



An African diaspora green resources strategy

**Mobilising finance and knowledge
to address climate change**



Introduction

The increasingly difficult international macroeconomic and financial situation of many African countries has led numerous observers to focus on the continent's diasporas as one critical external resource for future development. This paper looks at how diaspora resources can be used to support climate change and sustainable industrialisation projects, focusing in part on the work of the African Climate Foundation (ACF).

The diaspora includes not only migrants from a specific country of origin (CoO), that is, those born in a CoO who have moved from there to a country of destination (CoD), but also their descendants, often over multiple generations. The diaspora is everyone living (temporarily or permanently) outside the country of their birth or their ancestry, who maintains (or may be encouraged to develop and maintain) 'affective' – emotional, religious, ethnic or national – ties with their CoO. The diaspora is usually significantly larger than a CoO's migrant population, and later diaspora generations, descendants of migrants, may well be better educated and wealthier on average than more recent migrants, particularly in high-income CoDs. A diaspora generally relates to a single CoO, though sometimes ethnic, racial or religious ties may 'fray' affective ties at the margin and allow some support beyond the border.

Diaspora resources include remittances, diaspora investment and diaspora knowledge. Migrants' remittances sent to their families in their CoOs have long been crucial for those households, but also for their communities and for the national balance of payments of many African countries: in 2024, (formal) remittances into developing countries were considerably larger than official development assistance (ODA) and foreign direct investment (FDI) combined. In 2023, Africa on average received a little over 3% of its gross domestic product (GDP)



in formal inward remittances, 18 countries getting more than 5%. Remittances sent via informal mechanisms are also substantial.

Diaspora investment involves migrants and their descendants using their savings to provide capital as loans or equity into private enterprise, or public sector projects in their CoOs, seeking a positive financial return on their assets.

Diaspora knowledge consists of technical and organisational expertise and business networks developed in diasporas' CoDs, and channelled back in different ways to their CoO.

Incentivising diasporas' financial contributions involves a balance between the CoO state (and other CoO agencies) incorporating the diaspora effectively into 'the CoO nation', while respecting their need for a financial return on their savings/wealth, which could be invested in their CoD or third countries. Diaspora investments may therefore include a 'patriotic discount': a part of the return is 'gifted' to the CoO. But the diaspora may be more willing to invest in their CoO than elsewhere, because of their 'in-between advantages' relative to *both* CoO businesses *and* other foreign investors – they have knowledge and networks from both CoD and CoO, which may yield a 'diaspora premium'.

Including the diaspora in a CoO's efforts to address climate change underlines to CoO and CoDs the need for global resources for this. The diaspora may be a useful political support base in significant CoDs for mobilising finance from non-diaspora sources, while also using their finance and knowledge within the CoO. Diaspora organisations can add their voice politically while individuals may have an impact through 'social remittances', ideas flowing from CoD to CoO through communications between migrants, their families and others in their communities.



Diaspora resource wheel

Efforts to raise diaspora resources need a diaspora strategy which can be represented by a 'wheel', whose hub-and-spoke structure connects five strategic elements to a broad philosophy, and dynamically to each other: diaspora engagement is a process involving all its elements concurrently and repeatedly, not simply a step-by-step sequence.

The hub of the wheel is the CoO's broad development philosophy, its economic development objectives and its state-society relationship based on its political economy, which may change over time. A key issue is that context matters – each CoO needs its own philosophy rather than 'one size fits all'.

The five spokes of the wheel are:

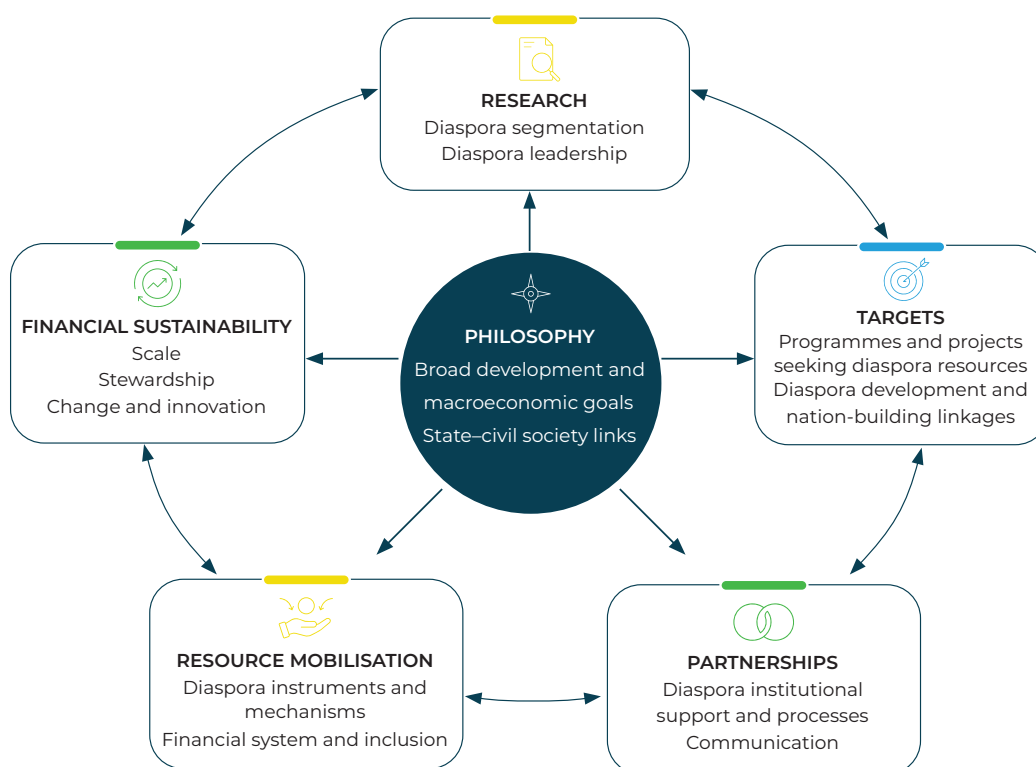
- Research on the diaspora's CoD locations, segmentation and available resources across different CoDs, to be repeated periodically. Segmentation may be ascriptive (based on age, gender, ethnicity, religion, area of CoO origin or migration generation) or achieved (education, skill, occupation, income/wealth).
- Targets for diaspora resources: CoO agencies and organisations which can use diaspora resources in programmes and projects, with the diaspora usually somehow involved in identifying both resources and targets.
- Diaspora partnerships: engagements between diaspora groups (organised into networks and associations) and CoO public and private agencies, to build trust and empowerment. The diaspora will want some ownership of projects they help resource. Diaspora organisations may be based on geography, skill, sector, or be political, or may



