models to partnership-led international development under the Global Partnerships Compact, the UK's deeply connected African diaspora - who route $10 to $11 billion in remittances globally from the UK annually - stands out as a frontline strategic partner. The UK can strategically reposition itself at the vanguard of the global development agenda drawing on the strength of its many diverse communities.

Strategic Summary Points

1. **Strategic Development Partners, Not Peripheral Stakeholders** African diaspora communities in the UK are vital development partners, offering deep emotional, social, and economic transnational networks. Crucially, this ecosystem is increasingly energised by second-generation and subsequent UK-born diaspora who actively support their countries of heritage. These subsequent generations act as invaluable cultural advocates, professional innovators, and financial connectors between their countries of residence and origin, expanding the scope of traditional diaspora engagement.
2. **Diaspora contribution is already significant, but stronger and more sustainable investment ecosystems are needed.** With Africa receiving $100 billion annually in remittances, often exceeding aid and foreign direct investment in several countries, participants stressed that while household support and livelihoods remain critically important, stronger ecosystems, including structured diaspora-targeted financial products, are needed to support more strategic and long-term diaspora investment alongside these existing contributions.
3. **Leveraging the UK's Unique Comparative Financial Advantage** As a premier global financial hub and leader in fintech, financial services innovation, and enterprise accelerators, the UK possesses a distinct competitive edge. This environment is perfectly suited to incubating sophisticated diaspora-targeted financial instruments. Aligning the financial literacy and tech-savviness of younger, second-generation diaspora with UK fintech capabilities opens up advanced pathways for diaspora bonds, the securitisation of remittances, and structured digital investment platforms.
4. **Overcoming Fragmentation Through Coordination and Scale** A multitude of impactful diaspora finance, remittance innovation, and enterprise initiatives exist across governments and civil society, yet they remain largely fragmented, siloed, or restricted to temporary pilot phases. True progress requires systemic coordination, consolidation, and scaling. Maximising impact depends on deep, cross-organisational collaboration between institutional bodies - such as the African Union's Citizens and Diaspora Directorate (CIDO) and the African Development Bank's New African Financial Architecture for Development (NAFAD) - UK diaspora networks, and international partners.

5. **Deepening Trust, Governance, and Policy Consistency** Sustained diaspora investment is entirely contingent upon institutional transparency, the rule of law, and long-term policy stability. Successful strategies, like Morocco's diaspora model, demonstrate that building rigorous, trusted state-diaspora relationships directly drives investor confidence. To counter structural challenges like corruption and policy inconsistency, African governments must actively cultivate predictable environments to assure both first- and second-generation diaspora investors that their capital and intellectual property are safe and legally protected.

6. **The UK as a Key Endorser for Major Diaspora Initiatives** A critical missing element in scaling diaspora finance is the willingness of Western governments to back proven frameworks to catalyse market confidence. Internationally recognised initiatives - such as RemitAid™ Innovative Finance Mechanism (pioneered by UK-based organisations AFFORD and GK Partners), launched on 1 July, 2025 at the United Nations Fourth International Conference on Financing for Development (FFD4) in Spain, and, selected as one of the Seville Platform for Action (SPA) initiatives, offers a ready-made opportunity for the UK government to strategically deploy and leverage development funds, catalyse diaspora investment, and deliver impact within a defined timeframe. By formally providing official state endorsement backing, the UK can significantly de-risk these frameworks, mitigate stakeholder skepticism, and unlock massive pools of latent private and diaspora capital without placing extra financial burdens on migrant communities.

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