coincide with ethnic/racial/language/religious divisions or income/wealth distribution. Diaspora partnerships may be ‘inch wide, mile deep’, requiring an indirect, pragmatic approach, or ‘mile wide, inch deep’, requiring a direct, administrative strategy.

- Diaspora resource mobilisation: mechanisms and instruments for raising financial and knowledge resources, including financial system adaptation and regulation.
- Sustainability of the diaspora strategy: ensuring that diaspora resource flows continue over time and expand in scale and in scope, by bringing in new diaspora groups, geographically and generationally, and innovating for new instruments and new processes. Sustainability requires monitoring and evaluation. Stewardship requires success to be measured by inputs, outcomes and impacts – public acknowledgement of contributions, financial accountability, and climate change substance. Sustainability may be affected by political changes and/or economic crises in the CoO, or by global/regional crises, which could then involve changes in the hub and in other spokes of the wheel.

Figure 1: The wheel of diaspora engagement



Source: Author



Diaspora resources: Financial instruments and knowledge

There is a long-standing argument that remittances are unproductive because their recipients – migrants' families in the CoO – spend them primarily on consumption rather than on investment, which would contribute more to economic development. We reject this as oversimplified. Individual households, especially poor households with migrant family members, do invest, both in their own homes and in their own family-based 'household microenterprises'. Some goods and services, such as education and health, are classified as household consumption in national accounting systems, but are investments for the household, creating assets ('human capital') with a potential future return. And money is fungible: using remittances for consumption frees up other household funds (or non-monetary resources such as labour time) for investment. Remittances are often themselves the return from a family's investment in a member's migration to a CoD, as part of the household's income-raising strategy. Finally, remittance transfer mechanisms may offer households a route to financial inclusion, thereby contributing to their future investment and livelihoods.

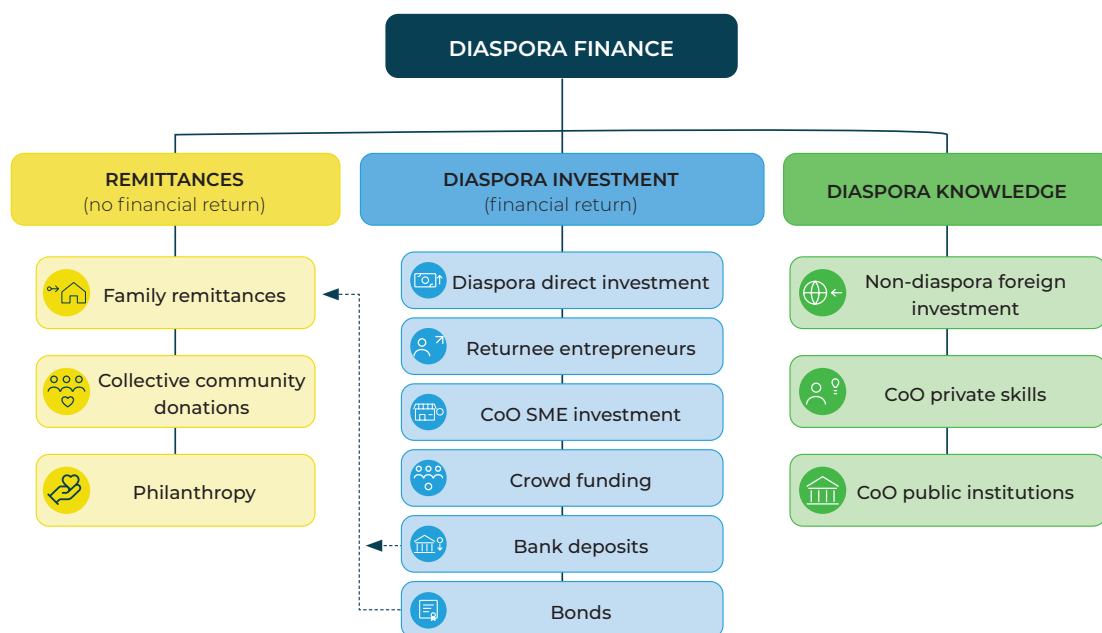
The argument that remittances are unproductive is also wrong macroeconomically. Remittances enhance growth and stability through standard Keynesian multiplier effects in the short term, whether spent on consumption or investment. Remittances are a crucial, and often more stable, source of foreign exchange, increasing the capacity for imports and for external debt servicing and often moving countercyclically. But remittances need to be aggregated, for example in banks, to be used for large-scale investments in a CoO.



What are the differences between remittances and diaspora investments? A remittance is a gift from sender to receiver, almost always reflecting a direct, interpersonal connection between the two parties. Financially, it is a one-way transaction: the sender receives no financial asset, nor any future monetary return, though as for all gifts, there are psychic, emotional returns. A diaspora investment, by contrast, is a two-way financial transaction between sender and recipient, who usually have no interpersonal connections. A financial asset is transferred to the sender from the recipient – usually a private enterprise or a public agency in the CoO – in exchange for the funds, with the latter obliged to pay future financial returns to the former.

Figure 2 distinguishes between these. Note that diaspora resources are generally provided by individuals through *retail* financial instruments. We next discuss the different instruments, and point to avenues for ACF exploration.

Figure 2: Framework of mechanisms for diaspora resource flows



Source: Author



Remittances

Family remittances: Formal remittance mechanisms include money transfer operators (MTOs), such as Western Union, and fintech payment apps, either run directly by mobile network operators (MNOs), or using mobile phones. Commercial banks are also common but less likely in CoOs with low levels of financial inclusion. MTOs and MNOs often work together, and use the commercial banking system for cross-border transactions. Remittances using mobile money remain a small share of formal channels as compared to MTOs: GSMA reports suggest less than 3% of all global remittances, and less than 1% in sub-Saharan Africa, suggesting significant organisational and regulatory shifts are needed. Fees for North-North and North-South transactions have dropped dramatically in the past ten years, though South-South transaction costs remain very high.

Migrants have also long used informal mechanisms, such as 'postmen' carrying physical cash, or hawala agents using cross-border broker networks to avoid physical cash transfers. The latter is in fact an informal network very similar to formal MTOs, though costs are often lower and risk higher, but they are nonetheless more convenient and trusted by poor migrants and their families. A commonly cited but unverifiable figure is that informal remittances are 50% as large as formal, though increased remittance cross-border transfer using mobile phone apps will lower that.

These apps provide retail payment services via transaction accounts (e-wallets), a first step in financial inclusion, but they are not savings accounts, and MTOs and MNOs do not generally have banking licences allowing them to take deposits or provide loans. Diaspora accounts in CoO deposit-taking banks are a form of diaspora investment discussed below, allowing remittances to be directed to family members, or towards the purchase of CoO goods and services, or towards investment in financial assets, such as bonds.

Goods-based remittances, where the migrant remitter directly purchases goods in the CoD or CoO for their CoO-based families, are often found when migrants are in CoDs that neighbour or are close to their CoO. But from more distant CoDs, they can also help promote household resilience to climate change, for example limiting cyclone or flood damage in coastal or riverbank areas by paying directly for solar panels or other household renewable energy electrical systems or directly purchasing household insurance to offset losses. More broadly, direct engagement with migrants sending remittances, perhaps supported by a Just Energy Transition Partnership (JETP)-financed guarantee fund, could sustain market demand in a project like the COPERES Crédit Energie Mechanism in Senegal.

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Collective remittances, or community donations, are relatively small donations by individual migrants from a single CoO village, town or region, usually collected by a non-profit home town association (HTA) in the CoD. They support local projects or programmes, such as an infrastructure investment – health centre, school, road or stadium. The local government may well be involved, with accountability resting between the HTA and the local government: the HTA monitors the project, and its migrant members may donate knowledge and skills to the project over and above financial donations. This is a potentially important financing mechanism for local level climate adaptation and resilience projects, for example in the water and irrigation sector in Zambia and Malawi, promoted in ACF's Adaptation and Resilience Investment Platform (ARIP) strategy.

Diaspora philanthropy is large donations by wealthy individuals or families, without financial return, but involving a long-term relationship of acknowledgement and accountability.



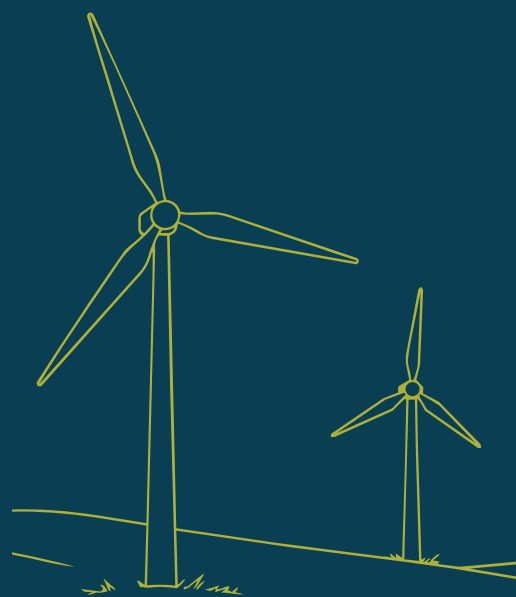
Diaspora investment

This involves a number of different instruments, either equity or debt based, which differ in their risk/return trade-off, based on (i) the precedence of the lender's claim on the borrower's income, and (ii) the tradability of the instrument in secondary financial markets. In each category, there are many examples.

Diaspora direct investment (DDI): The diaspora themselves run a business in the CoO from their base in a CoD. Some CoO governments provide additional tax benefits to diaspora investors, over and above those available to domestic investors or other foreign investors.

Returnee entrepreneurs: A diasporan moves back to their CoO to run an enterprise, bringing with them resources – finance, knowledge, business networks – acquired in the CoD. Many returnees, especially from within Africa, will set up informal microenterprises, important for them and their communities, but more significant from a wider economic development perspective are formal small and medium-size businesses.

In Nigeria, United Capital's Renewable Energy Blended Fund (REBF), an ACF partner, developed a shortlist of potential minigrid developers, which included Ashipa, a DDI company owned by a Nigerian-American migrant, and Ceesolar, an enterprise started by a returnee entrepreneur. In the e-vehicle sector, where entrepreneurs need to have experience in the sector, Africa currently has no domestically owned producers, suggesting there is scope for African migrants working in the sector globally to return home and start their own business. Their owners' in-between advantages are important for both DDI and returnee entrepreneur ventures, while FDI entrants, like the renewable energy distributor Konex in Nigeria, another ACF partner, could also benefit by employing returnee migrants.



Small and medium enterprises (SMEs) run by domestic CoO entrepreneurs, with startup funds from diaspora investment: This is a key focus to address both climate change and African economic development: the lack of enough, and large enough, private businesses has long damaged prospects of economic growth, increased employment and higher incomes, while sustainability of renewable energy projects depends on demand from SMEs for electricity. Almost every African country has a ‘missing middle’ of small and medium-size companies, partly because of lack of finance – they have outgrown micro finance institutions (MFIs) but also cannot borrow from domestic commercial or investment banks. Syndicates and networks funding

African SMEs have grown rapidly in the last 25 years, numbering over 500 funds in 2024 with more than US\$65 billion under management. But the missing middle remains: a range of SMEs below the US\$100 000 threshold is trapped in the gap between local level MFIs and commercial banks, while country-based fund managers with small funds and local expertise are faced with a vicious circle in the capital market, as external funders in Europe or the US prefer to support more experienced managers in Europe or larger African markets aligned with their own investment strategy and who support larger African businesses.

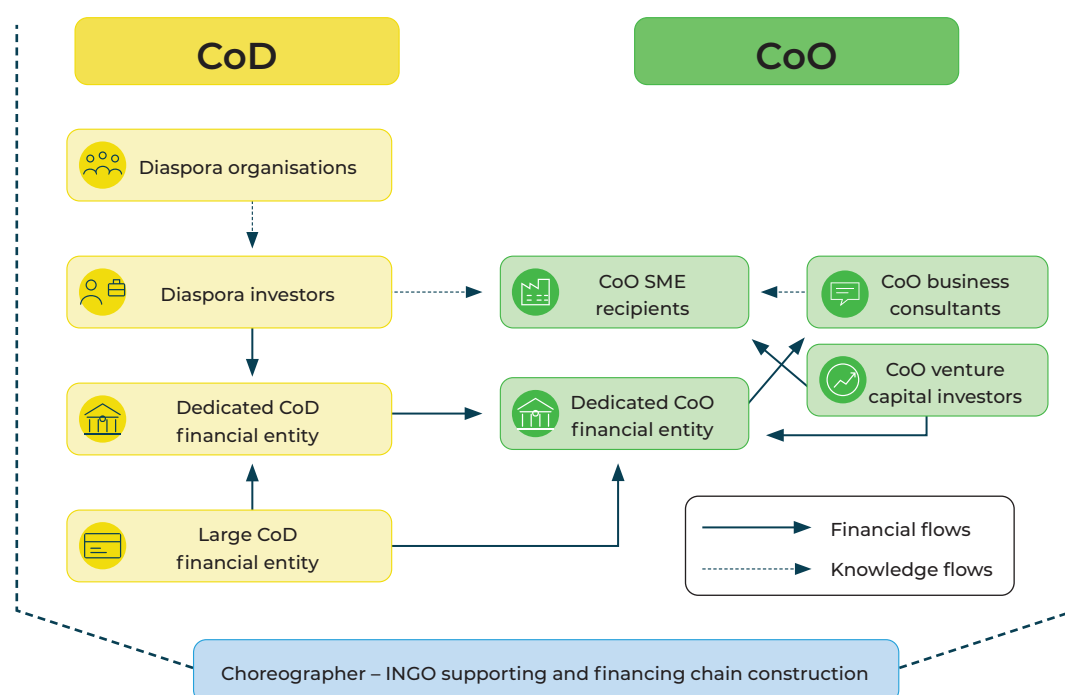
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There is a role for diaspora investment here, as demonstrated by the emergence of a Malian diaspora-based SME fund in France called Ciwara Capital (www.ciwara-capital.com), helped by I&P, a French impact investor lending to the African capital market, in a five-year process requiring cooperation amongst a series of organisations in both CoD and CoO (Figure 3) supported by an international non-governmental organisation (NGO) ‘choreographer’ (in that case, the International Fund for Agricultural Development). Aside from directly providing funds, new products and markets may spill over into broader financial sector development for the CoO.

A major challenge for renewable energy projects supported by ACF’s partners is creating effective demand for the electricity produced, which is sustainable in the long term, financially (for the producer), economically and environmentally. Demand comes from increasing the supply of electrically powered equipment and its use by SMEs, raising the latter’s productivity, which requires policy and funding interventions to support SME investment. The ACF assisted the Fonds Souverain du Sénégal (FONSIS) to set up the Renewable Energy and Energy Efficiency Fund (REEF) in Senegal. FONSIS has a separate SME funding partnership with I&P: it co-funds I&P’s Senegal subsidiary Teranga Capital, the country’s first impact investment fund for startups and SMEs, which like Ciwara is part of I&P’s West African network. Teranga funds several renewable

energy SME equipment producers, supplying, for example, solar panels to farmers, e-vehicle transport services for crops or renewable-powered cold chain warehouses. Using Ciwara-type models, diaspora investors could invest directly in agricultural equipment producers, or assist customers (farmers, farmer associations or agro-processors) to purchase renewable energy equipment from their producers. REEF is a primary financier for Senegal's JET-P, raising the possibility of a loan guarantee fund to support diaspora investment, as was used for Ciwara or the smaller YiriMali diaspora investment clubs. Setting up a Ciwara-type model requires an international choreographer, so a crucial question is who would play that role – ACF, or some other entity?

Figure 3: Financial value chain for provision of early-stage capital: Diaspora to CoO SMEs



Source: Author

A similar diaspora investment model could be used in Nigeria, to support SME purchases of low-cost electrical equipment produced by SMEs being supported by the United Capital REBF. Some observers recommend that minigrid developers or productive use of energy (PUE) suppliers set up leasing arrangements for purchaser SMEs, but this is likely to dilute their expertise outside their core business of energy provision. Nigeria has no small-scale equipment leasing agency, but a preferable option would be to support the publicly owned Nigerian Bank of Industry to establish one. This could enable a triangular setup: a diasporan undertakes an equipment lease for an SME, repaying the premium through regular remittances, and getting an equity (or loan) stake in the SME, while also mentoring the entrepreneur.

Crowdfunding: This is an organisational technology, not a distinct financial asset, enabling peer-to-peer via broad-based online marketing, to aggregate contributions from small-scale retail investors for projects evaluated by the crowdfunding platform. Fees are often high and collateral and other risk management requirements onerous, but it is a viable option for small to medium businesses. Crowdfunding seems at first glance highly appropriate for the diaspora, but several African diaspora-focused crowdfunding platforms have failed, as it is difficult to scale up for a single country, and attempts to adopt a pan-Africa focus did not work. As with bonds, discussed below, the diaspora of a single country in a single CoD is not sufficient (in size or wealth, or both) to support on its own a crowdfunding platform, while the CoO needs a liquid and broad SME borrower market across different enterprise sizes and industrial sectors.

African SMEs do crowdfund loans/equity in Europe: for example, Energise Africa, a British crowdfunder, raises loans for e-vehicle producer Roam Bikes, but entry hurdles are significant and the loan funding floor is high, around US\$500 000. However, establishing a viable SME crowdfunding market in a single African CoO is a long process facing many barriers, such as low average deal size, low commissions, and low financial literacy of both investors and investees, and requiring already stretched African financial regulators to build new relationships with SME funding networks. In Ghana, it took four years to finalise the regulatory framework (in June 2024).

Diaspora deposit accounts in CoO commercial banks: Diaspora saving deposit accounts can channel remittance flows to migrants' families, enable purchases of goods and services in the CoO, or be used for migrants' savings. Deposit accounts are offered by commercial banks in anglophone systems, and by *caisses de dépôts*, publicly owned savings institutions investing in infrastructure, in francophone systems. They offer a simple low-cost mechanism for both depositor and deposit-taking institution, with straightforward regulatory/supervision requirements for the CoO government and central bank. These accounts also shift remittances from informal to formal mechanisms, while expanding financial inclusion for migrant families and the communities. Some CoOs offer the diaspora financial incentives to open accounts, partially offsetting the patriotic discount, such as foreign currency deposits, tax-free or preferential interest rates, or access to loans.

Increased deposits from remittances, when aggregated, allow deposit-taking institutions to expand lending, including purchases of public sector bonds. Diaspora bank accounts are therefore an alternative to diaspora bonds (discussed below). The little-known Moroccan experience from the early 1970s to the 1990s offers important lessons to CoOs today. The government used the state-owned Banque Centrale Populaire (BCP) to bring in remittances from migrants in France and Spain, shifting them from informal to formal

mechanisms and expanding financial inclusion in rural areas. Aggregate public resources were expanded by BCP purchases of national public infrastructure bonds. In the 1980s, remittances averaged 5.8% of GDP and were 84.5% of 1990 capital inflows, while migrant/families' share of bank deposits peaked at 30% of the national average in 1987.

India has had diaspora bank accounts and deposit schemes since 1970, which have been used to address foreign exchange crises many times since the 1990s. Some accounts are from the diaspora investor's perspective, little different from diaspora bonds: tax-exempt, non-tradable but repatriable, fixed-term deposits for one to five years. In 2016, they were about a third of India's foreign exchange reserves and in 2024, about 20%. Pakistan started a diaspora deposit scheme, the Roshan Digital Account, in 2020, after a diaspora bond scheme had failed, and depositors can choose to purchase retail government bonds.

In Africa, Nigeria started offering tax-free, repatriable deposits in January 2025, so it is too soon to judge their progress in collecting remittances or supporting public sector spending. But other African countries should follow this example. The *caisses de dépôts* are set up to channel household savings to public infrastructure projects, and regulatory changes should be straightforward to open their deposit accounts to the diaspora. The Malawian and Zambian diasporas are largely in southern Africa, and the South African banks which operate across the region may be a vehicle to initiate diaspora accounts.

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Diaspora bonds: Bond finance is the most common mechanism to raise public funding for large-scale projects, and responses to climate change, particularly for adaptation, have rested heavily on green bonds. Therefore, we need to look closely at diaspora bond issues by CoO governments, retail bonds marketed only to, and supported by, their diaspora. These get a lot of support in academic and policy debate in Africa and other CoOs, based largely on the apparently successful examples of Israel from the 1950s on, and India since the 1990s. Many CoO governments have tried them: Nigeria, Ethiopia, Ghana, Bangladesh, Pakistan and others. In Africa, only one Nigerian diaspora bond, in 2017, has met its financial target.

Careful examination of the experience of Israel, India and Nigeria shows that diaspora bonds are complicated to issue, and much less promising as funding mechanisms than is commonly suggested. In Israel, diaspora bonds were financially critical for the new state to build infrastructure. But the US Jewish diaspora at the time had specific features not often found in CoOs today – the diaspora had significant wealth and power in the CoD, while the then-recent

World War II Holocaust also gave them significant moral power. Since the 1990s, the patriotic discount has disappeared, and diaspora bonds are less important in the Israeli economy. India issued two diaspora bonds in the US in the 1990s, but since 2000 has abandoned diaspora bonds in favour of diaspora deposit accounts, even though the Indian diaspora in the US has become much more influential. Nigeria successfully issued one diaspora bond, which was very small in relation to the country's overall funding needs. Its government has before and since issued many bonds externally, but not focused on the diaspora as the main market. It has now started a diaspora deposit account, and is looking to the diaspora to provide capital for SMEs.

A key problem for many African CoOs is the small size and relatively low income levels of their diaspora, especially those in high-income Western countries, suggesting that aggregate savings by their diaspora are low and insufficient for a large bond issue. Some commentators argue for a pan-African diaspora bond, perhaps issued by the African Development Bank (AfDB), which would require a process for assigning proceeds amongst different countries and different projects. AfDB staff have suggested it could provide credit enhancements for bonds or other instruments, such as guarantees, trust funds or co-financing. Another AfDB suggestion worth exploring would be diaspora investments across a single monetary union, to overcome the wealth constraint faced by individual CoO diasporas. Even here, diaspora bank deposits linked to remittances may be more useful than diaspora bonds.

As discussed above, diaspora bank deposit accounts are preferable to diaspora bonds: they increase capital inflows, expand financial inclusion and formalise remittances, and diaspora depositors can be incentivised to buy bonds (green or other) to fund public investments. The unattractiveness of diaspora bonds does not apply to green bonds, targeted at climate change, which should be issued into bond markets, especially by sub-regional governments. But the diaspora per se should not be the focus of green bond marketing. Interestingly, Lagos State recently issued green bonds using a regulatory framework developed jointly by Nigerian and British experts, underlining the potential benefit that African diasporans with financial expertise might provide to support CoO bond issues.



Diaspora knowledge

Diaspora knowledge is productive resources useful for future income generation and development. Many diaspora financial flows are accompanied by knowledge flows, diaspora investments into private enterprise, and collective donations or philanthropy. Diaspora investors' financial return may depend in part on knowledge provision by the investors themselves or others in the financial value chain. But there are also diaspora knowledge flows independent of finance, which may be useful in addressing climate change.

The diaspora may provide technical knowledge, organisational knowledge (entrepreneurial or managerial capacity) and network knowledge to individuals and organisations in their CoO. They may be more effective in transmitting knowledge resources than either CoO locals or foreigners, because of their 'in-between advantages': familiarity with two languages and cultures, access to two sets of opportunities and economic and social networks. For example, they can introduce incremental innovations, often small but commonly used in the CoD, which can help organisational and institutional change within their CoO.

Figure 2 shows three different diaspora knowledge flows. The first is advice to their CoD employers or their organisational/business networks to undertake FDI (equity investment) in their CoO, done, for example, by diasporas from Taiwan, China, India, Ireland and Israel working in the US information technology (IT) industry. Many of them returned to work in newly established subsidiaries in their CoO; this was not diaspora investment per se, as there is no diaspora financial stake, but rested on diaspora knowledge.

A second diaspora knowledge flow involves building skills, both technical and organisational, amongst CoO individuals, to offset the 'brain drain' – the idea that migration of people with high or mid-level skills (as conventionally understood) to





the Global North severely decreases the skills pool in Global South CoOs. There are a range of 'brain redistribution' mechanisms linked to migrant/diaspora return of different durations and frequencies, including:

- brain circulation – permanent or temporary return to the CoO;
- brain banks – diaspora networks facilitating CoO access to knowledge from both diasporas and natives in CoDs;
- brain exchanges – temporary movement of skilled people between CoO and CoD for work or training;
- brain gain – mid-level skills training in a CoO by CoD institutions, with some graduates migrating to the CoD, but the bulk staying in the CoO (labelled Global Skills Partnerships in the Global Compact on Migration).

Brain circulation and brain bank networks often start as ad hoc, informal processes before being systematised. Two examples with large memberships are the The Indus Entrepreneurs (TIE) and the Irish Technology Leadership Group (ITLG), both started in Silicon Valley, while GlobalScot and ChileGlobal are smaller and focus on specific sectors. The Association of Vietnamese Scientists and Experts (AVSE) is also successful, perhaps because it is divided into ten sector-based sub-networks, each linked to a Vietnamese government ministry. But Nigerians in the Square Mile (NISM), a group started in 2008 in the City of London, had no Nigerian government links and did not survive the Covid lockdowns.

The third kind of diaspora knowledge flow is to CoO government and sector agencies and NGOs, which support specific regulatory and policy changes or managerial capabilities. A very interesting example is a local development NGO, Migrations et Développement (M/D), set up in Morocco in the mid-1980s by a small group of returned migrant workers after they were laid off by a French aluminium smelter. The lack of basic infrastructure – electricity, water and sanitation, transport and communication – in their mountainous home towns made establishing new livelihoods in agro-processing or retail trade difficult. They set up M/D to create local electricity networks, crowdfunding a share of funding from migrants and returnees. They also used their 'in-between advantages' to connect with EDF, the French state-owned electricity company, which contributed financially and technically to the local networks. Over the next ten or so years, M/D constructed electricity installations in about 70 villages, with another 140 on the waiting list. Through EDF, M/D was brought into the Moroccan government's national electricity policy discussion, leading to rural electricity

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being discussed for the first time in 1996, while technical and quality standards were adjusted towards more appropriate technology.

Climate change programmes and projects require policy, regulatory and institutional reform by CoO governments, in energy, environment and financial arenas. There is a role for the diaspora in training and supporting skilled CoO labour especially at local and sub-regional level, and diaspora associations may help to identify people with appropriate sectoral experience (as well as potential diaspora investors or returnees). This can be initiated by CoO government engagement with diaspora associations in important CoDs, and at the same time, they could begin to mobilise their diaspora in general to help address climate change, perhaps through involvement in climate change-related civil society organisations in the CoO.



Linking country investment platforms and the diaspora framework

This section looks at conceptual parallels and linkages between the diaspora framework and ACF's Country Investment Platforms (CIPs), which are based on Country Climate and Development Platforms (CCDPs) – CoO national government-led partnerships with international donors, aiming to coordinate delivery of various streams of finance to a developing country to enable sectoral or economy-wide transformational investment.

CCDPs have three basic features:

- a credible political agreement between beneficiary government and foreign donors;
- a coordinated programmatic approach to policy reform and finance, harmonising concessional foreign resources;
- credit enhancements and other strategic support to efficiently leverage private sector finance to scale up delivery by matching financial assets with appropriate risk/return trade-offs.

Country platforms parallel the diaspora 'wheel'. A platform's major features are not a step-wise sequence, but a set of priorities to be addressed simultaneously and repeatedly, as each ensures the others can occur. A CCDP requires building trust and coherence amongst multiple stakeholders to overcome fragmentation – between beneficiary government and international partners, and within the former. The CCDP rests on *national* (and nationally defined) priorities, even if a global architecture is required to support country-based platforms. Creating a country platform takes time, as does a diaspora programme.

As ACF moves away from focusing solely on advocacy and policy support to assisting more concrete interventions, it argues that there is no singular 'Africa-wide' model: each African country is distinct and needs its own national approach. ACF's CIPs have three elements: coordinated political alignment, policy reform and scaling up to meet private objectives while addressing national development investment needs. The 'platform' dimension of CIPs is intended to build momentum around a package of implementable investment initiatives, with funding, to accelerate reforms rather than wait for reforms to happen. ACF also focuses on sub-national states and sector/technology initiatives.

There are several overlaps with the diaspora wheel framework, and some differences:

- both rest on the political economy, including the relationship amongst elites and between elites and the state;
- both involve decentralised initiatives, below the national state, and include civil society, where the diaspora sits;
- both involve substantial time and patience to achieve impact investments, balancing social and financial objectives;
- the CIP as a strategic focus – convening, coordinating funding, and curating project pipelines, using grant finance – is similar to the choreographer in SME-focused cross-border financial value chains;
- there may be differences in sequencing: diaspora schemes are often started by the diaspora itself or a sub-national state in the CoO and then move to the national level, while CIPs are generally top-down and driven by the national state;
- there may be differences in implementation scale: diaspora schemes are often single projects, while CIPs are almost always national/sectoral programmes (aside from some local level adaptation and resilience processes).

ACF's country- or sector-focused platforms have five interconnected 'pillars': climate governance; sustainable economic development; adaptation and locally led resilience; inclusion, equity and social justice; and investment mobilisation. Diaspora resources are connected to a specific origin country and are also distinct from each other, so should be seen as a complement to the resources – both finance and knowledge – that ACF is already providing.

Starting with the hub of the diaspora wheel in a specific CoO, ACF would already have analysed a CoO's political economy to underpin its CIP, distinguishing between a broad 'organic' approach focusing on underlying classes and a narrower focus on 'conjunctural' shifts within and between political parties and factions while looking at existing institutional expressions of state-civil society interactions within sectors, including the energy and financial services sectors.

Next, its global diaspora needs to be understood, including a broad outline of its heterogeneity. Some basic research may already exist but more detailed analysis will be needed to identify projects/programmes and diaspora financial resources. The next spoke of the diaspora wheel is partnerships. If the diaspora is seen in the CoO as *part of* civil society, it should already be included in the 'coordinated political alignment' core to a CIP. If the diaspora is well organised, it provides a basis for targeting narrower segments of the diaspora for specific resources, both financial and knowledge. For the target agencies and organisations spoke, an agency like ACF would already be working with CoO target organisations which could potentially benefit from diaspora resources, in policy or renewable energy generation, and these should include SME fund managers, who should be linking funding to mentoring and market access. Identifying experts within the diaspora, for example on environmental or financial regulation, can help technical reforms in the CoO, but agencies like ACF can also contribute to mobilising the diaspora to raise awareness of climate change in the CoO, both there and in significant CoDs. The final spoke of the wheel, financial sustainability, is core in the philanthropy value chain.

If the diaspora is well organised, it provides a basis for targeting narrower segments of the diaspora for specific resources, both financial and knowledge



Conclusion

The paper started from a 'diaspora wheel' framework which is country-specific, grounded in an understanding of its political economy, growth and development needs and priorities, and international and domestic financial system, including financial inclusion. The 'spokes' of the wheel examine the CoO's migrant/diaspora population, their political and social organisations, target projects and programmes and potential diaspora resources, as well as the wheel's sustainability. There are important links and overlaps between the diaspora wheel and ACF's CIP approach.

The paper suggested that diaspora resources are a complement to existing resources – both finance and knowledge – already provided by an organisation like ACF, not a substitute for them. Diaspora resources should be 'mainstreamed' into ACF's existing country- or issue-based platforms because they are linked to specific countries, not Africa-wide or regional; diaspora resource transfer mechanisms and impacts must match the hub and spokes of a CoO's wheel.

The paper focused on several diaspora resources. The first is diaspora support – indirect investment through loans and equity – to CoO SMEs, tied to entrepreneur mentorship. This is critical because the 'missing middle' in African business is a major problem causing low economic growth, and because renewable energy generation depends on sufficient demand from SMEs for long-run economic and financial sustainability. SME support requires significant regulatory and institutional innovation to create new financial value chains crossing both CoDs and the CoO, which needs a 'choreographer' to manage the (often lengthy) process, usually an INGO with financial and convening power. There is significant scope for diaspora support to CoO businesses in emerging sectors based on minigrids or e-vehicles, taking the form of direct diaspora investment, returnee entrepreneurship, or diasporan influence on their employer's FDI.

The second focus is to examine CoO diaspora bonds – marketed only to the diaspora – which, it is argued, compare unfavourably with the alternative approach, pooling remittances in diaspora savings deposit accounts. The latter can be invested in general or green public sector bonds to finance infrastructure, while also promoting household financial inclusion, a key distributional issue in Africa, and increasing capital inflows.

There are important links and overlaps between the diaspora wheel and ACF's CIP approach

The third focus is the contribution of diaspora knowledge to support CoO changes in policies and regulations in energy, finance and industrial policy.

The diaspora in significant CoDs can be mobilised in two respects: high-skill people with relevant technical knowledge in these areas, and the general diaspora to create political support on addressing CoO climate change, both in the CoD and in the CoO.

The paper also discussed collective remittances through HTAs to support local level community projects in CoO towns, villages or rural areas, including on infrastructure for climate adaptation and improved resilience. HTA processes can help to move lower-income migrants, especially intra-African, into diaspora finance beyond family remittances.

The paper looked at crowdfunding, which is poorly developed in Africa except for donations, and needs substantial regulatory change. A sixth arena is 'green remittances', to buy resilience-focused goods or services for their families in the CoO.

The seventh issue is engagement with the AfDB, the African Union, and regional central banks and monetary unions, to explore country-based credit enhancements such as guarantees or trust funds, as well as cross-border within-region pooling of deposit accounts to expand the public investment possibilities of diaspora remittances.



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